

MACRO DAILY

23 July 2019

Macro developments

- Government has kept a target of adding over 13mn new filers in FY20 vs 11mn filers added in FY19. In AY 2018-19, India had over 84.4mn taxpayers. To further widen tax base, government is taking steps such as identification of potential non-filers through centralised non-filer monitoring system. This is in addition to DTAA and Automatic Exchange of Financial Account Information which are already in place to track financials accounts.
- Taiwan's export orders contracted for the 8th straight month in Jun'19 by (-) 4.5% vs (-) 5.8% in May'19. This was led by a sharp decline for machinery (-22.3%) and electronics (-4.3%). While orders from Japan and China continued to contract, those from US rose. Separate data also showed, export growth in S. Korea (-13.6% in MTD-Jul'19) and Thailand (-2.2% in Jun'19) also fell, providing further indication of a slowdown in global growth.
- Hong Kong's headline inflation rose by 3.3% in Jun'19 on YoY basis vs 2.8% in May'19 and higher than estimate of 2.6%. The acceleration was led by higher pork prices and charges for package tours. For 3-month ending Jun'19, CPI edged up by 0.5% vs 0.3% in May'19.

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Markets

- Bonds:** Barring India and Japan, global yields closed lower amidst expectation of monetary easing by major economies (US, Eurozone). US 10Y yield closed lower by 1bps (2.05%). Crude prices firmed up by 1.3% (US\$ 63/bbl) due to tensions in Middle East. India's 10Y yield rose by 5bps (6.42%) after comments from RBI governor faded hopes of aggressive rate cuts. 10Y yield is trading at 6.41% today.
- Currency:** Except CNY which closed flat, other global currencies closed lower. While DXY rose by 0.1%, most EM currencies ended lower on the back of higher oil prices and disappointing exports data from Taiwan, Thailand and S. Korea. INR also fell by (-) 0.2%. It opened further lower today in line with other Asian currencies
- Equity:** Global indices ended mixed as investors awaited rate decision from ECB and Fed. Dow gained by 0.1% on the back of better than expected earnings from tech firms. Sensex on the other hand started the week on weaker note as it fell by (-) 0.8%. However, 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
10Y yields (Δ bps)						
US	2.05	(1)	(4)	(1)	(54)	(91)
UK	0.71	(3)	(9)	(14)	(49)	(56)
Japan	(0.14)	0	(2)	2	(11)	(22)
Germany	(0.35)	(2)	(10)	(6)	(37)	(75)
India	6.42	5	(1)	(44)	(106)	(139)
China	3.15	(1)	(4)	(10)	(26)	(37)
2Y yields (Δ bps)						
US	1.81	(1)	(2)	4	(57)	(82)
UK	0.50	(2)	(7)	(11)	(27)	(26)
Japan	(0.20)	0	(2)	3	(5)	(10)
Germany	(0.77)	(1)	(4)	(4)	(20)	(17)
India	6.07	1	(9)	(15)	(64)	(146)
China**	2.58	0	(1)	5	(10)	(49)
Currencies (Δ %)						
EUR	1.1209	(0.1)	(0.4)	(1.4)	(0.4)	(4.1)
GBP	1.2476	(0.2)	(0.3)	(2.0)	(3.9)	(4.8)
JPY	107.87	(0.1)	0	(0.5)	3.6	3.1
AUD	0.7036	(0.1)	0	1.6	(1.4)	(4.7)
INR	68.92	(0.2)	(0.5)	1.0	1.1	(0.1)
CNY	6.8812	0	0	(0.2)	(2.5)	(1.2)
Equity & Other indices (Δ %)						
DOW	27,172	0.1	(0.7)	1.7	2.5	8.5
FTSE	7,515	0.1	(0.2)	1.5	(0.1)	(1.8)
DAX	12,289	0.2	(0.8)	(0.4)	0.4	(2.1)
NIKKEI	21,417	(0.2)	(1.2)	0.7	(3.6)	(4.4)
Shanghai Comp	2,887	(1.3)	(1.9)	(3.8)	(10.2)	1.0
SENSEX	38,031	(0.8)	(2.2)	(3.0)	(1.6)	3.6
Brent (USD/bbl)	63.26	1.3	(4.8)	(3.0)	(14.6)	(13.4)
Gold (USD/oz)	1,425	0	0.8	1.8	11.8	16.4
CRB Index	405.9	0	0.1	(1.3)	(4.3)	(6.1)
Rogers Agri Index	733.1	(1.0)	(1.4)	(3.2)	(0.7)	(8.0)
LIBOR (3M)*	2.26	(2)	(4)	(9)	(32)	(8)
INR 5Yr Swap*	6.45	2	(13)	(7)	(25)	(125)
India FII data (US\$ mn)						
	19 Jul	18 Jul	WTD	MTD	CYTD	FYTD
FII-Debt	105.7	(147.3)	137.8	1,198.4	2,626.6	2,082.0
FII-Equity	(157.5)	(203.5)	(453.4)	(1,195.6)	10,143.3	3,298.1

Source: Bloomberg, Bank of Baroda | *Indicates change in bps, ** as on 16.07.2019.

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