

## MORNING MOCHA

10 April 2024

ECONOMIST  
**Sonal Badhan**

In some positive news for Germany, industrial production in Feb'24 rose by 2.1% (MoM) versus est.: 0.3% increase and 1.3% increase in Jan'24. This was primarily supported by better than expected performance of the construction sector (up by 7.9%). Manufacturing sector noted 1.9% growth, driven by auto (5.7%) and chemical (4.6%) industries. However, compared with pre-pandemic period, production was still 8% lower in Feb'24. Separately in Asia, China is expected to report new Yuan loans at 3.56tn in Feb'24, up from 1.45tn Yuan in Jan'24. In Japan, producer price pressures remain subdued with CGPI up by only 0.2% (MoM) versus est.: 0.3%. Reserve Bank of New Zealand, in line with expectations has kept its policy rate unchanged at 5.5%, in order to bring inflation back to 1-3% range this year. Investors now await US CPI report, due later today, for guidance on rates.

- Global stocks ended mixed as investors await key inflation report from the US. Markets in US were in wait and watch mode, while FTSE fell. Nikkei gained the most, driven by chip-related stocks. Sensex ended lower and was dragged down by losses in consumer durable and metal stocks. However, it is trading higher today, while other Asian stocks are trading lower.

**Fig 1 – Stock markets**

	08-04-2024	09-04-2024	Change, %
Dow Jones	38,893	38,884	0
S & P 500	5,202	5,210	0.1
FTSE	7,943	7,935	(0.1)
Nikkei	39,347	39,773	1.1
Hang Seng	16,733	16,828	0.6
Shanghai Comp	3,047	3,049	0
Sensex	74,743	74,684	(0.1)
Nifty	22,666	22,643	(0.1)

Source: Bloomberg, Bank of Baroda Research

- Except GBP, other global currencies ended flat. DXY was largely unchanged ahead of the inflation data that will offer some guidance on interest rate outlook. JPY continue to hover to near multi-decade low raising possibility of government intervention. INR is trading stronger today, while Asian peers are trading mixed.

**Fig 2 – Currencies**

	08-04-2024	09-04-2024	Change, %
EUR/USD (1 EUR / USD)	1.0859	1.0857	0
GBP/USD (1 GBP / USD)	1.2655	1.2678	0.2
USD/JPY (JPY / 1 USD)	151.82	151.76	0
USD/INR (INR / 1 USD)	83.29	83.32	0
USD/CNY (CNY / 1 USD)	7.2308	7.2323	0

Source: Bloomberg, Bank of Baroda Research | Markets in India were closed on 9 Apr 2024



- US, UK, and Germany's 10Y yield broadly closed lower. Investors are awaiting US CPI print. Atlanta Fed President spoke of one rate cut but hinted at some additional easing if data warrants. This has supported yields. In Japan and China, yields closed stable in absence of fresh cues. India's 10Y yield inched up by 3bps in the previous session. It is trading at lower at 7.12% today.

**Fig 3 – Bond 10Y yield**

	08-04-2024	09-04-2024	Change, bps
US	4.42	4.36	(6)
UK	4.09	4.03	(6)
Germany	2.44	2.37	(6)
Japan	0.80	0.80	0
China	2.29	2.29	0
India	7.12	7.15	3

Source: Bloomberg, Bank of Baroda Research| Markets in India were closed on 9 Apr 2024

**Fig 4 – Short term rates**

	05-04-2024	08-04-2024	change in bps
Tbill-91 days	6.80	6.82	2
Tbill-182 days	6.95	6.99	4
Tbill-364 days	7.00	7.01	1
G-Sec 2Y	7.04	7.07	3
India OIS-2M	6.70	6.70	0
India OIS-9M	6.78	6.82	4
SONIA int rate benchmark	5.19	5.19	0
US SOFR	5.32	5.31	(1)

Source: Bloomberg, Bank of Baroda Research| Markets in India were closed on 9 Apr 2024

**Fig 5 – Liquidity**

Rs tn	05-04-2024	08-04-2024	change (Rs tn)
Net Liquidity (-Surplus/+deficit)	(1.5)	(0.6)	0.9
Reverse Repo	0	0.1	0.1
Repo	0	0	0

Source: RBI, Bank of Baroda Research| Markets in India were closed on 9 Apr 2024

**Fig 6 – Capital market flows**

	04-04-2024	05-04-2024	change (US\$ mn/Rs cr)
FII (US\$ mn)	(218.9)	34.7	253.6
Debt	(101.7)	(194.9)	(93.2)
Equity	(117.2)	229.6	346.8
Mutual funds (Rs cr)	3,852.2	31.7	(3,820.5)
Debt	3,774.6	1,377.3	(2,397.4)
Equity	77.6	(1,345.5)	(1,423.1)

Source: Bloomberg, Bank of Baroda Research| Note: Mutual fund data as of 3 Apr and 4 Apr

- Oil prices fell, as data shows higher than expected build-up in US stockpiles.

**Fig 7 – Commodities**

	08-04-2024	09-04-2024	% change
Brent crude (US\$/bbl)	90.4	89.4	(1.1)
Gold (US\$/ Troy Ounce)	2,339.0	2,352.8	0.6
Copper (US\$/ MT)	9,281.5	9,283.0	0
Zinc (US\$/MT)	2,625.9	2,671.6	1.7
Aluminium (US\$/MT)	2,460.5	2,460.0	0

Source: Bloomberg, Bank of Baroda Research



## 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](mailto:chief.economist@bankofbaroda.com)