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US CPI remained in line with estimates, albeit pace of disinflation slowed. On MoM and YoY basis, it has risen by 0.2% and 2.6%, respectively, while core rose at a stickier pace by 0.3% and 3.3%. CME Fed watch tool is now attaching a higher probability of 82.8% for a 25bps rate cut in Dec'24 (1 day earlier-it was 58.7%). Fed officials also reiterated the need to dial back restrictiveness in monetary policy, however, expressing uncertainty over trajectory of inflation. In UK, house price survey showed momentum, increasing at the strongest pace in past two years. Elsewhere, German Chancellor's advisors have pared back growth projections to 0.4% (1.1% earlier), calling need for public investment. On domestic front, maturity of Rs 650.8bn GSec is due today, which will support domestic liquidity.

- Global indices ended mixed as investors assessed US inflation data. Political developments in the US and Germany, as well as impact of China's stimulus measures also weighed on investor sentiments. Nikkei declined the most as an increase in Japan's PPI led to speculation over BoJ's rate hike. Sensex declined further, with real estate and capital goods stocks continuing to falter. It is however trading higher today, while other Asian indices are trading lower.

Fig 1 – Stock markets

	12-11-2024	13-11-2024	Change, %
Dow Jones	43,911	43,958	0.1
S & P 500	5,984	5,985	0.0
FTSE	8,026	8,030	0.1
Nikkei	39,376	38,722	(1.7)
Hang Seng	19,847	19,823	(0.1)
Shanghai Comp	3,422	3,439	0.5
Sensex	78,675	77,691	(1.3)
Nifty	23,883	23,559	(1.4)

Source: Bloomberg, Bank of Baroda Research

- Except INR and CNY, other major currencies ended weaker against the dollar. DXY rose to a 1-year high as US inflation data bolstered the case for a shallow rate cut cycle. EUR fell the most led by apprehension over proposed US tariffs and political uncertainty in Germany. INR continued to trade in a narrow range. It is trading a tad weaker today, in line with other Asian currencies.

Fig 2 – Currencies

	12-11-2024	13-11-2024	Change, %
EUR/USD (1 EUR / USD)	1.0623	1.0564	(0.6)
GBP/USD (1 GBP / USD)	1.2748	1.2708	(0.3)
USD/JPY (JPY / 1 USD)	154.61	155.46	(0.5)
USD/INR (INR / 1 USD)	84.39	84.38	0
USD/CNY (CNY / 1 USD)	7.2347	7.2340	0

Source: Bloomberg, Bank of Baroda



- Global yields firmed up as some stickiness in core CPI data is observed. This coupled with Fed official comments, continued strengthening of dollar and uncertainty under new administration in the US, kept yields elevated. India's 10Y yield rose a tad. It is trading higher at 6.86% today.

Fig 3 – Bond 10Y yield

	12-11-2024	13-11-2024	Change, bps
US	4.43	4.45	2
UK	4.50	4.52	2
Germany	2.36	2.39	3
Japan	1.02	1.05	3
China	2.07	2.07	0
India	6.83	6.84	1

Source: Bloomberg, Bank of Baroda Research

Fig 4 – Short term rates

	12-11-2024	13-11-2024	change in bps
Tbill-91 days	6.44	6.43	(1)
Tbill-182 days	6.60	6.60	0
Tbill-364 days	6.59	6.60	1
G-Sec 2Y	6.71	6.72	0
India OIS-2M	6.60	6.60	0
India OIS-9M	6.56	6.58	1
SONIA int rate benchmark	4.70	4.70	0
US SOFR	4.60	4.60	0

Source: Bloomberg, Bank of Baroda Research

Fig 5 – Liquidity

Rs tn	12-11-2024	13-11-2024	change (Rs tn)
Net Liquidity (-Surplus/+deficit)	(2.1)	(2.1)	0
Reverse Repo	0.9	1.2	0.3
Repo	0	0	0

Source: RBI, Bank of Baroda Research

Fig 6 – Capital market flows

	11-11-2024	12-11-2024	change (US\$ mn/Rs cr)
FII (US\$ mn)	(46.2)	103.0	149.2
Debt	(3.0)	(233.9)	(230.8)
Equity	(43.2)	336.9	380.1
Mutual funds (Rs cr)	2,044.7	(805.8)	(2,850.5)
Debt	775.8	(1,443.5)	(2,219.3)
Equity	1,268.9	637.7	(631.2)

Source: Bloomberg, Bank of Baroda Research, Note: MF data as of 8th and 11th Nov 2024

- Oil prices edged up marginally despite a stronger dollar.

Fig 7 – Commodities

	12-11-2024	13-11-2024	% change
Brent crude (US\$/bbl)	71.9	72.3	0.5
Gold (US\$/ Troy Ounce)	2,598.4	2,573.0	(1.0)
Copper (US\$/ MT)	9,002.2	8,908.6	(1.0)
Zinc (US\$/MT)	2,918.3	2,970.6	1.8
Aluminium (US\$/MT)	2,563.0	2,530.5	(1.3)

Source: Bloomberg, Bank of Baroda Research



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