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US private payrolls increased by 143,000 in Sep'24 beating estimates of a 120,000 increase. This followed an increase of 103,000 in Aug'24 and signals continued strength in the labour market. The data has reinforced view that another super-sized rate cut is unlikely. Similar comments were also echoed by Richmond Fed President, who remained cautious on inflation outlook. The probability of a 50bps rate cut in Nov'24 has declined to 36% from 57% last week. Separately, Japan's services PMI dipped marginally to 53.1 from 53.7 in Aug'25, led by a dip in business confidence. Earlier, Japan's Prime Minister pushed back against the possibility of further rate hikes after a meeting with BoJ Governor, hinting that rate hikes in 2024 are unlikely. Tensions in Middle East continued to simmer which can have potential impact on oil prices, which have so far remained largely range-bound.

- Barring Nikkei, global markets broadly closed higher. A positive surprise in the ADP private payroll data reinforced confidence in US labour market. This supported the narrative of a soft landing. Stimulus measures in China have also uplifted global stocks worldwide amidst hopes of revival in demand. However, Nikkei fell sharply, led by anticipation of break in monetary policy normalisation. Sensex is trading lower, while Asian stocks are trading mixed.

Fig 1 – Stock markets

	01-10-2024	02-10-2024	Change, %
Dow Jones	42,157	42,197	0.1
S & P 500	5,709	5,710	0
FTSE	8,277	8,291	0.2
Nikkei	38,652	37,809	(2.2)
Hang Seng	21,134	22,444	6.2
Shanghai Comp	3,088	3,336	8.1
Sensex	84,300	84,266	0
Nifty	25,811	25,797	(0.1)

Source: Bloomberg, Bank of Baroda Research | Note: Markets in India and Hong Kong were closed on 2 Oct, Markets in China are closed since 30 Sep

- Global currencies depreciated against the dollar. DXY rose by 0.5% as ADP data showed higher than expected increase in US private payrolls. JPY depreciated sharply amid dovish comments from the new PM. INR is trading weaker today, in line with other Asian currencies.

Fig 2 – Currencies

	01-10-2024	02-10-2024	Change, %
EUR/USD (1 EUR / USD)	1.1068	1.1045	(0.2)
GBP/USD (1 GBP / USD)	1.3286	1.3268	(0.1)
USD/JPY (JPY / 1 USD)	143.57	146.47	(2.0)
USD/INR (INR / 1 USD)	83.80	83.82	0
USD/CNY (CNY / 1 USD)	7.0111	7.0187	(0.1)

Source: Bloomberg, Bank of Baroda | Note: Markets in India were closed on 2 Oct, Markets in China are closed since 30 Sep



- Barring Japan, global yields inched up. Robust increase in US private payrolls has pared back expectations of aggressive easing by Fed. Richmond Fed President also spoke of uncertainty over inflation and unemployment. Fairly robust consumption demand led to a rally in UK's 10Y yield. Japan's 10Y yield reflected dovish rhetoric of new PM. India's 10Y yield is trading at 6.75% today.

Fig 3 – Bond 10Y yield

	01-10-2024	02-10-2024	Change, bps
US	3.73	3.78	5
UK	3.94	4.03	8
Germany	2.04	2.09	6
Japan	0.86	0.83	(3)
China	2.18	2.21	3
India	6.75	6.73	(2)

Source: Bloomberg, Bank of Baroda Research | Note: Markets in India were closed on 2 Oct 2024, Markets in China are closed since 30 Sep 2024

Fig 4 – Short term rates

	30-09-2024	01-10-2024	change in bps
Tbill-91 days	6.40	6.45	5
Tbill-182 days	6.48	6.52	4
Tbill-364 days	6.55	6.55	0
G-Sec 2Y	6.66	6.66	0
India OIS-2M	6.60	6.59	(1)
India OIS-9M	6.44	6.44	0
SONIA int rate benchmark	4.95	4.95	0
US SOFR	4.96	5.05	9

Source: Bloomberg, Bank of Baroda Research | Note: Markets in India were closed on 2 Oct 2024

Fig 5 – Liquidity

Rs tn	30-09-2024	01-10-2024	change (Rs tn)
Net Liquidity (-Surplus/+deficit)	(1.5)	(2.0)	(0.5)
Reverse Repo	0	0	0
Repo	0.3	0.3	0

Source: RBI, Bank of Baroda Research | Note: Markets in India were closed on 2 Oct 2024

Fig 6 – Capital market flows

	27-09-2024	30-09-2024	change (US\$ mn/Rs cr)
FII (US\$ mn)	93.9	(749.4)	(843.3)
Debt	50.4	17.6	(32.8)
Equity	43.5	(767.0)	(810.6)
Mutual funds (Rs cr)	(1,854.6)	7,357.2	9,211.8
Debt	1,288.3	(428.9)	(1,717.3)
Equity	(3,143.0)	7,786.1	10,929.1

Source: Bloomberg, Bank of Baroda Research | Note: Data for Mutual Funds as of 26 Sep and 27 Sep, Note: Markets in India were closed on 2 Oct

- Oil prices rose amid increased tensions in Middle East

Fig 7 – Commodities

	01-10-2024	02-10-2024	% change
Brent crude (US\$/bbl)	73.6	73.9	0.5
Gold (US\$/ Troy Ounce)	2,663.2	2,658.7	(0.2)
Copper (US\$/ MT)	9,840.2	9,943.3	1.0
Zinc (US\$/MT)	3,118.0	3,145.0	0.9
Aluminium (US\$/MT)	2,648.0	2,678.5	1.2

Source: Bloomberg, Bank of Baroda Research



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