

MORNING MOCHA

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ECONOMIST

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In the US, weekly jobless claims inched up by 10k to 200k from last week, lower than the estimate of 205k. The 4-week moving average was down by 4.5k to 203.3k from 207.8k in the previous week. This signalled stability in the labour market with no added stress given the recent oil price shock. This comes ahead of the jobs report scheduled to release later today, wherein the non-farm payroll is expected to inch up by 65k against an increase of 178k in the previous month. Unemployment rate is expected to be stable at 4.3%. Against this background, investors expect Fed will not reduce rates in CY26. Separately, Norway's Central Bank raised rates in line with expectation in order to manage higher inflation. This is the second Central Bank to hike rates, after RBA.

- Global stock indices closed mixed as investors' monitored developments and escalating tensions between US and Iran, amidst recent news of military action. Nikkei soared to a record high led by gains in technology, basic material stocks. Sensex slipped with losses in IT related stocks. It is trading lower today, in line with other Asian indices.

Table 1 – Stock markets

	06-05-2026	07-05-2026	Change, %
Dow Jones	49,911	49,597	(0.6)
S & P 500	7,365	7,337	(0.4)
FTSE	10,439	10,277	(1.5)
Nikkei	59,513	62,834	5.6
Hang Seng	26,214	26,626	1.6
Shanghai Comp	4,160	4,180	0.5
Sensex	77,959	77,845	(0.1)
Nifty	24,331	24,327	0

Source: Bloomberg, Bank of Baroda Research

- Currencies of advanced economies depreciated, while that of India and China appreciated. DXY ended flat, as revival of tensions in the Middle East impacted risk sentiments. INR appreciated by 0.4%, as oil prices have moderated. However, it is trading a tad weaker today, in line with other Asian currencies.

Table 2 – Currencies

	06-05-2026	07-05-2026	Change, %
EUR/USD (1 EUR / USD)	1.1748	1.1726	(0.2)
GBP/USD (1 GBP / USD)	1.3593	1.3555	(0.3)
USD/JPY (JPY / 1 USD)	156.39	156.93	(0.3)
USD/INR (INR / 1 USD)	94.62	94.25	0.4
USD/CNY (CNY / 1 USD)	6.8125	6.8041	0.1
DXY Index	98.02	98.07	0

Source: Bloomberg, Bank of Baroda Research



- Global yields closed mixed. 10Y yield in the US rose by 4bps as investors monitor developments in the Middle East region. News reports indicate that Iran is unlikely to open the Strait of Hormuz unless reparation for damages is paid to them. India's 10Y yield rose by 1bps to 6.93%. Following global cues, it is trading even higher at 6.96% today.

Table 3 – Bond 10Y yield

	06-05-2026	07-05-2026	Change, bps
US	4.35	4.39	4
UK	4.94	4.95	1
Germany	3.00	3.00	0
Japan	2.52	2.48	(4)
China	1.76	1.76	0
India	6.92	6.93	1

Source: Bloomberg, Bank of Baroda Research

Table 4 – Short term rates

	06-05-2026	07-05-2026	Change, bps
Tbill-91 days	5.28	5.28	0
Tbill-182 days	5.48	5.36	(12)
Tbill-364 days	5.65	5.53	(12)
G-Sec 2Y	6.11	6.11	0
India OIS-2M	5.33	5.34	1
India OIS-9M	5.69	5.68	(1)
SONIA int rate benchmark	3.73	3.73	0
US SOFR	3.62	3.61	(1)

Source: Bloomberg, Bank of Baroda Research

Table 5 – Liquidity

Rs tn	06-05-2026	07-05-2026	Change (Rs tn)
Net Liquidity (-deficit/+surplus)	2.7	2.4	(0.3)

Source: RBI, Bank of Baroda Research

Table 6 – Capital market flows

	05-05-2026	06-05-2026	change (US\$ mn/Rs cr)
FII (US\$ mn)	(427.3)	(355.8)	71.5
Debt	(68.8)	247.4	316.2
Equity	(358.6)	(603.2)	(244.6)
Mutual funds (Rs cr)	3,759.5	(5,794.9)	(9,554.4)
Debt	(707.4)	(7,612.3)	(6,904.8)
Equity	4,466.9	1,817.3	(2,649.6)

Source: Bloomberg, Bank of Baroda Research | Note: Mutual Fund data as of 4th and 5th May 2026

- Crude oil prices fell further, tracking developments between US and Iran.

Table 7 – Commodities

	06-05-2026	07-05-2026	Change, %
Brent crude (US\$/bbl)	101.3	100.1	(1.2)
Gold (US\$/ Troy Ounce)	4,691.4	4,685.8	(0.1)
Copper (US\$/ MT)	13,319.9	13,331.3	0.1
Zinc (US\$/MT)	3,385.1	3,451.4	2.0
Aluminium (US\$/MT)	3,522.5	3,493.0	(0.8)

Source: Bloomberg, Bank of Baroda Research



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