

MORNING MOCHA

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 ECONOMIST
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Major data releases from China lifted hopes of a possible rebound in the economy. Better than anticipated GDP along with uptick in both industrial output and retail sales print supported the narrative. Additionally, PBoC launched another set of stimulus measures with 2-funding schemes with the objective to support the capital market and this is expected to pump in US\$ 112.4bn. Separately, In US, stronger data as reflected by pick up in retail sales and lower jobless claims eased fears of slowdown. Furthermore, bets of aggressive rate cuts by Fed has also moderated. Fed President Bostic also recently commented to be patient with rate cuts and stated recession is not underway or likely at this time. Investors are pricing in 2 rate cuts of 25bps each before the end of the year.

- Barring FTSE, other global indices ended higher. Hang Seng and Shanghai Comp were the biggest gainers amidst better than expected GDP print from China. US indices ended in green supported by strong earnings report. Sensex advanced further led by gains in banking and metal stocks. **It is trading higher today, while Asian stocks are trading mixed.**

Fig 1 – Stock markets

	17-10-2024	18-10-2024	Change, %
Dow Jones	43,239	43,276	0.1
S & P 500	5,841	5,865	0.4
FTSE	8,385	8,358	(0.3)
Nikkei	38,911	38,982	0.2
Hang Seng	20,079	20,804	3.6
Shanghai Comp	3,169	3,262	2.9
Sensex	81,007	81,225	0.3
Nifty	24,750	24,854	0.4

Source: Bloomberg, Bank of Baroda Research

- Except INR, other global currencies ended stronger as the dollar rally took a breather. DXY declined by 0.3% amidst an improvement in global risk appetite. CNY rose by 0.3% as the government unveiled measures aimed at boosting the stock markets. INR languished near its record-low due to FPI outflows. **It is trading higher today, while other Asian currencies are trading mixed.**

Fig 2 – Currencies

	17-10-2024	18-10-2024	Change, %
EUR/USD (1 EUR / USD)	1.0831	1.0867	0.3
GBP/USD (1 GBP / USD)	1.3011	1.3052	0.3
USD/JPY (JPY / 1 USD)	150.21	149.53	0.5
USD/INR (INR / 1 USD)	84.07	84.07	0
USD/CNY (CNY / 1 USD)	7.1229	7.1023	0.3

Source: Bloomberg, Bank of Baroda



- Global yields closed mixed monitoring escalating geopolitical tensions and anticipation of staggered monetary easing. Yields in UK and Germany softened. Better retail sales print in the UK also couldn't cap its yield. China's 10Y yield inched up supported by better macro data. India's 10Y yield rose by 4bps as RBI's Governor speech hinted at cautious approach. It is trading at 6.8% today.

Fig 3 – Bond 10Y yield

	17-10-2024	18-10-2024	Change, bps
US	4.09	4.08	(1)
UK	4.09	4.06	(3)
Germany	2.21	2.18	(3)
Japan	0.97	0.98	1
China	2.12	2.12	1
India	6.78	6.82	4

Source: Bloomberg, Bank of Baroda Research

Fig 4 – Short term rates

	17-10-2024	18-10-2024	change in bps
Tbill-91 days	6.44	6.45	1
Tbill-182 days	6.54	6.53	(1)
Tbill-364 days	6.53	6.53	0
G-Sec 2Y	6.62	6.64	2
India OIS-2M	6.58	6.59	1
India OIS-9M	6.49	6.50	1
SONIA int rate benchmark	4.95	4.95	0
US SOFR	4.86	4.86	0

Source: Bloomberg, Bank of Baroda Research

Fig 5 – Liquidity

Rs tn	17-10-2024	18-10-2024	change (Rs tn)
Net Liquidity (-Surplus/+deficit)	(1.8)	(2.1)	(0.3)
Reverse Repo	0.7	0	(0.7)
Repo	0	0	0

Source: RBI, Bank of Baroda Research

Fig 6 – Capital market flows

	16-10-2024	17-10-2024	change (US\$ mn/Rs cr)
FII (US\$ mn)	(343.6)	(901.0)	(557.4)
Debt	(38.6)	(31.9)	6.7
Equity	(305.0)	(869.1)	(564.1)
Mutual funds (Rs cr)	(3,118.4)	(1,375.2)	1,743.2
Debt	(3,813.0)	(3,407.8)	405.2
Equity	694.7	2,032.7	1,338.0

Source: Bloomberg, Bank of Baroda Research | Note: Data for Mutual Funds as of 14th and 15th Oct

- Oil prices slipped amidst subdued demand from China.

Fig 7 – Commodities

	17-10-2024	18-10-2024	% change
Brent crude (US\$/bbl)	74.5	73.1	(1.9)
Gold (US\$/ Troy Ounce)	2,692.7	2,721.5	1.1
Copper (US\$/ MT)	9,384.9	9,503.0	1.3
Zinc (US\$/MT)	3,044.3	3,103.2	1.9
Aluminium (US\$/MT)	2,553.5	2,612.0	2.3

Source: Bloomberg, Bank of Baroda Research



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