

MORNING MOCHA

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ECONOMIST
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Markets monitored a slew of macro data releases. Commentaries from Fed officials kept dollar elevated. Firmer dollar impact yen which dropped to its lowest since 1986. Official of the region raised concerns about the Fx impact on the economy. Among major macro prints, US new home sales showed moderation (619K against est.: 633K, sequential drop: -11.3%). Germany's GfK data showed waning consumer confidence. In UK, CBI retailing reported sales fell, signalling softer retail sales and likely impact on inflation, whereas in Japan, retail sales rose more than anticipated (1.7%, MoM, est.: 0.8%). In China, industrial profits slowed down hinting uneven recovery. In a separate news, World Bank's report on remittances highlighted that India received US\$ 120bn in 2023, growing at 7.5%, and is expected to increase further to US\$ 124bn in 2024.

- Except FTSE, other global indices ended higher. US stocks ended marginally higher as focus remained on US Presidential debate and PCE data. On the other hand, a higher-than-expected decline in UK's retail sales weighed on FTSE which fell by 0.3%. Sensex rose by 0.8% led by gains in oil and gas and banking stocks. However, it is trading lower today in line with its Asian peers.

Fig 1 – Stock markets

	25-06-2024	26-06-2024	Change, %
Dow Jones	39,112	39,128	0
S & P 500	5,469	5,478	0.2
FTSE	8,248	8,225	(0.3)
Nikkei	39,173	39,667	1.3
Hang Seng	18,073	18,090	0.1
Shanghai Comp	2,950	2,973	0.8
Sensex	78,054	78,674	0.8
Nifty	23,721	23,869	0.6

Source: Bloomberg, Bank of Baroda Research

- Global currencies depreciated against the dollar. DXY rose by 0.4%. JPY depreciated sharply to its weakest level since 1986, fuelling expectations of an intervention by the BoJ. INR too depreciated amidst higher oil prices and a stronger dollar. However, it is trading stronger today, while other Asian currencies are trading mixed.

Fig 2 – Currencies

	25-06-2024	26-06-2024	Change, %
EUR/USD (1 EUR / USD)	1.0714	1.0681	(0.3)
GBP/USD (1 GBP / USD)	1.2686	1.2622	(0.5)
USD/JPY (JPY / 1 USD)	159.70	160.81	(0.7)
USD/INR (INR / 1 USD)	83.43	83.58	(0.2)
USD/CNY (CNY / 1 USD)	7.2629	7.2666	(0.1)

Source: Bloomberg, Bank of Baroda



- Except China (tad lower), global yields inched up. US 10Y yield has risen the most ahead of PCE data. In UK and Germany as well, 10Y yield firmed up. Comments of ECB policymaker of a gradual reduction in rates, also could not support yields. India's 10Y yield inched up by 1bps. It is trading at 6.99% today.

Fig 3 – Bond 10Y yield

	25-06-2024	26-06-2024	Change, bps
US	4.25	4.33	8
UK	4.08	4.13	5
Germany	2.41	2.45	4
Japan	1.00	1.03	3
China	2.23	2.23	(1)
India	6.99	7.00	1

Source: Bloomberg, Bank of Baroda Research

Fig 4 – Short term rates

	25-06-2024	26-06-2024	change in bps
Tbill-91 days	6.79	6.80	1
Tbill-182 days	6.93	6.89	(4)
Tbill-364 days	6.95	6.95	0
G-Sec 2Y	6.96	6.95	(2)
India OIS-2M	6.69	6.69	0
India OIS-9M	6.76	6.78	2
SONIA int rate benchmark	5.20	5.20	0
US SOFR	5.31	5.31	0

Source: Bloomberg, Bank of Baroda Research

Fig 5 – Liquidity

Rs tn	25-06-2024	26-06-2024	change (Rs tn)
Net Liquidity (-Surplus/+deficit)	1.5	1.5	0
Reverse Repo	0	0	0
Repo	2.0	2.0	0

Source: RBI, Bank of Baroda Research

Fig 6 – Capital market flows

	24-06-2024	25-06-2024	change (US\$ mn/Rs cr)
FII (US\$ mn)	157.7	423.3	265.6
Debt	54.7	127.8	73.2
Equity	103.0	295.5	192.4
Mutual funds (Rs cr)	4,424.4	(1,745.9)	(6,170.4)
Debt	4,662.0	(1,682.1)	(6,344.0)
Equity	(237.5)	(63.9)	173.7

Source: Bloomberg, Bank of Baroda Research| Note: Mutual Fund data as of 20 June and 24 June 2024

- Oil prices rose amidst escalation in tensions in Middle-East.

Fig 7 – Commodities

	25-06-2024	26-06-2024	% change
Brent crude (US\$/bbl)	85.0	85.3	0.3
Gold (US\$/ Troy Ounce)	2,319.6	2,298.2	(0.9)
Copper (US\$/ MT)	9,422.6	9,399.3	(0.2)
Zinc (US\$/MT)	2,814.1	2,885.9	2.6
Aluminium (US\$/MT)	2,496.0	2,512.0	0.6

Source: Bloomberg, Bank of Baroda Research



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