

## MACRO DAILY

24 February 2021

### Macro developments

- As per news reports, government is planning to finalise an asset monetisation pipeline for the next 3 years. This will help investors and government to complete due diligence in time. It is estimated that by FY24, revenue from asset monetisation could exceed Rs 2tn. Pipelines of Indian oil, GAIL, select assets of railways, Delhi and Kolkata metro freight corridor and dedicated rail freight corridor are in the shortlist.
- US Fed Chair in his recent testimony signalled keeping policy rate at its current level on the back of “uncertain and uneven” economic recovery. He stated that the “economy is a long way from employment and inflation goals”. He also signalled to continue with the asset purchase program. In a separate print, US Conference Board consumer confidence index rose to 91.3 in Feb’21 from 88.9 in Jan’21, driven by rise in present situation index.
- Reserve Bank of New Zealand (RBNZ) kept its policy rate unchanged at a record low of 0.25%. Its quantitative programmes (Large Scale Asset Purchase and Funding for Lending Programme operation) were also kept unchanged. It noted that inflation and unemployment are likely to remain below target in the medium term and requires conducive monetary policy. Future economic outlook is likely to remain “highly uncertain”.

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### Markets

- Bonds:** Global yields closed mixed. After 8 days of consecutive rise, US 10Y yield fell by 2bps (1.34%) as Fed Chair’s comments pacified reflation fears. UK 10Y yield rose the most by 4bps (0.72%) supported by optimism over removal of lockdown restrictions. India’s 10Y yield fell by 3bps (6.17%) as RBI announced uniform price method for auction of 6.22GS2035 security. It is trading lower at 6.14% today.
- Currency:** DXY rose by 0.2% as US consumer confidence rose to a 3-month high. GBP rose by 0.4% to a 3-year high as UK announced plans to ease lockdown restrictions by Jun’21. INR closed flat near a 1-year high. It is trading further higher today, while other Asian currencies are trading mixed.
- Equity:** Global indices ended mixed as investors assessed Fed Chair’s comments about softening inflation due to muted demand. While Dax (0.6%) ended lower FTSE (0.2%) inched up marginally. Sensex is trading higher today while other Asian stocks are trading mixed.



FIG 1 – MOVEMENT IN KEY GLOBAL ASSET CLASSES

Particulars	Current	1D	1W	1M	3M	12M
<b>10Y yields (Δ bps)</b>						
US	1.34	(2)	3	26	46	(1)
UK	0.72	4	10	41	39	20
Japan	0.13	0	4	8	10	23
Germany	(0.32)	2	3	20	25	20
India	6.17	(3)	15	27	29	(16)
China	3.27	(1)	2	14	(5)	45
<b>2Y yields (Δ bps)</b>						
US	0.11	0	(1)	(1)	(5)	(111)
UK	0.04	0	8	17	6	(35)
Japan	(0.10)	0	1	2	3	9
Germany	(0.68)	0	1	2	6	1
India	4.54	(13)	(1)	4	65	(110)
China	2.57	(5)	(9)	24	(41)	60
<b>Currencies (Δ %)</b>						
EUR	1.2150	(0.1)	0.4	(0.2)	2.2	11.7
GBP	1.4113	0.4	1.5	3.1	5.7	8.5
JPY	105.25	(0.2)	0.7	(1.4)	(0.8)	4.5
AUD	0.7911	(0.1)	2.0	2.5	7.5	19.8
INR	72.47	0	0.3	0.7	2.1	(0.8)
CNY	6.4668	0	(0.1)	0.2	1.9	7.8
<b>Equity &amp; Other indices (Δ %)</b>						
Dow	31,537	0	0.0	1.7	5.0	16.5
FTSE	6,626	0.2	(1.8)	(1.0)	3.0	(5.6)
DAX	13,865	(0.6)	(1.4)	(0.1)	4.3	8.4
NIKKEI	30,156	0.5	(1.0)	5.3	15.3	33.4
Shanghai Comp	3,636	(0.2)	(0.5)	0.8	6.9	20.7
SENSEX	49,751	0	(4.5)	1.8	11.7	23.5
Brent (US\$/bbl)	65.37	0.2	3.2	18.0	36.6	19.0
Gold (US\$/oz)	1,806	(0.2)	0.6	(2.7)	(0.1)	10.4
CRB Index	486.9	0.6	2.3	6.7	14.0	21.9
Rogers Agri Index	979.9	0.5	2.4	8.7	17.8	35.4
LIBOR (3M)*	0.18	0	(1)	(4)	(6)	(146)
INR 5Y Swap*	5.96	(3)	1	32	77	(36)
<b>India FII data (US\$ mn)</b>						
	<b>22 Feb</b>	<b>18 Feb</b>	<b>WTD</b>	<b>MTD</b>	<b>CYTD</b>	<b>FYTD</b>
FII-Debt	(110.0)	(89.2)	(110.0)	(413.7)	(912.0)	(5,005.6)
FII-Equity	(68.2)	128.1	(68.2)	3,976.6	5,954.9	35,930.6

Source: Bloomberg, Bank of Baroda | \*Indicates change in bps

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