

MACRO DAILY

20 April 2021

Macro developments

- As per CMIE data, unemployment rate in India declined to 8.4% for the week ended 18 Apr 2021 from 8.6% in the previous week. However, urban unemployment rate rose sharply to 10.7% from 9.8% last week, amidst a sharp surge in Covid-19 cases prompting several state governments to enforce restrictions. Rural unemployment rate on the other hand, eased further to 7.3% from 8% last week, after increasing in Mar'21.
- Japan's exports rose to a 40-month high of 16.1% in Mar'21 (est. 11.7%) versus a decline of 4.5% in Feb'21. Exports of autos, semiconductors and chip-making equipment rose. Further, while exports to China rose sharply by 37.2% (lifetime high), exports to US were relatively muted at 4.9%. Imports rose by 5.7% in Mar'21. Separately, industrial production fell by 2% in Feb'21 on a YoY basis versus a decline of 2.6% in Jan'21.
- RBA minutes highlighted that the central bank is in no hurry to tighten policy settings. It reiterated that it will maintain its supportive policy until inflation is within 2-3% target range. While it expects that the economy will expand at 'above trend' pace this year and the next, wage and price pressures remain subdued along with higher unemployment rate.

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Markets

- Bonds:** Barring US and Germany, global yields closed lower. US 10Y yield gained by 2bps on the back of stronger data print. Germany's 10Y yield rose by 3bps led by rapid vaccination drive. Crude prices rose by 0.4% (US\$ 67/bbl). India's 10Y yield fell by 1bps as market expects RBI to keep yield anchored. It is trading flat today.
- Currency:** Except INR, other global currencies closed higher. DXY fell by 0.5% to a near 6-week low on expectations of ultra-low rates to continue. GBP rose the most by 1.1% followed by JPY at 0.6%. INR depreciated sharply by 0.7% as Covid-19 cases rose sharply. However is trading higher today in line with other Asian currencies.
- Equity:** Global indices ended lower as investors continued to monitor surge in infection and re-imposition of lockdown restrictions. Amongst other indices, Sensex (1.8%) dropped the most and was dragged down by real estate and capital good stocks. However, it is trading higher today, while other Asian stocks are trading lower.



FIG 1 – MOVEMENT IN KEY GLOBAL ASSET CLASSES

Particulars	Current	1D	1W	1M	3M	12M
10Y yields (Δ bps)						
US	1.60	2	(6)	(12)	52	100
UK	0.76	(1)	(3)	(8)	47	42
Japan	0.09	(1)	(2)	(3)	3	7
Germany	(0.24)	3	6	6	29	21
India	6.08	(1)	7	(11)	17	(13)
China	3.15	(1)	(4)	(9)	(2)	57
2Y yields (Δ bps)						
US	0.16	0	(1)	1	2	(4)
UK	0.04	0	(1)	(5)	18	(6)
Japan	(0.12)	0	0	1	(1)	0
Germany	(0.68)	1	2	1	3	(1)
India	4.59	(3)	3	(22)	12	(23)
China	2.46	(4)	(5)	(11)	10	126
Currencies (Δ %)						
EUR	1.2037	0.5	1.1	1.1	(0.3)	10.8
GBP	1.3986	1.1	1.8	0.8	2.9	12.4
JPY	108.17	0.6	1.1	0.7	(4.3)	(0.5)
AUD	0.7759	0.3	1.8	0.2	1.0	22.5
INR	74.88	(0.7)	0.2	(3.3)	(2.2)	2.2
CNY	6.5103	0.2	0.6	0	(0.3)	8.0
Equity & Other indices (Δ %)						
Dow	34,078	(0.4)	1.0	4.4	10.6	44.1
FTSE	7,000	(0.3)	1.6	4.3	4.2	20.4
DAX	15,368	(0.6)	1.0	5.1	11.0	44.0
NIKKEI	29,685	0	0.5	(0.4)	5.1	50.9
Shanghai Comp	3,478	1.5	1.9	2.1	(3.3)	21.9
SENSEX	47,949	(1.8)	0.1	(3.8)	(1.3)	51.5
Brent (US\$/bbl)	67.05	0.4	6.0	3.9	22.5	162.2
Gold (US\$/oz)	1,771	(0.3)	2.2	1.5	(3.8)	4.5
CRB Index	517.1	0.3	1.5	2.4	13.9	47.4
Rogers Agri Index	992.6	0.3	4.0	3.4	7.4	53.7
LIBOR (3M)*	0.19	0	0	(1)	(4)	(91)
INR 5Y Swap*	5.51	(9)	(16)	(46)	(6)	19
India FII data (US\$ mn)						
	16 Apr	15 Apr	WTD	MTD	CYTD	FYTD
FII-Debt	281.6	57.8	385.5	(21.6)	(2,048.9)	(21.6)
FII-Equity	(99.9)	(108.1)	(439.7)	(495.2)	6,831.2	(495.2)

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

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