

MACRO DAILY

09 April 2021

Macro developments

- IMF in its recent statement said that India's debt to GDP ratio shot upto 90% in CY20 against 74% in CY19. This was in line with global debt to GDP ratio which rose to 97% in CY20 due to the COVID-19 pandemic. However going forward India's ratio is expected to come down with revival of economic activity and fiscal prudence.
- US jobless claims continued to increase for the 2nd consecutive week by 16,000 to 7,44,000 (est: 6,80,000) for the week ending 3 Apr 2021. Thus employment scenario remained bleak. The 4-week moving average also rose by 2,500 to 723,750, from its previous week's level.
- Germany's factory orders rose for the 2nd straight month in Feb'21 by 1.2% (MoM) compared with 0.8% in Jan'21. This was led by domestic orders which rose by 4%, while foreign orders fell by 0.8%. Further while new orders for capital goods (2.1%) and intermediate goods (0.5%) rose in Feb'21, new orders for consumer goods declined by 1.9%.

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Markets

- **Bonds:** Global yields broadly closed lower amidst expectation of more fiscal and monetary stimulus in the wake of rising Covid-19 cases. US 10Y yield fell the most by 5bps (1.62%) amidst dovish comments from Fed chair. Crude prices rose marginally by 0.1% (US\$ 63/bbl). India's 10Y yield fell by 5bps (6.03%) supported by RBI's measures. It is trading at 6% today.
- **Currency:** Global currencies closed mixed. DXY fell by 0.4% led by muted US employment scenario. EUR rose by 0.4% supported by stronger data print (factory orders). INR ended flat. It is trading lower, while other Asian currencies are trading mixed.
- **Equity:** Barring Nikkei, global indices ended in green. Markets in Europe rose the most, followed by Dow and Sensex. Investor sentiments were boosted after Fed's minutes revealed that the bank plans to maintain its asset purchase program at the current level. Gains in Sensex were led by metal, consumer durables and tech stocks. However, is trading lower 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	1.62	(5)	(5)	3	54	90
UK	0.75	(2)	(5)	(1)	47	44
Japan	0.10	0	(2)	(3)	6	8
Germany	(0.34)	(1)	(1)	(6)	19	1
India	6.03	(5)	(14)	(19)	17	(46)
China	3.22	0	3	(2)	9	70
2Y yields (Δ bps)						
US	0.15	0	(1)	(1)	1	(8)
UK	0.05	(2)	(3)	(5)	18	1
Japan	(0.13)	(1)	(2)	(2)	(2)	2
Germany	(0.71)	(1)	(1)	(3)	(1)	(9)
India	4.63	3	(4)	(24)	49	(61)
China	2.50	(1)	(2)	(7)	18	132
Currencies (Δ %)						
EUR	1.1914	0.4	1.2	0.6	(2.9)	9.0
GBP	1.3735	0	(0.7)	(0.6)	1.2	10.3
JPY	109.26	0.5	1.2	(0.3)	(5.2)	(0.7)
AUD	0.7653	0.5	0.5	0	(1.5)	20.7
INR	74.58	0	(2.0)	(1.8)	(1.7)	2.2
CNY	6.5511	(0.1)	0.2	(0.4)	(1.1)	7.0
Equity & Other indices (Δ %)						
Dow	33,504	0.2	1.1	5.3	7.9	41.2
FTSE	6,942	0.8	3.0	3.3	1.2	18.8
DAX	15,203	0.2	0.6	5.7	8.8	43.9
NIKKEI	29,709	(0.1)	1.1	3.4	8.1	53.6
Shanghai Comp	3,483	0.1	0.5	1.8	(2.6)	23.2
SENSEX	49,746	0.2	(0.6)	(1.4)	3.4	59.6
Brent (US\$/bbl)	63.20	0.1	(2.6)	(7.4)	16.2	100.8
Gold (US\$/oz)	1,756	1.0	1.5	4.3	(8.3)	4.3
CRB Index	510.6	0.5	1.1	3.7	13.7	41.0
Rogers Agri Index	963.7	1.4	2.5	(0.7)	7.4	46.2
LIBOR (3M)*	0.19	0	(1)	1	(3)	(103)
INR 5Y Swap*	5.70	(5)	(14)	(30)	30	(33)
India FII data (US\$ mn)						
	7 Apr	6 Apr	WTD	MTD	CYTD	FYTD
FII-Debt	(9.5)	(119.6)	(324.7)	(324.7)	(2,351.9)	(324.7)
FII-Equity	54.3	(119.1)	(154.6)	(154.6)	7,171.7	(154.6)

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

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