बैंक ऑफ़ बड़ौदा Bank of Baroda

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Global markets drifted lower as investors monitored developments surrounding the reopening of Strait of Hormuz. Reports indicated that Iran is considering a proposal to ban hostile vessels to pass through the Strait. Separately, news reports suggested that the Fed Chair is open to a rate hike in Sep'26, based on incoming data. Data showed a marginal increase in US weekly jobless claims to 199,000 (est. 202,000). Focus now remains on the US jobs report due today. Factory orders in Germany rose by 3.1% in Jun'26 (+0.3% in May'26). This was led by an increase in domestic orders. Exports growth in China increased by 23.9% in Jul'26 (est. 22.2%), marginally weaker than 27% in Jun'26. Hi-tech exports, including semiconductors, jumped sharply. Imports increased by 27.5% versus 36% in Jun'26. In Japan, household spending remained weak as it declined by 3.3% in Jun'26 (est. +1%).

- Barring India and China (higher), other global indices closed lower. Fading optimism around the US-Iran peace deal and outcome of Iran-Oman talks impacted investor sentiments. Dow Jones was mainly impacted by software stocks. In India, Sensex rose by 0.5%, led by banking and capital good stocks. However, it is trading lower today, while other Asian indices are trading mixed.

Table 1 – Stock markets

	05-08-2026	06-08-2026	Change, %
Dow Jones	54,349	53,885	(0.9)
S & P 500	7,724	7,710	(0.2)
FTSE	10,888	10,868	(0.2)
Nikkei	66,300	65,683	(0.9)
Hang Seng	25,916	25,530	(1.5)
Shanghai Comp	3,878	3,900	0.6
Sensex	78,581	78,955	0.5
Nifty	24,625	24,636	0

Source: Bloomberg, Bank of Baroda Research

- Global currencies closed weaker as dollar rebounded. DXY rose by 0.3% as news reports indicated that a Fed rate hike in Sep'26 could be possible. JPY depreciated the most by 0.4%. INR slipped marginally tracking higher oil prices. It is trading further weaker today, in line with other Asian currencies.

Table 2 – Currencies

	05-08-2026	06-08-2026	Change, %
EUR/USD (1 EUR / USD)	1.1553	1.1525	(0.2)
GBP/USD (1 GBP / USD)	1.3468	1.3455	(0.1)
USD/JPY (JPY / 1 USD)	157.75	158.43	(0.4)
USD/INR (INR / 1 USD)	95.13	95.23	(0.1)
USD/CNY (CNY / 1 USD)	6.7491	6.7513	0
DXY Index	99.68	99.93	0.3

Source: Bloomberg, Bank of Baroda Research

- Except yields in Asia, other major global yields inched up. US 10Y was up by 7bps, led by jump in oil prices. Focus also remains on the US jobs report due today. In Germany and UK, yields were impacted by uncertainty around the outcome of negotiations regarding the Strait of Hormuz. India's 10Y yield closed flat, but is trading is trading tad higher at 6.79%, following global cues.

Table 3 – Bond 10Y yield

	05-08-2026	06-08-2026	Change, bps
US	4.61	4.68	7
UK	4.89	4.94	5
Germany	3.11	3.14	3
Japan	2.83	2.79	(4)
China	1.71	1.71	0
India	6.77	6.77	0

Source: Bloomberg, Bank of Baroda Research

Table 4 – Short term rates

	05-08-2026	06-08-2026	Change, bps
Tbill-91 days	5.25	5.26	1
Tbill-182 days	5.53	5.51	(2)
Tbill-364 days	5.69	5.67	(2)
G-Sec 2Y	6.13	6.13	0
India OIS-2M	5.29	5.30	1
India OIS-9M	5.65	5.65	0
SONIA int rate benchmark	3.73	3.73	0
US SOFR	3.66	3.64	(2)

Source: Bloomberg, Bank of Baroda Research

Table 5 – Liquidity

Rs tn	05-08-2026	06-08-2026	Change (Rs tn)
Net Liquidity (-deficit/+surplus)	3.4	3.6	0.2

Source: RBI, Bank of Baroda Research

Table 6 – Capital market flows

	04-08-2026	05-08-2026	change (US$ mn/Rs cr)
FII (US$ mn)	1,044.0	(9.3)	(1,053.3)
Debt	66.2	(46.0)	(112.2)
Equity	977.8	36.7	(941.1)
Mutual funds (Rs cr)	(2,159.2)	451.9	2,611.1
Debt	(1,387.2)	(26.4)	1,360.9
Equity	(772.0)	478.2	1,250.2

Source: Bloomberg, Bank of Baroda Research | Note: Mutual fund data as of 30 Jul and 31 Jul 2026

- Oil prices rose by 3.8% as investors awaited more clarity on the reopening of Strait of Hormuz.

Table 7 – Commodities

	05-08-2026	06-08-2026	Change, %
Brent crude (US$/bbl)	79.5	82.5	3.8
Gold (US$/ Troy Ounce)	4,246.8	4,239.4	(0.2)
Copper (US$/ MT)	14,218.7	14,226.6	0.1
Zinc (US$/MT)	3,786.6	3,829.2	1.1
Aluminium (US$/MT)	3,241.0	3,259.0	0.6

Source: Bloomberg, Bank of Baroda Research

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