

## MORNING MOCHA

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Global equity indices were impacted by a downward rally in tech stocks driven by weakness in semiconductor sector. Investors also remained abreast ahead of John Lee's policy address, to get cues about trajectory of Hong Kong's growth. Global currencies market took breather eyeing steady dollar. Similar risk off sentiment got mirrored in demand for sovereign debt class. Among major macro releases have been UK's labour market data which showed pay growth pace was the slowest in two years, fuelling some response from BoE. Germany's Zew survey data firmed up brimming hope of recovery. Japan's core machinery orders witnessed loss of momentum. Apart from ECB (easing of 25bps expected), three of Southeast Asia's central banks' policies are due for announcement. Among them, only for Philippines easing is expected (25bps). On domestic front, RBI Deputy Governor highlighted that inflation is expected to get durably aligned to the target by FY26.

- Except Nikkei, other global indices ended in red led by a weakness in tech stocks globally. Weak macro data from China also weighed on investor sentiments, with Shanghai Comp and Hang Seng falling sharply. In India, Sensex fell by 0.2% as metal and auto stocks slipped. It is trading further lower today, in line with other Asian stocks.

**Fig 1 – Stock markets**

	14-10-2024	15-10-2024	Change, %
Dow Jones	43,065	42,740	(0.8)
S & P 500	5,860	5,815	(0.8)
FTSE	8,293	8,249	(0.5)
Nikkei	39,606	39,911	0.8
Hang Seng	21,093	20,319	(3.7)
Shanghai Comp	3,284	3,201	(2.5)
Sensex	81,973	81,820	(0.2)
Nifty	25,128	25,057	(0.3)

Source: Bloomberg, Bank of Baroda Research

- Global currencies ended mixed. DXY took a breather and ended flat as investors weighed geo-political risks, Fed rate path and outcome of the US elections. EUR fell ahead of ECB policy. INR appreciated a tad as oil prices eased. It is trading weaker today, in line with other Asian currencies.

**Fig 2 – Currencies**

	14-10-2024	15-10-2024	Change, %
EUR/USD (1 EUR / USD)	1.0909	1.0893	(0.1)
GBP/USD (1 GBP / USD)	1.3059	1.3074	0.1
USD/JPY (JPY / 1 USD)	149.76	149.20	0.4
USD/INR (INR / 1 USD)	84.06	84.04	0
USD/CNY (CNY / 1 USD)	7.0897	7.1195	(0.4)

Source: Bloomberg, Bank of Baroda



- US 10Y yield moderated as Fed official (Raphael Bostic) hinted at some slowdown in the US economy. UK's 10Y yield witnessed downward momentum on account of weaker pay growth numbers. Japan's 10Y yield rose marginally eyeing movement of yen amidst expectation of delay in normalisation. India's 10Y yield moderated and is trading at 6.76% today.

**Fig 3 – Bond 10Y yield**

	14-10-2024	15-10-2024	Change, bps
US	4.10	4.03	(7)
UK	4.24	4.16	(8)
Germany	2.28	2.22	(5)
Japan	0.95	0.97	2
China	2.15	2.15	0
India	6.78	6.77	(2)

Source: Bloomberg, Bank of Baroda Research

**Fig 4 – Short term rates**

	14-10-2024	15-10-2024	change in bps
Tbill-91 days	6.41	6.45	4
Tbill-182 days	6.53	6.52	(1)
Tbill-364 days	6.51	6.52	1
G-Sec 2Y	6.63	6.62	0
India OIS-2M	6.56	6.58	2
India OIS-9M	6.45	6.49	4
SONIA int rate benchmark	4.95	4.95	0
US SOFR	4.82	4.81	(1)

Source: Bloomberg, Bank of Baroda Research

**Fig 5 – Liquidity**

Rs tn	14-10-2024	15-10-2024	change (Rs tn)
Net Liquidity (-Surplus/+deficit)	(1.5)	(1.6)	(0.1)
Reverse Repo	0.4	0.7	0.3
Repo	0	0	0

Source: RBI, Bank of Baroda Research

**Fig 6 – Capital market flows**

	11-10-2024	14-10-2024	change (US\$ mn/Rs cr)
FII (US\$ mn)	(434.1)	(531.0)	(96.9)
Debt	45.6	(107.7)	(153.3)
Equity	(479.6)	(423.3)	56.4
Mutual funds (Rs cr)	11,633.3	10,755.4	(877.9)
Debt	580.2	3,037.8	2,457.6
Equity	11,053.2	7,717.7	(3,335.5)

Source: Bloomberg, Bank of Baroda Research | Note: Data for Mutual Funds as of 9<sup>th</sup> and 10<sup>th</sup> Oct

- Oil prices fell as Israel is said to be refraining from targeting Iran's oil refineries.

**Fig 7 – Commodities**

	14-10-2024	15-10-2024	% change
Brent crude (US\$/bbl)	77.5	74.3	(4.1)
Gold (US\$/ Troy Ounce)	2,648.5	2,662.6	0.5
Copper (US\$/ MT)	9,526.5	9,386.7	(1.5)
Zinc (US\$/MT)	3,064.2	3,030.9	(1.1)
Aluminium (US\$/MT)	2,594.0	2,570.5	(0.9)

Source: Bloomberg, Bank of Baroda Research



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