

MACRO DAILY

15 January 2021

Macro developments

- India's passenger vehicles sales noticed a sharp uptick as it registered a growth of 13.6% in Dec'20 versus 4.6% in Nov'20. This is largely attributed to base effect, while transitioning to BS-VI norms. However, two-wheeler sales moderated to 7.4% in Dec'20 from 13.4% in Nov'20. Overall, auto production has risen by 5% in Dec'20 (contraction of 1% in Nov'20).
- Germany's GDP contracted by 5% in CY20, less than 5.2% decline estimated. This was also lower than 5.7% decline during Asian financial crisis. The decline was led by private consumption (6% drop) and exports (9.9% drop). Only GFCE growth was positive at 3.4%. Germany has fared better than other EU countries such as France and Italy, where ECB forecasts GDP to have declined by 9.3% and 9.0% respectively.
- Initial jobless claims in the US rose sharply by 181,000 from the previous week to reach 965,000 (est.: 789,000) in the week ending 9 Jan 2021. The much sharper than estimated increase has taken the claims to 5-month high led by resurgence in Covid-19 cases due to cold weather and end of holiday season. The 4-week moving average also rose by 18,250 from the previous week to reach 834,250.

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Markets

- Bonds:** Global yields closed mixed. US 10Y yield rose by 1bps (1.13%) on hopes of additional Covid-19 relief package of US\$ 1.9tn. Germany's 10Y yield fell by 1bps (-0.55%) amidst rising Covid-19 cases. Crude prices rose by 0.6% (US\$ 56/bbl). India's 10Y yield rose by 6bps (5.89%) as RBI has set high cut off price at special OMO auction. It is trading at 5.91% today.
- Currency:** Barring EUR (flat) and CNY (lower), other global currencies closed higher. DXY fell by 0.1% as Fed Chair ruled out rate hikes or changes in its QE programme. INR rose by 0.1% supported by FII equity inflows. However, it is trading lower today while other Asian currencies are trading lower.
- Equity:** Barring Dow and Shanghai Comp, other global indices ended higher on hopes of US stimulus and developments around Covid-19 vaccine. Both FTSE and Nikkei gained by 0.8% each followed by FTSE (0.4%). Sensex (0.2%) too ended in green led by capital goods and oil & gas stocks. However, it is trading lower today; other Asian stocks are trading mixed.



FIG 1 – MOVEMENT IN KEY GLOBAL ASSET CLASSES

Particulars	Current	1D	1W	1M	3M	12M
10Y yields (Δ bps)						
US	1.13	5	5	24	40	(68)
UK	0.29	(2)	1	7	11	(35)
Japan	0.04	0	0	3	2	3
Germany	(0.55)	(3)	(3)	7	6	(33)
India	5.89	(2)	4	0	(1)	(71)
China	3.11	(2)	(2)	(19)	(12)	2
2Y yields (Δ bps)						
US	0.14	0	0	2	0	(143)
UK	(0.12)	(1)	2	(3)	(7)	(57)
Japan	(0.11)	0	0	2	2	1
Germany	(0.73)	(2)	(2)	4	4	(14)
India	4.44	6	30	52	18	(173)
China	2.27	12	(5)	(55)	(37)	(3)
Currencies (Δ %)						
EUR	1.2155	0	(1.0)	0.1	3.8	9.1
GBP	1.3689	0.4	0.9	2.7	6.0	4.7
JPY	103.80	0.1	0	0.2	1.6	5.8
AUD	0.7778	0.6	0.1	3.2	9.6	12.8
INR	73.05	0.1	0.4	0.7	0.5	(3.0)
CNY	6.4745	(0.1)	0.1	1.2	3.7	5.9
Equity & Other indices (Δ %)						
Dow	30,992	(0.2)	(0.2)	3.8	8.8	5.8
FTSE	6,802	0.8	(0.8)	4.1	16.6	(10.6)
DAX	13,989	0.4	0.1	5.8	10.1	4.2
NIKKEI	28,698	0.8	4.4	7.4	22.1	19.9
Shanghai Comp	3,566	(0.9)	(0.3)	5.8	7.0	16.0
SENSEX	49,584	0.2	3.1	7.2	24.8	18.2
Brent (US\$/bbl)	56.42	0.6	3.8	12.2	30.7	(12.7)
Gold (US\$/oz)	1,847	0.1	(3.5)	1.0	(3.3)	18.9
CRB Index	455.3	0.3	1.4	4.5	10.6	10.9
Rogers Agri Index	926.6	1.2	3.2	11.6	18.7	22.7
LIBOR (3M)*	0.24	1	2	2	2	(159)
INR 5Y Swap*	5.59	1	19	35	32	(115)
India FII data (US\$ mn)						
	13 Jan	12 Jan	WTD	MTD	CYTD	FYTD
FII-Debt	(27.6)	(181.4)	(412.3)	(383.5)	(383.5)	(4,477.1)
FII-Equity	296.1	128.3	824.6	2,219.9	2,219.9	32,195.7

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

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