

MORNING MOCHA

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ECONOMIST
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Growth in US economy slowed down to 1.6% at annualized pace in Q1CY24 from 3.4% in Q4CY23. The moderation was on account of deceleration in consumer spending, exports and government spending. On the other hand, inflation accelerated in Q1 driven by jump in services inflation (excl housing and energy) at 5.1%. This come ahead of the key PCE data which is Fed's preferred gauge of inflation. Additionally, jobless claims dropped to 2-month low to 207,000 last week. Separately BoJ kept the policy rate unchanged in line with expectation. Following this decision, Yen dropped to a fresh low.

- Global indices ended mixed. US indices ended lower as investors monitored lower than expected US GDP print. Furthermore, disappointing earnings results also weighed on investor sentiment. Nikkei dropped the most amongst other indices. On the other hand, Sensex jumped by 0.7% led by rally in metal and power stocks. It is trading higher today, in line with other Asian stocks.

Fig 1 – Stock markets

	24-04-2024	25-04-2024	Change, %
Dow Jones	38,461	38,086	(1.0)
S & P 500	5,072	5,048	(0.5)
FTSE	8,040	8,079	0.5
Nikkei	38,460	37,628	(2.2)
Hang Seng	17,201	17,285	0.5
Shanghai Comp	3,045	3,053	0.3
Sensex	73,853	74,339	0.7
Nifty	22,402	22,570	0.7

Source: Bloomberg, Bank of Baroda Research

- Except JPY (lower) and INR (flat), other major currencies rose against the dollar. DXY fell by (-) 0.2%, as risk appetite of investors improved, demand for safe haven fell. GBP and EUR gained the most. INR remained unchanged as gains from improved risk sentiment were outweighed by rise in oil prices. However, it is trading lower today, in line with other Asian currencies.

Fig 2 – Currencies

	24-04-2024	25-04-2024	Change, %
EUR/USD (1 EUR / USD)	1.0699	1.0730	0.3
GBP/USD (1 GBP / USD)	1.2464	1.2514	0.4
USD/JPY (JPY / 1 USD)	155.35	155.65	(0.2)
USD/INR (INR / 1 USD)	83.32	83.33	0
USD/CNY (CNY / 1 USD)	7.2460	7.2399	0.1

Source: Bloomberg, Bank of Baroda Research

- Barring Japan and China (lower), other global 10Y yields inched up. US 10Y yield rose the most, following the comments of Treasury Secretary Yellen, suggesting that US GDP maybe revised higher in the next estimates. Also weak



jobless claims signal strength in labour market. India's 10Y yield inched up, as oil prices rose again. Following global cues, it is trading further higher at 7.23%.

Fig 3 – Bond 10Y yield

	24-04-2024	25-04-2024	Change, bps
US	4.64	4.70	6
UK	4.33	4.36	3
Germany	2.59	2.63	4
Japan	0.91	0.90	(1)
China	2.27	2.26	(1)
India	7.19	7.21	2

Source: Bloomberg, Bank of Baroda Research

Fig 4 – Short term rates

	24-04-2024	25-04-2024	change in bps
Tbill-91 days	6.91	6.93	2
Tbill-182 days	7.02	7.03	1
Tbill-364 days	7.06	7.06	0
G-Sec 2Y	7.14	7.14	0
India OIS-2M	6.76	6.78	2
India OIS-9M	6.86	6.87	1
SONIA int rate benchmark	5.20	5.20	0
US SOFR	5.31	5.31	0

Source: Bloomberg, Bank of Baroda Research

Fig 5 – Liquidity

Rs tn	24-04-2024	25-04-2024	change (Rs tn)
Net Liquidity (-Surplus/+deficit)	1.3	1.5	0.2
Reverse Repo	0	0	0
Repo	1.5	1.3	(0.2)

Source: RBI, Bank of Baroda Research

Fig 6 – Capital market flows

	23-04-2024	24-04-2024	change (US\$ mn/Rs cr)
FII (US\$ mn)	(639.7)	123.4	763.1
Debt	(225.0)	(384.1)	(159.2)
Equity	(414.8)	507.5	922.2
Mutual funds (Rs cr)	(2,502.2)	2,435.4	4,937.6
Debt	(1,654.8)	(700.6)	954.2
Equity	(847.3)	3,136.0	3,983.4

Source: Bloomberg, Bank of Baroda Research | Note: Mutual funds data as of 19 Apr and 22 Apr 2024

- Oil prices rose, supported by US treasury secretary comments and tensions in Middle East.

Fig 7 – Commodities

	24-04-2024	25-04-2024	% change
Brent crude (US\$/bbl)	88.0	89.0	1.1
Gold (US\$/ Troy Ounce)	2,316.2	2,332.5	0.7
Copper (US\$/ MT)	9,654.8	9,742.2	0.9
Zinc (US\$/MT)	2,784.2	2,835.6	1.8
Aluminium (US\$/MT)	2,603.0	2,563.5	(1.5)

Source: Bloomberg, Bank of Baroda Research



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