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US non-farm payrolls rose more than expected by 272,000 in May'24 (est. 185,000), indicating underlying resilience of the labour market. Wage growth also accelerated by 0.4% from 0.2% in Apr'24 (MoM), which might delay Fed rate cuts.

Unemployment rate edged up to 4% from 3.9%. Separately, Japan's GDP growth declined by 1.8% in Q1CY24 versus a decline of 2% estimated earlier (YoY). In China, exports rose by 7.6% in May'24 (est. 6%) from 1.5% in Apr'24. GDP growth in Eurozone was confirmed at 0.3% in Q1, from a decline of 0.1% in Q4 CY23. On the other hand, import growth decelerated to 1.8% from 8.4% in Apr'24, led by continued weakness in domestic consumption. In India, RBI held policy rates steady by a 4-2 vote. Fed and BOJ meeting, as well as US CPI and UK labour data will be key watchable for investors this week. In India, CPI and IIP data is due.

- Except China and India, global indices ended lower. Investors remained cautious as a firmer dollar weighed on sentiments, buoyed by better-than-expected payroll numbers and earnings data in the US. Political uncertainty in the Eurozone also impacted investor sentiments. Hang Seng fell the most, followed by FTSE and US stocks. Sensex rose by 2.2%. It is trading lower today, while Asian stocks are trading mixed.

Fig 1 – Stock markets

	06-06-2024	07-06-2024	Change, %
Dow Jones	38,886	38,799	(0.2)
S & P 500	5,353	5,347	(0.1)
FTSE	8,285	8,245	(0.5)
Nikkei	38,704	38,684	(0.1)
Hang Seng	18,477	18,367	(0.6)
Shanghai Comp	3,049	3,051	0.1
Sensex	75,075	76,693	2.2
Nifty	22,821	23,290	2.1

Source: Bloomberg, Bank of Baroda Research

- Except INR and CNY, other global currencies depreciated against the dollar. DXY rose by 0.8% as a strong US jobs report has once again pushed back the timing of Fed rate cuts. INR appreciated by 0.1% as oil prices eased. However, it is trading weaker today, in line with other Asian currencies.

Fig 2 – Currencies

	06-06-2024	07-06-2024	Change, %
EUR/USD (1 EUR / USD)	1.0890	1.0801	(0.8)
GBP/USD (1 GBP / USD)	1.2791	1.2719	(0.6)
USD/JPY (JPY / 1 USD)	155.61	156.75	(0.7)
USD/INR (INR / 1 USD)	83.48	83.38	0.1
USD/CNY (CNY / 1 USD)	7.2450	7.2478	0

Source: Bloomberg, Bank of Baroda



- Global yields closed higher. US 10Y yield rose at the sharpest pace by 15bps as payroll numbers of the region again showed tightness in labour market, thus denting hopes of rate cut this year. Even Sep'24 rate cut does not seem to be feasible now as reflected in CME FedWatch tool. Yields in UK and Germany also inched up. India's 10Y yield closed a tad higher and is trading at 7.03%.

Fig 3 – Bond 10Y yield

	06-06-2024	07-06-2024	Change, bps
US	4.29	4.43	15
UK	4.17	4.26	9
Germany	2.55	2.62	7
Japan	0.96	0.98	1
China	2.31	2.31	0
India	7.01	7.02	1

Source: Bloomberg, Bank of Baroda Research

Fig 4 – Short term rates

	06-06-2024	07-06-2024	change in bps
Tbill-91 days	6.85	6.85	0
Tbill-182 days	7.01	6.99	(2)
Tbill-364 days	7.02	7.01	(1)
G-Sec 2Y	7.05	7.02	(3)
India OIS-2M	6.71	6.69	(2)
India OIS-9M	6.79	6.76	(3)
SONIA int rate benchmark	5.20	5.20	0
US SOFR	5.33	5.33	0

Source: Bloomberg, Bank of Baroda Research

Fig 5 – Liquidity

Rs tn	06-06-2024	07-06-2024	change (Rs tn)
Net Liquidity (-Surplus/+deficit)	(0.5)	0.1	0.6
Reverse Repo	0	0	0
Repo	0.9	0.5	(0.4)

Source: RBI, Bank of Baroda Research

Fig 6 – Capital market flows

	05-06-2024	06-06-2024	change (US\$ mn/Rs cr)
FII (US\$ mn)	(504.1)	(698.4)	(194.4)
Debt	72.1	112.8	40.7
Equity	(576.1)	(811.2)	(235.1)
Mutual funds (Rs cr)	(6,440.4)	3,217.6	9,658.0
Debt	(166.2)	391.5	557.7
Equity	(6,274.3)	2,826.1	9,100.3

Source: Bloomberg, Bank of Baroda Research| Note: Mutual Fund data as of 4 Jun and 5 Jun 2024

- Oil prices moderated dragged down by a firmer dollar.

Fig 7 – Commodities

	06-06-2024	07-06-2024	% change
Brent crude (US\$/bbl)	79.9	79.6	(0.3)
Gold (US\$/ Troy Ounce)	2,376.1	2,293.8	(3.5)
Copper (US\$/ MT)	10,036.5	9,638.4	(4.0)
Zinc (US\$/MT)	2,852.1	2,704.1	(5.2)
Aluminium (US\$/MT)	2,647.5	2,578.0	(2.6)

Source: Bloomberg, Bank of Baroda Research



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