

MORNING MOCHA

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ECONOMIST

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Global investors cheered as optimism resurfaced in the global indices as US-Iran agreed to a truce, bringing back much needed relief. However, shortly after the announcement, there were news reports of possible violations to the agreement. Broadly, there is a larger concern that even if the ceasefire remains in place, it will take some time to ease out the supply chain disruption and rebalance the energy markets. Separately, as per IIF, emerging markets noted the biggest outflows (US\$ 70.3bn in Mar'26) since Mar'20. On domestic front, RBI maintained status quo on rates and retained the neutral stance. Noting the ongoing West Asia conflict and its possible impact, RBI has revised growth and inflation forecast for FY27 to 6.9% and 4.6% respectively. Furthermore, as per the MPR (monetary policy report), crude is expected at US\$ 85/bbl and INR at 94/\$ for FY27.

- Global stock markets surged as conditional ceasefire deal came in to action and lifted investor sentiments. Amongst other indices, Nikkei was the biggest gainer. Sensex too edged up with strong gains noted in auto and banking stocks. However, it is trading lower today given the cracks visible in the ceasefire agreement. Asian indices are trading mixed.

Table 1 – Stock markets

	07-04-2026	08-04-2026	Change, %
Dow Jones	46,584	47,910	2.8
S & P 500	6,617	6,783	2.5
FTSE	10,349	10,609	2.5
Nikkei	53,430	56,308	5.4
Hang Seng	25,117	25,893	3.1
Shanghai Comp	3,890	3,995	2.7
Sensex	74,617	77,563	3.9
Nifty	23,124	23,997	3.8

Source: Bloomberg, Bank of Baroda Research

- Global currencies rebounded. DXY fell to near 2-week low as investors' cheered opening of Strait of Hormuz. GBP and JPY appreciated the most as risk appetite of investors improved. Following global cues and stable monetary policy, INR rose by 0.5%. However, it is trading weaker today in line with Asian currencies.

Table 2 – Currencies

	07-04-2026	08-04-2026	Change, %
EUR/USD (1 EUR / USD)	1.1595	1.1663	0.6
GBP/USD (1 GBP / USD)	1.3291	1.3394	0.8
USD/JPY (JPY / 1 USD)	159.62	158.57	0.7
USD/INR (INR / 1 USD)	93.00	92.58	0.5
USD/CNY (CNY / 1 USD)	6.8629	6.8327	0.4
DXY Index	99.86	99.13	(0.7)

Source: Bloomberg, Bank of Baroda Research



- Global 10Y yields closed lower. US 10Y yield ended flat, while yields in UK and Germany fell sharply. News of cease fire between US and Iran have led to scaling back of rate hike bets by respective central banks. In India, 10Y yield fell by 15bps, tracking oil prices and RBI's decision to keep rates on hold. However, it is trading a tad higher today at 6.94%.

Table 3 – Bond 10Y yield

	07-04-2026	08-04-2026	Change, bps
US	4.29	4.29	0
UK	4.90	4.71	(19)
Germany	3.08	2.94	(14)
Japan	2.42	2.37	(5)
China	1.81	1.81	0
India	7.05	6.90	(15)

Source: Bloomberg, Bank of Baroda Research

Table 4 – Short term rates

	07-04-2026	08-04-2026	Change, bps
Tbill-91 days	5.43	5.30	(13)
Tbill-182 days	5.56	5.51	(5)
Tbill-364 days	5.62	5.61	(1)
G-Sec 2Y	6.31	6.10	(20)
India OIS-2M	5.52	5.35	(16)
India OIS-9M	5.95	5.69	(26)
SONIA int rate benchmark	3.73	3.73	0
US SOFR	3.65	3.62	(3)

Source: Bloomberg, Bank of Baroda Research

Table 5 – Liquidity

Rs tn	07-04-2026	08-04-2026	Change (Rs tn)
Net Liquidity (-deficit/+surplus)	4.0	4.6	0.6

Source: RBI, Bank of Baroda Research

Table 6 – Capital market flows

	06-04-2026	07-04-2026	change (US\$ mn/Rs cr)
FII (US\$ mn)	(1,152.6)	(938.8)	213.8
Debt	(224.5)	(206.3)	18.2
Equity	(928.1)	(732.5)	195.6
Mutual funds (Rs cr)	6,112.9	9,630.5	3,517.6
Debt	31.4	5,946.2	5,914.8
Equity	6,081.5	3,684.4	(2,397.1)

Source: Bloomberg, Bank of Baroda Research| Note: Mutual Fund data as of 1st & 2nd Apr 2026

- Oil prices dropped sharply as US and Iran announced ceasefire. However, given recent geo-political developments, prices are beginning to inch up again.

Table 7 – Commodities

	07-04-2026	08-04-2026	Change, %
Brent crude (US\$/bbl)	109.3	94.8	(13.3)
Gold (US\$/ Troy Ounce)	4,706.5	4,719.2	0.3
Copper (US\$/ MT)	12,228.4	12,611.9	3.1
Zinc (US\$/MT)	3,294.0	3,268.2	(0.8)
Aluminium (US\$/MT)	3,476.0	3,455.0	(0.6)

Source: Bloomberg, Bank of Baroda Research



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