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Movement in global markets remained muted due to thin holiday trading. Investors look forward to rate trajectory of major central banks, amidst increased threat of US tariffs. This coupled with expectations of fewer rate cuts by the Fed are likely to weigh on market sentiments. In Japan, bets a rate hike increased as inflation in the services sector rose to 3% in Nov'24 from 2.9% in Oct'24. This comes on heels of comments from BoJ Governor, who stated that inflation is likely to fall sustainably to BoJ's target in 2025. In India, RBI's bulletin noted that high frequency indicators signal a pickup in economic activity in Q3 FY25. This is on the back of festive and rural demand. Further, improved agricultural prospects due to robust rabi sowing and a pickup in government expenditure also bode well for the growth outlook. Thus, RBI projects GDP growth to recover to 6.8% in Q3 and 6.5% in Q4. For FY26, RBI estimates growth at 6.7% and inflation at 3.8%.

- Barring Japan, global indices ended higher. Seasonal factors surrounding Santa Claus rally contributed to the rise in stocks. Shanghai Comp rose the most supported by China's stimulus measures such as flexibility in investing proceeds of government bonds by local government. Sensex moderated led by metal stocks. It is however, trading higher today, in line with Asian stocks.

Fig 1 – Stock markets

	23-12-2024	24-12-2024	Change, %
Dow Jones	42,907	43,297	0.9
S & P 500	5,974	6,040	1.1
FTSE	8,103	8,137	0.4
Nikkei	39,161	39,037	(0.3)
Hang Seng	19,883	20,098	1.1
Shanghai Comp	3,351	3,394	1.3
Sensex	78,540	78,473	(0.1)
Nifty	23,753	23,728	(0.1)

Source: Bloomberg, Bank of Baroda Research | Note: Global markets were closed on 25 Dec 2024

- Global currencies traded in narrow ranges as market trading remained thin due to the holiday season. EUR and INR depreciated by 0.1% each. Dollar demand from importers weighed on INR which slipped to a fresh record low. It is trading further weaker today, while other Asian currencies are trading mixed.

Fig 2 – Currencies

	23-12-2024	24-12-2024	Change, %
EUR/USD (1 EUR / USD)	1.0405	1.0399	(0.1)
GBP/USD (1 GBP / USD)	1.2536	1.2539	0
USD/JPY (JPY / 1 USD)	157.17	157.19	0
USD/INR (INR / 1 USD)	85.12	85.20	(0.1)
USD/CNY (CNY / 1 USD)	7.2960	7.2953	0

Source: Bloomberg, Bank of Baroda | Note: Global markets were closed on 25 Dec 2024



- Global yields traded in a narrow range amidst the ongoing holiday season. UK's 10Y yield rose as macros yielded mixed signals over the shape of the economy. China's 10Y yield firmed up awaiting its monetary policy decision. India's 10Y yield closed stable and is trading at the same level today. However, continued tightness in system liquidity will be closely watched in the coming days.

Fig 3 – Bond 10Y yield

	23-12-2024	24-12-2024	Change, bps
US	4.59	4.59	0
UK	4.55	4.58	3
Germany	2.32	2.32	0
Japan	1.08	1.08	1
China	1.71	1.74	3
India	6.77	6.78	0

Source: Bloomberg, Bank of Baroda Research | Note: Global markets were closed on 25 Dec 2024

Fig 4 – Short term rates

	23-12-2024	24-12-2024	change in bps
Tbill-91 days	6.44	6.69	25
Tbill-182 days	6.61	6.69	8
Tbill-364 days	6.60	6.68	8
G-Sec 2Y	6.72	6.74	2
India OIS-2M	6.66	6.65	0
India OIS-9M	6.53	6.54	1
SONIA int rate benchmark	4.70	4.70	0
US SOFR	4.30	4.31	1

Source: Bloomberg, Bank of Baroda Research | Note: Global markets were closed on 25 Dec 2024

Fig 5 – Liquidity

Rs tn	23-12-2024	24-12-2024	change (Rs tn)
Net Liquidity (-Surplus/+deficit)	2.4	2.0	(0.4)
Reverse Repo	0	0	0
Repo	2.3	2.6	0.3

Source: RBI, Bank of Baroda Research | Note: Markets in India were closed on 25 Dec 2024

Fig 6 – Capital market flows

	20-12-2024	23-12-2024	change (US\$ mn/Rs cr)
FII (US\$ mn)	(51.3)	(86.5)	(35.2)
Debt	168.8	(104.8)	(273.6)
Equity	(220.1)	18.3	238.4
Mutual funds (Rs cr)	169.1	1,383.6	1,214.5
Debt	(2,608.2)	665.0	3,273.2
Equity	2,777.3	718.6	(2,058.7)

Source: Bloomberg, Bank of Baroda Research | Note: Mutual Funds data as of 19 Dec and 20 Dec 2024

- Oil prices ended higher amidst a stronger dollar.

Fig 7 – Commodities

	23-12-2024	24-12-2024	% change
Brent crude (US\$/bbl)	72.6	73.6	1.3
Gold (US\$/ Troy Ounce)	2,612.6	2,616.9	0.2
Copper (US\$/ MT)	8,801.5	8,845.8	0.5
Zinc (US\$/MT)	2,967.1	3,029.8	2.1
Aluminium (US\$/MT)	2,527.0	2,565.0	1.5

Source: Bloomberg, Bank of Baroda Research | Note: Global markets were closed on 25 Dec 2024



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