

MORNING MOCHA

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Global composite PMI indicates that both services and manufacturing activity appears to have improved in Sep'26. Services index rose to its 40-month high of 54.5, and manufacturing index rose to 53.8. New business orders picked up pace across 6 sub-sectors covered in the survey, led by financial services. Rising output also helped job creations and employment index rose to its fastest pace since May'23. However, input price pressures remain at 4-year high, also leading to rise in output prices. Separately in the US, trade deficit rose to US\$ 105.6bn in Aug'26, from US\$ 92.8bn in Jul'26, as imports surged, while exports rose only slightly. Domestically, Union Cabinet has approved Rs 10,000 crore fund for equity investments in SMEs. Also, an Integrated Transport & Logistics Authority (ITLA) SPV has been approved to strengthen research and impact assessment in this domain.

- Global indices closed higher as bond market sell-off took a pause, and oil prices stabilized. S&P 500 closed higher supported by gains in the magnificent-7 technology stocks. Nikkei and Hang Seng were amongst the biggest gainers. Sensex advanced led by rally in capital goods and FMCG stocks. However, it is trading lower today while other Asian indices are trading mixed.

Table 1 – Stock markets

	05-10-2026	06-10-2026	Change, %
Dow Jones	51,268	51,521	0.5
S & P 500	7,774	7,819	0.6
FTSE	10,498	10,542	0.4
Nikkei	69,947	70,684	1.1
Hang Seng	24,040	24,281	1.0
Shanghai Comp	3,830	3,842	0.3
Sensex	72,382	73,068	0.9
Nifty	22,556	22,776	1.0

Source: Bloomberg, Bank of Baroda Research| Note: Markets in China remain closed since 30 Sep 2026

- Global currencies ended mixed. DXY retreated ahead of the Fed minutes, and investors have already scaled back rate hike expectations. EUR recovered after slipping down to 17-month low, as France unveiled new budget proposals. INR depreciated but is trading stronger today. Asian currencies are trading mixed.

Table 2 – Currencies

	05-10-2026	06-10-2026	Change, %
EUR/USD (1 EUR / USD)	1.1223	1.1259	0.3
GBP/USD (1 GBP / USD)	1.3222	1.3276	0.4
USD/JPY (JPY / 1 USD)	157.91	158.10	(0.1)
USD/INR (INR / 1 USD)	96.30	96.43	(0.1)
USD/CNY (CNY / 1 USD)	6.7067	6.7060	0
DXY Index	102.17	101.83	(0.3)

Source: Bloomberg, Bank of Baroda Research| Note: Markets in China remain closed since 30 Sep 2026



- Global yields closed mixed. US 10Y yield fell by 3bps from its multi-decade high levels. Reduced chances of Fed hiking rates in its upcoming meeting this month and signs of slowing economic growth have helped cooled rates. India's 10Y yield also fell by 2bps, as oil prices remain range bound. However, it is trading higher today, awaiting RBI's monetary policy decision.

Table 3 – Bond 10Y yield

	05-10-2026	06-10-2026	Change, bps
US	5.30	5.28	(3)
UK	5.42	5.38	(4)
Germany	3.49	3.48	(1)
Japan	3.10	3.11	1
China	1.67	1.68	1
India	7.21	7.19	(2)

Source: Bloomberg, Bank of Baroda Research| Note: Markets in China remain closed since 30 Sep 2026

Table 4 – Short term rates

	05-10-2026	06-10-2026	Change, bps
Tbill-91 days	5.45	5.50	5
Tbill-182 days	5.97	5.98	1
Tbill-364 days	6.12	6.13	1
G-Sec 2Y	6.54	6.71	17
India OIS-2M	5.61	5.59	(2)
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	05-10-2026	06-10-2026	Change (Rs tn)
Net Liquidity (-deficit/+surplus)	5.3	5.0	(0.3)

Source: RBI, Bank of Baroda Research

Table 6 – Capital market flows

	01-10-2026	05-10-2026	change (US\$ mn/Rs cr)
FII (US\$ mn)	(975.0)	(362.5)	612.5
Debt	(8.1)	69.9	78.0
Equity	(966.9)	(432.3)	534.6
Mutual funds (Rs cr)	(2,080.6)	(575.3)	1,505.3
Debt	(2,373.8)	(1,762.4)	611.3
Equity	293.1	1,187.1	894.0

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

- Oil prices are above US\$ 100/bbl, even as supplies from Middle East increase. Continued attacks on Saudi Arabia's oil facilities is a concerning factor.

Table 7 – Commodities

	05-10-2026	06-10-2026	Change, %
Brent crude (US\$/bbl)	100.3	100.6	0.3
Gold (US\$/ Troy Ounce)	4,139.5	4,164.2	0.6
Copper (US\$/ MT)	14,496.0	14,482.7	(0.1)
Zinc (US\$/MT)	3,790.6	3,805.1	0.4
Aluminium (US\$/MT)	3,127.0	3,133.5	0.2

Source: Bloomberg, Bank of Baroda Research



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