

## MACRO DAILY

02 December 2020

### Macro developments

- India's manufacturing PMI slipped to a 3-month low of 56.3 in Nov'20 from 58.9 in Oct'20. Both new orders and output rose at a slowest pace in over 3-months, with employment remaining in the contractionary zone. However, pickup in international demand was seen as new exports orders increased with easing off the COVID-19 restrictions.
- Total GST collections for Oct'20 remained steady at Rs 1.5tn, registering 1.4% YoY increase versus 10.2% in Sep'20. On MoM basis, IGST collections dipped marginally from Rs 525bn in Sep'20, to Rs 520bn in Oct'20. After adjusting for IGST, while CGST collections rose on MoM basis, SGST collection were down, with 15 states reporting a decline.
- Manufacturing activity in the Eurozone despite showing moderation remained in expansion. The print was at 53.8 in Nov'20 against 54.8 in Oct'20, led by slower but steady gains in output and new orders. Input costs remained elevated. In a separate print, US ISM manufacturing PMI also showed similar trend. It moderated to 57.5 from 59.3 in Oct'20.

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### Markets

- Bonds:** Global yields closed mixed. US 10Y yield rose the most by 9bps (0.93%) amidst speculation of upcoming stimulus. UK 10Y yield also rose by 4bps amidst expectation of a trade deal with EU. Crude prices fell by 0.4% (US\$ 47/bbl) due to delay in OPEC+ talks and US inventory build-up. India's 10Y yield inched up by 2bps (5.93%) amidst inflationary concerns. It is trading at 5.94% today.
- Currency:** Barring JPY, other global currencies closed higher against the dollar. DXY fell sharply (0.6%) led by optimism around fiscal talks in the US. EUR and GBP gained the most on hopes of Brexit trade agreement reaching its conclusion soon. INR rose by 0.5% supported by FPI inflows. It is trading further higher today in line with other Asian currencies.
- Equity:** Global indices ended higher on vaccine optimism and news of fiscal stimulus. Amongst other indices, FTSE (1.9%) gained the most followed by Nikkei (1.8%). Sensex (1.1%) too continued its bull run led by power and tech 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         |
|---|---------------|---------------|------------|------------|-------------|-------------|
| <b>10Y yields (Δ bps)</b>               |               |               |            |            |             |             |
| US                                      | 0.93          | 9             | 5          | 5          | 26          | (79)        |
| UK                                      | 0.35          | 4             | 2          | 9          | 5           | (32)        |
| Japan                                   | 0.02          | (1)           | (1)        | (2)        | (3)         | 4           |
| Germany                                 | (0.53)        | 4             | 3          | 10         | (11)        | (18)        |
| India                                   | 5.93          | 2             | 5          | 5          | (1)         | (54)        |
| China                                   | 3.30          | 3             | (2)        | 11         | 23          | 10          |
| <b>2Y yields (Δ bps)</b>                |               |               |            |            |             |             |
| US                                      | 0.17          | 2             | 1          | 1          | 4           | (137)       |
| UK                                      | (0.01)        | 1             | 1          | 2          | 9           | (51)        |
| Japan                                   | (0.12)        | (1)           | 1          | (1)        | (1)         | 3           |
| Germany                                 | (0.72)        | 3             | 3          | 8          | (4)         | (9)         |
| India                                   | 3.92          | 1             | 3          | (27)       | (44)        | (143)       |
| China                                   | 2.85          | (1)           | (12)       | 13         | 36          | 23          |
| <b>Currencies (Δ %)</b>                 |               |               |            |            |             |             |
| EUR                                     | 1.2071        | 1.2           | 1.5        | 3.6        | 1.3         | 8.9         |
| GBP                                     | 1.3420        | 0.7           | 0.5        | 3.7        | 0.3         | 3.3         |
| JPY                                     | 104.33        | 0             | 0.1        | 0.3        | 1.5         | 4.0         |
| AUD                                     | 0.7371        | 0.4           | 0.1        | 4.9        | 0           | 7.7         |
| INR                                     | 73.67         | 0.5           | 0.5        | 0.6        | (1.1)       | (2.8)       |
| CNY                                     | 6.5722        | 0.1           | 0.3        | 1.8        | 3.7         | 6.9         |
| <b>Equity &amp; Other indices (Δ %)</b> |               |               |            |            |             |             |
| Dow                                     | 29,824        | 0.6           | (0.7)      | 12.5       | 4.1         | 8.4         |
| FTSE                                    | 6,385         | 1.9           | (0.7)      | 14.5       | 8.9         | (10.8)      |
| DAX                                     | 13,382        | 0.7           | 0.7        | 15.8       | 3.1         | 3.0         |
| NIKKEI                                  | 26,788        | 1.3           | 2.4        | 16.6       | 15.8        | 14.6        |
| Shanghai Comp                           | 3,452         | 1.8           | 1.4        | 7.1        | 1.2         | 19.7        |
| SENSEX                                  | 44,655        | 1.1           | 0.3        | 12.7       | 14.8        | 9.8         |
| Brent (US\$/bbl)                        | 47.42         | (0.4)         | (0.9)      | 26.6       | 4.0         | (22.0)      |
| Gold (US\$/oz)                          | 1,815         | 2.2           | 0.4        | (3.4)      | (7.9)       | 22.8        |
| CRB Index                               | 427.2         | (0.3)         | 0.0        | 4.3        | 8.4         | 10.8        |
| Rogers Agri Index                       | 818.7         | (0.6)         | (1.5)      | 4.5        | 10.2        | 13.3        |
| LIBOR (3M)*                             | 0.23          | 0             | 0          | 1          | (2)         | (166)       |
| INR 5Y Swap*                            | 5.18          | 0             | (1)        | (1)        | (34)        | (116)       |
| <b>India FII data (US\$ mn)</b>         |               |               |            |            |             |             |
|   | <b>27 Nov</b> | <b>26 Nov</b> | <b>WTD</b> | <b>MTD</b> | <b>CYTD</b> | <b>FYTD</b> |
| FII-Debt                                | (81.6)        | (60.3)        | (484.4)    | (389.5)    | (14,619.2)  | (4,859.6)   |
| FII-Equity                              | 1,237.5       | 406.6         | 2,869.8    | 9,559.3    | 16,105.7    | 22,708.7    |

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

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