

## MACRO DAILY

20 January 2020

### Macro developments

- As per news reports, central government has raised tax department's targets for GST collections to Rs 1.15tn for Jan and Feb'20 and to Rs 1.25tn for Mar'20. Collections in Dec'19 were at Rs 1tn, taking the average monthly run-rate for FYTD20 to Rs 993bn. If the Jan-Mar'20 targets are met, total GST collections will fall short of only Rs ~234bn from the budgeted Rs 12.76tn (Centre: Rs 6.63tn; States: Rs 6.13tn).
- US industrial production fell by (-) 0.3% in Dec'19 vs 0.8% in Nov'19, on MoM basis. This was on account of sharp fall in consumer goods (-1.2% vs 1.7% in Nov'19) and utilities (-5.6% vs 1% in Nov'19). Manufacturing remained muted at 0.2% vs 1% in Nov'19. In a separate print, US housing starts rose to its 13-year high of 16.1mn in Dec'19 vs 13.8mn in Nov'19, registering a growth of 17%, on the back of lower mortgage rates.
- Bank of Korea held the policy rate steady at 1.25% in its latest meeting. Key rationale behind this being that the worse is over for global slowdown and CY20 will see a recovery, with S. Korea's GDP inching up to 2.3% from ~2% in CY19. Analysts expect BoK to remain on hold until H1CY20.

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### Markets

- Bonds:** Global yields closed mixed amidst varied macro prints in the US (falling industrial production and surging home prices) and China (GDP growth in line with expectation). US 10Y yield rose by 1bps (1.82%). Oil prices rose by 0.4% (US\$ 65/bbl). India's 10Y yield rose by 2bps (6.63%) due to selling from foreign banks. It is trading at 6.64% today.
- Currency:** Except JPY and CNY, other global currencies closed lower. DXY rose by 0.3% as US housing starts rose to a 13-year high in Dec'19. CNY also rose by 0.3% as China's macro data remained positive. INR depreciated by (-) 0.2%. It is trading lower today, while other Asian currencies are trading mixed.
- Equity:** Barring Shanghai Comp and Sensex (flat) global indices closed higher driven by uptick in US housing starts and China's GDP print (in line with expectation). FTSE (0.9%) rose the most, followed by Dax (0.7%). Sensex opened higher today in line with other Asian stocks, as PBOC kept its LPR unchanged.



FIG 1 – MOVEMENT IN KEY GLOBAL ASSET CLASSES

Particulars	Current	1D	1W	1M	3M	12M
<b>10Y yields (Δ bps)</b>						
US	1.82	1	0	(6)	7	(96)
UK	0.63	(1)	(14)	(13)	(8)	(72)
Japan	0	(1)	0	1	13	(1)
Germany	(0.22)	0	(2)	8	17	(48)
India	6.63	2	4	(13)	11	(68)
China	3.09	(1)	1	(14)	(10)	(2)
<b>2Y yields (Δ bps)</b>						
US	1.56	(1)	(1)	(6)	(1)	(105)
UK	0.42	(4)	(11)	(12)	(12)	(40)
Japan	(0.13)	(1)	1	(2)	10	4
Germany	(0.59)	0	1	5	8	(1)
India	6.17	0	0	34	59	(87)
China	2.30	0	2	(29)	(26)	(12)
<b>Currencies (Δ %)</b>						
EUR	1.1092	(0.4)	(0.3)	(0.5)	(0.7)	(2.4)
GBP	1.3016	(0.5)	(0.4)	(0.9)	0.2	1.1
JPY	110.14	0	(0.6)	(0.6)	(1.6)	(0.3)
AUD	0.6879	(0.3)	(0.3)	0.4	0.3	(4.0)
INR	71.08	(0.2)	(0.2)	(0.2)	0.1	0.1
CNY	6.8597	0.3	0.9	2.0	3.1	(1.2)
<b>Equity &amp; Other indices (Δ %)</b>						
Dow	29,348	0.2	1.8	3.8	9.6	18.8
FTSE	7,675	0.9	1.1	2.0	7.3	10.1
DAX	13,526	0.7	0.3	1.8	7.1	20.7
NIKKEI	24,041	0.5	0.8	(0.1)	6.9	16.3
Shanghai Comp	3,075	0	(0.5)	1.8	4.7	18.5
SENSEX	41,945	0	0.8	1.4	6.7	15.3
Brent (US\$/bbl)	64.85	0.4	(0.2)	(1.9)	9.1	3.4
Gold (US\$/oz)	1,557	0.3	(0.3)	5.5	4.5	21.5
CRB Index	410.6	0	0.8	2.9	4.8	(0.2)
Rogers Agri Index	764.1	1.2	0.3	2.0	4.6	(1.6)
LIBOR (3M)*	1.83	(1)	(2)	(8)	(13)	(93)
INR 5Y Swap*	6.78	4	2	14	31	(42)
<b>India FII data (US\$ mn)</b>						
	<b>16 Jan</b>	<b>15 Jan</b>	<b>WTD</b>	<b>MTD</b>	<b>CYTD</b>	<b>FYTD</b>
FII-Debt	30.1	(124.9)	(194.3)	(1,132.7)	(1,132.7)	1,811.4
FII-Equity	1,372.5	8.9	1,351.8	1,714.9	1,714.9	9,104.1

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

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