

## MACRO DAILY

03 March 2021

### Macro developments

- Indian government recently concluded auction of telecom spectrum garnering Rs 778bn in revenue. Of the total amount, Rs 260-270bn is expected to be upfront payment, with Rs 190-200bn expected to be paid to the government in FY21 and the remaining by Dec'21. In the budget, government had revised FY21 target for non-tax revenue from Rs 3.8tn (BE) to Rs 2.11 (RE). In FYTD21, non-tax collections stand at Rs 1.4tn.
- Retail sales in Germany fell by 4.5% in Jan'21 (est.: 0.3% dip) versus 9.1% drop in Dec'20 on a MoM basis. This was owing to lockdown restrictions put in force since mid of Dec'20 as well as the end of temporary sales tax cut. On a YoY basis, retail sales declined by 8.7% in Jan'21 led by drop in non-food retailing (down 16.4%). Online sales were up by 31.7% in Jan'21.
- Australia's GDP rose by 3.1% in Q4CY20 from 3.4% in Q3CY20. This was led by slowdown in both federal government's job keeper payments (AUD 11.9bn in Q4 from AUD 35.8bn in Q3CY20) and cash flow for employers scheme (AUD 6.7bn in Q4 from AUD 11.3bn in Q3). Spending on services and household spending rose by 5.2% and 4.3% respectively in Q4. However, economy contracted by 1.1% in CY20, worst recession in over 30 years.

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### Markets

- Bonds:** Except India and China, global yields closed lower as major Central Banks globally remain dovish. UK's 10Y yield fell the most by 7bps followed by US and Japan which dropped by 3bps each. Crude prices fell by 1.6% (US\$ 63/bbl) on hopes of increase in supply from OPEC+. India's 10Y yield rose by 2bps (6.23%) on concerns of oversupply. It is trading flat today.
- Currency:** Except CNY, other global currencies closed higher. DXY fell by 0.3% as US 10Y yield declined from recent highs. AUD appreciated the most by 0.6% after RBA reiterated its commitment to keep interest rate low. INR rose by 0.2% as oil prices eased. It is trading further higher today, in line with other Asian currencies.
- Equity:** Global indices ended mixed as investors continued to monitor vaccine rollout. While Shanghai Comp dropped by 1.2%, Sensex gained by 0.9%. This was led by advancement in auto and tech stocks. It is trading higher today while other Asian stocks are trading mixed.



FIG 1 – MOVEMENT IN KEY GLOBAL ASSET CLASSES

Particulars	Current	1D	1W	1M	3M	12M
<b>10Y yields (Δ bps)</b>						
US	1.39	(3)	5	33	47	39
UK	0.69	(7)	(3)	36	34	30
Japan	0.13	(3)	0	7	11	24
Germany	(0.35)	(2)	(4)	17	18	27
India	6.23	2	6	33	39	(11)
China	3.25	0	(1)	7	(4)	49
<b>2Y yields (Δ bps)</b>						
US	0.12	0	1	1	(5)	(58)
UK	0.05	(5)	1	15	6	(18)
Japan	(0.12)	(1)	(2)	(1)	0	12
Germany	(0.69)	(1)	(1)	4	3	12
India	4.66	0	(1)	19	74	(89)
China	2.56	0	(1)	(12)	(30)	59
<b>Currencies (Δ %)</b>						
EUR	1.2091	0.3	(0.5)	(0.4)	0.2	8.2
GBP	1.3955	0.2	(1.1)	1.8	4.0	8.9
JPY	106.69	0.1	(1.4)	(1.9)	(2.3)	0.4
AUD	0.7820	0.6	(1.2)	2.3	6.1	18.8
INR	73.37	0.2	(1.2)	(0.6)	0.4	(0.1)
CNY	6.4706	(0.1)	(0.1)	(0.6)	1.5	7.1
<b>Equity &amp; Other indices (Δ %)</b>						
Dow	31,392	(0.5)	(0.5)	4.7	5.3	21.1
FTSE	6,614	0.4	(0.2)	3.2	3.6	(1.6)
DAX	14,040	0.2	1.3	4.5	4.9	17.1
NIKKEI	29,408	(0.9)	(2.5)	6.3	9.8	39.5
Shanghai Comp	3,509	(1.2)	(3.5)	0.7	1.6	17.2
SENSEX	50,297	0.9	1.1	8.7	12.6	30.2
Brent (US\$/bbl)	62.70	(1.6)	(4.1)	12.2	32.2	20.9
Gold (US\$/oz)	1,738	0.8	(3.7)	(5.9)	(4.2)	5.9
CRB Index	490.3	0.9	0.7	7.0	14.8	22.9
Rogers Agri Index	973.5	0.8	(0.7)	4.9	18.9	36.3
LIBOR (3M)*	0.18	0	0	(2)	(5)	(113)
INR 5Y Swap*	5.85	0	(12)	27	67	(20)
<b>India FII data (US\$ mn)</b>						
	<b>1 Mar</b>	<b>26 Feb</b>	<b>WTD</b>	<b>MTD</b>	<b>CYTD</b>	<b>FYTD</b>
FII-Debt	(105.3)	(117.4)	(105.3)	(105.3)	(1,589.5)	(5,683.1)
FII-Equity	115.9	(1,118.8)	115.9	115.9	5,109.7	35,085.5

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

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