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Global markets gained comfort from announcement of Federal Deposit Insurance Corporation that First-Citizens Bank & Trust Company will purchase all loans and deposits of Silicon Valley Bank. Asian shares on the other hand got a hit after US Commodity Futures Trading Commission sued Binance holdings, a crypto-trading platform, citing regulatory concerns. On the macro front, Germany's IFO Business climate was comforting rising more than expected, due to improvement in both current and future business environment. In UK, BoE Governor, said that focus will be on controlling inflation and not swayed away by other factors. In Japan, Cabinet approved use of some funds from fiscal 2022, to bring down inflation.

- Except Hang Seng and Shanghai Comp, other global indices rebounded. Concerns over the US banking sector eased as First Citizens BancShares pledged to acquire all loans and deposits of failed SVB bank. Stocks in US, UK and Japan edged up. However, markets in China fell as industrial profit growth dipped sharply in Jan-Feb'23. Sensex rose by 0.2%, led by gains in metal and technology stocks. It is trading further higher today, in line with its Asian peers.

Fig 1 – Stock markets

	24-03-2023	27-03-2023	% change
Dow Jones	32,238	32,432	0.6
S & P 500	3,971	3,978	0.2
FTSE	7,405	7,472	0.9
Nikkei	27,385	27,477	0.3
Hang Seng	19,916	19,568	(1.7)
Shanghai Comp	3,266	3,251	(0.4)
Sensex	57,527	57,654	0.2
Nifty	16,945	16,986	0.2

Source: Bloomberg, Bank of Baroda Research

- Global currencies ended mixed. DXY fell by 0.3% amidst easing concerns surrounding the US banking sector. JPY too fell by 0.6% as safe-haven demand waned. EUR gained 0.4% as Germany's Ifo business climate index picked up unexpectedly, in Mar'23. GBP too rose supported by hawkish comments from BoE Governor. INR appreciated by 0.1%. It is trading further stronger today, in line with other Asian currencies.

Fig 2 – Currencies

	24-03-2023	27-03-2023	% change
EUR/USD (1 EUR / USD)	1.0760	1.0798	0.4
GBP/USD (1 GBP / USD)	1.2233	1.2287	0.4
USD/JPY (JPY / 1 USD)	130.73	131.57	(0.6)
USD/INR (INR / 1 USD)	82.48	82.37	0.1
USD/CNY (CNY / 1 USD)	6.8673	6.8820	(0.2)

Source: Bloomberg, Bank of Baroda Research



- Global yields closed mixed. 10Y yields in major advanced economies (US, Germany and UK) rose as risk appetite was reduced following developments in the ongoing banking crisis. Notably, the US 2Y yield which rose by 21bps between 24-27Mar, fell by 7bps in the last trading session, reflecting some risk on sentiments. India's 10Y yield fell by 1bps (7.3%). All eyes are on the release of H1FY24 borrowing calendar. It is trading at 7.32% today.

Fig 3 – Bond 10Y yield

	24-03-2023	27-03-2023	change in bps
US	3.38	3.53	15
UK	3.28	3.37	8
Germany	2.13	2.23	10
Japan	0.32	0.32	0
China	2.87	2.86	(1)
India	7.31	7.30	(1)

Source: Bloomberg, Bank of Baroda Research, 07.26 GS 2033 security taken for India

Fig 4 – Short term rates

	24-03-2023	27-03-2023	change in bps
Tbill-91 days	6.73	7.03	30
Tbill-182 days	7.18	7.19	1
Tbill-364 days	7.18	7.21	3
G-Sec 2Y	7.17	7.17	0
SONIA int rate benchmark	4.18	4.18	0
US SOFR	4.80	4.80	0

Source: Bloomberg, Bank of Baroda Research

Fig 5 – Liquidity

Rs tn	24-03-2023	27-03-2023	change (Rs tn)
Net Liquidity (-Surplus/+deficit)	0.8	0.5	(0.3)
Reverse repo	0	0	0
Repo	0	0.6	0.6

Source: RBI, Bank of Baroda Research

Fig 6 – Capital market flows

	23-03-2023	24-03-2023	change (US\$ mn/Rs cr)
FII (US\$ mn)	(24.6)	(69.5)	(44.9)
Debt	(71.6)	107.7	179.3
Equity	47.0	(177.1)	(224.2)
Mutual funds (Rs cr)	1,029.5	203.1	(826.4)
Debt	1,105.4	(148.5)	(1,253.8)
Equity	(75.9)	351.6	427.5

Source: Bloomberg, Bank of Baroda Research | Note: Mutual funds data as of 9 Mar 2023 and 10 Mar 2023

- Easing concerns over US banking sector pushed global commodity prices up. Oil prices rose by 4.2%. Gold prices fell by 1.1% as safe-haven demand faded.

Fig 7 – Commodities

	24-03-2023	27-03-2023	% change
Brent crude (US\$/bbl)	75.0	78.1	4.2
Gold (US\$/ Troy Ounce)	1,978.2	1,956.7	(1.1)
Copper (US\$/ MT)	8,911.8	8,951.3	0.4
Zinc (US\$/MT)	2,923.3	2,944.0	0.7
Aluminium (US\$/MT)	2,337.0	2,363.5	1.1

Source: Bloomberg, Bank of Baroda Research



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