

MACRO DAILY

07 April 2020

Macro developments

- COVID-19 cases increased globally to 1.3mn as of 6 Apr 2020 (1.2 times increase vs last week). On a daily basis, new cases in US rose the most by 30,561, followed by France at 5,204 and Spain at 5,029. Globally, US has the maximum number of cases at 368,196. In India, the number of cases rose to 4,778 as of 7 Apr 2020 vs 1,998 last week.
- Government's highway construction gained pace with 3,979km in FY20 compared with 3,380km in FY19. However, actual construction fell short of its target of 4,500km which translates into 12.32km/day against the actual of 10.9km/day. In a separate report, India's services PMI plunged into contraction at 49.3 in Mar'20 as against an 85-month high of 57.5 in Feb'20 in the wake of COVID-19.
- Germany's factory orders declined by (-) 1.4% in Feb'20 on a MoM basis vs est.: (-) 1.9% and +4.8% in Jan'20. The dip was led by decline in foreign orders (-3.6%) with orders from other Euro Area countries declining the most (-5%). Domestic orders rose by 1.7%. Industry-wise, orders for capital goods fell (-3.4%) the most. The full impact of COVID-19 related shutdown will be more visible in the Mar'20 print.

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Markets

- Bonds:** Except China, global yields closed higher on account of gradual slowdown in death reports from COVID-19. US 10Y rose by 8bps (0.67%) supported by Fed's measure to infuse liquidity. Elsewhere, Japan also provided stimulus of US\$ 1tn which led its 10Y yield close higher by 2bps (0.02%). Crude prices fell by (-) 3.1% (US\$ 33/bbl). India's 10Y yield is trading higher at 6.35% today amidst fiscal worries.
- Currency:** Apart from AUD, other global currencies closed lower. DXY rose by 0.1% as experts believed that the COVID-19 curve has flattened out. AUD rose by 0.8% ahead of RBA policy meet. GBP depreciated by (-) 0.3% on concerns over PM Johnson's health. INR is trading higher today in line with other Asian currencies.
- Equity:** Barring Shanghai Comp, global indices ended higher as number of COVID-19 cases dropped across countries. Dow (7.7%) surged the most followed by Dax (5.8%) and Nikkei (4.2%). Sensex was shut yesterday, but is trading higher 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	0.67	8	(6)	(9)	(114)	(185)
UK	0.33	2	0	10	(43)	(78)
Japan	0.02	3	0	14	4	7
Germany	(0.43)	2	7	29	(14)	(43)
India**	6.31	17	10	12	(27)	(110)
China	2.56	(4)	(6)	(7)	(58)	(70)
2Y yields (Δ bps)						
US	0.26	3	3	(24)	(128)	(210)
UK	0.11	2	(4)	(0)	(49)	(60)
Japan	(0.11)	2	3	16	4	4
Germany	(0.65)	2	3	21	(2)	(7)
India**	5.27	(1)	2	(8)	(96)	(139)
China	1.63	0	(7)	(33)	(65)	(76)
Currencies (Δ %)						
EUR	1.0793	(0.1)	(2.3)	(4.4)	(3.6)	(4.2)
GBP	1.2231	(0.3)	(1.5)	(6.3)	(7.1)	(6.4)
JPY	109.22	(0.6)	(1.4)	(3.6)	(0.8)	2.0
AUD	0.6088	1.5	(1.4)	(8.3)	(12.3)	(14.6)
INR**	76.17	(0.8)	(1.0)	(3.2)	(5.9)	(9.3)
CNY	7.0913	(0.1)	0.1	(2.3)	(1.7)	(5.6)
Equity & Other indices (Δ %)						
Dow	22,680	7.7	1.6	(12.3)	(21.0)	(13.9)
FTSE	5,582	3.1	0.3	(13.6)	(26.3)	(25.1)
DAX	10,075	5.8	2.6	(12.7)	(23.2)	(15.8)
NIKKEI	18,576	4.2	(2.7)	(10.5)	(19.9)	(14.6)
Shanghai Comp	2,764	(0.6)	0.6	(8.9)	(10.4)	(14.8)
SENSEX**	27,591	(2.4)	(3.0)	(26.6)	(32.2)	(28.7)
Brent (US\$/bbl)	33.05	(3.1)	45.2	(27.0)	(52.0)	(53.5)
Gold (US\$/oz)	1,661	2.5	2.4	(0.8)	6.1	28.0
CRB Index	363.4	0.1	(2.1)	(8.8)	(9.4)	(14.5)
Rogers Agri Index	647.3	1.0	(2.1)	(7.6)	(14.2)	(13.7)
LIBOR (3M)*	1.39	1	(5)	49	(48)	(120)
INR 5Y Swap*	6.23	25	26	50	(43)	(22)
India FII data (US\$ mn)						
	31 Mar	30 Mar	WTD	MTD	CYTD	FYTD
FII-Debt	(374.6)	(239.0)	(613.6)	(8,192.4)	(9,759.5)	(6,815.4)
FII-Equity	(504.3)	(481.1)	(985.4)	(8,389.9)	(6,603.0)	786.3

Source: Bloomberg, Bank of Baroda | *Indicates change in bps | India and China's markets were closed on 06.04.2020

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