

## MORNING MOCHA

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ECONOMIST  
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Global markets remain wary of geopolitical developments between Russia-Ukraine and are closing tracking global efforts to diffuse the tensions. DXY was up by 0.3%. Oil prices also inched up again, owing to renewed supply concerns.

- Except Shanghai Comp (higher), global equity markets ended lower. Concerns over Russia-Ukraine conflict continued to impact sentiment. Hang Seng fell the most by 1.9%, followed by Dow Jones and S&P 500 falling by 0.7% each. Domestic equities too ended lower for the third consecutive session, led by global cues. Pharmaceuticals, real estate and oil and gas stocks declined the most.

**Fig 1 – Stock markets**

	17-02-2022	18-02-2022	% change
Dow Jones	34,312	34,079	(0.7)
S & P 500	4,380	4,349	(0.7)
FTSE	7,537	7,514	(0.3)
Nikkei	27,233	27,122	(0.4)
Hang Seng	24,793	24,328	(1.9)
Shanghai Comp	3,468	3,491	0.7
Sensex	57,892	57,833	(0.1)
Nifty	17,305	17,276	(0.2)

Source: Bloomberg, Bank of Baroda Research

- Except INR and CNY (higher), other global currencies closed lower against the dollar. DXY gained by 0.3% as geopolitical tensions between Russia and Ukraine spooked investors. Better than expected US existing home sales also boosted dollar. EUR fell the most by 0.3%, followed by GBP which fell by 0.2%. However, INR appreciated by 0.6% even as oil prices edged up. Asian currencies are trading lower today.

**Fig 2 – Currencies**

	17-02-2022	18-02-2022	% change
EUR/USD	1.1361	1.1322	(0.3)
GBP/USD	1.3616	1.3589	(0.2)
USD/JPY	114.94	115.01	(0.1)
USD/INR	75.11	74.66	0.6
USD/CNY	6.3384	6.3256	0.2

Source: Bloomberg, Bank of Baroda Research

- Except China (higher), global yields closed lower as investors continue to monitor developments surrounding Russia-Ukraine tensions. UK's 10Y yield fell the most by 9bps, led by decline in likelihood of 50bps rate hike in the next policy meeting. 10Y yields in Germany and US also dropped by 4bps and 3bps respectively. India's 10Y yield fell by 1bps tracking global cues.



**Fig 3 – Bond 10Y yield**

	17-02-2022	18-02-2022	% change
US	1.96	1.93	(3)
UK	1.46	1.38	(9)
Germany	0.23	0.19	(4)
Japan	0.23	0.22	(1)
China	2.78	2.81	3
India	6.67	6.66	(1)

Source: Bloomberg, Bank of Baroda Research

- T-bill yields inched up marginally. Yields on 91-day and 182-day T-Bill rose by 1bps, but it fell on the longer-end (down 6bps for 364-day T-bill).

**Fig 4 – Short term rates**

	17-02-2022	18-02-2022	% change
Tbill-91 days	3.69	3.68	1
Tbill-182 days	4.15	4.14	1
Tbill-364 days	4.43	4.47	(6)
G-Sec 2Y	4.85	4.85	(6)
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	16-02-2022	17-02-2022	Change (Rs tn)
Net Liquidity (-Surplus/+deficit)	(7.3)	(7.4)	(0.1)
Reverse repo	6.8	6.8	0
Repo	0	0	0

Source: Bloomberg, Bank of Baroda Research

**Fig 6 – Capital market flows**

	16-02-2022	17-02-2022	Change (US\$ mn/Rs cr)
FII (US\$ mn)	(109.3)	(54.2)	55.2
Debt	(60.4)	40.4	100.8
Equity	(48.9)	(94.6)	(45.6)
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 rose by 0.6% to (US\$ 93/bbl) amidst renewed geopolitical tensions (Russia-Ukraine). Gold prices remained unchanged.

**Fig 7 – Commodities**

	17-02-2022	18-02-2022	% change
Brent crude (US\$/bbl)	93.0	93.5	0.6
Gold (US\$/ Troy Ounce)	1,898.4	1,898.4	0
Copper (US\$/ MT)	9,982.0	10,010.0	0.3
Zinc (US\$/MT)	3,627.5	3,600.3	(0.8)
Aluminum (US\$/MT)	3,268.0	3,262.5	(0.2)

Source: Bloomberg, Bank of Baroda Research



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