

MACRO DAILY

05 April 2021

Macro developments

- As per CMIE data, new project announcements rose to Rs 1.2tn in Q4FY21 from Rs 1.1tn in Q3FY21. This was led by higher project announcements in manufacturing and services sector. Completed projects however fell to Rs 545bn in Q4 from Rs 825bn in Q3, led by decline in share of private projects. Outstanding projects stood at Rs 205tn.
- US non-farm payrolls rose by 916,000 in Mar'21, far higher than estimated 600,000 and compared with 468,000 in Feb'21. This was sharpest increase since Aug'20. Unemployment rate edged down to 6% in Mar'21 from 6.2% in Feb'21. Labour force participation rate also improved to 61.5 from 61.4. Average hourly earnings fell by 0.1% from 0.3% increase in Feb'21, on MoM basis.
- Japan's services PMI improved marginally to 48.3 in Mar'21 from 46.3 in Feb'21. This was owing to softer decline in new business orders (slowest decline since Jul'20), including new export orders. In anticipation of further improvement in orders, employment rose for the 2nd consecutive month in Mar'21. Business optimism index too rose to its highest since May'13, as vaccination drive gathers pace.

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Markets

- Bonds:** Except UK, Germany and China (closed stable), global yields closed higher. US 10Y yield rose by 5bps (1.72%) supported by better jobs data and expectation of higher inflation print in the coming months. Crude prices rose by 2.1% (US\$ 65/bbl). However, OPEC+ decision to ease output cut might impact prices in future. India's 10Y yield rose by 2bps (6.17%) in the truncated week. It is trading flat today.
- Currency:** Except INR (higher), other global currencies closed lower/flat. DXY rose by 0.1% supported by better than expected jobs print. EUR fell by 0.2% and JPY was down by 0.1%. INR rose by 0.4% as vaccination drive gathers pace. It is however trading lower today, while other Asian currencies are trading mixed.
- Equity:** Global indices ended higher supported by better macro prints globally. Nikkei rose the most by 1.6%. Most of the markets were closed in the truncated week. Sensex rose by 1.1% led by metal and power stocks. However, it is trading lower today.



FIG 1 – MOVEMENT IN KEY GLOBAL ASSET CLASSES

Particulars	Current	1D	1W	1M	3M	12M
10Y yields (Δ bps)						
US	1.72	5	5	33	81	113
UK	0.80	0	4	11	60	48
Japan	0.13	1	4	0	11	13
Germany	(0.33)	0	2	2	24	11
India	6.17	2	1	(7)	29	(14)
China	3.20	0	0	(6)	5	64
2Y yields (Δ bps)						
US	0.19	3	5	7	7	(4)
UK	0.08	0	2	3	24	(2)
Japan	(0.11)	0	2	1	0	2
Germany	(0.71)	0	1	(2)	(1)	(5)
India	4.67	1	6	1	80	(60)
China	2.51	(1)	(5)	(4)	3	88
Currencies (Δ %)						
EUR	1.1759	(0.2)	(0.3)	(2.7)	(3.7)	8.9
GBP	1.3832	0	0.3	(0.9)	1.2	12.7
JPY	110.69	(0.1)	(1.0)	(3.7)	(7.3)	(2.0)
AUD	0.7610	(0.1)	(0.4)	(2.7)	(1.1)	26.9
INR	73.11	0.4	(0.8)	0.3	0.0	4.0
CNY	6.5670	0	(0.4)	(1.5)	(0.6)	7.4
Equity & Other indices (Δ %)						
Dow	33,153	0.5	1.6	5.6	8.3	57.5
FTSE	6,737	0.4	0.9	1.9	4.3	24.4
DAX	15,107	0.7	3.3	7.6	10.1	58.6
NIKKEI	29,854	1.6	2.3	1.5	8.8	67.5
Shanghai Comp	3,484	0.5	1.9	(0.7)	0.3	26.1
SENSEX	50,030	1.1	3.3	(0.5)	4.5	81.3
Brent (US\$/bbl)	64.86	2.1	4.7	3.4	25.2	90.1
Gold (US\$/oz)	1,729	0	(0.2)	(0.5)	(8.9)	6.7
CRB Index	505.0	(0.3)	(0.2)	3.0	13.8	39.1
Rogers Agri Index	940.6	(1.2)	(0.5)	(3.4)	6.2	46.7
LIBOR (3M)*	0.20	1	1	2	(4)	(119)
INR 5Y Swap*	5.84	0	0	(0)	52	(14)
India FII data (US\$ mn)						
	30 Mar	26 Mar	WTD	MTD	CYTD	FYTD
FII-Debt	(11.5)	118.9	468.7	(767.5)	(2,251.7)	(6,345.3)
FII-Equity	(64.4)	54.6	(595.0)	2,563.0	7,556.8	37,532.5

Source: Bloomberg, Bank of Baroda | *Indicates change in bps | Fixed income markets in India were closed on 1st Apr. Global equity markets (except Japan and China) were closed on 2nd Apr

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