

MACRO DAILY

29 June 2020

Macro developments

- India's forex reserves declined by US\$ 2.1bn to US\$ 505.6bn for the week ending 19 Jun 2020. This was the first weekly decline since Apr'20. Last week, forex reserves had increased by US\$ 5.9bn to touch a record-high of US\$ 507.6bn. In FYTD21, forex reserves have risen by US\$ 30bn, compared with an accretion of US\$ 4.2bn last year.
- US personal spending rebounded in May'20 as it rose by 8.2% on MoM basis versus 12.6% decline in Apr'20. The improvement was led by higher spending on motor vehicles and parts, recreational goods and vehicle, healthcare, and food services and accommodation.
- Consumer confidence in both US and France improved in Jun'20. In the US while it inched up from 72.3 in May'20 to 78.1 in Jun'20, in France it rose from 93 to 97. In both countries improvement was on account of gradual re-opening of economies. In France however, concerns over unemployment continue to remain high. France GDP is expected to contract by 11% in CY20 and 0.8mn jobs are estimated to be at risk.

Jahnvi | Sameer Narang

chief.economist@bankofbaroda.com

Markets

- Bonds:** Global yields closed mixed amidst rising COVID-19 cases in the US and re-imposing of few lockdown restrictions. US 10Y yield fell by 4bps (0.64%). Crude prices fell by 0.1% (US\$ 41/bbl). India's 10Y yield rose by 2bps (5.92%). It is trading at 5.9% today.
- Currency:** Global currencies closed broadly lower amidst a surge in COVID-19 cases worldwide. DXY closed flat. GBP depreciated the most by 0.7%. INR was flat. However it is trading higher today in line with other Asian currencies.
- Equity:** Barring Dow and Dax, other global indices ended higher as investors continued to monitor the COVID-19 cases. Nikkei (1.1%) surged the most followed by Sensex (0.9%). The gains in domestic market was supported by DII inflow of Rs 13bn and was pushed higher by tech and oil & gas stocks. However, it is trading lower 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	0.64	(4)	(5)	(4)	(3)	(137)
UK	0.17	2	(7)	(2)	(20)	(65)
Japan	0.01	0	(1)	1	(1)	15
Germany	(0.48)	(1)	(7)	(7)	(1)	(16)
India	5.92	2	7	16	(23)	(98)
China	2.87	(4)	(1)	15	27	(39)
2Y yields (Δ bps)						
US	0.17	(2)	(2)	(1)	(8)	(158)
UK	(0.07)	1	(3)	(5)	(22)	(67)
Japan	(0.12)	1	2	3	1	9
Germany	(0.70)	(1)	(3)	(7)	(2)	3
India	4.25	(6)	(9)	(15)	(98)	(204)
China	2.18	(5)	1	59	46	(45)
Currencies (Δ %)						
EUR	1.1219	0	0.4	1.9	0.7	(1.3)
GBP	1.2336	(0.7)	(0.1)	0.6	(1.0)	(2.7)
JPY	107.22	0	(0.3)	0.5	0.7	0.5
AUD	0.6865	(0.3)	0.4	3.7	11.3	(2.1)
INR	75.65	0	0.7	0.1	(1.0)	(9.5)
CNY	7.0782	(0.3)	(0.1)	1.3	0.3	(2.9)
Equity & Other indices (Δ %)						
Dow	25,016	(2.8)	(3.3)	(2.1)	15.6	(5.7)
FTSE	6,159	0.2	(2.1)	0.2	11.8	(16.8)
DAX	12,089	(0.7)	(2.0)	3.7	25.5	(1.5)
NIKKEI	22,512	1.1	0.1	5.1	16.1	5.5
Shanghai Comp	2,980	0.3	0.4	5.0	7.5	(0.6)
SENSEX	35,171	0.9	1.3	11.3	18.0	(11.2)
Brent (US\$/bbl)	41.02	(0.1)	(2.8)	18.1	64.5	(38.4)
Gold (US\$/oz)	1,771	0.4	1.6	3.6	8.8	25.6
CRB Index	358.9	(0.9)	(1.2)	(1.4)	(3.9)	(12.2)
Rogers Agri Index	658.4	(1.1)	(2.3)	(1.4)	(1.2)	(13.3)
LIBOR (3M)*	0.31	0	0	(5)	(114)	(201)
INR 5Y Swap*	5.28	3	12	15	(77)	(146)
India FII data (US\$ mn)						
	25 Jun	24 Jun	WTD	MTD	CYTD	FYTD
FII-Debt	(16.4)	14.8	82.6	(379.7)	(14,435.0)	(4,675.5)
FII-Equity	(68.9)	144.0	148.9	2,871.0	(2,043.6)	4,559.4

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