

MORNING MOCHA

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On geopolitical front, Iran and Israel pledged to ease tensions after the recent upsurge that happened for the first time since 8 Apr truce. DXY traded flat. 10Y yields firmed up amidst inflationary concerns. On macro front, China's exports rose by 19% in May'26, on YoY basis, amidst robust demand for AI-related products. As per Bloomberg data, outbound shipments of computers rose at a sharp double-digit pace of 66%, YoY. Imports rose by 27%. Elsewhere in UK, BRC sales data picked up by 3.4% in May'26 compared to previous reading of -3.4%. Germany factory orders declined by -3.8% in Apr'26, attributable to the ongoing global disruption. In Japan, GDP in Q1 (final est.) expanded at a softer pace by 1.8% compared to previous estimate of 2.1%. On domestic front, all eyes will be on the CPI data slated to be released towards the end of the week.

- Except S&P 500 and FTSE, other global indices ended mixed as traders monitored geo-political developments. In the US, S&P 500 recovered after a sharp sell-off, as technology shares gained. However, Nikkei dropped by over 3%. In India, Sensex ended lower with steep losses noted in metal and real estate stocks. It is however trading higher today, in line with other Asian indices.

Table 1 – Stock markets

	05-06-2026	08-06-2026	Change, %
Dow Jones	50,867	50,786	(0.2)
S & P 500	7,384	7,406	0.3
FTSE	10,368	10,373	0.0
Nikkei	66,588	64,025	(3.8)
Hang Seng	24,962	24,657	(1.2)
Shanghai Comp	4,028	3,959	(1.7)
Sensex	74,243	73,524	(1.0)
Nifty	23,367	23,123	(1.0)

Source: Bloomberg, Bank of Baroda Research

- Global currencies ended mixed. DXY ended broadly steady. Despite an improvement in UK's consumer spending, GBP closed stable. INR depreciated by 0.8% as rising oil prices dented investors sentiments. It is trading marginally stronger today, in line with other Asian currencies.

Table 2 – Currencies

	05-06-2026	08-06-2026	Change, %
EUR/USD (1 EUR / USD)	1.1522	1.1534	0.1
GBP/USD (1 GBP / USD)	1.3342	1.3340	0
USD/JPY (JPY / 1 USD)	160.29	160.16	0.1
USD/INR (INR / 1 USD)	94.94	95.71	(0.8)
USD/CNY (CNY / 1 USD)	6.7883	6.7833	0.1
DXY Index	100.07	100.03	0

Source: Bloomberg, Bank of Baroda Research



- Global yields firmed up as inflationary concerns remained elevated. UK's 10Y yield rose the most as sales data firmed up speaking of buoyant demand conditions. Tighter labour market conditions also led US 10Y close higher. India's 10Y yield fell by 2bps It is trading further lower at 6.93% today, supported by recent government and RBI's measures.

Table 3 – Bond 10Y yield

	05-06-2026	08-06-2026	Change, bps
US	4.53	4.56	3
UK	4.90	4.94	4
Germany	3.04	3.06	2
Japan	2.67	2.73	5
China	1.72	1.73	1
India	6.98	6.96	(2)

Source: Bloomberg, Bank of Baroda Research

Table 4 – Short term rates

	05-06-2026	08-06-2026	Change, bps
Tbill-91 days	5.41	5.32	(9)
Tbill-182 days	5.60	5.66	6
Tbill-364 days	5.94	5.91	(3)
G-Sec 2Y	6.25	6.20	(5)
India OIS-2M	5.40	5.38	(2)
India OIS-9M	5.86	5.85	(2)
SONIA int rate benchmark	3.73	3.73	0
US SOFR	3.62	3.63	1

Source: Bloomberg, Bank of Baroda Research

Table 5 – Liquidity

Rs tn	05-06-2026	08-06-2026	Change (Rs tn)
Net Liquidity (-deficit/+surplus)	1.9	1.3	(0.6)

Source: RBI, Bank of Baroda Research

Table 6 – Capital market flows

	04-06-2026	05-06-2026	change (US\$ mn/Rs cr)
FII (US\$ mn)	(329.4)	(382.5)	(53.1)
Debt	96.3	489.5	393.3
Equity	(425.6)	(872.0)	(446.4)
Mutual funds (Rs cr)	(251.6)	423.5	675.1
Debt	(4,213.3)	(2,362.3)	1,851.0
Equity	3,961.7	2,785.9	(1,175.8)

Source: Bloomberg, Bank of Baroda Research| Note: Mutual Fund data as of 3rd and 4th Jun 2026

- Oil prices rose as tensions between Iran and Israel flared.

Table 7 – Commodities

	05-06-2026	08-06-2026	Change, %
Brent crude (US\$/bbl)	93.1	94.3	1.2
Gold (US\$/ Troy Ounce)	4,328.5	4,330.2	0.0
Copper (US\$/ MT)	13,490.3	13,592.1	0.8
Zinc (US\$/MT)	3,510.3	3,517.9	0.2
Aluminium (US\$/MT)	3,592.0	3,604.0	0.3

Source: Bloomberg, Bank of Baroda Research



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