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Flash PMIs of major economies painted an optimistic picture of global economy. Composite PMIs in US, UK, Japan and India improved significantly in Jul'24, while it dipped in Eurozone. The improvement in US and Japan was led by services activity, even as manufacturing activity contracted. In India, there was an improvement in both services and manufacturing PMI. On the global front, focus of investors remains on US core PCE data and Q2 GDP data. This will set the tone for the Fed meeting next week. BoJ meeting is also scheduled for next week, with expectations that the policy makers are likely to set the tone for interest rate hikes in later part of the year. In India, markets continue to evaluate the impact of Budget announcements. Progress of monsoon has been good, with rainfall now 1.4% above LPA.

- Global stocks declined. Lacklustre earnings results from major US firms led to a sell-off in US equity markets. Technology stocks led the decline. Investors also monitored flash PMI readings of major economies. Stocks in Asia also ended in red, led by Hang Seng. Sensex declined further by 0.3%, led by heavy losses in banking stocks. It is trading further lower today, in line with other Asian indices.

Fig 1 – Stock markets

	23-07-2024	24-07-2024	Change, %
Dow Jones	40,358	39,854	(1.2)
S & P 500	5,556	5,427	(2.3)
FTSE	8,167	8,154	(0.2)
Nikkei	39,594	39,155	(1.1)
Hang Seng	17,469	17,311	(0.9)
Shanghai Comp	2,915	2,902	(0.5)
Sensex	80,429	80,149	(0.3)
Nifty	24,479	24,414	(0.3)

Source: Bloomberg, Bank of Baroda Research

- Global currencies ended mixed. DXY declined by 0.1% amidst mixed macro data. Traders await US PCE and GDP data due later in the week. On the other hand, JPY rose further by 1.1% ahead of BoJ meeting. INR slipped further to another historic low. It is trading flat today, while other Asian currencies are trading mixed.

Fig 2 – Currencies

	23-07-2024	24-07-2024	Change, %
EUR/USD (1 EUR / USD)	1.0854	1.0840	(0.1)
GBP/USD (1 GBP / USD)	1.2908	1.2907	0
USD/JPY (JPY / 1 USD)	155.59	153.89	1.1
USD/INR (INR / 1 USD)	83.69	83.72	0
USD/CNY (CNY / 1 USD)	7.2748	7.2635	0.2

Source: Bloomberg, Bank of Baroda



- Except India, other global yields broadly closed higher. 10Y yields in both US and UK increased by 3bps each. Investors assessed improvement in composite PMIs in the respective regions. Germany's 10Y yield ended flat as economic activity in the region continued to remain muted. India's 10Y yield declined by 1bps. It opened flat at 6.96% today.

Fig 3 – Bond 10Y yield

	23-07-2024	24-07-2024	Change, bps
US	4.25	4.28	3
UK	4.12	4.16	3
Germany	2.44	2.44	0
Japan	1.07	1.08	2
China	2.23	2.23	0
India	6.97	6.96	(1)

Source: Bloomberg, Bank of Baroda Research

Fig 4 – Short term rates

	23-07-2024	24-07-2024	change in bps
Tbill-91 days	6.71	6.70	(1)
Tbill-182 days	6.82	6.81	(1)
Tbill-364 days	6.83	6.83	0
G-Sec 2Y	6.91	6.88	(4)
India OIS-2M	6.63	6.63	0
India OIS-9M	6.70	6.69	(1)
SONIA int rate benchmark	5.20	5.20	0
US SOFR	5.33	5.34	1

Source: Bloomberg, Bank of Baroda Research

Fig 5 – Liquidity

Rs tn	23-07-2024	24-07-2024	change (Rs tn)
Net Liquidity (-Surplus/+deficit)	(0.4)	(0.6)	(0.2)
Reverse Repo	0.1	0.1	0
Repo	0	0	0

Source: RBI, Bank of Baroda Research

Fig 6 – Capital market flows

	22-07-2024	23-07-2024	change (US\$ mn/Rs cr)
FII (US\$ mn)	1,002.0	109.5	(892.4)
Debt	4.4	294.6	290.3
Equity	997.6	(185.1)	(1,182.7)
Mutual funds (Rs cr)	(2,395.7)	(428.4)	1,967.4
Debt	(496.6)	(399.5)	97.1
Equity	(1,899.1)	(28.8)	1,870.3

Source: Bloomberg, Bank of Baroda Research| Note: Mutual Fund data as of 18 Jul and 19 Jul 2024

- Oil prices rose amidst a decline in US crude inventories.

Fig 7 – Commodities

	23-07-2024	24-07-2024	% change
Brent crude (US\$/bbl)	81.0	81.7	0.9
Gold (US\$/ Troy Ounce)	2,409.6	2,397.7	(0.5)
Copper (US\$/ MT)	9,046.7	8,976.4	(0.8)
Zinc (US\$/MT)	2,627.6	2,624.5	(0.1)
Aluminium (US\$/MT)	2,295.0	2,300.5	0.2

Source: Bloomberg, Bank of Baroda Research



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