

**MORNING MOCHA**

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Aditi Gupta

US jobless claims fell by 1,000 to 224,000 in the week ended 14 Dec 2024. However, continuing claims rose to 1.9mn-the highest level in 3 years. In Japan, Industrial production declined by 2.3% (MoM) after increasing 2.8% in Oct'24, due to weak exports. On the other hand, core CPI inflation in Tokyo, rose to 2.4% in Dec'24 compared with 2.2% in Nov'24 bolstering the case for a rate hike. Minutes of BoJ's Dec'24 meeting suggested that the central bank awaits more clarity on wage negotiations and US tariffs before hiking rates. Separately, industrial profits in China declined at a softer pace of 7.3% in Nov'24 vs 10% in Oct'24. India's growth is likely to pick up in H2 FY25, with GDP growth expected at 6.5% in FY25 as per Ministry of Finance's monthly review. RBI data showed a further improvement in SCBs' asset quality with both GNPA and NNPA ratio moderating to 2.5% and 0.57% respectively in Sep'24 from 2.7% and 0.62% in Mar'24.

- Global indices broadly ended higher. A rise in continued jobless claims print has raised expectations of more monetary stimulus from Fed, which would be conducive for stocks. Nikkei rose the most supported by a weak currency amidst no clear signals from BoJ Governor on future policy action. Sensex closed stable and is trading higher today while Asian stocks are trading mixed.

**Fig 1 – Stock markets**

	24-12-2024	26-12-2024	Change, %
Dow Jones	43,297	43,326	0.1
S & P 500	6,040	6,038	0
FTSE	8,103	8,137	0.4
Nikkei	39,037	39,568	1.4
Hang Seng	19,883	20,098	1.1
Shanghai Comp	3,394	3,398	0.1
Sensex	78,473	78,472	0
Nifty	23,728	23,750	0.1

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

- Global currencies ended mixed. DXY was marginally weaker tracking a pickup in continuing jobless claims. JPY depreciated to its weakest since Jul'24 amidst uncertainty over timing of BoJ's rate hike. INR depreciated to another low and is trading further weaker today. Other Asian currencies are trading mixed.

**Fig 2 – Currencies**

	24-12-2024	26-12-2024	Change, %
EUR/USD (1 EUR / USD)	1.0399	1.0422	0.2
GBP/USD (1 GBP / USD)	1.2539	1.2525	(0.1)
USD/JPY (JPY / 1 USD)	157.19	157.99	(0.5)
USD/INR (INR / 1 USD)	85.20	85.27	(0.1)
USD/CNY (CNY / 1 USD)	7.2953	7.2979	0

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



- Global yields closed mixed. UK's 10Y yield continued to rise as mixed macro data has raised doubts surrounding the trajectory of policy rate. Weakness in yen has led to a rise in Japan's 10Y yield. US 10Y yield edged down monitoring jobless claims data. India's 10Y yield rose a tad and is trading at 6.77% today ahead of auction results.

**Fig 3 – Bond 10Y yield**

	24-12-2024	26-12-2024	Change, bps
US	4.59	4.58	(1)
UK	4.55	4.58	3
Germany	2.32	2.32	0
Japan	1.08	1.10	2
China	1.74	1.73	(1)
India	6.78	6.78	1

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

**Fig 4 – Short term rates**

	24-12-2024	26-12-2024	change in bps
Tbill-91 days	6.69	6.55	(14)
Tbill-182 days	6.69	6.69	0
Tbill-364 days	6.68	6.68	0
G-Sec 2Y	6.74	6.73	0
India OIS-2M	6.65	6.65	0
India OIS-9M	6.54	6.54	0
SONIA int rate benchmark	4.70	4.70	0
US SOFR	4.31	4.40	9

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

**Fig 5 – Liquidity**

Rs tn	24-12-2024	26-12-2024	change (Rs tn)
Net Liquidity (-Surplus/+deficit)	2.0	1.9	(0.1)
Reverse Repo	0	0	0
Repo	2.6	3.0	0.4

Source: RBI, Bank of Baroda Research

**Fig 6 – Capital market flows**

	23-12-2024	24-12-2024	change (US\$ mn/Rs cr)
FII (US\$ mn)	(86.5)	(248.7)	(162.1)
Debt	(104.8)	(36.9)	67.9
Equity	18.3	(211.8)	(230.0)
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 weaker as markets await more clarity on China's stimulus.

**Fig 7 – Commodities**

	24-12-2024	26-12-2024	% change
Brent crude (US\$/bbl)	73.6	73.3	(0.4)
Gold (US\$/ Troy Ounce)	2,616.9	2,633.6	0.6
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



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For further details about this publication, please contact:

**Chief Economist**

Bank of Baroda

[chief.economist@bankofbaroda.com](mailto:chief.economist@bankofbaroda.com)