

## MACRO DAILY

03 February 2020

### Macro developments

- Total GST collections for Dec'19 reached Rs 1.1tn (+8% on YoY basis) from Rs 1tn in Nov'19 (+8.9%). After adjusting for IGST, while CGST collections eased (Rs 405bn vs Rs 437bn in Nov'19), SGST collections jumped sharply (Rs 641bn vs Rs 520bn). In the latest budget, CGST collections have been revised to Rs 5.1tn from Rs 5.3tn earlier. With FYTD collections at Rs 3.7tn, we believe centre will be able to meet its revised targets.
- Growth in India's eight core industries rebounded to 1.3% in Dec'19 from (-) 0.6% in Nov'19. This was attributed to improvement in coal production which rose to a 9-month high of 6.1% in Dec'19 vs (-) 2.5% in Nov'19. Steel and cement output also inched up by 1.9% and 5.4% respectively. Hence, IIP growth is also expected to be marginally higher in Dec'19.
- China's industrial profits in CY19 fell for the first time in four years to (-) 3.3% vs (-) 2.9% dip between Jan-Nov'19. This was led by SoEs with (-) 12% decline in profits. Profits of private firms increased 2.2%. Industry-wise, steel, petrochemicals and automobiles declined the most. Growth is expected to remain muted in H1CY20 as well, due to coronavirus outbreak.

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### Markets

- Bonds:** Barring India, global yields closed lower over concerns of spread of coronavirus. US 10Y yield fell the most by 8bps (1.77%). UK 10Y yield fell by 2bps (0.52%) as UK formally left the EU. Oil prices fell by 0.2% (US\$ 58/bbl). India's 10Y yield rose 4bps (6.6%). It is trading 10bps lower at 6.5% today, as gross borrowing in FY21 is estimated at Rs 7.8tn, only Rs 700bn more than FY20.
- Currency:** While AUD and CNY fell on concerns over the coronavirus outbreak, other global currencies edged higher. GBP rallied by 0.9% as BoE kept rates unchanged. INR rose by 0.2% on lower oil prices. However, it is trading lower today in line with other Asian currencies.
- Equity:** Except Nikkei, other global indices ended lower as fear of coronavirus intensified. Dax fell by (-) 1.3% on the back of poor Euro Area GDP print for Q4CY19. Sensex fell by (-) 2.4% after the Budget, with real estate and capital good stocks declining the most. However, it opened higher today while other Asian stocks are trading lower.



FIG 1 – MOVEMENT IN KEY GLOBAL ASSET CLASSES

Particulars	Current	1D	1W	1M	3M	12M
<b>10Y yields (Δ bps)</b>						
US	1.51	(8)	(18)	(41)	(20)	(118)
UK	0.52	(2)	(4)	(30)	(14)	(72)
Japan	(0.07)	(1)	(5)	(6)	11	(5)
Germany	(0.43)	(3)	(10)	(25)	(5)	(60)
India	6.60	4	2	5	15	(77)
China	3.00	(2)	(9)	(14)	(27)	(11)
<b>2Y yields (Δ bps)</b>						
US	1.31	(10)	(18)	(26)	(24)	(119)
UK	0.50	0	8	(4)	(2)	(27)
Japan	(0.14)	0	(2)	(1)	12	3
Germany	(0.67)	(1)	(6)	(7)	(1)	(9)
India	6.07	(1)	(3)	30	58	(92)
China	2.23	(7)	(5)	(42)	(45)	(17)
<b>Currencies (Δ %)</b>						
EUR	1.1093	0.6	0.6	(1.1)	(0.7)	(3.2)
GBP	1.3206	0.9	1.0	(0.4)	2.0	1.0
JPY	108.35	0.6	0.9	0.2	(0.1)	1.1
AUD	0.6692	(0.4)	(2.0)	(4.7)	(3.1)	(7.7)
INR	71.35	0.2	0	0	(0.8)	(0.1)
CNY	6.9426	(0.5)	(0.9)	0.3	1.3	(2.9)
<b>Equity &amp; Other indices (Δ %)</b>						
Dow	28,256	(2.1)	(2.5)	(1.0)	3.3	12.7
FTSE	7,286	(1.3)	(4.0)	(3.4)	(0.2)	3.8
DAX	12,982	(1.3)	(4.4)	(3.0)	0.2	16.1
NIKKEI	23,205	1.0	(2.6)	0	1.6	11.6
Shanghai Comp	2,977	(2.8)	(3.2)	(2.4)	0.6	13.7
SENSEX	39,736	(2.4)	(4.5)	(3.7)	(1.1)	9.0
Brent (US\$/bbl)	58.16	(0.2)	(4.2)	(11.9)	(5.7)	(7.3)
Gold (US\$/oz)	1,589	0.9	1.1	4.7	4.9	20.6
CRB Index	404.2	(0.1)	(1.1)	0.6	3.7	(2.1)
Rogers Agri Index	735.2	(0.6)	(2.3)	(3.1)	0.5	(5.4)
LIBOR (3M)*	1.77	(1)	(4)	(14)	(12)	(96)
INR 5Y Swap*	6.68	(3)	(1)	(4)	17	(55)
<b>India FII data (US\$ mn)</b>						
	<b>30 Jan</b>	<b>29 Jan</b>	<b>WTD</b>	<b>MTD</b>	<b>CYTD</b>	<b>FYTD</b>
FII-Debt	43.2	41.2	(111.3)	(1,553.5)	(1,553.5)	1,390.6
FII-Equity	87.6	(202.6)	(249.6)	1,984.5	1,984.5	9,373.7

Source: Bloomberg, Bank of Baroda | \*Indicates change in bps | Markets in China were closed on account of Lunar New Year.

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