

MORNING MOCHA

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ECONOMIST
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Eurozone composite PMI inched up to 47.1 in Nov'23 from 3-year low of 46.5 in Oct'23, but remained in the contraction zone. As the downturn in business activity remains broad-based, the fear of recession has resurfaced in the current quarter. Furthermore, the recently released ECB minutes highlighted that inflation has been moderating in line with expectation and the members noted the possibility of interest rate hike, which remains on table. Separately, Japan's headline inflation accelerated to 3.3% in Oct'23 (3% in Sep'23) and even the core inflation inched up to 2.9% in Oct'23. Additionally, factory activity contracted for the 6th straight month down to 48.1 in Nov'23 (48.7 in Oct'23) amidst weaker demand.

- Global indices ended higher. Investors awaited more guidance on US interest rate movement. FTSE inched up with gains in energy stocks and comes in the wake of the interim budget along with measures announced by the government to support growth. Sensex ended flat. However, it is trading flat today, while other Asian indices are trading mixed.

Fig 1 – Stock markets

	22-11-2023	23-11-2023	% change
Dow Jones	35,088	35,273	0.5
S & P 500	4,538	4,557	0.4
FTSE	7,470	7,484	0.2
Nikkei	33,354	33,452	0.3
Hang Seng	17,735	17,911	1.0
Shanghai Comp	3,044	3,062	0.6
Sensex	66,023	66,018	0
Nifty	19,812	19,802	0

Source: Bloomberg, Bank of Baroda Research, Note: US and Japan's market were closed on 24.11.23

- Global currencies closed mixed. DXY ended flat, as markets in US remain closed and investors assess possible impact of latest macro data from US on Fed policy (more than expected fall in jobless claims and continued increase in inflation expectations of consumers). INR ended flat, and is trading at similar levels today, while other Asian currencies are trading lower.

Fig 2 – Currencies

	22-11-2023	23-11-2023	% change
EUR/USD (1 EUR / USD)	1.0888	1.0905	0.2
GBP/USD (1 GBP / USD)	1.2494	1.2534	0.3
USD/JPY (JPY / 1 USD)	149.54	149.56	0
USD/INR (INR / 1 USD)	83.32	83.34	0
USD/CNY (CNY / 1 USD)	7.1648	7.1476	0.2

Source: Bloomberg, Bank of Baroda Research, Note: US and Japan's market were closed on 24.11.23

- Major global yields closed higher. 10Y yield of UK rose the most (+10bps) as UK treasury announced much smaller than expected cut in borrowings for the



current fiscal year (-£500mn versus est.: -£15bn). Markets in US were closed. India's 10Y yield rose to 7.26%, even as oil prices eased. It is trading further higher today at 7.27%.

Fig 3 – Bond 10Y yield

	22-11-2023	23-11-2023	change in bps
US	4.39	4.40	1
UK	4.16	4.26	10
Germany	2.56	2.62	6
Japan	0.70	0.73	2
China	2.69	2.70	2
India	7.25	7.26	1

Source: Bloomberg, Bank of Baroda Research Note: US and Japan's market were closed on 24.11.23

Fig 4 – Short term rates

	22-11-2023	23-11-2023	change in bps
Tbill-91 days	6.94	6.94	0
Tbill-182 days	7.10	7.10	0
Tbill-364 days	7.14	7.14	0
G-Sec 2Y	7.25	7.26	0
India OIS-2M	6.86	6.87	1
India OIS-9M	6.90	6.90	0
SONIA int rate benchmark	5.19	5.19	0
US SOFR	5.31	5.31	0

Source: Bloomberg, Bank of Baroda Research Note: US and Japan's market were closed on 24.11.23

Fig 5 – Liquidity

Rs tn	22-11-2023	23-11-2023	change (Rs tn)
Net Liquidity (-Surplus/+deficit)	1.8	1.6	(0.2)
Reverse repo	0.2	0.2	0
Repo	0	0	0

Source: RBI, Bank of Baroda Research

Fig 6 – Capital market flows

	21-11-2023	22-11-2023	change (US\$ mn/Rs cr)
FII (US\$ mn)	63.1	(7.3)	(70.4)
Debt	81.4	156.4	75.0
Equity	(18.3)	(163.8)	(145.5)
Mutual funds (Rs cr)	1,033.7	(1,484.0)	(2,517.7)
Debt	569.6	(2,095.9)	(2,665.5)
Equity	464.1	611.9	147.8

Source: Bloomberg, Bank of Baroda Research, Mutual fund data as of 20 and 21 Nov 2023

- Oil prices fell by 0.7%, as OPEC+ members postponed their meet and are now likely to announce smaller than anticipated production cuts.

Fig 7 – Commodities

	22-11-2023	23-11-2023	% change
Brent crude (US\$/bbl)	82.0	81.4	(0.7)
Gold (US\$/ Troy Ounce)	1,990.2	1,992.3	0.1
Copper (US\$/ MT)	8,253.0	8,306.5	0.6
Zinc (US\$/MT)	2,486.9	2,532.8	1.8
Aluminium (US\$/MT)	2,218.5	2,224.5	0.3

Source: Bloomberg, Bank of Baroda Research



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