

**MORNING MOCHA**

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 ECONOMIST  
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Global markets remained on edge monitoring host of macro data releases. In the US, Q3 advance estimates (2.9%, QoQ) remained upbeat buoyed by personal consumption expenditure (3.3%). ADP employment change data also showed tightness. Thus, some paring back of expectations regarding loser financial conditions led to realignment of portfolio. US 10Y yield firmed up. Gold prices rose to its record high level as a safe haven demand. Elsewhere, in UK, significant fiscal stimulus was delivered in the budget raising concerns of a fiscal slippage. In China, official PMI went for an expansionary mode. In Japan, BoJ kept policy rates stable trimming down inflation (core at 1.9% from 2.1% earlier) while raising growth forecast (GDP 1.1% from 1% earlier). On domestic front, 8 core recorded muted growth in H1 at 4.2% compared to 8.2%, last year. Fiscal deficit in H1 as % of Budgeted remained lower at 29.4% compared to 39.3%, last year.

- Global indices ended broadly lower. Investors weighed on mixed corporate earnings and better data in the US which trimmed down expectations of loser financial conditions. Hang Seng fell the most followed by FTSE. Sensex moderated led by consumer durables and banking stocks. However, it is trading lower today while Asian stocks are trading mixed.

**Fig 1 – Stock markets**

	29-10-2024	30-10-2024	Change, %
Dow Jones	42,233	42,142	(0.2)
S & P 500	5,833	5,814	(0.3)
FTSE	8,220	8,160	(0.7)
Nikkei	38,904	39,277	1.0
Hang Seng	20,701	20,381	(1.5)
Shanghai Comp	3,286	3,266	(0.6)
Sensex	80,369	79,942	(0.5)
Nifty	24,467	24,341	(0.5)

Source: Bloomberg, Bank of Baroda Research

- Global currencies ended mixed. DXY softened albeit better macro prints of the region. GBP depreciated the most tracking budgetary announcements. EUR firmed up as inflation in Germany remained sticky. INR traded at its record low level as oil prices edged up.

**Fig 2 – Currencies**

	29-10-2024	30-10-2024	Change, %
EUR/USD (1 EUR / USD)	1.0819	1.0856	0.3
GBP/USD (1 GBP / USD)	1.3015	1.2962	(0.4)
USD/JPY (JPY / 1 USD)	153.36	153.42	0
USD/INR (INR / 1 USD)	84.08	84.09	0
USD/CNY (CNY / 1 USD)	7.1291	7.1161	0.2

Source: Bloomberg, Bank of Baroda



- Global yields closed mixed. Better macro prints in the US led to its upward rally. In UK, loosening fiscal policy kept its 10Y yield firm. Japan's 10Y yield softened amidst expectation of some monetary stimulus. India's 10Y yield fell by 3bps supported by a better fiscal print in H1. It is trading at 6.84% today.

**Fig 3 – Bond 10Y yield**

	29-10-2024	30-10-2024	Change, bps
US	4.25	4.30	5
UK	4.32	4.35	4
Germany	2.34	2.39	5
Japan	0.98	0.96	(2)
China	2.16	2.16	0
India	6.86	6.83	(3)

Source: Bloomberg, Bank of Baroda Research

**Fig 4 – Short term rates**

	29-10-2024	30-10-2024	change in bps
Tbill-91 days	6.52	6.50	(2)
Tbill-182 days	6.59	6.61	2
Tbill-364 days	6.60	6.59	(1)
G-Sec 2Y	6.72	6.71	(1)
India OIS-2M	6.60	6.60	0
India OIS-9M	6.57	6.55	(2)
SONIA int rate benchmark	4.95	4.95	0
US SOFR	4.82	4.82	0

Source: Bloomberg, Bank of Baroda Research

**Fig 5 – Liquidity**

Rs tn	29-10-2024	30-10-2024	change (Rs tn)
Net Liquidity (-Surplus/+deficit)	(1.0)	(1.6)	(0.6)
Reverse Repo	0.3	0.3	0
Repo	0.2	0.2	0

Source: RBI, Bank of Baroda Research

**Fig 6 – Capital market flows**

	28-10-2024	29-10-2024	change (US\$ mn/Rs cr)
FII (US\$ mn)	(438.6)	66.6	505.2
Debt	(187.7)	172.8	360.5
Equity	(250.9)	(106.2)	144.7
Mutual funds (Rs cr)	(12.4)	(159.9)	(147.4)
Debt	(3,265.6)	(2,087.7)	1,177.9
Equity	3,253.1	1,927.8	(1,325.4)

Source: Bloomberg, Bank of Baroda Research | Note: Mutual Fund data as of 25 and 28th Oct 2024

- Oil prices rose amidst expectation of delay in output increase by OPEC+.

**Fig 7 – Commodities**

	29-10-2024	30-10-2024	% change
Brent crude (US\$/bbl)	71.1	72.6	2.0
Gold (US\$/ Troy Ounce)	2,774.7	2,787.6	0.5
Copper (US\$/ MT)	9,388.0	9,398.0	0.1
Zinc (US\$/MT)	3,143.1	3,103.5	(1.3)
Aluminium (US\$/MT)	2,659.0	2,616.0	(1.6)

Source: Bloomberg, Bank of Baroda Research



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