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Global markets tracked the progress of Russia-Ukraine diplomacy talks. In upcoming week, markets will turn their focus towards Fed policy meet with expectation of possible rate hike as fears of inflation grows louder. DXY strengthened by 0.6%. On the domestic front, RBI's deputy governor also raised concerns about surge in inflation amidst ongoing geopolitical tensions, posing upside risk to RBI's projections.

- Global indices ended mixed as investors' monitored developments surrounding Russia and Ukraine. US stocks ended lower with investors remaining cautious as US Treasury secretary Yellen made remarks about another year of 'very uncomfortably high' inflation against the ongoing conflict. Sensex (0.2%) ended in green led by gains in oil and gas stocks. It is trading higher today; while other Asian stocks are trading mixed.

Fig 1 – Stock markets

	10-03-2022	11-03-2022	Change, %
Dow Jones	33,174	32,944	(0.7)
S & P 500	4,260	4,204	(1.3)
FTSE	7,099	7,156	0.8
Nikkei	25,690	25,163	(2.1)
Hang Seng	20,890	20,554	(1.6)
Shanghai Comp	3,296	3,310	0.4
Sensex	55,464	55,550	0.2
Nifty	16,595	16,630	0.2

Source: Bloomberg, Bank of Baroda Research

- Global currencies closed lower against the dollar. DXY rose by 0.6% as University of Michigan survey data showed inflation expectations for 1-year ahead was higher than expected (5.4% vs est.: 5.1%). EUR fell by 0.7%. JPY fell by 1% on expectation of progress in peace talks INR depreciated by 0.4%, as oil prices rose further. Asian currencies are trading higher today.

Fig 2 – Currencies

	10-03-2022	11-03-2022	% change
EUR/USD	1.0986	1.0912	(0.7)
GBP/USD	1.3086	1.3037	(0.4)
USD/JPY	116.14	117.29	(1.0)
USD/INR	76.31	76.59	(0.4)
USD/CNY	6.3222	6.3393	(0.3)

Source: Bloomberg, Bank of Baroda Research

- Except US and India (higher), global yields closed lower. China's 10Y yield fell the most by 6bps amidst concerns of new wave of Covid-19 infections. US 10Y yield rose a tad by 1bps as investors are expecting a rate hike by Fed to tame inflation. BoJ meeting is also scheduled in the current week. India's 10Y yield



rose by 5bps to 6.86%, tracking surge in overnight indexed swap rate (OIS)-5year rate

Fig 3 – Bond 10Y yield

	10-03-2022	11-03-2022	% change
US	1.99	1.99	1
UK	1.52	1.49	(3)
Germany	0.27	0.25	(3)
Japan	0.19	0.19	(1)
China	2.86	2.80	(6)
India	6.81	6.86	5

Source: Bloomberg, Bank of Baroda Research

- Short end yields closed mixed ahead of Rs 370bn Tbill auction.

Fig 4 – Short term rates

	10-03-2022	11-03-2022	% change
Tbill-91 days	3.81	3.81	0
Tbill-182 days	4.35	4.34	(1)
Tbill-364 days	4.61	4.62	1
G-Sec 2Y	4.98	4.99	2
SONIA int rate benchmark	0.44	0.45	0
US SOFR	0.05	0.05	0

Source: Bloomberg, Bank of Baroda Research

Fig 5 – Liquidity

Rs tn	10-03-2022	11-03-2022	Change (Rs tn)
Net Liquidity (-Surplus/+deficit)	(7.0)	(6.7)	0.3
Reverse repo	7.7	0.5	(7.2)
Repo	0	0	0

Source: RBI, Bank of Baroda Research

Fig 6 – Capital market flows

	9-03-2022	10-03-2022	Change (US\$ mn/Rs cr)
FII (US\$ mn)	(639.0)	122.5	761.5
Debt	(56.6)	24.6	81.2
Equity	(582.4)	97.8	680.3
Mutual funds (Rs cr)	5,618.1	(648.8)	(6,266.9)
Debt	382.9	(2,179.2)	(2,562.0)
Equity	5,235.2	1,530.4	(3,704.8)

Source: Bloomberg, Bank of Baroda Research. Note: Data for Mutual Funds pertains to 8 Mar 2022 and 9 Mar 2022

- Global oil prices rose by 3.1% (US\$ 112.7/bbl) amidst reports of Iran nuclear deal to be on hold. However, it is trading lower today at ~US\$ 110/bbl, supported by US rig count data and expectation of progress in peace talks. Gold prices fell by 0.4%, on expectation of rate hike by US Fed in its policy.

Fig 7 – Commodities

	10-03-2022	11-03-2022	% change
Brent crude (US\$/bbl)	109.3	112.7	3.1
Gold (US\$/ Troy Ounce)	1,997.0	1,988.5	(0.4)
Copper (US\$/ MT)	10,095.0	10,150.8	0.6
Zinc (US\$/MT)	3,842.5	3,795.5	(1.2)
Aluminum (US\$/MT)	3,427.5	3,483.0	1.6

Source: Bloomberg, Bank of Baroda Research



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