

MORNING MOCHA

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Trading volumes in global markets were largely muted as US markets remained closed for Thanksgiving holidays. In the Eurozone, CPI inflation in Germany rose to 2.2% in Nov'24 (est. 2.3%) from 2% in Oct'24. However, in sequential terms, inflation declined by 0.2%, marking the largest monthly drop in 12-months and suggesting that the disinflationary trend remains intact. On the other hand, core CPI in Tokyo rose by 2.2% in Nov'24 (est. 2.1%) from 1.8% in Oct'24. With underlying price pressures intensifying, expectations of a rate hike by BoJ in Dec'24 have increased. Separate data also showed an improvement in both retail sales and industrial production in Japan, even as the jobless rate inched up. In India, release of the GDP estimate for Q2 FY25 is scheduled today (BoB estimate 6.9%).

- Global indices closed mixed. US stocks moderated monitoring US President elect's political moves and assessing macro data. Nikkei inched up, supported by a weakening yen. Hang Seng fell the most as fears of US tariff fears continued to linger. Sensex ended weaker, led by losses in technology and auto stocks. It is trading higher today, while Asian stocks are trading mixed evaluating Japan's CPI data.

Fig 1 – Stock markets

	27-11-2024	28-11-2024	Change, %
Dow Jones	44,860	44,722	(0.3)
S & P 500	6,022	5,999	(0.4)
FTSE	8,275	8,281	0.1
Nikkei	38,135	38,349	0.6
Hang Seng	19,603	19,367	(1.2)
Shanghai Comp	3,310	3,296	(0.4)
Sensex	80,234	79,044	(1.5)
Nifty	24,275	23,914	(1.5)

Source: Bloomberg, Bank of Baroda Research | Note: Markets in US were closed on 28 Nov 2024

- Global currencies ended mixed. JPY depreciated the most despite increased bets of a rate hike. EUR depreciated as Eurozone's consumer confidence index weakened in Nov'24. INR also fell amid concerns over muted FPI flows. It is trading marginally stronger today, in line with other Asian currencies.

Fig 2 – Currencies

	27-11-2024	28-11-2024	Change, %
EUR/USD (1 EUR / USD)	1.0566	1.0552	(0.1)
GBP/USD (1 GBP / USD)	1.2680	1.2687	0.1
USD/JPY (JPY / 1 USD)	151.09	151.55	(0.3)
USD/INR (INR / 1 USD)	84.45	84.50	(0.1)
USD/CNY (CNY / 1 USD)	7.2452	7.2445	0

Source: Bloomberg, Bank of Baroda



- Global yields softened. US 10Y yield fell the most as rate cut expectations for Dec'24 policy remained intact. 10Y yields of UK and Germany also moderated despite central bank officials hinting at risks from excessive easing. Risk off sentiments are at play, driving direction of global yields at this juncture. India's 10Y yield fell a tad and is trading at the same level today.

Fig 3 – Bond 10Y yield

	27-11-2024	28-11-2024	Change, bps
US	4.31	4.26	(4)
UK	4.30	4.28	(2)
Germany	2.16	2.13	(3)
Japan	1.07	1.06	(1)
China	2.05	2.04	(1)
India	6.84	6.83	(1)

Source: Bloomberg, Bank of Baroda Research | Note: Markets in US were closed on 28 Nov 2024

Fig 4 – Short term rates

	27-11-2024	28-11-2024	change in bps
Tbill-91 days	6.48	6.48	0
Tbill-182 days	6.65	6.65	0
Tbill-364 days	6.64	6.64	0
G-Sec 2Y	6.71	6.72	1
India OIS-2M	6.64	6.62	(1)
India OIS-9M	6.55	6.54	0
SONIA int rate benchmark	4.70	4.70	0
US SOFR	4.58	4.58	0

Source: Bloomberg, Bank of Baroda Research

Fig 5 – Liquidity

Rs tn	27-11-2024	28-11-2024	change (Rs tn)
Net Liquidity (-Surplus/+deficit)	0.3	0.1	(0.2)
Reverse Repo	0.1	0.1	0
Repo	0.8	0.5	(0.3)

Source: RBI, Bank of Baroda Research

Fig 6 – Capital market flows

	26-11-2024	27-11-2024	change (US\$ mn/Rs cr)
FII (US\$ mn)	554.5	19.4	(535.0)
Debt	101.9	143.6	41.7
Equity	452.6	(124.2)	(576.8)
Mutual funds (Rs cr)	(11,302.5)	(2,998.8)	8,303.7
Debt	(7,266.0)	(3,878.6)	3,387.4
Equity	(4,036.5)	879.8	4,916.3

Source: Bloomberg, Bank of Baroda Research | Note: Mutual funds data as of 25 Nov and 26 Nov 2024

- Oil prices inched up tracking reports of Israel-Hezbollah ceasefire violations.

Fig 7 – Commodities

	27-11-2024	28-11-2024	% change
Brent crude (US\$/bbl)	72.8	73.3	0.6
Gold (US\$/ Troy Ounce)	2,636.0	2,637.9	0.1
Copper (US\$/ MT)	8,901.7	8,884.4	(0.2)
Zinc (US\$/MT)	3,136.7	3,056.9	(2.5)
Aluminium (US\$/MT)	2,595.5	2,599.0	0.1

Source: Bloomberg, Bank of Baroda Research



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