

## MACRO DAILY

23 December 2020

### Macro developments

- India's crude oil production slipped to 2.49mn tonne in Nov'20 (4.9% drop) compared with 2.61mn tonne in Nov'19. Production by state owned ONGC and Oil India was much lower than anticipated and was down by 1.5% and 6.5% in Nov'20 compared with last year. Natural gas output too fell by 9% in the same period. On a FYTD basis, India's oil and natural gas output declined by 7.5% and 11.8% respectively, compared with last year
- US existing home sales declined by 2.5% in Nov'20 on MoM basis versus 4.3% increase seen in Oct'20. This is the first monthly decline in 5-months and supply of homes in Nov'20 was the lowest on record since CY82. Separately, consumer confidence index also fell to 88.6 in Dec'20 from 92.9 in Nov'20. US Q3CY20 GDP print on the other hand was revised marginally upward to 33.4% from 33.1% estimated earlier.
- Germany's GfK consumer sentiment fell for the third straight month to (-) 7.3 in Jan'21 from (-) 6.8 in Dec'20. This was due to an increase in propensity to save as stricter restrictions were put in place amidst a second wave of Covid-19 infections. Further, while income expectations dipped, economic expectations noted an increase.

Aditi Gupta | Sameer Narang

chief.economist@bankofbaroda.com

### Markets

- Bonds:** Global yields closed lower amidst worries over discovery of new strain of Covid-19 virus in UK and as Trump threatened not to sign the US\$ 892bn pandemic relief bill. Both US and UK 10Y yield dipped by 2bps each. Crude prices fell by 1.6% (US\$ 50/bbl) amidst rising US inventory. India's 10Y yield fell by 1bps (5.95%) taking global cues. It is trading flat today.
- Currency:** Except CNY, other global currencies ended lower against the dollar. DXY rose by 0.7% on safe-haven demand as a new strain of Covid-19 virus raised fresh concerns. GBP depreciated by 0.8% as countries imposed travel restrictions on UK. INR depreciated by 0.1%. It is trading further lower today while other Asian currencies are trading mixed.
- Equity:** Global indices ended mixed as escalated concerns over new Covid-19 virus strain continued to weigh on investor sentiments. Amongst other indices, while Shanghai Comp (1.9%) declined the most, Sensex ended higher by 1%. The gains in domestic market were led by tech and metal stocks. It is trading higher today in line with other Asian stocks.



FIG 1 – MOVEMENT IN KEY GLOBAL ASSET CLASSES

Particulars	Current	1D	1W	1M	3M	12M
<b>10Y yields (Δ bps)</b>						
US	0.92	(2)	1	9	25	(98)
UK	0.18	(2)	(8)	(12)	(2)	(59)
Japan	0.01	0	1	0	(1)	0
Germany	(0.60)	(2)	2	(1)	(9)	(35)
India	5.95	(1)	1	7	(6)	(63)
China	3.24	(3)	(6)	(10)	14	7
<b>2Y yields (Δ bps)</b>						
US	0.11	(1)	0	(4)	(2)	(151)
UK	(0.13)	(3)	(8)	(9)	(8)	(70)
Japan	(0.13)	0	0	1	1	(3)
Germany	(0.74)	0	2	2	(2)	(12)
India	3.89	(1)	2	(9)	(55)	(193)
China	2.67	(3)	(13)	(27)	9	25
<b>Currencies (Δ %)</b>						
EUR	1.2163	(0.7)	0.1	2.6	3.9	9.7
GBP	1.3361	(0.8)	(0.7)	0.6	4.9	3.2
JPY	103.64	(0.3)	0	0.2	1.2	5.3
AUD	0.7523	(0.8)	(0.5)	3.0	4.9	8.7
INR	73.85	(0.1)	(0.3)	0.4	(0.4)	(3.6)
CNY	6.5429	0.1	(0.1)	0.3	3.5	6.6
<b>Equity &amp; Other indices (Δ %)</b>						
Dow	30,016	(0.7)	(0.6)	2.6	10.0	5.3
FTSE	6,453	0.6	(0.9)	1.6	10.7	(15.4)
DAX	13,418	1.3	0.4	2.1	6.5	0.9
NIKKEI	26,436	(1.0)	(0.9)	3.6	13.2	10.9
Shanghai Comp	3,357	(1.9)	(0.3)	(0.6)	2.5	12.5
SENSEX	46,007	1.0	(0.6)	4.8	21.9	11.0
Brent (US\$/bbl)	50.08	(1.6)	(1.3)	11.4	20.0	(25.5)
Gold (US\$/oz)	1,861	(0.9)	0.4	(0.5)	(2.1)	24.1
CRB Index	438.7	0.2	0.4	2.8	7.8	10.0
Rogers Agri Index	851.8	0.1	2.1	3.0	13.6	13.8
LIBOR (3M)*	0.24	1	2	4	2	(172)
INR 5Y Swap*	5.32	(2)	5	21	(20)	(132)
<b>India FII data (US\$ mn)</b>						
	<b>21 Dec</b>	<b>18 Dec</b>	<b>WTD</b>	<b>MTD</b>	<b>CYTD</b>	<b>FYTD</b>
FII-Debt	(111.5)	(45.3)	(111.5)	652.0	(13,967.1)	(4,207.6)
FII-Equity	3.1	522.4	3.1	5,919.8	22,025.6	28,628.5

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)