

MACRO DAILY

03 October 2019

Macro developments

- Total GST collections for Aug'19 fell to Rs 919bn (-2.7%) vs Rs 982bn in Jul'19 (+4.5%). Major decline was seen in IGST collections (-) Rs 461bn in Aug'19 vs Rs 253bn in Jul'19. However, both CGST (+90.2%) and SGST (7.3%) collections remained robust. The FYTD average run-rate of CGST is running at Rs 419bn, higher than Rs 370bn last year. SGST collections are also higher at Rs 243bn compared with RS 216bn last year.
- US ISM manufacturing index plunged to a 10-year low at 47.8 in Sep'19 vs 49.1 in Aug'19. The decline was broad based as production, employment and inventories all fell as US-China trade war continues to linger on. Manufacturing activity in the Eurozone also slowed further as the Markit Eurozone PMI went deeper in the contraction zone at 45.7 vs 47 in Aug'19. The data raised fresh concerns over a global growth slowdown.
- Reserve Bank of Australia has reduced the interest rates for the 3rd time in a row by 0.25% to 0.75% to boost growth. RBA also hinted that it may continue with further monetary easing to support employment and move inflation towards the 2-3% target range. It also noted that risks to global growth remain on the back of US-China trade dispute.

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Markets

- Bonds:** Global yields closed mixed on the back of weaker private payroll data in US, lower growth forecast in Germany and US-EU trade dispute. US 10Y yield fell by 4bps (1.6%). Crude prices declined by (-) 2% (US\$ 58/bbl) amidst rising US inventories. India's 10Y yield fell by 4bps (6.66%) over government's adherence to borrowing glide-path. It is trading lower at 6.61% today, due to rate cut expectation from RBI.
- Currency:** Global currencies closed mixed. DXY fell for the second straight session on growth concerns after weak US manufacturing PMI. JPY and EUR rose by 0.5% and 0.2% respectively. INR depreciated by (-) 0.3%. It is trading even lower today, while other Asian currencies are trading higher.
- Equity:** Amidst escalated concerns over US-China trade war and weaker data print from US, global indices closed lower. European indices slid the most led by uncertainty around Brexit. Sensex 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	1.60	(4)	(14)	10	(35)	(158)
UK	0.50	3	(3)	2	(19)	(107)
Japan	(0.16)	(2)	9	11	(1)	(31)
Germany	(0.55)	2	3	15	(16)	(102)
India	6.66	(4)	(12)	11	(17)	(145)
China	3.14	0	4	8	(2)	(48)
2Y yields (Δ bps)						
US	1.48	(7)	(20)	(3)	(28)	(139)
UK	0.39	4	(7)	(2)	(12)	(45)
Japan	(0.30)	(2)	3	(1)	(9)	(19)
Germany	(0.76)	1	(3)	16	(1)	(23)
India	5.70	(9)	(10)	(9)	(55)	(221)
China	2.56	0	2	(3)	(1)	(41)
Currencies (Δ %)						
EUR	1.0959	0.2	0.1	(0.2)	(2.8)	(4.5)
GBP	1.2303	0	(0.4)	1.2	(2.2)	(4.9)
JPY	107.18	0.5	0.5	(0.8)	0.6	6.4
AUD	0.6707	0	(0.7)	(0.4)	(4.6)	(5.6)
INR	71.08	(0.3)	(0.1)	0.4	(3.2)	3.1
CNY	7.1483	(0.4)	(0.4)	0.1	(3.9)	(4.1)
Equity & Other indices (Δ %)						
Dow	26,079	(1.9)	(3.3)	(1.2)	(3.3)	(2.8)
FTSE	7,123	(3.2)	(2.3)	(1.2)	(6.4)	(5.2)
DAX	11,925	(2.8)	(2.5)	(0.1)	(5.5)	(2.6)
NIKKEI**	21,779	(0.5)	(1.1)	5.2	0.6	(9.7)
Shanghai Comp	2,905	(0.9)	(2.4)	0.7	(3.7)	3.0
SENSEX	38,305	(0.9)	(2.0)	2.6	(3.9)	6.5
Brent (US\$/bbl)	57.69	(2.0)	(7.5)	(4.5)	(9.6)	(33.1)
Gold (US\$/oz)	1,499	1.4	(0.3)	(1.4)	5.7	25.2
CRB Index	388.3	0.2	0.2	0.3	(4.3)	(7.0)
Rogers Agri Index	710.8	(0.4)	1.2	4.1	(5.2)	(8.6)
LIBOR (3M)*	2.09	0	(1)	(5)	(20)	(32)
INR 5Y Swap*	6.37	0	7	19	(33)	(134)
India FII data (US\$ mn)						
	30 Sep	27 Sep	WTD	MTD	CYTD	FYTD
FII-Debt	(46.6)	(120.6)	(46.6)	(273.8)	3,973.4	3,428.7
FII-Equity	(42.3)	(42.6)	(42.3)	954.7	8,160.7	1,315.5

Source: Bloomberg, Bank of Baroda | *Indicates change in bps | Note: Markets in India and China were closed on 2 Oct.

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