

**MORNING MOCHA**

28 October 2024

**ECONOMIST**  
**Aditi Gupta**

US economy continued to show signs of resilience. US core durable goods orders rose by 0.5% in Sep'24 (est. 0.1%) from 0.3% in Aug'24, indicating a pickup in consumer spending. University of Michigan's consumer sentiment index also picked up to 70.5 in Oct'24 from 70.1, while consumer's 1Y inflation expectations declined. Separately, Ifo's business climate index for Germany picked up to 86.5 in Oct'24 (est. 85.6) from 85.4 in Sep'24. On the other hand, China's economic despair continued with industrial profits falling sharply by 27.1% in Sep'24, following a 17.8% decline in Aug'24. In Japan, political uncertainty loomed as no single party was able to secure a majority in the general elections. This comes on heels of data showing that core inflation in Tokyo rose by 1.8% in Oct'24, falling below BoJ's target, thus complicating the path of monetary policy.

- Global indices ended mixed. Markets remained cautious in the run up to Japan's election results and tracing macro releases in the US, UK and Germany. Stocks in Hong Kong and China inched up tracking financial results and stimulus measures by PBOC to support liquidity. Sensex moderated dragged down by oil and gas stocks. It is trading higher today while Asian stocks are trading mixed.

**Fig 1 – Stock markets**

	24-10-2024	25-10-2024	Change, %
Dow Jones	42,374	42,114	(0.6)
S & P 500	5,810	5,808	0
FTSE	8,269	8,249	(0.2)
Nikkei	38,143	37,914	(0.6)
Hang Seng	20,490	20,590	0.5
Shanghai Comp	3,280	3,300	0.6
Sensex	80,065	79,402	(0.8)
Nifty	24,399	24,181	(0.9)

Source: Bloomberg, Bank of Baroda Research

- Global currencies broadly declined against the dollar. DXY rose by 0.2% after better-than-expected macro data (durable goods and consumer sentiment). JPY remained under pressure amid political uncertainty. INR continued to trade near a record low amid FPI outflows. It is trading at similar levels today, while Asian currencies are trading mostly weaker.

**Fig 2 – Currencies**

	24-10-2024	25-10-2024	Change, %
EUR/USD (1 EUR / USD)	1.0828	1.0796	(0.3)
GBP/USD (1 GBP / USD)	1.2975	1.2962	(0.1)
USD/JPY (JPY / 1 USD)	151.83	152.31	(0.3)
USD/INR (INR / 1 USD)	84.08	84.08	0
USD/CNY (CNY / 1 USD)	7.1199	7.1215	0

Source: Bloomberg, Bank of Baroda



- Global yields closed mixed. US 10Y yield inched up albeit a well anchored inflation expectations data. Election driven sentiments are weighing on yields heavily. Japan's 10Y yield fell a tad tracking weakness in yen. India's 10Y yield inched up as RBI Governor remained cautious on inflation outlook in his recent commentary. It is trading at 6.86% today.

**Fig 3 – Bond 10Y yield**

	24-10-2024	25-10-2024	Change, bps
US	4.21	4.24	3
UK	4.24	4.23	0
Germany	2.27	2.29	2
Japan	0.96	0.96	(1)
China	2.16	2.16	0
India	6.82	6.85	3

Source: Bloomberg, Bank of Baroda Research

**Fig 4 – Short term rates**

	24-10-2024	25-10-2024	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	6.61	1
India OIS-9M	6.56	6.58	3
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	24-10-2024	25-10-2024	change (Rs tn)
Net Liquidity (-Surplus/+deficit)	(0.7)	(0.5)	0.2
Reverse Repo	0.2	0.2	0
Repo	0	0	0

Source: RBI, Bank of Baroda Research

**Fig 6 – Capital market flows**

	23-10-2024	24-10-2024	change (US\$ mn/Rs cr)
FII (US\$ mn)	(730.1)	(690.9)	39.2
Debt	(136.5)	(115.6)	20.9
Equity	(593.6)	(575.3)	18.3
Mutual funds (Rs cr)	4,989.5	5,631.9	642.4
Debt	(317.5)	2,056.3	2,373.8
Equity	5,307.0	3,575.6	(1,731.5)

Source: Bloomberg, Bank of Baroda Research

- Oil prices inched up amid continuing conflict in Middle East.

**Fig 7 – Commodities**

	24-10-2024	25-10-2024	% change
Brent crude (US\$/bbl)	74.4	76.1	2.2
Gold (US\$/ Troy Ounce)	2,736.2	2,747.6	0.4
Copper (US\$/ MT)	9,367.4	9,469.4	1.1
Zinc (US\$/MT)	3,199.6	3,117.4	(2.6)
Aluminium (US\$/MT)	2,650.0	2,677.5	1.0

Source: Bloomberg, Bank of Baroda Research



## Disclaimer

The views expressed in this research note are personal views of the author(s) and do not necessarily reflect the views of Bank of Baroda. Nothing contained in this publication shall constitute or be deemed to constitute an offer to sell/ purchase or as an invitation or solicitation to do so for any securities of any entity. Bank of Baroda and/ or its Affiliates and its subsidiaries make no representation as to the accuracy; completeness or reliability of any information contained herein or otherwise provided and hereby disclaim any liability with regard to the same. Bank of Baroda Group or its officers, employees, personnel, directors may be associated in a commercial or personal capacity or may have a commercial interest including as proprietary traders in or with the securities and/ or companies or issues or matters as contained in this publication and such commercial capacity or interest whether or not differing with or conflicting with this publication, shall not make or render Bank of Baroda Group liable in any manner whatsoever & Bank of Baroda Group or any of its officers, employees, personnel, directors shall not be liable for any loss, damage, liability whatsoever for any direct or indirect loss arising from the use or access of any information that may be displayed in this publication from time to time.

Visit us at



For further details about this publication, please contact:

**Chief Economist**

Bank of Baroda

chief.economist@bankofbaroda.com