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Investors' focus remained firmly on developments in the US. Markets favourably viewed President Elect's pick for the Treasury secretary post, with stocks in the US inching up and treasury yields cooling off. However, global markets are likely to see increased volatility as the incoming President reiterated his promise of increasing tariffs on imports from China, Mexico and Canada. With prospects of a full-blown trade resurfacing, global growth and inflation dynamics will once again be brought into question. Separately, growth concerns continue to linger for the Eurozone as Germany's Ifo business climate index dipped more than expected to 85.7 in Nov'24 (est. 86) from 86.5 in Oct'24. In India, the government remains "cautiously optimistic" on the growth outlook led by improvement in agriculture sector. The monthly report also noted an improvement in high-frequency indicators in Oct'24.

- Global indices monitored US President elect's move on tariffs with reports indicating additional/higher tariffs on imports from China, Mexico and Canada. Thus, stocks in Hang Seng and Shanghai Comp took the hit. US stocks rallied supported by selection of new Treasury Secretary. Sensex inched up led by real estate stocks. It is trading higher today, while Asian stocks are trading mixed.

Fig 1 – Stock markets

| | 22-11-2024 | 25-11-2024 | Change, % |
|---------------|------------|------------|-----------|
| Dow Jones | 44,297 | 44,737 | 1.0 |
| S & P 500 | 5,969 | 5,987 | 0.3 |
| FTSE | 8,262 | 8,292 | 0.4 |
| Nikkei | 38,284 | 38,780 | 1.3 |
| Hang Seng | 19,230 | 19,151 | (0.4) |
| Shanghai Comp | 3,267 | 3,264 | (0.1) |
| Sensex | 79,117 | 80,110 | 1.3 |
| Nifty | 23,907 | 24,222 | 1.3 |

Source: Bloomberg, Bank of Baroda Research

- Except CNY, other global currencies rose against the dollar. DXY eased as Fed's Kashkari stated the need for another rate cut in Dec'24. Focus also remained on Fed minutes. EUR gained despite a fall in Germany's business climate index. INR appreciated by 0.2%. It is trading further stronger today, while other Asian currencies are trading mixed.

Fig 2 – Currencies

| | 22-11-2024 | 25-11-2024 | Change, % |
|-----------------------|------------|------------|-----------|
| EUR/USD (1 EUR / USD) | 1.0418 | 1.0495 | 0.7 |
| GBP/USD (1 GBP / USD) | 1.2530 | 1.2568 | 0.3 |
| USD/JPY (JPY / 1 USD) | 154.78 | 154.23 | 0.4 |
| USD/INR (INR / 1 USD) | 84.46 | 84.29 | 0.2 |
| USD/CNY (CNY / 1 USD) | 7.2480 | 7.2462 | 0 |

Source: Bloomberg, Bank of Baroda



- Global yields softened with US 10Y yield falling at the sharpest pace. This was supported by US President elect's new choice of Treasury secretary which was viewed as largely positive for financial stability by investors. Yields in UK and Germany also felt the ripple effect. India's 10Y yield moderated and is trading at 6.84% today.

Fig 3 – Bond 10Y yield

| | 22-11-2024 | 25-11-2024 | Change, bps |
|---------|------------|------------|-------------|
| US | 4.40 | 4.27 | (13) |
| UK | 4.39 | 4.34 | (4) |
| Germany | 2.24 | 2.21 | (3) |
| Japan | 1.09 | 1.08 | (1) |
| China | 2.08 | 2.06 | (2) |
| India | 6.87 | 6.85 | (2) |

Source: Bloomberg, Bank of Baroda Research

Fig 4 – Short term rates

| | 22-11-2024 | 25-11-2024 | 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 | 22-11-2024 | 25-11-2024 | change (Rs tn) |
|-----------------------------------|------------|------------|----------------|
| Net Liquidity (-Surplus/+deficit) | (0.2) | 0.1 | 0.3 |
| Reverse Repo | 0.1 | 0.3 | 0.2 |
| Repo | 0 | 0 | 0 |

Source: RBI, Bank of Baroda Research

Fig 6 – Capital market flows

| | 21-11-2024 | 22-11-2024 | change (US\$ mn/Rs cr) |
|----------------------|------------|------------|------------------------|
| FII (US\$ mn) | 140.4 | 137.7 | (2.7) |
| Debt | (16.6) | 10.7 | 27.3 |
| Equity | 157.0 | 127.0 | (30.0) |
| Mutual funds (Rs cr) | (1,412.9) | 810.7 | 2,223.6 |
| Debt | (5,307.1) | (817.7) | 4,489.3 |
| Equity | 3,894.2 | 1,628.5 | (2,265.7) |

Source: Bloomberg, Bank of Baroda Research

- Oil prices softened amidst reports of Israel-Hezbollah ceasefire.

Fig 7 – Commodities

| | 22-11-2024 | 25-11-2024 | % change |
|-------------------------|------------|------------|----------|
| Brent crude (US\$/bbl) | 75.2 | 73.0 | (2.9) |
| Gold (US\$/ Troy Ounce) | 2,716.2 | 2,625.0 | (3.4) |
| Copper (US\$/ MT) | 8,848.0 | 8,923.4 | 0.9 |
| Zinc (US\$/MT) | 2,969.0 | 3,020.2 | 1.7 |
| Aluminium (US\$/MT) | 2,624.0 | 2,652.0 | 1.1 |

Source: Bloomberg, Bank of Baroda Research



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