

MACRO DAILY

30 March 2020

Macro developments

- COVID-19 cases increased globally to 703,700 as of 29 Mar 2020 (2.3 times increase vs last week). On a daily basis, new cases in Italy rose the most by 5,217, followed by Germany at 4,740 and US at 4,348. Globally, US has the maximum number of cases at 1,24,665. In view of this, current restrictions in the US have been extended upto 30 April 2020. In India, the number of cases rose to 1,024 as of 30 Mar 2020 vs 468 last week.
- With a 4-2 vote, MPC members reduced repo rate by 75bps to 4.4%. LAF corridor has been widened with reverse repo rate reduced by 90bps to 4%. RBI has also decided to infuse Rs 3.74tn liquidity into the system via TLROs; reducing CRR from 4% to 3%; and allowing SCBs to dip into MSF facility by another 1% of SLR upto 30 Jun 2020.
- US consumer sentiment index dropped to three and a half year low of 89.1 in Mar'20 vs 101 in Feb'20. This was led by the ongoing COVID-19 outbreak. With this, there is expectations of additional declines plausible in Apr'20 on the back of rising unemployment and lower incomes. Separately, US consumer spending continued to rise at 0.2% in Feb'20, gaining the same pace as last month.

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Markets

- Bonds:** Except Japan and China, global yields closed lower. US 10Y yield fell the most by 17bps (0.67%) as the number of cases in the US surpassed China. Crude prices fell by (-) 5.4% to US\$ 25/bbl amidst muted demand concern from COVID-19. India's 10Y yield fell by 8bps (6.14%) supported by RBI's 75bps rate cut and Rs 3.74tn liquidity infusion measures. It is trading lower at 6.12% today.
- Currency:** Global currencies closed higher against the dollar. DXY fell by (-) 1% after US passed the US\$ 2tn stimulus package easing investors' concern. GBP rose the most by 2.1% followed by AUD (1.7%). INR rose by 0.3% supported by RBI's measures. It is however trading lower today while other Asian currencies are trading higher.
- Equity:** Barring Nikkei and Shanghai Comp, global indices closed lower as investors continued to monitor impact of COVID-19. FTSE (-5.3%) dropped the most, followed by Dow (-4.1%). Sensex (-0.4%) too ended in red. 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
10Y yields (Δ bps)						
US	0.67	(17)	(17)	(66)	(120)	(172)
UK	0.37	(3)	(20)	(14)	(39)	(63)
Japan	0.02	2	(7)	10	2	11
Germany	(0.47)	(11)	(15)	3	(22)	(41)
India	6.14	(8)	(12)	(21)	(37)	(118)
China	2.60	1	(8)	(20)	(53)	(48)
2Y yields (Δ bps)						
US	0.24	(5)	(7)	(92)	(134)	(199)
UK	0.15	1	1	(22)	(42)	(51)
Japan	(0.12)	10	4	7	0	5
Germany	(0.68)	(4)	(1)	1	(5)	(9)
India	5.23	(29)	(31)	(37)	(59)	(134)
China	1.72	(2)	(19)	(25)	(56)	(65)
Currencies (Δ %)						
EUR	1.1141	1.0	4.2	2.4	(0.3)	(0.7)
GBP	1.2460	2.1	7.1	(3.4)	(4.7)	(4.5)
JPY	107.94	1.5	2.7	2.3	1.4	2.4
AUD	0.6168	1.7	6.6	(5.7)	(11.6)	(12.8)
INR	74.92	0.3	0.4	(4.5)	(5.0)	(8.0)
CNY	7.0960	(0.3)	0.0	(1.0)	(1.4)	(5.3)
Equity & Other indices (Δ %)						
Dow	21,637	(4.1)	12.8	(19.7)	(24.5)	(15.9)
FTSE	5,510	(5.3)	6.2	(21.8)	(27.9)	(23.8)
DAX	9,633	(3.7)	7.9	(24.6)	(27.8)	(15.7)
NIKKEI	19,389	3.9	17.1	(13.5)	(18.7)	(7.8)
Shanghai Comp	2,772	0.3	1.0	(7.2)	(7.7)	(7.4)
SENSEX	29,816	(0.4)	(0.3)	(25.3)	(28.3)	(22.6)
Brent (US\$/bbl)	24.93	(5.4)	(7.6)	(53.3)	(63.4)	(63.2)
Gold (US\$/oz)	1,628	(0.2)	8.6	(0.8)	7.8	26.2
CRB Index	373.5	(0.3)	(0.1)	(6.1)	(6.8)	(12.2)
Rogers Agri Index	666.7	(0.8)	1.5	(7.5)	(11.9)	(11.3)
LIBOR (3M)*	1.45	8	25	(16)	(49)	(114)
INR 5Y Swap*	6.05	(18)	(15)	(18)	(69)	(43)
India FII data (US\$ mn)						
	26 Mar	24 Mar	WTD	MTD	CYTD	FYTD
FII-Debt	(243.0)	(122.8)	(572.6)	(7,368.8)	(8,935.9)	(5,991.8)
FII-Equity	1.5	(497.5)	(844.0)	(7,542.1)	(5,755.1)	1,634.1

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

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