

## MORNING MOCHA

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ECONOMIST  
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China's exports rebounded in Apr'24 as they rose by 1.5% (in line with expectation) after falling by (-) 7.5% in Mar'24, led by exports of automobiles, home appliances, and LCD panels. Imports also performed well, rising by 8.4% (est.: 4%) in Apr'24 versus (-) 1.9% decline in Mar'24. This was driven by commodities like crude oil, natural gas, plastics, steel, and medicine. Exports to US and Europe fell, indicating stress still remains due to weak demand. In Europe, Germany continues to struggle as industrial production in Feb'24 was down by (-) 0.4%, following 2.1% rise in Jan'24. Separately, Japan's central bank in its minutes acknowledged that inflation is expected to hit BoJ's 2% mark soon. As a result, members deem it "necessary to deepen discussion on the timing and degree of policy interest rate hikes". Analysts believe that BoJ may hike rates sooner than what markets had priced in.

- Global indices ended mixed. Dow Jones continued to rally despite some weakness in tech stocks. Fed Official-Susan Collins stated it might take longer than expected to get inflation back to the target level. FTSE inched up ahead of the rate decision. Sensex slipped and was dragged down by losses in banking stocks. It is trading lower today, while other Asian stocks are trading higher.

**Fig 1 – Stock markets**

	7-05-2024	8-05-2024	Change, %
Dow Jones	38,884	39,056	0.4
S & P 500	5,188	5,188	0
FTSE	8,314	8,354	0.5
Nikkei	38,835	38,202	(1.6)
Hang Seng	18,479	18,314	(0.9)
Shanghai Comp	3,148	3,128	(0.6)
Sensex	73,512	73,466	(0.1)
Nifty	22,303	22,303	0

Source: Bloomberg, Bank of Baroda Research

- Except INR (flat), other global currencies ended lower. DXY gained further as investor continued to monitor commentary by Fed officials. Amidst news of possible intervention by the government, JPY weakened. GBP slid as investors anticipate a possible deviation by BoE from other central banks. INR is trading stronger today, while other Asian currencies are trading mixed.

**Fig 2 – Currencies**

	7-05-2024	8-05-2024	Change, %
EUR/USD (1 EUR / USD)	1.0755	1.0748	(0.1)
GBP/USD (1 GBP / USD)	1.2509	1.2498	(0.1)
USD/JPY (JPY / 1 USD)	154.69	155.53	(0.5)
USD/INR (INR / 1 USD)	83.52	83.52	0
USD/CNY (CNY / 1 USD)	7.2186	7.2246	(0.1)

Source: Bloomberg, Bank of Baroda



- Global yields closed higher. US 10Y yield rose by 4bps, as Fed auctioned US\$ 42bn worth 10Y securities. Investors also await inflation numbers due next week for more guidance on rate trajectory. India's 10Y yield rose by 1bps, tracking gains in oil prices. It is trading further higher at 7.14% today.

**Fig 3 – Bond 10Y yield**

	7-05-2024	8-05-2024	Change, bps
US	4.46	4.49	4
UK	4.13	4.14	1
Germany	2.42	2.46	4
Japan	0.87	0.88	1
China	2.29	2.30	1
India	7.13	7.13	1

Source: Bloomberg, Bank of Baroda Research

**Fig 4 – Short term rates**

	7-05-2024	8-05-2024	change in bps
Tbill-91 days	6.92	6.93	1
Tbill-182 days	6.99	7.00	1
Tbill-364 days	7.05	7.05	0
G-Sec 2Y	7.07	7.09	1
India OIS-2M	6.68	6.70	2
India OIS-9M	6.77	6.79	2
SONIA int rate benchmark	5.20	5.20	0
US SOFR	5.31	5.31	0

Source: Bloomberg, Bank of Baroda Research

**Fig 5 – Liquidity**

Rs tn	7-05-2024	8-05-2024	change (Rs tn)
Net Liquidity (-Surplus/+deficit)	1.4	1.6	0.2
Reverse Repo	0	0	0
Repo	1.6	1.5	(0.1)

Source: RBI, Bank of Baroda Research

**Fig 6 – Capital market flows**

	6-05-2024	7-05-2024	change (US\$ mn/Rs cr)
FII (US\$ mn)	(94.3)	(439.7)	(345.4)
Debt	43.6	(87.2)	(130.8)
Equity	(137.9)	(352.5)	(214.6)
Mutual funds (Rs cr)	0.6	(4,008.8)	(4,009.5)
Debt	(394.1)	(4,935.7)	(4,541.6)
Equity	394.7	926.9	532.2

Source: Bloomberg, Bank of Baroda Research| Note: Mutual Fund data as of 3 May and 6 May

- Oil prices rose, supported by more than expected drawdown of US stockpiles.

**Fig 7 – Commodities**

	7-05-2024	8-05-2024	% change
Brent crude (US\$/bbl)	83.2	83.6	0.5
Gold (US\$/ Troy Ounce)	2,314.1	2,308.9	(0.2)
Copper (US\$/ MT)	9,894.3	9,767.4	(1.3)
Zinc (US\$/MT)	2,926.4	2,869.4	(2.0)
Aluminium (US\$/MT)	2,569.5	2,549.0	(0.8)

Source: Bloomberg, Bank of Baroda Research



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