

MACRO DAILY

02 November 2020

Macro developments

- Total GST collections for Sep'20 rose by 10.2% on YoY basis to Rs 1tn from Rs 955bn in Aug'20 (3.9% increase). This signals a possible revival which is expected to continue in the coming months due to festive season. The improvement was led by 12.9% jump in IGST to Rs 525bn. Unadjusted figures for CGST and SGST stand at Rs 192bn and Rs 254bn, respectively.
- South Korea's exports slipped back into contraction and fell by 3.6% in Oct'20 on a YoY basis, after increasing by 7.6% in Sep'20. The decline was attributed to fewer working days in Oct'20. Exports to China dipped the most by 5.7%. Imports dipped by 5.8% from an increase of 1.6% in Sep'20.
- China's official manufacturing PMI remained broadly steady at 51.4 in Oct'20 versus 51.5 in Sep'20, supported by growth in large manufacturing firms (52.6 from 52.5). On the other hand, index for small manufacturing firms fell into contraction (49.4 from 50.1). Non-Manufacturing PMI rose to 56.2 in Oct'20 from 55.9 in Sep'20 on the back of stimulus driven infra spending and revival in domestic demand.

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Markets

- **Bonds:** Barring China, global yields closed higher with US 10Y yield rising the most (5bps). New measures announced by US Fed to help small businesses and better than expected GDP print supported investor sentiments. Crude prices fell by 0.5% (US\$ 37.5/bbl) owing to demand concerns. India's 10Y yield rose by 3bps to 5.88% as global cases of Covid-19 surged. It is trading at 5.89% today.
- **Currency:** Global currencies closed mixed. DXY rose by 0.1% on safe-haven demand amidst rising Covid-19 cases and election uncertainty. EUR depreciated by 0.2% as ECB signalled further monetary easing to support growth in Dec'20. INR depreciated by 0.3% to a 2-month low. It is trading further lower today in line with other Asian currencies.
- **Equity:** Global indices ended lower amidst uncertainty over US fiscal stimulus and re-imposition of lockdown in most of European countries. Amongst other indices, Nikkei and Shanghai Comp both declined by 1.5% each followed by Dow (0.6%). Sensex (0.3%) too ended in red led by subdued global cues. It is trading lower today; while other Asian stocks are trading higher.



FIG 1 – MOVEMENT IN KEY GLOBAL ASSET CLASSES

Particulars	Current	1D	1W	1M	3M	12M
10Y yields (Δ bps)						
US	0.87	5	3	22	35	(84)
UK	0.26	4	(2)	8	16	(40)
Japan	0.04	1	0	3	2	22
Germany	(0.63)	1	(5)	(8)	(10)	(25)
India	5.88	3	4	(15)	4	(57)
China	3.19	0	(1)	5	21	(9)
2Y yields (Δ bps)						
US	0.15	1	0	3	5	(140)
UK	(0.03)	3	0	2	4	(55)
Japan	(0.12)	0	0	1	1	15
Germany	(0.79)	2	(4)	(8)	(8)	(14)
India	4.19	(2)	3	(24)	(0)	(130)
China	2.72	1	9	11	47	4
Currencies (Δ %)						
EUR	1.1647	(0.2)	(1.8)	(0.8)	(1.1)	4.3
GBP	1.2947	0.1	(0.7)	0.7	(1.1)	0.0
JPY	104.66	0	0.0	0.9	1.1	3.3
AUD	0.7028	0	(1.6)	(1.4)	(1.6)	1.8
INR	74.11	(0.3)	(0.7)	(0.3)	0.9	(4.7)
CNY	6.6915	0.3	(0.1)	1.8	4.1	4.9
Equity & Other indices (Δ %)						
Dow	26,502	(0.6)	(6.5)	(3.5)	0.3	(3.1)
FTSE	5,577	(0.1)	(4.8)	(5.4)	(5.4)	(23.6)
DAX	11,556	(0.4)	(8.6)	(9.9)	(6.1)	(10.8)
NIKKEI	22,977	(1.5)	(2.3)	(2.4)	5.8	0.6
Shanghai Comp	3,225	(1.5)	(1.6)	0	(2.6)	9.0
SENSEX	39,614	(0.3)	(2.6)	4.3	5.3	(1.4)
Brent (US\$/bbl)	37.46	(0.5)	(10.3)	(8.7)	(13.5)	(39.3)
Gold (US\$/oz)	1,879	0.6	(1.2)	(1.0)	(4.9)	24.1
CRB Index	410.6	(0.1)	(1.1)	1.7	8.7	5.3
Rogers Agri Index	783.1	0	(2.0)	5.7	11.9	7.0
LIBOR (3M)*	0.21	0	0	(1)	(3)	(168)
INR 5Y Swap*	5.19	(2)	(5)	(25)	5	(132)
India FII data (US\$ mn)						
	28 Oct	27 Oct	WTD	MTD	CYTD	FYTD
FII-Debt	(86.8)	(139.2)	(232.4)	385.2	(14,294.6)	(4,535.1)
FII-Equity	(118.2)	486.7	383.5	2,696.4	6,736.5	13,339.5

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

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