

**MORNING MOCHA**

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 ECONOMIST  
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Global macro indicators showed signs of weakness. Japan's exports contracted by 1.7% in Sep'24, on YoY basis (5.5% in Aug'24), imports softened by 2.1% (2.3% in Aug'24). In UK, CPI moderated, and retail price index inched down hinting consumption demand is losing steam. ECB Chief highlighted in her recent speech about growing concerns of geopolitical conflict on domestic growth. Indonesia and Philippines in its recent policy kept rates unchanged and signalled a cautious move, while Central Bank of Thailand against expectation went in for a 25bps cut, to revive growth. Elsewhere, China's growth concerns continued to dominate. Housing Minister came up with new set of measures to revive the property sector. Market is closely eyeing the growth numbers of the region. On domestic front, government increased MSP of Rabi crops, which might have an inflationary impact of 18-20bps spread out throughout the year and contingent on how it is passed on.

- Global indices ended mixed. US stocks rose led by a rally in banking stocks after buoyant earnings report. FTSE rose as investors raised expectations of policy easing by BoE after the CPI report. Asian equities were mostly lower, barring China. Sensex fell by 0.4% dragged by auto and tech stocks. It is however trading higher today, in line with other Asian stocks.

**Fig 1 – Stock markets**

	15-10-2024	16-10-2024	Change, %
Dow Jones	42,740	43,078	0.8
S & P 500	5,815	5,842	0.5
FTSE	8,249	8,329	1.0
Nikkei	39,911	39,180	(1.8)
Hang Seng	20,319	20,287	(0.2)
Shanghai Comp	3,201	3,203	0.1
Sensex	81,820	81,501	(0.4)
Nifty	25,057	24,971	(0.3)

Source: Bloomberg, Bank of Baroda Research

- Except INR, global currencies ended broadly weaker. GBP fell sharply as UK's inflation slipped below BoE's target, paving the way for more rate cuts. JPY declined as BoJ's Board member batted for moderate rate hikes. INR is trading flat today, while Asian currencies are trading mostly stronger.

**Fig 2 – Currencies**

	15-10-2024	16-10-2024	Change, %
EUR/USD (1 EUR / USD)	1.0893	1.0862	(0.3)
GBP/USD (1 GBP / USD)	1.3074	1.2990	(0.6)
USD/JPY (JPY / 1 USD)	149.20	149.64	(0.3)
USD/INR (INR / 1 USD)	84.04	84.00	0
USD/CNY (CNY / 1 USD)	7.1195	7.1196	0

Source: Bloomberg, Bank of Baroda



- Global yields softened as heightened geopolitical risk increased risk appetite for sovereign debt. UK's 10Y yield has fallen the most as investors remain watchful of moderation in inflation reading. Even Germany's 10Y yield moderated tracking comments of ECB Chief. US 10Y yield's downward arrest was largely capped. India's 10Y yield closed flat and is trading at 6.78% today.

**Fig 3 – Bond 10Y yield**

	15-10-2024	16-10-2024	Change, bps
US	4.03	4.01	(2)
UK	4.16	4.06	(10)
Germany	2.22	2.18	(4)
Japan	0.97	0.96	(2)
China	2.15	2.14	(1)
India	6.77	6.77	0

Source: Bloomberg, Bank of Baroda Research

**Fig 4 – Short term rates**

	15-10-2024	16-10-2024	change in bps
Tbill-91 days	6.45	6.44	(1)
Tbill-182 days	6.52	6.54	2
Tbill-364 days	6.52	6.53	1
G-Sec 2Y	6.62	6.64	2
India OIS-2M	6.58	6.58	0
India OIS-9M	6.49	6.49	0
SONIA int rate benchmark	4.95	4.95	0
US SOFR	4.81	4.86	5

Source: Bloomberg, Bank of Baroda Research

**Fig 5 – Liquidity**

Rs tn	15-10-2024	16-10-2024	change (Rs tn)
Net Liquidity (-Surplus/+deficit)	(1.6)	(1.9)	(0.3)
Reverse Repo	0.7	0.9	0.2
Repo	0	0	0

Source: RBI, Bank of Baroda Research

**Fig 6 – Capital market flows**

	14-10-2024	15-10-2024	change (US\$ mn/Rs cr)
FII (US\$ mn)	(531.0)	(107.2)	423.7
Debt	(107.7)	75.2	182.9
Equity	(423.3)	(182.4)	240.8
Mutual funds (Rs cr)	1,591.5	(3,268.6)	(4,860.1)
Debt	(1,926.3)	(5,414.1)	(3,487.8)
Equity	3,517.8	2,145.5	(1,372.3)

Source: Bloomberg, Bank of Baroda Research | Note: Data for Mutual Funds as of 11<sup>th</sup> and 14<sup>th</sup> Oct

- Oil prices ended broadly steady as investors weighed supply demand dynamics.

**Fig 7 – Commodities**

	15-10-2024	16-10-2024	% change
Brent crude (US\$/bbl)	74.3	74.2	0
Gold (US\$/ Troy Ounce)	2,662.6	2,673.8	0.4
Copper (US\$/ MT)	9,386.7	9,418.8	0.3
Zinc (US\$/MT)	3,030.9	3,046.8	0.5
Aluminium (US\$/MT)	2,570.5	2,584.0	0.5

Source: Bloomberg, Bank of Baroda Research



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