

MORNING MOCHA

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 ECONOMIST
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Global markets monitored slew of corporate earnings which remained upbeat. Macro data releases remained mixed giving conflicting signals on call for rates by Fed. US consumer confidence rose to its highest since Mar'21. However, job openings showed some softening with JOLTS data moderating to 7.44mn in Sep'24 from 7.86mn in Aug'24. Elsewhere in UK, BRC shop price index softened while consumer credit remained buoyant. FM of the region has pitched for measures regarding fiscal consolidation. In Australia, CPI dipped to its 3.5 year low, albeit core remaining sticky. This is likely to keep RBA abreast. In China, reports suggested that US\$ 1.4tn stimulus measures are underway in the run up to US elections. On domestic front, GST Council panel has proposed to increase the threshold for affordable housing to boost the real estate sector.

- Global indices ended mixed. Dow Jones, FTSE and Shanghai Comp closed lower, while other indices ended the day higher. Nikkei rose the most, benefiting from weaker Yen. S&P gained, following better than expected earnings report from Alphabet. Sensex also inched up, led by banking, realty and capital good stocks. However, it is trading lower today while Asian stocks are trading mixed.

Fig 1 – Stock markets

	28-10-2024	29-10-2024	Change, %
Dow Jones	42,388	42,233	(0.4)
S & P 500	5,824	5,833	0.2
FTSE	8,286	8,220	(0.8)
Nikkei	38,606	38,904	0.8
Hang Seng	20,599	20,701	0.5
Shanghai Comp	3,322	3,286	(1.1)
Sensex	80,005	80,369	0.5
Nifty	24,339	24,467	0.5

Source: Bloomberg, Bank of Baroda Research

- Global currencies ended flat/higher. DXY was unchanged, as investors digest mixed bag of economic news (lower job openings/higher consumer confidence). Investors now await ADP employment report for more guidance on Fed's rate cut trajectory. INR ended flat, despite continued decline in oil prices. It is trading at similar levels today, while Asian currencies are trading lower.

Fig 2 – Currencies

	28-10-2024	29-10-2024	Change, %
EUR/USD (1 EUR / USD)	1.0812	1.0819	0.1
GBP/USD (1 GBP / USD)	1.2972	1.3015	0.3
USD/JPY (JPY / 1 USD)	153.29	153.36	0
USD/INR (INR / 1 USD)	84.08	84.08	0
USD/CNY (CNY / 1 USD)	7.1293	7.1291	0

Source: Bloomberg, Bank of Baroda



- Global yields closed mixed. UK's 10Y yield sharpened as worries over fiscal slippage persist. Germany's 10Y yield also firmed up, buoyed by an improved consumer confidence data. US 10Y yield softened as job openings moderated signalling loosening labour market conditions. India's 10Y yield fell a tad and is trading lower at 6.83% today.

Fig 3 – Bond 10Y yield

	28-10-2024	29-10-2024	Change, bps
US	4.28	4.25	(3)
UK	4.25	4.32	6
Germany	2.29	2.34	5
Japan	0.98	0.98	0
China	2.16	2.16	0
India	6.87	6.86	(1)

Source: Bloomberg, Bank of Baroda Research

Fig 4 – Short term rates

	25-10-2024	28-10-2024	change in bps
Tbill-91 days	6.56	6.52	(4)
Tbill-182 days	6.60	6.59	(1)
Tbill-364 days	6.59	6.60	1
G-Sec 2Y	6.74	6.72	(2)
India OIS-2M	6.61	6.60	(1)
India OIS-9M	6.61	6.57	(4)
SONIA int rate benchmark	4.95	4.95	0
US SOFR	4.83	4.82	(1)

Source: Bloomberg, Bank of Baroda Research

Fig 5 – Liquidity

Rs tn	28-10-2024	29-10-2024	change (Rs tn)
Net Liquidity (-Surplus/+deficit)	(0.8)	(1.0)	(0.2)
Reverse Repo	0.2	0.3	0.1
Repo	0.3	0.2	(0.1)

Source: RBI, Bank of Baroda Research

Fig 6 – Capital market flows

	25-10-2024	28-10-2024	change (US\$ mn/Rs cr)
FII (US\$ mn)	(202.2)	(438.6)	(236.3)
Debt	157.8	(187.7)	(345.5)
Equity	(360.1)	(250.9)	109.2
Mutual funds (Rs cr)	5,958.8	(12.4)	(5,971.2)
Debt	2,109.7	(3,265.6)	(5,375.3)
Equity	3,849.0	3,253.1	(595.9)

Source: Bloomberg, Bank of Baroda Research| Note: Mutual Fund data as of 24 and 25 Oct 2024

- Oil prices fell, as oil supplies are unlikely to be effected due Iran-Israel tensions.

Fig 7 – Commodities

	28-10-2024	29-10-2024	% change
Brent crude (US\$/bbl)	71.4	71.1	(0.4)
Gold (US\$/ Troy Ounce)	2,742.5	2,774.7	1.2
Copper (US\$/ MT)	9,397.0	9,388.0	(0.1)
Zinc (US\$/MT)	3,169.7	3,143.1	(0.8)
Aluminium (US\$/MT)	2,645.5	2,659.0	0.5

Source: Bloomberg, Bank of Baroda Research



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