

MORNING MOCHA

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ECONOMIST
Sonal Badhan

Adding to weakening global growth conditions, Australia's Q3CY23 GDP print shows that growth slowed more than expected (0.4%) to 0.2% (QoQ) in Q3, from 0.4% in Q2. Drag came mainly from net exports and household consumption. This has reaffirmed the views that RBA is done with its rate hiking cycle. Q4 looks even weaker with services PMI down to 46 in Nov'23 from 47.9 in Oct'23. In Eurozone too, conditions remain bleak with services activity continuing to contract, albeit at a slower pace (48.7 versus 47.8). Similar trend was seen in both Germany and France. On the other hand, services activity is showing some momentum in China (51.5 versus 50.4) and US (ISM at 52.7 versus 51.8), and slight moderation in India (56.9 versus 58.4). In US however, labour market is loosening, as JOLTS data showed that job opening fell to 8.7mn in Oct'23 (est.: 9.3mn) from 9.4mn in Sep'23.

- Barring Sensex, other global indices ended lower. US indices dropped amidst softening data (lower than expected Jobs report) as investors tried to gauge the trajectory of Fed's interest rate path. Hang Seng and Shanghai Comp declined sharply after rating agency downgraded China's credit outlook. Sensex advanced to a new high supported by gains in power, consumer durable and banking stocks. It is trading higher today in line with other Asian stocks.

Fig 1 – Stock markets

	4-12-2023	5-12-2023	% change
Dow Jones	36,204	36,125	(0.2)
S & P 500	4,570	4,567	(0.1)
FTSE	7,513	7,490	(0.3)
Nikkei	33,231	32,776	(1.4)
Hang Seng	16,646	16,328	(1.9)
Shanghai Comp	3,023	2,972	(1.7)
Sensex	68,865	69,296	0.6
Nifty	20,687	20,855	0.8

Source: Bloomberg, Bank of Baroda Research

- Except JPY and INR (flat), other global currencies ended lower against the dollar. DXY advanced (0.3%) amidst growing optimism that Fed is at the end of monetary tightening. EUR was lower given dovish commentary by ECB officials. It is trading stronger today while other Asian currencies are trading mixed.

Fig 2 – Currencies

	4-12-2023	5-12-2023	% change
EUR/USD (1 EUR / USD)	1.0836	1.0797	(0.4)
GBP/USD (1 GBP / USD)	1.2633	1.2595	(0.3)
USD/JPY (JPY / 1 USD)	147.21	147.15	0
USD/INR (INR / 1 USD)	83.36	83.39	0
USD/CNY (CNY / 1 USD)	7.1434	7.1471	(0.1)

Source: Bloomberg, Bank of Baroda Research



- Barring China (flat), other global yields closed lower. Steep declines were noted in 10Y yields of UK (-17bps), Germany (-11bps) and US (-9bps). Weaker than expected US labour market data, dovish commentary from ECB officials and likelihood of a recession in the UK impacted investor sentiments. India's 10Y yield fell by 1bps to 7.27%. It is trading further lower today at 7.25%.

Fig 3 – Bond 10Y yield

	4-12-2023	5-12-2023	change in bps
US	4.25	4.16	(9)
UK	4.19	4.03	(17)
Germany	2.35	2.25	(11)
Japan	0.70	0.67	(3)
China	2.69	2.69	0
India	7.27	7.26	(1)

Source: Bloomberg, Bank of Baroda Research

Fig 4 – Short term rates

	4-12-2023	5-12-2023	change in bps
Tbill-91 days	7.00	6.99	(1)
Tbill-182 days	7.14	7.13	(1)
Tbill-364 days	7.15	7.14	(1)
G-Sec 2Y	7.25	7.23	(2)
India OIS-2M	6.87	6.85	(2)
India OIS-9M	6.86	6.85	(1)
SONIA int rate benchmark	5.19	5.19	0
US SOFR	5.39	5.37	(2)

Source: Bloomberg, Bank of Baroda Research

Fig 5 – Liquidity

Rs tn	4-12-2023	5-12-2023	change (Rs tn)
Net Liquidity (-Surplus/+deficit)	(0.1)	(0.1)	0
Reverse repo	0.2	0.2	0
Repo	0	0	0

Source: RBI, Bank of Baroda Research

Fig 6 – Capital market flows

	1-12-2023	4-12-2023	change (US\$ mn/Rs cr)
FII (US\$ mn)	816.9	976.6	159.7
Debt	131.0	316.4	185.4
Equity	685.9	660.2	(25.7)
Mutual funds (Rs cr)	(4,206.0)	3,654.3	7,860.4
Debt	(3,506.5)	1,546.6	5,053.1
Equity	(699.5)	2,107.7	2,807.2

Source: Bloomberg, Bank of Baroda Research, Mutual fund data as of 30 Nov and 1 Dec 2023

- Oil prices declined by 1.1% over concerns of demand from China.

Fig 7 – Commodities

	4-12-2023	5-12-2023	% change
Brent crude (US\$/bbl)	78.0	77.2	(1.1)
Gold (US\$/ Troy Ounce)	2,029.4	2,019.4	(0.5)
Copper (US\$/ MT)	8,362.8	8,252.8	(1.3)
Zinc (US\$/MT)	2,444.5	2,414.0	(1.2)
Aluminium (US\$/MT)	2,182.0	2,160.0	(1.0)

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