

RESEARCH
BOB ECONOMICS RESEARCH | EQUITY INDICES

How has the equity market performed?

Daily macro indicators

Indicator	15-Mar	18-Mar	Chg (%)
US 10Y yield (%)	4.31	4.32	2bps
India 10Y yield (%)	7.06	7.09	3bps
USD/INR	82.89	82.91	0.0
Brent Crude (US\$/bbl)	85.3	86.9	1.8
Dow	38,715	38,790	0.2
Hang Seng	16,721	16,737	0.1
Sensex	72,643	72,748	0.1
India FII (US\$ mn)	14-Mar	15-Mar	Chg (\$ mn)
FII-D	(113.5)	115.3	228.8
FII-E	(13.8)	93.3	107.1

Source: Bank of Baroda Economics Research

SUMMARY
INDIA ECONOMICS: EQUITY INDICES

Global equity indices have broadly witnessed an uptick for the 12-month ending Mar'24 (till 18 Mar). Amongst major indices, India has been an outperformer registering 25.5% increase in Mar'24 compared with Mar'23. This is far higher compared to MSCI EM index which witnessed an increase of only 9.1% in the same period. This is attributable to India's domestic resilience. In fact, second advance estimate projection of India's growth for FY24 has surpassed market expectations. All these factors remained conducive to an increase in the domestic equity indices. Added to this, was buoyant FPI flows in the equity segment. The 12-month flow for India (equity) was only next to flows to the US and Japan.

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EQUITY INDICES

19 March 2024

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Dipanwita Mazumdar
Economist

The chart shows:

- Stocks in Japan rose considerably. Liquidity conditions remained supportive from an ultra-low rate, thus giving the equity market the desired impetus. Apart from this, widening policy divergence with the US, sustained growth of profit of major Japanese companies and concerns over weaker growth in China, have garnered more flows.
- Equity market in Russia has performed considerably well. This is on account of growth holding ground due to increased military spending and robust private consumption supported by wage growth.
- Stock market indices in Argentina and Turkey have also gained considerably. But these numbers need to be read with caution as inflation is significantly higher in these regions, thus inflating the numbers.
- In the US, the equity index (Dow) has inched up by 21.7%. There has been different narrative surrounding growth in the US, swinging from hard to soft landing. However, macro data pointed to growth remaining stable; from better new home sales data to stickier earning data and improvement in personal income, all pointed towards some degree of recovery.
 - Even in terms of equity flows, US topped the chart garnering around ~US\$ 90bn equity flows for the 12-month period ending Mar'24 (till 15 Mar 2024). Going forward, a lot is contingent on evolution of Fed fund trajectory, where a delayed start to the rate cut cycle is a possibility to prevent overheating of the economy. Preferably, the timing of the cut seems favourable in Jun'24. Post that, easier liquidity conditions would further support equity market of the region.
- In Germany as well, equity market inched up. This is despite weaker growth conditions in the region. ECB commentary on the other hand remained broadly cautionary with cues for rate cut along the same time as Fed.



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