

## MORNING MOCHA

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ECONOMIST

Dipanwita Mazumdar

Flash PMI data of US showed that the economy is holding ground with services index expected to climb up to its 26-month high. Business confidence and employment scenario also improved. Investors are closely eyeing the PCE data, widely gauged by Fed, where some softening is anticipated (est.: 2.6%). Flash PMI readings of other economies such as Eurozone and UK showed some strain. Elsewhere, in Japan, yen continued to reel under pressure amidst officials' comments to take appropriate steps, to control excessive foreign exchange movement. On domestic front, MPC members remained confident on growth and raising doubts on the pace of disinflation. Some members spoke of normalisation in policy. In a separate news, GST Council announced few measures for easing compliance.

- Barring Dow Jones (flat), other global indices ended lower. S&P 500 closed in the red and was dragged down by losses in the technology sector. Amongst other indices, Hang Seng (1.7%) dropped the most followed by FTSE (0.4%). Sensex too ended lower amidst subdued global cues and selling pressure from oil & gas and FMCG stocks. It is trading lower today in line with Asian indices.

**Fig 1 – Stock markets**

	20-06-2024	21-06-2024	Change, %
Dow Jones	39,135	39,150	0
S & P 500	5,473	5,465	(0.2)
FTSE	8,272	8,238	(0.4)
Nikkei	38,633	38,596	(0.1)
Hang Seng	18,335	18,029	(1.7)
Shanghai Comp	3,005	2,998	(0.2)
Sensex	77,479	77,210	(0.3)
Nifty	23,567	23,501	(0.3)

Source: Bloomberg, Bank of Baroda Research

- Except CNY (flat) and INR (higher), other global currencies ended lower against the dollar. The greenback strengthened (0.2%) and the focus now shifts towards upcoming PCE data. The yen continued to weaken further and remained under pressure. INR appreciated amidst the dip in oil prices. It is trading stronger today while other Asian currencies are trading mixed.

**Fig 2 – Currencies**

	20-06-2024	21-06-2024	Change, %
EUR/USD (1 EUR / USD)	1.0702	1.0693	(0.1)
GBP/USD (1 GBP / USD)	1.2657	1.2645	(0.1)
USD/JPY (JPY / 1 USD)	158.93	159.80	(0.5)
USD/INR (INR / 1 USD)	83.65	83.54	0.1
USD/CNY (CNY / 1 USD)	7.2604	7.2610	0

Source: Bloomberg, Bank of Baroda



- Global yields ended mixed. US 10Y yield closed broadly unchanged as macro data was mixed. Flash composite PMI in US edged up, while housing sales declined. 10Y yield in China inched up sharply. A decline in industrial production in Germany weighed on bond yields in the region. India's 10Y yield dipped marginally by 1bps. It is trading further lower at 6.96% today.

**Fig 3 – Bond 10Y yield**

	20-06-2024	21-06-2024	Change, bps
US	4.26	4.26	0
UK	4.06	4.09	3
Germany	2.43	2.41	(2)
Japan	0.96	0.98	2
China	2.25	2.31	6
India	6.98	6.97	(1)

Source: Bloomberg, Bank of Baroda Research

**Fig 4 – Short term rates**

	20-06-2024	21-06-2024	change in bps
Tbill-91 days	6.81	6.79	(2)
Tbill-182 days	6.95	6.94	(1)
Tbill-364 days	6.98	6.96	(2)
G-Sec 2Y	6.96	6.94	(1)
India OIS-2M	6.70	6.70	(0)
India OIS-9M	6.76	6.77	1
SONIA int rate benchmark	5.20	5.20	0
US SOFR	5.33	5.33	0

Source: Bloomberg, Bank of Baroda Research

**Fig 5 – Liquidity**

Rs tn	20-06-2024	21-06-2024	change (Rs tn)
Net Liquidity (-Surplus/+deficit)	1.5	1.6	0.1
Reverse Repo	0	0	0
Repo	0.8	1.8	1.0

Source: RBI, Bank of Baroda Research

**Fig 6 – Capital market flows**

	20-06-2024	21-06-2024	change (US\$ mn/Rs cr)
FII (US\$ mn)	1,200.9	262.0	(938.9)
Debt	101.0	112.6	11.6
Equity	1,099.9	149.4	(950.5)
Mutual funds (Rs cr)	(817.4)	2,592.0	3,409.3
Debt	(1,608.0)	(71.8)	1,536.2
Equity	790.6	2,663.8	1,873.2

Source: Bloomberg, Bank of Baroda Research| Note: Mutual Fund data as of 14 June and 18 June 2024

- Oil prices moderated weighed in by stronger dollar.

**Fig 7 – Commodities**

	20-06-2024	21-06-2024	% change
Brent crude (US\$/bbl)	85.7	85.2	(0.5)
Gold (US\$/ Troy Ounce)	2,360.1	2,322.0	(1.6)
Copper (US\$/ MT)	9,647.20	9,721.5	0.8
Zinc (US\$/MT)	2,813.60	2,816.0	0.1
Aluminium (US\$/MT)	2,499.00	2,521.5	0.9

Source: Bloomberg, Bank of Baroda Research, Note: Copper, Zinc and aluminium as of previous trading day



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**Chief Economist**

Bank of Baroda

+91 22 6698 5143

chief.economist@bankofbaroda.com