

## MACRO DAILY

09 April 2020

### Macro developments

- COVID-19 cases increased globally to 1.5mn as of 8 Apr 2020 (1.2 times increase vs last week). On a daily basis, new cases in US rose the most by 33,051, followed by Spain at 6,278 and Germany at 5,633. Globally, US has the maximum number of cases at 432,132. In India, the number of cases rose to 5,734 as of 9 Apr 2020 vs 2,543 last week.
- RBI reported that currency in circulation (CIC) increased by Rs 177bn and stood at Rs 24.6tn for the week ending 3 Apr 2020. Reserve money rose by 9.3% on a YoY basis, compared with 15.7% a year ago. On a FYTD basis, reserve money declined by (-) 1.9% as against (-) 1.8% last year.
- US fed minutes revealed that downside risks to economic outlook have increased significantly. Thus, FOMC members have taken the decision of two intermeeting cuts (150bps) to take the policy rate in the range of 0-0.25%. The future outlook would be contingent on both fiscal and monetary response. Fed has already announced host of liquidity infusion and credit positive measures which led to its balance sheet expansion of US\$ 6tn in Mar'20 from US\$ 4tn in CY19.

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### Markets

- Bonds:** Global yields closed mixed. EU's finance ministers failed to agree on more stimulus to tide over the crisis. US 10Y rose by 6bps (0.77%) as investors remained cautious ahead of the release of jobless claims report. Crude prices rose by 3% (US\$ 33/bbl) as output cut of 10-15mn bpd is expected in the OPEC+ meeting. India's 10Y yield rose by 3bps (6.44%). It is trading higher at 6.47% today.
- Currency:** Barring AUD and GBP, other global currencies closed lower. DXY rose by 0.2%. EUR fell by (-) 0.3% as the EU finance ministers failed to agree on a stimulus package for the region. INR depreciated by (-) 0.9% to a fresh record low at 76.31/\$. It is trading higher today in line with other Asian currencies.
- Equity:** Apart from Dow and Nikkei, other global indices closed lower as hopes of possible slowdown in COVID-19 cases faded. Sensex (-0.9%) slipped the most followed by European indices. The drop in Sensex was led by real estate and 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
<b>10Y yields (Δ bps)</b>						
US	0.77	6	19	1	(110)	(169)
UK	0.38	(3)	7	15	(43)	(71)
Japan	0.02	1	1	15	3	8
Germany	(0.31)	0	15	40	(10)	(28)
India	6.44	3	30	26	(12)	(93)
China	2.48	(3)	(8)	(15)	(66)	(84)
<b>2Y yields (Δ bps)</b>						
US	0.25	(1)	5	(25)	(133)	(207)
UK	0.12	(6)	(1)	1	(51)	(58)
Japan	(0.11)	0	0	17	2	6
Germany	(0.60)	1	4	26	1	(1)
India	5.32	(3)	5	(2)	(89)	(133)
China	1.23	(13)	(42)	(73)	(105)	(116)
<b>Currencies (Δ %)</b>						
EUR	1.0858	(0.3)	(1.0)	(3.8)	(2.2)	(3.7)
GBP	1.2383	0.4	0.1	(5.1)	(5.5)	(5.4)
JPY	108.83	(0.1)	(1.5)	(3.3)	0.3	2.0
AUD	0.6230	1.0	2.6	(6.1)	(9.3)	(13.1)
INR	76.31	(0.9)	(1.0)	(3.4)	(6.4)	(10.4)
CNY	7.0658	(0.3)	0.5	(1.9)	(1.7)	(5.2)
<b>Equity &amp; Other indices (Δ %)</b>						
Dow	23,434	3.4	11.9	(9.4)	(18.5)	(10.4)
FTSE	5,678	(0.5)	4.1	(12.1)	(25.0)	(23.5)
DAX	10,333	(0.2)	8.3	(10.5)	(22.4)	(13.2)
NIKKEI	19,353	2.1	7.1	(6.7)	(16.6)	(10.8)
Shanghai Comp	2,815	(0.2)	3.0	(7.2)	(8.2)	(13.2)
SENSEX	29,894	(0.6)	5.8	(20.4)	(26.8)	(22.5)
Brent (US\$/bbl)	32.84	3.0	32.7	(27.5)	(49.8)	(54.2)
Gold (US\$/oz)	1,646	(0.1)	3.4	(1.7)	5.8	25.9
CRB Index	362.7	(0.1)	(0.6)	(9.0)	(9.7)	(14.7)
Rogers Agri Index	655.0	0.2	1.9	(6.5)	(13.2)	(12.6)
LIBOR (3M)*	1.32	(3)	(12)	42	(51)	(128)
INR 5Y Swap*	6.02	0	17	28	(75)	(62)
<b>India FII data (US\$ mn)</b>						
	<b>7 Apr</b>	<b>3 Apr</b>	<b>WTD</b>	<b>MTD</b>	<b>CYTD</b>	<b>FYTD</b>
FII-Debt	(151.4)	(160.9)	(151.4)	(312.3)	(10,071.8)	(312.3)
FII-Equity	134.1	(296.5)	134.1	(162.4)	(6,765.4)	(162.4)

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

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