

MACRO DAILY

24 November 2020

Macro developments

- As per CMIE data, unemployment rate (30-day moving average) moderated to 6.4% as on 23 Nov 2020 against 6.7% in the previous week. This was led by improvement in rural employment (6.1% versus 6.5%). However, urban unemployment rose to 7.2% versus 6.9%. Government initiatives such as higher allocation under MGNREGA and “Atmanirbhar Bharat Rozgar Yojana” will boost employment in the near-term.
- Flash PMIs indicate that manufacturing activity in Nov’20 remained buoyant across regions. The index for US came in at 56.7 versus 53.4, for UK at 55.2 versus 53.7 and Eurozone at 53.6 versus 54.8. Slowdown in Eurozone is led by France (49.1 versus 51.3). On the other hand, barring US, services activity contracted elsewhere. Index for UK (45.8), Germany (46.2) and France (38) were all at their 6-month lows.
- Thailand’s exports fell by 6.7% in Oct’20 versus 3.9% drop in Sep’20. The sharper contraction was driven by contraction in agriculture exports (8.8%) led by sugar and rice, and industrial products. Within industrial products, gold (-27.1%) and oil (-19.8%) fell the most. Imports also fell by 14.3% led by muted demand.

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Markets

- Bonds:** Global yields closed broadly higher or stable. This was supported by improved risk appetite over potential vaccine, better PMI readings in the US and official transition to Biden’s administration. US 10Y yield rose by 3bps (0.85%). Crude prices also rose by 2.4% (US\$ 46/bbl). India’s 10Y yield rose by 2bps (5.9%). It is trading at the same level today.
- Currency:** Global currencies closed mixed with GBP and INR appreciating against the dollar and others depreciating. EUR fell by 0.1% as weaker service PMI data casts doubts over economic recovery in the region. INR rose by 0.1% supported by foreign fund inflows. It is trading further higher today while other Asian currencies are trading lower.
- Equity:** Global indices closed mixed. Dow rose by 1.1% over better macro print in the US and end of uncertainty concerning transition to Biden’s administration. European markets closed lower as PMI data showed strains. Sensex rose by 0.4% led by tech and oil and gas stocks. It is further trading 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	0.85	3	(5)	1	20	(90)
UK	0.32	2	(3)	4	11	(38)
Japan	0.01	0	(1)	(3)	(2)	9
Germany	(0.58)	0	(4)	(1)	(9)	(23)
India	5.90	2	2	6	(26)	(57)
China	3.29	(5)	2	9	29	9
2Y yields (Δ bps)						
US	0.16	0	(2)	0	1	(145)
UK	(0.03)	1	0	0	1	(55)
Japan	(0.14)	0	0	(2)	(4)	5
Germany	(0.75)	0	(3)	1	(8)	(13)
India	3.94	(3)	(16)	(21)	(43)	(148)
China	2.95	1	12	31	50	32
Currencies (Δ %)						
EUR	1.1841	(0.1)	(0.1)	(0.2)	0.4	7.5
GBP	1.3321	0.3	0.9	2.2	2.0	3.3
JPY	104.52	(0.6)	0.1	0.2	1.4	4.0
AUD	0.7286	(0.2)	(0.5)	2.1	1.7	7.5
INR	74.10	0.1	0.7	(0.7)	0.3	(3.3)
CNY	6.5860	(0.4)	0	1.5	4.8	6.4
Equity & Other indices (Δ %)						
Dow	29,591	1.1	(1.2)	4.4	4.5	5.4
FTSE	6,334	(0.3)	(1.4)	8.1	3.8	(14.4)
DAX	13,127	(0.1)	(0.1)	3.8	0.5	(0.9)
NIKKEI [^]	25,527	(0.4)	(1.5)	8.6	11.1	9.6
Shanghai Comp	3,414	1.1	2.0	4.2	0.9	17.5
SENSEX	44,077	0.4	1.5	8.3	13.6	7.8
Brent (US\$/bbl)	46.06	2.4	5.1	10.3	2.1	(27.6)
Gold (US\$/oz)	1,838	(1.8)	(2.7)	(3.4)	(4.7)	26.3
CRB Index	426.5	(0.1)	1.5	2.7	10.1	10.1
Rogers Agri Index	831.6	0.5	1.4	4.0	15.3	13.9
LIBOR (3M)*	0.20	(1)	(2)	(1)	(3)	(171)
INR 5Y Swap*	5.13	2	0	(11)	(41)	(127)
India FII data (US\$ mn)						
	20 Nov	19 Nov	WTD	MTD	CYTD	FYTD
FII-Debt	48.7	(103.2)	(52.6)	95.0	(14,134.7)	(4,375.2)
FII-Equity	525.9	294.7	2,301.3	6,689.5	13,235.9	19,838.9

Source: Bloomberg, Bank of Baroda | *Indicates change in bps | [^]Nikkei was closed on 23.11.2020

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