

MORNING MOCHA

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 ECONOMIST
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In the US, new orders for durable goods surged by 9.9% in Jul'24 (highest in 4-years) on a MoM basis after declining by (-) 6.9% in Jun'24. This was largely attributed to jump in transportation equipment (up by 34.8%). Excluding the transportation sector, the new orders were up by 0.2% in Jul'24 (0.1% in Jun'24). Notably the core-capital goods orders declined at a much slower pace (-0.1% from -0.4%). Separately, China's industrial profits rose at a much faster pace by 4.1% in Jul'24 period from 3.6% in Jun'24 period. For the period between Jan-Jul'24, profits expanded by 3.6% (from 3.5%) to 4.1tn Yuan (US\$ 751bn) led by high-tech manufacturing sector and the making of lithium ion batteries and semiconductors.

- Global indices ended mixed. S&P 500 ended in red ahead of key inflation data and earnings report. Out of 11 indices, 6 declined with sharp losses noted in IT and consumer sector. Nikkei was down by 0.7% while Hang Seng jumped by 1.1%. Sensex climbed up by 0.8% led by gains in metal and real estate stocks. Sensex is trading higher today, while other Asian stocks are trading lower.

Fig 1 – Stock markets

	23-08-2024	26-08-2024	Change, %
Dow Jones	41,175	41,241	0.2
S & P 500	5,635	5,617	(0.3)
FTSE	8,288	8,328	0.5
Nikkei	38,364	38,110	(0.7)
Hang Seng	17,612	17,799	1.1
Shanghai Comp	2,854	2,856	0
Sensex	81,086	81,698	0.8
Nifty	24,823	25,011	0.8

Source: Bloomberg, Bank of Baroda Research Note: UK markets were closed on 26.8.24

- Global currencies ended lower/flat against the US\$. DXY rose by 0.1%, as latest US macro data dampened hopes of a large rate cut by Fed in Sep'24. EUR and JPY depreciated the most. Continuously weakening economic sentiment in Germany (IFO) remains a worry for the Euro. INR ended flat, tracking rise in oil prices. It is trading lower today, in line with other Asian currencies.

Fig 2 – Currencies

	23-08-2024	26-08-2024	Change, %
EUR/USD (1 EUR / USD)	1.1192	1.1161	(0.3)
GBP/USD (1 GBP / USD)	1.3091	1.3214	0.9
USD/JPY (JPY / 1 USD)	144.37	144.53	(0.1)
USD/INR (INR / 1 USD)	83.90	83.90	0
USD/CNY (CNY / 1 USD)	7.1209	7.1220	0

Source: Bloomberg, Bank of Baroda Note: UK markets were closed on 26.8.24

- Global yields closed mixed. 10Y yields in US and Germany rose by 2bps each, while it fell in Japan and India. Surprise jump in US durable goods orders, along



with risks to oil prices due to escalated tensions in the Middle East, impacted investor sentiments. India's 10Y yield fell by 1bps. However, following global cues, it is trading slightly higher today at 6.86%.

Fig 3 – Bond 10Y yield

	23-08-2024	26-08-2024	Change, bps
US	3.80	3.82	2
UK	3.96	3.91	(5)
Germany	2.23	2.25	2
Japan	0.90	0.89	(1)
China	2.16	2.16	1
India	6.86	6.85	(1)

Source: Bloomberg, Bank of Baroda Research Note: UK markets were closed on 26.8.24

Fig 4 – Short term rates

	23-08-2024	26-08-2024	change in bps
Tbill-91 days	6.62	6.62	0
Tbill-182 days	6.71	6.70	(1)
Tbill-364 days	6.71	6.71	0
G-Sec 2Y	6.77	6.76	(1)
India OIS-2M	6.59	6.59	0
India OIS-9M	6.56	6.52	(4)
SONIA int rate benchmark	4.95	4.95	0
US SOFR	5.31	5.33	2

Source: Bloomberg, Bank of Baroda Research

Fig 5 – Liquidity

Rs tn	23-08-2024	26-08-2024	change (Rs tn)
Net Liquidity (-Surplus/+deficit)	(1.0)	(0.8)	0.2
Reverse Repo	0	0.2	0.2
Repo	0	0	0

Source: RBI, Bank of Baroda Research

Fig 6 – Capital market flows

	22-08-2024	23-08-2024	change (US\$ mn/Rs cr)
FII (US\$ mn)	(1.7)	643.8	645.4
Debt	(222.3)	180.9	403.2
Equity	220.6	462.8	242.2
Mutual funds (Rs cr)	(559.5)	(1,712.7)	(1,153.2)
Debt	(3,235.0)	(4,852.7)	(1,617.8)
Equity	2,675.5	3,140.1	464.6

Source: Bloomberg, Bank of Baroda Research | Note: Data for Mutual Funds as of 20 Aug and 21 Aug 2024

- Oil prices rose, amidst ongoing geo-political tensions and Libya's threat to halt output.

Fig 7 – Commodities

	23-08-2024	26-08-2024	% change
Brent crude (US\$/bbl)	79.0	81.4	3.0
Gold (US\$/ Troy Ounce)	2,512.6	2,518.0	0.2
Copper (US\$/ MT)	9,010.3	9,173.4	1.8
Zinc (US\$/MT)	2,817.4	2,868.0	1.8
Aluminium (US\$/MT)	2,480.0	2,542.0	2.5

Source: Bloomberg, Bank of Baroda Research Note: UK markets were closed on 26.8.24



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