

MACRO DAILY

04 January 2021

Macro developments

- India's trade deficit expanded to US\$ 15.7bn in Dec'20 from US\$ 9.9bn in Nov'20 as imports bounced back by 7.6% (26-month high), led by gold imports. Non-oil-non-gold imports too improved to 7.9% in Dec'20 led by electronics and edible oils. Exports fell by only 0.8%. Pharma and chemical exports held-up. Both exports and imports are likely to see a pickup in Q4FY21 as lockdowns in other parts of the world are lifted and domestic activity improves.
- Total GST collections for Nov'20 rose by 11.6% on a YoY basis to Rs 1.15tn from Rs 1.05tn in Oct'20 (1.4% increase). On MoM basis, IGST collections inched up from Rs 520bn in Oct'20 to Rs 574bn in Nov'20. Unadjusted figures for CGST and IGST stood at Rs 214bn and Rs 278bn, respectively.
- South Korea's exports rose at the fastest pace since Oct'18 at 12.6% in Dec'20 versus 4.1% in Nov'20. This was driven by exports of IT products, especially semiconductors (30% jump). Exports to EU (26.4%), US (11.6%) and China (3.3%) rose. For CY20, exports declined by 5.4% compared with a 10.4% decline in CY19. Imports also showed a recovery in Dec'20 and rose by 1.8% following a 1.9% decline in Nov'20.

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Markets

- Bonds:** Global yields closed almost flat due to thin trading in the holiday week and absence of any fresh cues. Crude prices rose by 0.9% at US\$ 52/bbl due to vaccine rollout. India's 10Y yield rose by 1bps (5.88%) amidst speculation of higher borrowing next year. It is trading flat today.
- Currency:** Global currencies closed broadly stable due to thin trading in the holiday truncated week. DXY started CY21 on a weak footing and dipped by 0.3%, following a 6.7% in CY20. INR depreciated by 0.1%. It had declined by 2.3% in CY20. However, it is trading higher today in line with other Asian currencies.
- Equity:** Global indices ended mixed in the absence of any fresh cues, in the truncated week. However, Sensex gained by 0.2% driven by rally in capital goods and tech stocks. It is trading higher today in line with other Asian stocks on the back of expansion in China's manufacturing PMI.



FIG 1 – MOVEMENT IN KEY GLOBAL ASSET CLASSES

Particulars	Current	1D	1W	1M	3M	12M
10Y yields (Δ bps)						
US	0.91	0	(1)	(2)	21	(87)
UK	0.20	0	(6)	(16)	(5)	(54)
Japan	0.02	0	0	(1)	0	3
Germany	(0.57)	0	(2)	(5)	(3)	(29)
India	5.88	1	(1)	3	(12)	(64)
China	3.15	0	(5)	(17)	(0)	0
2Y yields (Δ bps)						
US	0.12	0	0	(4)	(1)	(140)
UK	(0.16)	0	(4)	(13)	(12)	(71)
Japan	(0.12)	0	2	1	1	2
Germany	(0.70)	0	1	2	1	(8)
India	3.87	0	(2)	(6)	(50)	(188)
China	2.48	0	(14)	(40)	(12)	20
Currencies (Δ %)						
EUR	1.2215	0	0.2	0.8	4.3	9.4
GBP	1.3672	0	0.8	2.3	5.7	4.5
JPY	103.20	0	0.2	1.2	2.0	4.5
AUD	0.7694	0	1.2	3.7	7.4	10.7
INR	73.13	(0.1)	0.6	0.9	0.0	(1.9)
CNY	6.5272	0	0.2	0.5	3.9	6.3
Equity & Other indices (Δ %)						
Dow	30,606	0.6	1.3	2.6	10.0	6.9
FTSE	6,461	(1.5)	(0.6)	1.2	9.9	(15.2)
DAX	13,719	(0.3)	1.0	3.2	7.5	2.5
NIKKEI	27,444	(0.4)	3.5	3.8	18.4	16.0
Shanghai Comp	3,473	1.7	3.3	0.6	7.9	12.6
SENSEX	47,869	0.2	1.9	7.3	23.7	15.4
Brent (US\$/bbl)	51.80	0.9	1.0	9.2	26.6	(24.5)
Gold (US\$/oz)	1,899	0	0.8	3.7	(0.1)	22.3
CRB Index	443.8	0.1	0.7	3.9	9.8	10.7
Rogers Agri Index	884.7	(0.1)	2.5	7.9	17.7	17.3
LIBOR (3M)*	0.24	0	0	1	0	(164)
INR 5Y Swap*	5.32	(1)	6	13	(10)	(131)
India FII data (US\$ mn)						
	31 Dec	30 Dec	WTD	Dec-20	CY20	FYTD
FII-Debt	130.7	(21.9)	121.1	766.1	(13,853.1)	(4,093.6)
FII-Equity	84.4	240.5	884.8	7,267.1	23,372.8	29,975.8

Source: Bloomberg, Bank of Baroda | *Indicates change in bps | Apart from India, all equity indices were closed on 1 Jan 2020

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