

MORNING MOCHA

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In some positive news for Germany, industrial production in Feb'24 rose by 2.1% (MoM) versus est.: 0.3% increase and 1.3% increase in Jan'24. This was primarily supported by better than expected performance of the construction sector (up by 7.9%). Manufacturing sector noted 1.9% growth, driven by auto (5.7%) and chemical (4.6%) industries. However, compared with pre-pandemic period, production was still 8% lower in Feb'24. Separately in Asia, China is expected to report new Yuan loans at 3.56tn in Feb'24, up from 1.45tn Yuan in Jan'24. In Japan, producer price pressures remain subdued with CGPI up by only 0.2% (MoM) versus est.: 0.3%. Reserve Bank of New Zealand, in line with expectations has kept its policy rate unchanged at 5.5%, in order to bring inflation back to 1-3% range this year. Investors now await US CPI report, due later today, for guidance on rates.

- Global stocks ended mixed as investors await key inflation report from the US. Markets in US were in wait and watch mode, while FTSE fell. Nikkei gained the most, driven by chip-related stocks. Sensex ended lower and was dragged down by losses in consumer durable and metal stocks. However, it is trading higher today, while other Asian stocks are trading lower.

Fig 1 – Stock markets

	08-04-2024	09-04-2024	Change, %
Dow Jones	38,893	38,884	0
S & P 500	5,202	5,210	0.1
FTSE	7,943	7,935	(0.1)
Nikkei	39,347	39,773	1.1
Hang Seng	16,733	16,828	0.6
Shanghai Comp	3,047	3,049	0
Sensex	74,743	74,684	(0.1)
Nifty	22,666	22,643	(0.1)

Source: Bloomberg, Bank of Baroda Research

- Except GBP, other global currencies ended flat. DXY was largely unchanged ahead of the inflation data that will offer some guidance on interest rate outlook. JPY continue to hover to near multi-decade low raising possibility of government intervention. INR is trading stronger today, while Asian peers are trading mixed.

Fig 2 – Currencies

	08-04-2024	09-04-2024	Change, %
EUR/USD (1 EUR / USD)	1.0859	1.0857	0
GBP/USD (1 GBP / USD)	1.2655	1.2678	0.2
USD/JPY (JPY / 1 USD)	151.82	151.76	0
USD/INR (INR / 1 USD)	83.29	83.32	0
USD/CNY (CNY / 1 USD)	7.2308	7.2323	0

Source: Bloomberg, Bank of Baroda Research | Markets in India were closed on 9 Apr 2024



- US, UK, and Germany's 10Y yield broadly closed lower. Investors are awaiting US CPI print. Atlanta Fed President spoke of one rate cut but hinted at some additional easing if data warrants. This has supported yields. In Japan and China, yields closed stable in absence of fresh cues. India's 10Y yield inched up by 3bps in the previous session. It is trading at lower at 7.12% today.

Fig 3 – Bond 10Y yield

	08-04-2024	09-04-2024	Change, bps
US	4.42	4.36	(6)
UK	4.09	4.03	(6)
Germany	2.44	2.37	(6)
Japan	0.80	0.80	0
China	2.29	2.29	0
India	7.12	7.15	3

Source: Bloomberg, Bank of Baroda Research| Markets in India were closed on 9 Apr 2024

Fig 4 – Short term rates

	05-04-2024	08-04-2024	change in bps
Tbill-91 days	6.80	6.82	2
Tbill-182 days	6.95	6.99	4
Tbill-364 days	7.00	7.01	1
G-Sec 2Y	7.04	7.07	3
India OIS-2M	6.70	6.70	0
India OIS-9M	6.78	6.82	4
SONIA int rate benchmark	5.19	5.19	0
US SOFR	5.32	5.31	(1)

Source: Bloomberg, Bank of Baroda Research| Markets in India were closed on 9 Apr 2024

Fig 5 – Liquidity

Rs tn	05-04-2024	08-04-2024	change (Rs tn)
Net Liquidity (-Surplus/+deficit)	(1.5)	(0.6)	0.9
Reverse Repo	0	0.1	0.1
Repo	0	0	0

Source: RBI, Bank of Baroda Research| Markets in India were closed on 9 Apr 2024

Fig 6 – Capital market flows

	04-04-2024	05-04-2024	change (US\$ mn/Rs cr)
FII (US\$ mn)	(218.9)	34.7	253.6
Debt	(101.7)	(194.9)	(93.2)
Equity	(117.2)	229.6	346.8
Mutual funds (Rs cr)	3,852.2	31.7	(3,820.5)
Debt	3,774.6	1,377.3	(2,397.4)
Equity	77.6	(1,345.5)	(1,423.1)

Source: Bloomberg, Bank of Baroda Research| Note: Mutual fund data as of 3 Apr and 4 Apr

- Oil prices fell, as data shows higher than expected build-up in US stockpiles.

Fig 7 – Commodities

	08-04-2024	09-04-2024	% change
Brent crude (US\$/bbl)	90.4	89.4	(1.1)
Gold (US\$/ Troy Ounce)	2,339.0	2,352.8	0.6
Copper (US\$/ MT)	9,281.5	9,283.0	0
Zinc (US\$/MT)	2,625.9	2,671.6	1.7
Aluminium (US\$/MT)	2,460.5	2,460.0	0

Source: Bloomberg, Bank of Baroda Research



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