

MACRO DAILY

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Macro developments

- IMF has upgraded India's growth forecast to 12.5% in FY22 from 11.5% projected earlier. In FY21, GDP growth is estimated to have contracted by 8%. Growth forecast for other major economies has also been upgraded led by US at 6.4% in CY21 (+1.3%). China's GDP growth is estimated at 8.4% in CY21 (+0.3%). Overall, global GDP growth is estimated at 6% in CY21 (+0.5%) after contracting by 3.3% in CY20.
- As per Insolvency and Bankruptcy Board of India's data (IBBI), 1481 of 1717 pending cases (86% of corporate insolvency cases) have been extended beyond 270 days. Since Dec'16, 4139 cases have commenced, with around 1126 cases going for liquidation, most of which were from pre IBC days. Recently, government has also introduced the pre-packaged resolution mechanism for stressed MSMEs under this framework.
- EU's unemployment remained stable at 7.5% in Feb'21 in comparison with Jan'21, though it was higher from last year (6.5% in Feb'20). The youth unemployment rate moderated marginally to 17.2% in Feb'21 from 17.4% in Jan'21. Notably, outbreak of Covid-19 is largely attributed to higher claims for unemployment benefits.

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Markets

- Bonds:** Global yields closed mixed. US 10Y yield fell by 4bps (1.66%) ahead of Fed minutes. UK 10Y yield closed stable as Covid-19 related restrictions will be eased from 12 Apr onwards. Germany 10Y yield rose by 1bps on hopes of economic recovery. Crude prices rose by 0.9% (US\$ 63/bbl). India's 10Y yield closed flat at 6.12% awaiting RBI policy.
- Currency:** Except GBP and INR (lower), other global currencies closed higher. DXY fell by 0.3% in line with US 10Y yield amidst expectations that monetary policy will continue to remain easy. EUR rose the most by 0.5%. INR fell by 0.2% as oil prices rose.
- Equity:** Global indices ended mixed as investors closely monitored rising cases of Covid-19 infections. Dow ended lower by 0.3% led by concerns over higher tax proposal. However, Sensex (0.1%) ended in green driven by gains in real estate and metal stocks. It 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	1.66	(4)	(5)	9	70	94
UK	0.80	0	(3)	4	59	38
Japan	0.11	(1)	2	2	10	9
Germany	(0.32)	1	(3)	(1)	26	(1)
India	6.12	0	(3)	(11)	30	(29)
China	3.21	1	0	(4)	7	70
2Y yields (Δ bps)						
US	0.16	(1)	1	2	4	(10)
UK	0.08	0	0	(3)	22	(10)
Japan	(0.12)	0	2	1	1	(1)
Germany	(0.70)	1	(1)	(1)	2	(10)
India	4.53	(2)	(12)	(31)	67	(82)
China	2.52	0	(4)	(5)	8	115
Currencies (Δ %)						
EUR	1.1876	0.5	1.4	(0.3)	(3.4)	9.0
GBP	1.3824	(0.5)	0.6	(0.1)	1.4	12.1
JPY	109.75	0.4	0.6	(1.3)	(6.8)	(0.9)
AUD	0.7664	0.2	0.9	(0.3)	(1.2)	24.2
INR	73.42	(0.2)	0	(0.5)	(0.3)	2.9
CNY	6.5395	0.4	0.5	(0.7)	(1.3)	7.2
Equity & Other indices (Δ %)						
Dow	33,430	(0.3)	1.1	6.1	10.0	47.6
FTSE	6,824	1.3	0.8	2.9	3.2	19.6
DAX	15,213	0.7	1.4	9.3	11.4	46.9
NIKKEI	29,697	(1.3)	0.9	2.9	9.3	56.7
Shanghai Comp	3,483	0	0.8	(0.5)	(1.3)	23.5
SENSEX	49,201	0.1	(1.9)	(2.4)	1.6	63.6
Brent (US\$/bbl)	62.74	0.9	(2.2)	(9.5)	17.1	96.9
Gold (US\$/oz)	1,743	0.9	3.4	2.5	(10.6)	5.8
CRB Index	507.7	0.4	0.5	3.3	13.2	39.9
Rogers Agri Index	947.1	0.5	1.7	(2.3)	5.2	44.9
LIBOR (3M)*	0.20	1	0	1	(4)	(112)
INR 5Y Swap*	5.81	(1)	2	(17)	48	(21)
India FII data (US\$ mn)						
	5 Apr	31 Mar	WTD	MTD	CYTD	FYTD
FII-Debt	(195.7)	224.4	(195.7)	(195.7)	(2,222.9)	(195.7)
FII-Equity	(89.9)	(230.4)	(89.9)	(89.9)	7,236.5	(89.9)

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

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