

MORNING MOCHA

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Latest data from China points that reopening of the economy has helped GDP growth as it rose by 4.5% (YoY) in Q1CY23 (est.: 4%) from 2.9% in Q4. Even in QoQ terms, activity was up by 2.2% (est.: 2.1%) and 0.6% in Q4. Industry-wise, services sector activity outperformed the others. Retail sales in Mar'23 also rebounded and were up by 10.6% (est.: 8%) versus 3.5% during Jan-Feb'23. Industrial production too picked up, by 3.9% in Mar'23 (est.: 4.7%) from 2.4%. Only FAI growth disappointed as it slowed to 5.1% in CYTD23 from 5.5% in Jan-Feb'23. Even US data is indicating that economy is not slowing as much as anticipated (corporate results, homebuilder sentiment), thus pushing yields and DXY up.

- Barring Sensex, other global indices ended higher as investors monitored corporate earnings report from US with attention towards banking sector in the wake of recent banking crisis. FTSE too ended in green led by gains in mining and oil & gas stocks. However, Sensex ended in red led by sharp sell-off in IT stocks but is trading higher today. Asian Indices are trading mixed.

Fig 1 – Stock markets

	14-04-2023	17-04-2023	% change
Dow Jones	33,886	33,987	0.3
S & P 500	4,138	4,151	0.3
FTSE	7,872	7,880	0.1
Nikkei	28,493	28,515	0.1
Hang Seng	20,439	20,782	1.7
Shanghai Comp	3,338	3,386	1.4
Sensex	60,431	59,911	(0.9)
Nifty	17,828	17,707	(0.7)

Source: Bloomberg, Bank of Baroda Research | Note: Markets in India were closed on 14.04.2023

- Global currencies slipped against the dollar. DXY edged up by 0.5% amidst renewed expectation of Fed raising rates (86% chance of 25bps hike) in May on the back of strong economic data. Euro declined (0.6%) the most, while Australian dollar inched up ahead of the release of RBA's minutes. INR fell by 0.1% and is trading further weaker today. Asian currencies are trading mixed.

Fig 2 – Currencies

	14-04-2023	17-04-2023	% change
EUR/USD (1 EUR / USD)	1.0992	1.0926	(0.6)
GBP/USD (1 GBP / USD)	1.2413	1.2376	(0.3)
USD/JPY (JPY / 1 USD)	133.79	134.47	(0.5)
USD/INR (INR / 1 USD)	81.86	81.97	(0.1)
USD/CNY (CNY / 1 USD)	6.8691	6.8799	(0.2)

Source: Bloomberg, Bank of Baroda Research | Note: Markets in India were closed on 14.04.2023

- Global yields closed higher, with 10Y yield in US rising the most (+9bps), followed by Germany (+3bps). Better than expected corporate results at the



beginning of the earning season and recent improvement in macro data, has reignited concerns that Fed will hike rates in its May'23 meeting as well. India's 10Y yield too inched up, by 2bps (7.23%). It is trading flat today.

Fig 3 – Bond 10Y yield

	14-04-2023	17-04-2023	change in bps
US	3.51	3.60	9
UK	3.67	3.69	2
Germany	2.44	2.47	3
Japan	0.48	0.49	1
China	2.83	2.84	1
India	7.22	7.23	2

Source: Bloomberg, Bank of Baroda Research, 07.26 GS 2033 security taken for India | Note: Markets in India were closed on 14.04.2023

Fig 4 – Short term rates

	13-04-2023	17-04-2023	change in bps
Tbill-91 days	6.70	6.73	3
Tbill-182 days	6.92	6.93	1
Tbill-364 days	6.97	6.98	1
G-Sec 2Y	6.92	6.96	4
India OIS-2M	6.55	6.57	2
India OIS-9M	6.61	6.62	1
SONIA int rate benchmark	4.18	4.18	0
US SOFR	4.80	4.80	0

Source: Bloomberg, Bank of Baroda Research | Note: Markets in India were closed on 14.04.2023

Fig 5 – Liquidity

Rs tn	13-04-2023	17-04-2023	change (Rs tn)
Net Liquidity (-Surplus/+deficit)	(1.7)	(1.8)	(0.1)
Reverse repo	1.2	1.2	0
Repo	0	0	0

Source: RBI, Bank of Baroda Research | Note: Markets in India were closed on 14.04.2023

Fig 6 – Capital market flows

	12-04-2023	13-04-2023	change (US\$ mn/Rs cr)
FII (US\$ mn)	263.4	191.2	(72.2)
Debt	1.2	93.1	91.9
Equity	262.2	98.1	(164.1)
Mutual funds (Rs cr)	2,387.4	2,825.8	438.5
Debt	2,453.8	3,916.4	1,462.6
Equity	(66.5)	(1,090.6)	(1,024.1)

Source: Bloomberg, Bank of Baroda Research | Note: Mutual funds data as of 3 Apr 2023 and 5 Apr 2023

- Global oil prices eased, as US crude oil and gas production in Shale basins is expected to hit record high in May'23.

Fig 7 – Commodities

	14-04-2023	17-04-2023	% change
Brent crude (US\$/bbl)	86.3	84.8	(1.8)
Gold (US\$/ Troy Ounce)	2,004.2	1,995.2	(0.4)
Copper (US\$/ MT)	9,030.3	8,963.0	(0.7)
Zinc (US\$/MT)	2,873.8	2,848.0	(0.9)
Aluminium (US\$/MT)	2,385.5	2,378.5	(0.3)

Source: Bloomberg, Bank of Baroda Research



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