

MORNING MOCHA

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US labour market data shows that continuing claims (4-week moving average), a better indicator for gauging labour market conditions, rose by 5k to 1.88mn to reach its highest level since end-Nov'21. This slack in labour market has refuelled hopes of a rate cut by Fed in Dec'24. The cut is expected to be shallower as other indicators show relatively steady economic activity. Existing home sales rose by 3.4% (MoM) in Oct'24 to 3.96mn units (est.: 3.93mn). However, the renewed rise in mortgage rates is expected to dent this recovery going forward. In Asia-Pacific, flash PMI indices show that manufacturing contracted at a faster pace in Japan in Nov'24 (49 versus 49.4 in Oct'24), while it fell at a slower pace in Australia (49.4 versus 47.3). In contrast, while services activity rebounded in Japan, it fell to 10-month low in Australia. Investors are also monitoring Japan's higher than expected CPI (2.3% in Oct'24 versus est.: 2.2%) and jump in Singapore's Q3 GDP (5.4% versus 3% in Q2).

- Global indices ended mixed. US indices rose, tracking jobs data and commentary by Fed officials. Amongst other indices, Nikkei dropped the most. Sensex too ended in the red and was dragged down by losses in oil & gas and power stocks. However, it is trading higher today in line with other Asian stocks.

Fig 1 – Stock markets

	20-11-2024	21-11-2024	Change, %
Dow Jones	43,408	43,870	1.1
S & P 500	5,917	5,949	0.5
FTSE	8,085	8,149	0.8
Nikkei	38,352	38,026	(0.9)
Hang Seng	19,705	19,601	(0.5)
Shanghai Comp	3,368	3,370	0.1
Sensex	77,578	77,156	(0.5)
Nifty	23,519	23,350	(0.7)

Source: Bloomberg, Bank of Baroda Research | Note: Markets in India were closed on 20 Nov 2024

- Barring CNY (flat) and JPY (higher), other global currencies ended lower. DXY strengthened after investors turned their focus towards the impact of upcoming policies by President elect-Trump. For Yen, the focus will be on commentary by BoJ Governor. INR depreciated amidst the rise in oil prices. It is trading stronger today, while other Asian currencies are trading mixed.

Fig 2 – Currencies

	20-11-2024	21-11-2024	Change, %
EUR/USD (1 EUR / USD)	1.0544	1.0474	(0.7)
GBP/USD (1 GBP / USD)	1.2652	1.2589	(0.5)
USD/JPY (JPY / 1 USD)	155.44	154.54	0.6
USD/INR (INR / 1 USD)	84.41	84.50	(0.1)
USD/CNY (CNY / 1 USD)	7.2455	7.2422	0

Source: Bloomberg, Bank of Baroda | Note: Markets in India were closed on 20 Nov 2024



- Global bond yields closed mixed. 10Y yield in US rose by 1bps, amidst mixed commentary from some Fed officials, and macro data release (labour market and home sales). UK's bond market reacted to BoE's Deputy Governor Ramsden expectation of inflation undershooting BoE's target. India's 10Y yield rose by 2bps, tracking rise in oil prices. It is trading even higher at 6.87% today.

Fig 3 – Bond 10Y yield

	20-11-2024	21-11-2024	Change, bps
US	4.41	4.42	1
UK	4.47	4.44	(3)
Germany	2.35	2.32	(3)
Japan	1.08	1.10	2
China	2.09	2.09	(1)
India	6.85	6.86	2

Source: Bloomberg, Bank of Baroda Research | Note: Markets in India were closed on 20 Nov 2024

Fig 4 – Short term rates

	19-11-2024	21-11-2024	change in bps
Tbill-91 days	6.45	6.45	0
Tbill-182 days	6.59	6.63	4
Tbill-364 days	6.58	6.62	4
G-Sec 2Y	6.70	6.71	1
India OIS-2M	6.63	6.64	1
India OIS-9M	6.56	6.57	1
SONIA int rate benchmark	4.70	4.70	0
US SOFR	4.57	4.56	(1)

Source: Bloomberg, Bank of Baroda Research | Note: Markets in India were closed on 20 Nov 2024

Fig 5 – Liquidity

Rs tn	19-11-2024	21-11-2024	change (Rs tn)
Net Liquidity (-Surplus/+deficit)	(1.0)	(0.8)	0.2
Reverse Repo	0.4	0.6	0.2
Repo	0	0	0

Source: RBI, Bank of Baroda Research | Note: Markets in India were closed on 20 Nov 2024

Fig 6 – Capital market flows

	18-11-2024	19-11-2024	change (US\$ mn/Rs cr)
FII (US\$ mn)	(528.7)	(304.1)	224.6
Debt	(288.4)	(76.9)	211.5
Equity	(240.3)	(227.2)	13.1
Mutual funds (Rs cr)	2,044.7	(805.8)	(2,850.5)
Debt	775.8	(1,443.5)	(2,219.3)
Equity	1,268.9	637.7	(631.2)

Source: Bloomberg, Bank of Baroda Research, Note: MF data as of 8th and 11th Nov 2024

- Oil prices jumped, following escalation in Russia-Ukraine tensions.

Fig 7 – Commodities

	20-11-2024	21-11-2024	% change
Brent crude (US\$/bbl)	72.8	74.2	2.0
Gold (US\$/ Troy Ounce)	2,650.6	2,669.7	0.7
Copper (US\$/ MT)	8,968.0	8,885.1	(0.9)
Zinc (US\$/MT)	2,976.1	2,984.2	0.3
Aluminium (US\$/MT)	2,644.0	2,631.5	(0.5)

Source: Bloomberg, Bank of Baroda Research



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