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Dipanwita Mazumdar

Macro indicators globally reflected the dual dilemma of growth and inflation. Consumer confidence in the US fell in May'23. Even Dallas Fed manufacturing activity fell more than anticipated. In UK, BRC shop price index firmed up, affirming that price pressure remains elevated. In China, manufacturing PMI dipped to its lowest level in past 5 months, signalling some degree of slowdown. Elsewhere, RBA Governor hinted at being data dependent in the future course of action. Richmond Fed President on the other hand hinted at inflation being too high and demand is yet to come down. Japan's top officials met over concerns of policy divergence and its impact on currency. In India, RBI's balance sheet reported surplus of Rs 87,416crore more than the budgeted figure, which would provide a fiscal push.

- Except US and UK, stocks elsewhere posted modest gains. Market sentiments remained subdued as concerns remained over the approval of the US-debt ceiling deal by the Congress. Fall in US consumer confidence index and Japan's warning on yen depreciation also impacted market sentiments. Sensex rose by 0.2%, led by gains in banking and technology stocks. However, it is trading lower today, in line with other Asian stocks.

Fig 1 – Stock markets

	29-05-2023	30-05-2023	% change
Dow Jones	33,093	33,043	(0.2)
S & P 500	4,205	4,206	0
FTSE	7,627	7,522	(1.4)
Nikkei	31,234	31,328	0.3
Hang Seng	18,551	18,596	0.2
Shanghai Comp	3,221	3,224	0.1
Sensex	62,846	62,969	0.2
Nifty	18,599	18,634	0.2

Source: Bloomberg, Bank of Baroda Research

- Except INR and CNY (lower), other global currencies appreciated. JPY edged up by 0.5% after the government stated that it will closely watch the movement in Yen and respond appropriately, following an emergency meeting between BoJ and financial authorities. INR depreciated by 0.1%, despite lower oil prices. However, it is trading stronger today, in line with other Asian currencies.

Fig 2 – Currencies

	29-05-2023	30-05-2023	% change
EUR/USD (1 EUR / USD)	1.0708	1.0735	0.3
GBP/USD (1 GBP / USD)	1.2355	1.2414	0.5
USD/JPY (JPY / 1 USD)	140.45	139.79	0.5
USD/INR (INR / 1 USD)	82.63	82.72	(0.1)
USD/CNY (CNY / 1 USD)	7.0711	7.0799	(0.1)

Source: Bloomberg, Bank of Baroda Research



- Global yields broadly closed lower. Muted high frequency indicators of growth globally raised appetite for sovereign securities, on account of risk off sentiments. US 10Y yield fell the most by 11bps as the debt deal faces its first test in Congress. India's 10Y yield fell by 2bps. It is trading at 6.99% today, ahead of major macro releases.

Fig 3 – Bond 10Y yield

	29-05-2023	30-05-2023	change in bps
US	3.80	3.69	(11)
UK	4.33	4.25	(9)
Germany	2.43	2.34	(9)
Japan	0.44	0.44	(1)
China	2.72	2.72	1
India	7.03	7.01	(2)

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

Fig 4 – Short term rates

	29-05-2023	30-05-2023	change in bps
Tbill-91 days	6.75	6.76	1
Tbill-182 days	6.88	6.85	(3)
Tbill-364 days	6.90	6.91	1
G-Sec 2Y	6.84	6.87	2
India OIS-2M	6.54	6.54	0
India OIS-9M	6.59	6.59	0
SONIA int rate benchmark	4.43	4.43	0
US SOFR	5.06	5.06	0

Source: Bloomberg, Bank of Baroda Research

Fig 5 – Liquidity

Rs tn	29-05-2023	30-05-2023	change (Rs tn)
Net Liquidity (-Surplus/+deficit)	(1.0)	(1.4)	(0.4)
Reverse repo	0.5	0.5	0
Repo	0	0	0

Source: RBI, Bank of Baroda Research

Fig 6 – Capital market flows

	26-05-2023	29-05-2023	change (US\$ mn/Rs cr)
FII (US\$ mn)	265.9	233.7	(32.2)
Debt	49.6	(43.7)	(93.3)
Equity	216.4	277.5	61.1
Mutual funds (Rs cr)	1,718.3	1,562.6	(155.7)
Debt	938.6	1,393.8	455.2
Equity	779.8	168.9	(610.9)

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

- Oil prices declined by 4.6% amidst mixed comments from OPEC+ producers.

Fig 7 – Commodities

	29-05-2023	30-05-2023	% change
Brent crude (US\$/bbl)	77.1	73.5	(4.6)
Gold (US\$/ Troy Ounce)	1,943.2	1,959.3	0.8
Copper (US\$/ MT)	8,106.0	8,103.0	(0.0)
Zinc (US\$/MT)	2,329.3	2,287.8	(1.8)
Aluminium (US\$/MT)	2,237.5	2,224.0	(0.6)

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