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Global central bank policies continue to remain the underlying theme driving market movements in the last few sessions. Growth concerns linger, even as inflation continues to remain elevated. Germany's business climate index worsened further, indicating further weakness in economic activity in the region. Growth also remains on jittery ground in China, with expectations of more stimulus from the government. Chiefs of major central banks meet in Portugal tomorrow, and markets will keenly await any fresh cues on the future course of monetary policy action. Data from US i.e. housing starts, consumer confidence and core PCE, will hence be key. In Japan, the government has strengthened its war on limiting the rapid depreciation in JPY.

- Global indices edged lower as recession fears still linger amidst sticky inflation and high interest rate. New York Fed President also highlighted the need to raise policy rate to control inflation. Shanghai Comp fell, despite Chinese Premier Li Qiang's comments that more stimulus may be forthcoming. Sensex closed flat. It is trading higher today, while Asian stocks are trading mixed.

Fig 1 – Stock markets

	23-06-2023	26-06-2023	% change
Dow Jones	33,727	33,715	0)
S & P 500	4,348	4,329	(0.4)
FTSE	7,462	7,454	(0.1)
Nikkei	32,782	32,699	(0.3)
Hang Seng	18,890	18,794	(0.5)
Shanghai Comp	3,198	3,151	(1.5)
Sensex	62,979	62,970	0
Nifty	18,666	18,691	0.1

Source: Bloomberg, Bank of Baroda Research

- Global currencies closed mixed. DXY fell by 0.2% as investors await a slew of macro data from the US this week. EUR gained 0.1% even as Germany's business climate index slipped in Jun'23. JPY rose by 0.1% as Japan's finance chief stated that the government is not ruling out any options to stem the rapid depreciation in JPY. INR closed unchanged. However, it is trading stronger today, in line with other Asian currencies.

Fig 2 – Currencies

	23-06-2023	26-06-2023	% change
EUR/USD (1 EUR / USD)	1.0894	1.0906	0.1
GBP/USD (1 GBP / USD)	1.2714	1.2713	0
USD/JPY (JPY / 1 USD)	143.70	143.51	0.1
USD/INR (INR / 1 USD)	82.03	82.04	0
USD/CNY (CNY / 1 USD)	7.1794	7.2401	(0.8)

Source: Bloomberg, Bank of Baroda Research



- Global yields closed lower. Germany's 10Y yield fell the most by 4bps, as Ifo's business climate dropped in Jun'23. Further, New York Fed President and ECB Governing Council member's hawkish comments also cast a shadow on global growth trajectory. 10Y yields in UK and US fell by 2bps and 1bps respectively. India's 10Y yield fell a tad by 1bps. It is trading flat today.

Fig 3 – Bond 10Y yield

	23-06-2023	26-06-2023	change in bps
US	3.73	3.72	(1)
UK	4.32	4.30	(2)
Germany	2.35	2.31	(4)
Japan	0.37	0.36	(1)
China	2.67	2.67	0
India	7.07	7.07	(1)

Source: Bloomberg, Bank of Baroda Research, 07.26 GS 2033 security taken for India

Fig 4 – Short term rates

	23-06-2023	26-06-2023	change in bps
Tbill-91 days	6.71	6.76	5
Tbill-182 days	6.87	6.87	0
Tbill-364 days	6.89	6.88	(1)
G-Sec 2Y	6.99	6.99	0
India OIS-2M	6.59	6.61	2
India OIS-9M	6.69	6.69	0
SONIA int rate benchmark	4.93	4.93	0
US SOFR	5.05	5.05	0

Source: Bloomberg, Bank of Baroda Research

Fig 5 – Liquidity

Rs tn	23-06-2023	26-06-2023	change (Rs tn)
Net Liquidity (-Surplus/+deficit)	(0.5)	(0.4)	0.1
Reverse repo	0.2	0.2	0
Repo	0	0	0

Source: RBI, Bank of Baroda Research

Fig 6 – Capital market flows

	22-06-2023	23-06-2023	change (US\$ mn/Rs cr)
FII (US\$ mn)	(306.3)	396.1	702.3
Debt	(421.8)	371.8	793.6
Equity	115.5	24.3	(91.2)
Mutual funds (Rs cr)	3,380.6	(250.5)	(3,631.1)
Debt	2,715.2	(688.4)	(3,403.6)
Equity	665.4	437.9	(227.5)

Source: Bloomberg, Bank of Baroda Research | Mutual funds data as of 21 Jun 2023 and 22 Jun 2023

- Oil prices rose on supply concerns amidst political instability in Russia.

Fig 7 – Commodities

	23-06-2023	26-06-2023	% change
Brent crude (US\$/bbl)	73.9	74.2	0.4
Gold (US\$/ Troy Ounce)	1,921.2	1,923.3	0.1
Copper (US\$/ MT)	8,409.2	8,422.0	0.2
Zinc (US\$/MT)	2,351.3	2,318.3	(1.4)
Aluminium (US\$/MT)	2,174.5	2,148.5	(1.2)

Source: Bloomberg, Bank of Baroda Research



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