

MORNING MOCHA

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ECONOMIST
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UK's economy contracted by (-) 0.1% in Sep'24 on a monthly basis after increasing by 0.2% in Aug'24. This was led by sharp fall in manufacturing output; moderation in both construction and services growth. For Q3CY24, the economy rose by 0.1%, much lower than expected. The services sector which contributes to more than 50% of the economy, moderated down to 0.1% in Q3 (0.6% in Q2). In the US, advance monthly retail sales rose more than expected at 0.4% in Oct'24 (0.8% in Sep'24). Core sales eased down to 0.1% compared with 1.2% growth noted in Sep'24. US Fed in recent commentary hinted about slower pace of easing in the near term, with investors dialling back on rate cut expectation, with no cuts seen in Dec'24 meet.

- Barring Nikkei and Hang Seng, other global indices ended lower. Investors monitored the political development in the US after the Presidential elections. Furthermore, concerns of slower pace of rate cuts weighed in on investors' sentiments. Amongst other indices, Shanghai Comp, declined the most. Sensex too ended in red led by losses in oil & gas and power stocks. It is trading lower today, while other Asian indices are trading higher.

Fig 1 – Stock markets

	14-11-2024	15-11-2024	Change, %
Dow Jones	43,751	43,445	(0.7)
S & P 500	5,949	5,871	(1.3)
FTSE	8,071	8,064	(0.1)
Nikkei	38,536	38,643	0.3
Hang Seng	19,436	19,426	0
Shanghai Comp	3,380	3,331	(1.5)
Sensex	77,691	77,580	(0.1)
Nifty	23,559	23,533	(0.1)

Source: Bloomberg, Bank of Baroda Research

- Except EUR and JPY (stronger), other major currencies ended lower/flat. DXY was unchanged and hovered at its highest level since Nov'23, as Fed's Dec'24 rate cut probability declined. GBP fell the most, tracking weaker than expected GDP growth for Q3. INR was flat amidst drop in oil prices. It is trading stronger today, while other Asian currencies are trading mixed.

Fig 2 – Currencies

	14-11-2024	15-11-2024	Change, %
EUR/USD (1 EUR / USD)	1.0530	1.0540	0.1
GBP/USD (1 GBP / USD)	1.2666	1.2618	(0.4)
USD/JPY (JPY / 1 USD)	156.27	154.30	1.3
USD/INR (INR / 1 USD)	84.38	84.41	0
USD/CNY (CNY / 1 USD)	7.2271	7.2294	0

Source: Bloomberg, Bank of Baroda



- Global yields closed mixed. 10Y yields in Germany, Japan and India inched up, while they fell/were flat elsewhere. US 10Y yield closed flat as Fed rate cut bets eased (strong retail sales data). Yields in Japan are tracking expectations of an early rate hike by BoJ. India's 10Y yield rose, owing to elevated CPI print. It is trading at 6.85% today.

Fig 3 – Bond 10Y yield

	14-11-2024	15-11-2024	Change, bps
US	4.44	4.44	0
UK	4.48	4.47	(1)
Germany	2.34	2.36	1
Japan	1.06	1.07	1
China	2.08	2.07	(1)
India	6.84	6.86	3

Source: Bloomberg, Bank of Baroda Research

Fig 4 – Short term rates

	14-11-2024	15-11-2024	change in bps
Tbill-91 days	6.43	6.44	1
Tbill-182 days	6.60	6.60	0
Tbill-364 days	6.60	6.62	2
G-Sec 2Y	6.72	6.73	2
India OIS-2M	6.60	6.62	2
India OIS-9M	6.58	6.59	1
SONIA int rate benchmark	4.70	4.70	0
US SOFR	4.59	4.58	(1)

Source: Bloomberg, Bank of Baroda Research

Fig 5 – Liquidity

Rs tn	14-11-2024	15-11-2024	change (Rs tn)
Net Liquidity (-Surplus/+deficit)	(2.1)	(1.8)	0.3
Reverse Repo	1.2	0	(1.2)
Repo	0	0	0

Source: RBI, Bank of Baroda Research

Fig 6 – Capital market flows

	12-11-2024	13-11-2024	change (US\$ mn/Rs cr)
FII (US\$ mn)	103.0	(489.5)	(592.5)
Debt	(233.9)	(329.3)	(95.4)
Equity	336.9	(160.2)	(497.1)
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 fell, dragged by concerns of oversupply and a stronger US\$.

Fig 7 – Commodities

	14-11-2024	15-11-2024	% change
Brent crude (US\$/bbl)	72.6	71.0	(2.1)
Gold (US\$/ Troy Ounce)	2,564.9	2,563.3	(0.1)
Copper (US\$/ MT)	8,862.0	8,881.9	0.2
Zinc (US\$/MT)	2,941.1	2,964.1	0.8
Aluminium (US\$/MT)	2,516.5	2,649.5	5.3

Source: Bloomberg, Bank of Baroda Research



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