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Economist
Dipanwita Mazumdar

Global markets remained cautious tracking comments of US President about "getting to be decision time ", amidst mounting pressure over threats from Iran and Houthis. Equity market sentiments were impacted by moderation in technology stocks. Global currencies showed depreciating bias from a firm dollar index. Yields edged up amidst growing inflationary and debt concerns. On macro front, high frequency data started showing impact of inflationary pressure. US consumer sentiment index (U. of Michigan) dropped to a 5-month low. 1 Yr and 5 Yr inflation expectations were elevated at 4.7% and 3.5% respectively. In UK, retail sales softened by -0.4% in Sep'26, on a sequential basis. GfK consumer confidence also slipped. On domestic front, flash manufacturing PMI was a tad lower at 54.9 compared to Sep'26 final reading of 55.1 and services higher at 56.2.

- Except China and Hong Kong, stocks elsewhere ended in red amidst continued weakness in AI stocks. Worsening consumer sentiment weighed on investor sentiments in the US. Focus will be on Fed meeting and corporate earnings reports. Sensex declined by 0.2% due to losses in metal and real estate stocks. However, it is trading further lower today, in line with other Asian indices.

Table 1 – Stock markets

	22-09-2026	23-10-2026	Change, %
Dow Jones	52,868	52,215	(1.2)
S & P 500	7,663	7,624	(0.5)
FTSE	10,725	10,690	(0.3)
Nikkei	62,908	62,693	(0.3)
Hang Seng	22,935	23,093	0.7
Shanghai Comp	3,658	3,690	0.9
Sensex	73,249	73,124	(0.2)
Nifty	22,688	22,600	(0.4)

Source: Bloomberg, Bank of Baroda Research

- Except CNY, other global currencies dipped. DXY rose by 0.2% tracking higher US treasury yields. EUR depreciated tracking a decline in Eurozone's flash composite PMI. INR also declined as oil prices remained elevated. It is trading stronger today, while other Asian currencies are trading mixed.

Table 2 – Currencies

	22-09-2026	23-10-2026	Change, %
EUR/USD (1 EUR / USD)	1.1216	1.1202	(0.1)
GBP/USD (1 GBP / USD)	1.3401	1.3374	(0.2)
USD/JPY (JPY / 1 USD)	156.77	156.87	(0.1)
USD/INR (INR / 1 USD)	94.83	94.94	(0.1)
USD/CNY (CNY / 1 USD)	6.6748	6.6703	0.1
DXY Index	101.61	101.81	0.2

Source: Bloomberg, Bank of Baroda Research

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- Except Japan, global yields hardened. Investors remained cautious ahead of the UK Autumn Budget and tracking French debt crisis. US 10Y rose the most albeit no expectation of any rate action in the Oct policy. Japan's 10Y yield softened the most as risk off sentiments prevailed. India's 10Y yield rose a tad and is trading at the same level today.

Table 3 – Bond 10Y yield

	22-09-2026	23-10-2026	Change, bps
US	4.95	4.99	4
UK	5.33	5.36	3
Germany	3.33	3.35	1
Japan	2.87	2.81	(6)
China	1.63	1.63	0
India	7.46	7.47	1

Source: Bloomberg, Bank of Baroda Research

Table 4 – Short term rates

	22-09-2026	23-10-2026	Change, bps
Tbill-91 days	5.85	5.83	(2)
Tbill-182 days	6.30	6.25	(5)
Tbill-364 days	6.45	6.48	3
G-Sec 2Y	6.98	7.05	8
India OIS-2M	5.83	5.82	(1)
India OIS-9M	6.40	6.43	4
SONIA int rate benchmark	3.73	3.73	0
US SOFR	3.88	3.90	2

Source: Bloomberg, Bank of Baroda Research

Table 5 – Liquidity

Rs tn	22-09-2026	23-10-2026	Change (Rs tn)
Net Liquidity (-deficit/+surplus)	0.3	0.4	0.1

Source: RBI, Bank of Baroda Research

Table 6 – Capital market flows

	21-10-2026	22-10-2026	change (US$ mn/Rs cr)
FII (US$ mn)	209.7	(248.4)	(458.1)
Debt	34.6	(264.8)	(299.3)
Equity	175.2	16.4	(158.8)
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 fund data as of 12th and 13th Oct

- Oil prices rose to a 6-month high amidst continued geo-political tensions in the Middle-East.

Table 7 – Commodities

	22-09-2026	23-10-2026	Change, %
Brent crude (US$/bbl)	113.2	116.7	3.1
Gold (US$/ Troy Ounce)	4,024.9	3,996.1	(0.7)
Copper (US$/ MT)	14,198.7	14,472.0	1.9
Zinc (US$/MT)	3,715.6	3,819.0	2.8
Aluminium (US$/MT)	3,009.5	3,043.5	1.1

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