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Concerns around Middle East conflict eased marginally as investor continued to monitor the developments. This resulted in lower global crude oil prices. Gold prices slipped as investors looked for more cues on the next Fed policy action. Notably, recent comments by Fed officials hinted a dovish tone on interest rate expectation. The focus would now shift towards inflation data which is scheduled to release later this week. Separately, IMF hiked GDP forecast for India to 6.3% (+20bps from last update) for FY24 supported by 'stronger than expected consumption' in Q1. Inflation projections have also been revised upwards for FY24.

- Barring Shanghai Comp, other global indices ended higher as investors continued to monitor developments around Middle East. US indices continue to rally after dovish comment by Fed, dragged down treasury yields. IMF raised US growth forecast (up by 0.3% points from last update) which supported the market. Sensex reversed its losses and ended in green led by gains in real estate and metal stocks. It is trading higher today, in line with other Asian stocks.

Fig 1 – Stock markets

	09-10-2023	10-10-2023	% change
Dow Jones	33,605	33,739	0.4
S & P 500	4,336	4,358	0.5
FTSE	7,492	7,628	1.8
Nikkei	30,995	31,747	2.4
Hang Seng	17,517	17,665	0.8
Shanghai Comp	3,097	3,075	(0.7)
Sensex	65,512	66,079	0.9
Nifty	19,512	19,690	0.9

Source: Bloomberg, Bank of Baroda Research

- Global currencies ended mixed, with GBP and EUR appreciating the most. DXY fell by 0.2% as dovish commentary from Fed officials has lowered the probability of any more rate hikes this year. Easing concerns around Middle East conflict also impacted safe haven demand (USD and JPY). INR ended flat, but is trading a tad higher today, in line with other Asian currencies.

Fig 2 – Currencies

	09-10-2023	10-10-2023	% change
EUR/USD (1 EUR / USD)	1.0567	1.0605	0.4
GBP/USD (1 GBP / USD)	1.2238	1.2287	0.4
USD/JPY (JPY / 1 USD)	148.51	148.71	(0.1)
USD/INR (INR / 1 USD)	83.27	83.25	0.0
USD/CNY (CNY / 1 USD)	7.2926	7.2940	0

Source: Bloomberg, Bank of Baroda Research

- Except Germany (flat) and China (higher), other global yields fell. US 10Y yield fell the most (-15bps). Investors await Fed minutes, due later today, which may



reaffirm the views that the central bank may have come to an end of its rate hike cycle. India's 10Y yield also fell by 3bps, following global cues and easing oil prices. However, it is again trading higher at 7.39% today.

Fig 3 – Bond 10Y yield

	09-10-2023	10-10-2023	change in bps
US	4.80	4.65	(15)
UK	4.48	4.43	(5)
Germany	2.77	2.78	0
Japan	0.81	0.78	(2)
China	2.67	2.69	2
India	7.38	7.35	(3)

Source: Bloomberg, Bank of Baroda Research , Market in US were closed on 9.10.23

Fig 4 – Short term rates

	09-10-2023	10-10-2023	change in bps
Tbill-91 days	6.86	6.84	(2)
Tbill-182 days	7.08	7.06	(2)
Tbill-364 days	7.12	7.10	(2)
G-Sec 2Y	7.35	7.23	(12)
India OIS-2M	6.85	6.82	(3)
India OIS-9M	7.01	6.99	(2)
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	09-10-2023	10-10-2023	change (Rs tn)
Net Liquidity (-Surplus/+deficit)	0	0.4	0.4
Reverse repo	0.1	0.1	0
Repo	0	0	0

Source: RBI, Bank of Baroda Research

Fig 6 – Capital market flows

	06-10-2023	09-10-2023	change (US\$ mn/Rs cr)
FII (US\$ mn)	154.0	34.4	(119.6)
Debt	121.5	(58.5)	(179.9)
Equity	32.5	92.8	60.3
Mutual funds (Rs cr)	(1,360.3)	1,515.6	2,875.9
Debt	(2,204.5)	(750.3)	1,454.2
Equity	844.2	2,265.9	1,421.7

Source: Bloomberg, Bank of Baroda Research

- Oil prices fell by 0.6%, with concerns easing over Israel-Palestine conflict.

Fig 7 – Commodities

	09-10-2023	10-10-2023	% change
Brent crude (US\$/bbl)	88.2	87.7	(0.6)
Gold (US\$/ Troy Ounce)	1,861.4	1,860.4	(0.1)
Copper (US\$/ MT)	8,039.3	7,945.0	(1.2)
Zinc (US\$/MT)	2,483.0	2,442.8	(1.6)
Aluminium (US\$/MT)	2,241.5	2,212.5	(1.3)

Source: Bloomberg, Bank of Baroda Research



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