

MORNING MOCHA

10 December 2024

ECONOMIST

Aditi Gupta

CPI inflation in China eased to 0.2% in Nov'24 (est. 0.5%) from 0.3%, signalling continued weakness in domestic demand. Deflation in PPI eased from 2.9% in Oct'24 to 2.5% in Nov'24, but remained in the negative territory for 26 straight months. Export growth also moderated to 6.7% in Nov'24 (est. 8.5%) from 12.7%. Imports on the other hand, declined unexpectedly by 3.9% (est. 0.3%). Market sentiments were however supported by reports of fresh monetary and fiscal policy measures likely to be announced next year. In Japan, GDP growth for Q3 CY24 was revised to 1.2% from 0.9% earlier. However, private consumption was estimated lower lending uncertainty to an expected BoJ rate hike. In line with expectations, Reserve Bank of Australia kept its policy rate unchanged for the 11th meeting. In India, markets are likely to react to the appointment of the new RBI Governor.

- Global indices ended mixed. Markets in US fell the most. Setback to tech stocks and elevated bond yields dragged the indices lower. Investors now await US CPI report for more cues. FTSE gained, as news of China's stimulus plans boosted mining and energy stocks. Sensex fell, led by auto and banking stocks. It is trading lower today, while other Asian stocks are trading higher.

Fig 1 – Stock markets

	06-12-2024	09-12-2024	Change, %
Dow Jones	44,643	44,402	(0.5)
S & P 500	6,090	6,053	(0.6)
FTSE	8,309	8,352	0.5
Nikkei	39,091	39,161	0.2
Hang Seng	19,866	20,414	2.8
Shanghai Comp	3,404	3,403	0
Sensex	81,709	81,508	(0.2)
Nifty	24,678	24,619	(0.2)

Source: Bloomberg, Bank of Baroda Research

- Global currencies ended mixed. DXY rose by 0.1% as investors await US CPI report. JPY depreciated by 0.8% as investors await more clarity on BoJ's rate path. On the other hand, CNY gained on hopes of more stimulus measures. INR depreciated a tad and is trading further weaker at a record low today. Other Asian currencies are trading mixed.

Fig 2 – Currencies

	06-12-2024	09-12-2024	Change, %
EUR/USD (1 EUR / USD)	1.0568	1.0554	(0.1)
GBP/USD (1 GBP / USD)	1.2744	1.2750	0
USD/JPY (JPY / 1 USD)	150.00	151.21	(0.8)
USD/INR (INR / 1 USD)	84.70	84.73	0
USD/CNY (CNY / 1 USD)	7.2717	7.2586	0.2

Source: Bloomberg, Bank of Baroda



- Except US and Germany, other global yields closed lower. 10Y yield of US rose the most, as investors await US CPI data. This is expected to shed light on Fed rate trajectory next year. Investors will also monitor core CPI for cues regarding demand side pressures. India's 10Y yield eased by 3bps. Markets expect RBI's new leadership to expedite rate cut cycle. India's 10Y is trading at 6.71% today.

Fig 3 – Bond 10Y yield

	06-12-2024	09-12-2024	Change, bps
US	4.15	4.20	5
UK	4.28	4.27	(1)
Germany	2.11	2.12	1
Japan	1.06	1.05	(1)
China	1.95	1.93	(2)
India	6.75	6.72	(3)

Source: Bloomberg, Bank of Baroda Research

Fig 4 – Short term rates

	06-12-2024	09-12-2024	change in bps
Tbill-91 days	6.36	6.40	4
Tbill-182 days	6.53	6.53	0
Tbill-364 days	6.55	6.54	(1)
G-Sec 2Y	6.63	6.65	2
India OIS-2M	6.62	6.61	(1)
India OIS-9M	6.47	6.44	(2)
SONIA int rate benchmark	4.70	4.70	0
US SOFR	4.59	4.60	1

Source: Bloomberg, Bank of Baroda Research

Fig 5 – Liquidity

Rs tn	06-12-2024	09-12-2024	change (Rs tn)
Net Liquidity (-Surplus/+deficit)	(0.6)	(0.2)	0.4
Reverse Repo	0	0	0
Repo	0	0	0

Source: RBI, Bank of Baroda Research

Fig 6 – Capital market flows

	05-12-2024	06-12-2024	change (US\$ mn/Rs cr)
FII (US\$ mn)	374.4	1,359.0	984.7
Debt	36.2	239.1	202.9
Equity	338.1	1,119.9	781.8
Mutual funds (Rs cr)	(5,823.3)	(9,716.3)	(3,893.0)
Debt	(4,556.2)	(7,134.6)	(2,578.4)
Equity	(1,267.1)	(2,581.7)	(1,314.6)

Source: Bloomberg, Bank of Baroda Research | Note: Mutual funds data as of 04 Dec and 05 Dec 2024

- Oil prices rose tracking developments in Syria and its broader implications.

Fig 7 – Commodities

	06-12-2024	09-12-2024	% change
Brent crude (US\$/bbl)	71.1	72.1	1.4
Gold (US\$/ Troy Ounce)	2,633.4	2,660.3	1.0
Copper (US\$/ MT)	9,011.9	9,119.0	1.2
Zinc (US\$/MT)	3,052.9	3,106.6	1.8
Aluminium (US\$/MT)	2,603.5	2,588.0	(0.6)

Source: Bloomberg, Bank of Baroda Research



Disclaimer

The views expressed in this research note are personal views of the author(s) and do not necessarily reflect the views of Bank of Baroda. Nothing contained in this publication shall constitute or be deemed to constitute an offer to sell/ purchase or as an invitation or solicitation to do so for any securities of any entity. Bank of Baroda and/ or its Affiliates and its subsidiaries make no representation as to the accuracy; completeness or reliability of any information contained herein or otherwise provided and hereby disclaim any liability with regard to the same. Bank of Baroda Group or its officers, employees, personnel, directors may be associated in a commercial or personal capacity or may have a commercial interest including as proprietary traders in or with the securities and/ or companies or issues or matters as contained in this publication and such commercial capacity or interest whether or not differing with or conflicting with this publication, shall not make or render Bank of Baroda Group liable in any manner whatsoever & Bank of Baroda Group or any of its officers, employees, personnel, directors shall not be liable for any loss, damage, liability whatsoever for any direct or indirect loss arising from the use or access of any information that may be displayed in this publication from time to time.

Visit us at



For further details about this publication, please contact:

Chief Economist

Bank of Baroda

chief.economist@bankofbaroda.com