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Aditi Gupta

Global markets were largely upbeat as investors monitored corporate earnings. Reports that Israel is not targeting Iran's oil and nuclear supplies helped to ease fears of a possible escalation in the Middle East conflict. Political developments in US and Japan also remained in focus. In Japan, a political impasse is likely after the snap elections, which is likely to weigh on the country's growth as well as the course of monetary policy. In the US, markets are widely pricing in the likelihood of a win by Republican nominee Donald Trump. This has contributed to the strength in dollar as his policies are widely construed to be inflationary. In India, Ministry of Finance noted that despite a slowdown in urban demand, domestic growth is likely to be in the range of 6.5%-7%. This will be supported by festive demand, pickup in government capex, favourable agri output and a stable external sector.

- Global indices ended higher. Major event including US elections, BoJ's upcoming decision amidst tight labour market, corporate earnings and key macro releases weighed on global stocks. Nikkei rose the most as market priced in election driven uncertainty. Sensex inched up led by metal and auto stocks. It is trading higher today while Asian stocks are trading mixed

Fig 1 – Stock markets

	25-10-2024	28-10-2024	Change, %
Dow Jones	42,114	42,388	0.6
S & P 500	5,808	5,824	0.3
FTSE	8,249	8,286	0.4
Nikkei	37,914	38,606	1.8
Hang Seng	20,590	20,599	0.0
Shanghai Comp	3,300	3,322	0.7
Sensex	79,402	80,005	0.8
Nifty	24,181	24,339	0.7

Source: Bloomberg, Bank of Baroda Research

- Global currencies ended mixed. DXY rose by 0.1% amid increasing bets of Donald Trump winning the presidential elections. Political uncertainty weighed on JPY which shed another 0.6%. Despite a steep fall in oil prices, INR remained stuck at its historic low amid continued equity outflows. It is trading at similar levels today, while Asian currencies are trading mixed.

Fig 2 – Currencies

	25-10-2024	28-10-2024	Change, %
EUR/USD (1 EUR / USD)	1.0796	1.0812	0.1
GBP/USD (1 GBP / USD)	1.2962	1.2972	0.1
USD/JPY (JPY / 1 USD)	152.31	153.29	(0.6)
USD/INR (INR / 1 USD)	84.08	84.08	0
USD/CNY (CNY / 1 USD)	7.1215	7.1293	(0.1)

Source: Bloomberg, Bank of Baroda



- Except Germany and China (stable), global yields closed higher. US 10Y yield inched up ahead of key labour market data. Some unwinding of positions is expected to persist ahead of US elections. UK's 10Y yield also edged up despite softening CBI sales data. A depreciating yen weighed on Japan's 10Y yield. India's 10Y yield inched up and is trading at 6.85% today

Fig 3 – Bond 10Y yield

	25-10-2024	28-10-2024	Change, bps
US	4.24	4.28	4
UK	4.23	4.25	2
Germany	2.29	2.29	0
Japan	0.96	0.98	3
China	2.16	2.16	0
India	6.85	6.87	2

Source: Bloomberg, Bank of Baroda Research

Fig 4 – Short term rates

	25-10-2024	28-10-2024	change in bps
Tbill-91 days	6.56	6.56	0
Tbill-182 days	6.58	6.60	2
Tbill-364 days	6.57	6.59	2
G-Sec 2Y	6.70	6.74	4
India OIS-2M	6.61	6.61	0
India OIS-9M	6.58	6.61	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	25-10-2024	28-10-2024	change (Rs tn)
Net Liquidity (-Surplus/+deficit)	(0.5)	(0.8)	(0.3)
Reverse Repo	0.2	0.2	0
Repo	0	0.3	0.3

Source: RBI, Bank of Baroda Research

Fig 6 – Capital market flows

	24-10-2024	25-10-2024	change (US\$ mn/Rs cr)
FII (US\$ mn)	(690.9)	(202.2)	488.7
Debt	(115.6)	157.8	273.5
Equity	(575.3)	(360.1)	215.2
Mutual funds (Rs cr)	4,989.5	5,958.8	969.3
Debt	(317.5)	2,109.7	2,427.2
Equity	5,307.0	3,849.0	(1,458.0)

Source: Bloomberg, Bank of Baroda Research

- Oil prices declined sharply as Israel refrained from targeting Iran's oil supplies.

Fig 7 – Commodities

	25-10-2024	28-10-2024	% change
Brent crude (US\$/bbl)	76.1	71.4	(6.1)
Gold (US\$/ Troy Ounce)	2,747.6	2,742.5	(0.2)
Copper (US\$/ MT)	9,469.4	9,397.0	(0.8)
Zinc (US\$/MT)	3,117.4	3,169.7	1.7
Aluminium (US\$/MT)	2,677.5	2,645.5	(1.2)

Source: Bloomberg, Bank of Baroda Research



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For further details about this publication, please contact:

Chief Economist

Bank of Baroda

chief.economist@bankofbaroda.com