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Global markets monitored geopolitical developments around Russia and Ukraine. However, surge in Covid-19 cases in China kept the investors on hook. Expectation of rate hike by US Fed pushed 10Y yield higher by 14bps. Demand for safe heaven assets such as Gold and DXY moderated. Crude oil also slipped lower. On the domestic front, India's CPI inflation rose to 8-month high of 6.1% in Feb'22 and it is expected to accelerate further on the back of laggard pass through.

- Global indices ended mixed as investors' continued to assess the impact of ongoing diplomacy talks between Russia and Ukraine. Asian indices largely ended lower. Sensex ended in green led by gains in banking stocks. It is trading higher today; while other Asian stocks are trading lower.

Fig 1 – Stock markets

	11-03-2022	14-03-2022	Change, %
Dow Jones	32,944	32,945	0
S & P 500	4,204	4,173	(0.7)
FTSE	7,156	7,193	0.5
Nikkei	25,163	25,308	0.6
Hang Seng	20,554	19,532	(5.0)
Shanghai Comp	3,310	3,224	(2.6)
Sensex	55,550	56,486	1.7
Nifty	16,630	16,871	1.4

Source: Bloomberg, Bank of Baroda Research

- Global currencies closed mixed against the dollar. DXY fell by 0.1% as investors await slew of Central Bank decisions this week (US Fed, BoE, BoJ). US Fed is expected to hike rates while BoJ is expected to maintain a dovish stance. CNY has come under pressure owing to rising Covid-19 cases leading to localized restrictions. INR closed flat. Most Asian currencies are trading higher today.

Fig 2 – Currencies

	11-03-2022	14-03-2022	% change
EUR/USD	1.0912	1.0940	0.3
GBP/USD	1.3037	1.3002	(0.3)
USD/JPY	117.29	118.19	(0.8)
USD/INR	76.59	76.57	0
USD/CNY	6.3393	6.3657	(0.4)

Source: Bloomberg, Bank of Baroda Research

- Except China and India (lower), global yields closed higher. US' 10Y yield rose the most (14bps), followed by Germany (12bps) and UK (10bps). Investors await Fed's policy decision this week for future guidance. Renewed hopes for Russia-Ukraine talks also boosted investor sentiments. India's 10Y closed 3bps lower as oil prices fell.



Fig 3 – Bond 10Y yield

	11-03-2022	14-03-2022	% change
US	1.99	2.13	14
UK	1.49	1.59	10
Germany	0.25	0.37	12
Japan	0.19	0.20	1
China	2.80	2.77	(3)
India	6.86	6.86	(1)

Source: Bloomberg, Bank of Baroda Research

- Short-end yields closed lower by 6-7bps, while yield on the longer end paper (364 days) rose by 1bps.

Fig 4 – Short term rates

	11-03-2022	14-03-2022	% change
Tbill-91 days	3.81	3.75	(6)
Tbill-182 days	4.34	4.27	(7)
Tbill-364 days	4.62	4.63	1
G-Sec 2Y	4.98	4.99	2
SONIA int rate benchmark	0.45	0.44	0
US SOFR	0.05	0.05	0

Source: Bloomberg, Bank of Baroda Research

Fig 5 – Liquidity

Rs tn	11-03-2022	14-03-2022	Change (Rs tn)
Net Liquidity (-Surplus/+deficit)	(6.7)	(6.8)	(0.1)
Reverse repo	0.5	3.9	3.4
Repo	0	0	0

Source: RBI, Bank of Baroda Research

Fig 6 – Capital market flows

	10-03-2022	11-03-2022	Change (US\$ mn/Rs cr)
FII (US\$ mn)	122.5	(224.8)	(347.3)
Debt	24.6	(52.2)	(76.9)
Equity	97.8	(172.6)	(270.4)
Mutual funds (Rs cr)	(648.8)	(643.1)	5.7
Debt	(2,179.2)	(858.3)	1,320.9
Equity	1,530.4	215.2	(1,315.2)

Source: Bloomberg, Bank of Baroda Research. Note: Data for Mutual Funds pertains to 9 Mar 2022 and 10 Mar 2022

- Global oil prices eased by 5.1% (US\$ 106/bbl) amidst reports of possible progress in the diplomatic efforts made by Russia and Ukraine. Gold prices too continued to slide on expectation of possible rate hike by Fed.

Fig 7 – Commodities

	11-03-2022	14-03-2022	% change
Brent crude (US\$/bbl)	112.7	106.9	(5.1)
Gold (US\$/ Troy Ounce)	1,988.5	1,950.9	(1.9)
Copper (US\$/ MT)	10,150.8	9,894.5	(2.5)
Zinc (US\$/MT)	3,795.5	3,788.5	(0.2)
Aluminum (US\$/MT)	3,483.0	3,319.5	(4.7)

Source: Bloomberg, Bank of Baroda Research



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