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Upbeat data from the US reaffirmed resilience in the world's largest economy. The weekly jobless claims dropped down (more than anticipated) to a 4-month low to 218k signalling strength in the labour market. US GDP growth rose by 3% (final estimate) in Q2 from 1.6% in Q1CY24. Additionally, a report highlighted about robust corporate profits (3.6% in Q2 against -1.7% in Q1 on QoQ basis). Against this backdrop, the expectations of 50bps rate cuts by Fed has been tempered down. In China, PBoC began the rate cut measures and authorities noted that more stimulus measures can be applied if needed in order to spur growth. Moreover, owing to unfavourable base, China's industrial profits declined to 17.8% in Aug'24 after increasing by 4.1% in Jul'24. Separately, Tokyo's headline inflation moderated down to 2.2% (2.6% in Aug'24) with core inflation easing further to 2% (2.4% in Aug'24).

- Global indices ended higher. US markets rebounded and closed at a record high, supported by strong economic releases. Amongst other indices, Hang Seng and Shanghai Comp advanced the most after the stimulus package was rolled out. Sensex notched up further led by strong rally in metal and auto stocks. It is trading higher today in line with other Asian indices.

Fig 1 – Stock markets

| | 25-09-2024 | 26-09-2024 | Change, % |
|---------------|------------|------------|-----------|
| Dow Jones | 41,915 | 42,175 | 0.6 |
| S & P 500 | 5,722 | 5,745 | 0.4 |
| FTSE | 8,269 | 8,285 | 0.2 |
| Nikkei | 37,870 | 38,926 | 2.8 |
| Hang Seng | 19,129 | 19,925 | 4.2 |
| Shanghai Comp | 2,896 | 3,001 | 3.6 |
| Sensex | 85,170 | 85,836 | 0.8 |
| Nifty | 26,004 | 26,216 | 0.8 |

Source: Bloomberg, Bank of Baroda Research

- Barring JPY and INR, other major global currencies rose against the US\$. DXY fell by (-) 0.3%, tracking healthy labour market and manufacturing sector data. GBP and EUR appreciated the most. OECD's optimistic growth forecast for the UK and higher treasury yields have supported its currency. INR ended flat, but is trading a tad higher today, while other Asian currencies are trading mixed.

Fig 2 – Currencies

| | 25-09-2024 | 26-09-2024 | Change, % |
|-----------------------|------------|------------|-----------|
| EUR/USD (1 EUR / USD) | 1.1133 | 1.1177 | 0.4 |
| GBP/USD (1 GBP / USD) | 1.3324 | 1.3415 | 0.7 |
| USD/JPY (JPY / 1 USD) | 144.75 | 144.81 | 0 |
| USD/INR (INR / 1 USD) | 83.60 | 83.64 | 0 |
| USD/CNY (CNY / 1 USD) | 7.0338 | 7.0111 | 0.3 |

Source: Bloomberg, Bank of Baroda



- Except India, other global yields inched up. US 10Y yield rose a tad by 1bps, tracking macro data (GDP data, better than expected jobless claims and durable goods orders). China's 10Y yield rose the most, and is trading even higher today, despite PBOC's 50bps RRR cut. India's 10Y yield fell by 2bps (lowest since Feb'22). However, it is trading higher today, at 6.73%.

Fig 3 – Bond 10Y yield

| | 25-09-2024 | 26-09-2024 | Change, bps |
|---------|------------|------------|-------------|
| US | 3.78 | 3.80 | 1 |
| UK | 3.99 | 4.01 | 2 |
| Germany | 2.18 | 2.18 | 1 |
| Japan | 0.82 | 0.83 | 2 |
| China | 2.04 | 2.08 | 4 |
| India | 6.74 | 6.72 | (2) |

Source: Bloomberg, Bank of Baroda Research

Fig 4 – Short term rates

| | 25-09-2024 | 26-09-2024 | change in bps |
|--------------------------|------------|------------|---------------|
| Tbill-91 days | 6.52 | 6.48 | (4) |
| Tbill-182 days | 6.56 | 6.57 | 1 |
| Tbill-364 days | 6.54 | 6.55 | 1 |
| G-Sec 2Y | 6.68 | 6.68 | (1) |
| India OIS-2M | 6.60 | 6.60 | 0 |
| India OIS-9M | 6.43 | 6.42 | 0 |
| SONIA int rate benchmark | 4.95 | 4.95 | 0 |
| US SOFR | 4.84 | 4.84 | 0 |

Source: Bloomberg, Bank of Baroda Research

Fig 5 – Liquidity

| Rs tn | 25-09-2024 | 26-09-2024 | change (Rs tn) |
|-----------------------------------|------------|------------|----------------|
| Net Liquidity (-Surplus/+deficit) | 0.1 | (0.4) | (0.5) |
| Reverse Repo | 0 | 0 | 0 |
| Repo | 0.8 | 0.3 | (0.5) |

Source: RBI, Bank of Baroda Research

Fig 6 – Capital market flows

| | 24-09-2024 | 25-09-2024 | change (US\$ mn/Rs cr) |
|----------------------|------------|------------|------------------------|
| FII (US\$ mn) | (143.5) | (71.8) | 71.8 |
| Debt | 30.3 | 4.4 | (25.9) |
| Equity | (173.9) | (76.2) | 97.7 |
| Mutual funds (Rs cr) | 721.4 | 4,068.6 | 3,347.2 |
| Debt | (1,278.4) | (198.5) | 1,079.8 |
| Equity | 1,999.8 | 4,267.1 | 2,267.4 |

Source: Bloomberg, Bank of Baroda Research | Note: Data for Mutual Funds as of 23rd and 24th Sep 2024

- Oil prices fell, following news that Saudi Arabia is planning to increase output.

Fig 7 – Commodities

| | 25-09-2024 | 26-09-2024 | % change |
|-------------------------|------------|------------|----------|
| Brent crude (US\$/bbl) | 73.5 | 71.6 | (2.5) |
| Gold (US\$/ Troy Ounce) | 2,656.9 | 2,672.4 | 0.6 |
| Copper (US\$/ MT) | 9,677.6 | 9,944.8 | 2.8 |
| Zinc (US\$/MT) | 2,963.4 | 3,061.2 | 3.3 |
| Aluminium (US\$/MT) | 2,538.5 | 2,611.5 | 2.9 |

Source: Bloomberg, Bank of Baroda Research



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