

## MORNING MOCHA

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ECONOMIST  
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Latest macro data points from Europe indicates that while growth in Eurozone and France still remains steady, German economy is showing signs of stress. France's Q4CY22 GDP surprised positively and rose by 0.1% (est.: 0%) owing to lower energy imports and sustained business investment. Consumption and exports acted as a drag. In Eurozone, Q4CY22 GDP was up by 0.1% versus estimated (-) 0.1% decline. On the other hand, Germany's retail sales fell (-) 5.3% versus est.: +0.2%, due to elevated inflation levels and uncertain economic environment. On the domestic front while markets await Union Budget presentation, global investors will also track Fed's policy decision later today.

- Global indices ended mixed ahead of the key rate decisions and commentary on future guidance by Central Banks. Investors monitored surprise dip in German retail sales and fall in US consumer confidence. Hang Seng (1%) dropped the most followed by both Nikkei and Shanghai Comp. Sensex ended in green. Gains in auto, power and cap good stocks drove it higher. It is also trading higher today in line with other Asian stocks.

**Fig 1 – Stock markets**

	30-01-2023	31-01-2023	% change
Dow Jones	33,717	34,086	1.1
S & P 500	4,018	4,077	1.5
FTSE	7,785	7,772	(0.2)
Nikkei	27,433	27,327	(0.4)
Hang Seng	22,070	21,842	(1.0)
Shanghai Comp	3,269	3,256	(0.4)
Sensex	59,500	59,550	0.1
Nifty	17,649	17,662	0.1

Source: Bloomberg, Bank of Baroda Research

- Global currencies ended mixed. DXY declined by 0.2% amidst news of dip in consumer confidence and ahead of Jobs opening data as well as Fed's rate decision. Employment cost index, a gauge of labour cost rose less than anticipated in Q4CY22 (1% against 1.2% in Q3). INR ended weaker despite fall in oil prices. It is trading stronger today ahead of Budget announcement, while other Asian currencies are trading mixed.

**Fig 2 – Currencies**

	30-01-2023	31-01-2023	% change
EUR/USD (1 EUR / USD)	1.0851	1.0863	0.1
GBP/USD (1 GBP / USD)	1.2352	1.2320	(0.3)
USD/JPY (JPY / 1 USD)	130.39	130.09	0.2
USD/INR (INR / 1 USD)	81.50	81.92	(0.5)
USD/CNY (CNY / 1 USD)	6.7523	6.7553	0

Source: Bloomberg, Bank of Baroda Research



- Global 10Y yields broadly closed lower, except in UK (flat) and Japan (higher). 10Y yield in US fell following disappointing consumer confidence print for Jan'23. Risks of growth slowdown may lead to Fed easing the pace of rate hike in its meeting today. India's 10Y yield closed 5bps lower, awaiting Union Budget announcement. It is trading further lower at 7.33% today.

**Fig 3 – Bond 10Y yield**

	30-01-2023	31-01-2023	change in bps
US	3.54	3.51	(3)
UK	3.34	3.33	0
Germany	2.32	2.29	(3)
Japan	0.48	0.50	1
China	2.92	2.90	(2)
India	7.40	7.34	(5)

Source: Bloomberg, Bank of Baroda Research

**Fig 4 – Short term rates**

	30-01-2023	31-01-2023	change in bps
Tbill-91 days	6.47	6.47	0
Tbill-182 days	6.83	6.84	1
Tbill-364 days	6.90	6.89	(1)
G-Sec 2Y	6.99	6.99	0
SONIA int rate benchmark	3.43	3.43	0
US SOFR	4.30	4.30	0

Source: Bloomberg, Bank of Baroda Research

**Fig 5 – Liquidity**

Rs tn	30-01-2023	31-01-2023	change (Rs tn)
Net Liquidity (-Surplus/+deficit)	0	0	0
Reverse repo	0.4	0.3	(0.1)
Repo	0	0	0

Source: RBI, Bank of Baroda Research

**Fig 6 – Capital market flows**

	27-01-2023	30-01-2023	change (US\$ mn/Rs cr)
FII (US\$ mn)	(823.7)	(645.1)	178.6
Debt	(71.1)	52.1	123.3
Equity	(752.5)	(697.2)	55.3
Mutual funds (Rs cr)	(997.5)	(1,843.0)	(845.5)
Debt	(1,753.3)	(188.5)	1,564.7
Equity	755.7	(1,654.5)	(2,410.2)

Source: Bloomberg, Bank of Baroda Research | Note: Mutual funds data as of 24 Jan 2023 and 25 Jan 2023

- Global oil prices fell by another 0.5%, as OPEC panel is expected to keep output targets unchanged in today's meeting. This along with build-up in US inventory impacted investor sentiments.

**Fig 7 – Commodities**

	30-01-2023	31-01-2023	% change
Brent crude (US\$/bbl)	84.9	84.5	(0.5)
Gold (US\$/ Troy Ounce)	1,923.2	1,928.4	0.3
Copper (US\$/ MT)	9,188.4	9,199.6	0.1
Zinc (US\$/MT)	3,475.8	3,418.8	(1.6)
Aluminium (US\$/MT)	2,589.5	2,644.0	2.1

Source: Bloomberg, Bank of Baroda Research



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