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Global markets continue to track developments surrounding China's Covid-19 outbreak and Fed policy tightening. Stocks in US ended sharply lower and US 10Y yields fell amidst weak macro data and disappointing earnings results. However, DXY rose further to its highest since Mar'20 supported by safe-haven demand. Oil prices spiked as reports indicated that Russia may stop energy supplies to a few European countries.

- Global stocks ended mixed. Stocks in US plunged sharply amidst concerns over slowing global growth and high inflation. S&P 500 declined by 2.8%, followed by Dow Jones (2.4%). Shanghai Comp too fell by 1.4% as China stepped up testing in Beijing amidst a surge in Covid-19 infections. Other stocks ended higher. Sensex rose by 1.4% led by gains in power and real estate stocks. However it is trading lower today, in line with other Asian markets.

Fig 1 – Stock markets

	25-04-2022	26-04-2022	% change
Dow Jones	34,049	33,240	(2.4)
S & P 500	4,296	4,175	(2.8)
FTSE	7,381	7,386	0.1
Nikkei	26,591	26,700	0.4
Hang Seng	19,869	19,935	0.3
Shanghai Comp	2,929	2,886	(1.4)
Sensex	56,580	57,357	1.4
Nifty	16,954	17,201	1.5

Source: Bloomberg, Bank of Baroda Research

- Global currencies closed mixed. DXY rose by 0.5% amidst expectations of aggressive rate hikes by Fed. EUR fell by 0.7% amidst reports that Russia is likely to cut supplies to Poland and Bulgaria. After depreciating for 5-straight sessions, CNY closed flat supported by PBOC's decision to cut foreign reserve requirement ratio. INR rose by 0.2% even as oil prices edged up. However, it is trading lower today in line with other Asian currencies.

Fig 2 – Currencies

	25-04-2022	26-04-2022	% change
EUR/USD	1.0713	1.0638	(0.7)
GBP/USD	1.2741	1.2574	(1.3)
USD/JPY	128.14	127.23	0.7
USD/INR	76.70	76.58	0.2
USD/CNY	6.5594	6.5566	0

Source: Bloomberg, Bank of Baroda Research

- Global yields closed mixed. US 10Y yield fell the most by 10bps as macro prints (durable goods orders, consumer confidence and new home sales) remained weaker than expected. Even in UK and Germany yields dropped by 4bps and



2bps respectively, amidst growth concerns. India's 10Y yield inched up by 1bps (7.05%). It is trading further higher at 7.08% today.

Fig 3 – Bond 10Y yield

	25-04-2022	26-04-2022	change in bps
US	2.82	2.72	(10)
UK	1.84	1.80	(4)
Germany	0.84	0.82	(2)
Japan	0.25	0.25	0
China	2.82	2.83	1
India	7.04	7.05	1

Source: Bloomberg, Bank of Baroda Research

- Yield on 364-days Tbill fell by 3bps, while for 91 and 182-days Tbill it rose by 1bps each, awaiting Rs 330bn auction scheduled today.

Fig 4 – Short term rates

	25-04-2022	26-04-2022	% change
Tbill-91 days	3.95	3.96	1
Tbill-182 days	4.22	4.23	1
Tbill-364 days	4.78	4.75	(3)
G-Sec 2Y	5.45	5.44	(1)
SONIA int rate benchmark	0.69	0.69	0
US SOFR	0.27	0.27	0

Source: Bloomberg, Bank of Baroda Research

Fig 5 – Liquidity

Rs tn	25-04-2022	26-04-2022	Change (Rs tn)
Net Liquidity (-Surplus/+deficit)	(5.2)	(5.3)	(0.1)
Reverse repo	5.0	5.0	0
Repo	0	0	0

Source: RBI, Bank of Baroda Research

Fig 6 – Capital market flows

	22-04-2022	25-04-2022	Change (US\$ mn/Rs cr)
FII (US\$ mn)	(272.2)	(436.0)	(163.8)
Debt	(86.6)	(91.4)	(4.8)
Equity	(185.6)	(344.6)	(158.9)
Mutual funds (Rs cr)	2,832.9	5,176.7	2,343.8
Debt	932.9	2,746.3	1,813.4
Equity	1,900.0	2,430.4	530.4

Source: Bloomberg, Bank of Baroda Research

- Crude prices rose by 2.6% to US\$ 105/bbl, amidst reports that Russia will cut supplies of gas to Poland and Bulgaria, which in turn elevated supply concerns. Gold prices rose by 0.4%, as growth concerns lifted safe haven demand.

Fig 7 – Commodities

	25-04-2022	26-04-2022	% change
Brent crude (US\$/bbl)	102.3	105.0	2.6
Gold (US\$/ Troy Ounce)	1,897.8	1,905.5	0.4
Copper (US\$/ MT)	9,783.8	9,863.5	0.8
Zinc (US\$/MT)	4,222.8	4,241.5	0.4
Aluminum (US\$/MT)	3,090.5	3,064.5	(0.8)

Source: Bloomberg, Bank of Baroda Research



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