MORNING MOCHA

21 October 2026

Economist
Jahnavi Prabhakar

Global investor sentiments improved amidst hope of diplomatic progress in the Middle East. This was supported by lower crude oil prices and dip in treasury yields. However, the ongoing socio-political unrest in France kept the investments in check. On the domestic front, India -New Zealand FTA is expected to come into force, wherein New Zealand has committed over US$ 20bn investment in the country. The agreement will provide 100% duty free access to New Zealand market and create opportunities for farmers, artisans, MSMEs and women entrepreneurs. Separately, there are also discussion underway on a possible bilateral electrical interconnection initiative between India and Saudi Arabia. The idea is to explore opportunities and enhance cooperation, through technical collaboration, shared knowledge and exchanging best practises, to deepen partnership in the powers sector.

- Global indices closed mixed. US indices inched up supported by better-than-expected earnings report along with lower oil prices. For S&P, 8 out of 11 sectors registered gains led by real estate& utilities and healthcare. On the other hand, Hang Seng and Shanghai Comp were both down by 1.3% each. Sensex is trading stronger today while other Asian stocks are trading lower.

Table 1 – Stock markets

	19-10-2026	20-10-2026	Change, %
Dow Jones	51,966	52,496	1.0
S & P 500	7,691	7,713	0.3
FTSE	10,765	10,733	(0.3)
Nikkei	64,917	64,075	(1.3)
Hang Seng	24,187	23,868	(1.3)
Shanghai Comp	3,731	3,735	0.1
Sensex	74,729	73,853	(1.2)
Nifty	23,146	22,889	(1.1)

Source: Bloomberg, Bank of Baroda Research | Note: Indian markets were closed on 20.10.2026

- Except INR and CNY (flat), other major global currencies gained against US$. DXY fell by 0.3% tracking decline in bond yields and weak macro data. GBP appreciated the most by 0.6%, noting better than expected job additions data. Today, INR is trading stronger, while other Asian currencies are trading mixed.

Table 2 – Currencies

	19-10-2026	20-10-2026	Change, %
EUR/USD (1 EUR / USD)	1.1213	1.1237	0.2
GBP/USD (1 GBP / USD)	1.3305	1.3380	0.6
USD/JPY (JPY / 1 USD)	158.50	158.17	0.2
USD/INR (INR / 1 USD)	94.96	94.93	0
USD/CNY (CNY / 1 USD)	6.6813	6.6782	0
DXY Index	101.98	101.70	(0.3)

Source: Bloomberg, Bank of Baroda Research | Note: Indian markets were closed on 20.10.2026

@2026 Bank of Baroda. All rights reserved
Important disclosures are provided at the end of this report.

- Global yields moderated. 10Y yields in Germany and US fell the most. Weaker than expected housing starts data in the US and moderation in brent prices, helped lower the yields. Investors still await US jobless claims data and PCE data for more cues. India 10Y yield has opened 4bps higher today, as oil prices remain elevated, despite (-) 0.7% decline in the last session.

Table 3 – Bond 10Y yield

	19-10-2026	20-10-2026	Change, bps
US	5.14	5.11	(3)
UK	5.43	5.41	(2)
Germany	3.46	3.40	(6)
Japan	2.91	2.90	(1)
China	1.65	1.63	(2)
India	7.38	7.39	1

Source: Bloomberg, Bank of Baroda Research | Note: Indian markets were closed on 20.10.2026

Table 4 – Short term rates

	19-10-2026	20-10-2026	Change, bps
Tbill-91 days	5.78	5.73	(5)
Tbill-182 days	6.35	6.29	(6)
Tbill-364 days	6.53	6.45	(8)
G-Sec 2Y	6.81	6.92	11
India OIS-2M	5.83	5.83	0
India OIS-9M	6.39	6.39	0
SONIA int rate benchmark	3.73	3.73	0
US SOFR	3.88	3.87	(1)

Source: Bloomberg, Bank of Baroda Research | Note: Indian markets were closed on 20.10.2026

Table 5 – Liquidity

Rs tn	16-10-2026	19-10-2026	Change (Rs tn)
Net Liquidity (-deficit/+surplus)	2.0	1.1	(0.9)

Source: RBI, Bank of Baroda Research

Table 6 – Capital market flows

	15-10-2026	16-10-2026	change (US$ mn/Rs cr)
FII (US$ mn)	(526.5)	290.9	817.4
Debt	(90.4)	12.7	103.1
Equity	(436.1)	278.2	714.3
Mutual funds (Rs cr)	(1,949.7)	2,581.8	4,531.5
Debt	(3,686.9)	(363.1)	3,323.8
Equity	1,737.2	2,944.9	1,207.7

Source: Bloomberg, Bank of Baroda Research | Note: Mutual funds data as of 12 Oct and 13 Oct 2026

- Oil prices declined, as news reports indicate that some progress has been made towards a diplomatic solution in case of US and Iran peace negotiations.

Table 7 – Commodities

	19-10-2026	20-10-2026	Change, %
Brent crude (US$/bbl)	109.6	108.8	(0.7)
Gold (US$/ Troy Ounce)	4,140.7	4,125.2	(0.4)
Copper (US$/ MT)	14,445.7	14,591.3	1.0
Zinc (US$/MT)	3,759.0	3,765.3	0.2
Aluminium (US$/MT)	3,016.5	3,002.5	(0.5)

Source: Bloomberg, Bank of Baroda Research

@2026 Bank of Baroda. All rights reserved
Important disclosures are provided at the end of this report.

Disclaimer

The views expressed in this research note are personal views of the author(s) and do not necessarily reflect the views of Bank of Baroda. Nothing contained in this publication shall constitute or be deemed to constitute an offer to sell/ purchase or as an invitation or solicitation to do so for any securities of any entity. Bank of Baroda and/ or its Affiliates and its subsidiaries make no representation as to the accuracy; completeness or reliability of any information contained herein or otherwise provided and hereby disclaim any liability with regard to the same. Bank of Baroda Group or its officers, employees, personnel, directors may be associated in a commercial or personal capacity or may have a commercial interest including as proprietary traders in or with the securities and/ or companies or issues or matters as contained in this publication and such commercial capacity or interest whether or not differing with or conflicting with this publication, shall not make or render Bank of Baroda Group liable in any manner whatsoever & Bank of Baroda Group or any of its officers, employees, personnel, directors shall not be liable for any loss, damage, liability whatsoever for any direct or indirect loss arising from the use or access of any information that may be displayed in this publication from time to time.

Visit us at

For further details about this publication, please contact:

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