

MORNING MOCHA

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There are new reports stating the war in the Middle East might finally be ending. There are ongoing discussions on a one-page memorandum, which will lead to re-opening of the strait and lifting of US sanctions. The VIX volatility index also nudged down to its lowest level in over 3-months. On macro front, as per ADP report, US added over 109k jobs in Apr'26, much higher than expected, with wages up by 4.4% since last year. Job addition continue to remain concentrated in certain sectors, including education and healthcare, followed by trade and utilities. Separately, services PMI in Eurozone slipped into contraction 47.6 in Apr'26 (from 50.2) lowest reading in over 5-years. This was due to slower demand and uncertainty due to the ongoing conflict. In China, private services PMI (rating dog) expanded to 52.6 from 52.1 at a much faster pace, despite input cost pressure.

- Global stock indices edged up surrounded by hopes of the possible end to the West Asia conflict and easing of oil prices. Strong rally in AI related stocks, lifted US indices. Amongst other indices, FTSE rose the most followed by gains across other Asian indices. Sensex rebounded led by real estate, banking and auto stocks. It is trading higher today, in line with other Asian indices.

Table 1 – Stock markets

	05-05-2026	06-05-2026	Change, %
Dow Jones	49,298	49,911	1.2
S & P 500	7,259	7,365	1.5
FTSE	10,219	10,439	2.1
Nikkei	59,285	59,513	0.4
Hang Seng	25,899	26,214	1.2
Shanghai Comp	4,112	4,160	1.2
Sensex	77,018	77,959	1.2
Nifty	24,033	24,331	1.2

Source: Bloomberg, Bank of Baroda Research

- Global currencies appreciated against the US\$. DXY fell by 0.4%, as there are signs of easing geo-political tensions in the Middle East. JPY (1%) and INR (0.7%) rose the most, noting steep fall in oil prices. However, it is trading a tad weaker today, while other Asian currencies are trading mixed.

Table 2 – Currencies

	05-05-2026	06-05-2026	Change, %
EUR/USD (1 EUR / USD)	1.1693	1.1748	0.5
GBP/USD (1 GBP / USD)	1.3541	1.3593	0.4
USD/JPY (JPY / 1 USD)	157.88	156.39	1.0
USD/INR (INR / 1 USD)	95.29	94.62	0.7
USD/CNY (CNY / 1 USD)	6.8281	6.8125	0.2
DXY Index	98.44	98.02	(0.4)

Source: Bloomberg, Bank of Baroda Research



- Barring yields in China and Japan, other global yields fell sharply. 10Y yield in UK fell the most (-12bps), followed by that of India and US. Yields eased as oil prices tumbled tracking the news of possible peace deal between US and Iran. Pause in “Project Freedom” also helped investor sentiments. India’s 10Y yield was down by 10bps. It is trading broadly steady at 6.93% today.

Table 3 – Bond 10Y yield

	05-05-2026	06-05-2026	Change, bps
US	4.42	4.35	(8)
UK	5.06	4.94	(12)
Germany	3.06	3.00	(6)
Japan	2.52	2.52	0
China	1.75	1.76	1
India	7.02	6.92	(10)

Source: Bloomberg, Bank of Baroda Research

Table 4 – Short term rates

	05-05-2026	06-05-2026	Change, bps
Tbill-91 days	5.27	5.28	1
Tbill-182 days	5.41	5.48	7
Tbill-364 days	5.62	5.65	3
G-Sec 2Y	6.26	6.11	(16)
India OIS-2M	5.39	5.33	(6)
India OIS-9M	5.84	5.69	(15)
SONIA int rate benchmark	3.73	3.73	0
US SOFR	3.63	3.62	(1)

Source: Bloomberg, Bank of Baroda Research

Table 5 – Liquidity

Rs tn	05-05-2026	06-05-2026	Change (Rs tn)
Net Liquidity (-deficit/+surplus)	2.8	2.7	(0.1)

Source: RBI, Bank of Baroda Research

Table 6 – Capital market flows

	04-05-2026	05-05-2026	change (US\$ mn/Rs cr)
FII (US\$ mn)	291.7	(427.3)	(719.0)
Debt	(21.4)	(68.8)	(47.3)
Equity	313.1	(358.6)	(671.7)
Mutual funds (Rs cr)	979.0	3,759.5	2,780.5
Debt	(1,988.9)	(707.4)	1,281.5
Equity	2,968.0	4,466.9	1,499.0

Source: Bloomberg, Bank of Baroda Research | Note: Mutual Fund data as of 30 Apr and 4 May 2026

- Crude oil prices dropped sharply as there is news of possible peace deal between US and Iran.

Table 7 – Commodities

	05-05-2026	06-05-2026	Change, %
Brent crude (US\$/bbl)	109.9	101.3	(7.8)
Gold (US\$/ Troy Ounce)	4,556.9	4,691.4	3.0
Copper (US\$/ MT)	13,059.2	13,319.9	2.0
Zinc (US\$/MT)	3,354.2	3,385.1	0.9
Aluminium (US\$/MT)	3,589.5	3,522.5	(1.9)

Source: Bloomberg, Bank of Baroda Research



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