

MACRO DAILY

19 April 2021

Macro developments

- As per IMD, India is expected to receive normal monsoon (98% of LPA) for third year in a row in 2021. The probability of normal and above normal rain stands at 61%. For the last 2 years, monsoon was above normal at 110% and 109% of LPA respectively. IMD also stated that there is a little scope of the formation of El-Nino in the monsoon period. This augurs well for agriculture growth and will thus support overall economic recovery in FY22.
- As per AMFI data, AUMs of MFs stood at Rs 31.4tn in Mar'21 versus Rs 31.6tn in Feb'21. There was net outflow of Rs 297bn in Mar'21 from Rs 41bn inflow in Feb'21. This was on account of debt outflow of Rs 516bn versus Rs 14bn inflow in Feb'21. However, equity inflow was at Rs 73bn versus Rs 70bn outflow in Feb'21.
- US housing starts rose by 19.4% on a MoM basis in Mar'21, highest since Jun'06 versus a decline of 11.3% in Feb'21. The largest jump was seen in multi-storey apartments (30%). Despite increasing home prices, demand remains robust owing to ultra-low mortgage rates. Permits for future construction also rose by 2.7% in Mar'21 versus 8.8% dip in Feb'21.

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Markets

- Bonds:** Global yields closed mixed. US 10Y yield closed flat. Investors assessed better macro prints in US and Fed's commitment of ultra-low rates. Germany's 10Y yield rose by 3bps as vaccination gained pace (18.4% got vaccinated). Crude prices fell by 0.3% (US\$ 67/bbl). India 10Y yield fell by 4bps (6.09%) as RBI did not devolve any securities against market expectations. It is trading further lower at 6.08% today.
- Currency:** Global currencies closed mixed. DXY closed lower by 0.1% amidst expectation of lower rates to continue. CNY and GBP closed flat. INR rose by 0.8% as oil prices eased. It is however trading lower today while other Asian currencies are trading mixed.
- Equity:** Global indices ended higher on the back of strong US housing starts data. Amongst other indices, Dax (1.3%) gained the most followed by Shanghai Comp (0.8%). Sensex (0.1%) too ended in green driven by a rally in consumer durables and power stocks. It is trading lower today while 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	1.58	0	(8)	(4)	50	94
UK	0.76	3	(1)	(2)	48	46
Japan	0.09	0	(2)	(1)	5	7
Germany	(0.26)	3	4	7	28	21
India	6.09	(4)	7	(9)	14	(26)
China	3.16	(2)	(5)	(10)	1	61
2Y yields (Δ bps)						
US	0.16	0	1	1	3	(4)
UK	0.04	0	(1)	(5)	18	(5)
Japan	(0.12)	1	0	2	0	1
Germany	(0.69)	1	1	0	3	(1)
India	4.62	0	6	(31)	15	(19)
China	2.46	(4)	(4)	(12)	18	124
Currencies (Δ %)						
EUR	1.1983	0.1	0.7	0.7	(0.8)	10.2
GBP	1.3832	0.3	0.9	(0.4)	1.8	10.7
JPY	108.80	0	0.8	0.2	(4.8)	(1.2)
AUD	0.7734	(0.2)	1.5	(0.2)	0.4	21.5
INR	74.36	0.8	0.5	(2.5)	(1.8)	2.7
CNY	6.5206	0	0.5	(0.2)	(0.6)	7.8
Equity & Other indices (Δ %)						
Dow	34,201	0.5	1.2	4.2	11.0	41.1
FTSE	7,020	0.5	1.5	3.2	4.2	21.3
DAX	15,460	1.3	1.5	6.2	12.1	45.5
NIKKEI	29,683	0.1	(0.3)	(0.8)	4.1	49.2
Shanghai Comp	3,427	0.8	(0.7)	(0.6)	(3.9)	20.7
SENSEX	48,832	0.1	(1.5)	(3.0)	(0.4)	54.6
Brent (US\$/bbl)	66.77	(0.3)	6.1	(2.4)	21.2	137.8
Gold (US\$/oz)	1,777	0.7	1.9	2.6	(2.8)	5.6
CRB Index	515.3	(0.2)	0.8	3.8	13.5	46.9
Rogers Agri Index	989.6	0.1	2.5	1.7	7.1	53.3
LIBOR (3M)*	0.19	1	0	0	(3)	(92)
INR 5Y Swap*	5.60	(6)	(6)	(38)	1	3
India FII data (US\$ mn)						
	15 Apr	12 Apr	WTD	MTD	CYTD	FYTD
FII-Debt	57.8	46.1	103.9	(303.2)	(2,330.4)	(303.2)
FII-Equity	(108.1)	(331.6)	(439.7)	(395.3)	6,931.1	(395.3)

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

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