

MACRO DAILY

02 December 2019

Macro developments

- GST collections for the month of Oct'19 reached Rs 1.03tn from Rs 954bn in Sep'19. The unadjusted figures show, the MoM rise was driven by 14.7% increase in SGST (4.8% in Sep'19) to Rs 271bn and 11.4% increase in CGST (5.7% in Sep'19) to Rs 196bn. On YoY basis too, total collections have recorded a 6% jump vs (-) 5.3% decline in Sep'19.
- India's core industry growth declined further by (-) 5.8% in Oct'19 vs (-) 5.1% in Sep'19. This was led by electricity and cement production plunging by (-) 12.4% (2.6% in Sep'19) and (-) 7.7% (-2% in Sep'19) respectively in Oct'19. While output of coal, crude oil and natural gas continued to contract, fertilizers output surprised positively (11.8% in Oct'19).
- China's manufacturing PMI registered surprise growth in Nov'19 as the index inched up to 50.2 from 49.3 in Oct'19. New orders index rose to 51.3 vs 49.6 in Oct'19 led by new export orders (48.8 vs 47 in Oct'19). The overall improvement could be attributed to delayed tariff hike by the US and stimulus measures announced by the government (front loading of 1tn Yuan of 2020 local government bonds to boost infrastructure investment).

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Markets

- **Bonds:** Global yields closed mixed over US signing Hong Kong bill, raising doubts over US-China trade deal. US 10Y yield rose by 1bps (1.78%) as rate cut hopes pacified. Oil prices fell by (-) 2.3% (US\$ 62/bbl) amidst buildup in US inventories. India's 10Y yield rose a tad by 1bps (6.47%). It is however trading lower at 6.46% today, on account of muted GDP print in Q2.
- **Currency:** Global currencies traded in a narrow range. DXY fell by (-) 0.1% as US-China trade tensions flared yet again. EUR rose by 0.1% after Euro Area inflation rose more than estimated. INR depreciated by (-) 0.2% on domestic growth concerns. It is trading even lower today, while other Asian currencies are trading mixed.
- **Equity:** Global indices ended lower as concerns over US-China trade deal re-surfaced after US signed the Hong Kong bill. FTSE (-0.9%) dropped the most followed by Sensex (-0.8%) and Shanghai Comp (-0.6%). Domestic markets were dragged down by metal and auto stocks. 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	1.78	1	1	(6)	28	(121)
UK	0.70	2	(1)	(1)	22	(67)
Japan	(0.07)	1	0	3	20	(17)
Germany	(0.36)	0	0	(1)	34	(67)
India	6.47	1	(3)	(5)	(9)	(114)
China	3.18	(1)	0	(14)	11	(21)
2Y yields (Δ bps)						
US	1.61	(1)	(2)	(3)	11	(117)
UK	0.54	3	1	0	14	(23)
Japan	(0.17)	1	1	3	13	(4)
Germany	(0.63)	1	1	0	30	(3)
India	5.34	(2)	(8)	(20)	(44)	(190)
China#	2.64	0	1	0	5	13
Currencies (Δ %)						
EUR	1.1018	0.1	0	(0.8)	0.3	(2.6)
GBP	1.2925	0.1	0.7	0.5	6.3	1.4
JPY	109.49	0	(0.8)	(0.6)	(3.0)	3.6
AUD	0.6763	(0.1)	(0.3)	(1.5)	0.4	(7.4)
INR	71.74	(0.2)	0	(1.3)	(0.5)	(3.1)
CNY	7.0324	0	0.1	0.5	1.7	(1.0)
Equity & Other indices (Δ %)						
Dow	28,051	(0.4)	0.6	3.6	6.2	9.8
FTSE	7,347	(0.9)	0.3	0.6	1.9	5.2
DAX	13,236	(0.1)	0.6	2.3	10.9	17.6
NIKKEI	23,294	(0.5)	0.8	1.4	12.5	4.2
Shanghai Comp	2,872	(0.6)	(0.5)	(2.8)	(0.5)	11.0
SENSEX	40,794	(0.8)	1.1	2.4	9.3	12.7
Brent (US\$/bbl)	62.43	(2.3)	(1.5)	1.4	3.3	6.3
Gold (US\$/oz)	1,464	0.5	0.1	(1.6)	(3.7)	19.9
CRB Index	386.4	(0.1)	(0.3)	(1.3)	(0.2)	(7.1)
Rogers Agri Index	728.9	0.6	0.6	0.3	6.8	(5.8)
LIBOR (3M)*	1.91	(1)	(1)	(2)	(23)	(83)
INR 5Y Swap*	6.35	(3)	(7)	(18)	16	(118)
India FII data (US\$ mn)						
	28 Nov	27 Nov	WTD	MTD	CYTD	FYTD
FII-Debt	(260.8)	71.0	(410.9)	(468.7)	4,218.1	3,673.5
FII-Equity	227.6	(147.6)	988.0	3,254.3	13,477.1	6,631.9

Source: Bloomberg, Bank of Baroda | *Indicates change in bps | #1Y yield

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