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ECONOMIST
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US 10Y yield dropped sharply following IMF's downgrade of global growth projection. Even US existing home sales data showed a 4.5% decline in Mar'22, on YoY basis. Crude prices inched down slightly to US\$ 107/bbl. Elsewhere, Japan's Finance Minister raised concerns about depreciating currency. Minneapolis Fed President on the other hand spoke of an aggressive rate hike on the back of global supply chain disruption.

- Global equities ended mixed as investors closely monitored rising inflation and possible slowdown in global growth after IMF trimmed its growth forecast downwards for FY23. However, European indices ended in green as it tracked corporate earnings. Sensex too ended higher by 1% led by gains in technology and auto stocks. It is trading higher today in line with other Asian stocks.

Fig 1 – Stock markets

	19-04-2022	20-04-2022	% change
Dow Jones	34,911	35,161	0.7
S & P 500	4,462	4,459	(0.1)
FTSE	7,601	7,629	0.4
Nikkei	26,985	27,218	0.9
Hang Seng	21,028	20,945	(0.4)
Shanghai Comp	3,194	3,151	(1.3)
Sensex	56,463	57,038	1.0
Nifty	16,959	17,137	1.0

Source: Bloomberg, Bank of Baroda Research

- Except CNY (lower), other global currencies closed higher. DXY retreated and declined by 0.6% as US 10Y yields dropped lower. JPY was up by 0.8% amidst news of possible policy divergence between Fed and BoJ as it continued to show its commitment towards ultra-easing stimulus. INR too appreciated by 0.4% against weaker dollar. It is trading flat today, while other Asian currencies are trading mixed.

Fig 2 – Currencies

	19-04-2022	20-04-2022	% change
EUR/USD	1.0788	1.0853	0.6
GBP/USD	1.2998	1.3068	0.5
USD/JPY	128.91	127.86	0.8
USD/INR	76.51	76.21	0.4
USD/CNY	6.3935	6.4192	(0.4)

Source: Bloomberg, Bank of Baroda Research

- Except Japan and China (higher), global yields closed lower. US 10Y yield fell the most by 10bps followed by UK and Germany (dropped by 5bps each). This was on the back of concerns over muted global demand as pointed by IMF in its recent report (it downgraded global growth projection by 0.8% for CY22). India's



10Y yield also fell by 5bps (7.11%) as India's growth outlook also remained grim as reflected in the IMF report.

Fig 3 – Bond 10Y yield

	19-04-2022	20-04-2022	change in bps
US	2.94	2.83	(10)
UK	1.97	1.92	(5)
Germany	0.91	0.86	(5)
Japan	0.25	0.25	1
China	2.82	2.84	2
India	7.15	7.11	(5)

Source: Bloomberg, Bank of Baroda Research

- TBill auction result of Rs 340bn revealed cut off yield fell marginally across the board (91 and 182-days fell by 2bps each and 364-days fell by 1bps).

Fig 4 – Short term rates

	19-04-2022	20-04-2022	% change
Tbill-91 days	3.96	3.95	(1)
Tbill-182 days	4.26	4.39	13
Tbill-364 days	4.77	4.80	3
G-Sec 2Y	5.43	5.42	0
SONIA int rate benchmark	0.69	0.69	0
US SOFR	0.29	0.28	(1)

Source: Bloomberg, Bank of Baroda Research

Fig 5 – Liquidity

Rs tn	19-04-2022	20-04-2022	Change (Rs tn)
Net Liquidity (-Surplus/+deficit)	(6.9)	(6.6)	0.3
Reverse repo	5.4	5.9	0.5
Repo	0	0	0

Source: RBI, Bank of Baroda Research

Fig 6 – Capital market flows

	18-04-2022	19-04-2022	Change (US\$ mn/Rs cr)
FII (US\$ mn)	(806.6)	(734.5)	72.1
Debt	42.3	(67.2)	(109.5)
Equity	(848.9)	(667.3)	181.6
Mutual funds (Rs cr)	2,168.7	1,440.4	(728.3)
Debt	441.5	224.5	(217.0)
Equity	1,727.2	1,215.9	(511.3)

Source: Bloomberg, Bank of Baroda Research Note, Mutual fund data is of 18 and 13th Apr 2022

- Crude prices continued to dip further led by muted demand outlook in China. IMF lowering its global growth forecast also added further woes. Gold and aluminium inched up marginally.

Fig 7 – Commodities

	19-04-2022	20-04-2022	% change
Brent crude (US\$/bbl)	107.3	106.8	(0.4)
Gold (US\$/ Troy Ounce)	1,950.1	1,957.8	0.4
Copper (US\$/ MT)	10,281.5	10,196.0	(0.8)
Zinc (US\$/MT)	4,563.1	4,470.0	(2.0)
Aluminum (US\$/MT)	3,261.0	3,269.0	0.2

Source: Bloomberg, Bank of Baroda Research



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