

MORNING MOCHA

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As situation in the Middle East vacillate, investors continued to evaluate the possible impact on various indices. According to the news report, a 45-day ceasefire proposal was shared by the US, which included opening of the strait of the Hormuz. It has been reported that Iran has rejected it and shared its own proposal with the mediators, which includes permanent end to the war, provision for reconstruction along with lifting of sanctions. Separately, on macro front, US ISM services PMI came in lower than the expected at 54 in Mar'26 from 56.1 in Feb'26, signalling loss of momentum. High pressure was visible on price front, as it inched up to 70.7 from 63 in Feb'26. On the domestic front, government has revised down the base import prices for gold and silver, thereby providing cost relief measures to industry, which will help in supporting inventory management and will also boost demand.

- Except markets in China and HK (closed), other stock indices rallied higher. Markets in Japan and India rebounded the most. Hopes of a cease fire between US and Iran led the gains. Markets in US also rose moderately, helped by technology stocks. However, Sensex is trading lower today, in line with other Asian stocks, as investors await US' deadline for Iran to end.

Table 1 – Stock markets

	03-04-2026	06-04-2026	Change, %
Dow Jones	46,505	46,670	0.4
S & P 500	6,583	6,612	0.4
FTSE	10,365	10,436	0.7
Nikkei	52,463	53,414	1.8
Hang Seng	25,294	25,117	(0.7)
Shanghai Comp	3,919	3,880	(1.0)
Sensex	73,320	74,107	1.1
Nifty	22,713	22,968	1.1

Source: Bloomberg, Bank of Baroda Research

- Barring EUR and GBP, other global currencies ended flat. DXY remained steady as investors closely monitor the ongoing tensions in Middle East and weighs in hopes of a possible ceasefire. INR remained flat. However, it is trading stronger today while other Asian currencies are trading mixed.

Table 2 – Currencies

	03-04-2026	06-04-2026	Change, %
EUR/USD (1 EUR / USD)	1.1519	1.1541	0.2
GBP/USD (1 GBP / USD)	1.3202	1.3235	0.2
USD/JPY (JPY / 1 USD)	159.67	159.68	0
USD/INR (INR / 1 USD)	93.11	93.06	0
USD/CNY (CNY / 1 USD)	6.8851	6.8818	0
DXY Index	100.03	99.98	0

Source: Bloomberg, Bank of Baroda Research



- Except India and Japan, other major 10Y bond yields remain broadly steady. US bond declined a tad by 1bps, as investors hoped for a peace deal between US and Iran. Japan's 10Y yield inched up as elevated oil prices continue to risk inflation. India's G-sec yield declined by 9bps, as investors expect RBI to remain on pause. However, it is trading a tad higher today at 7.06%, tracking oil prices.

Table 3 – Bond 10Y yield

	03-04-2026	06-04-2026	Change, bps
US	4.34	4.33	(1)
UK	4.83	4.83	0
Germany	2.99	2.99	0
Japan	2.39	2.42	4
China	1.82	1.82	0
India	7.13	7.05	(9)

Source: Bloomberg, Bank of Baroda Research

Table 4 – Short term rates

	03-04-2026	06-04-2026	Change, bps
Tbill-91 days	5.37	5.40	3
Tbill-182 days	5.65	5.55	(10)
Tbill-364 days	5.69	5.66	(3)
G-Sec 2Y	6.49	6.39	(11)
India OIS-2M	5.63	5.56	(7)
India OIS-9M	6.17	5.97	(20)
SONIA int rate benchmark	3.73	3.73	0
US SOFR	3.65	3.66	1

Source: Bloomberg, Bank of Baroda Research

Table 5 – Liquidity

Rs tn	02-04-2026	06-04-2026	Change (Rs tn)
Net Liquidity (-deficit/+surplus)	3.6	4.0	0.3

Source: RBI, Bank of Baroda Research

Table 6 – Capital market flows

	30-03-2026	02-04-2026	change (US\$ mn/Rs cr)
FII (US\$ mn)	(2,416.1)	(1,573.4)	842.6
Debt	(320.3)	(557.5)	(237.2)
Equity	(2,095.8)	(1,016.0)	1,079.8
Mutual funds (Rs cr)	(2,029.8)	6,112.9	8,142.7
Debt	(10,850.1)	31.4	10,881.5
Equity	8,820.3	6,081.5	(2,738.8)

Source: Bloomberg, Bank of Baroda Research | Note: Mutual Fund data as of 30 Mar & 1st Apr 2026

- Oil prices edged up as West Asia conflict deepens further.

Table 7 – Commodities

	03-04-2026	06-04-2026	Change, %
Brent crude (US\$/bbl)	109.0	109.8	0.7
Gold (US\$/ Troy Ounce)	4,676.8	4,649.9	(0.6)
Copper (US\$/ MT)	12,349.1	12,287.9	(0.5)
Zinc (US\$/MT)	3,281.3	3,262.6	(0.6)
Aluminium (US\$/MT)	3,531.5	3,469.5	(1.8)

Source: Bloomberg, Bank of Baroda Research



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