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Global markets will be eying out for fresh economic drivers, post the Fed rate decision last week of keeping rates on hold. Global Central Banks such as Bank of England, Norway and Switzerland, are expected to turn dovish in their commentary with a likelihood of a rate cut by Swiss National Bank. Reserve Bank of Australia is expected to keep policy rate on hold for 5th straight time amidst elevated inflation. Separately, BoJ's Governor noted that there is a possibility of raising rate in July, but it remains data dependent. The market will closely watch commentary by Fed officials, inflation data from UK and retail sales data from US to provide more guidance. In China, retail sales accelerated at a much faster pace than anticipated to 3.7% (est: 3%) and industrial production moderated to 5.6% in May (6.7% in Apr'24).

- Global equity indices closed mixed. US indices ended in green supported by strong data (manufacturing activity in New York region inched up). The focus will shift towards retail sales data and commentary by Fed officials. Shanghai Comp ended lower amidst subdued data print (housing prices). FTSE too closed in red ahead of CPI data and BoE rate decision. Sensex is trading higher today, in line with other Asian stocks.

Fig 1 – Stock markets

| | 14-06-2024 | 17-06-2024 | Change, % |
|---------------|------------|------------|-----------|
| Dow Jones | 38,589 | 38,778 | 0.5 |
| S & P 500 | 5,432 | 5,473 | 0.8 |
| FTSE | 8,147 | 8,142 | (0.1) |
| Nikkei | 38,815 | 38,102 | (1.8) |
| Hang Seng | 17,942 | 17,936 | 0 |
| Shanghai Comp | 3,033 | 3,016 | (0.6) |
| Sensex | 76,811 | 76,993 | 0.2 |
| Nifty | 23,399 | 23,466 | 0.3 |

Source: Bloomberg, Bank of Baroda Research | Note: Indian markets were shut on 17.06.24

- Global currencies closed mixed. DXY fell by 0.2%, despite jump in US treasury yield. EUR and GBP made gains. Euro rose by 0.3%, as political tensions faded in the region. GBP held ground, as BoE is expected to leave rates unchanged until Aug'24. INR ended flat, but is trading stronger today, in line with other Asian currencies.

Fig 2 – Currencies

| | 14-06-2024 | 17-06-2024 | Change, % |
|-----------------------|------------|------------|-----------|
| EUR/USD (1 EUR / USD) | 1.0705 | 1.0734 | 0.3 |
| GBP/USD (1 GBP / USD) | 1.2688 | 1.2705 | 0.1 |
| USD/JPY (JPY / 1 USD) | 157.34 | 157.74 | (0.3) |
| USD/INR (INR / 1 USD) | 83.55 | 83.56 | 0 |
| USD/CNY (CNY / 1 USD) | 7.2557 | 7.2561 | 0 |

Source: Bloomberg, Bank of Baroda | Note: Indian markets were shut on 17.06.24



- Except 10Y yields in Asia, yields rose elsewhere. US and UK 10Y yield rose the most by 6bps. Comments by Minneapolis Fed President that a rate cut might only be in sight at the end of this year, spooked the markets. Various other officials are due to speak this week. In UK, services inflation data is keenly awaited. India's 10Y yield ended flat, and is trading a tad higher at 6.99% today.

Fig 3 – Bond 10Y yield

| | 14-06-2024 | 17-06-2024 | Change, bps |
|---------|------------|------------|-------------|
| US | 4.22 | 4.28 | 6 |
| UK | 4.06 | 4.12 | 6 |
| Germany | 2.36 | 2.41 | 5 |
| Japan | 0.94 | 0.94 | (1) |
| China | 2.30 | 2.26 | (3) |
| India | 6.99 | 6.98 | 0 |

Source: Bloomberg, Bank of Baroda Research | Note: Indian markets were shut on 17.06.24

Fig 4 – Short term rates

| | 14-06-2024 | 17-06-2024 | change in bps |
|--------------------------|------------|------------|---------------|
| Tbill-91 days | 6.81 | 6.93 | 12 |
| Tbill-182 days | 6.96 | 6.94 | (2) |
| Tbill-364 days | 6.98 | 6.98 | 0 |
| G-Sec 2Y | 6.97 | 6.98 | 1 |
| India OIS-2M | 6.70 | 6.70 | 0 |
| India OIS-9M | 6.75 | 6.75 | 0 |
| SONIA int rate benchmark | 5.20 | 5.20 | 0 |
| US SOFR | 5.31 | 5.31 | 0 |

Source: Bloomberg, Bank of Baroda Research | Note: Indian markets were shut on 17.06.24

Fig 5 – Liquidity

| Rs tn | 13-06-2024 | 14-06-2024 | change (Rs tn) |
|-----------------------------------|------------|------------|----------------|
| Net Liquidity (-Surplus/+deficit) | 0.1 | 0.6 | 0.5 |
| Reverse Repo | 0 | 0 | 0 |
| Repo | 0.5 | 0 | (0.5) |

Source: RBI, Bank of Baroda Research

Fig 6 – Capital market flows

| | 12-06-2024 | 13-06-2024 | change (US\$ mn/Rs cr) |
|----------------------|------------|------------|------------------------|
| FII (US\$ mn) | 331.6 | 446.4 | 114.7 |
| Debt | 250.3 | 114.8 | (135.6) |
| Equity | 81.3 | 331.6 | 250.3 |
| Mutual funds (Rs cr) | 2,092.6 | 3,335.1 | 1,242.5 |
| Debt | (1,724.3) | 2,353.2 | 4,077.4 |
| Equity | 3,816.9 | 982.0 | (2,834.9) |

Source: Bloomberg, Bank of Baroda Research | Note: Mutual Fund data as of 11 June and 12 June 2024

- Oil prices rose to highest since Apr'24, on the back of tensions in Middle East.

Fig 7 – Commodities

| | 14-06-2024 | 17-06-2024 | % change |
|-------------------------|------------|------------|----------|
| Brent crude (US\$/bbl) | 82.6 | 84.3 | 2.0 |
| Gold (US\$/ Troy Ounce) | 2,333.0 | 2,319.1 | (0.6) |
| Copper (US\$/ MT) | 9,615.5 | 9,536.8 | (0.8) |
| Zinc (US\$/MT) | 2,715.6 | 2,764.5 | 1.8 |
| Aluminium (US\$/MT) | 2,517.5 | 2,501.5 | (0.6) |

Source: Bloomberg, Bank of Baroda Research



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