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A stronger dollar weighed on currency indices. Equity lost steam in anticipation of heightened tariff risks under newly elected US President and risk of political uncertainty in Germany. The selection of key administrative positions in the US is also giving forward signalling on future policy approach. On macro front, NY 1 year inflation expectation remained well anchored. US CPI is scheduled to be release today. Any divergence from expected print may further delay rate action. Fed officials in their recent commentaries also spoke of the same. In Germany, ZEW index lost momentum and CPI remained sticky. In UK, unemployment rate firmed up and earnings data picked pace. On domestic front, both growth and inflation surprised on the upside hinting at delayed response from RBI.

- The rally in global indices paused as investor assessed the impact of proposed government policies on growth and inflation. After climbing to record highs, stocks in US ended lower on profit taking and awaiting US CPI report. Stocks in China and Hong Kong plunged sharply amid expectations of higher US tariffs. In India, Sensex fell by 1% led by losses in power and capital goods stocks. It is trading further lower today, in line with other Asian indices.

Fig 1 – Stock markets

	11-11-2024	12-11-2024	Change, %
Dow Jones	44,293	43,911	(0.9)
S & P 500	6,001	5,984	(0.3)
FTSE	8,125	8,026	(1.2)
Nikkei	39,533	39,376	(0.4)
Hang Seng	20,427	19,847	(2.8)
Shanghai Comp	3,470	3,422	(1.4)
Sensex	79,496	78,675	(1.0)
Nifty	24,141	23,883	(1.1)

Source: Bloomberg, Bank of Baroda Research

- Except INR, other major currencies ended weaker. DXY rose by 0.5%. This was led by expectations that the policies by the new government are likely to stoke inflation, and hence reduce the possibility of rate cuts significantly. GBP fell the most, led by an increase in UK's unemployment rate. INR closed flat. It is however trading weaker today, while other Asian currencies are trading mixed.

Fig 2 – Currencies

	11-11-2024	12-11-2024	Change, %
EUR/USD (1 EUR / USD)	1.0655	1.0623	(0.3)
GBP/USD (1 GBP / USD)	1.2868	1.2748	(0.9)
USD/JPY (JPY / 1 USD)	153.72	154.61	(0.6)
USD/INR (INR / 1 USD)	84.39	84.39	0
USD/CNY (CNY / 1 USD)	7.2150	7.2347	(0.3)

Source: Bloomberg, Bank of Baroda



- US 10Y yield rose the most amidst apprehension of inflationary policies under the new administration. Yields in UK and Germany also picked up. This was further supported by a sticky earnings data in the former and higher inflation data in the latter. India's 10Y yield rose a tad. It is trading at 6.84% today.

Fig 3 – Bond 10Y yield

	11-11-2024	12-11-2024	Change, bps
US	4.30	4.43	12
UK	4.43	4.50	7
Germany	2.33	2.36	4
Japan	1.00	1.02	1
China	2.09	2.07	(1)
India	6.82	6.83	1

Source: Bloomberg, Bank of Baroda Research

Fig 4 – Short term rates

	11-11-2024	12-11-2024	change in bps
Tbill-91 days	6.45	6.44	(1)
Tbill-182 days	6.58	6.60	2
Tbill-364 days	6.57	6.59	2
G-Sec 2Y	6.70	6.71	1
India OIS-2M	6.60	6.60	0
India OIS-9M	6.55	6.56	1
SONIA int rate benchmark	4.70	4.70	0
US SOFR	4.82	4.60	(22)

Source: Bloomberg, Bank of Baroda Research

Fig 5 – Liquidity

Rs tn	11-11-2024	12-11-2024	change (Rs tn)
Net Liquidity (-Surplus/+deficit)	(2.0)	(2.1)	(0.1)
Reverse Repo	0.2	0.9	0.7
Repo	0	0	0

Source: RBI, Bank of Baroda Research

Fig 6 – Capital market flows

	8-11-2024	11-11-2024	change (US\$ mn/Rs cr)
FII (US\$ mn)	(506.0)	(46.2)	459.8
Debt	(84.9)	(3.0)	81.8
Equity	(421.2)	(43.2)	378.0
Mutual funds (Rs cr)	(1,153.2)	2,044.7	3,197.9
Debt	(2,468.8)	775.8	3,244.5
Equity	1,315.6	1,268.9	(46.7)

Source: Bloomberg, Bank of Baroda Research, Note: MF data as of 7th and 8th Nov 2024

- Oil prices inched up albeit a cut in demand forecast by OPEC+ .

Fig 7 – Commodities

	11-11-2024	12-11-2024	% change
Brent crude (US\$/bbl)	71.8	71.9	0.1
Gold (US\$/ Troy Ounce)	2,618.8	2,598.4	(0.8)
Copper (US\$/ MT)	9,187.5	9,002.2	(2.0)
Zinc (US\$/MT)	2,959.2	2,918.3	(1.4)
Aluminium (US\$/MT)	2,586.5	2,563.0	(0.9)

Source: Bloomberg, Bank of Baroda Research



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