

MORNING MOCHA

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In the US, new orders for durable goods surged by 9.9% in Jul'24 (highest in 4-years) on a MoM basis after declining by (-) 6.9% in Jun'24. This was largely attributed to jump in transportation equipment (up by 34.8%). Excluding the transportation sector, the new orders were up by 0.2% in Jul'24 (0.1% in Jun'24). Notably the core-capital goods orders declined at a much slower pace (-0.1% from -0.4%). Separately, China's industrial profits rose at a much faster pace by 4.1% in Jul'24 period from 3.6% in Jun'24 period. For the period between Jan-Jul'24, profits expanded by 3.6% (from 3.5%) to 4.1tn Yuan (US\$ 751bn) led by high-tech manufacturing sector and the making of lithium ion batteries and semiconductors.

- Global indices ended mixed. S&P 500 ended in red ahead of key inflation data and earnings report. Out of 11 indices, 6 declined with sharp losses noted in IT and consumer sector. Nikkei was down by 0.7% while Hang Seng jumped by 1.1%. Sensex climbed up by 0.8% led by gains in metal and real estate stocks. Sensex is trading higher today, while other Asian stocks are trading lower.

Fig 1 – Stock markets

| | 23-08-2024 | 26-08-2024 | Change, % |
|---------------|------------|------------|-----------|
| Dow Jones | 41,175 | 41,241 | 0.2 |
| S & P 500 | 5,635 | 5,617 | (0.3) |
| FTSE | 8,288 | 8,328 | 0.5 |
| Nikkei | 38,364 | 38,110 | (0.7) |
| Hang Seng | 17,612 | 17,799 | 1.1 |
| Shanghai Comp | 2,854 | 2,856 | 0 |
| Sensex | 81,086 | 81,698 | 0.8 |
| Nifty | 24,823 | 25,011 | 0.8 |

Source: Bloomberg, Bank of Baroda Research Note: UK markets were closed on 26.8.24

- Global currencies ended lower/flat against the US\$. DXY rose by 0.1%, as latest US macro data dampened hopes of a large rate cut by Fed in Sep'24. EUR and JPY depreciated the most. Continuously weakening economic sentiment in Germany (IFO) remains a worry for the Euro. INR ended flat, tracking rise in oil prices. It is trading lower today, in line with other Asian currencies.

Fig 2 – Currencies

| | 23-08-2024 | 26-08-2024 | Change, % |
|-----------------------|------------|------------|-----------|
| EUR/USD (1 EUR / USD) | 1.1192 | 1.1161 | (0.3) |
| GBP/USD (1 GBP / USD) | 1.3091 | 1.3214 | 0.9 |
| USD/JPY (JPY / 1 USD) | 144.37 | 144.53 | (0.1) |
| USD/INR (INR / 1 USD) | 83.90 | 83.90 | 0 |
| USD/CNY (CNY / 1 USD) | 7.1209 | 7.1220 | 0 |

Source: Bloomberg, Bank of Baroda Note: UK markets were closed on 26.8.24

- Global yields closed mixed. 10Y yields in US and Germany rose by 2bps each, while it fell in Japan and India. Surprise jump in US durable goods orders, along



with risks to oil prices due to escalated tensions in the Middle East, impacted investor sentiments. India's 10Y yield fell by 1bps. However, following global cues, it is trading slightly higher today at 6.86%.

Fig 3 – Bond 10Y yield

| | 23-08-2024 | 26-08-2024 | Change, bps |
|---------|------------|------------|-------------|
| US | 3.80 | 3.82 | 2 |
| UK | 3.96 | 3.91 | (5) |
| Germany | 2.23 | 2.25 | 2 |
| Japan | 0.90 | 0.89 | (1) |
| China | 2.16 | 2.16 | 1 |
| India | 6.86 | 6.85 | (1) |

Source: Bloomberg, Bank of Baroda Research Note: UK markets were closed on 26.8.24

Fig 4 – Short term rates

| | 23-08-2024 | 26-08-2024 | change in bps |
|--------------------------|------------|------------|---------------|
| Tbill-91 days | 6.62 | 6.62 | 0 |
| Tbill-182 days | 6.71 | 6.70 | (1) |
| Tbill-364 days | 6.71 | 6.71 | 0 |
| G-Sec 2Y | 6.77 | 6.76 | (1) |
| India OIS-2M | 6.59 | 6.59 | 0 |
| India OIS-9M | 6.56 | 6.52 | (4) |
| SONIA int rate benchmark | 4.95 | 4.95 | 0 |
| US SOFR | 5.31 | 5.33 | 2 |

Source: Bloomberg, Bank of Baroda Research

Fig 5 – Liquidity

| Rs tn | 23-08-2024 | 26-08-2024 | change (Rs tn) |
|-----------------------------------|------------|------------|----------------|
| Net Liquidity (-Surplus/+deficit) | (1.0) | (0.8) | 0.2 |
| Reverse Repo | 0 | 0.2 | 0.2 |
| Repo | 0 | 0 | 0 |

Source: RBI, Bank of Baroda Research

Fig 6 – Capital market flows

| | 22-08-2024 | 23-08-2024 | change (US\$ mn/Rs cr) |
|----------------------|------------|------------|------------------------|
| FII (US\$ mn) | (1.7) | 643.8 | 645.4 |
| Debt | (222.3) | 180.9 | 403.2 |
| Equity | 220.6 | 462.8 | 242.2 |
| Mutual funds (Rs cr) | (559.5) | (1,712.7) | (1,153.2) |
| Debt | (3,235.0) | (4,852.7) | (1,617.8) |
| Equity | 2,675.5 | 3,140.1 | 464.6 |

Source: Bloomberg, Bank of Baroda Research | Note: Data for Mutual Funds as of 20 Aug and 21 Aug 2024

- Oil prices rose, amidst ongoing geo-political tensions and Libya's threat to halt output.

Fig 7 – Commodities

| | 23-08-2024 | 26-08-2024 | % change |
|-------------------------|------------|------------|----------|
| Brent crude (US\$/bbl) | 79.0 | 81.4 | 3.0 |
| Gold (US\$/ Troy Ounce) | 2,512.6 | 2,518.0 | 0.2 |
| Copper (US\$/ MT) | 9,010.3 | 9,173.4 | 1.8 |
| Zinc (US\$/MT) | 2,817.4 | 2,868.0 | 1.8 |
| Aluminium (US\$/MT) | 2,480.0 | 2,542.0 | 2.5 |

Source: Bloomberg, Bank of Baroda Research Note: UK markets were closed on 26.8.24



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