

MORNING MOCHA

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Global services PMI indices indicate that while domestic demand remains the key driver for growth, suppliers are facing increasing backlogs and rising prices pressures due to ongoing West Asia crisis (more recently, US has warned banks to cut ties with Iran or face sanctions). ISM services index for US suggests that activity eased a tad as the index fell to 54.9 in Sep'26 from 55.4 in Aug'26. New orders index moderated (59.8 versus 60.9), while price (74 versus 72.6) and employment (50.1 versus 47.8) index rose notably. Even in the Eurozone, services PMI index rose to 53 in Sep'26—10-month high, from 51.6 in Aug'26. Domestic demand has led the improvement, while at the same time outstanding orders also continue to inch up. In France, employment and inflation remain a concern. In Germany, re-introduction of fuel tax cut from Oct'26 is expected to somewhat rein in inflation.

- Global indices closed higher, supported by lower oil prices. US indices inched up with gains in technology stocks, ahead of the key earnings season. Nikkei was also amongst the biggest gainers. Sensex recovered, with broad-based gains across sectors. It is trading higher today in line with other Asian indices.

Table 1 – Stock markets

	02-10-2026	05-10-2026	Change, %
Dow Jones	51,177	51,268	0.2
S & P 500	7,723	7,774	0.7
FTSE	10,462	10,498	0.3
Nikkei	68,309	69,947	2.4
Hang Seng	23,972	24,040	0.3
Shanghai Comp	3,830	3,842	0.3
Sensex	71,910	72,382	0.7
Nifty	22,422	22,556	0.6

Source: Bloomberg, Bank of Baroda Research| Note: Markets in China remain closed since 30 Sep 2026; Markets in India were closed on 2 Oct 2026

- Barring EUR and GBP, other global currencies ended steady. DXY firmed up amidst elevated yields. EUR slipped to 17-month low as fiscal and political risks surmounted in France, with fears of potential sovereign debt crisis building up. INR closed flat. However, it is trading weaker today, while Asian currencies are trading mixed.

Table 2 – Currencies

	02-10-2026	05-10-2026	Change, %
EUR/USD (1 EUR / USD)	1.1255	1.1223	(0.3)
GBP/USD (1 GBP / USD)	1.3241	1.3222	(0.1)
USD/JPY (JPY / 1 USD)	157.85	157.91	0
USD/INR (INR / 1 USD)	96.32	96.30	0
USD/CNY (CNY / 1 USD)	6.7067	6.7060	0
DXY Index	101.93	102.17	0.2

Source: Bloomberg, Bank of Baroda Research| Note: Markets in China remain closed since 30 Sep 2026; Markets in India were closed on 2 Oct 2026



- Global yields closed mixed. US 10Y yield rose to 24-year high, tracking risks of elevated inflation in CY27 as well. ISM services index shows continued pressure on input prices. Fiscal health of the government also poses a concern. India's 10Y yield remained flat as oil prices fell. It is trading at the same level today.

Table 3 – Bond 10Y yield

	02-10-2026	05-10-2026	Change, bps
US	5.27	5.30	3
UK	5.37	5.42	5
Germany	3.46	3.49	3
Japan	3.09	3.10	1
China	1.67	1.68	1
India	7.21	7.21	0

Source: Bloomberg, Bank of Baroda Research| Note: Markets in China remain closed since 30 Sep 2026; Markets in India were closed on 2 Oct 2026

Table 4 – Short term rates

	30-09-2026	05-10-2026	Change, bps
Tbill-91 days	5.50	5.45	(5)
Tbill-182 days	5.95	5.97	2
Tbill-364 days	6.17	6.12	(5)
G-Sec 2Y	6.56	6.54	(2)
India OIS-2M	5.58	5.61	3
India OIS-9M	6.10	6.10	0
SONIA int rate benchmark	3.73	3.73	0
US SOFR	3.87	3.88	1

Source: Bloomberg, Bank of Baroda Research| Note: Markets in India were closed on 2 Oct 2026

Table 5 – Liquidity

Rs tn	01-10-2026	05-10-2026	Change (Rs tn)
Net Liquidity (-deficit/+surplus)	4.4	5.3	0.9

Source: RBI, Bank of Baroda Research| Note: Markets in India were closed on 2 Oct 2026

Table 6 – Capital market flows

	30-09-2026	01-10-2026	change (US\$ mn/Rs cr)
FII (US\$ mn)	(1,063.4)	(975.0)	88.4
Debt	(101.6)	(8.1)	93.5
Equity	(961.8)	(966.9)	(5.1)
Mutual funds (Rs cr)	320.1	(2,080.6)	(2,400.7)
Debt	(2,696.6)	(2,373.8)	322.9
Equity	3,016.7	293.1	(2,723.6)

Source: Bloomberg, Bank of Baroda Research, Note: Mutual fund data as of 18th and 21st Sep

- Oil prices fell, as G-7 countries plan to release crude oil from their emergency stocks and will also remove oil export restrictions.

Table 7 – Commodities

	02-10-2026	05-10-2026	Change, %
Brent crude (US\$/bbl)	102.3	100.3	(1.9)
Gold (US\$/ Troy Ounce)	4,141.2	4,139.5	0
Copper (US\$/ MT)	14,312.0	14,496.0	1.3
Zinc (US\$/MT)	3,771.7	3,790.6	0.5
Aluminium (US\$/MT)	3,100.5	3,127.0	0.9

Source: Bloomberg, Bank of Baroda Research



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