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ECONOMIST
Dipanwita Mazumdar

Global markets continued to show the impact of ongoing conflict between US and Iran. US President said that further strikes will be launched on Iran. Thus, weaker sentiments prevailed across all asset classes. Equity indices edged down. Currencies broadly depreciated. Major impact was felt in the bond market with broad based selling as oil prices rose by 5.7% in the last two sessions. Global central banks also remained hawkish. Fed minutes build up scenarios of elevated inflation that would warrant rate increase. Central Bank of New Zealand went for its first-rate hike of 25bps in the current cycle. On macro front, IMF expects global growth at 3% in CY26, flagging further downside risk. Inflation is expected at 4.7% from earlier forecast of 4.4%. In China PPI rose by 4.1% in Jun'26 from 3.9% earlier, while CPI was at 1% from 1.2% earlier. On domestic front, impact of West Asia crisis was already visible in India's10Y yield which rose by 7bps in last session.

- Global markets broadly slid tracking tensions in US-Iran relations. Investors monitored Fed minutes which showed the members remained wary of inflationary risks. Sensex declined by 2.1% tracking global cues and decline in banking stocks. Sensex is trading higher today, in line with Asian stocks.

Table 1 – Stock markets

	7-07-2026	8-07-2026	Change, %
Dow Jones	52,925	52,348	(1.1)
S & P 500	7,504	7,483	(0.3)
FTSE	10,666	10,489	(1.7)
Nikkei	68,257	66,819	(2.1)
Hang Seng	23,497	24,199	3.0
Shanghai Comp	3,990	3,971	(0.5)
Sensex	78,181	76,504	(2.1)
Nifty	24,399	23,882	(2.1)

Source: Bloomberg, Bank of Baroda Research

- DXY declined modestly as investors assessed Fed minutes and renewed geo-political concerns. JPY depreciated by 0.3% amidst fiscal and inflationary concerns. INR also declined by 0.6% tracking higher oil prices. It is trading marginally stronger today, while other Asian currencies are trading weaker.

Table 2 – Currencies

	7-07-2026	8-07-2026	Change, %
EUR/USD (1 EUR / USD)	1.1412	1.1417	0
GBP/USD (1 GBP / USD)	1.3359	1.3389	0.2
USD/JPY (JPY / 1 USD)	162.10	162.59	(0.3)
USD/INR (INR / 1 USD)	94.97	95.56	(0.6)
USD/CNY (CNY / 1 USD)	6.7958	6.8060	(0.1)
DXY Index	101.02	100.99	0

Source: Bloomberg, Bank of Baroda Research

- Global yields showed the impact of renewed tensions between US and Iran. Germany's 10Y yield rose considerably as ECB officials hinted at possibility of another rate hike. UK's 10Y yield also showed sharp increase of 13bps. India's 10Y yield rose by 7bps in line with global yields. Further upside risk persists if oil prices continue to rise. It is trading at 6.77% today.

Table 3 – Bond 10Y yield

	7-07-2026	8-07-2026	Change, bps
US	4.55	4.58	3
UK	4.85	4.97	13
Germany	2.99	3.09	10
Japan	2.86	2.87	1
China	1.74	1.73	0
India	6.70	6.76	7

Source: Bloomberg, Bank of Baroda Research

Table 4 – Short term rates

	7-07-2026	8-07-2026	Change, bps
Tbill-91 days	5.24	5.29	5
Tbill-182 days	5.41	5.47	6
Tbill-364 days	5.63	5.65	2
G-Sec 2Y	5.95	5.99	4
India OIS-2M	5.34	5.37	3
India OIS-9M	5.60	5.66	7
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	7-07-2026	8-07-2026	Change (Rs tn)
Net Liquidity (-deficit/+surplus)	1.3	0.7	(0.6)

Source: RBI, Bank of Baroda Research

Table 6 – Capital market flows

	6-07-2026	7-07-2026	change (US$ mn/Rs cr)
FII (US$ mn)	182.7	297.9	115.2
Debt	93.8	133.1	39.3
Equity	88.9	164.8	75.9
Mutual funds (Rs cr)	(3,862.5)	(6,977.8)	(3,115.3)
Debt	(1,478.8)	(10,366.6)	(8,887.8)
Equity	(2,383.7)	3,388.8	5,772.5

Source: Bloomberg, Bank of Baroda Research| Note: Mutual Fund data as of 3rd and 6th Jul 2026

- Oil prices rose tracking heightened tensions between US and Iran.

Table 7 – Commodities

	7-07-2026	8-07-2026	Change, %
Brent crude (US$/bbl)	74.2	78.0	5.2
Gold (US$/ Troy Ounce)	4,106.2	4,077.4	(0.7)
Copper (US$/ MT)	13,298.5	13,097.2	(1.5)
Zinc (US$/MT)	3,572.0	3,520.4	(1.4)
Aluminium (US$/MT)	3,137.5	3,132.0	(0.2)

Source: Bloomberg, Bank of Baroda Research

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For further details about this publication, please contact:

Chief Economist
Bank of Baroda
chief.economist@bankofbaroda.com