

MORNING MOCHA

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Global markets monitored slew of macro releases. In the US, both retail and core retail sales remained sticky in Sep'24, on a MoM basis. Initial jobless claims moderated for the week, however, continued claims remained elevated. Industrial production softened. ECB went in for easing for the 3rd time this year, amidst weaker growth prospects and downside risks to inflation. Elsewhere, in China, some impact of stimulus was visible in Q3 growth which remained upbeat (4.6%, YoY, est.: 4.5%). Industrial production also remained higher (5.4%, YoY, est.: 4.6%). Retail sales provided desired comfort (3.2%, YoY, est.: 2.5%). In Japan, CPI softened for the first time since Apr'24, led by government utility subsidies. However, BoJ will be watchful that whether moderation is a one off event or not before taking any call on rates. On domestic front, World Bank President remained bullish on India's growth.

- Global indices ended mixed. Dow Jones rose to a fresh record high boosted by positive retail sales data in the US. Asian stocks were lower monitoring data releases in China. Shanghai Comp and Hang Seng declined by 1% each. Sensex fell for the 3rd straight session, led by real estate and consumer durable stocks. It is trading further lower today, while Asian stocks are trading mixed.

Fig 1 – Stock markets

	16-10-2024	17-10-2024	Change, %
Dow Jones	43,078	43,239	0.4
S & P 500	5,842	5,841	0
FTSE	8,329	8,385	0.7
Nikkei	39,180	38,911	(0.7)
Hang Seng	20,287	20,079	(1.0)
Shanghai Comp	3,203	3,169	(1.0)
Sensex	81,501	81,007	(0.6)
Nifty	24,971	24,750	(0.9)

Source: Bloomberg, Bank of Baroda Research

- Except GBP, other global currencies ended weaker. DXY rose by 0.2% after US retail sales data reinforced views of modest rate cuts. EUR depreciated as the ECB cut its policy rate and warned against risks to growth. INR depreciated to a fresh record low amidst persistent outflows from domestic equities. It is trading marginally stronger today, while Asian currencies are trading mixed.

Fig 2 – Currencies

	16-10-2024	17-10-2024	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



- Except China (lower-amidst stimulus measures), global yields inched up. Better retail sales data in the US led to firming up of US 10Y yield. Yields of other AEs such as UK and Germany also followed suit. However, a dovish ECB policy capped increase in Germany's 10Y yield. India's 10Y yield inched a tad and is trading higher at 6.8% today, ahead of auction.

Fig 3 – Bond 10Y yield

	16-10-2024	17-10-2024	Change, bps
US	4.01	4.09	8
UK	4.06	4.09	3
Germany	2.18	2.21	2
Japan	0.96	0.97	1
China	2.14	2.12	(2)
India	6.77	6.78	1

Source: Bloomberg, Bank of Baroda Research

Fig 4 – Short term rates

	16-10-2024	17-10-2024	change in bps
Tbill-91 days	6.44	6.45	1
Tbill-182 days	6.54	6.53	(1)
Tbill-364 days	6.53	6.53	0
G-Sec 2Y	6.62	6.64	2
India OIS-2M	6.58	6.59	1
India OIS-9M	6.49	6.50	1
SONIA int rate benchmark	4.95	4.95	0
US SOFR	4.86	4.86	0

Source: Bloomberg, Bank of Baroda Research

Fig 5 – Liquidity

Rs tn	16-10-2024	17-10-2024	change (Rs tn)
Net Liquidity (-Surplus/+deficit)	(1.9)	(1.8)	0.1
Reverse Repo	0.9	0.7	(0.2)
Repo	0	0	0

Source: RBI, Bank of Baroda Research

Fig 6 – Capital market flows

	15-10-2024	16-10-2024	change (US\$ mn/Rs cr)
FII (US\$ mn)	(107.2)	(343.6)	(236.4)
Debt	75.2	(38.6)	(113.9)
Equity	(182.4)	(305.0)	(122.5)
Mutual funds (Rs cr)	(3,268.6)	(3,118.4)	150.3
Debt	(5,414.1)	(3,813.0)	1,601.1
Equity	2,145.5	694.7	(1,450.8)

Source: Bloomberg, Bank of Baroda Research | Note: Data for Mutual Funds as of 14th and 15th Oct

- Oil prices edged up tracking a decline in US crude inventories.

Fig 7 – Commodities

	16-10-2024	17-10-2024	% change
Brent crude (US\$/bbl)	74.2	74.5	0.3
Gold (US\$/ Troy Ounce)	2,673.8	2,692.7	0.7
Copper (US\$/ MT)	9,418.8	9,384.9	(0.4)
Zinc (US\$/MT)	3,046.8	3,044.3	(0.1)
Aluminium (US\$/MT)	2,584.0	2,553.5	(1.2)

Source: Bloomberg, Bank of Baroda Research



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