

## MORNING MOCHA

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ECONOMIST  
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Global markets fell as Russia moved troops into Ukrainian borders and launched an attack. US markets recovered towards the end of the session as President Biden imposed fresh set of sanctions on Russia. Sanctions include: Freezing of Russian assets in US, limiting number of items that can be exported to Russia. Russian banks were already under the purview of US and European sanctions.

- Barring US markets, other global indices ended in deep red as investors monitored news of Russia attacking Ukraine and in response other countries imposing sanctions on Russia. Amongst other indices, Sensex (4.7%) ended deep in red with a broad-based decline across sectors. This was followed by FTSE (3.9%) and Hang Seng (3.2%). However, domestic market rebounded and is trading higher in the morning session today in line with other Asian stocks.

**Fig 1 – Stock markets**

	23-02-2022	24-02-2022	% change
Dow Jones	33,132	33,224	0.3
S & P 500	4,226	4,289	1.5
FTSE	7,498	7,207	(3.9)
Nikkei	26,450	25,971	(1.8)
Hang Seng	23,660	22,902	(3.2)
Shanghai Comp	3,489	3,430	(1.7)
Sensex	57,232	54,530	(4.7)
Nifty	17,063	16,248	(4.8)

Source: Bloomberg, Bank of Baroda Research

- Global currencies ended lower as Russia began military operations in Ukraine. DXY was up by 1% as demand for safe haven rose. GBP and Euro dropped lower by 1.2% and 1% respectively. INR depreciated by 1.4% as oil prices surged by 2.3%. Asian currencies are trading mixed today.

**Fig 2 – Currencies**

	23-02-2022	24-02-2022	% change
EUR/USD	1.1307	1.1192	(1.0)
GBP/USD	1.3544	1.3380	(1.2)
USD/JPY	115.01	115.53	(0.5)
USD/INR	74.57	75.65	(1.4)
USD/CNY	6.3145	6.3292	(0.2)

Source: Bloomberg, Bank of Baroda Research

- Global bonds closed mixed, with 10Y yield of Germany (-6bps) falling the most, followed by yields of US and UK (-3bps each). Investor sentiments were impacted by attack on Ukraine. Participants await to see the impact of this on inflation and reaction of Fed. India's 10Y yield rose by 2bps, as oil prices rose.



**Fig 3 – Bond 10Y yield**

	23-02-2022	24-02-2022	% change
US	1.99	1.96	(3)
UK	1.48	1.45	(3)
Germany	0.23	0.17	(6)
Japan	0.20	0.20	0
China	2.81	2.81	0
India	6.74	6.76	2

Source: Bloomberg, Bank of Baroda Research

- T-bill yield on 91-day paper rose a tad by 1bps, while yields on 182-day paper and 364-day paper remained unchanged.

**Fig 4 – Short term rates**

	23-02-2022	24-02-2022	% change
Tbill-91 days	3.69	3.68	1
Tbill-182 days	4.15	4.14	0
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	23-02-2022	24-02-2022	Change (Rs tn)
Net Liquidity (-Surplus/+deficit)	(7.0)	(7.1)	(0.1)
Reverse repo	7.0	7.0	0
Repo	0	0	0

Source: Bloomberg, Bank of Baroda Research

**Fig 6 – Capital market flows**

	22-02-2022	23-02-2022	Change (US\$ mn/Rs cr)
FII (US\$ mn)	(385.9)	(373.8)	12.1
Debt	(57.6)	6.6	64.2
Equity	(328.3)	(380.4)	(52.1)
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 rose by 2.3% (US\$ 99/bbl), as Russian launched an attack on Ukraine. Gold prices fell by 0.3%, following fresh set of sanctions announced by US on Russia.

**Fig 7 – Commodities**

	23-02-2022	24-02-2022	% change
Brent crude (US\$/bbl)	96.8	99.1	2.3
Gold (US\$/ Troy Ounce)	1,909.0	1,903.9	(0.3)
Copper (US\$/ MT)	9,906.5	9,918.5	0.1
Zinc (US\$/MT)	3,578.8	3,661.3	2.3
Aluminum (US\$/MT)	3,292.5	3,394.5	3.1

Source: Bloomberg, Bank of Baroda Research



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