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Policy announcement by PBoC was amongst the biggest stimulus measures since the pandemic and included more rate cuts along with funding packages. These measures by China fuelled global rally. Separately, US consumer confidence declined to 98.7 in Sep'24 (largest dip since Aug'21) from 105.6 in Aug'24. According to the CME Fed watch tool, the probability of 50bps rate cut in Nov'24 jumped to 60.4% (53% earlier). RBA in its latest policy meet has kept the rates on hold (at 4.35%) and maintained hawkish stance amidst higher inflation and uncertainty on economic outlook. On domestic front, Moody's has revised India's growth forecast from 6.8% (earlier 7.1%) in CY24 amidst expectation that growth in APAC region will outpace global economy.

- Barring Sensex, other global markets ended higher. The announcement of stimulus measures by China boosted global sentiments. US indices continued the uptrend despite lower than expected consumer confidence data (98.7 from 105.6). Amongst other indices, Shanghai Comp rose the most followed by Hang Seng. Sensex ended flat. However, it is trading lower today while other Asian indices are trading higher.

Fig 1 – Stock markets

	23-09-2024	24-09-2024	Change, %
Dow Jones	42,125	42,208	0.2
S & P 500	5,719	5,733	0.3
FTSE	8,260	8,283	0.3
Nikkei	37,724	37,941	0.6
Hang Seng	18,247	19,001	4.1
Shanghai Comp	2,749	2,863	4.2
Sensex	84,929	84,914	0
Nifty	25,939	25,940	0

Source: Bloomberg, Bank of Baroda Research

- Except INR (lower), other major global currencies rose against the US\$. DXY fell by (-) 0.4%, tracking decline in treasury yields. EUR and GBP appreciated the most. GBP rose to highest levels since Mar'22, as BoE is expected to cut rates less aggressively than Fed. INR depreciated, as oil prices rose. However, it is trading sharply higher today, in line with other Asian currencies.

Fig 2 – Currencies

	23-09-2024	24-09-2024	Change, %
EUR/USD (1 EUR / USD)	1.1111	1.1180	0.6
GBP/USD (1 GBP / USD)	1.3347	1.3413	0.5
USD/JPY (JPY / 1 USD)	143.61	143.23	0.3
USD/INR (INR / 1 USD)	83.56	83.67	(0.1)
USD/CNY (CNY / 1 USD)	7.0521	7.0318	0.3

Source: Bloomberg, Bank of Baroda



- Except UK and China (higher), other global yields inched down. Japan's 10Y yield fell the most, followed by US. Sharp decline in US consumer confidence impacted yields. In case of Japan, analysts expect delay in rate hike, as BoJ continues to signal a dovish stance. India's 10Y yield also fell by 1bps. It is trading even lower today, at 6.75%, tracking global cues.

Fig 3 – Bond 10Y yield

	23-09-2024	24-09-2024	Change, bps
US	3.75	3.73	(2)
UK	3.92	3.94	2
Germany	2.16	2.15	(1)
Japan	0.85	0.82	(3)
China	2.04	2.06	3
India	6.77	6.76	(1)

Source: Bloomberg, Bank of Baroda Research

Fig 4 – Short term rates

	23-09-2024	24-09-2024	change in bps
Tbill-91 days	6.55	6.54	(1)
Tbill-182 days	6.59	6.57	(2)
Tbill-364 days	6.57	6.55	(2)
G-Sec 2Y	6.67	6.69	1
India OIS-2M	6.62	6.62	0
India OIS-9M	6.44	6.44	0
SONIA int rate benchmark	4.95	4.95	0
US SOFR	4.83	4.83	0

Source: Bloomberg, Bank of Baroda Research

Fig 5 – Liquidity

Rs tn	23-09-2024	24-09-2024	change (Rs tn)
Net Liquidity (-Surplus/+deficit)	0.3	0.3	0
Reverse Repo	0	0	0
Repo	0.3	0.3	0

Source: RBI, Bank of Baroda Research

Fig 6 – Capital market flows

	20-09-2024	23-09-2024	change (US\$ mn/Rs cr)
FII (US\$ mn)	1,878.5	261.2	(1,617.2)
Debt	60.2	18.0	(42.2)
Equity	1,818.3	243.3	(1,575.0)
Mutual funds (Rs cr)	270.7	(2,671.3)	(2,942.0)
Debt	(4,354.4)	(179.7)	4,174.7
Equity	4,625.1	(2,491.7)	(7,116.7)

Source: Bloomberg, Bank of Baroda Research | Note: Data for Mutual Funds as of 19th and 20th Sep 2024

- Oil prices rose, led by China's stimulus announcement.

Fig 7 – Commodities

	23-09-2024	24-09-2024	% change
Brent crude (US\$/bbl)	73.9	75.2	1.7
Gold (US\$/ Troy Ounce)	2,628.7	2,657.1	1.1
Copper (US\$/ MT)	9,413.1	9,665.3	2.7
Zinc (US\$/MT)	2,847.4	2,974.7	4.5
Aluminium (US\$/MT)	2,494.5	2,556.0	2.5

Source: Bloomberg, Bank of Baroda Research



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