

MACRO DAILY

29 April 2020

Macro developments

- ADB has announced an assistance package of US\$ 1.5bn for India in order to counter the effects of COVID-19 on health, welfare and overall economy. In addition, ADB is also expected to announce support for MSMEs and infrastructure projects through credit guarantees. Till date, it has provided a total stimulus of US\$ 20bn to Asian economies.
- Foreign tourist arrival growth in India fell by 66.4% in Mar'20 versus 6.6% decline in Feb'20. The decline can be attributed to beginning of lockdown in most countries, including India (last week of Mar'20). This brings the FY20 growth down by 3.2% versus 2.4% increase in FY19. In Q4FY20, the growth was down by 23.9% compared with 1.7% increase last year.
- In the wake of economic crisis emanating from COVID-19, consumer confidence in both US and France fell sharply in Apr'20. In the US, the reading was at its six year low of 86.9 compared with 118.8 in Mar'20. In France as well, the reading was below its long run average of 100 at 95 and compared with 103 in Mar'20. Consumers evaluated job loss as the main concern.

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Markets

- **Bonds:** Global yields closed lower as consumer confidence print remained weak globally, indicating muted demand conditions in the near term. US 10Y yield fell by 5bps (0.61%) as stimulus measures are expected from Fed. Crude prices rose by 2.4% (US\$ 20/bbl) as lockdown relaxations are allowed globally. India's 10Y yield fell by 2bps (6.13%), taking global cues. It is trading at 6.12% today.
- **Currency:** Except EUR and GBP, other global currencies closed higher against the dollar as risk-sentiment improved. DXY fell by 0.2% ahead of Fed policy meet. JPY and AUD rose by 0.4% each. INR rose by 0.1%. It is trading higher today in line with other Asian currencies.
- **Equity:** Global indices ended mixed as investors turned towards guidance from Fed, ahead of the policy meet. Both Dow and Nikkei declined by 0.1% each. However, European indices ended in green led by phased opening up of the economies. Sensex (1.2%) too ended higher with banking and consumer durables stocks advancing the most. 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	0.61	(5)	4	(6)	(104)	(189)
UK	0.29	(1)	(1)	(8)	(27)	(90)
Japan	(0.04)	0	(6)	(6)	0	0
Germany	(0.47)	(2)	1	1	(13)	(48)
India	6.13	(2)	(8)	(1)	(45)	(128)
China	2.50	(1)	(7)	(10)	(50)	(90)
2Y yields (Δ bps)						
US	0.21	(1)	1	(3)	(125)	(205)
UK	0.05	(2)	(1)	(9)	(39)	(71)
Japan	(0.17)	(3)	(6)	(5)	(4)	(2)
Germany	(0.69)	(3)	(1)	(1)	(7)	(11)
India	4.52	(3)	(18)	(71)	(157)	(230)
China	1.13	0	(5)	(59)	(110)	(153)
Currencies (Δ %)						
EUR	1.0820	(0.1)	(0.3)	(2.9)	(1.8)	(3.5)
GBP	1.2426	0	1.1	(0.3)	(4.6)	(4.7)
JPY	106.87	0.4	0.9	1.0	2.1	4.1
AUD	0.6491	0.4	3.4	5.2	(4.0)	(7.9)
INR	76.19	0.1	0.8	(1.7)	(6.8)	(9.5)
CNY	7.0796	0.1	0.2	0.2	(2.0)	(5.1)
Equity & Other indices (Δ %)						
Dow	24,102	(0.1)	4.7	11.4	(16.1)	(9.4)
FTSE	5,959	1.9	5.6	8.1	(20.3)	(19.7)
DAX	10,796	1.3	5.3	12.1	(19.0)	(12.5)
NIKKEI	19,771	(0.1)	2.5	2.0	(14.8)	(11.2)
Shanghai Comp	2,810	(0.2)	(0.6)	1.4	(5.6)	(8.7)
SENSEX	32,115	1.2	4.8	7.7	(21.6)	(17.7)
Brent (US\$/bbl)	20.46	2.4	5.8	(17.9)	(65.6)	(71.9)
Gold (US\$/oz)	1,708	(0.4)	1.3	4.9	9.0	33.1
CRB Index	350.8	0.9	0.5	(6.1)	(13.6)	(16.9)
Rogers Agri Index	641.5	0.6	0.4	(3.8)	(14.4)	(11.2)
LIBOR (3M)*	0.84	(5)	(20)	(61)	(93)	(173)
INR 5Y Swap*	5.22	0	(10)	(83)	(146)	(189)
India FII data (US\$ mn)						
	27 Apr	24 Apr	WTD	MTD	CYTD	FYTD
FII-Debt	71.8	(109.1)	71.8	(665.4)	(10,424.9)	(665.4)
FII-Equity	(101.2)	(16.4)	(101.2)	(509.8)	(7,112.8)	(509.8)

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

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