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Global markets continued to track developments around Russia-Ukraine peace talks and policy decisions of global central banks. Oil prices have once again inched up today to US\$ 110/bbl, amidst tight supply conditions. Investors will look forward to talks between Russia and Ukraine this week along with flash PMIs of major advanced economies.

- Except Hang Seng (lower), other global indices closed higher on hopes of progress in Russia and Ukraine peace talks. S&P 500 (up by 1.2%) gained for the 4th consecutive session, registering its biggest weekly gain in a year. Shanghai Comp too rose by 1.1%. Sensex opened higher today, while other Asian stocks are trading lower today.

Fig 1 – Stock markets

	17-03-2022	18-03-2022	Change, %
Dow Jones	34,481	34,755	0.8
S & P 500	4,412	4,463	1.2
FTSE	7,385	7,405	0.3
Nikkei	26,653	26,827	0.7
Hang Seng	21,501	21,412	(0.4)
Shanghai Comp	3,215	3,251	1.1
Sensex	56,817	57,864	1.8
Nifty	16,975	17,287	1.8

Source: Bloomberg, Bank of Baroda Research | Markets in India were closed on 18 Mar 2022

- Global currencies closed mixed. DXY fell by 0.2% as US existing home sales fell more than expected in Feb'22. EUR fell by 0.4% as ECB officials expressed concerns over inflation. JPY too weakened by 0.5% as BoJ remained dovish in its recent policy. On the other hand, GBP gained by 0.2%. INR rose by 0.6%, however it is likely to open lower today amidst higher oil prices. Asian currencies are trading lower today.

Fig 2 – Currencies

	17-03-2022	18-03-2022	% change
EUR/USD	1.1091	1.1051	(0.4)
GBP/USD	1.3149	1.3178	0.2
USD/JPY	118.60	119.17	(0.5)
USD/INR	76.27	75.81	0.6
USD/CNY	6.3470	6.3612	(0.2)

Source: Bloomberg, Bank of Baroda Research | Markets in India were closed on 18 Mar 2022

- Except Japan (stable) and China (higher), global yields closed lower. UK's 10Y yield fell the most by 7bps as BoE remained slightly dovish about its future course of action. US 10Y yield fell by 2bps as existing home sales data



remained muted. India's 10Y yield fell a tad by 1bps as Fed policy remained in line with market expectations.

Fig 3 – Bond 10Y yield

	17-03-2022	18-03-2022	% change
US	2.17	2.15	(2)
UK	1.57	1.50	(7)
Germany	0.39	0.37	(1)
Japan	0.21	0.21	0
China	2.80	2.81	1
India	6.79	6.78	(1)

Source: Bloomberg, Bank of Baroda Research | Markets in India were closed on 18 Mar 2022

- India's short end yields closed lower ahead of Rs 370bn auction to be held in the current week. However, overnight rates in the US rose as Fed remained hawkish.

Fig 4 – Short term rates

	16-03-2022	17-03-2022	% change
Tbill-91 days	3.76	3.73	(3)
Tbill-182 days	4.32	4.27	(5)
Tbill-364 days	4.62	4.58	(4)
G-Sec 2Y	4.98	4.98	0
SONIA int rate benchmark	0.45	0.69	24
US SOFR	0.05	0.30	25

Source: Bloomberg, Bank of Baroda Research | Markets in India were closed on 18 Mar 2022

Fig 5 – Liquidity

Rs tn	16-03-2022	17-03-2022	Change (Rs tn)
Net Liquidity (-Surplus/+deficit)	(5.4)	(4.3)	1.1
Reverse repo	4.0	4.0	0
Repo	0	0	0

Source: RBI, Bank of Baroda Research | Markets in India were closed on 18 Mar 2022

Fig 6 – Capital market flows

	14-03-2022	15-03-2022	Change (US\$ mn/Rs cr)
FII (US\$ mn)	148.4	(169.8)	(318.3)
Debt	21.6	(25.4)	(47.0)
Equity	126.9	(144.4)	(271.3)
Mutual funds (Rs cr)	1,916.1	7.6	(1,908.4)
Debt	1,107.9	115.3	(992.6)
Equity	808.2	(107.7)	(915.8)

Source: Bloomberg, Bank of Baroda Research | Markets in India were closed on 18 Mar 2022

- Crude prices rose by 1.2% amidst sanctions on Russia and escalating supply side pressure. Gold prices fell by 1.1% as Fed remained hawkish.

Fig 7 – Commodities

	17-03-2022	18-03-2022	% change
Brent crude (US\$/bbl)	106.6	107.9	1.2
Gold (US\$/ Troy Ounce)	1,942.9	1,921.6	(1.1)
Copper (US\$/ MT)	10,231.5	10,327.0	0.9
Zinc (US\$/MT)	3,832.0	3,822.5	(0.2)
Aluminum (US\$/MT)	3,384.5	3,381.0	(0.1)

Source: Bloomberg, Bank of Baroda Research



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