

## MACRO DAILY

11 August 2020

### Macro developments

- As per CMIE data, India's unemployment rate for the week ending 9 Aug 2020 rose considerably to 8.7% from 7.2% in the previous week. This was on account of significant jump in the rural unemployment rate (8.4% against 6.5%). Urban unemployment rate also went up to 9.3% from 8.7% in the previous week, indicating strain in the employment scenario.
- Singapore's GDP contracted by 13.2% in Q2CY20 on a YoY basis, lower compared with an initial estimate of 12.6% decline. This is the largest decline on record and follows a 0.3% contraction in Q1, pushing the economy into a technical recession. With this, the government now expects GDP to contract by 5%-7% (4%-7% earlier).
- China's PPI fell by 2.4% in Jul'20 versus est.: 2.5% decline and 3% drop in Jun'20. The easing was driven by higher prices of oil and other major raw materials, as signs of recovery were visible across regions. CPI inched up to 2.7% in Jul'20 from 2.5% in Jun'20, as supply disruptions due to floods impacted food prices. Core inflation however eased to 0.5% from 0.9% in Jun'20, as prices of services continue to fall, as demand still remains weak.

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### Markets

- Bonds:** Except US and India, global yields closed lower supported by China's upbeat PPI print. US 10Y yield rose by 1bps (0.58%) due to retaliatory measures imposed by China and also awaiting more fiscal stimulus. Crude prices rose by 1.3% (US\$ 45/bbl). India 10Y yield closed flat at 5.89%. It is trading at 5.90% today.
- Currency:** Global currencies closed mixed. DXY rose by 0.2% as investors await clarity on US fiscal stimulus package. Concerns however remained over US-China trade tensions. CNY rose by 0.1%. INR closed flat. It is trading higher today while other Asian currencies are trading mixed.
- Equity:** Barring Nikkei, other global indices ended higher as China reported better than expected PPI print and awaiting details on US stimulus package. Dow (1.3%) advanced the most, followed by Shanghai Comp (0.8%). Sensex (0.4%) too rose after government announced measures to restrict imports of defence equipment. It is trading higher today in line with other Asian stocks.



FIG 1 – MOVEMENT IN KEY GLOBAL ASSET CLASSES

Particulars	Current	1D	1W	1M	3M	12M
<b>10Y yields (Δ bps)</b>						
US	0.58	1	2	(7)	(13)	(107)
UK	0.13	(1)	3	(2)	(14)	(36)
Japan	0.01	(1)	(1)	(2)	0	23
Germany	(0.53)	(2)	0	(6)	(1)	7
India	5.89	0	5	13	(28)	(61)
China	2.96	(3)	1	(7)	32	(7)
<b>2Y yields (Δ bps)</b>						
US	0.13	0	2	(2)	(4)	(145)
UK	(0.03)	(1)	4	8	(4)	(47)
Japan	(0.12)	0	0	0	1	15
Germany	(0.70)	(2)	(1)	(1)	5	18
India	4.25	2	6	13	(19)	(160)
China**	2.21	(2)	(1)	7	97	(31)
<b>Currencies (Δ %)</b>						
EUR	1.1738	(0.4)	(0.2)	3.9	8.6	4.7
GBP	1.3073	0.2	0	3.6	6.0	8.3
JPY	105.9600	0	0	0.9	1.6	(0.6)
AUD	0.7150	(0.1)	0.4	2.9	10.2	5.9
INR	74.9012	0	0.1	0.4	1.1	(5.8)
CNY	6.9619	0.1	0.3	0.6	1.9	1.4
<b>Equity &amp; Other indices (Δ %)</b>						
Dow	27,791	1.3	4.2	6.6	14.7	7.3
FTSE	6,051	0.3	0.3	(0.7)	1.9	(16.3)
DAX	12,688	0.1	0.3	0.4	17.2	8.6
NIKKEI	22,330	(0.4)	0.6	0.2	9.5	8.0
Shanghai Comp	3,379	0.8	0.3	(0.1)	16.7	20.0
SENSEX	38,182	0.4	3.4	4.3	21.0	1.6
Brent (US\$/bbl)	44.99	1.3	1.9	4.0	51.8	(23.2)
Gold (US\$/oz)	2,027	(0.4)	2.5	12.7	19.4	34.2
CRB Index	379.7	0.3	0.4	4.5	4.9	(4.6)
Rogers Agri Index	693.0	0.3	(1.1)	0.2	5.4	(0.6)
LIBOR (3M)*	0.25	1	0	(2)	(18)	(192)
INR 5Y Swap*	5.28	5	13	1	(3)	(109)
<b>India FII data (US\$ mn)</b>						
	<b>7 Aug</b>	<b>6 Aug</b>	<b>WTD</b>	<b>MTD</b>	<b>CYTD</b>	<b>FYTD</b>
FII-Debt	119.2	(61.0)	3.5	3.5	(14,524.2)	(4,764.7)
FII-Equity	174.3	76.9	1,342.1	1,342.1	54.0	6,656.9

Source: Bloomberg, Bank of Baroda | \*Indicates change in bps | \*\*1Y yield

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