

MORNING MOCHA

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ECONOMIST

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In India, Centre's borrowing calendar was released for H1FY25. Out of the total gross borrowing of Rs 14.1 lakh crore, the centre is expected to borrow Rs 7.5 lakh crore (53% of the target) in H1. The proportion is lower than H1FY24 and is expected to be positive for the G-sec, with yield expected to fall down. Additionally, a new dated security of 15-year tenor has also been introduced and Centre also plans to issue green bonds in two tranches of Rs 6,000 crore (maturity of 10-year) each in FY25. Separately, in Europe, the economic sentiment indicator (ESI) jumped up to 96.2 (+0.7 points) and 96.3 (+0.8 points) levels in EU and Euro area respectively in Mar'24. The employment expectations indicator remained stable for both the regions.

- Global stock indices ended mixed. US indices rebounded and closed in green with all the major S&P indices edging up, real estate and utilities stocks were the biggest gainers. Hang and Shanghai Comp ended lower. On the other hand, Sensex registered modest gains supported by cap goods and consumer durable stocks. It is trading higher today while other Asian indices are trading mixed.

Fig 1 – Stock markets

| | 26-03-2024 | 27-03-2024 | % change |
|---------------|------------|------------|----------|
| Dow Jones | 39,282 | 39,760 | 1.2 |
| S & P 500 | 5,204 | 5,248 | 0.9 |
| FTSE | 7,931 | 7,932 | 0 |
| Nikkei | 40,398 | 40,763 | 0.9 |
| Hang Seng | 16,618 | 16,393 | (1.4) |
| Shanghai Comp | 3,031 | 2,993 | (1.3) |
| Sensex | 72,470 | 72,996 | 0.7 |
| Nifty | 22,005 | 22,124 | 0.5 |

Source: Bloomberg, Bank of Baroda Research

- Global currencies closed mixed against US\$, with JPY and GBP appreciating. DXY ended flat. JPY, despite slight improvement, continues to hover at near 34-year low. Investors await US and UK macro data to gauge Fed and BoE's rate trajectory. INR fell by 0.1%, despite easing oil prices. However, it is trading higher today, while other Asian currencies are trading mixed.

Fig 2 – Currencies

| | 26-03-2024 | 27-03-2024 | % change |
|-----------------------|------------|------------|----------|
| EUR/USD (1 EUR / USD) | 1.0831 | 1.0828 | 0 |
| GBP/USD (1 GBP / USD) | 1.2628 | 1.2640 | 0.1 |
| USD/JPY (JPY / 1 USD) | 151.56 | 151.33 | 0.2 |
| USD/INR (INR / 1 USD) | 83.29 | 83.38 | (0.1) |
| USD/CNY (CNY / 1 USD) | 7.2167 | 7.2260 | (0.1) |

Source: Bloomberg, Bank of Baroda Research



- Global 10Y yields fell, with those in Germany, UK and US declining the most. Investors are expecting Central Banks outside the US to be able to cut rates early, with inflation correcting itself. In the US, investors await labour market and inflation data for more cues. India's 10Y yield fell by 2bps. It is trading further lower today, as centre announced smaller than expected H1 borrowing plan.

Fig 3 – Bond 10Y yield

| | 26-03-2024 | 27-03-2024 | change in bps |
|---------|------------|------------|---------------|
| US | 4.23 | 4.19 | (4) |
| UK | 3.97 | 3.93 | (4) |
| Germany | 2.35 | 2.29 | (6) |
| Japan | 0.74 | 0.73 | (1) |
| China | 2.32 | 2.30 | (3) |
| India | 7.09 | 7.07 | (2) |

Source: Bloomberg, Bank of Baroda Research

Fig 4 – Short term rates

| | 26-03-2024 | 27-03-2024 | change in bps |
|--------------------------|------------|------------|---------------|
| Tbill-91 days | 7.08 | 6.98 | (10) |
| Tbill-182 days | 7.10 | 7.13 | 3 |
| Tbill-364 days | 7.07 | 7.08 | 1 |
| G-Sec 2Y | 7.05 | 7.06 | 0 |
| India OIS-2M | 6.77 | 6.76 | (1) |
| India OIS-9M | 6.76 | 6.76 | 0 |
| SONIA int rate benchmark | 5.19 | 5.19 | 0 |
| US SOFR | 5.31 | 5.32 | 1 |

Source: Bloomberg, Bank of Baroda Research

Fig 5 – Liquidity

| Rs tn | 26-03-2024 | 27-03-2024 | change (Rs tn) |
|-----------------------------------|------------|------------|----------------|
| Net Liquidity (-Surplus/+deficit) | 0.5 | 0.4 | (0.1) |
| Reverse Repo | 0 | 0 | 0 |
| Repo | 0.3 | 0.3 | 0 |

Source: RBI, Bank of Baroda Research

Fig 6 – Capital market flows

| | 22-03-2024 | 26-03-2024 | change (US\$ mn/Rs cr) |
|----------------------|------------|------------|------------------------|
| FII (US\$ mn) | (889.7) | (82.6) | 807.1 |
| Debt | (425.3) | 297.8 | 723.1 |
| Equity | (464.5) | (380.4) | 84.1 |
| Mutual funds (Rs cr) | (1,163.8) | 6,195.1 | 7,358.9 |
| Debt | (2,593.5) | 263.8 | 2,857.3 |
| Equity | 1,429.7 | 5,931.3 | 4,501.6 |

Source: Bloomberg, Bank of Baroda Research | Note: Mutual funds data as of 18 Mar 2024 and 19 Mar 2024

- Oil prices fell by 0.2%, as latest data shows jump in US stockpiles.

Fig 7 – Commodities

| | 26-03-2024 | 27-03-2024 | % change |
|-------------------------|------------|------------|----------|
| Brent crude (US\$/bbl) | 86.3 | 86.1 | (0.2) |
| Gold (US\$/ Troy Ounce) | 2,178.8 | 2,194.8 | 0.7 |
| Copper (US\$/ MT) | 8,748.5 | 8,744.4 | 0 |
| Zinc (US\$/MT) | 2,391.2 | 2,392.4 | 0.1 |
| Aluminium (US\$/MT) | 2,303.5 | 2,298.5 | (0.2) |

Source: Bloomberg, Bank of Baroda Research



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