

**MORNING MOCHA**

11 November 2024

ECONOMIST

Dipanwita Mazumdar

Global markets remained watchful ahead of the key data releases in the current week (inflation reading in US and Eurozone, growth print in UK and Japan and retail sales and industrial production in China). DXY continued to remain sticky, however, US 10Y yield softened as inflation expectation data remained well anchored. Among major macro release was the softening CPI data in China which showed that growth is still on a weaker footing. To add to this, China's new stimulus of US\$ 1.4tn has been directed at defusing debt risk of local government, albeit refraining from a direct fiscal boost to spur consumption. Analysts expect a wait and watch prudent response from policymakers following US move. On domestic front, FM announced that the Rs 100 crore credit guarantee scheme of MSMEs will be soon placed before the Cabinet for approval, to provide sector specific support.

- Global indices ended mixed. Stocks in the US continued to advance buoyed by US election results and anticipation of a softer stance by the Fed. Both Dow Jones and S&P 500 scaled a new record high. Asian markets were subdued as China's stimulus measures failed to impress investors. Sensex too ended lower, with real estate and oil and gas stocks witnessing a sharp sell-off. It is trading further lower today in line with other Asian indices.

**Fig 1 – Stock markets**

	7-11-2024	8-11-2024	Change, %
Dow Jones	43,729	43,989	0.6
S & P 500	5,973	5,996	0.4
FTSE	8,141	8,072	(0.8)
Nikkei	39,381	39,500	0.3
Hang Seng	20,953	20,728	(1.1)
Shanghai Comp	3,471	3,452	(0.5)
Sensex	79,542	79,486	(0.1)
Nifty	24,199	24,148	(0.2)

Source: Bloomberg, Bank of Baroda Research

- Except INR and JPY, global currencies depreciated. DXY rose by 0.5% as investors anticipate a less aggressive rate cut from Fed. Political uncertainty in Germany weighed on EUR which declined by 0.8%. INR traded near a lifetime low. It is trading flat today, while other Asian currencies are trading mixed.

**Fig 2 – Currencies**

	7-11-2024	8-11-2024	Change, %
EUR/USD (1 EUR / USD)	1.0805	1.0718	(0.8)
GBP/USD (1 GBP / USD)	1.2987	1.2921	(0.5)
USD/JPY (JPY / 1 USD)	152.94	152.64	0.2
USD/INR (INR / 1 USD)	84.38	84.38	0
USD/CNY (CNY / 1 USD)	7.1434	7.1841	(0.6)

Source: Bloomberg, Bank of Baroda



- Global yields softened. Germany's 10Y yield edged down the most over political uncertainty of the region. Even UK's 10Y yield fell by 6bps following BoE's rate decision. India's 10Y yield moderated a tad but upside risks emanate from a sticky inflation reading, scheduled tomorrow. It is trading at 6.82% today.

**Fig 3 – Bond 10Y yield**

	7-11-2024	8-11-2024	Change, bps
US	4.33	4.30	(2)
UK	4.50	4.44	(6)
Germany	2.45	2.37	(8)
Japan	1.01	1.01	0
China	2.12	2.11	(1)
India	6.82	6.81	(1)

Source: Bloomberg, Bank of Baroda Research

**Fig 4 – Short term rates**

	7-11-2024	8-11-2024	change in bps
Tbill-91 days	6.43	6.45	2
Tbill-182 days	6.59	6.57	(2)
Tbill-364 days	6.57	6.56	(1)
G-Sec 2Y	6.73	6.71	(2)
India OIS-2M	6.59	6.58	(1)
India OIS-9M	6.55	6.53	(2)
SONIA int rate benchmark	4.95	4.70	(25)
US SOFR	4.81	4.82	1

Source: Bloomberg, Bank of Baroda Research

**Fig 5 – Liquidity**

Rs tn	7-11-2024	8-11-2024	change (Rs tn)
Net Liquidity (-Surplus/+deficit)	(2.4)	(2.2)	0.2
Reverse Repo	0.2	1.3	1.1
Repo	0	0	0

Source: RBI, Bank of Baroda Research

**Fig 6 – Capital market flows**

	6-11-2024	7-11-2024	change (US\$ mn/Rs cr)
FII (US\$ mn)	(757.9)	(774.7)	(16.8)
Debt	(317.1)	(106.6)	210.4
Equity	(440.9)	(668.1)	(227.2)
Mutual funds (Rs cr)	1,471.3	2,035.2	563.9
Debt	(589.5)	(1,902.8)	(1,313.3)
Equity	2,060.8	3,938.0	1,877.2

Source: Bloomberg, Bank of Baroda Research, Note: MF data as of 5<sup>th</sup> and 6<sup>th</sup> Nov 2024

- Oil prices moderated weighed down by weaker growth prospects in China.

**Fig 7 – Commodities**

	7-11-2024	8-11-2024	% change
Brent crude (US\$/bbl)	75.6	73.9	(2.3)
Gold (US\$/ Troy Ounce)	2,706.7	2,684.8	(0.8)
Copper (US\$/ MT)	9,527.1	9,302.4	(2.4)
Zinc (US\$/MT)	3,030.4	2,955.4	(2.5)
Aluminium (US\$/MT)	2,694.5	2,620.5	(2.7)

Source: Bloomberg, Bank of Baroda Research



## Disclaimer

The views expressed in this research note are personal views of the author(s) and do not necessarily reflect the views of Bank of Baroda. Nothing contained in this publication shall constitute or be deemed to constitute an offer to sell/ purchase or as an invitation or solicitation to do so for any securities of any entity. Bank of Baroda and/ or its Affiliates and its subsidiaries make no representation as to the accuracy; completeness or reliability of any information contained herein or otherwise provided and hereby disclaim any liability with regard to the same. Bank of Baroda Group or its officers, employees, personnel, directors may be associated in a commercial or personal capacity or may have a commercial interest including as proprietary traders in or with the securities and/ or companies or issues or matters as contained in this publication and such commercial capacity or interest whether or not differing with or conflicting with this publication, shall not make or render Bank of Baroda Group liable in any manner whatsoever & Bank of Baroda Group or any of its officers, employees, personnel, directors shall not be liable for any loss, damage, liability whatsoever for any direct or indirect loss arising from the use or access of any information that may be displayed in this publication from time to time.

Visit us at



For further details about this publication, please contact:

**Chief Economist**

Bank of Baroda

chief.economist@bankofbaroda.com