

MACRO DAILY

03 August 2020

Macro developments

- GST collections for Jun'20 was recorded at Rs 874bn, down from Rs 909bn for May'20. The dip was on account of fall in adjusted SGST to Rs 400bn from Rs 562bn in May'20. CGST on the other hand rose to Rs 302bn from Rs 190bn in May'20. In Q1FY21, total GST collections are at Rs 2.4tn versus Rs 3tn in Q1FY20. The loss is mainly borne by the centre with collections at Rs 550bn versus Rs 1.7tn last year.
- India's eight core index contracted for the 4th straight month, albeit at a slower pace by 15% in Jun'20 from 22% in May'20. With the gradual reopening of the economy, marginal recovery was seen in refinery products (8.9% from 21.3% in May'20), electricity production (11% from 14.8% in May'20) and cement output (6.9% from 21.4%).
- US consumer sentiment index fell to 72.5 compared with flash estimate reading of 73.2 and against 78.1 in Jun'20. Both the current and future conditions indices continued to decline showing pessimism on account of rising COVID-19 cases and impact on consumer spending.

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Markets

- **Bonds:** Global yields closed mixed amidst varied macro prints globally (rising manufacturing activity in China, falling consumer confidence in the US). Apart from this uncertainty over US fiscal stimulus also impacted market sentiments. US 10Y yield fell by 2bps (0.53%). Crude prices rose by 0.8% (US\$ 43/bbl) over falling US rig count. India's 10Y yield rose by 1bps (5.84%). It is trading flat today.
- **Currency:** Except CNY and INR, other global currencies closed lower against the dollar. DXY rose by 0.4% with increased dollar buying towards the month-end. Economic uncertainty in the US kept the gains range bound. INR appreciated marginally by 0.1%. However, it is trading lower today, while other Asian currencies are trading mixed.
- **Equity:** Barring Dow and Shanghai Comp, other global indices ended lower after US GDP contracted to a record low. Nikkei (2.8%) declined the most followed by FTSE (1.5%). Sensex (0.3%) too ended in red amidst weak global cues. It was dragged lower by oil & gas stocks. It is further trading lower today; while 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	0.53	(2)	(6)	(13)	(11)	(132)
UK	0.10	2	(4)	(7)	(13)	(45)
Japan	0.02	0	0	(1)	5	18
Germany	(0.52)	2	(8)	(7)	6	(3)
India	5.84	1	1	(5)	(27)	(51)
China	2.98	4	11	13	46	(13)
2Y yields (Δ bps)						
US	0.11	(1)	(4)	(4)	(9)	(161)
UK	(0.07)	2	2	2	(8)	(51)
Japan	(0.12)	1	1	1	5	8
Germany	(0.71)	0	(6)	(3)	5	8
India	4.19	(1)	2	(2)	(36)	(176)
China**	2.25	0	(2)	14	113	(30)
Currencies (Δ %)						
EUR	1.1778	(0.6)	1.0	4.8	7.5	6.0
GBP	1.3085	(0.1)	2.3	5.5	3.9	7.6
JPY	105.83	(1.1)	0.3	1.9	1.3	0.7
AUD	0.7143	(0.7)	0.5	3.5	9.7	5.0
INR	74.81	0.1	0	0.9	0.4	(7.5)
CNY	6.9752	0.5	0.6	1.3	1.2	(0.5)
Equity & Other indices (Δ %)						
Dow	26,428	0.4	(0.2)	2.4	8.6	(0.2)
FTSE	5,898	(1.5)	(3.7)	(4.4)	(0.1)	(20.4)
DAX	12,313	(0.5)	(4.1)	0	13.4	3.7
NIKKEI	21,710	(2.8)	(4.6)	(2.6)	7.5	3.0
Shanghai Comp	3,310	0.7	3.5	10.9	15.7	15.4
SENSEX	37,607	(0.3)	(1.4)	7.7	11.5	1.3
Brent (US\$/bbl)	43.30	0.8	(0.1)	5.2	71.3	(30.0)
Gold (US\$/oz)	1,976	1.0	3.9	10.9	17.2	37.1
CRB Index	377.7	0	1.1	4.9	6.9	(5.6)
Rogers Agri Index	699.5	0.5	0.8	3.6	6.8	(1.6)
LIBOR (3M)*	0.25	0	0	(5)	(31)	(199)
INR 5Y Swap*	5.14	(4)	(9)	(14)	(8)	(142)
India FII data (US\$ mn)						
	30 Jul	29 Jul	WTD	MTD	CYTD	FYTD
FII-Debt	(94.1)	(24.4)	(149.6)	(328.5)	(14,610.5)	(4,851.0)
FII-Equity	190.0	(38.9)	180.9	1,275.7	(1,165.8)	5,437.2

Source: Bloomberg, Bank of Baroda | *Indicates change in bps | **1Y yield

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