

MACRO DAILY

23 November 2020

Macro developments

- RBI's data showed that credit demand picked up to 5.7% for the fortnight ending 6 Nov 2020 compared with 5.1% in Oct'20. Deposits grew by 10.6% against 10.1% in Oct'20, led by both time (10.4% versus 10.1%) and demand deposit (12.6% versus 10.6%). C-D ratio rose to 72.4 against 72.3 in Oct'20.
- India's forex reserves rose to a fresh historic high at US\$ 572.8bn in the week ended 13 Nov 2020. FX reserves increased by US\$ 4.3bn this week, slightly lower compared with an increase of US\$ 7.8bn last week. In FYTD21, forex reserves have increased by US\$ 97.2bn compared with an accretion of US\$ 36.3bn in the same period last year.
- Flash estimate showed consumer confidence in both the Euro area and EU are down by 2.1 points and 2.2 points respectively and well below their long-term averages. Muted demand on the back of surging cases and uncertainty over US\$ 2tn stimulus talks, attributed to this decline.

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Markets

- **Bonds:** Global yields closed broadly lower amidst rising Covid-19 cases. US 10Y yield fell by 1bps (0.82%) due to apprehension over non-extension of Fed's emergency lending program. Crude prices rose by 1.7% (US\$ 45/bbl) amidst developments over potential vaccine. India's 10Y yield closed flat today at 5.88% and is trading at same level today.
- **Currency:** Barring EUR and JPY, other global currencies closed higher against the dollar. DXY rose by 0.1%, as investors turned cautious owing to rising Covid-19 cases and expiry of some of the key Fed funded programs in Dec'20. INR rose by 0.2% supported by foreign fund inflows. However, it is trading lower today in line with other Asian currencies.
- **Equity:** Major global indices closed higher. Dow on the other hand fell by 0.7% as investors reacted to raging Covid-19 pandemic and increasing state-wise restrictions. Elsewhere, hopes on vaccine outweighed rising Covid-19 cases. Sensex rose the most (0.6%) led by consumer durables, power and tech stocks. It is trading further higher today, in line with other Asian markets.



FIG 1 – MOVEMENT IN KEY GLOBAL ASSET CLASSES

Particulars	Current	1D	1W	1M	3M	12M
10Y yields (Δ bps)						
US	0.82	(1)	(7)	4	20	(95)
UK	0.30	(2)	(4)	12	10	(40)
Japan	0.01	(1)	(1)	(1)	(2)	9
Germany	(0.58)	(1)	(4)	2	(8)	(22)
India	5.88	0	0	(5)	(21)	(62)
China	3.34	(2)	6	14	35	16
2Y yields (Δ bps)						
US	0.16	0	(2)	1	1	(147)
UK	(0.04)	(1)	(2)	2	1	(57)
Japan	(0.14)	(1)	(1)	0	(3)	5
Germany	(0.75)	(2)	(2)	3	(7)	(12)
India	3.97	(4)	(13)	(27)	(35)	(144)
China	2.94	2	12	27	50	31
Currencies (Δ %)						
EUR	1.1857	(0.2)	0.2	0.3	0.5	7.6
GBP	1.3275	0.1	0.7	2.5	1.4	3.4
JPY	103.86	(0.1)	0.7	1.6	1.8	4.4
AUD	0.7302	0.2	0.4	3.6	2.0	7.6
INR	74.15	0.2	0.6	(0.9)	0.9	(3.4)
CNY	6.5630	0.3	0.7	1.7	5.2	6.8
Equity & Other indices (Δ %)						
Dow	29,263	(0.7)	(0.7)	3.4	4.8	5.0
FTSE	6,351	0.3	0.6	7.8	5.8	(13.3)
DAX	13,137	0.4	0.5	3.1	2.9	(0.2)
NIKKEI	25,527	(0.4)	0.6	8.3	11.4	10.4
Shanghai Comp	3,378	0.4	2.0	1.5	(0.1)	17.1
SENSEX	43,882	0.6	1.0	8.2	14.2	8.7
Brent (US\$/bbl)	44.96	1.7	5.1	4.2	1.4	(29.1)
Gold (US\$/oz)	1,871	0.2	(1.0)	(1.9)	(3.6)	28.0
CRB Index	423.5	0.1	1.9	2.2	9.6	9.3
Rogers Agri Index	827.3	0.5	1.8	4.7	14.9	14.1
LIBOR (3M)*	0.21	(1)	(1)	0	(4)	(170)
INR 5Y Swap*	5.11	2	(2)	(12)	(37)	(131)
India FII data (US\$ mn)						
	19 Nov	18 Nov	WTD	MTD	CYTD	FYTD
FII-Debt	(103.2)	(14.1)	(101.3)	46.3	(14,183.4)	(4,423.9)
FII-Equity	294.7	726.7	1,775.5	6,163.6	12,710.0	19,313.0

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

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