

MORNING MOCHA

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US macro data indicates that the labour market is still holding ground with initial jobless claims for the week ending 3rd Oct'26 falling by 2k to 197k. Initial jobless claims are currently hovering near 57-year low, even as companies are reporting lay-offs. Continuing claims also fell by 12.25k to 1.71mn as of week ending 26 Sep'26. Separately, in Germany, trade surplus narrowed from €21.6bn in Jul'26 to €19.5bn in Aug'26, as exports unexpectedly declined by (-) 0.8%, MoM basis, and imports rose by 0.9%. With war between Russia and Ukraine intensifying, and no end in sight for US and Iran war as well, German economy is staring at elevated oil and gas prices as winters approach. Domestically, news reports indicate that Indian companies have raised US\$ 12.5bn through IPOs between Jan-Sep'26 (highest since 1980), even during volatile market environment.

- Barring Dow Jones, other global indices, closed lower as investors monitored renewed tensions in the Middle East which pushed crude prices higher. Sensex slipped to a 32-month low with heavy FII outflows. Broad based losses were noted across sectors, especially in power, metal, and real estate stocks. However, it is trading higher today while other Asian indices are trading mixed.

Table 1 – Stock markets

	07-10-2026	08-10-2026	Change, %
Dow Jones	51,180	51,232	0.1
S & P 500	7,802	7,765	(0.5)
FTSE	10,459	10,442	(0.2)
Nikkei	70,036	69,042	(1.4)
Hang Seng	24,131	23,786	(1.4)
Shanghai Comp	3,842	3,812	(0.8)
Sensex	72,639	71,593	(1.4)
Nifty	22,603	22,232	(1.6)

Source: Bloomberg, Bank of Baroda Research

- Except INR and CNY (flat), other global currencies closed higher. Dollar index slipped marginally after treasury yields retreated and despite stronger macro data (weekly jobless claims have been lower). INR remained steady and is trading stronger today while other Asian currencies are trading mixed.

Table 2 – Currencies

	07-10-2026	08-10-2026	Change, %
EUR/USD (1 EUR / USD)	1.1197	1.1211	0.1
GBP/USD (1 GBP / USD)	1.3214	1.3228	0.1
USD/JPY (JPY / 1 USD)	158.08	157.88	0.1
USD/INR (INR / 1 USD)	96.77	96.79	0
USD/CNY (CNY / 1 USD)	6.7060	6.7035	0
DX Index	102.24	102.14	(0.1)

Source: Bloomberg, Bank of Baroda Research



- Except for US and Japan, 10Y yields inched up elsewhere. US 10Y yield was down by 6bps, as Fed Governor Waller indicated that Fed may not hike rates consecutively. Additionally, better than expected 10Y bond auction also supported yields. Elsewhere, rise in oil prices impacted yields. India's 10Y yield also rose by 5bps. However, it is trading a tad lower at 7.27% today.

Table 3 – Bond 10Y yield

	07-10-2026	08-10-2026	Change, bps
US	5.28	5.23	(6)
UK	5.44	5.48	4
Germany	3.48	3.50	2
Japan	3.10	3.09	(1)
China	1.68	1.68	1
India	7.24	7.29	5

Source: Bloomberg, Bank of Baroda Research

Table 4 – Short term rates

	07-10-2026	08-10-2026	Change, bps
Tbill-91 days	5.55	5.52	(3)
Tbill-182 days	6.07	6.07	0
Tbill-364 days	6.27	6.26	(1)
G-Sec 2Y	6.75	6.78	3
India OIS-2M	5.55	5.54	0
India OIS-9M	6.10	6.11	1
SONIA int rate benchmark	3.73	3.73	0
US SOFR	3.90	3.88	(2)

Source: Bloomberg, Bank of Baroda Research

Table 5 – Liquidity

Rs tn	07-10-2026	08-10-2026	Change (Rs tn)
Net Liquidity (-deficit/+surplus)	4.2	3.9	(0.3)

Source: RBI, Bank of Baroda Research

Table 6 – Capital market flows

	07-10-2026	08-10-2026	change (US\$ mn/Rs cr)
FII (US\$ mn)	(92.2)	(260.6)	(168.4)
Debt	161.9	376.5	214.7
Equity	(254.0)	(637.1)	(383.1)
Mutual funds (Rs cr)	8,502.5	1,725.2	(6,777.3)
Debt	3,438.4	243.9	(3,194.4)
Equity	5,064.1	1,481.3	(3,582.8)

Source: Bloomberg, Bank of Baroda Research, Note: Mutual fund data as of 5th and 6th Oct

- Oil prices rose notably, as investors monitor growing attacks on ships in the Strait of Hormuz, and assess the potential damage to be caused by tropical storm in the Gulf of Mexico.

Table 7 – Commodities

	07-10-2026	08-10-2026	Change, %
Brent crude (US\$/bbl)	100.2	104.3	4.1
Gold (US\$/ Troy Ounce)	4,111.2	4,132.5	0.5
Copper (US\$/ MT)	14,564.6	14,405.9	(1.1)
Zinc (US\$/MT)	3,811.2	3,774.6	(1.0)
Aluminium (US\$/MT)	3,117.0	3,050.5	(2.1)

Source: Bloomberg, Bank of Baroda Research



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