

MORNING MOCHA

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IMF raised its global growth forecast to 3.2% in 2024 from 3.1% estimated earlier, led by better-than-expected growth outcomes in advanced economies. Inflation was projected to decline to 5.9% in 2024 and 4.5% in 2025. For India, growth projection for FY24 was revised to 7.8% and FY25 at 6.8% (+30bps). Amongst macro release, inflation in Eurozone was confirmed at 2.4% in Mar'24 from 2.6% in Feb'24, increasing the likelihood of a rate cut in Jun'24. On the other hand, Fed officials including the Fed Chair suggested that the US rate cut cycle might be delayed. In UK, inflation eased to 3.2% in Mar'24 from 3.4% in Feb'24. In Japan, exports rose more than expected by 7.3% (est. 7%) in Mar'24, while imports declined by 4.9%. In Australia, unemployment rate edged up to 3.8% in Mar'24 from 3.7% in Feb'24.

- Global stocks closed mixed. Stocks in the US inched down as Fed Chair's recent comments have considerably pared down expectations of rate cuts. The commentary on inflation has also hinted at a hawkish approach. FTSE inched up as BoE Governor gave slight comfort on inflation-unemployment mix. Asian stocks rose ahead of key earnings report. Sensex fell by 0.6%, led by technology stocks. It is trading higher today, in line with other Asian stocks.

Fig 1 – Stock markets

	16-04-2024	17-04-2024	Change, %
Dow Jones	37,799	37,753	(0.1)
S & P 500	5,051	5,022	(0.6)
FTSE	7,820	7,848	0.4
Nikkei	38,471	37,962	(1.3)
Hang Seng	16,249	16,252	0.0
Shanghai Comp	3,007	3,071	2.1
Sensex	73,400	72,944	(0.6)
Nifty	22,273	22,148	(0.6)

Source: Bloomberg, Bank of Baroda Research | Note: Markets in India were closed on 17 Apr 2024

- Global currencies rose as the dollar rally took a breather. After rising for 6-consecutive sessions, DXY fell by 0.3%. EUR gained the most by 0.5% even as falling inflation bolstered the case for an ECB rate cut in Jun'24. INR fell to a fresh record-low in the last trading session but opened stronger today, in line with other Asian currencies.

Fig 2 – Currencies

	16-04-2024	17-04-2024	Change, %
EUR/USD (1 EUR / USD)	1.0619	1.0673	0.5
GBP/USD (1 GBP / USD)	1.2426	1.2454	0.2
USD/JPY (JPY / 1 USD)	154.72	154.39	0.2
USD/INR (INR / 1 USD)	83.45	83.54	(0.1)
USD/CNY (CNY / 1 USD)	7.2378	7.2386	0

Source: Bloomberg, Bank of Baroda Research | Note: Markets in India were closed on 17 Apr 2024



- Except Japan and India (higher), global yields closed lower. US 10Y yield fell at the sharpest pace by 8bps despite hawkish comments from Fed Chair. A host of other Fed officials are also due to speak this week. The impact was also felt in 10Y yield of UK and Germany. Risk-off sentiment has led to some bit of portfolio rebalancing. India's 10Y yield is trading lower at 7.16% today.

Fig 3 – Bond 10Y yield

	16-04-2024	17-04-2024	Change, bps
US	4.67	4.59	(8)
UK	4.30	4.26	(4)
Germany	2.49	2.47	(2)
Japan	0.87	0.88	1
China	2.27	2.26	(1)
India	7.18	7.19	1

Source: Bloomberg, Bank of Baroda Research | Note: Markets in India were closed on 17 Apr 2024

Fig 4 – Short term rates

	15-04-2024	16-04-2024	change in bps
Tbill-91 days	6.82	6.85	3
Tbill-182 days	7.00	6.97	(3)
Tbill-364 days	7.02	7.03	1
G-Sec 2Y	7.09	7.13	3
India OIS-2M	6.72	6.76	4
India OIS-9M	6.83	6.86	3
SONIA int rate benchmark	5.20	5.20	0
US SOFR	5.32	5.31	(1)

Source: Bloomberg, Bank of Baroda Research | Note: Markets in India were closed on 17 Apr 2024

Fig 5 – Liquidity

Rs tn	15-04-2024	16-04-2024	change (Rs tn)
Net Liquidity (-Surplus/+deficit)	(1.0)	(1.0)	0
Reverse Repo	0.1	0.1	0
Repo	0	0	0

Source: RBI, Bank of Baroda Research | Note: Markets in India were closed on 17 Apr 2024

Fig 6 – Capital market flows

	12-04-2024	15-04-2024	change (US\$ mn/Rs cr)
FII (US\$ mn)	(1,163.9)	(385.6)	778.3
Debt	(211.8)	1.9	213.7
Equity	(952.1)	(387.5)	564.6
Mutual funds (Rs cr)	7,056.1	9,807.9	2,751.8
Debt	6,590.3	4,523.1	(2,067.2)
Equity	465.8	5,284.8	4,819.0

Source: Bloomberg, Bank of Baroda Research | Note: Markets in India were closed on 17 Apr 2024

- Oil prices fell as economic headwinds outweighed supply side concerns.

Fig 7 – Commodities

	16-04-2024	17-04-2024	% change
Brent crude (US\$/bbl)	90.0	87.3	(3.0)
Gold (US\$/ Troy Ounce)	2,382.9	2,361.0	(0.9)
Copper (US\$/ MT)	9,355.1	9,489.7	1.4
Zinc (US\$/MT)	2,753.4	2,828.3	2.7
Aluminium (US\$/MT)	2,561.5	2,587.0	1.0

Source: Bloomberg, Bank of Baroda Research



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