

## MORNING MOCHA

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Amongst major developments has been better than expected exports growth in China by 8.5% in Apr'23 (est.: 8%), albeit slower compared to 14.8% growth in Mar'23, on YoY basis. Imports on the other hand, fell sharply by 7.9% (est.: -0.2%) and against 1.4% decline in Mar'23. Elsewhere, in Australia as well as in Japan, household spending remained muted. In Germany, industrial production fell more than expected in Mar'23, on sequential basis. Notably, Shanghai Comp rose to its highest since 28 Jun 2022, as traders are pricing in policy support for State run firms to boost demand conditions. On the other hand, Federal Reserve's Senior Loan Officer Opinion Survey pointed out tighter credit conditions in the economy. On domestic front, Fitch has retained India's credit rating at BBB-.

- Stocks in US closed mixed as investors monitor developments around debt ceiling talks. Investors also await US CPI report. Asian stocks (barring Nikkei), edged up amidst improvement in risk sentiment. Shanghai Comp rose the most by 1.8%, led by banking and energy stocks. Sensex rose by 1.2% supported by gains in auto and banking stocks. It is trading further higher today, while Asian stocks are trading mixed.

**Fig 1 – Stock markets**

	05-05-2023	08-05-2023	% change
Dow Jones	33,674	33,619	(0.2)
S & P 500	4,136	4,138	0.0
FTSE	7,703	7,778	1.0
Nikkei	29,158	28,950	(0.7)
Hang Seng	20,049	20,297	1.2
Shanghai Comp	3,335	3,395	1.8
Sensex	61,054	61,764	1.2
Nifty	18,069	18,264	1.1

Source: Bloomberg, Bank of Baroda Research

- Except INR (flat), other global currencies edged lower against the dollar. DXY rose by 0.2% as US credit conditions tightened less than expected, despite the banking crisis. EUR fell by 0.1% as Germany's industrial production declined in Mar'23. INR is trading weaker today, in line with other Asian currencies.

**Fig 2 – Currencies**

	05-05-2023	08-05-2023	% change
EUR/USD (1 EUR / USD)	1.1019	1.1004	(0.1)
GBP/USD (1 GBP / USD)	1.2636	1.2618	(0.1)
USD/JPY (JPY / 1 USD)	134.80	135.10	(0.2)
USD/INR (INR / 1 USD)	81.80	81.80	(0.0)
USD/CNY (CNY / 1 USD)	6.9094	6.9142	(0.1)

Source: Bloomberg, Bank of Baroda Research



- Except Japan (stable), global yields closed higher. UK's 10Y yield rose the most by 13bps as market is expecting rate hike spree to continue amidst recent buoyant macro readings and heated inflation data. US 10Y yield also rose by 7bps, post solid job's data. India's 10Y yield rose by 4bps. It is trading at 7.04%.

**Fig 3 – Bond 10Y yield**

	05-05-2023	08-05-2023	change in bps
US	3.44	3.51	7
UK	3.65	3.78	13
Germany	2.29	2.32	3
Japan	0.42	0.42	(0)
China	2.74	2.75	1
India	7.01	7.05	4

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

**Fig 4 – Short term rates**

	05-05-2023	08-05-2023	change in bps
Tbill-91 days	6.86	6.87	1
Tbill-182 days	6.97	6.98	1
Tbill-364 days	6.98	7.00	2
G-Sec 2Y	6.85	6.86	1
India OIS-2M	6.61	6.65	4
India OIS-9M	6.60	6.64	4
SONIA int rate benchmark	4.18	4.18	0
US SOFR	5.06	5.06	-

Source: Bloomberg, Bank of Baroda Research

**Fig 5 – Liquidity**

Rs tn	04-05-2023	08-05-2023	change (Rs tn)
Net Liquidity (-Surplus/+deficit)	(0.5)	(0.2)	0.3
Reverse repo	0	0.1	0.1
Repo	0	0	0

Source: RBI, Bank of Baroda Research

**Fig 6 – Capital market flows**

	03-05-2023	04-05-2023	change (US\$ mn/Rs cr)
FII (US\$ mn)	30.3	565.7	535.5
Debt	(139.5)	94.4	233.9
Equity	169.7	471.4	301.6
Mutual funds (Rs cr)	(9,588.8)	160.9	9,749.7
Debt	(4,135.2)	203.0	4,338.1
Equity	(5,453.7)	(42.1)	5,411.6

Source: Bloomberg, Bank of Baroda Research | Note: Mutual funds data as of 27 Apr 2023 and 28 Apr 2023

- Crude oil prices rose further by 2.3% amidst easing concerns over US growth. Supply disruptions due to wildfires in Canada also supported prices.

**Fig 7 – Commodities**

	05-05-2023	08-05-2023	% change
Brent crude (US\$/bbl)	75.3	77.0	2.3
Gold (US\$/ Troy Ounce)	2,016.8	2,021.2	0.2
Copper (US\$/ MT)	8,474.4	8,560.3	1.0
Zinc (US\$/MT)	2,614.8	2,679.3	2.5
Aluminium (US\$/MT)	2,287.0	2,318.5	1.4

Source: Bloomberg, Bank of Baroda Research



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