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Global markets continued to monitor geopolitical developments between Russia-Ukraine. DXY was up by 0.1%. Crude oil prices eased by 2% with reports of US-Iran nuclear deal entering in final stages.

- Barring Hang Seng and Shanghai Comp, other global indices ended lower led by renewed tensions between Russia and Ukraine. Amongst other indices, S&P dropped the most followed by FTSE (0.9%) and Nikkei (0.8%). Sensex (0.2%) too ended in red led by subdued global cues and was dragged down by banking stocks. Asian markets are trading lower today.

Fig 1 – Stock markets

	16-02-2022	17-02-2022	% change
Dow Jones	34,934	34,312	(1.8)
S & P 500	4,475	4,380	(2.1)
FTSE	7,604	7,537	(0.9)
Nikkei	27,460	27,233	(0.8)
Hang Seng	24,719	24,793	0.3
Shanghai Comp	3,466	3,468	0.1
Sensex	57,997	57,892	(0.2)
Nifty	17,322	17,305	(0.1)

Source: Bloomberg, Bank of Baroda Research

- Global currencies closed mixed as geo-political tensions between Russia and Ukraine resurfaced. As a result, safe-haven JPY and DXY gained by 0.5% and 0.1% respectively. Gains in dollar were limited as US housing starts and jobless claims were weak. GBP gained by 0.2% amidst expectations of further rate hikes. INR closed stable. Asian currencies are trading lower today.

Fig 2 – Currencies

	16-02-2022	17-02-2022	% change
EUR/USD	1.1373	1.1361	(0.1)
GBP/USD	1.3586	1.3616	0.2
USD/JPY	115.52	114.94	0.5
USD/INR	75.08	75.11	0
USD/CNY	6.3372	6.3384	0

Source: Bloomberg, Bank of Baroda Research

Except Japan (higher) and China (flat), global yields closed lower as Russia-Ukraine tensions simmered once again. US 10Y yield fell the most by 8bps amidst weaker than expected macro data (housing starts and jobless claims). 10Y yields in UK and Germany also dropped by 6bps and 5bps respectively. India's 10Y yield fell by 1bps tracking global cues and lower oil prices.



Fig 3 – Bond 10Y yield

	16-02-2022	17-02-2022	% change
US	2.04	1.96	(8)
UK	1.52	1.46	(6)
Germany	0.28	0.23	(5)
Japan	0.22	0.23	1
China	2.79	2.78	0
India	6.69	6.67	(1)

Source: Bloomberg, Bank of Baroda Research

- Tbill yields continued to inch down. Yields on 91-day and 182-day TBill fell by 1bps and 3bps respectively

Fig 4 – Short term rates

	16-02-2022	17-02-2022	% change
Tbill-91 days	3.69	3.68	(1)
Tbill-182 days	4.15	4.14	(3)
Tbill-364 days	4.43	4.47	0
G-Sec 2Y	4.85	4.85	(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	15-02-2022	16-02-2022	Change (Rs tn)
Net Liquidity (-Surplus/+deficit)	(7.0)	(7.3)	(0.3)
Reverse repo	6.8	6.8	0
Repo	0	0	0

Source: Bloomberg, Bank of Baroda Research

Fig 6 – Capital market flows

	15-02-2022	16-02-2022	Change (US\$ mn/Rs cr)
FII (US\$ mn)	(218.5)	(109.3)	109.2
Debt	(34.6)	(60.4)	(25.8)
Equity	(183.9)	(48.9)	134.9
Mutual funds (Rs cr)	2,674.2	1,425.5	(1,248.7)
Debt	567.0	459.8	(107.2)
Equity	2,107.2	965.7	(1,141.6)

Source: Bloomberg, Bank of Baroda Research, Note: Data for Mutual Fund inflows pertains to 14 Feb 2022 and 15 Feb 2022

- International oil prices dropped by 1.9% to (US\$ 93/bbl) amidst news reports of possible relief on Iran sanctions. Gold prices continued its upward momentum and rose by 1.5%.

Fig 7 – Commodities

	16-02-2022	17-02-2022	% change
Brent crude (US\$/bbl)	94.8	93.0	(1.9)
Gold (US\$/ Troy Ounce)	1,869.8	1,898.4	1.5
Copper (US\$/ MT)	10,034.8	9,982.0	(0.5)
Zinc (US\$/MT)	3,596.5	3,627.5	0.9
Aluminum (US\$/MT)	3,256.0	3,268.0	0.4

Source: Bloomberg, Bank of Baroda Research



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