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Reports that Western countries are mulling fresh sanctions on Russia, including possible ban on Russian coal and oil imports once again cast a shadow on global recovery. Oil prices rose by 3% to US\$ 107.5/bbl on supply concerns. Investors are also awaiting FOMC minutes, to assess the possibility of a 50bps rate hike by Fed in its next meeting. On the domestic front, bond yields have risen sharply in recent times and investors await cues from RBI policy.

- Global stocks inched up despite concerns over fresh sanctions on Russia. Gains in US equities were led by technology stocks. S&P 500 and Dow rose by 0.8% and 0.3% respectively. FTSE too ended higher by 0.3%. Sensex also rose by 2.3%, supported by strong gains in banking and power stocks. However, it is trading lower today, while other Asian stocks are trading mixed.

Fig 1 – Stock markets

	1-04-2022	4-04-2022	Change, %
Dow Jones	34,818	34,922	0.3
S & P 500	4,546	4,583	0.8
FTSE	7,538	7,559	0.3
Nikkei	27,666	27,736	0.3
Hang Seng	22,040	22,502	2.1
Shanghai Comp	3,252	3,283	0.9
Sensex	59,277	60,612	2.3
Nifty	17,670	18,053	2.2

Source: Bloomberg, Bank of Baroda Research | Markets in China and Hong Kong were closed on 4 Apr 2022

- Global currencies closed mixed against the dollar. DXY rose by 0.4% amidst reports of fresh sanctions on Russia by US and European countries. Thus, EUR fell the most by 0.6%. JPY too ended lower by 0.2%. However, INR rose by 0.3% even as oil prices rose by 3%. Asian currencies are trading mixed today.

Fig 2 – Currencies

	1-04-2022	4-04-2022	% change
EUR/USD	1.1043	1.0972	(0.6)
GBP/USD	1.3114	1.3116	0
USD/JPY	122.52	122.79	(0.2)
USD/INR	75.79	75.55	0.3
USD/CNY	6.3400	6.3629	(0.4)

Source: Bloomberg, Bank of Baroda Research | Markets in China were closed on 4 Apr 2022

- Barring US and India (higher), other global 10Y yields fell. US 10Y yield was up by 1bps, while that of UK and Germany fell by 6bps and 5bps. Stronger than expected US labour market data and renewed concerns over higher global inflation provides a case for faster monetary policy tightening in the US. India's



10Y yield rose by 6bps as investors reacted to government's frontloading of 59% (Rs 8.45tn) of its gross borrowing in H1FY23.

Fig 3 – Bond 10Y yield

	1-04-2022	4-04-2022	change in bps
US	2.38	2.40	1
UK	1.61	1.55	(6)
Germany	0.56	0.51	(5)
Japan	0.23	0.21	(1)
China	2.79	2.78	(1)
India	6.84	6.90	6

Source: Bloomberg, Bank of Baroda Research | Markets in China were closed on 4 Apr 2022

- Shorter end Tbill rate declined (91-day paper) by 5bps, while 364-day paper saw 9bps jump, following the announcement of government's borrowing plan.

Fig 4 – Short term rates

	31-03-2022	4-04-2022	% change
Tbill-91 days	3.77	3.72	(5)
Tbill-182 days	4.20	4.20	0
Tbill-364 days	4.45	4.54	9
G-Sec 2Y	4.97	5.01	3
SONIA int rate benchmark	0.69	0.69	0
US SOFR	0.30	0.30	0

Source: Bloomberg, Bank of Baroda Research

Fig 5 – Liquidity

Rs tn	1-04-2022	4-04-2022	Change (Rs tn)
Net Liquidity (-Surplus/+deficit)	(6.3)	(8.1)	(1.8)
Reverse repo	6.8	2.8	(4.0)
Repo	0	0	0

Source: RBI, Bank of Baroda Research

Fig 6 – Capital market flows

	30-03-2022	31-03-2022	Change (US\$ mn/Rs cr)
FII (US\$ mn)	324.9	1,120.8	795.9
Debt	10.3	(23.9)	(34.2)
Equity	314.6	1,144.7	830.1
Mutual funds (Rs cr)	(573.7)	(2,343.0)	(1,769.4)
Debt	(1,737.4)	609.1	2,346.4
Equity	1,163.7	(2,952.1)	(4,115.8)

Source: Bloomberg, Bank of Baroda Research

- Crude prices rose by 3% to US\$ 108/bbl amidst news of new sanctions that might be announced on Russia's energy sector, thus raising supply concerns. Gold prices also rose by 0.4% over concerns of higher global inflation.

Fig 7 – Commodities

	1-04-2022	4-04-2022	% change
Brent crude (US\$/bbl)	104.4	107.5	3.0
Gold (US\$/ Troy Ounce)	1,925.7	1,932.7	0.4
Copper (US\$/ MT)	10,343.0	10,451.8	1.1
Zinc (US\$/MT)	4,408.0	4,422.8	0.3
Aluminum (US\$/MT)	3,450.0	3,447.0	(0.1)

Source: Bloomberg, Bank of Baroda Research



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