

MORNING MOCHA

16 February 2022

ECONOMIST
Jahnvi

Global markets continued to monitor positive development surrounding Russia and Ukraine. This also supported oil prices. On the other hand, inflation in the US (PPI print) inched up; whereas in China CPI print was less than expected. On the domestic front, RBI again called off the Rs 240bn weekly auction.

- Barring Nikkei and Hang Seng, other global indices rebounded and ended higher as Russia began to return its troops back to deployment bases. Amongst other indices, Sensex (3.1%) surged the most followed by S&P 500 (1.6%) and FTSE (1%). Gains in domestic market were led by auto and IT stocks. In the morning session, Asian stocks are trading higher.

Fig 1 – Stock markets

	14-02-2022	15-02-2022	% change
Dow Jones	34,566	34,989	1.2
S & P 500	4,402	4,471	1.6
FTSE	7,532	7,609	1.0
Nikkei	27,080	26,865	(0.8)
Hang Seng	24,557	24,356	(0.8)
Shanghai Comp	3,429	3,446	0.5
Sensex	56,406	58,142	3.1
Nifty	16,843	17,352	3.0

Source: Bloomberg, Bank of Baroda Research

- Safe-haven DXY and JPY eased by 0.4% and 0.1% respectively, led by initial reports of de-escalation of tensions at the Russia-Ukraine border. EUR strengthened by 0.5% as ECB expected to be more hawkish in its upcoming policy meet. INR appreciated by 0.3%, led by dip in crude oil prices. Asian currencies are trading mixed today.

Fig 2 – Currencies

	14-02-2022	15-02-2022	% change
EUR/USD	1.1307	1.1359	0.5
GBP/USD	1.3528	1.3538	0.1
USD/JPY	115.54	115.61	(0.1)
USD/INR	75.60	75.34	0.3
USD/CNY	6.3573	6.3393	0.3

Source: Bloomberg, Bank of Baroda Research

- Global yields closed mixed monitoring slight positive developments over Russia-Ukraine geopolitical situation and awaiting comments from other Fed officials. US 10Y yield rose the most by 6bps as PPI data rose more than expected by 1% (est.: 0.5%) in Jan'22, on MoM basis. UK 10Y yield fell a tad by 1bps, tracking jobs data. India's 10Y yield rose by 1bps, despite RBI's announcement of cancellation of auction of another Rs 240bn securities.



Fig 3 – Bond 10Y yield

	14-02-2022	15-02-2022	% change
US	1.99	2.04	6
UK	1.59	1.58	(1)
Germany	0.28	0.31	3
Japan	0.22	0.22	0
China	2.80	2.80	0
India	6.67	6.67	1

Source: Bloomberg, Bank of Baroda Research

- 91 and 364-day TBill ended lower, awaiting cues from today's auction results.

Fig 4 – Short term rates

	14-02-2022	15-01-2022	% change
Tbill-91 days	3.71	3.69	(2)
Tbill-182 days	4.15	4.15	0
Tbill-364 days	4.45	4.43	(2)
G-Sec 2Y	4.84	4.85	1
AAACorp Spread 3Y	37.00	37.00	0
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	13-02-2022	14-02-2022	Change (Rs tn)
Net Liquidity (-Surplus/+deficit)	(6.7)	(6.6)	0.1
Reverse repo	7.8	5.4	(2.4)
Repo	0	0	0

Source: Bloomberg, Bank of Baroda Research

Fig 6 – Capital market flows

	11-02-2022	14-02-2022	Change (US\$ mn/Rs cr)
FII (US\$ mn)	39.3	(374.3)	(413.6)
Debt	(7.3)	41.9	49.3
Equity	46.6	(416.2)	(462.8)
Mutual funds (Rs cr)	(1,317.6)	1,594.3	2,911.9
Debt	(26.2)	925.3	951.5
Equity	(1,291.4)	669.0	1,960.4

Source: Bloomberg, Bank of Baroda Research, Note: Data for Mutual Fund inflows pertains to 7 Feb 2022 and 8 Feb 2022

- International oil prices dropped by 3.3% (US\$ 93/bbl) and gold prices moderated by 0.9%, amidst easing tensions between Russia-Ukraine.

Fig 7 – Commodities

	14-02-2022	15-02-2022	% change
Brent crude (US\$/bbl)	96.5	93.3	(3.3)
Gold (US\$/ Troy Ounce)	1,871.2	1,853.6	(0.9)
Copper (US\$/ MT)	9,984.5	10,009.5	0.3
Zinc (US\$/MT)	3,573.0	3,582.5	0.3
Aluminum (US\$/MT)	3,214.5	3,208.0	(0.2)

Source: Bloomberg, Bank of Baroda Research



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