

MACRO DAILY

28 April 2020

Macro developments

- COVID-19 cases increased globally to 3.1mn as of 27 Apr 2020 versus 2.5mn last week. On a daily basis, new cases in US rose the most (22,412), followed by Spain (9,570) and Italy (1,739). In Asia, Singapore is emerging as a new hotspot with 14,423 cases, averaging ~980 cases daily. In India, number of cases rose to 29,458 as of 28 Apr 2020 (20,080 last week).
- Amidst nationwide lockdown, wheat procurement has managed to gather pace from the major producing states. As of now, almost 80% of the wheat crop has been harvested and 8.82mn tonnes of wheat has been procured by FCI. Punjab (4.82mn tonne) and Haryana (1.9mn tonne) have contributed the most. With the expectation of possible extension of the procurement period, FCI might be able to achieve its target level.
- Bank of Japan (BoJ) has resorted to unlimited government bond buying and has scrapped its earlier target of purchasing it at the annual pace of ¥ 80tn. It has increased its corporate bonds and CP buying by three-fold to ¥ 20tn to ease corporate funding strains. BoJ has also projected economy to shrink by 3-5% in CY21 (earlier estimate of 0.8-1.1% growth). Inflation is also estimated to fall short of its 2% target for three more years.

Dipanwita Mazumdar | Sameer Narang
 chief.economist@bankofbaroda.com

Markets

- Bonds:** Global yields closed mixed as economies are relaxing lockdown restrictions. US 10Y yield rose by 6bps (0.66%). Japan 10Y yield fell by 2bps (-0.04%) supported by government's announcement of unlimited bond buying. Crude prices fell by 6.8% (US\$ 20/bbl) as US crude inventory rose to its record high in Q1CY20. Thus, India's 10Y yield fell by 2bps (6.15%). It is trading at 6.13% today.
- Currency:** Except CNY, other global currencies closed higher as more and more countries look at lifting lockdown. DXY fell by 0.3% as risk sentiment improved. AUD gained the most by 1.5%. INR rose by 0.3% tracking gains in domestic equity markets. It is trading lower today in line with other Asian currencies.
- Equity:** Global indices ended higher as countries are easing lockdown restrictions. Dax (3.1%) surged the most. Sensex (1.3%) too ended in green, supported by DII inflow of Rs 11.4bn. Banking stocks advanced the most. It is trading higher today; while Asian stocks are trading mixed.



FIG 1 – MOVEMENT IN KEY GLOBAL ASSET CLASSES

Particulars	Current	1D	1W	1M	3M	12M
10Y yields (Δ bps)						
US	0.66	6	6	(1)	(95)	(186)
UK	0.30	1	(4)	(7)	(21)	(86)
Japan	(0.04)	(2)	(6)	(5)	1	1
Germany	(0.45)	2	(1)	2	(7)	(46)
India	6.15	(2)	(6)	1	(41)	(126)
China	2.51	2	(7)	(9)	(49)	(93)
2Y yields (Δ bps)						
US	0.22	0	2	(2)	(122)	(207)
UK	0.07	1	(3)	(8)	(34)	(67)
Japan	(0.15)	0	(3)	(2)	(1)	0
Germany	(0.66)	4	1	2	(3)	(8)
India	4.55	0	(27)	(69)	(154)	(225)
China	1.13	0	(7)	(59)	(110)	(153)
Currencies (Δ %)						
EUR	1.0829	0.1	(0.3)	(2.8)	(1.7)	(3.2)
GBP	1.2431	0.5	(0.1)	(0.2)	(4.8)	(3.9)
JPY	107.25	0.2	0.3	0.6	1.5	3.9
AUD	0.6465	1.5	2.0	4.8	(4.4)	(8.4)
INR	76.24	0.3	0.4	(1.8)	(6.7)	(8.9)
CNY	7.0873	(0.1)	(0.2)	0.1	(2.1)	(5.3)
Equity & Other indices (Δ %)						
Dow	24,134	1.5	2.0	11.5	(15.4)	(9.1)
FTSE	5,847	1.6	0.6	6.1	(21.1)	(21.4)
DAX	10,660	3.1	(0.1)	10.7	(19.3)	(13.5)
NIKKEI	19,783	2.7	0.6	2.0	(15.3)	(11.1)
Shanghai Comp	2,815	0.2	(1.3)	1.6	(5.4)	(8.1)
SENSEX	31,743	1.3	0.3	6.5	(22.9)	(18.7)
Brent (US\$/bbl)	19.99	(6.8)	(21.8)	(19.8)	(66.3)	(72.3)
Gold (US\$/oz)	1,714	(0.9)	1.1	5.3	8.3	33.9
CRB Index	347.6	(0.2)	(1.0)	(7.0)	(14.4)	(17.6)
Rogers Agri Index	637.9	(0.6)	(1.2)	(4.3)	(14.4)	(12.1)
LIBOR (3M)*	0.89	(10)	(22)	(56)	(89)	(169)
INR 5Y Swap*	5.22	2	(10)	(83)	(142)	(189)
India FII data (US\$ mn)						
	24 Apr	23 Apr	WTD	MTD	CYTD	FYTD
FII-Debt	(109.1)	115.9	252.8	(737.2)	(10,496.7)	(737.2)
FII-Equity	(16.4)	63.4	(282.7)	(408.6)	(7,011.6)	(408.6)

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

Disclaimer

The views expressed in this research note are personal views of the author(s) and do not necessarily reflect the views of Bank of Baroda. Nothing contained in this publication shall constitute or be deemed to constitute an offer to sell/ purchase or as an invitation or solicitation to do so for any securities of any entity. Bank of Baroda and/ or its Affiliates and its subsidiaries make no representation as to the accuracy; completeness or reliability of any information contained herein or otherwise provided and hereby disclaim any liability with regard to the same. Bank of Baroda Group or its officers, employees, personnel, directors may be associated in a commercial or personal capacity or may have a commercial interest including as proprietary traders in or with the securities and/ or companies or issues or matters as contained in this publication and such commercial capacity or interest whether or not differing with or conflicting with this publication, shall not make or render Bank of Baroda Group liable in any manner whatsoever & Bank of Baroda Group or any of its officers, employees, personnel, directors shall not be liable for any loss, damage, liability whatsoever for any direct or indirect loss arising from the use or access of any information that may be displayed in this publication from time to time.

Visit us at www.bankofbaroda.com



For further details about this publication, please contact:

Economics Research Department

Bank of Baroda

chief.economist@bankofbaroda.com