

MORNING MOCHA

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ECONOMIST
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IMF has revised its global growth projections upward for CY24 to 3.1% (+0.2% from Oct'23 projection) and expects 3.2% growth in CY25. The revision is on account of resilience witnessed in US growth and fiscal support announced in China. US GDP forecast for CY24 has been revised up from 1.5% (Oct'23 projection) to 2.1%. China is expected to clock in 4.6% (4.2% earlier) growth in CY24. Even for India, the Fund now expects FY25 growth at 6.5% versus 6.3% earlier. In US, high frequency data such as JOLTS data reaffirms Fund's views. Job openings in Jan'24 rose to 9.03mn, up from 8.93mn in Dec'23. Even conference board consumer sentiment index ticked up to 114.8 in Jan'24 (highest since Dec'21) from 108 last month. All eyes are now on Fed's rate guidance due later today.

- Global indices closed mixed. US indices ended higher as investors' monitored unexpected rise in the jobs opening (JOLTS report). This signals resilient labour make and gives room to Fed to continue with higher rates. Sensex ended in red and was dragged down by losses in consumer durable and capital good stocks. It is trading higher today, while other Asian indices are trading lower.

Fig 1 – Stock markets

	29-01-2024	30-01-2024	% change
Dow Jones	38,333	38,467	0.3
S & P 500	4,928	4,925	(0.1)
FTSE	7,633	7,666	0.4
Nikkei	36,027	36,066	0.1
Hang Seng	16,077	15,703	(2.3)
Shanghai Comp	2,883	2,831	(1.8)
Sensex	71,942	71,140	(1.1)
Nifty	21,738	21,522	(1.0)

Source: Bloomberg, Bank of Baroda Research

- Global currencies ended mixed. DXY retreated by 0.2% awaiting Fed's rate decision and offer guidance of rate trajectory. JPY declined amidst news of BoJ considering ending the negative rates. INR is trading flat today, while other Asian currencies are trading mixed.

Fig 2 – Currencies

	29-01-2024	30-01-2024	% change
EUR/USD (1 EUR / USD)	1.0833	1.0845	0.1
GBP/USD (1 GBP / USD)	1.2709	1.2700	(0.1)
USD/JPY (JPY / 1 USD)	147.50	147.61	(0.1)
USD/INR (INR / 1 USD)	83.14	83.11	0
USD/CNY (CNY / 1 USD)	7.1804	7.1778	0

Source: Bloomberg, Bank of Baroda Research

- Except UK and Germany, other global yields closed lower. Investors digest mixed bag of Euro Area's GDP data, and also await Fed's rate decision, which



is due shortly. India's 10Y yield fell a tad by 1bps, even as oil prices increased. It is trading even lower at 7.15% today.

Fig 3 – Bond 10Y yield

	29-01-2024	30-01-2024	change in bps
US	4.07	4.03	(4)
UK	3.88	3.90	2
Germany	2.24	2.27	3
Japan	0.72	0.72	(1)
China	2.49	2.46	(3)
India	7.17	7.16	(1)

Source: Bloomberg, Bank of Baroda Research

Fig 4 – Short term rates

	29-01-2024	30-01-2024	change in bps
Tbill-91 days	7.04	6.99	(5)
Tbill-182 days	7.16	7.16	0
Tbill-364 days	7.15	7.14	(1)
G-Sec 2Y	7.02	7.02	0
India OIS-2M	6.72	6.72	0
India OIS-9M	6.62	6.63	1
SONIA int rate benchmark	5.19	5.19	0
US SOFR	5.32	5.32	0

Source: Bloomberg, Bank of Baroda Research

Fig 5 – Liquidity

Rs tn	29-01-2024	30-01-2024	change (Rs tn)
Net Liquidity (-Surplus/+deficit)	2.7	2.7	0
Reverse repo	0	0	0
Repo	2.5	2.8	0.3

Source: RBI, Bank of Baroda Research

Fig 6 – Capital market flows

	25-01-2024	29-01-2024	change (US\$ mn/Rs cr)
FII (US\$ mn)	654.7	(532.2)	(1,186.9)
Debt	44.7	(19.4)	(64.1)
Equity	610.0	(512.9)	(1,122.8)
Mutual funds (Rs cr)	(1,903.8)	(1,996.7)	(92.8)
Debt	(5,144.0)	(2,075.3)	3,068.7
Equity	3,240.2	78.7	(3,161.5)

Source: Bloomberg, Bank of Baroda Research| Note: Mutual funds data as of 19 and 23 Jan 2024

- Oil prices inched up, as supply side risks owing to geo political uncertainty remain high and IMF raised global growth forecasts.

Fig 7 – Commodities

	29-01-2024	30-01-2024	% change
Brent crude (US\$/bbl)	82.4	82.9	0.6
Gold (US\$/ Troy Ounce)	2,033.2	2,037.0	0.2
Copper (US\$/ MT)	8,455.0	8,511.8	0.7
Zinc (US\$/MT)	2,545.0	2,559.5	0.6
Aluminium (US\$/MT)	2,264.5	2,274.5	0.4

Source: Bloomberg, Bank of Baroda Research



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