

MORNING MOCHA

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In US, durable goods orders made a recovery after it rose by 1.4% in Feb'24 (-6.9% in Jan'24). Transportation and motor vehicles orders jumped up to 3.3% and 1.8% in Feb'24 respectively. Thus, signalling manufacturing sector could be steadily be regaining back its footing. Separately, there were some mixed reports for the market including the dip in home sales data, cooling off-housing prices and an unchanged consumer confidence at 104.7 in Mar'24. On the other hand, in China industrial profits for Jan-Feb'24 jumped up to 10.2% with increase in manufacturing and electricity, heat production industry. Profits for state owned enterprises also rose by 0.5% for the same period. On domestic front, India's current account deficit dropped down to US\$ 10.5bn (1.2% of GDP) in Q3 from US\$ 11.4bn in Q2.

- Global stock indices ended mixed. US indices declined as investors awaited for the PCE data print in order to gauge Fed's policy path. As per the Fed watch tool, there is a 70.4% chance of a rate cut in Jun'24 (59.2%-last week). Sensex ended in red and was dragged down by losses in IT and banking stocks. However, it is trading higher today while other Asian indices are trading mixed.

Fig 1 – Stock markets

	25-03-2024	26-03-2024	% change
Dow Jones	39,314	39,282	(0.1)
S & P 500	5,218	5,204	(0.3)
FTSE	7,918	7,931	0.2
Nikkei	40,414	40,398	0
Hang Seng	16,474	16,618	0.9
Shanghai Comp	3,026	3,031	0.2
Sensex	72,832	72,470	(0.5)
Nifty	22,097	22,005	(0.4)

Source: Bloomberg, Bank of Baroda Research | Note: Markets in India were closed on 25.03.2024

- Except CNY and INR, other global currencies closed lower against US\$. DXY rose by 0.1%, supported by resilience in US economic activity (durable goods orders). JPY fell to its 34-year low as US\$ strengthened. Investors are expecting BoJ to intervene. INR rose by 0.2%, as increase in oil prices halted. However, it is trading lower today, in line with other Asian currencies.

Fig 2 – Currencies

	25-03-2024	26-03-2024	% change
EUR/USD (1 EUR / USD)	1.0837	1.0831	(0.1)
GBP/USD (1 GBP / USD)	1.2636	1.2628	(0.1)
USD/JPY (JPY / 1 USD)	151.42	151.56	(0.1)
USD/INR (INR / 1 USD)	83.43	83.29	0.2
USD/CNY (CNY / 1 USD)	7.2292	7.2167	0.2

Source: Bloomberg, Bank of Baroda Research | Note: Markets in India were closed on 25.03.2024



- Barring China and India (flat), other global 10Y yields eased. Mixed macro data from the US (pickup in durable goods orders and flat consumer confidence) impacted investor sentiments. Inflation data is awaited for more guidance. India's 10Y yield closed steady at 7.09%, as oil prices retreated. It is trading flat today as well.

Fig 3 – Bond 10Y yield

	25-03-2024	26-03-2024	change in bps
US	4.25	4.23	(1)
UK	3.99	3.97	(2)
Germany	2.37	2.35	(2)
Japan	0.73	0.74	1
China	2.32	2.32	0
India	7.09	7.09	0

Source: Bloomberg, Bank of Baroda Research | Note: Markets in India were closed on 25.03.2024

Fig 4 – Short term rates

	22-03-2024	25-03-2024	change in bps
Tbill-91 days	7.06	7.08	2
Tbill-182 days	7.10	7.10	0
Tbill-364 days	7.07	7.07	0
G-Sec 2Y	7.10	7.05	(5)
India OIS-2M	6.78	6.77	(1)
India OIS-9M	6.78	6.76	(1)
SONIA int rate benchmark	5.19	5.19	0
US SOFR	5.31	5.31	0

Source: Bloomberg, Bank of Baroda Research

Fig 5 – Liquidity

Rs tn	22-03-2024	26-03-2024	change (Rs tn)
Net Liquidity (-Surplus/+deficit)	1.4	0.5	(0.9)
Reverse Repo	0	0	0
Repo	0.5	0.3	(0.2)

Source: RBI, Bank of Baroda Research

Fig 6 – Capital market flows

	21-03-2024	22-03-2024	change (US\$ mn/Rs cr)
FII (US\$ mn)	(46.4)	(889.7)	(843.3)
Debt	113.2	(425.3)	(538.5)
Equity	(159.6)	(464.5)	(304.8)
Mutual funds (Rs cr)	(1,163.8)	6,195.1	7,358.9
Debt	(2,593.5)	263.8	2,857.3
Equity	1,429.7	5,931.3	4,501.6

Source: Bloomberg, Bank of Baroda Research | Note: Mutual funds data as of 18 Mar 2024 and 19 Mar 2024

- Oil prices fell, as investors weigh impact of supply pressures and stronger US\$

Fig 7 – Commodities

	25-03-2024	26-03-2024	% change
Brent crude (US\$/bbl)	86.8	86.3	(0.6)
Gold (US\$/ Troy Ounce)	2,171.8	2,178.8	0.3
Copper (US\$/ MT)	8,757.6	8,748.5	(0.1)
Zinc (US\$/MT)	2,448.9	2,391.2	(2.4)
Aluminium (US\$/MT)	2,326.0	2,303.5	(1.0)

Source: Bloomberg, Bank of Baroda Research



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