

MACRO DAILY

22 December 2020

Macro developments

- EPFO's payroll data for Oct'20 showed that net additions eased to 0.72mn from 1.11mn in Sep'20. This is in line with CMIE's data, which had previously shown that unemployment rate had risen to 7% in Oct'20 from 6.7% in Sep'20. In Nov'20 as unemployment rate was down to 6.5% we can expect pick up in EPFO data as well. In FYTD21 so far, net additions to subscriber base stand at 4.3mn (down 40%) versus 7.2mn in FYTD20.
- Retail sales in Australia rose sharply by 7% in Nov'20 (est., 2% rise) MoM compared with a 1.4% increase in Oct'20. This was attributed to a steep 21% increase in retail sales in the state of Victoria as lockdown restrictions were eased. Household goods retailing also rose by 13%, buoyed by Black Friday sales and new product launches in electronics.
- As per flash estimates, Euro Area's consumer confidence index improved moderately to (-) 13.9 in Dec'20 from (-) 17.6 in Nov'20. Even for EU as whole, the consumer confidence index rose to (-) 15.3 in Dec'20 from (-) 18.7 in Nov'20. However, these estimates are still far below the long-term average of (-) 11.2 (Euro Area) and (-) 10.7 (EU).

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Markets

- **Bonds:** Except Japan and India, global yields closed lower amidst worries over discovery of a new strain of Covid-19 virus in UK and renewed travel restrictions. Thus, UK 10Y yield fell the most by 4bps (0.21%). US 10Y yield dipped by 1bps (0.93%). Crude prices declined by 2.6% (US\$ 51/bbl) due to concerns of muted demand. India 10Y yield closed flat at 5.96%. It is trading at 5.95% today.
- **Currency:** Apart from JPY (flat), other global currencies ended lower. Fears over a new strain of fast spreading Covid-19 virus in the UK spooked investors. DXY closed flat. GBP depreciated by 0.5% weighed down by uncertainty over Brexit deal. INR depreciated by 0.3%. It is trading further lower today in line with other Asian currencies.
- **Equity:** Barring Dow and Shanghai Comp, other global indices ended lower amidst worries over new Covid-19 strain. Amongst other indices, Sensex (3%) dropped the most, followed by Dax (2.8%) and FTSE (1.7%). The decline in the domestic market was led by metal and oil & gas stocks. It is trading lower today in line with other Asian stocks.



FIG 1 – MOVEMENT IN KEY GLOBAL ASSET CLASSES

Particulars	Current	1D	1W	1M	3M	12M
10Y yields (Δ bps)						
US	0.93	(1)	4	11	27	(99)
UK	0.21	(4)	(2)	(10)	5	(57)
Japan	0.01	0	0	0	0	(1)
Germany	(0.58)	(1)	4	0	(5)	(34)
India	5.96	0	1	8	(6)	(61)
China	3.26	(4)	(4)	(7)	17	10
2Y yields (Δ bps)						
US	0.12	0	1	(4)	(2)	(153)
UK	(0.11)	(2)	(2)	(7)	1	(66)
Japan	(0.13)	0	0	1	1	(4)
Germany	(0.74)	(1)	4	2	(1)	(12)
India	3.89	1	(2)	(8)	(55)	(195)
China	2.70	(3)	(12)	(23)	10	12
Currencies (Δ %)						
EUR	1.2244	(0.1)	0.8	3.3	4.0	10.4
GBP	1.3464	(0.4)	1.1	1.4	5.0	4.1
JPY	103.32	0	0.7	0.5	1.3	5.6
AUD	0.7587	(0.5)	0.7	3.9	5.0	9.6
INR	73.78	(0.3)	(0.3)	0.5	(0.5)	(3.7)
CNY	6.5497	(0.1)	0	0.2	3.8	6.6
Equity & Other indices (Δ %)						
Dow	30,216	0.1	1.2	3.3	11.3	6.1
FTSE	6,416	(1.7)	(1.8)	1.0	10.5	(13.9)
DAX	13,246	(2.8)	0.2	0.8	5.6	2.3
NIKKEI	26,714	(0.2)	(0.1)	4.7	14.4	12.4
Shanghai Comp	3,421	0.8	1.5	1.3	3.1	13.0
SENSEX	45,554	(3.0)	(1.5)	3.8	19.8	12.7
Brent (US\$/bbl)	50.91	(2.6)	1.2	13.2	22.9	(21.0)
Gold (US\$/oz)	1,877	(0.2)	2.7	0.3	(1.9)	27.3
CRB Index	437.7	(0.1)	0.5	2.6	7.3	9.9
Rogers Agri Index	851.0	0.2	2.5	2.9	13.8	13.7
LIBOR (3M)*	0.24	0	2	3	1	(170)
INR 5Y Swap*	5.34	1	9	23	(23)	(130)
India FII data (US\$ mn)						
	18 Dec	17 Dec	WTD	MTD	CYTD	FYTD
FII-Debt	(45.3)	45.5	91.7	763.5	(13,855.6)	(4,096.1)
FII-Equity	522.4	358.6	1,941.9	5,916.7	22,022.5	28,625.4

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

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