

MORNING MOCHA

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ECONOMIST
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India's business activity (flash composite PMI) surged to a 14-year high to 62.2 in Apr'24 from 61.8 in Mar'24 supported by strength in both services and manufacturing sector. Uptick in new orders and strong domestic trend pushed the index higher. Separately, in Australia CPI rose by 3.5% in Mar from 3.4% in Feb'24 led by services inflation. In Q1CY24, annual CPI moderated at a slower pace at 3.6% against an estimate of 3.5% dimming hopes of a possible rate cut by RBA. On the other hand in Japan, services PPI rose by 2.3% in Mar'24 from 2.2% in Feb'24. Additionally in Japan, investors expect a possible intervention by the authorities, if the currency weakens any further.

- Barring Shanghai Comp, other global indices ended higher. US indices rose for the second straight day with focus on earnings reports and awaiting the release of PCE data. FTSE pared some gains during the day after hawkish comments by BoE officials, however it closed in green. Hang Seng rose the most. Sensex edged up supported by gains in real estate and IT stocks. It is trading higher today, in line with other Asian stocks.

Fig 1 – Stock markets

	22-04-2024	23-04-2024	Change, %
Dow Jones	38,240	38,504	0.7
S & P 500	5,011	5,071	1.2
FTSE	8,024	8,045	0.3
Nikkei	37,439	37,552	0.3
Hang Seng	16,512	16,829	1.9
Shanghai Comp	3,045	3,022	(0.7)
Sensex	73,649	73,738	0.1
Nifty	22,336	22,368	0.1

Source: Bloomberg, Bank of Baroda Research

- Global currencies ended broadly stronger against the dollar. DXY fell by 0.4% as flash PMI for US suggested a weakening momentum in both manufacturing and services activity. EUR and GBP appreciated amidst a sharp pickup in services PMI in both the regions. INR appreciated marginally. It is trading further stronger today, in line with other Asian currencies.

Fig 2 – Currencies

	22-04-2024	23-04-2024	Change, %
EUR/USD (1 EUR / USD)	1.0655	1.0701	0.4
GBP/USD (1 GBP / USD)	1.2350	1.2449	0.8
USD/JPY (JPY / 1 USD)	154.85	154.83	0.0
USD/INR (INR / 1 USD)	83.37	83.34	0.0
USD/CNY (CNY / 1 USD)	7.2436	7.2452	0

Source: Bloomberg, Bank of Baroda Research



- Global yields ended mixed. 10Y yield in US fell by 1bps as flash PMI surveys suggested a moderation in economic activity. Focus now shifts to US PCE and GDP data due this week. On the other hand, 10Y yields in UK and Germany rose, as services PMI in UK and Eurozone surged to 11-month highs. India's 10Y yield eased by 3bps to 7.16%. It is trading flat today.

Fig 3 – Bond 10Y yield

	22-04-2024	23-04-2024	Change, bps
US	4.61	4.60	(1)
UK	4.21	4.24	4
Germany	2.49	2.50	2
Japan	0.89	0.89	0
China	2.25	2.23	(2)
India	7.19	7.16	(3)

Source: Bloomberg, Bank of Baroda Research

Fig 4 – Short term rates

	22-04-2024	23-04-2024	change in bps
Tbill-91 days	6.86	6.89	3
Tbill-182 days	6.97	7.03	6
Tbill-364 days	7.04	7.04	0
G-Sec 2Y	7.13	7.12	(1)
India OIS-2M	6.75	6.76	1
India OIS-9M	6.86	6.84	(2)
SONIA int rate benchmark	5.20	5.20	0
US SOFR	5.31	5.31	0

Source: Bloomberg, Bank of Baroda Research

Fig 5 – Liquidity

Rs tn	19-04-2024	23-04-2024	change (Rs tn)
Net Liquidity (-Surplus/+deficit)	(0.4)	1.1	1.5
Reverse Repo	0.1	0	(0.1)
Repo	0	0.8	0.8

Source: RBI, Bank of Baroda Research

Fig 6 – Capital market flows

	19-04-2024	22-04-2024	change (US\$ mn/Rs cr)
FII (US\$ mn)	(5.6)	(200.7)	(195.2)
Debt	(98.1)	113.2	211.3
Equity	92.5	(314.0)	(406.5)
Mutual funds (Rs cr)	2,720.8	2,383.1	(337.7)
Debt	1,239.8	1,050.4	(189.4)
Equity	1,481.0	1,332.7	(148.3)

Source: Bloomberg, Bank of Baroda Research | Note: Mutual funds data as of 16 Apr and 18 Apr 2024

- Oil prices climbed up as dollar weakened.

Fig 7 – Commodities

	22-04-2024	23-04-2024	% change
Brent crude (US\$/bbl)	87.0	88.4	1.6
Gold (US\$/ Troy Ounce)	2,327.3	2,322.0	(0.2)
Copper (US\$/ MT)	9,742.0	9,602.1	(1.4)
Zinc (US\$/MT)	2,810.2	2,765.4	(1.6)
Aluminium (US\$/MT)	2,670.5	2,579.0	(3.4)

Source: Bloomberg, Bank of Baroda Research



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