

## MACRO DAILY

26 November 2020

### Macro developments

- RBI reported that currency in circulation (CIC) fell by Rs 69bn and stood at Rs 27.7tn for the week ending 20 Nov 2020. Reserve money rose by 16.2% on a YoY basis, compared with 12.1% a year ago. On FYTD basis, reserve money increased by 9.5% as against 3.1% a year ago.
- US GDP rose by 33.1% in Q3CY20 (unrevised from 1st estimate) versus 31.4% decline in Q2. The upward revision in fixed/residential investment and exports were offset by downward revisions to government spending, private inventory investment and PCE. US durable goods orders rose by 1.3% (est.: 0.9%) versus 2.1% in Sep'20. US jobless claims rose by 30,000 from the previous week to 778,000 as on 21 Nov 2020. Separately, US Fed minutes signalled tweaking of asset purchases to support economy.
- Bank of Korea has left its policy rate unchanged at 0.5% in its latest policy decision. It has also revised upward the GDP forecasts for CY20 and CY21. In CY20 the economy is expected to contract by 1.1% versus 1.3% estimated earlier while CY21 growth is projected at 3% increase versus 2.8% earlier. This is in view of faster pick up in investment and exports.

Sonal Badhan | Sameer Narang

chief.economist@bankofbaroda.com

### Markets

- **Bonds:** Global yields closed broadly lower amidst concerns of growth outlook over rising Covid-19 cases (0.5mn daily increase). US 10Y yield closed stable at 0.88% as investors were cautious seeing the mixed performance of various macro prints. Crude prices rose by 1.6% (US\$ 49/bbl) over unexpected drawdown in US inventory. India's 10Y yield closed flat at 5.89% and is trading tad lower at 5.88% today.
- **Currency:** Barring JPY (flat), other global currencies ended higher against the dollar. Stability in US politics and positive efficacy of Covid-19 vaccine has increase the risk appetite of investors leading to 0.3% drop in DXY. INR rose by 0.1%. It is trading further higher today in line with other Asian currencies.
- **Equity:** Except Nikkei, global indices closed lower on the back of disappointing US jobs data and Fed minutes warning of downside risks to growth from resurging Covid-19 cases. Sensex fell by 1.6%, led by banking, realty and auto stocks. It is trading further lower today in line with other Asian markets.



FIG 1 – MOVEMENT IN KEY GLOBAL ASSET CLASSES

Particulars	Current	1D	1W	1M	3M	12M
<b>10Y yields (Δ bps)</b>						
US	0.88	0	1	4	19	(88)
UK	0.32	(1)	(2)	4	2	(36)
Japan	0.02	0	0	(2)	(3)	13
Germany	(0.57)	(1)	(1)	1	(15)	(20)
India	5.89	0	1	4	(31)	(59)
China	3.30	(2)	(4)	10	25	11
<b>2Y yields (Δ bps)</b>						
US	0.16	0	(1)	0	1	(147)
UK	(0.03)	(1)	0	1	(1)	(54)
Japan	(0.14)	(1)	(1)	(2)	(4)	5
Germany	(0.75)	(1)	(2)	1	(11)	(12)
India	3.89	0	(17)	(27)	(59)	(148)
China	2.96	(2)	6	32	47	33
<b>Currencies (Δ %)</b>						
EUR	1.1917	0.2	0.5	0.5	0.7	8.3
GBP	1.3380	0.2	0.8	2.6	1.3	3.6
JPY	104.46	0	(0.6)	0.2	1.4	4.6
AUD	0.7365	0.1	0.8	3.2	1.8	8.7
INR	73.92	0.1	0.4	(0.4)	0.5	(3.6)
CNY	6.5790	0.2	(0.3)	1.6	4.5	6.4
<b>Equity &amp; Other indices (Δ %)</b>						
Dow	29,872	(0.6)	1.5	5.4	5.4	6.1
FTSE	6,391	(0.6)	0.1	9.1	5.7	(14.0)
DAX	13,290	0	0.7	5.1	0.8	0.0
NIKKEI^	26,297	0.5	2.2	11.8	12.9	12.2
Shanghai Comp	3,362	(1.2)	0.4	2.6	1.0	15.8
SENSEX	43,828	(1.6)	(0.8)	7.7	12.2	6.8
Brent (US\$/bbl)	48.61	1.6	9.6	16.4	6.5	(24.1)
Gold (US\$/oz)	1,808	0	(3.5)	(5.0)	(7.5)	24.3
CRB Index	427.1	0	1.0	2.9	9.3	10.4
Rogers Agri Index	825.8	(0.7)	(0.2)	3.3	13.0	13.9
LIBOR (3M)*	0.23	3	1	2	(2)	(168)
INR 5Y Swap*	5.20	1	12	(4)	(41)	(121)
<b>India FII data (US\$ mn)</b>						
	<b>24 Nov</b>	<b>23 Nov</b>	<b>WTD</b>	<b>MTD</b>	<b>CYTD</b>	<b>FYTD</b>
FII-Debt	(102.1)	(75.8)	(177.9)	(82.9)	(14,312.6)	(4,553.1)
FII-Equity	747.0	659.5	1,406.5	8,096.0	14,642.5	21,245.4

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

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For further details about this publication, please contact:

### **Economics Research Department**

Bank of Baroda

[chief.economist@bankofbaroda.com](mailto:chief.economist@bankofbaroda.com)