

MACRO DAILY

12 March 2021

Macro developments

- India's fuel consumption fell for the 2nd straight month in Feb'21 to its lowest since Sep'20 by 4.6% (MoM basis) to 17.2mn tonnes. Even diesel consumption fell by 3.8% (MoM basis) to 6.6mn tonnes. This was on the back of higher petrol and diesel prices which rose to their highest at Rs 91.3/lit and Rs 83/lit respectively in Feb'21.
- US jobless claims for the week ended 6 Mar 2021 fell by 42,000 to 712,000, a 4-month low, as against estimate of 725,000. This was on the back of a decline in Covid-19 cases and increased vaccination which allowed more businesses to open. The 4-week moving average also dipped by 34,000 to 759,000 suggesting a steady recovery in labour market.
- ECB in its policy meet kept the rates on hold at historically low levels. Further, in order to accelerate credit flow and encourage investment as well as spending, ECB will increase its bond purchasing program in the next quarter. This is based on its assessment of financing conditions and inflation outlook. This move in turn is expected to keep the borrowing costs lower. It also warned of contraction in Q1CY21 and continuing uncertainty in the near future.

Dipanwita Mazumdar | Sameer Narang
 chief.economist@bankofbaroda.com

Markets

- Bonds:** Global yields closed mixed. US 10Y yield rose by 2bps (1.54%) amidst hopes of revival as President signed the US\$ 1.9tn fiscal package. Germany 10Y yield fell by 2bps (-0.33%) as ECB decided to increase its bond buying program. Crude prices rose by 2.5% (US\$ 70/bbl) on expectation of revival in demand. India's 10Y yield rose by 4bps (6.25%) after the disappointing auction results. It is trading at 6.24% today.
- Currency:** Except INR and JPY, other currencies closed higher. Risk-sentiment improved as US fiscal stimulus package worth US\$ 1.9tn was passed. Safe-haven DXY and JPY fell by 0.3% and 0.1% each. INR closed flat. It is trading higher today, while other Asian currencies are trading mixed.
- Equity:** Global indices ended higher as investors monitored US stimulus bill and ECB's decision of expanding its bond purchase program. Amongst other indices, Shanghai Comp (2.4%) surged the most followed by Dow (0.6%). Sensex 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
10Y yields (Δ bps)						
US	1.54	2	(3)	37	63	73
UK	0.74	2	0	26	53	47
Japan	0.10	(3)	(3)	3	9	16
Germany	(0.33)	(2)	(2)	11	27	41
India	6.25	4	3	21	40	1
China	3.25	0	(2)	1	(4)	62
2Y yields (Δ bps)						
US	0.14	(1)	(1)	3	0	(34)
UK	0.08	1	0	11	20	(12)
Japan	(0.11)	1	1	0	2	11
Germany	(0.69)	(1)	0	2	8	24
India	4.90	3	5	27	97	(52)
China	2.58	2	2	(9)	(24)	63
Currencies (Δ %)						
EUR	1.1986	0.5	0.1	(0.5)	(1.3)	7.2
GBP	1.3991	0.4	0.7	1.8	5.2	11.3
JPY	108.51	(0.1)	(0.5)	(3.1)	(4.1)	(3.7)
AUD	0.7790	0.7	0.8	1.1	3.4	24.9
INR	72.92	0	(0.1)	0.1	1.0	1.8
CNY	6.4938	0.2	(0.4)	(0.7)	0.8	7.6
Equity & Other indices (Δ %)						
Dow	32,486	0.6	5.0	3.5	8.3	53.2
FTSE	6,737	0.2	1.3	3.3	2.1	28.6
DAX	14,569	0.2	3.6	3.6	9.6	59.0
NIKKEI	29,212	0.6	1.0	(0.6)	9.2	57.4
Shanghai Comp	3,437	2.4	(1.9)	(2.7)	1.9	17.6
SENSEX	51,280	0.5	0.9	(0.1)	11.6	56.4
Brent (US\$/bbl)	69.63	2.5	4.3	15.0	38.6	109.6
Gold (US\$/oz)	1,723	(0.2)	1.5	(5.9)	(6.2)	9.3
CRB Index	498.8	0.8	2.3	7.5	14.9	26.0
Rogers Agri Index	970.6	0.8	0.8	2.8	17.4	44.2
LIBOR (3M)*	0.18	1	1	(1)	(4)	(56)
INR 5Y Swap*	6.03	1	12	17	78	42
India FII data (US\$ mn)						
	9 Mar	8 Mar	WTD	MTD	CYTD	FYTD
FII-Debt	(176.3)	(172.1)	(348.3)	(1,113.4)	(2,597.6)	(6,691.2)
FII-Equity	365.3	(164.7)	200.6	950.6	5,944.4	35,920.2

Source: Bloomberg, Bank of Baroda | *Indicates change in bps, Indian markets were closed on 11 Mar 2021

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Economics Research Department

Bank of Baroda

chief.economist@bankofbaroda.com