MORNING MOCHA

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Economist
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Global economy closely tracked macro and political events. The first election in Israel amidst geopolitical turmoil remained at the centre stage. On macro front, high frequency data in the US showed mixed performance. ADP employment change data softened to 16.75K (previous revised level: 17.5K). Durable goods orders firmed up to 1.8% as per Sep'26 preliminary estimate (earlier 0.1%), on a MoM SA basis. Core orders however, moderated. Consumer confidence rose for the first time in 4-months to 91.7 in Oct'26 led by significant improvement in present situation index. On monetary policy front, central bank of New Zealand kept policy rate unchanged at 2.75% in the wake of downside pressure on growth. All eyes are on Fed policy. Any lack of signalling about Dec'26 policy action might jitter markets as it will be a divergence from the dot plot projections put out by Fed in its Sep'26 policy which suggested an accelerated pace of rate hike.

- Global stocks ended mixed. Stocks in the US edged up buoyed by AI related optimism. In UK, FTSE declined ahead of the Budget announcement. Tech stocks led a sharp sell-off in China's stock markets. Sensex ended steady. However, it is trading lower today, while other Asian stocks are trading weaker.

Table 1 – Stock markets

	26-10-2026	27-10-2026	Change, %
Dow Jones	52,362	52,378	0.0
S & P 500	7,677	7,723	0.6
FTSE	10,767	10,687	(0.8)
Nikkei	62,190	63,268	1.7
Hang Seng	23,212	23,041	(0.7)
Shanghai Comp	3,698	3,648	(1.3)
Sensex	73,607	73,599	0
Nifty	22,753	22,750	0

Source: Bloomberg, Bank of Baroda Research

- Global currencies ended mixed. DXY gained by 0.4% as Conference Board consumer confidence index edged up in Oct'26. EUR, GBP and JPY slipped. INR appreciated marginally, tracking lower oil prices. It is trading weaker today, while other Asian currencies are trading mixed.

Table 2 – Currencies

	26-10-2026	27-10-2026	Change, %
EUR/USD (1 EUR / USD)	1.1174	1.1125	(0.4)
GBP/USD (1 GBP / USD)	1.3342	1.3306	(0.3)
USD/JPY (JPY / 1 USD)	157.50	157.95	(0.3)
USD/INR (INR / 1 USD)	95.19	95.12	0.1
USD/CNY (CNY / 1 USD)	6.6700	6.6665	0.1
DXY Index	101.96	102.32	0.4

Source: Bloomberg, Bank of Baroda Research

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- Except India, global 10Y yields traded in a narrow range. Investors continued to remain cautious ahead of the Fed policy and will be more watchful about any divergence of Fed action from its previous dot-plot projection. India's 10Y yield softened by 5bps tracking downward correction in oil prices. It is trading higher at 7.48% today.

Table 3 – Bond 10Y yield

	26-10-2026	27-10-2026	Change, bps
US	4.99	5.00	1
UK	5.34	5.35	0
Germany	3.37	3.36	(1)
Japan	2.80	2.81	1
China	1.63	1.62	(1)
India	7.48	7.44	(5)

Source: Bloomberg, Bank of Baroda Research

Table 4 – Short term rates

	26-10-2026	27-10-2026	Change, bps
Tbill-91 days	5.87	5.87	0
Tbill-182 days	6.23	6.24	1
Tbill-364 days	6.45	6.47	2
G-Sec 2Y	7.06	7.00	(6)
India OIS-2M	5.90	5.88	(2)
India OIS-9M	6.50	6.49	(1)
SONIA int rate benchmark	3.73	3.73	0
US SOFR	3.92	3.93	1

Source: Bloomberg, Bank of Baroda Research

Table 5 – Liquidity

Rs tn	26-10-2026	27-10-2026	Change (Rs tn)
Net Liquidity (-deficit/+surplus)	0.3	0.3	0

Source: RBI, Bank of Baroda Research

Table 6 – Capital market flows

	23-10-2026	26-10-2026	change (US$ mn/Rs cr)
FII (US$ mn)	258.0	2.9	(255.0)
Debt	18.7	104.2	85.5
Equity	239.3	(101.3)	(340.5)
Mutual funds (Rs cr)	(11,868.7)	(6,818.0)	5,050.7
Debt	(13,695.5)	(9,620.3)	4,075.2
Equity	1,826.8	2,802.3	975.5

Source: Bloomberg, Bank of Baroda Research, Note: Mutual fund data as of 22nd and 23rd Oct

- Oil prices eased as investors monitored progress in peace talks.

Table 7 – Commodities

	26-10-2026	27-10-2026	Change, %
Brent crude (US$/bbl)	115.8	113.9	(1.7)
Gold (US$/ Troy Ounce)	4,016.7	4,060.1	1.1
Copper (US$/ MT)	14,514.7	14,670.4	1.1
Zinc (US$/MT)	3,917.9	3,947.7	0.8
Aluminium (US$/MT)	3,040.5	3,087.0	1.5

Source: Bloomberg, Bank of Baroda Research

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