

## MACRO DAILY

13 April 2020

### Macro developments

- COVID-19 cases increased globally to 1.8mn as of 12 Apr 2020 (1.04 times increase vs last week). On a daily basis, new cases in US rose the most by 27,349, followed by Italy at 4,092 and Spain at 3,804. Globally, US has the maximum number of cases at 557,300. In India, the number of cases rose to 9,222 as of 13 Apr 2020 vs 4,778 last week.
- World Bank has slashed India's growth projection to 1.5-2.8% in FY21- lowest since FY91. This is on the back of demand and supply disruption, both in the domestic and global economy due to COVID-19. However, fiscal and monetary measures would let growth to bounce back to 5% in FY22. World Bank had earlier approved US\$ 1bn to India in the first tranche and is also working on two additional operations with focus on employment, banking and MSME sector.
- US CPI fell by (-) 0.4% in Mar'20 on a MoM basis (steepest decline in 5 years) vs +0.1% in Feb'20. Sharpest dip was seen in prices of energy commodities (-10.4% vs -3.5%). Core CPI also fell by (-) 0.1% vs +0.2% in Feb'20, led by lower prices of transportation services and apparels. Analysts expect disinflationary pressures will continue in the next few months as well owing to the ongoing lockdowns.

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### Markets

- Bonds:** Global yields closed mixed. US 10Y fell by 5bps (0.72%). While Fed unveiled a US\$ 2.3tn stimulus for small enterprises, EU also agreed on a € 0.5tn stimulus. Crude prices fell by (-) 4.1% (US\$ 31/bbl) but futures is trading higher at US\$ 33/bbl as OPEC+ members agreed on 9.7mn bpd output cut. India's 10Y yield rose by 5bps (6.49%) and is trading at 6.48% today ahead of the release of MPC minutes and CPI print.
- Currency:** Global currencies traded in narrow ranges as investors continue to track the pace of COVID-19 cases. DXY, JPY, GBP and INR closed flat. EUR, AUD and CNY rose by 0.1%. INR is trading at a fresh lifetime low of 76.34/\$. Other Asian currencies are also trading lower.
- Equity:** Apart from Shanghai Comp and Nikkei, other global indices remained closed. Shanghai Comp fell by (-) 1% led by concerns surrounding the spread of COVID-19. Sensex 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
<b>10Y yields (Δ bps)</b>						
US	0.72	(5)	12	(8)	(110)	(185)
UK	0.31	(8)	(1)	7	(46)	(91)
Japan	0.02	0	3	7	2	7
Germany	(0.35)	(4)	9	44	(15)	(40)
India	6.49	5	19	43	(10)	(92)
China	2.54	2	(1)	(7)	(54)	(81)
<b>2Y yields (Δ bps)</b>						
US	0.23	(3)	(0)	(31)	(134)	(217)
UK	0.04	(8)	(5)	(13)	(49)	(75)
Japan	(0.16)	(1)	(3)	8	(2)	0
Germany	(0.62)	(2)	4	34	(2)	(6)
India	5.24	(8)	(3)	(5)	(93)	(144)
China	1.20	2	(43)	(76)	(108)	(125)
<b>Currencies (Δ %)</b>						
EUR	1.0937	0.1	1.3	(3.0)	(1.7)	(3.2)
GBP	1.2455	0	1.5	(3.5)	(4.7)	(4.7)
JPY	108.47	0	0.1	(2.7)	0.9	3.2
AUD	0.6349	0.1	5.9	(2.4)	(8.0)	(11.5)
INR	76.27	0	(0.1)	(3.0)	(7.5)	(10.3)
CNY	7.0360	0.1	0.8	(1.1)	(1.7)	(5.0)
<b>Equity &amp; Other indices (Δ %)</b>						
Dow	23,719	1.2	12.7	(5.2)	(17.7)	(10.2)
FTSE	5,843	2.9	7.9	(2.0)	(23.0)	(21.4)
DAX	10,565	2.2	10.9	0.9	(21.6)	(12.0)
NIKKEI	19,499	0.8	9.4	(1.9)	(18.2)	(10.8)
Shanghai Comp	2,797	(1.0)	1.2	(6.7)	(9.6)	(12.3)
SENSEX	31,160	4.2	12.9	(12.6)	(25.1)	(19.6)
Brent (US\$/bbl)	31.48	(4.1)	(7.7)	(15.4)	(51.6)	(56.0)
Gold (US\$/oz)	1,697	0.8	4.7	2.9	8.6	31.5
CRB Index	362.1	(0.2)	(0.2)	(8.6)	(11.1)	(15.0)
Rogers Agri Index	659.2	0.6	2.8	(4.9)	(13.5)	(12.2)
LIBOR (3M)*	1.22	(9)	(17)	43	(62)	(138)
INR 5Y Swap*	6.23	20	25	54	(53)	(49)
<b>India FII data (US\$ mn)</b>						
	<b>8 Apr</b>	<b>7 Apr</b>	<b>WTD</b>	<b>MTD</b>	<b>CYTD</b>	<b>FYTD</b>
FII-Debt	(256.5)	(151.4)	(407.8)	(568.7)	(10,328.2)	(568.7)
FII-Equity	273.6	134.1	407.7	111.2	(6,491.8)	111.2

Source: Bloomberg, Bank of Baroda | \*Indicates change in bps | Apart from Japan and China, other global markets remained closed on 10.4.20

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