

MACRO DAILY

09 November 2020

Macro developments

- RBI's fortnightly statistics showed that credit demand edged down to 5.1% as of 23 Oct 2020 from 5.7% in the previous fortnight. Deposit growth also moderated to 10.1% from 10.5%, led by time deposits (10.1% from 10.7%). Demand deposit growth however improved to 10.6% from 9.6% in the previous fortnight. CD ratio was stable at 72.3%.
- Non-farm payroll in the US rose more than anticipated by 0.64mn in Oct'20 (est. 0.58mn) and against 0.66mn in Sep'20. Labour force participation rate rose to 61.7 from 61.4 in Sep'20. Unemployment rate edged down to 6.9% from 7.9% in Sep'20. Sectors such as hospitality, professional and business services showed biggest gains. Average hourly earnings on MoM basis, rose at the same pace of 0.1%.
- China's exports rose by 11.4% in Oct'20, a 19-month high from an increase of 9.9% in Sep'20. This was led by higher exports of medical equipments and textiles. Imports on the other hand, moderated to 4.7% from 13.2% in Sep'20 due to lesser working days in Oct'20. As a result, its trade surplus expanded to US\$ 58.4bn from US\$ 37bn in Sep'20.

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Markets

- **Bonds:** Except Japan (stable), global yields closed higher. US 10Y yield rose by 6bps (0.82%) as labour market conditions improved. UK 10Y yield also rose by 4bps (0.27%). Crude prices fell by 3.6% (US\$ 39/bbl) amidst rising Covid-19 cases globally (0.62mn daily increase). India's 10Y yield rose by 1bps (5.87%). It is trading at 5.88% today.
- **Currency:** Barring AUD and CNY, other global currencies closed higher against the dollar. DXY (down 0.3%) fell for the fourth straight session amidst political uncertainty and concerns over fresh US fiscal stimulus. INR rose by 0.3% supported by FII inflows. It is trading further higher today in line with other Asian currencies.
- **Equity:** Global indices ended mixed amidst uncertainty over US fiscal stimulus. Dax (0.7%) declined the most, followed by Dow (0.2%). However, Sensex (1.3%) ended in green led by advancement in banking and oil & gas 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	0.82	6	(6)	8	25	(112)
UK	0.27	4	1	(1)	14	(52)
Japan	0.02	0	(2)	(2)	1	7
Germany	(0.62)	2	1	(11)	(11)	(36)
India	5.87	1	(1)	(15)	3	(69)
China	3.20	1	2	5	21	(7)
2Y yields (Δ bps)						
US	0.15	1	0	1	2	(152)
UK	(0.03)	1	0	(1)	(1)	(59)
Japan	(0.14)	(1)	(2)	(2)	(2)	3
Germany	(0.78)	0	1	(9)	(10)	(16)
India	4.12	(1)	(8)	(27)	(11)	(144)
China	2.75	2	3	15	52	6
Currencies (Δ %)						
EUR	1.1874	0.4	1.9	1.2	0.7	7.8
GBP	1.3156	0.1	1.6	2.1	0.8	3.0
JPY	103.35	0.1	1.3	2.2	2.4	5.4
AUD	0.7258	(0.3)	3.3	2.2	1.4	5.8
INR	74.20	0.3	(0.1)	(1.0)	1.0	(4.1)
CNY	6.6124	(0.1)	1.2	2.6	5.1	5.5
Equity & Other indices (Δ %)						
Dow	28,323	(0.2)	6.9	2.0	3.2	2.3
FTSE	5,910	0.1	6.0	(0.7)	(2.0)	(19.7)
DAX	12,480	(0.7)	8.0	(3.3)	(1.5)	(5.7)
NIKKEI	24,325	0.9	5.9	3.8	8.9	4.0
Shanghai Comp	3,312	(0.2)	2.7	2.9	(1.2)	11.7
SENSEX	41,893	1.3	5.8	5.9	10.1	3.9
Brent (US\$/bbl)	39.45	(3.6)	5.3	(7.5)	(11.1)	(36.9)
Gold (US\$/oz)	1,951	0.1	3.9	3.9	(4.1)	33.7
CRB Index	415.0	0.5	1.3	2.4	9.6	6.2
Rogers Agri Index	799.1	(0.3)	2.0	4.7	15.6	9.4
LIBOR (3M)*	0.21	(2)	0	(2)	(4)	(169)
INR 5Y Swap*	5.07	(2)	(12)	(31)	(16)	(143)
India FII data (US\$ mn)						
	5 Nov	4 Nov	WTD	MTD	CYTD	FYTD
FII-Debt	30.0	(144.2)	50.1	50.1	(14,179.6)	(4,420.1)
FII-Equity	727.5	22.4	1,072.7	1,072.7	7,619.2	14,222.2

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

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