

## MACRO DAILY

30 April 2020

### Macro developments

- RBI reported that currency in circulation (CIC) rose by Rs 166.6bn and stood at Rs 25.2tn for the week ending 24 Apr 2020. Reserve money rose by 9.1% on a YoY basis, versus 13% a year ago. On a FYTD basis, reserve money declined by 0.3% as against a decline of 0.1% last year.
- US Fed in its latest policy pledged to keep interest rate in the range of 0-0.25%, until the objective of price stability and full employment is reached. In CYTD20, Fed has reduced policy rate by 150bps to support the economy. In a separate print, US GDP fell by 4.8% in Q1CY20 compared with 2.1% growth in Q4CY19. This is the first negative reading since Q1CY14. The main drag down was consumer spending, non-residential fixed investment, exports and inventories.
- China's official manufacturing PMI eased to 50.8 in Apr'20 from 52 in Mar'20, led by slump in export orders amidst global lockdown. However, non-manufacturing PMI rose to 53.2 in Apr'20 from 52.3 in Mar'20 as lockdown restrictions are phased out. Construction, new order and employment indices gained the most.

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### Markets

- **Bonds:** Except US, global yields broadly closed lower amidst weak macro prints (negative GDP print in the US in Q1CY20, falling consumer confidence in Euro Area). US 10Y yield inched a tad by 1bps (0.63%). Crude prices rose by 10% (US\$ 23/bbl) as US inventory build-up was less than expected. India's 10Y yield fell by 1bps (6.12%). It is trading flat today.
- **Currency:** Except CNY which closed flat, other global currencies closed higher against the dollar. DXY fell by 0.3% after the Fed reiterated that it would use all tools necessary to bring growth back on track. AUD rose by 1% on improved risk sentiment. INR too rose by 0.7% to a 3-week high. It is trading higher today in line with other Asian currencies.
- **Equity:** Global indices ended higher on hopes of a possible vaccine for COVID-19. Dax (2.9%) surged the most followed by FTSE (2.6%). Dow gained by 2.2% driven by tech stocks. Sensex (1.9%) too ended in green with metal stocks advancing the most. 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
<b>10Y yields (Δ bps)</b>						
US	0.63	1	1	(5)	(96)	(187)
UK	0.29	0	(4)	(8)	(23)	(87)
Japan	(0.04)	0	(4)	(6)	0	0
Germany	(0.50)	(3)	(9)	(2)	(12)	(51)
India	6.12	(1)	(10)	(2)	(45)	(129)
China	2.48	(2)	(6)	(12)	(52)	(92)
<b>2Y yields (Δ bps)</b>						
US	0.20	(1)	(1)	(4)	(121)	(210)
UK	0.05	0	(3)	(9)	(38)	(69)
Japan	(0.17)	0	(4)	(5)	(4)	(2)
Germany	(0.71)	(1)	(4)	(2)	(7)	(12)
India	4.51	(1)	(7)	(72)	(158)	(231)
China	1.13	(1)	(2)	(60)	(110)	(154)
<b>Currencies (Δ %)</b>						
EUR	1.0873	0.5	0.5	(2.4)	(1.2)	(2.9)
GBP	1.2469	0.3	1.1	0.1	(4.2)	(4.5)
JPY	106.68	0.2	1.0	1.2	2.1	4.2
AUD	0.6557	1.0	3.7	6.3	(2.9)	(6.5)
INR	75.67	0.7	1.3	(1.0)	(6.2)	(8.8)
CNY	7.0768	0	0.1	0.3	(1.9)	(5.1)
<b>Equity &amp; Other indices (Δ %)</b>						
Dow	24,634	2.2	4.9	13.9	(14.3)	(6.8)
FTSE	6,115	2.6	6.0	11.0	(18.3)	(17.2)
DAX	11,108	2.9	6.7	15.3	(16.8)	(10.0)
NIKKEI**	19,771	(0.1)	2.5	2.0	(15.4)	(11.2)
Shanghai Comp	2,822	0.4	(0.8)	1.8	(5.2)	(8.3)
SENSEX	32,720	1.9	4.3	9.7	(20.6)	(16.2)
Brent (US\$/bbl)	22.54	10.2	10.7	(9.6)	(62.3)	(68.8)
Gold (US\$/oz)	1,713	0.3	(0.0)	5.2	8.7	34.2
CRB Index	351.1	0.1	0.1	(6.0)	(13.5)	(16.4)
Rogers Agri Index	644.7	0.5	(0.2)	(3.3)	(13.6)	(10.9)
LIBOR (3M)*	0.76	(8)	(28)	(69)	(102)	(182)
INR 5Y Swap*	5.20	(2)	(12)	(85)	(152)	(191)
<b>India FII data (US\$ mn)</b>						
	<b>28 Apr</b>	<b>27 Apr</b>	<b>WTD</b>	<b>MTD</b>	<b>CYTD</b>	<b>FYTD</b>
FII-Debt	(82.4)	71.8	(10.5)	(747.7)	(10,507.2)	(747.7)
FII-Equity	6.4	(101.2)	(94.8)	(503.4)	(7,106.4)	(503.4)

Source: Bloomberg, Bank of Baroda | \*Indicates change in bps | \*\*Closed on 29.04.2020

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