

MACRO DAILY

11 May 2021

Macro developments

- India's unemployment rate continued to shoot up and rose to 8.19% (30-day moving average) as on 10 May 2021 versus 7.91% in the previous week. This was the highest rate since Jan'21. Both rural and urban unemployment rate inched up to 7.11% and 10.52% respectively from 7.07% and 9.69%. This number may deteriorate further due to rising Covid-19 cases and reverse migration in few States (Karnataka, Delhi, Kerala).
- Australia's retail sales rebounded and rose by 1.3% in Mar'21 compared with a contraction of 0.8% in Feb'21 on a MoM basis. This was driven by record sales at cafes and restaurants (4.8%) followed by sales in departmental stores (8.5%) and clothing & footwear industry (5.4%). Separately, National Australia Bank's business confidence index also touched a record high of 26 in Apr'21 from 15 in Mar'21, signalling strong recovery.
- China's PPI rose by 6.8% in Apr'21 (est. 6.5%) from 4.4% in Mar'21, registering the sharpest increase since Oct'17. The rise was attributed to a lower base as well as higher commodity prices, particularly for iron ore and non-ferrous metals. CPI inflation also rose to a 9-month high of 0.9% in Apr'21 (est. 1%) from 0.4% in Mar'21.

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Markets

- Bonds:** Global yields closed mixed. US 10Y yield rose by 2bps (1.6%) ahead of CPI data release. Germany and Japan's 10Y yield closed stable at (-) 0.21% and 0.09% respectively. Crude prices rose by 0.1% (US\$ 68/bbl) due to supply issue in the US. India's 10Y yield closed flat at 6.01%. It is trading flat today.
- Currency:** Global currencies closed mixed. DXY closed broadly unchanged after dismal US jobs report. GBP rose sharply by 1% on hopes of economic recovery amidst faster than expected vaccine rollout. INR appreciated by 0.2%. However it is trading lower today, in line with other Asian currencies.
- Equity:** Global indices ended mixed as investors monitored weaker-than-expected US jobs report and Covid-19 cases globally. Amongst other indices, both Dow and FTSE ended lower by 0.1% each. However, Sensex surged by 0.6% led by metal stocks. It is trading lower today in line with other Asian stocks.



FIG 1 – MOVEMENT IN KEY GLOBAL ASSET CLASSES

Particulars	Current	1D	1W	1M	3M	12M
10Y yields (Δ bps)						
US	1.60	2	0	(6)	43	89
UK	0.79	1	(5)	1	31	52
Japan	0.09	0	(1)	(2)	2	7
Germany	(0.21)	0	(1)	9	23	30
India	6.01	0	1	(1)	(3)	(16)
China	3.14	(1)	(2)	(7)	(10)	50
2Y yields (Δ bps)						
US	0.15	1	(1)	0	4	(2)
UK	0.04	1	(4)	(1)	7	3
Japan	(0.13)	1	0	0	(2)	0
Germany	(0.69)	0	0	2	2	6
India	4.36	1	(8)	(21)	(27)	(8)
China	2.40	0	(6)	(16)	7	127
Currencies (Δ %)						
EUR	1.2129	(0.3)	0.5	1.9	0.7	12.2
GBP	1.4118	1.0	1.5	3.0	2.7	14.5
JPY	108.81	(0.2)	0.2	0.8	(3.4)	(1.1)
AUD	0.7830	(0.2)	0.9	2.7	1.7	20.7
INR	73.35	0.2	0.8	1.9	(0.5)	3.1
CNY	6.4165	0.3	0.9	2.1	0.5	9.6
Equity & Other indices (Δ %)						
Dow	34,743	(0.1)	1.8	2.8	10.7	43.4
FTSE	7,124	(0.1)	2.2	3.0	9.2	19.9
DAX	15,400	0	1.1	1.1	9.5	42.3
NIKKEI	29,518	0.5	2.4	(0.8)	0.4	44.8
Shanghai Comp	3,428	0.3	(0.5)	(0.7)	(3.0)	18.4
SENSEX	49,502	0.6	1.6	(0.2)	(3.6)	56.8
Brent (US\$/bbl)	68.32	0.1	1.1	8.5	12.8	130.6
Gold (US\$/oz)	1,836	0.3	2.4	5.3	0.3	8.1
CRB Index	541.2	(0.3)	1.5	5.9	16.7	49.5
Rogers Agri Index	1,105.0	(1.6)	3.4	14.5	17.0	68.0
LIBOR (3M)*	0.16	0	(2)	(3)	(4)	(27)
INR 5Y Swap*	5.61	1	(5)	(5)	(25)	30
India FII data (US\$ mn)						
	7 May	6 May	WTD	MTD	CYTD	FYTD
FII-Debt	71.9	38.5	203.7	203.7	(2,188.6)	(161.4)
FII-Equity	(162.9)	146.9	(539.2)	(539.2)	5,298.0	(2,028.3)

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

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