

**MORNING MOCHA**

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 ECONOMIST  
 Dipanwita Mazumdar

Global markets continued to weigh in a stronger dollar and protectionist policy, post US Presidential Election results. DXY firmed up to its highest since Jul'24. The impact was felt across other asset class such as gold which showed downward correction due to deterrence following stronger dollar. As per reports, US President-elect selection of two key officials in the administration (Mark Rubio and Mike Waltz) might hint at some exceptionalism on China in the near term. Elsewhere, in China, reports suggested that policymakers are considering cutting the deed tax to revive the ailing housing market. Separately in Japan, FM has targeted on sector specific fiscal support, announcing a package of US\$ 65bn for semiconductor and AI sector. On domestic front, all eyes will be on IIP (BoB est.: 2.1%) and CPI data (BoB est.: 5.7%) releases. Any upside surprise in the latter will have a bearing on yield.

- Except Hang Seng and Indian markets, other indices ended higher. US indices closed at record high, supported by stocks that are expected to benefit from Trump's policy changes. Sensex ended flat as gains made by tech and banking stocks were countered by decline in metal, oil & gas and auto stocks. However, it is trading higher today, while Asian indices are trading lower.

**Fig 1 – Stock markets**

	8-11-2024	11-11-2024	Change, %
Dow Jones	43,989	44,293	0.7
S & P 500	5,996	6,001	0.1
FTSE	8,072	8,125	0.7
Nikkei	39,500	39,533	0.1
Hang Seng	20,728	20,427	(1.5)
Shanghai Comp	3,452	3,470	0.5
Sensex	79,486	79,496	0
Nifty	24,148	24,141	0

Source: Bloomberg, Bank of Baroda Research

- Barring INR, other major currencies ended lower. DXY strengthened by 0.5% to hit its highest level since early Jul'24. Renewed uncertainty regarding global growth as President elect Trump is set to announce tariffs early in his presidency, played on investor sentiments. INR was flat amidst drop in oil prices. It is trading tad lower today, in line with other Asian currencies.

**Fig 2 – Currencies**

	8-11-2024	11-11-2024	Change, %
EUR/USD (1 EUR / USD)	1.0718	1.0655	(0.6)
GBP/USD (1 GBP / USD)	1.2921	1.2868	(0.4)
USD/JPY (JPY / 1 USD)	152.64	153.72	(0.7)
USD/INR (INR / 1 USD)	84.38	84.39	0
USD/CNY (CNY / 1 USD)	7.1841	7.2150	(0.4)

Source: Bloomberg, Bank of Baroda



- Global yields softened. Germany's 10Y yield continued to edge down amidst higher frontloading following likely political impasse. UK's 10Y yield also edged a tad ahead of earnings data where some stickiness is expected. India's 10Y yield rose slightly. Any upside surprise in CPI reading will push yields higher. It is trading at 6.83% today.

**Fig 3 – Bond 10Y yield**

	8-11-2024	11-11-2024	Change, bps
US	4.30	4.30	0
UK	4.44	4.43	(1)
Germany	2.37	2.33	(4)
Japan	1.01	1.00	0
China	2.11	2.09	(2)
India	6.81	6.82	1

Source: Bloomberg, Bank of Baroda Research , Note: US market was closed on 11 Nov

**Fig 4 – Short term rates**

	8-11-2024	11-11-2024	change in bps
Tbill-91 days	6.45	6.45	0
Tbill-182 days	6.57	6.58	1
Tbill-364 days	6.56	6.57	1
G-Sec 2Y	6.71	6.70	0
India OIS-2M	6.58	6.60	1
India OIS-9M	6.53	6.55	2
SONIA int rate benchmark	4.70	4.70	0
US SOFR	4.81	4.82	1

Source: Bloomberg, Bank of Baroda Research

**Fig 5 – Liquidity**

Rs tn	8-11-2024	11-11-2024	change (Rs tn)
Net Liquidity (-Surplus/+deficit)	(2.2)	(2.0)	0.2
Reverse Repo	1.3	0.2	(1.1)
Repo	0	0	0

Source: RBI, Bank of Baroda Research

**Fig 6 – Capital market flows**

	7-11-2024	8-11-2024	change (US\$ mn/Rs cr)
FII (US\$ mn)	(774.7)	(506.0)	268.7
Debt	(106.6)	(84.9)	21.8
Equity	(668.1)	(421.2)	246.9
Mutual funds (Rs cr)	1,471.3	2,035.2	563.9
Debt	(589.5)	(1,902.8)	(1,313.3)
Equity	2,060.8	3,938.0	1,877.2

Source: Bloomberg, Bank of Baroda Research, Note: MF data as of 5<sup>th</sup> and 6<sup>th</sup> Nov 2024

- Oil prices fell, dragged by stronger US\$ and China's muted fiscal measures.

**Fig 7 – Commodities**

	8-11-2024	11-11-2024	% change
Brent crude (US\$/bbl)	73.9	71.8	(2.8)
Gold (US\$/ Troy Ounce)	2,684.8	2,618.8	(2.5)
Copper (US\$/ MT)	9,302.4	9,187.5	(1.2)
Zinc (US\$/MT)	2,955.4	2,959.2	0.1
Aluminium (US\$/MT)	2,620.5	2,586.5	(1.3)

Source: Bloomberg, Bank of Baroda Research



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**Chief Economist**

Bank of Baroda

+91 22 6698 5143

chief.economist@bankofbaroda.com