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A slew of data from US and Eurozone reinforced views that global rates have peaked, with bets now being placed on the timing of rate cuts. In US, inflation as measured by the PCE price index slowed down to 3% in Oct'23 vs. 3.4% in Sep'23. Initial jobless claims increased by 7,000 to 218,000, suggesting a weakening momentum in the labour market. There are signs of a slowdown in the housing market as well, with US pending home sales dropping to its lowest in over 20 years. In the Eurozone as well, inflation moderated to 2.4% (est. 2.7%), leading analysts to expect a rate cut as early as Apr'24. Separately, manufacturing activity in Japan remained subdued with PMI at 48.3 vs. 48.7 in Oct'23, led a fall in both output and new orders. In India, GDP growth remained buoyant at 7.6% in Q2FY24. Even core-sector output rose by 12.1% in Oct'23 compared with 9.2% in Sep'23.

- Global stocks ended higher. Easing PCE inflation in the US and a softer labour market data, provided comfort of easing financial conditions going ahead. Apart from this, pick up in retail sales numbers in Germany and moderation in inflation expectations in UK, also supported investor sentiments. Dow Jones rose the most, followed by Nikkei. Sensex rose by 0.1%, supported by consumer durable stocks. It is trading higher today, while Asian stocks are mixed.

Fig 1 – Stock markets

	29-11-2023	30-11-2023	% change
Dow Jones	35,430	35,951	1.5
S & P 500	4,551	4,568	0.4
FTSE	7,423	7,454	0.4
Nikkei	33,321	33,487	0.5
Hang Seng	16,993	17,043	0.3
Shanghai Comp	3,022	3,030	0.3
Sensex	66,902	66,988	0.1
Nifty	20,097	20,133	0.2

Source: Bloomberg, Bank of Baroda Research

- Global currencies depreciated against the dollar. DXY rose by 0.7%, even as macro data reinforced views of easing monetary policy. EUR was lower by 0.7%, after soft inflation data. INR depreciated to a new record-low. However, it has reversed its losses today. Asian currencies are also trading higher.

Fig 2 – Currencies

	29-11-2023	30-11-2023	% change
EUR/USD (1 EUR / USD)	1.0969	1.0888	(0.7)
GBP/USD (1 GBP / USD)	1.2695	1.2624	(0.6)
USD/JPY (JPY / 1 USD)	147.24	148.20	(0.6)
USD/INR (INR / 1 USD)	83.33	83.40	(0.1)
USD/CNY (CNY / 1 USD)	7.1262	7.1350	(0.1)

Source: Bloomberg, Bank of Baroda Research



- Global yields closed mixed. In UK, 10Y yield firmed up by 8bps as a BoE official spoke of a restrictive monetary policy amidst worries over persisting inflation. US 10Y yield also rose by 7bps ahead of Fed Chair's speech. China's 10Y yield fell a tad by 1bps, as growth concerns remain. India's 10Y yield rose by 3bps, ahead of auction results. It is trading flat today.

Fig 3 – Bond 10Y yield

	29-11-2023	30-11-2023	change in bps
US	4.26	4.33	7
UK	4.10	4.18	8
Germany	2.43	2.45	2
Japan	0.67	0.67	0
China	2.69	2.69	(1)
India	7.25	7.28	3

Source: Bloomberg, Bank of Baroda Research

Fig 4 – Short term rates

	29-11-2023	30-11-2023	change in bps
Tbill-91 days	6.96	6.97	1
Tbill-182 days	7.13	7.13	0
Tbill-364 days	7.14	7.13	(1)
G-Sec 2Y	7.26	7.26	0
India OIS-2M	6.86	6.87	0
India OIS-9M	6.86	6.86	0
SONIA int rate benchmark	5.19	5.19	0
US SOFR	5.32	5.31	(1)

Source: Bloomberg, Bank of Baroda Research

Fig 5 – Liquidity

Rs tn	29-11-2023	30-11-2023	change (Rs tn)
Net Liquidity (-Surplus/+deficit)	1.0	0.5	(0.5)
Reverse repo	0.2	0.2	0
Repo	0	0	0

Source: RBI, Bank of Baroda Research

Fig 6 – Capital market flows

	28-11-2023	29-11-2023	change (US\$ mn/Rs cr)
FII (US\$ mn)	267.0	554.2	287.2
Debt	52.8	36.5	(16.3)
Equity	214.2	517.7	303.5
Mutual funds (Rs cr)	(5,954.1)	(4,106.5)	1,847.6
Debt	(6,440.1)	(6,031.7)	408.4
Equity	486.0	1,925.2	1,439.3

Source: Bloomberg, Bank of Baroda Research | Note: Mutual fund data as of 24 Nov 2023 and 28 Nov 2023

- Oil prices moderated as OPEC+ output cut fell short of market expectations.

Fig 7 – Commodities

	29-11-2023	30-11-2023	% change
Brent crude (US\$/bbl)	83.1	82.8	(0.3)
Gold (US\$/ Troy Ounce)	2,044.2	2,036.4	(0.4)
Copper (US\$/ MT)	8,336.5	8,387.5	0.6
Zinc (US\$/MT)	2,492.0	2,466.8	(1.0)
Aluminium (US\$/MT)	2,214.0	2,193.0	(0.9)

Source: Bloomberg, Bank of Baroda Research



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