

MACRO DAILY

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Macro developments

- India's manufacturing PMI reading rose a tad to 55.5 in Apr'21 from 55.4 in Mar'21. This was driven by upturn in new export orders which rose for the 8th consecutive month. However, there was slowdown in rate of growth of new orders and output owing to rising Covid-19 cases. Input prices rose at the steepest pace. Employment scenario also remained bleak.
- Eurozone manufacturing PMI print recorded fresh high of 62.9 in Apr'21 from 62.5 in Mar'21. This was led by sharp increase in new order books. Even new export orders picked pace. Netherland posted the largest gain followed by Germany. Both input prices and employment rose considerably. In a separate print, US ISM manufacturing index fell to 60.7 from 64.7 in Mar'21, led by new orders index and overall production.
- Retail sales in Germany rose sharply by 7.7% in Mar'21 on a MoM basis (est. 3% increase) after an increase of 2.7% in Feb'21. This was the fastest pace of increase since Mar'20 when the Covid-19 pandemic began. On a YoY basis, retail sales jumped by 11% from a decline of 6.6% in Feb21. Easing lockdown restrictions lifted sale of clothing and footwear (up by 27.7%). Online sales also continued to increase and rose by 42.9%.

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Markets

- Bonds:** Global yields closed stable/lower. Germany 10Y yield closed stable eyeing macro data releases. US 10Y yield fell by 3bps (1.6%) due to Fed Chair's comments on uneven recovery and also moderation in manufacturing PMI data. Crude prices rose by 0.5% (US\$ 68/bbl) on hopes of revival in demand. India's 10Y yield fell by 3bps (6.0%) supported by auction result. It is trading flat today.
- Currency:** Except CNY (flat), other global currencies closed higher. DXY fell by 0.4% as US ISM manufacturing index was lower than expected. EUR rose by 0.4% on the back of strong data print (manufacturing PMI and Germany retail sales). INR rose by 0.2% following global cues. It is trading further higher today in line with other Asian currencies.
- Equity:** Global indices ended mixed. Dax rose by 0.7% as Germany's retail sales bounced back. Dow too rose by 0.7% supported by upbeat earnings. Sensex fell by 0.1% dragged by consumer durable stocks. However, 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
10Y yields (Δ bps)						
US	1.60	(3)	3	(12)	52	96
UK	0.84	0	9	5	52	61
Japan	0.10	0	2	(3)	4	12
Germany	(0.20)	0	5	12	31	36
India	6.00	(3)	(4)	(17)	(6)	(8)
China	3.16	(3)	(4)	(4)	(2)	64
2Y yields (Δ bps)						
US	0.16	0	(1)	(3)	5	(2)
UK	0.08	0	3	0	19	5
Japan	(0.12)	0	0	(1)	(1)	2
Germany	(0.69)	0	0	2	4	7
India	4.44	(2)	(7)	(23)	(21)	(6)
China	2.40	0	(6)	(12)	(20)	128
Currencies (Δ %)						
EUR	1.2064	0.4	(0.2)	2.6	0	10.6
GBP	1.3911	0.6	0.1	0.6	1.8	11.8
JPY	109.07	0.2	(0.9)	1.5	(3.9)	(2.2)
AUD	0.7763	0.6	(0.5)	2.0	1.9	20.8
INR	73.94	0.2	1.1	(1.1)	(1.2)	2.4
CNY	6.4749	0	0.2	1.4	(0.1)	8.3
Equity & Other indices (Δ %)						
Dow	34,113	0.7	0.4	2.9	12.9	43.6
FTSE	6,970	0.1	0.1	3.5	7.8	21.1
DAX	15,236	0.7	(0.4)	0.9	11.9	45.6
NIKKEI	28,813	(0.8)	(1.1)	(3.5)	2.6	46.9
Shanghai Comp	3,447	(0.8)	0.2	(1.1)	(1.7)	20.5
SENSEX	48,719	(0.1)	0.7	(2.6)	0.2	53.6
Brent (US\$/bbl)	67.56	0.5	2.9	4.2	19.9	148.4
Gold (US\$/oz)	1,793	1.3	0.6	3.7	(3.6)	5.3
CRB Index	533.1	0.2	1.0	5.6	16.2	51.8
Rogers Agri Index	1,068.3	(0.1)	0.2	13.6	15.6	64.6
LIBOR (3M)*	0.18	0	(1)	(2)	(2)	(32)
INR 5Y Swap*	5.66	2	12	(18)	(1)	40
India FII data (US\$ mn)						
	30 Apr	29 Apr	WTD	MTD	CYTD	FYTD
FII-Debt	(122.3)	(112.7)	(243.1)	(365.0)	(2,392.3)	(365.0)
FII-Equity	(425.7)	194.7	(398.0)	(1,489.2)	5,837.2	(1,489.2)

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

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