

MORNING MOCHA

25 November 2024

ECONOMIST

Aditi Gupta

Flash PMIs signalled a sharp deterioration in economic activity in both the Eurozone and UK, even as US economy continued to power ahead led by the buoyant services sector. Flash composite PMI for Eurozone and UK dipped to a 10-month and 13-month low respectively in Oct'24, falling below the 50-mark. Additionally, retail sales in the UK declined more than expected by 0.7% in Oct'24 versus an estimated 0.3% drop, providing further signs of economic stress in the country. In Japan, the flash PMI signalled a marginal uptick led by a pickup in services sector. Separately, the government also announced a ₹ 21.9tn stimulus package to support growth. In India, flash composite PMI rose to 59.5 in Oct'24 from 59.1 in Sep'24, led by sustained demand in the service sector.

- Global indices ended mixed. Investors remained cautious ahead of slew of macro releases in US, Eurozone and Japan. ECB and BoE officials are also due to speak along with the release of US Fed minutes. Hang Seng and Shanghai Comp edged down as policy measures in China still fell short of expectations. UK and US stocks firmed up. Sensex was supported by technology stocks. It is trading higher today while Asian stocks are trading mixed.

Fig 1 – Stock markets

	21-11-2024	22-11-2024	Change, %
Dow Jones	43,870	44,297	1.0
S & P 500	5,949	5,969	0.3
FTSE	8,149	8,262	1.4
Nikkei	38,026	38,284	0.7
Hang Seng	19,601	19,230	(1.9)
Shanghai Comp	3,370	3,267	(3.1)
Sensex	77,156	79,117	2.5
Nifty	23,350	23,907	2.4

Source: Bloomberg, Bank of Baroda Research

- Except INR, other global currencies depreciated amid continued dollar strength. DXY rose by 0.5% as US flash PMI signalled a solid expansion in economic activity. Both EUR and GBP weakened as flash composite PMIs dipped into the contractionary zone for the regions. INR appreciated a tad after falling to record lows. It is trading further stronger today, in line with other Asian currencies.

Fig 2 – Currencies

	21-11-2024	22-11-2024	Change, %
EUR/USD (1 EUR / USD)	1.0474	1.0418	(0.5)
GBP/USD (1 GBP / USD)	1.2589	1.2530	(0.5)
USD/JPY (JPY / 1 USD)	154.54	154.78	(0.2)
USD/INR (INR / 1 USD)	84.50	84.46	0.1
USD/CNY (CNY / 1 USD)	7.2422	7.2480	(0.1)

Source: Bloomberg, Bank of Baroda



- Global yields softened as global data (PMI reading in UK and Eurozone, GDP data in Germany and retail sales in UK) showed loss of momentum. Germany's 10Y yield softened the most, followed by UK. India's 10Y yield inched a tad by 1bps. It is however trading lower at 6.85%, today.

Fig 3 – Bond 10Y yield

	21-11-2024	22-11-2024	Change, bps
US	4.42	4.40	(2)
UK	4.44	4.39	(6)
Germany	2.32	2.24	(8)
Japan	1.10	1.09	(1)
China	2.09	2.08	(1)
India	6.86	6.87	1

Source: Bloomberg, Bank of Baroda Research

Fig 4 – Short term rates

	21-11-2024	22-11-2024	change in bps
Tbill-91 days	6.45	6.45	0
Tbill-182 days	6.63	6.63	0
Tbill-364 days	6.62	6.61	(1)
G-Sec 2Y	6.71	6.73	1
India OIS-2M	6.64	6.65	1
India OIS-9M	6.57	6.58	1
SONIA int rate benchmark	4.70	4.70	0
US SOFR	4.56	4.57	1

Source: Bloomberg, Bank of Baroda Research

Fig 5 – Liquidity

Rs tn	21-11-2024	22-11-2024	change (Rs tn)
Net Liquidity (-Surplus/+deficit)	(0.8)	(0.2)	0.6
Reverse Repo	0.6	0.1	(0.5)
Repo	0	0	0

Source: RBI, Bank of Baroda Research

Fig 6 – Capital market flows

	19-11-2024	21-11-2024	change (US\$ mn/Rs cr)
FII (US\$ mn)	(304.1)	140.4	444.5
Debt	(76.9)	(16.6)	60.3
Equity	(227.2)	157.0	384.2
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: Mutual Funds data as of 8 Nov and 11 Nov 2024

- Oil prices inched up as investors remained cautious ahead of OPEC+ meeting.

Fig 7 – Commodities

	21-11-2024	22-11-2024	% change
Brent crude (US\$/bbl)	74.2	75.2	1.3
Gold (US\$/ Troy Ounce)	2,669.7	2,716.2	1.7
Copper (US\$/ MT)	8,885.1	8,848.0	(0.4)
Zinc (US\$/MT)	2,984.2	2,969.0	(0.5)
Aluminium (US\$/MT)	2,631.5	2,624.0	(0.3)

Source: Bloomberg, Bank of Baroda Research



Disclaimer

The views expressed in this research note are personal views of the author(s) and do not necessarily reflect the views of Bank of Baroda. Nothing contained in this publication shall constitute or be deemed to constitute an offer to sell/ purchase or as an invitation or solicitation to do so for any securities of any entity. Bank of Baroda and/ or its Affiliates and its subsidiaries make no representation as to the accuracy; completeness or reliability of any information contained herein or otherwise provided and hereby disclaim any liability with regard to the same. Bank of Baroda Group or its officers, employees, personnel, directors may be associated in a commercial or personal capacity or may have a commercial interest including as proprietary traders in or with the securities and/ or companies or issues or matters as contained in this publication and such commercial capacity or interest whether or not differing with or conflicting with this publication, shall not make or render Bank of Baroda Group liable in any manner whatsoever & Bank of Baroda Group or any of its officers, employees, personnel, directors shall not be liable for any loss, damage, liability whatsoever for any direct or indirect loss arising from the use or access of any information that may be displayed in this publication from time to time.

Visit us at



For further details about this publication, please contact:

Chief Economist

Bank of Baroda

chief.economist@bankofbaroda.com