

MACRO DAILY

12 May 2021

Macro developments

- As per AMFI data, AUMs of mutual funds rose to Rs 32.4tn in Apr'21 from Rs 31.4tn in Mar'21. Net inflows also improved to Rs 929bn from outflows of Rs 297bn in Mar'21. This was driven by higher inflows in the debt segment amounting to Rs 773bn compared with outflows of Rs 516bn in Mar'21. However, equity inflows moderated to Rs 18bn from Rs 73bn in Mar'21.
- Industrial production in Italy declined by 0.1% in Mar'21 (est. 0.5% increase) on a MoM basis, compared with an increase of 0.1% in Feb'21. Production of consumer durables (decline of 1.8%) and consumer non-durables goods (decline of 1.5%) fell the most. On the other hand, production of intermediate and capital goods improved. On a QoQ basis, industrial production rose by 0.9% in Q1CY21.
- Germany's investor confidence recovered sharply to a 21-year high of 84.4 in Apr'21 from 70.7 in Mar'21 driven by rapid pace of vaccination rollout. With slowdown in Covid-19 cases, the financial market experts are optimistic and expect an economic upswing in the near term. The current economic situation indicator for Eurozone also improved significantly by 14 pts to (-) 51.4 in Apr'21.

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Markets

- Bonds:** Global yields closed mixed. Germany's 10Y yield rose the most by 5bps as economic sentiment index surged to a 21-year high. US 10Y yield rose by 2bps (1.62%). China's 10Y yield fell by 1bps as CPI data missed forecast. Crude prices rose by 0.3% (US\$ 69/bbl) due to supply issues. India's 10Y yield closed flat at 6.01%. It is trading lower at 6% today ahead of CPI data.
- Currency:** Except CNY (lower) and INR (flat), other global currencies closed higher. DXY fell by 0.1% ahead of CPI data. EUR rose by 0.2% led by a jump in economic sentiment index. INR is trading lower today, in line with other Asian currencies.
- Equity:** Barring Shanghai Comp, other global indices ended lower as investors remained cautious ahead of US inflation data. Amongst other indices, Nikkei (3.1%) dropped the most, followed by FTSE (2.5%) and Dow (1.4%). Sensex (0.7%) too ended lower with declines in oil and gas stocks. It is trading further 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	1.62	2	3	(4)	46	96
UK	0.83	4	4	6	37	58
Japan	0.08	(1)	(2)	(3)	1	8
Germany	(0.16)	5	8	14	29	34
India	6.01	0	(1)	(1)	(6)	(16)
China	3.13	(1)	(2)	(8)	(10)	49
2Y yields (Δ bps)						
US	0.16	1	0	0	4	(0)
UK	0.06	3	2	2	9	8
Japan	(0.13)	0	(1)	(1)	(2)	1
Germany	(0.67)	2	3	3	5	5
India	4.36	1	(8)	(21)	(28)	(14)
China	2.40	0	(6)	(16)	7	127
Currencies (Δ %)						
EUR	1.2148	0.2	1.1	2.1	0.2	12.0
GBP	1.4142	0.2	1.8	3.2	2.4	15.4
JPY	108.62	0.2	0.6	1.0	(3.9)	(1.4)
AUD	0.7842	0.2	1.8	2.9	1.3	21.2
INR	73.34	0	0.7	1.9	(0.6)	2.9
CNY	6.4292	(0.2)	0.7	1.9	0.1	9.2
Equity & Other indices (Δ %)						
Dow	34,269	(1.4)	0.4	1.4	9.2	44.2
FTSE	6,948	(2.5)	0.4	0.5	6.4	15.9
DAX	15,120	(1.8)	1.8	(0.8)	7.9	39.7
NIKKEI	28,609	(3.1)	(0.7)	(3.9)	(3.0)	40.5
Shanghai Comp	3,442	0.4	(0.1)	(0.3)	(4.5)	19.0
SENSEX	49,162	(0.7)	1.9	(0.9)	(4.2)	56.7
Brent (US\$/bbl)	68.55	0.3	(0.5)	8.9	12.2	128.7
Gold (US\$/oz)	1,837	0.1	3.3	5.4	0	7.9
CRB Index	544.8	0.7	1.8	6.6	16.7	50.5
Rogers Agri Index	1,115.5	1.0	3.4	15.6	17.8	68.6
LIBOR (3M)*	0.17	1	(1)	(2)	(4)	(26)
INR 5Y Swap*	5.62	1	(2)	(4)	(34)	31
India FII data (US\$ mn)						
	10 May	7 May	WTD	MTD	CYTD	FYTD
FII-Debt	(2.4)	71.9	(2.4)	201.3	(2,191.0)	(163.7)
FII-Equity	159.2	(162.9)	159.2	(380.0)	5,457.2	(1,869.1)

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

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