

MORNING MOCHA

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ECONOMIST
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Globally, all eyes are set on US Presidential election results as voting ends. Early results indicate a possible victory for Trump. This will push both yields and stocks higher and also benefit US\$. On the macro front, US ISM services PMI showed that activity improved at a healthy pace in Oct'24 with the index at 56 versus 54.9 in Sep'24. This was driven by jump in employment sub-index. New orders also rose, but at a slower pace. In UK, activity in Oct'24 noted slowest pace of growth since Nov'23 (PMI at 52 versus 52.4 in Sep'24), due to lower output levels, export orders and employment. Services activity in Japan contracted in Oct'24 (49.7 from 53.1 in Sep'24), due to weakness in sectors like I&C and real estate & business services. In China, Caixin services PMI rose to 52 in Oct'24 (50.3 in Sep'24), helped by increase in new business. Investors now await details on more fiscal stimulus measures.

- Barring FTSE, other global indices ended higher. Investors turned their focus towards US elections result. Amongst other indices, Shanghai Comp and Hang Seng gained the most, anticipating the unveiling of new stimulus package by the government. Sensex ended in green, supported by gains in banking and metal stocks. It is trading higher today while other Asian indices are trading mixed.

Fig 1 – Stock markets

	4-11-2024	5-11-2024	Change, %
Dow Jones	41,795	42,222	1.0
S & P 500	5,713	5,783	1.2
FTSE	8,184	8,172	(0.1)
Nikkei	38,054	38,475	1.1
Hang Seng	20,568	21,007	2.1
Shanghai Comp	3,310	3,387	2.3
Sensex	78,782	79,477	0.9
Nifty	23,995	24,213	0.9

Source: Bloomberg, Bank of Baroda Research | Note: Markets in Japan were closed on 4 Nov 2024

- Except CNY (lower) and INR (flat), other major currencies ended higher against the US\$. DXY retreated further, ahead of the outcome of the US presidential elections. Euro edged up supported by better than expected report on investor confidence (Sentix: -12.8 from -13.8 in Oct). INR ended flat. It is trading lower today, while other Asian currencies are trading mixed.

Fig 2 – Currencies

	4-11-2024	5-11-2024	Change, %
EUR/USD (1 EUR / USD)	1.0878	1.0930	0.5
GBP/USD (1 GBP / USD)	1.2957	1.3042	0.7
USD/JPY (JPY / 1 USD)	152.13	151.62	0.3
USD/INR (INR / 1 USD)	84.11	84.11	0
USD/CNY (CNY / 1 USD)	7.1009	7.1047	(0.1)

Source: Bloomberg, Bank of Baroda | Note: Markets in Japan were closed on 4 Nov 2024



- Global 10Y yields closed mixed. US10Y was down by 1bps, while yields in UK and Germany inched up. Investors tread cautiously ahead of US election results and Fed's rate decision. In UK, investors await BoE's rate decision, amidst loosening fiscal policy scenario (budget presented last week). India's 10Y yield closed flat. However, tracking global cues, it is trading higher today at 6.86%.

Fig 3 – Bond 10Y yield

	4-11-2024	5-11-2024	Change, bps
US	4.28	4.27	(1)
UK	4.46	4.53	7
Germany	2.40	2.43	3
Japan	0.95	0.94	(1)
China	2.12	2.11	(1)
India	6.83	6.83	0

Source: Bloomberg, Bank of Baroda Research | Note: Markets in Japan were closed on 4 Nov 2024

Fig 4 – Short term rates

	4-10-2024	5-11-2024	change in bps
Tbill-91 days	6.47	6.48	1
Tbill-182 days	6.57	6.58	1
Tbill-364 days	6.58	6.59	1
G-Sec 2Y	6.71	6.72	1
India OIS-2M	6.59	6.59	0
India OIS-9M	6.56	6.57	1
SONIA int rate benchmark	4.95	4.95	0
US SOFR	4.86	4.82	(4)

Source: Bloomberg, Bank of Baroda Research

Fig 5 – Liquidity

Rs tn	4-11-2024	5-11-2024	change (Rs tn)
Net Liquidity (-Surplus/+deficit)	(2.8)	(2.8)	0
Reverse Repo	0.2	1.0	0.8
Repo	0	0	0

Source: RBI, Bank of Baroda Research

Fig 6 – Capital market flows

	31-10-2024	4-11-2024	change (US\$ mn/Rs cr)
FII (US\$ mn)	(149.0)	(561.8)	(412.8)
Debt	367.6	(19.4)	(387.0)
Equity	(516.5)	(542.4)	(25.8)
Mutual funds (Rs cr)	(401.9)	1,584.3	1,986.2
Debt	(0.2)	193.1	193.3
Equity	(401.6)	1,391.2	1,792.8

Source: Bloomberg, Bank of Baroda Research | Note: Mutual Fund data as of 1 and 4 Nov 2024

- Oil prices rose further, supported by weaker US\$, ahead of US election results.

Fig 7 – Commodities

	4-11-2024	5-11-2024	% change
Brent crude (US\$/bbl)	75.1	75.5	0.6
Gold (US\$/ Troy Ounce)	2,736.8	2,744.0	0.3
Copper (US\$/ MT)	9,568.4	9,598.0	0.3
Zinc (US\$/MT)	3,012.9	3,083.6	2.3
Aluminium (US\$/MT)	2,620.0	2,660.0	1.5

Source: Bloomberg, Bank of Baroda Research



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