

MORNING MOCHA

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ECONOMIST

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Flash US PMI noted the growing strength in the economy (54.3 from 54 in Sep'24) supported by uptick in business activity, with growth driven by services sector. On the other hand, Eurozone continues to struggle with PMI reading remaining in the contractionary zone (49.7 in Oct) and downturns noted in both France and Germany. Separately, jobless claims in the US dropped below estimates to 227k signalling strength in the labour market. On domestic front, flash manufacturing PMI for Oct'24 inched up to 58.6 from 58.3 in Sep'24. The improvement was supported by expansion in both new orders and export orders at a much faster pace. Though, manufacturer's profit margin remained under pressure due to higher input price inflation. Services PMI too inched up to 57.9 (from 57.7). Additionally, there was also a pick-up in hiring activity especially in service sector.

- Global indices ended mixed. Investors continue to monitor corporate results, jobless claims and awaited the outcome of the US Presidential election. Amongst other indices, Hang Seng dropped the most followed by Shanghai Comp. Sensex ended flat and is trading lower today. Asian stocks are trading higher ahead of the key elections in Japan and after PBoC kept rates on hold.

Fig 1 – Stock markets

	23-10-2024	24-10-2024	Change, %
Dow Jones	42,515	42,374	(0.3)
S & P 500	5,797	5,810	0.2
FTSE	8,259	8,269	0.1
Nikkei	38,105	38,143	0.1
Hang Seng	20,760	20,490	(1.3)
Shanghai Comp	3,303	3,280	(0.7)
Sensex	80,082	80,065	0
Nifty	24,436	24,399	(0.1)

Source: Bloomberg, Bank of Baroda Research

- Except INR, other global currencies appreciated against the dollar. After rising by nearly 1% in the last 3 sessions, DXY fell by 0.3%. Investors monitored macro data including US jobless claims and flash PMI. Focus remains also on the US Presidential Elections. INR ended flat near its record low. It is trading at similar levels today, while Asian currencies are trading mixed.

Fig 2 – Currencies

	23-10-2024	24-10-2024	Change, %
EUR/USD (1 EUR / USD)	1.0782	1.0828	0.4
GBP/USD (1 GBP / USD)	1.2921	1.2975	0.4
USD/JPY (JPY / 1 USD)	152.76	151.83	0.6
USD/INR (INR / 1 USD)	84.08	84.08	0
USD/CNY (CNY / 1 USD)	7.1302	7.1199	0.1

Source: Bloomberg, Bank of Baroda



- Global yields ended mixed. Market focus has turned to the outcome of the US Presidential Elections and US payrolls report next week. US 10Y yield retreated from a 3-month peak and declined by 3bps. Yields in Germany also declined by 4bps as flash PMI signalled bleak economic prospects in the region. India's 10Y yield ended flat at 6.82%, and is trading at similar levels even today.

Fig 3 – Bond 10Y yield

	23-10-2024	24-10-2024	Change, bps
US	4.25	4.21	(3)
UK	4.20	4.24	4
Germany	2.30	2.27	(4)
Japan	0.98	0.96	(2)
China	2.16	2.16	0
India	6.82	6.82	0

Source: Bloomberg, Bank of Baroda Research

Fig 4 – Short term rates

	23-10-2024	24-10-2024	change in bps
Tbill-91 days	6.47	6.47	0
Tbill-182 days	6.58	6.58	0
Tbill-364 days	6.57	6.59	2
G-Sec 2Y	6.70	6.70	0
India OIS-2M	6.60	6.60	0
India OIS-9M	6.55	6.56	0
SONIA int rate benchmark	4.95	4.95	0
US SOFR	4.83	4.83	0

Source: Bloomberg, Bank of Baroda Research

Fig 5 – Liquidity

Rs tn	23-10-2024	24-10-2024	change (Rs tn)
Net Liquidity (-Surplus/+deficit)	(0.6)	(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

	22-10-2024	23-10-2024	change (US\$ mn/Rs cr)
FII (US\$ mn)	(704.1)	(730.1)	(26.0)
Debt	(248.8)	(136.5)	112.4
Equity	(455.3)	(593.6)	(138.4)
Mutual funds (Rs cr)	(705.9)	1,797.3	2,503.2
Debt	(2,799.8)	(3,657.3)	(857.4)
Equity	2,093.9	5,454.5	3,360.7

Source: Bloomberg, Bank of Baroda Research | Note: Data for Mutual Funds as of 21st and 22nd Oct

- Oil prices declined amid reports of ceasefire talks in the Middle East.

Fig 7 – Commodities

	23-10-2024	24-10-2024	% change
Brent crude (US\$/bbl)	75.0	74.4	(0.8)
Gold (US\$/ Troy Ounce)	2,715.6	2,736.2	0.8
Copper (US\$/ MT)	9,376.5	9,367.4	(0.1)
Zinc (US\$/MT)	3,202.3	3,199.6	(0.1)
Aluminium (US\$/MT)	2,669.5	2,650.0	(0.7)

Source: Bloomberg, Bank of Baroda Research



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