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A busy week for global central banks came to an end with a slew of decisions across the globe. Bank of England maintained status quo with hint of a dovish tilt. On the other hand, Swiss National Bank surprised with a 25bps rate cut. Fed recently kept the rates unchanged and reiterated the likelihood of 3-rate cuts this year. Global equity indices recorded an all-time high close. US economy continued to signal strength in the economy on the back of incoming data (fall in unemployment claims and higher sales of previously owned homes). Separately in Japan, headline inflation accelerated to 2.8% from 2.2% in Feb'24. Even core inflation (excl food) jumped up to 2.8% (2% in Feb'24). India's flash composite PMI edged up to 61.3 in Mar'24 (fastest pace in 8-months) from 60.6 in Feb'24.

- Except Shanghai Comp, other global stock indices ended higher. US indices closed at a record high post Fed's decision which raised the prospect of 3 rate cuts in CY24. Nikkei soared to an all-time high. Following rate decision by BoE which was in line with expectations, FTSE closed higher. Sensex too ended in green supported by gains in real estate and power stocks. It is trading higher today, while other Asian indices are trading mixed.

Fig 1 – Stock markets

	20-03-2024	21-03-2024	% change
Dow Jones	39,512	39,781	0.7
S & P 500	5,225	5,242	0.3
FTSE	7,737	7,883	1.9
Nikkei	40,004	40,816	2.0
Hang Seng	16,543	16,863	1.9
Shanghai Comp	3,080	3,077	(0.1)
Sensex	72,102	72,641	0.7
Nifty	21,839	22,012	0.8

Source: Bloomberg, Bank of Baroda Research | Note: Markets in Japan were closed on 20.03.2024

- Barring INR, other global currencies ended broadly weaker against the dollar. DXY rose by 0.6% amidst positive macro data (jobless claims and existing home sales). GBP depreciated the most by 1% after BoE rate decision. INR appreciated marginally as oil prices eased. However, it is trading weaker today in line with other Asian currencies.

Fig 2 – Currencies

	20-03-2024	21-03-2024	% change
EUR/USD (1 EUR / USD)	1.0922	1.0860	(0.6)
GBP/USD (1 GBP / USD)	1.2785	1.2658	(1.0)
USD/JPY (JPY / 1 USD)	151.26	151.62	(0.2)
USD/INR (INR / 1 USD)	83.17	83.15	0
USD/CNY (CNY / 1 USD)	7.1979	7.1995	0

Source: Bloomberg, Bank of Baroda Research | Note: Markets in Japan were closed on 20.03.2024



- Except Japan, global yields edged down. US 10Y yield fell by 1bps as expectations of a rate cut in Jun'24 solidified after Fed statement. A surprise rate cut by Swiss National Bank also bolstered hopes of lower global rates. India's 10Y declined by 4bps following global cues and strong demand in SDL auction. It is trading higher 7.06% today.

Fig 3 – Bond 10Y yield

	20-03-2024	21-03-2024	change in bps
US	4.27	4.27	(1)
UK	4.02	4.00	(2)
Germany	2.43	2.41	(3)
Japan	0.74	0.74	0
China	2.31	2.29	(2)
India	7.09	7.05	(4)

Source: Bloomberg, Bank of Baroda Research | Note: Markets in Japan were closed on 20.03.2024

Fig 4 – Short term rates

	20-03-2024	21-03-2024	change in bps
Tbill-91 days	6.86	6.87	1
Tbill-182 days	7.11	7.09	(2)
Tbill-364 days	7.07	7.07	0
G-Sec 2Y	7.06	7.03	(3)
India OIS-2M	6.79	6.76	(2)
India OIS-9M	6.78	6.76	(2)
SONIA int rate benchmark	5.19	5.19	0
US SOFR	5.31	5.31	0

Source: Bloomberg, Bank of Baroda Research

Fig 5 – Liquidity

Rs tn	20-03-2024	21-03-2024	change (Rs tn)
Net Liquidity (-Surplus/+deficit)	1.0	1.0	0
Reverse Repo	0	0	0
Repo	1.3	0	(1.3)

Source: RBI, Bank of Baroda Research

Fig 6 – Capital market flows

	19-03-2024	20-03-2024	change (US\$ mn/Rs cr)
FII (US\$ mn)	110.5	(10.0)	(120.5)
Debt	(52.4)	259.8	312.3
Equity	162.9	(269.9)	(432.8)
Mutual funds (Rs cr)	(1,986.9)	(4,671.3)	(2,684.4)
Debt	(2,161.6)	(3,207.5)	(1,045.9)
Equity	174.7	(1,463.8)	(1,638.5)

Source: Bloomberg, Bank of Baroda Research | Note: Mutual funds data as of 14 Mar 2024 and 15 Mar 2024

- Oil prices fell amidst weaker demand and lower crude inventories from US.

Fig 7 – Commodities

	20-03-2024	21-03-2024	% change
Brent crude (US\$/bbl)	86.0	85.8	(0.2)
Gold (US\$/ Troy Ounce)	2,186.4	2,181.3	(0.2)
Copper (US\$/ MT)	8,818.8	8,837.7	0.2
Zinc (US\$/MT)	2,463.8	2,481.6	0.7
Aluminium (US\$/MT)	2,273.0	2,301.5	1.3

Source: Bloomberg, Bank of Baroda Research



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