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China's GDP growth slowed more than expected in Q2CY24 to 4.7% (est.: 5.1%) and 5.3% growth noted in Q1. Weakness in property sector and jobs scarcity, dented domestic demand. Even retail sales growth eased in Jun'24, to 2% (est.: 3.3%) from 3.7% in May'24. Industrial production (5.3% in Jun'24 versus 5.6% in May'24) and FAI growth (3.9% in H1 versus 4% between Jan-May'24) too noted moderation. Investors are now expecting announcement of government measures, to stimulate demand. Separately in the US, PPI inched in Jun'24 to 2.6% (est.: 2.3%) from 2.2% in May'24. Core PPI also rose, signalling underlying price pressures. However, with CPI under control, investors continue to expect Fed to cut rates in Sep'24. In India, CPI inflation rose to 5.1% in Jun'24 up from 4.75% in May'24, led by higher food prices. IIP growth improved to 5.9% in May'24 from 5% in Apr'24.

- Except Nikkei (lower) and Shanghai Comp (flat), other global indices ended higher. US stocks closed in green amidst growing expectations of rate cut as given the moderation in CPI print. Hang Seng continued to climb higher. Sensex surged by 0.8% supported by strong gain in IT stocks. It is trading higher today, while Asian stocks are trading lower.

Fig 1 – Stock markets

	11-07-2024	12-07-2024	Change, %
Dow Jones	39,754	40,001	0.6
S & P 500	5,585	5,615	0.6
FTSE	8,223	8,253	0.4
Nikkei	42,224	41,191	(2.4)
Hang Seng	17,832	18,293	2.6
Shanghai Comp	2,970	2,971	0
Sensex	79,897	80,519	0.8
Nifty	24,316	24,502	0.8

Source: Bloomberg, Bank of Baroda Research

- Barring INR (flat), other global currencies ended higher. DXY retreated further by 0.3% as softer CPI data strengthened rate cut expectations. Investors are pricing in ~88% chance of a 25bps cut in Sep'24. JPY continued to appreciate amidst news of a possible intervention. INR is trading at similar levels today while other Asian currencies are trading mixed.

Fig 2 – Currencies

	11-07-2024	12-07-2024	Change, %
EUR/USD (1 EUR / USD)	1.0868	1.0907	0.4
GBP/USD (1 GBP / USD)	1.2915	1.2988	0.6
USD/JPY (JPY / 1 USD)	158.84	157.83	0.6
USD/INR (INR / 1 USD)	83.57	83.54	0
USD/CNY (CNY / 1 USD)	7.2579	7.2504	0.1

Source: Bloomberg, Bank of Baroda



- Global yields closed mixed. 10Y yields in US and Japan fell, while they inched up in UK and Germany. Softer CPI print in the US has raised the probability of a Fed rate cut in Sep'24. In UK, sticky inflation and rebound in GDP growth, has raised uncertainty around the timing of rate cut by BoE. India's 10Y yield ended flat, and is trading at broadly similar levels even today (7%).

Fig 3 – Bond 10Y yield

	11-07-2024	12-07-2024	Change, bps
US	4.21	4.18	(3)
UK	4.07	4.11	4
Germany	2.46	2.50	3
Japan	1.09	1.07	(3)
China	2.26	2.26	0
India	6.98	6.99	0

Source: Bloomberg, Bank of Baroda Research

Fig 4 – Short term rates

	11-07-2024	12-07-2024	change in bps
Tbill-91 days	6.73	6.74	1
Tbill-182 days	6.85	6.84	(1)
Tbill-364 days	6.90	6.92	2
G-Sec 2Y	6.93	6.92	(1)
India OIS-2M	6.67	6.67	0
India OIS-9M	6.73	6.73	(1)
SONIA int rate benchmark	5.20	5.20	0
US SOFR	5.34	5.34	0

Source: Bloomberg, Bank of Baroda Research

Fig 5 – Liquidity

Rs tn	11-07-2024	12-07-2024	change (Rs tn)
Net Liquidity (-Surplus/+deficit)	(1.3)	(1.4)	(0.1)
Reverse Repo	0.5	0	(0.5)
Repo	0	0	0

Source: RBI, Bank of Baroda Research

Fig 6 – Capital market flows

	10-07-2024	11-07-2024	change (US\$ mn/Rs cr)
FII (US\$ mn)	339.3	125.9	(213.4)
Debt	77.7	84.4	6.7
Equity	261.6	41.5	(220.1)
Mutual funds (Rs cr)	1,273.3	1,453.0	179.7
Debt	293.0	535.2	242.2
Equity	980.3	917.8	(62.5)

Source: Bloomberg, Bank of Baroda Research| Note: Mutual Fund data as of 9 Jul and 10 Jul 2024

- Oil prices fell, amidst disappointing China's import data.

Fig 7 – Commodities

	11-07-2024	12-07-2024	% change
Brent crude (US\$/bbl)	85.4	85.0	(0.4)
Gold (US\$/ Troy Ounce)	2,415.5	2,411.4	(0.2)
Copper (US\$/ MT)	9,628.0	9,726.9	1.0
Zinc (US\$/MT)	2,899.5	2,884.6	(0.5)
Aluminium (US\$/MT)	2,476.5	2,481.0	0.2

Source: Bloomberg, Bank of Baroda Research



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