

MACRO DAILY

19 January 2021

Macro developments

- As per news reports, government is considering hiking custom duties by 5%-10% on about 50 items such as smartphones, electronic components, refrigerators and other electronic appliances. This is expected to provide an impetus to the Atma Nirbhar programme as India imported US\$ 54.5bn worth of electronic goods in FY20. Apart from this, it will also help generate extra revenue of about Rs 200bn for the government.
- Singapore's non-oil domestic exports increased by 6.8% in Dec'20 (est.: 0.7% fall) compared with 5% decline in Nov'20. Electronic exports also rose by 13.7% from 4% decline in Nov'20. Exports to Singapore's top markets mostly rose in Dec'20. However, exports to China, EU, Indonesia and Japan registered a decline.
- Japan's industrial production fell by 0.5% in Nov'20 compared with 4% rise in Oct'20. Production of motor vehicle (4.5%) and transport equipment (3.1%) contracted the most. Resurgence in global Covid-19 cases and strict lockdown measures have impacted demand for Japanese goods.

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Markets

- Bonds:** Global yields closed mixed. Germany's 10Y yield rose by 2bps (-0.53%) as Euro Zone finance ministers pledged to continue fiscal support. Crude prices fell by 0.6% (US\$ 55/bbl) as softening US macro data and rising Covid-19 cases globally raised demand concerns. India's 10Y yield fell by 4bps (5.91%) amidst expectation of more purchases by RBI in the secondary market. It is trading flat today.
- Currency:** Global currencies closed mostly lower. JPY however rose by 0.2% on safe-haven demand amidst surging Covid-19 cases globally. DXY closed flat. INR depreciated by 0.3% on the back of FII outflows. However it is trading higher in line with other Asian currencies.
- Equity:** Global indices ended mixed as surging Covid-19 cases offset hopes of quick economic recovery. Shanghai Comp (0.8%) gained the most on the back of stronger GDP print from China. Sensex fell by 1%, dragged down by auto and power stocks. However, it is trading higher today while 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	1.08	(5)	(6)	14	31	(74)
UK	0.29	0	(2)	4	12	(36)
Japan	0.06	1	2	5	3	5
Germany	(0.53)	2	(3)	4	10	(31)
India	5.91	(4)	0	1	(3)	(73)
China	3.18	3	1	(13)	(2)	12
2Y yields (Δ bps)						
US	0.13	(1)	(1)	1	(1)	(143)
UK	(0.14)	0	(2)	(5)	(6)	(56)
Japan	(0.11)	0	1	1	2	1
Germany	(0.72)	1	(2)	1	7	(13)
India	4.47	0	30	59	22	(170)
China	2.36	8	11	(37)	(36)	6
Currencies (Δ %)						
EUR	1.2077	0	(0.6)	(1.5)	2.6	8.9
GBP	1.3587	0	0.5	0.5	4.9	4.4
JPY	103.69	0.2	0.5	(0.4)	1.7	5.9
AUD	0.7681	(0.3)	(0.2)	0.8	8.6	11.8
INR	73.28	(0.3)	0.1	0.4	0.1	(3.1)
CNY	6.4925	(0.2)	(0.2)	0.7	2.9	5.5
Equity & Other indices (Δ %)						
Dow	30,814	(0.6)	(0.6)	2.1	9.3	5.0
FTSE	6,721	(0.2)	(1.1)	2.9	14.2	(12.2)
DAX	13,848	0.4	(0.6)	1.6	7.7	2.2
NIKKEI	28,242	(1.0)	0.4	5.5	19.3	17.3
Shanghai Comp	3,596	0.8	1.8	5.9	8.6	16.2
SENSEX	48,564	(1.0)	(1.4)	3.4	20.1	16.9
Brent (US\$/bbl)	54.75	(0.6)	(1.6)	4.8	28.5	(16.0)
Gold (US\$/oz)	1,841	0.7	(0.1)	(2.1)	(3.3)	18.0
CRB Index	454.0	(0.3)	0.7	3.6	9.8	10.6
Rogers Agri Index	924.2	(0.3)	3.3	8.8	17.2	21.0
LIBOR (3M)*	0.22	0	0	(1)	1	(158)
INR 5Y Swap*	5.57	(2)	7	24	32	(120)
India FII data (US\$ mn)						
	15 Jan	14 Jan	WTD	MTD	CYTD	FYTD
FII-Debt	(55.0)	(45.0)	(512.4)	(483.6)	(483.6)	(4,577.2)
FII-Equity	(144.2)	220.4	900.9	2,296.1	2,296.1	32,271.9

Source: Bloomberg, Bank of Baroda | *Indicates change in bps | US markets were closed on 18 Jan 2021

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