

## MACRO DAILY

21 October 2020

### Macro developments

- According to EPFO's data, it added 0.67mn new subscribers to its subscriber base in Aug'20 compared with 0.65mn added in Jul'20. Within this, 0.37mn were in the age group of 18-25 years. While total new additions still remain below pre-COVID levels (0.75mn in Feb'20), they have continuously gained pace since Apr'20. On FYTD basis, total additions stand at 2.4mn compared with 5.5mn in FYTD20.
- US housing starts accelerated by 1.9% on a MoM basis in Sep'20 reversing a decline of 5.1% in Aug'20 and raising hopes of economic recovery. This was led by uptick of 8.5% in single-housing units to 1.08mn, as interest rates remained low and people migrated to sub-urban and low density areas. On the other hand, demand for multi-family housing segment dropped by 16% to 307,000 units.
- Germany's PPI fell at a slower pace of 1% in Sep'20 (YoY) compared with a 1.2% decline in Aug'20 and estimate of a 1.4% decline. While energy prices declined by 3.3% in Sep'20, prices of durable consumer goods and capital goods inched up by 1.4% and 0.9% respectively in Sep'20. On a MoM basis, PPI rose by 0.4% unchanged from Aug'20.

**Sonal Badhan | Sameer Narang**
[chief.economist@bankofbaroda.com](mailto:chief.economist@bankofbaroda.com)

### Markets

- Bonds:** Global yields closed mixed with US, UK and German 10Y yields rising by 2bps each. Renewed hopes around larger fiscal stimulus bill and Brexit negotiations supported yields. Thus crude prices also rose by 1.3% (US\$ 43.2/bbl). India's 10Y yield eased a tad (1bps) to 5.93% ahead of RBI's OMO auction, and is trading at the same level today.
- Currency:** Global currencies closed mixed. DXY fell by 0.4% as investors await results of US fiscal stimulus negotiations. Rise in US housing starts also led to improvement in risk-sentiment. INR depreciated marginally by 0.1% as oil prices increased. It is trading higher today in line with other Asian currencies.
- Equity:** Barring Dax and Nikkei, other global indices ended higher on hopes of US stimulus and stronger data print signalling economic recovery. Shanghai Comp (0.5%) gained the most, followed by Dow (0.4%). Sensex (0.3%) too ended in green led by advancement in real estate and tech stocks. 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
<b>10Y yields (Δ bps)</b>						
US	0.79	2	6	9	19	(98)
UK	0.19	2	(5)	0	5	(52)
Japan	0.02	0	(1)	1	0	15
Germany	(0.61)	2	(5)	(12)	(15)	(24)
India	5.93	(1)	3	(8)	10	(61)
China	3.20	0	0	7	28	(2)
<b>2Y yields (Δ bps)</b>						
US	0.14	0	0	0	0	(145)
UK	(0.07)	1	(2)	5	4	(59)
Japan	(0.13)	0	(1)	1	0	10
Germany	(0.78)	1	(5)	(9)	(11)	(12)
India	4.24	(1)	(3)	(20)	5	(134)
China	2.67	(5)	5	6	61	6
<b>Currencies (Δ %)</b>						
EUR	1.1822	0.5	0.6	(0.2)	2.6	6.3
GBP	1.2948	0	0.1	0.2	1.7	0.6
JPY	105.50	(0.1)	0	(0.9)	1.2	2.8
AUD	0.7048	(0.4)	(1.6)	(3.3)	(1.1)	2.8
INR	73.47	(0.1)	(0.2)	0	1.7	(3.6)
CNY	6.6767	0.1	1.0	1.4	4.4	5.7
<b>Equity &amp; Other indices (Δ %)</b>						
Dow	28,309	0.4	(1.3)	2.4	5.5	5.7
FTSE	5,889	0.1	(1.3)	(2.0)	(6.1)	(18.3)
DAX	12,737	(0.9)	(2.2)	(2.9)	(3.3)	(0.1)
NIKKEI	23,567	(0.4)	(0.1)	0.9	3.0	4.8
Shanghai Comp	3,328	0.5	(0.9)	(0.3)	0.2	12.6
SENSEX	40,544	0.3	(0.2)	4.4	6.9	4.1
Brent (US\$/bbl)	43.20	1.3	1.7	0	(2.6)	(27.7)
Gold (US\$/oz)	1,907	0.2	0.8	(2.3)	3.5	28.2
CRB Index	414.5	0.2	1.0	1.1	12.8	5.7
Rogers Agri Index	790.0	0.2	2.9	3.6	14.3	8.8
LIBOR (3M)*	0.20	0	(2)	(1)	(4)	(172)
INR 5Y Swap*	5.20	(2)	(6)	(36)	(9)	(131)
<b>India FII data (US\$ mn)</b>						
	<b>19 Oct</b>	<b>16 Oct</b>	<b>WTD</b>	<b>MTD</b>	<b>CYTD</b>	<b>FYTD</b>
FII-Debt	(2.8)	163.8	(2.8)	238.3	(14,441.4)	(4,681.9)
FII-Equity	271.1	(1.2)	271.1	1,463.5	5,503.5	12,106.5

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

## Disclaimer

The views expressed in this research note are personal views of the author(s) and do not necessarily reflect the views of Bank of Baroda. Nothing contained in this publication shall constitute or be deemed to constitute an offer to sell/ purchase or as an invitation or solicitation to do so for any securities of any entity. Bank of Baroda and/ or its Affiliates and its subsidiaries make no representation as to the accuracy; completeness or reliability of any information contained herein or otherwise provided and hereby disclaim any liability with regard to the same. Bank of Baroda Group or its officers, employees, personnel, directors may be associated in a commercial or personal capacity or may have a commercial interest including as proprietary traders in or with the securities and/ or companies or issues or matters as contained in this publication and such commercial capacity or interest whether or not differing with or conflicting with this publication, shall not make or render Bank of Baroda Group liable in any manner whatsoever & Bank of Baroda Group or any of its officers, employees, personnel, directors shall not be liable for any loss, damage, liability whatsoever for any direct or indirect loss arising from the use or access of any information that may be displayed in this publication from time to time.

Visit us at [www.bankofbaroda.com](http://www.bankofbaroda.com)



For further details about this publication, please contact:

### **Economics Research Department**

Bank of Baroda

[chief.economist@bankofbaroda.com](mailto:chief.economist@bankofbaroda.com)