

MACRO DAILY

20 April 2020

Macro developments

- COVID-19 cases increased globally to 2.4mn as of 19 Apr 2020. On a daily basis, new cases in US rose the most, albeit at a slower pace, by 24,381 followed by Spain at 4,258 and Germany at 2,108. In India, the number of cases rose to 17,312 as of 20 Apr 2020 vs 10,453 last week
- Government has notified the list of activities to be permitted from 20 Apr 2020. Focus is on targeted economic activities especially rural infra projects- such as roads, housing which will deploy around 2mn workers. Disaster Management Act can also be invoked if the activities are not resumed. Removal of restrictions in these sectors along with relaxation for agriculture activities is likely to provide some impetus to growth.
- Japan's industrial production fell by 0.3% in Feb'20 versus 1.9% rise in Jan'20. Within this, manufacturing output declined by 0.2% versus 2% increase in Jan'20. Machinery industry and auto sector fell by 3.2% and 4.7% respectively. Survey results indicate that manufacturing output is expected to decline by 5.3% in Mar'20, before rising by 7.5% in Apr'20.

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Markets

- Bonds:** Global yields closed mixed on hopes of discovery of COVID-19 drug. US 10Y yield rose by 2bps (0.64%) as risk appetite improved over staggered phasing out of COVID-19 lockdown. Crude prices rose by 0.9% (US\$ 28/bbl). India's 10Y yield fell by 9bps (6.35%) supported by RBI's measures to improve system liquidity and revive credit demand. It is trading at 6.28% today.
- Currency:** Global currencies closed higher amidst improvement in risk-sentiment as countries assessed possibility of lifting lockdowns. DXY fell by 0.2%. INR rose by 0.5% supported by RBI's liquidity infusion measures. It is however trading lower today, in line with other Asian currencies.
- Equity:** Bolstered by hopes of COVID-19 vaccine and opening up of the global economy in a phased manner, global indices closed higher. Sensex (3.2%) surged the most led by liquidity boosting measures announced by RBI. Banking and real estate stocks advanced the most. Sensex is trading higher today while other Asian stock are trading mixed.



FIG 1 – MOVEMENT IN KEY GLOBAL ASSET CLASSES

Particulars	Current	1D	1W	1M	3M	12M
10Y yields (Δ bps)						
US	0.64	2	(8)	(44)	(118)	(192)
UK	0.30	0	0	(25)	(33)	(89)
Japan	0.03	1	1	1	2	6
Germany	(0.47)	0	(13)	(4)	(26)	(50)
India	6.35	(9)	(14)	8	(28)	(107)
China	2.55	4	1	(17)	(54)	(83)
2Y yields (Δ bps)						
US	0.20	0	(2)	(29)	(136)	(218)
UK	0.09	2	5	(23)	(33)	(68)
Japan	(0.12)	2	4	5	1	3
Germany	(0.68)	0	(6)	16	(9)	(11)
India	4.82	(22)	(42)	(79)	(135)	(187)
China	1.22	1	2	(74)	(108)	(146)
Currencies (Δ %)						
EUR	1.0875	0.3	(0.6)	(1.1)	(2.0)	(3.3)
GBP	1.2499	0.3	0.4	3.7	(4.0)	(3.8)
JPY	107.54	0.4	0.9	0.1	2.4	3.9
AUD	0.6366	0.6	0.3	6.1	(7.5)	(11.0)
INR	76.38	0.5	(0.1)	(2.9)	(7.5)	(10.1)
CNY	7.0737	0.1	(0.5)	(1.0)	(3.1)	(5.5)
Equity & Other indices (Δ %)						
Dow	24,242	3.0	2.2	14.2	(17.4)	(8.7)
FTSE	5,787	2.8	(1.0)	9.3	(24.6)	(22.4)
DAX	10,626	3.1	0.6	18.9	(21.4)	(13.1)
NIKKEI	19,897	3.1	2.0	17.0	(17.2)	(10.4)
Shanghai Comp	2,838	0.7	1.5	2.1	(7.7)	(13.2)
SENSEX	31,589	3.2	1.4	3.3	(24.7)	(19.3)
Brent (US\$/bbl)	28.08	0.9	(10.8)	(2.3)	(56.7)	(61.0)
Gold (US\$/oz)	1,683	(2.0)	(0.8)	10.1	8.1	31.9
CRB Index	350.8	(0.2)	(3.1)	(7.0)	(14.6)	(17.5)
Rogers Agri Index	645.6	0.4	(2.1)	(0.9)	(15.5)	(13.0)
LIBOR (3M)*	1.14	0	(8)	8	(68)	(145)
INR 5Y Swap*	5.57	(19)	(66)	(9)	(121)	(111)
India FII data (US\$ mn)						
	16 Apr	13 Apr	WTD	MTD	CYTD	FYTD
FII-Debt	(162.8)	44.2	(181.3)	(933.1)	(10,692.6)	(933.1)
FII-Equity	(337.6)	119.2	(357.6)	0.4	(6,602.5)	0.4

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

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