

MORNING MOCHA

23 October 2024

 ECONOMIST
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IMF in its latest World Economic Outlook stated the global growth is expected to be stable but 'underwhelming' at 3.2% in CY24 and CY25, unchanged from the Apr'24 report. However, there has been some downward revisions in growth forecasts for Middle East, Central Asia and sub-Saharan Africa. This is on account of disruption to production and shipping of commodities-oil. Other factors like, ongoing conflicts, civil unrest and extreme weather conditions also impacted growth. Forecast for US (2.8% in CY24), Britain and Brazil has been revised upwards, while for China (4.8% in CY24), Japan and Euro zone has been lowered. IMF has retained India's growth projection of 7% and 6.5% for FY25 and FY26 respectively.

- Global indices ended mixed. Markets is expected to be volatile in the upcoming week with investors eyeing out the outcome of presidential elections as well as scrutinize the earnings report. Amongst other indices, Nikkei dropped the most. Sensex dropped by 1.1% too ended in red with sharp losses in real estate and power stocks. Overall market cap of Sensex fell by Rs 9tn from a high seen on 20 Sep. It is trading steady today, other Asian stocks are trading higher.

Fig 1 – Stock markets

	21-10-2024	22-10-2024	Change, %
Dow Jones	42,932	42,925	0
S & P 500	5,854	5,851	0
FTSE	8,318	8,307	(0.1)
Nikkei	38,955	38,412	(1.4)
Hang Seng	20,478	20,499	0.1
Shanghai Comp	3,268	3,286	0.5
Sensex	81,151	80,221	(1.1)
Nifty	24,781	24,472	(1.2)

Source: Bloomberg, Bank of Baroda Research

- Global currencies closed flat/lower against the dollar. DXY rose by another 0.1% and continues to hover near its 2-month peak. Relatively strong US economy, and higher chances of former President Trump winning the elections, has lent support to dollar strength. INR ended flat, and is trading at similar levels even today, while other Asian currencies are trading lower.

Fig 2 – Currencies

	21-10-2024	22-10-2024	Change, %
EUR/USD (1 EUR / USD)	1.0815	1.0799	(0.1)
GBP/USD (1 GBP / USD)	1.2985	1.2984	0
USD/JPY (JPY / 1 USD)	150.84	151.08	(0.2)
USD/INR (INR / 1 USD)	84.07	84.08	0
USD/CNY (CNY / 1 USD)	7.1209	7.1240	0

Source: Bloomberg, Bank of Baroda



- Barring India, other global yields inched up. 10Y yields in Germany and UK rose the most. US 10Y yield was also up by 1bps, as chances of 25bps rate cut by Fed in Nov'24 rose to 91% (CME). Political uncertainty also weighed on investor sentiments. India's 10Y yield fell by 1bps, despite increase in oil prices. However, tracking global cues, it is trading a tad higher at 6.83% today.

Fig 3 – Bond 10Y yield

	21-10-2024	22-10-2024	Change, bps
US	4.20	4.21	1
UK	4.14	4.17	3
Germany	2.28	2.32	4
Japan	0.96	0.98	2
China	2.12	2.14	2
India	6.83	6.82	(1)

Source: Bloomberg, Bank of Baroda Research

Fig 4 – Short term rates

	21-10-2024	22-10-2024	change in bps
Tbill-91 days	6.45	6.45	0
Tbill-182 days	6.53	6.53	0
Tbill-364 days	6.54	6.55	1
G-Sec 2Y	6.69	6.68	(1)
India OIS-2M	6.60	6.60	0
India OIS-9M	6.56	6.57	2
SONIA int rate benchmark	4.95	4.95	0
US SOFR	4.84	4.82	(2)

Source: Bloomberg, Bank of Baroda Research

Fig 5 – Liquidity

Rs tn	21-10-2024	22-10-2024	change (Rs tn)
Net Liquidity (-Surplus/+deficit)	(0.8)	(0.7)	0.1
Reverse Repo	0.2	0.2	0
Repo	0	0	0

Source: RBI, Bank of Baroda Research

Fig 6 – Capital market flows

	18-10-2024	21-10-2024	change (US\$ mn/Rs cr)
FII (US\$ mn)	(597.3)	1,141.8	1,739.1
Debt	14.6	(132.0)	(146.6)
Equity	(611.9)	1,273.8	1,885.7
Mutual funds (Rs cr)	3,568.5	83.5	(3,485.0)
Debt	(279.6)	(4,223.9)	(3,944.4)
Equity	3,848.1	4,307.5	459.4

Source: Bloomberg, Bank of Baroda Research | Note: Data for Mutual Funds as of 17th and 18th Oct

- Oil prices rose, led by relatively strong US data and China stimulus measures.

Fig 7 – Commodities

	21-10-2024	22-10-2024	% change
Brent crude (US\$/bbl)	74.3	76.0	2.4
Gold (US\$/ Troy Ounce)	2,719.9	2,749.0	1.1
Copper (US\$/ MT)	9,420.8	9,437.8	0.2
Zinc (US\$/MT)	3,091.2	3,161.6	2.3
Aluminium (US\$/MT)	2,595.5	2,633.5	1.5

Source: Bloomberg, Bank of Baroda Research



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