

## MORNING MOCHA

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ECONOMIST  
**Sonal Badhan**

Global markets are eyeing deepening tensions between Russia and Ukraine as Ukraine has announced a 30-day state of emergency in the country. The sanctions imposed so far are not expected to disrupt oil supply for now, keeping Brent steady. DXY was up by 0.2% on safe-haven demand.

- Global indices ended mixed as investors monitor growing crisis between Russia and Ukraine. Amongst other indices, S&P (1.8%) dropped the most. Sensex (0.1%) too ended in red led by subdued global cues and was dragged down by losses in auto and oil and gas stocks. It is trading further lower today, while other Asian stocks are trading higher.

**Fig 1 – Stock markets**

	22-02-2022	23-02-2022	% change
Dow Jones	33,597	33,132	(1.4)
S & P 500	4,305	4,226	(1.8)
FTSE	7,494	7,498	0.1
Nikkei	26,911	26,450	(1.7)
Hang Seng	23,520	23,660	0.6
Shanghai Comp	3,457	3,489	0.9
Sensex	57,301	57,232	(0.1)
Nifty	17,092	17,063	(0.2)

Source: Bloomberg, Bank of Baroda Research

- Safe haven DXY and JPY gained by 0.2% and 0.1% respectively as crisis deepened between Russia and Ukraine. Euro and GBP dropped by 0.2% and 0.3% respectively. INR appreciated by 0.4% and is trading flat today. Other Asian currencies are trading mixed.

**Fig 2 – Currencies**

	22-02-2022	23-02-2022	% change
EUR/USD	1.1325	1.1307	(0.2)
GBP/USD	1.3585	1.3544	(0.3)
USD/JPY	115.08	115.01	0.1
USD/INR	74.88	74.57	0.4
USD/CNY	6.3264	6.3145	0.2

Source: Bloomberg, Bank of Baroda Research

- Global bonds closed mixed, with 10Y yields of US (+5bps) and UK (+1bps) inching up. Investors are concerned about inflation in US and possible rate hike by Fed. Declining consumer confidence index supports that, the economy is not fully back on track. India's 10Y yield fell by 1bps, as oil prices steadied.



**Fig 3 – Bond 10Y yield**

	22-02-2022	23-02-2022	% change
US	1.94	1.99	5
UK	1.47	1.48	1
Germany	0.24	0.23	(2)
Japan	0.20	0.20	0
China	2.84	2.81	(3)
India	6.75	6.74	(1)

Source: Bloomberg, Bank of Baroda Research

- T-bill yields inched up, following RBI auction. Yields on 182-day (+7bps) and 91-day (+5bps) rose the most. In the auction, cut-off yield for 91-day T-bill was at 3.70% (3.68% last week) and for 182-day T-bill it was at 4.19% (4.16%).

**Fig 4 – Short term rates**

	22-02-2022	23-02-2022	% change
Tbill-91 days	3.69	3.68	5
Tbill-182 days	4.15	4.14	7
Tbill-364 days	4.43	4.47	2
G-Sec 2Y	4.85	4.85	1
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	22-02-2022	23-02-2022	Change (Rs tn)
Net Liquidity (-Surplus/+deficit)	(7.0)	(7.0)	0
Reverse repo	6.4	7.0	0.6
Repo	0	0	0

Source: Bloomberg, Bank of Baroda Research

**Fig 6 – Capital market flows**

	21-02-2022	22-02-2022	Change (US\$ mn/Rs cr)
FII (US\$ mn)	(181.3)	(385.9)	(204.6)
Debt	(77.3)	(57.6)	19.7
Equity	(104.0)	(328.3)	(224.3)
Mutual funds (Rs cr)	2,637.2	2,021.5	(615.7)
Debt	2,003.0	1,307.9	(695.1)
Equity	634.3	713.7	79.4

Source: Bloomberg, Bank of Baroda Research; Note: Data for Mutual Fund inflows pertains to 17 Feb 2022 and 18 Feb 2022

- International oil prices remained unchanged (US\$ 97/bbl) and gold prices rose by 0.5%, as investors continue to track Russia-Ukraine tensions.

**Fig 7 – Commodities**

	22-02-2022	23-02-2022	% change
Brent crude (US\$/bbl)	96.8	96.8	0
Gold (US\$/ Troy Ounce)	1,898.6	1,909.0	0.5
Copper (US\$/ MT)	9,962.3	9,906.5	(0.6)
Zinc (US\$/MT)	3,627.0	3,578.8	(1.3)
Aluminum (US\$/MT)	3,303.0	3,292.5	(0.3)

Source: Bloomberg, Bank of Baroda Research



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For further details about this publication, please contact:

**Chief Economist**

Bank of Baroda

[chief.economist@bankofbaroda.com](mailto:chief.economist@bankofbaroda.com)