

MACRO DAILY

02 September 2020

Macro developments

- Total GST collections eased to Rs 864bn from Rs 874bn in Jun'20, registering a 12% YoY decline. The dip was on account of lower cess and IGST collections. CGST on the other hand rose by 57.3% (YoY) to Rs 379bn versus Rs 302bn in Jun'20, while SGST was at Rs 475bn (17.4%) versus Rs 400bn in Jun'20. On FYTD basis total collections stand at Rs 3.3tn versus Rs 4tn in FYTD20.
- India's manufacturing PMI print rose for the first time since Mar'20 above the 50-mark at 52 in Aug'20 from 46 in Jul'20. This was led by expansion in new orders and output amidst reopening of the economy and pickup in domestic demand. Input costs remained elevated at 21-month high. Employment scenario remained bleak.
- Manufacturing activity improved globally in Aug'20 as most economies eased restrictions. Manufacturing PMI in Germany rose to 52.2 from 51 in Jul'20, Japan's PMI also improved to 47.2 from 45.2. US ISM manufacturing index rose to its highest since Nov'18 to 56 from 54.2 in Jul'20 led by improvement in new orders. However, Euro Zone manufacturing PMI fell marginally to 51.7 from 51.8 in Jul'20.

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Markets

- **Bonds:** Except China, global yields closed lower. US 10Y yield fell by 2bps (0.67%) as expectation of ultra-low rates persisted. Crude prices rose by 0.7% (US\$ 46/bbl) due to drawdown in US inventory. India's 10Y yield fell the most by 18bps (5.94%) supported by RBI's special OMO announcements and hike in the limit of HTM segment. It is trading at 5.95% today.
- **Currency:** Global currencies closed mixed. DXY rose by 0.2% as US manufacturing PMI rose sharply in Aug'20. GBP rose by 0.1% as investors await speech by BoE Governor this week. INR rose sharply by 1% to a 6-month high. However, it is trading lower today in line with Asian currencies.
- **Equity:** Barring Nikkei (flat) and FTSE (lower), global indices ended higher, supported by upbeat PMI prints. Dow gained by 0.8%, followed by Sensex (0.7%). Domestic markets were supported by positive sentiments from AGR ruling. Today Sensex is trading higher while other Asian stocks are trading mixed.



FIG 1 – MOVEMENT IN KEY GLOBAL ASSET CLASSES

Particulars	Current	1D	1W	1M	3M	12M
10Y yields (Δ bps)						
US	0.67	(4)	(1)	14	(2)	(79)
UK	0.30	(2)	3	19	7	(11)
Japan	0.05	0	1	3	4	33
Germany	(0.42)	(2)	1	10	(1)	29
India	5.94	(18)	(19)	10	18	(58)
China	3.07	4	1	9	25	(0)
2Y yields (Δ bps)						
US	0.13	0	(2)	3	(3)	(132)
UK	(0.10)	(4)	(8)	(3)	(8)	(44)
Japan	(0.11)	0	(1)	1	3	18
Germany	(0.68)	(3)	(2)	4	(2)	24
India	4.36	(10)	(2)	17	(5)	(131)
China	2.50	0	3	25	84	(9)
Currencies (Δ %)						
EUR	1.1912	(0.2)	0.7	1.1	6.6	8.5
GBP	1.3384	0.1	1.8	2.3	6.6	10.8
JPY	105.96	0	0.4	(0.1)	2.5	(0.0)
AUD	0.7372	(0.1)	2.5	3.2	6.9	9.1
INR	72.87	1.0	2.0	2.6	3.3	(0.7)
CNY	6.8281	0.3	1.2	2.1	3.8	4.9
Equity & Other indices (Δ %)						
Dow	28,646	0.8	1.4	8.4	11.3	9.7
FTSE	5,862	(1.7)	(2.9)	(0.6)	(5.8)	(19.3)
DAX	12,974	0.2	(0.7)	5.4	7.9	8.9
NIKKEI	23,138	0	(0.7)	6.6	3.6	12.2
Shanghai Comp	3,411	0.4	1.1	3.0	16.7	16.4
SENSEX	38,901	0.7	0.1	3.4	15.0	6.4
Brent (US\$/bbl)	45.58	0.7	(0.6)	5.3	15.2	(21.8)
Gold (US\$/oz)	1,970	0.1	2.2	(0.3)	14.0	27.3
CRB Index	394.8	0	1.2	4.5	7.0	2.2
Rogers Agri Index	743.2	0.6	1.9	6.2	10.7	9.8
LIBOR (3M)*	0.24	(1)	(1)	(1)	(9)	(189)
INR 5Y Swap*	5.52	(12)	(2)	38	34	(54)
India FII data (US\$ mn)						
	31 Aug	28 Aug	WTD	MTD	CYTD	FYTD
FII-Debt	(30.7)	(256.9)	(30.7)	(562.4)	(15,090.0)	(5,330.5)
FII-Equity	(320.4)	65.1	(320.4)	6,095.5	4,807.4	11,410.3

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

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