

MACRO DAILY

03 April 2020

Macro developments

- COVID-19 cases increased globally to 1.02mn as of 2 Apr 2020 (1.8 times increase vs last week). On a daily basis, new cases in US rose the most by 28,698, followed by Germany at 6,813 and Italy at 4,668. Globally, US has the maximum number of cases at 245,213. In India, the number of cases rose to 2,069 as of 3 Apr 2020 vs 887 last week. Recently, World Bank has approved US\$ 1.9bn emergency fund to tide over the crisis in 25 developing countries, with US\$ 1bn funding for India.
- India's manufacturing PMI slipped to a 4-month low of 51.8 in Mar'20 from 54.5 in Feb'20. This was on the back of steep decline in both domestic and external demand owing to COVID-19 outbreak. With signs of possible supply side disruptions, 12-month business outlook sentiment has also weakened for the same period.
- US initial jobless claims for the week ending 28 Mar 2020, soared to 6.6mn from 3.31mn in the previous week. The weekly rise of 3.34mn claims was the highest on record and was driven by COVID-19 related lockdown. The 4-week moving average was at 2.61mn vs 1mn in the previous week. Separately, factory order growth continued to decline by (-) 0.5% in Feb'20, unchanged from Jan'20 and vs est.: +0.2%.

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Markets

- Bonds:** Global yields closed mixed. US 10Y inched a tad by 1bps (0.6%) as US jobless claims continued to reach record high for the 2nd consecutive week. Crude prices rose by 21% (US\$ 30/bbl) amidst reports of output cut by Saudi Arabia and Russia. India's 10Y yield is trading higher at 6.3% today amidst fiscal uncertainties.
- Currency:** Barring GBP and CNY, other global currencies closed lower. DXY rose by 0.5%. EUR and JPY depreciated by (-) 1% and (-) 0.7% respectively. INR is trading lower above 76/\$ today. Other Asian currencies are also trading broadly lower.
- Equity:** Barring Nikkei, global indices closed higher driven by 21% surge in oil prices led by news of a possible truce between Saudi Arabia and Russia to reduce output. Dow (2.2%) gained the most followed by Shanghai Comp (1.7%). Sensex was closed yesterday and opened 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	0.60	1	(25)	(57)	(128)	(192)
UK	0.33	2	(7)	(7)	(46)	(75)
Japan	(0.01)	(2)	(1)	11	0	4
Germany	(0.43)	3	(7)	19	(21)	(43)
India**	6.14	(7)	(17)	(23)	(37)	(114)
China	2.60	5	1	(15)	(54)	(66)
2Y yields (Δ bps)						
US	0.23	2	(7)	(68)	(134)	(211)
UK	0.12	0	(1)	(14)	(45)	(57)
Japan	(0.11)	0	12	13	2	5
Germany	(0.65)	(1)	0	18	(5)	(7)
India**	5.27	3	(36)	(32)	(50)	(131)
China	1.63	(3)	(11)	(34)	(66)	(77)
Currencies (Δ %)						
EUR	1.0858	(1.0)	(1.6)	(2.5)	(2.8)	(3.2)
GBP	1.2396	0.2	1.6	(2.8)	(5.7)	(5.2)
JPY	107.91	(0.7)	1.5	0.4	0.6	3.4
AUD	0.6061	(0.2)	0	(7.3)	(13.3)	(14.8)
INR**	75.54	(0.2)	0.7	(4.7)	(6.1)	(9.9)
CNY	7.0858	0.2	(0.2)	(1.8)	(1.7)	(5.5)
Equity & Other indices (Δ %)						
Dow	21,413	2.2	(5.0)	(19.8)	(25.8)	(18.8)
FTSE	5,480	0.5	(5.8)	(17.7)	(27.9)	(26.0)
DAX	9,571	0.3	(4.3)	(19.3)	(28.5)	(20.2)
NIKKEI	17,819	(1.4)	(4.5)	(16.5)	(24.7)	(18.0)
Shanghai Comp	2,781	1.7	0.6	(6.4)	(9.9)	(14.4)
SENSEX**	28,265	(4.1)	(0.9)	(26.2)	(32.1)	(27.3)
Brent (US\$/bbl)	29.94	21.0	13.7	(42.3)	(54.8)	(56.9)
Gold (US\$/oz)	1,614	1.4	(1.1)	1.5	5.5	24.9
CRB Index	362.6	(0.6)	(3.2)	(8.9)	(9.9)	(15.2)
Rogers Agri Index	640.9	(0.3)	(4.6)	(9.9)	(15.7)	(15.1)
LIBOR (3M)*	1.44	(1)	17	18	(46)	(115)
INR 5Y Swap*	6.23	38	-	14	(44)	(18)
India FII data (US\$ mn)						
	30 Mar	27 Mar	WTD	MTD	CYTD	FYTD
FII-Debt	(239.0)	(210.1)	(239.0)	(7,817.8)	(9,384.9)	(6,440.8)
FII-Equity	(481.1)	137.5	(481.1)	(7,885.6)	(6,098.7)	1,290.5

Source: Bloomberg, Bank of Baroda | *Indicates change in bps | **Current data for India refers to 31.03.2020, except for Sensex (1.04.2020)

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