

MORNING MOCHA

25 October 2022

ECONOMIST
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Flash composite PMIs of UK (21-month low), Eurozone (23-month low) and US (2-month low) signal further moderation in economic activity. While in the US, manufacturing sector moderated, services activity was the major drag in UK. In the Eurozone, there was a broad-based slowdown, raising further fears of a recession. In Japan, composite PMI rose, led by an improvement in services sector even as manufacturing activity slipped. However, in China, GDP growth improved to 3.9% (YoY) in Q3CY22 (est. 3.3%) from 0.4% in Q2. Industrial production and exports too were better than expected, while retail sales remained sluggish. However, concerns over economic growth were reignited as the new government is likely to maintain the strict Covid-zero stance. End of political uncertainty in UK provided some relief.

- Global indices closed mixed. Investors remained cautious monitoring political developments in China and UK and flash PMI prints in the US, UK and Germany. US Treasury Secretary reiterated concerns of 'dangerous' global backdrop. Even BoE Deputy Governor said that markets are still uncertain about the outlook of UK. In Asia, Hang Seng fell by 6.4% to its lowest level since Apr'09. Sensex on the other hand, rose by 0.9% in its truncated trading session yesterday. It is trading further higher today in line with other Asian stocks.

Fig 1 – Stock markets

	21-10-2022	24-10-2022	% change
Dow Jones	31,083	31,500	1.3
S & P 500	3,753	3,797	1.2
FTSE	6,970	7,014	0.6
Nikkei	26,891	26,975	0.3
Hang Seng	16,211	15,181	(6.4)
Shanghai Comp	3,039	2,978	(2.0)
Sensex*	59,307	59,832	0.9
Nifty	17,576	17,731	0.9

Source: Bloomberg, Bank of Baroda Research | Note: *Muhurat trading

- Global currencies closed mixed against the dollar. DXY ended flat amidst a dip in US economic activity. JPY depreciated by 0.8%. CNY fell by 0.4% to a 14-year low as China unveiled its new leadership which raised concerns over economic growth. Following a further drop in CNY today, INR is trading lower.

Fig 2 – Currencies

	21-10-2022	24-10-2022	% change
EUR/USD	0.9862	0.9874	0.1
GBP/USD	1.1303	1.1278	(0.2)
USD/JPY	147.65	148.91	(0.8)
USD/INR	82.76	82.69	0.1
USD/CNY	7.2306	7.2630	(0.4)

Source: Bloomberg, Bank of Baroda Research | Note: Markets in India were closed on 24 Oct 2022



- Global yields closed mixed. US 10Y yield rose by 3bps as markets are awaiting another 75bps hike in the upcoming policy of Fed scheduled next week. UK's 10Y yield fell the most by 31bps on hopes of fiscal consolidation from new PM. Germany's 10Y yield fell by 9bps ahead of ECB policy meeting. India's 10Y yield rose by 3bps (7.51%) and is trading lower at 7.46% today.

Fig 3 – Bond 10Y yield

	21-10-2022	24-10-2022	change in bps
US	4.22	4.24	3
UK	4.05	3.75	(31)
Germany	2.42	2.33	(9)
Japan	0.26	0.26	0
China	2.74	2.72	(2)
India	7.48	7.51	3

Source: Bloomberg, Bank of Baroda Research | Note: Markets in India were closed on 24 Oct 2022

Fig 4 – Short term rates

	21-10-2022	24-10-2022	change in bps
Tbill-91 days	6.35	6.36	1
Tbill-182 days	6.72	6.83	11
Tbill-364 days	6.92	6.92	0
G-Sec 2Y	7.11	7.13	2
SONIA int rate benchmark	2.19	2.19	0
US SOFR	3.03	3.02	(1)

Source: Bloomberg, Bank of Baroda Research | Note: Markets in India were closed on 24 Oct 2022

Fig 5 – Liquidity

Rs tn	20-10-2022	21-10-2022	change (Rs tn)
Net Liquidity (-Surplus/+deficit)	(0.1)	0.7	0.8
Reverse repo	0.6	0	(0.6)
Repo	0	0	0

Source: RBI, Bank of Baroda Research | Note: Markets in India were closed on 24 Oct 2022

Fig 6 – Capital market flows

	19-10-2022	20-10-2022	change (US\$ mn/Rs cr)
FII (US\$ mn)	(30.1)	157.9	188.0
Debt	16.1	(44.9)	(61.0)
Equity	(46.2)	202.8	249.0
Mutual funds (Rs cr)	(203.0)	2,262.9	2,465.9
Debt	(1,576.2)	977.5	2,553.8
Equity	1,373.2	1,285.4	(87.9)

Source: Bloomberg, Bank of Baroda Research | Note: Mutual funds data as of 14 Oct 2022 and 17 Oct 2022

- Crude oil prices edged down by 0.3% as data showed a drop in crude imports by China signalling a stress in demand.

Fig 7 – Commodities

	21-10-2022	24-10-2022	% change
Brent crude (US\$/bbl)	93.5	93.3	(0.3)
Gold (US\$/ Troy Ounce)	1,657.7	1,649.8	(0.5)
Copper (US\$/ MT)	7,719.2	7,689.0	(0.4)
Zinc (US\$/MT)	2,980.0	3,011.3	1.0
Aluminium (US\$/MT)	2,206.0	2,175.0	(1.4)

Source: Bloomberg, Bank of Baroda Research



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