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Dipanwita Mazumdar

Global markets are eyeing China's official economic target for CY24. GDP growth target has been set at 5%, in line with last year. Fiscal deficit as % of GDP has been kept at 3%. CPI and unemployment rate has also been retained at 3% and 5.5% respectively. Broadly, Asian stocks reacted negatively, as investors were anticipating more fiscal measures. Elsewhere, investors are awaiting Fed Chair's comments who is likely to reiterate the delay of rate cut cycle. Even Atlanta Fed President said that a rate cut might only be pencilled in Q3. On macro front, UK's BRC sales data reflected some comfort on inflation. In Japan, CPI firmed up, ever core remained sticky. In China, Caixin services PMI inched a tad down to 52.5 from 52.7 in Jan'24. On domestic front, system liquidity moved to surplus of Rs 40,902 crore.

- Except US and UK, stocks elsewhere ended higher. Stocks in US receded from record-highs as investors await labour market data and Fed Chair's testimony. Comments from Atlanta Fed President supporting a delay in rate cuts also impacted investors' sentiments. Asian markets rose, with Japan's Nikkei rising to a fresh record-high. Sensex too rallied led by gains in metal and oil&gas stocks. However it is trading weaker today, in line with other Asian stocks.

Fig 1 – Stock markets

| | 01-03-2024 | 04-03-2024 | % change |
|---------------|------------|------------|----------|
| Dow Jones | 39,087 | 38,990 | (0.2) |
| S & P 500 | 5,137 | 5,131 | (0.1) |
| FTSE | 7,683 | 7,640 | (0.5) |
| Nikkei | 39,911 | 40,109 | 0.5 |
| Hang Seng | 16,589 | 16,596 | 0.0 |
| Shanghai Comp | 3,027 | 3,039 | 0.4 |
| Sensex | 73,806 | 73,872 | 0.1 |
| Nifty | 22,378 | 22,406 | 0.1 |

Source: Bloomberg, Bank of Baroda Research, Sensex previous day close as of 2 Mar 2024

- Global currencies closed mixed against the dollar. DXY was broadly unchanged as investors await comments from Fed Chair and US payroll report. JPY depreciated further. EUR rose ahead of ECB meeting, while GBP awaited UK's Budget announcement. INR is trading weaker today, while other Asian currencies are trading mixed.

Fig 2 – Currencies

| | 01-03-2024 | 04-03-2024 | % change |
|-----------------------|------------|------------|----------|
| EUR/USD (1 EUR / USD) | 1.0837 | 1.0856 | 0.2 |
| GBP/USD (1 GBP / USD) | 1.2655 | 1.2692 | 0.3 |
| USD/JPY (JPY / 1 USD) | 150.12 | 150.53 | (0.3) |
| USD/INR (INR / 1 USD) | 82.91 | 82.89 | 0.0 |
| USD/CNY (CNY / 1 USD) | 7.1968 | 7.1989 | (0.0) |

Source: Bloomberg, Bank of Baroda Research



- Global yields closed mixed and traded in a narrow range. Investors remained cautious looking for cues ahead of Fed Chair's testimony before Congress. The expectation is to carry the same undertone of a delayed start in rate cut cycle. India's 10Y yield closed stable and is trading at the same level today.

Fig 3 – Bond 10Y yield

| | 01-03-2024 | 04-03-2024 | change in bps |
|---------|------------|------------|---------------|
| US | 4.18 | 4.21 | 3 |
| UK | 4.11 | 4.12 | 0 |
| Germany | 2.41 | 2.39 | (2) |
| Japan | 0.72 | 0.72 | 0 |
| China | 2.38 | 2.36 | (2) |
| India | 7.06 | 7.06 | 0 |

Source: Bloomberg, Bank of Baroda Research

Fig 4 – Short term rates

| | 01-03-2024 | 04-03-2024 | change in bps |
|--------------------------|------------|------------|---------------|
| Tbill-91 days | 6.88 | 6.93 | 5 |
| Tbill-182 days | 7.14 | 7.12 | (2) |
| Tbill-364 days | 7.08 | 7.09 | 1 |
| G-Sec 2Y | 7.01 | 7.02 | 0 |
| India OIS-2M | 6.78 | 6.79 | 1 |
| India OIS-9M | 6.75 | 6.75 | 0 |
| SONIA int rate benchmark | 5.19 | 5.19 | 0 |
| US SOFR | 5.32 | 5.31 | (1) |

Source: Bloomberg, Bank of Baroda Research

Fig 5 – Liquidity

| Rs tn | 01-03-2024 | 04-03-2024 | change (Rs tn) |
|-----------------------------------|------------|------------|----------------|
| Net Liquidity (-Surplus/+deficit) | 0.4 | (0.4) | (0.8) |
| Reverse Repo | 0 | 0 | 0 |
| Repo | 1.0 | 1.0 | 0 |

Source: RBI, Bank of Baroda Research

Fig 6 – Capital market flows

| | 29-02-2024 | 01-03-2024 | change (US\$ mn/Rs cr) |
|----------------------|------------|------------|------------------------|
| FII (US\$ mn) | 490.5 | 235.9 | (254.6) |
| Debt | (16.1) | (26.1) | (10.0) |
| Equity | 506.6 | 262.0 | (244.7) |
| Mutual funds (Rs cr) | (6,646.9) | (456.8) | 6,190.1 |
| Debt | (2,664.0) | (453.4) | 2,210.6 |
| Equity | (3,982.9) | (3.5) | 3,979.4 |

Source: Bloomberg, Bank of Baroda Research

- Oil prices moderated as OPEC+ retained the same level of cut.

Fig 7 – Commodities

| | 01-03-2024 | 04-03-2024 | % change |
|-------------------------|------------|------------|----------|
| Brent crude (US\$/bbl) | 83.6 | 82.8 | (0.9) |
| Gold (US\$/ Troy Ounce) | 2,082.9 | 2,114.5 | 1.5 |
| Copper (US\$/ MT) | 8,416.0 | 8,455.9 | 0.5 |
| Zinc (US\$/MT) | 2,372.5 | 2,404.8 | 1.4 |
| Aluminium (US\$/MT) | 2,245.0 | 2,234.0 | (0.5) |

Source: Bloomberg, Bank of Baroda Research



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For further details about this publication, please contact:

Chief Economist

Bank of Baroda

+91 22 6698 5143

chief.economist@bankofbaroda.com