

## MORNING MOCHA

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ECONOMIST  
 Dipanwita Mazumdar

Global markets monitored key macro data releases and comments from major Fed officials. Boston, Minneapolis and Richmond Fed President sounded hawkish and again highlighted prolonged impact of elevated inflation. On the data front, US jobless claims came in slightly more than expected at 198K (est.: 196K). The third estimate of Q4GDP data in the US was slightly revised down to 2.6% from 2.7% earlier, led by consumption demand. In China, PMI reading revived in Mar'23, showing economic activity is gaining momentum. In India, SEBI came up with a lot of reforms ranging from approving ASBA like facility for stock trade, announcing Rs 33,000 crore backstop emergency fund for debt MFs etc. Elsewhere, Centre plans to borrow Rs 8.88 lakh crore in H1FY23 (57.6% of overall borrowing). Maturity wise 14 and 40 year securities constitute 35% of borrowing.

- Except Nikkei, other global indices ended higher. Risk sentiment improved amidst hopes that the banking crisis has largely being contained. Stock indices in US rose, led by gains in technology shares. Shanghai Comp and Hang Seng gained as Alibaba announced a major revamp plan. Sensex is trading higher today, in line with other Asian markets.

**Fig 1 – Stock markets**

	29-03-2023	30-03-2023	% change
Dow Jones	32,718	32,859	0.4
S & P 500	4,028	4,051	0.6
FTSE	7,564	7,620	0.7
Nikkei	27,884	27,783	(0.4)
Hang Seng	20,192	20,309	0.6
Shanghai Comp	3,240	3,261	0.7
Sensex	57,614	57,960	0.6
Nifty	16,952	17,081	0.8

Source: Bloomberg, Bank of Baroda Research

- Except INR, global currencies appreciated against the dollar. DXY fell by 0.5% as US weekly jobless claims inched up and GDP growth for Q4 was revised lower. EUR gained by 0.6% as Germany's inflation moderated less than expected in Mar'23. INR depreciated by 0.2% in last trading session. However, it is trading stronger today, in line with other Asian currencies.

**Fig 2 – Currencies**

	29-03-2023	30-03-2023	% change
EUR/USD (1 EUR / USD)	1.0844	1.0905	0.6
GBP/USD (1 GBP / USD)	1.2314	1.2386	0.6
USD/JPY (JPY / 1 USD)	132.86	132.70	0.1
USD/INR (INR / 1 USD)	82.19	82.34	(0.2)
USD/CNY (CNY / 1 USD)	6.8895	6.8706	0.3

Source: Bloomberg, Bank of Baroda Research



- Except US and India (lower), global yields closed higher. UK's 10Y yield rose the most (+5bps), as the economy avoided recession in Q4CY22, as per its final estimate. US' 10Y yield closed lower by 2bps as jobless claims data inched up. India's 10Y yield fell by 3bps (7.29%). It is trading stable today, as frontloading of government's H1 borrowing remained below 60%.

**Fig 3 – Bond 10Y yield**

	29-03-2023	30-03-2023	change in bps
US	3.56	3.55	(2)
UK	3.47	3.52	5
Germany	2.33	2.37	4
Japan	0.32	0.33	1
China	2.86	2.87	1
India	7.31	7.29	(3)

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

**Fig 4 – Short term rates**

	29-03-2023	30-03-2023	change in bps
Tbill-91 days	7.12	7.00	(12)
Tbill-182 days	7.21	7.26	5
Tbill-364 days	7.26	7.29	3
G-Sec 2Y	7.22	7.17	(5)
SONIA int rate benchmark	4.18	4.18	0
US SOFR	4.84	4.83	(1)

Source: Bloomberg, Bank of Baroda Research

**Fig 5 – Liquidity**

Rs tn	28-03-2023	29-03-2023	change (Rs tn)
Net Liquidity (-Surplus/+deficit)	(0.1)	(0.4)	(0.3)
Reverse repo	0	0	0
Repo	0.6	0	(0.6)

Source: RBI, Bank of Baroda Research

**Fig 6 – Capital market flows**

	27-03-2023	28-03-2023	change (US\$ mn/Rs cr)
FII (US\$ mn)	(47.1)	308.7	355.7
Debt	28.6	71.9	43.3
Equity	(75.6)	236.8	312.5
Mutual funds (Rs cr)	1,621.4	1,461.5	(159.9)
Debt	(376.1)	(254.9)	121.2
Equity	1,997.5	1,716.4	(281.1)

Source: Bloomberg, Bank of Baroda Research | Note: Mutual funds data as of 23 Mar 2023 and 24 Mar 2023

- Crude oil prices rose by 1.3% led by supply concerns as exports from Kurdistan remain suspended. Drop in US crude stockpiles also pushed prices higher.

**Fig 7 – Commodities**

	29-03-2023	30-03-2023	% change
Brent crude (US\$/bbl)	78.3	79.3	1.3
Gold (US\$/ Troy Ounce)	1,964.7	1,980.4	0.8
Copper (US\$/ MT)	9,008.8	9,003.3	(0.1)
Zinc (US\$/MT)	3,003.3	2,963.5	(1.3)
Aluminium (US\$/MT)	2,380.0	2,386.0	0.3

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