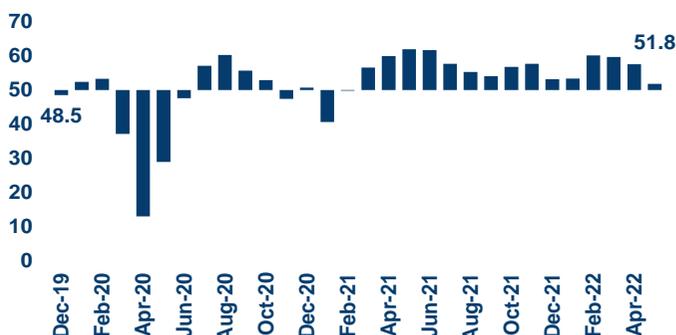


## UK: PMI continues to expand

UK Flash Composite PMI



Source: CEIC, ICICI Bank Research

### Global Market roundup

	Current level	Today	1 mth	1 Year Ago
<b>Equities return (%)</b>				
Dow Jones	31929	0.2	(6.2)	(6.9)
FTSE	7484	(0.4)	1.4	6.5
Nikkei	26713	(0.1)	0.5	(6.4)
Hong Kong	20102	(0.1)	1.2	(30.5)
Sensex	54053	(0.4)	(4.5)	6.7
<b>10Y Bond yield (bps)</b>				
US	2.76	1.3	(5.7)	120.4
UK	1.89	(8.3)	(7.6)	107.6
Japan	0.21	(2.5)	(3.5)	13.4
India	7.36	(2.9)	19.1	138.5
<b>Currencies return (%)</b>				
DXI INDEX	101.97	0.1	0.2	13.8
EURUSD	1.0709	(0.3)	(0.0)	(12.6)
GBPUSD	1.2526	(0.0)	(1.7)	(11.5)
USDJPY	127.08	0.2	(0.8)	16.8
USDINR	77.59	0.1	1.2	6.3
<b>Commodity return (%)</b>				
WTI	111.1	1.2	12.7	68.2
Brent	114.9	1.2	12.3	67.4
Gold	1861.1	(0.3)	(1.9)	(2.0)

## Key Developments

- **Bank Indonesia** announced a quicker pace in RRR hikes, ordering banks to park 7.5% of their reserves starting July and 9% from September. It left the benchmark 7-day reverse repurchase rate at a record low of 3.5%.
- **The ECB Governing Council Member Robert Holzmann** said that the ECB should consider kicking off its interest-rate hiking cycle with a half-point increase to convince people that it's serious about fighting inflation.
- **Another ECB Governing Council member Francois Villeroy de Galhau** pushed back against the idea of a half-point rate increase as the institution seeks to rein in stimulus gradually amid surging inflation. "A 50 basis-point hike is not part of the consensus at this point, I am clear," he said.
- **Gov allows for duty-free import of 20 lakh metric tonnes of crude soybean and sunflower oil for FY23 and FY24** and placed restraints on export of sugar, in a bid to soften the rising inflation and cool the domestic prices.
- **Union Minister Piyush Goyal, addressing a session organized on the sidelines of World Economic Forum 2022, said that India needs to focus on value added exports and stressed on the need to focus on service sector exports.**
- **Union Government has released INR 475.9bn to states in April 2023, at 21.5% YoY growth on tax devolution, as their share in central taxes and duties.**

## Global Market Developments:

- **US:** New Home Sales fell to -16.60% MoM in April from -10.50% MoM in the previous month.
- **US stock markets closed mixed in the previous trading.** Dow Jones (+0.15%) and S&P500(-0.81%).
- **Asian stock markets are trading largely up this morning.** Australia ASX-200 (+0.79%), Kospi (+0.63%), Shanghai Composite Index (+0.39%) and Hang Seng (+0.33%) are trading higher while Nikkei (-0.15%) is trading lower
- **US treasuries are trading lower this morning.** The 10 Yr US yield is trading at 2.767% vs the previous close of 2.754%.

## Domestic market developments:

- **The Indian Rupee appreciated against the US dollar in the previous trading session moving to the 77.46 level.**
- **The Indian bond markets closed higher with the yield on the benchmark 10-year sovereign bond closing at the 7.36% in the previous session.**

	Remarks
<b>DXY</b>	DXY is trading higher at 101.90, by 0.14% witnessing a correction in price after trading with a downside in the overnight session. In addition, China persisting with lockdowns this week is keeping markets uncertain. Expectations of recession in the US is expected to weigh on the DXY going forward, with FOMC minutes and Durable goods orders data providing intermediate direction.
<b>EUR/USD</b>	The pair is trading lower at 1.0718 level, by 0.15% in response to the uncertain market sentiment, along with downbeat EU preliminary PMI data. We expect the downside to be limited by ECB rate hike expectations. Going forward, investor focus will be on Germany's GDP data and ECB member speeches today.
<b>GBP/USD</b>	The pair is trading lower at 1.2523 level, by 0.05% due to the current USD upside, along with a sharp decline in UK preliminary PMI data. Investors' focus will be on US data releases due to which we expect the downside to be limited.
<b>USD/JPY</b>	The pair is trading higher at 126.89 level, by 0.07% amid rising UST yields, although JPY witnessing stronger demand on the back of upward pressure on rates in Japan and robust Japan preliminary PMI data have limited the upside. Going forward, UST yields and BoJ Governor Kuroda speech will be awaited for fresh impulse.
<b>USD/CNY</b>	The USD/CNY pair is trading high at 6.6621 by 0.13% as Beijing claims to roll out additional tax cuts and postpone social security payments for firms to support growth.
<b>AUD/USD</b>	The AUD/USD pair is trading low at 0.7102 by 0.02% as RBA's Ellis highlights global supply chain disruptions. Going forward FOMC minutes remain in focus.
<b>USD/CAD</b>	The USD/CAD pair is trading high at 1.2827 by 0.08% as the commodity sector wobbles as fears about weak earnings and slow economic growth punctured the rally. Investors remained concerned over China's economy.
<b>Indian Equities</b>	Benchmark indices are likely to open higher today with Asian markets trading largely higher this morning. Focus today will be the FOMC minutes as it will provide cues for further rate action by the US Fed.
<b>Indian Rupee</b>	The USD/INR pair is likely to open higher today. Investors await the FOMC minutes. Elevated crude oil prices will weigh on the INR today. However, any sharp movement is unlikely due to expected RBI interventions.
<b>India G-Sec</b>	Government bond prices are likely to open steady today due to the absence of any significant cues. The longer-end will be dependent upon the risks to the fiscal slippage and concerns regarding higher than expected borrowing for FY23.
<b>Oil (Brent) (USD/bbl)</b>	Brent Oil prices rose in early trade on Wednesday, boosted by tight supplies. Brent is currently trading at USD 111.81/bbl, higher by 0.78%.
<b>Gold (USD/oz)</b>	Gold prices hovered near a two-week high on Wednesday with downbeat sentiment in riskier assets adding to safe-haven bullion's appeal. It is currently trading at USD 1861.85/oz.

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