

**MORNING MOCHA**

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 ECONOMIST  
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Global markets remained on vigil tracking host of macro releases. In the US, growth indicators pointed towards resilience with annualised GDP QoQ rising more than expected by 2.8% (est.: 2%) in Q2. This was supported by buoyant recovery in consumption demand. To supplement, even jobless claims especially the continuing claims moderated. Traders are likely to balance these events against the anticipation of rate cut by Fed. Elsewhere, in Germany, IFO business climate index softened indicating a bleak economic recovery. In Japan, core Tokyo CPI remained sticky, thus rate hike expectations for BoJ still reigned in. On domestic front, short end part of India's yield curve is showing some downward momentum. Government's move to pay off its short-term debt has acted as a positive market signal.

- Barring FTSE and Dow Jones, other major global indices ended lower. US stocks were mixed as investors assessed varied macro prints such as higher GDP growth, decline in durable goods orders and lower jobless claims. In Asia, Nikkei saw a sharp sell-off, as a rally in Yen weighed on investor sentiments. Sensex declined by 0.1%, led by losses in real estate and banking stocks. It is however trading higher today, in line with other Asian indices.

**Fig 1 – Stock markets**

	24-07-2024	25-07-2024	Change, %
Dow Jones	39,854	39,935	0.2
S & P 500	5,427	5,399	(0.5)
FTSE	8,154	8,186	0.4
Nikkei	39,155	37,870	(3.3)
Hang Seng	17,311	17,005	(1.8)
Shanghai Comp	2,902	2,887	(0.5)
Sensex	80,149	80,040	(0.1)
Nifty	24,414	24,406	0

Source: Bloomberg, Bank of Baroda Research

- Global currencies ended mixed. DXY ended broadly stable as investors monitored US macro data. Amongst other currencies, GBP depreciated the most. INR recovered marginally but traded close to its record-low amidst weakness in domestic equity markets. It is trading weaker today, while other Asian currencies are trading mixed.

**Fig 2 – Currencies**

	24-07-2024	25-07-2024	Change, %
EUR/USD (1 EUR / USD)	1.0840	1.0846	0.1
GBP/USD (1 GBP / USD)	1.2907	1.2851	(0.4)
USD/JPY (JPY / 1 USD)	153.89	153.94	0
USD/INR (INR / 1 USD)	83.72	83.71	0
USD/CNY (CNY / 1 USD)	7.2635	7.2469	0.2

Source: Bloomberg, Bank of Baroda



- Global yields closed lower. US 10Y yield has fallen the most albeit resilient economic data as market has already priced in a Sep cut by Fed. Germany and UK's 10Y yield softened tracking weaker IFO and CBI Trends order data, respectively. China's 10Y yield hit its record low as woes over recovery continued. India's 10Y yield inched a tad lower and is trading at 6.94% today.

**Fig 3 – Bond 10Y yield**

	24-07-2024	25-07-2024	Change, bps
US	4.28	4.24	(4)
UK	4.16	4.13	(3)
Germany	2.44	2.42	(3)
Japan	1.08	1.06	(2)
China	2.23	2.21	(2)
India	6.96	6.95	(1)

Source: Bloomberg, Bank of Baroda Research

**Fig 4 – Short term rates**

	24-07-2024	25-07-2024	change in bps
Tbill-91 days	6.70	6.73	3
Tbill-182 days	6.81	6.79	(2)
Tbill-364 days	6.83	6.80	(3)
G-Sec 2Y	6.88	6.83	(5)
India OIS-2M	6.63	6.63	0
India OIS-9M	6.69	6.68	(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	25-07-2024	26-07-2024	change (Rs tn)
Net Liquidity (-Surplus/+deficit)	(0.6)	(0.9)	(0.3)
Reverse Repo	0.1	0.1	0
Repo	0	0	0

Source: RBI, Bank of Baroda Research

**Fig 6 – Capital market flows**

	23-07-2024	24-07-2024	change (US\$ mn/Rs cr)
FII (US\$ mn)	109.5	(397.2)	(506.7)
Debt	294.6	22.0	(272.7)
Equity	(185.1)	(419.1)	(234.0)
Mutual funds (Rs cr)	174.4	(2,252.3)	(2,426.7)
Debt	833.9	(1,319.1)	(2,153.0)
Equity	(659.5)	(933.1)	(273.6)

Source: Bloomberg, Bank of Baroda Research, Note: MF data as of 19<sup>th</sup> and 22<sup>nd</sup> Jul

- Oil prices increased amid expectations of strong demand from US.

**Fig 7 – Commodities**

	24-07-2024	25-07-2024	% change
Brent crude (US\$/bbl)	81.7	82.4	0.8
Gold (US\$/ Troy Ounce)	2,397.7	2,364.6	(1.4)
Copper (US\$/ MT)	8,976.4	9,003.5	0.3
Zinc (US\$/MT)	2,624.5	2,625.9	0.1
Aluminium (US\$/MT)	2,300.5	2,270.5	(1.3)

Source: Bloomberg, Bank of Baroda Research



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