

MACRO DAILY

26 March 2021

Macro developments

- As per news reports, NHAI is planning to raise Rs 1tn through monetisation of national highways in the next 5-years. Pace of highway construction has already picked up at 35km/day and is likely to reach 40km/day by Mar'21. This along with the NIP, under which Rs 44tn worth projects are under implementation, will boost country's infrastructure.
- US GDP rose by 4.3% in Q4CY20 as per 3rd estimate and higher than its previous estimate of 4.1%. The upward revision was led by exports, non-residential fixed investment and personal consumption expenditures (PCE), amongst others. In a separate print, US jobless claims fell by 97,000 to a 1-year low of 684,000 for the week ending 20 Mar 2021.
- Germany's GfK consumer sentiment index for Apr'21 improved to (-) 6.2 (est: -12.1) from (-) 12.7 in Mar'21 amidst easing of lockdown restrictions. This was the highest reading since Nov'20, before the imposition of the second lockdown. Income expectation index jumped sharply to 22.3 from 6.5 in Mar'21. However, with Germany imposing further restrictions recently amidst a third-wave of infections, the outlook is likely to remain muted.

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Markets

- Bonds:** Except US and Japan, other global yields closed lower amidst renewed concerns over surge in Covid-19 cases. UK 10Y yield dropped by 3bps. Crude prices slipped by 3.8% (US\$ 61.9/bbl) on the back of muted demand outlook. India's 10Y yield fell by 2bps (6.13%). It is trading at 6.14% today.
- Currency:** Barring GBP (higher) and AUD (flat), other global currencies closed lower amidst rising Covid-19 cases. DXY rose by 0.3% to its highest since Nov'20 led by positive macro data (jobless claims and GDP). INR depreciated by 0.1% even as oil prices eased. It is trading further lower today, while other Asian currencies are trading mixed.
- Equity:** Global indices ended mixed. Dow (0.6%) rebounded on the back of strong data print. On the other hand, Sensex (1.5%) declined sharply led by concerns of second wave of infections. Auto and power stocks dropped the most. 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	1.63	2	(8)	27	71	79
UK	0.73	(3)	(15)	5	47	33
Japan	0.09	1	(3)	(4)	7	8
Germany	(0.38)	(3)	(12)	(5)	16	(2)
India	6.13	(2)	(7)	(7)	24	(9)
China	3.19	(1)	(7)	(9)	(4)	60
2Y yields (Δ bps)						
US	0.14	(1)	(2)	3	2	(16)
UK	0.05	(2)	(6)	1	17	(9)
Japan	(0.11)	3	3	(1)	1	11
Germany	(0.72)	0	(3)	(3)	(1)	(7)
India	4.71	(1)	(17)	4	82	(82)
China	2.55	0	(2)	(6)	(10)	82
Currencies (Δ %)						
EUR	1.1764	(0.4)	(1.3)	(3.2)	(3.5)	6.6
GBP	1.3734	0.4	(1.4)	(2.3)	1.3	12.5
JPY	109.19	(0.4)	(0.3)	(3.9)	(5.3)	0.4
AUD	0.7580	0	(2.3)	(4.2)	(0.2)	25.0
INR	72.62	(0.1)	(0.1)	(0.2)	1.3	3.4
CNY	6.5463	(0.3)	(0.6)	(1.3)	(0.2)	7.5
Equity & Other indices (Δ %)						
Dow	32,619	0.6	(0.7)	3.5	8.0	44.6
FTSE	6,675	(0.6)	(1.5)	0.9	2.7	14.8
DAX	14,621	0.1	(1.0)	4.8	7.6	46.2
NIKKEI	28,730	1.1	(4.9)	(4.7)	7.7	53.9
Shanghai Comp	3,364	(0.1)	(2.9)	(7.7)	0	21.7
SENSEX	48,440	(1.5)	(1.6)	(2.6)	3.1	61.8
Brent (US\$/bbl)	61.95	(3.8)	(2.1)	(5.0)	20.8	135.2
Gold (US\$/oz)	1,727	(0.4)	(0.5)	(4.6)	(8.3)	5.9
CRB Index	506.0	(0.1)	1.4	4.5	14.8	35.1
Rogers Agri Index	945.1	(1.6)	(1.2)	(3.1)	9.5	40.7
LIBOR (3M)*	0.20	(1)	1	2	(5)	(118)
INR 5Y Swap*	5.81	(8)	(19)	(18)	55	(42)
India FII data (US\$ mn)						
	24 Mar	23 Mar	WTD	MTD	CYTD	FYTD
FII-Debt	277.3	25.1	354.8	(881.4)	(2,365.6)	(6,459.2)
FII-Equity	(221.6)	(4.1)	(187.4)	2,970.5	7,964.3	37,940.1

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

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