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Macro data prints in the US pointed towards robust spending and stable income growth. Core PCE deflator remained sticky on a sequential basis. The University of Michigan data for 1-year ahead inflation expectations also showed some de-anchoring. The recent speeches of US central bank officials were also tilted towards a hawkish bias amidst the growth-inflation dynamics of the region. Elsewhere in UK, consumer confidence index remained slightly upbeat. In Japan, Yen has slid past the psychological 160 mark for the first time since CY90. A plausible explanation would be considerable policy divergence with the US. However, officials have hinted time and again at intervention to check depreciation. On domestic front, month end releases will be closely watched.

- Except India, stocks elsewhere edged up. Stocks in China and Hong Kong rose the most, amidst a revival in foreign inflows in the region. US indices also edged up led by a rally in mega cap stocks after upbeat earnings report from tech giants. On the other hand, in India, Sensex fell by 0.8% dragged by a decline in banking and technology stocks. It is however trading higher today, in line with other Asian stocks.

Fig 1 – Stock markets

	25-04-2024	26-04-2024	Change, %
Dow Jones	38,086	38,240	0.4
S & P 500	5,048	5,100	1.0
FTSE	8,079	8,140	0.8
Nikkei	37,628	37,935	0.8
Hang Seng	17,285	17,651	2.1
Shanghai Comp	3,053	3,089	1.2
Sensex	74,339	73,730	(0.8)
Nifty	22,570	22,420	(0.7)

Source: Bloomberg, Bank of Baroda Research

- Global currencies depreciated against a stronger dollar. DXY rose by 0.3% as US inflation (PCE) remained persistently sticky, strengthening the case for higher rates. JPY depreciated by 1.7%, registering its largest single day fall since Oct'23 amidst unfavourable interest rate differential. INR was marginally weaker. However, it is trading weaker today, in line with other Asian currencies.

Fig 2 – Currencies

	25-04-2024	26-04-2024	Change, %
EUR/USD (1 EUR / USD)	1.0730	1.0693	(0.3)
GBP/USD (1 GBP / USD)	1.2514	1.2493	(0.2)
USD/JPY (JPY / 1 USD)	155.65	158.33	(1.7)
USD/INR (INR / 1 USD)	83.33	83.35	0
USD/CNY (CNY / 1 USD)	7.2399	7.2464	(0.1)

Source: Bloomberg, Bank of Baroda Research



- Except China (higher), global yields closed lower. Germany's 10Y yield fell by 5bps as inflation is expected to flatline in Apr'24 as well. Elsewhere in US and UK, 10Y yield fell by 4bps as investors have already priced in a delayed start to the rate cut cycle by Fed. In UK, timing of rate cut is divided between Jun'24/ Q3CY24. India's 10Y yield fell by 2bps to 7.19%. It is trading at 7.20% today.

Fig 3 – Bond 10Y yield

	25-04-2024	26-04-2024	Change, bps
US	4.70	4.66	(4)
UK	4.36	4.32	(4)
Germany	2.63	2.58	(5)
Japan	0.90	0.89	(1)
China	2.26	2.31	4
India	7.21	7.19	(2)

Source: Bloomberg, Bank of Baroda Research

Fig 4 – Short term rates

	25-04-2024	26-04-2024	change in bps
Tbill-91 days	6.93	6.96	3
Tbill-182 days	7.03	7.02	(1)
Tbill-364 days	7.06	7.06	-
G-Sec 2Y	7.14	7.13	(1)
India OIS-2M	6.78	6.75	(3)
India OIS-9M	6.87	6.87	-
SONIA int rate benchmark	5.20	5.20	0
US SOFR	5.31	5.31	-

Source: Bloomberg, Bank of Baroda Research

Fig 5 – Liquidity

Rs tn	25-04-2024	26-04-2024	change (Rs tn)
Net Liquidity (-Surplus/+deficit)	1.5	1.6	0.1
Reverse Repo	0	0	0
Repo	1.3	1.8	0.5

Source: RBI, Bank of Baroda Research

Fig 6 – Capital market flows

	24-04-2024	25-04-2024	change (US\$ mn/Rs cr)
FII (US\$ mn)	123.4	61.3	(62.1)
Debt	(384.1)	58.1	442.2
Equity	507.5	3.2	(504.2)
Mutual funds (Rs cr)	2,435.4	1,374.9	(1,060.5)
Debt	(700.6)	(973.0)	(272.3)
Equity	3,136.0	2,347.9	(788.2)

Source: Bloomberg, Bank of Baroda Research | Note: Mutual funds data as of 23 Apr and 22 Apr 2024

- Oil prices rose as income data in the US reflected pickup in demand.

Fig 7 – Commodities

	25-04-2024	26-04-2024	% change
Brent crude (US\$/bbl)	89.0	89.5	0.6
Gold (US\$/ Troy Ounce)	2,332.5	2,338.0	0.2
Copper (US\$/ MT)	9,742.2	9,852.8	1.1
Zinc (US\$/MT)	2,835.6	2,832.4	(0.1)
Aluminium (US\$/MT)	2,563.5	2,569.5	0.2

Source: Bloomberg, Bank of Baroda Research



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