

## MACRO DAILY

22 June 2020

### Macro developments

- Government has launched Garib Kalyan Rojgaar Abhiyaan to generate employment for migrant workers. It has allocated Rs 500bn for the same. This program will run on a mission mode for 125 days across 116 districts through Common Service Centres (CSCs) and Krishi Vigyan Kendras. It will also create infrastructure through public works that will in turn boost employment.
- Overall kharif acreage has risen by 13.2% on YoY basis as of 12 Jun 2020 with improvement seen in sowing area of cotton (23.4%). Sown area of foodgrains and cereals too continued to inch up further by, 31.2% and 21.9% respectively. On the back of normal South-West monsoon, higher kharif sowing is expected compared with last year.
- Japan's CPI (ex food prices) declined by 0.2% for the second consecutive month in May'20 on a YoY basis, owing to pandemic hit demand and falling international oil prices. Amongst sub-segments, steepest decline was visible in prices of education services (10.4%) and electricity, fuel and water (2.2%). Headline inflation remained unchanged at 0.1% in May'20.

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### Markets

- Bonds:** Global yields closed mixed amidst resurgence of fresh COVID-19 cases. Germany 10Y yield rose the most by 3bps as EU started negotiating for a € 750bn proposal. US 10Y yield fell by 1bps as Fed official sounded pessimistic on the pace of recovery. Crude prices rose by 5.1% (US\$ 43/bbl) amidst production cut. India's 10Y yield rose by 2bps (6%). It is trading at 5.99% today.
- Currency:** Except CNY, other global currencies closed lower against the dollar as fears of a second wave of infections led to a risk-off sentiment. DXY closed marginally lower. GBP depreciated by 0.4% as UK's public debt rose to a record high. INR fell by 0.1%. It is trading higher today, while other Asian currencies are trading mixed.
- Equity:** Barring Dow, other global indices ended higher as investors monitor developments around COVID-19. European indices too ended in green as EU began working on € 750bn stimulus plan to counter the impact of COVID-19. Sensex gained by 1.5% led by a rally in telecom. It is trading higher today while other 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	0.70	(1)	(1)	0	(15)	(137)
UK	0.23	1	2	(2)	(33)	(62)
Japan	0.01	0	0	1	(7)	17
Germany	(0.42)	3	2	5	(10)	(13)
India	6.00	2	1	(3)	(26)	(86)
China	2.90	0	11	17	21	(36)
<b>2Y yields (Δ bps)</b>						
US	0.19	0	0	2	(12)	(158)
UK	(0.06)	(1)	(3)	(4)	(19)	(67)
Japan	(0.18)	(2)	(4)	(3)	(2)	5
Germany	(0.69)	(2)	3	(2)	(1)	5
India	4.35	0	(7)	(17)	(119)	(187)
China	1.96	(1)	(6)	75	3	(74)
<b>Currencies (Δ %)</b>						
EUR	1.1178	(0.2)	(0.7)	2.3	4.6	(1.7)
GBP	1.2372	(0.4)	(1.3)	1.0	6.4	(2.9)
JPY	106.87	(0.1)	0.5	0.8	3.7	0.4
AUD	0.6835	(0.2)	(0.5)	4.6	18.2	(1.3)
INR	76.19	(0.1)	(0.5)	(0.7)	(1.3)	(9.5)
CNY	7.0710	0.3	0.2	0.4	0.4	(2.9)
<b>Equity &amp; Other indices (Δ %)</b>						
Dow	25,871	(0.8)	1.0	6.9	34.9	(3.2)
FTSE	6,293	1.1	3.1	4.8	21.2	(15.1)
DAX	12,331	0.4	3.2	11.3	38.1	(0.1)
NIKKEI	22,479	0.6	0.8	10.0	35.8	5.7
Shanghai Comp	2,968	1.0	1.6	2.4	8.1	(1.1)
SENSEX	34,732	1.5	2.8	15.0	16.1	(11.4)
Brent (US\$/bbl)	42.74	5.1	10.4	23.3	58.4	(34.4)
Gold (US\$/oz)	1,735	0.7	0.3	(0.6)	15.8	24.0
CRB Index	364.3	(0.5)	(1.3)	(1.0)	(2.6)	(11.4)
Rogers Agri Index	671.5	(0.4)	(2.0)	1.2	2.3	(11.4)
LIBOR (3M)*	0.32	1	1	(5)	(88)	(203)
INR 5Y Swap*	5.20	(2)	7	7	(100)	(132)
<b>India FII data (US\$ mn)</b>						
FII-Debt	(89.7)	(62.4)	(241.5)	(524.6)	(14,579.9)	(4,820.4)
FII-Equity	(41.9)	102.0	(484.8)	2,444.8	(2,469.7)	4,133.3

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

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