

## MACRO DAILY

15 April 2020

### Macro developments

- COVID-19 cases increased globally to 2mn as of 14 Apr 2020. However the pace of increase is slowing with daily fresh cases rising by only 4% this week vs an average increase of 8% last week. On a daily basis, new cases in US rose the most by 26,633, followed by France at 5,426 and Spain at 3,961. In India, the number of cases rose to 11,487 as of 15 Apr 2020 vs 5,916 last week.
- IMF has sharply revised downward India's growth projection to 1.9% in FY21 from 5.8% projected in Jan'20. The report has highlighted that India and China are likely to report positive growth while other economies may contract in CY20/FY21. Global growth is also expected to contract by (-) 3% in CY20-the outcome can be worse than CY08 financial crisis.
- China's exports fell by (-) 6.6% in Mar'20 vs est.: (-) 14% and (-) 17.2% in Jan-Feb'20, while its imports declined by only (-) 0.9% vs est.: (-) 9.5% and (-) 4% in Jan-Feb'20. China's exports got a boost as domestic economic activity resumed, even as other manufacturing hubs were shut down. However, it faces headwinds from weak global demand in the coming months. To support growth, PBOC has cut MLF rate by 20bps to 2.95%.

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### Markets

- Bonds:** Global yields closed mixed. IMF flagged risk of severe global recession in CY20/FY21. US is considering lifting of restrictions partially as daily fatality rate is falling. US 10Y yield fell by 2bps (0.75%). Crude prices fell by (-) 6.7% (US\$ 30/bbl) as concerns of muted demand surpassed OPEC+ output cut decision. India's 10Y yield is trading at 6.46% today.
- Currency:** Except CNY and INR which closed flat, other global currencies closed higher. Risk sentiment improved as coronavirus cases in US and EU seem to be stabilising and China's exports fell less than expected. DXY fell by (-) 0.5%. INR is trading higher today in line with other Asian currencies.
- Equity:** Most of the global indices ended in green with possible flattening of COVID-19 cases globally. Nikkei surged by 3.1% followed by Dow (2.4%) which rose with advancement in tech stocks. 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
<b>10Y yields (Δ bps)</b>						
US	0.75	(2)	4	(21)	(106)	(184)
UK	0.34	4	(7)	(7)	(38)	(88)
Japan	0.03	1	1	(2)	1	5
Germany	(0.38)	(3)	(7)	17	(21)	(44)
India	6.50	0	8	17	(17)	(90)
China	2.55	(1)	4	(14)	(55)	(85)
<b>2Y yields (Δ bps)</b>						
US	0.22	(3)	(4)	(27)	(135)	(219)
UK	0.07	4	(10)	(22)	(42)	(72)
Japan	(0.14)	1	(4)	5	(2)	0
Germany	(0.66)	(4)	(5)	21	(8)	(9)
India	5.22	(2)	(14)	(29)	(99)	(147)
China	1.20	2	(17)	(76)	(108)	(132)
<b>Currencies (Δ %)</b>						
EUR	1.0980	0.6	0.8	(1.1)	(1.3)	(2.7)
GBP	1.2623	0.9	2.4	2.8	(3.0)	(3.3)
JPY	107.22	0.5	1.4	0.4	2.5	4.3
AUD	0.6442	0.9	4.4	3.9	(6.7)	(10.2)
INR	76.28	0	(0.9)	(3.2)	(7.6)	(9.6)
CNY	7.0512	0	(0.1)	(0.6)	(2.4)	(5.1)
<b>Equity &amp; Other indices (Δ %)</b>						
Dow	23,950	2.4	5.7	3.3	(17.2)	(9.5)
FTSE	5,791	(0.9)	1.5	7.9	(24.0)	(22.5)
DAX	10,697	1.2	3.3	15.9	(20.5)	(11.6)
NIKKEI	19,639	3.1	3.6	12.7	(18.3)	(11.6)
Shanghai Comp	2,827	1.6	0.2	(2.1)	(9.0)	(13.1)
SENSEX	30,690	(1.5)	2.1	(10.0)	(26.8)	(21.9)
Brent (US\$/bbl)	29.60	(6.7)	(7.1)	(12.6)	(54.1)	(58.7)
Gold (US\$/oz)	1,727	0.7	4.8	12.9	11.7	35.3
CRB Index	353.8	(0.2)	(2.5)	(8.7)	(13.8)	(16.7)
Rogers Agri Index	648.5	(0.5)	(0.8)	(3.1)	(15.3)	(12.7)
LIBOR (3M)*	1.22	(9)	(10)	38	(62)	(138)
INR 5Y Swap*	5.97	0	(5)	31	(88)	(73)
<b>India FII data (US\$ mn)</b>						
	<b>9 Apr</b>	<b>8 Apr</b>	<b>WTD</b>	<b>MTD</b>	<b>CYTD</b>	<b>FYTD</b>
FII-Debt	(183.1)	(256.5)	(590.9)	(751.8)	(10,511.3)	(751.8)
FII-Equity	246.8	273.6	654.5	358.0	(6,245.0)	358.0

Source: Bloomberg, Bank of Baroda | \*Indicates change in bps Note: Markets in India were closed on 14 Apr 2020

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