# MACRO DAILY

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## Macro developments

- As per AMFI data, net inflows under mutual funds rose to Rs 383bn in Oct'21 from Rs 473bn outflows in Sep'21. This was led by higher debt inflows which were at Rs 119bn in Oct'21 against Rs 690bn outflows seen in Sep'21. Equity inflows on the other hand, moderated to Rs 60bn from Rs 74bn in Sep'21. Asset under Management (AUM) rose to Rs 37.3tn against Rs 36.7tn in Sep'21.

- US CPI accelerated to a 4-month high of 0.9% in Oct'21 (est. 0.6%) from 0.4% in Sep'21 on a MoM basis. The increase was broad based with energy prices leading the increase at 4.8% versus 1.3% in Sep'21. Core CPI (ex. food and energy) rose by 0.6% in Oct'21 from 0.2%. On a YoY basis, CPI inflation rose to a 31-year high of 6.2% from 5.4% in Sep'21. Separately, US jobless claims for the week ended 6 Nov 2021, fell by 4,000 to a fresh pandemic-low of 267,000 suggesting sustained recovery in labour market.

- Australia's unemployment rate in Oct'21 shot up sharply to 5.2% from 4.6% in Sep'21. Number of unemployed persons by 46,300 in Oct'21. However, labour participation rate inched up from 64.5 (15-month low) in Sep'21 to 64.7 in Oct'21. Localised lockdowns and shortage of foreign workers has heightened the unemployment print. With easing of Covid-19 restrictions and opening up of borders, unemployment rate is expected to ease going forward.

## Markets

- **Bonds:** Except Japan (stable), global yields closed higher tracking US 10Y yield which rose the most by 11bps (1.55%) as US CPI rose at the fastest annual pace since CY90. UK's 10Y yield also rose by 10bps (0.93%). Crude prices fell by 2.5% (US$ 83/bbl) amidst reports that US President has asked the National Economic Council to work on reducing energy costs. India's 10Y yield rose by 4bps (6.34%) due to surge in OIS rates. It is trading further higher at 6.37%.

- **Currency:** Except CNY (higher), other global currencies closed lower against the dollar. DXY rose by 1% to a 4-month high as higher than expected US CPI raised expectations of rate hikes by Fed. GBP and EUR depreciated sharply by 1.1% and 1% respectively. INR closed lower by 0.5% amidst FII outflows. It is trading further lower today in line with other Asian currencies.

- **Equity:** Barring FTSE and Dax, other global indices ended lower as surge in US inflation revived rate hike fears. European stocks were supported by improved earnings results. Dow (0.7%) fell the most, followed by Nikkei (0.6%) and Shanghai Comp (0.4%). Sensex too ended in red (0.1%), led by metal and real estate stocks. It is trading further lower today, while other Asian stocks are trading mixed.

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**Fig 1 – Movement in key global asset classes**

| Particulars | Current | 1D | 1W | 1M | 3M | 12M |
|---|---|---|---|---|---|---|
| **10Y yields (Δ bps)** | | | | | | |
| US | 1.55 | 11 | (5) | (6) | 22 | 57 |
| UK | 0.93 | 10 | (15) | (23) | 35 | 51 |
| Japan | 0.06 | 0 | (2) | (2) | 3 | 2 |
| Germany | (0.25) | 5 | (8) | (10) | 22 | 26 |
| India | 6.34 | 4 | (2) | 2 | 10 | 43 |
| China | 2.91 | 1 | (3) | 0 | 2 | (35) |
| **2Y yields (Δ bps)** | | | | | | |
| US | 0.51 | 9 | 5 | 20 | 29 | 33 |
| UK | 0.58 | 12 | (13) | 3 | 45 | 58 |
| Japan | (0.11) | 0 | (2) | (1) | 0 | 1 |
| Germany | (0.70) | 4 | (5) | (1) | 5 | 2 |
| India | 4.51 | 1 | 7 | 13 | 28 | 36 |
| China | 2.31 | 1 | 0 | 2 | 29 | (47) |
| **Currencies (Δ %)** | | | | | | |
| EUR | 1.1479 | (1.0) | (1.1) | (0.8) | (2.2) | (2.5) |
| GBP | 1.3405 | (1.1) | (2.1) | (1.5) | (3.3) | 1.4 |
| JPY | 113.91 | (0.9) | 0.1 | (1.5) | (3.2) | (8.0) |
| AUD | 0.7327 | (0.7) | (1.6) | 0.2 | (0.6) | 0.6 |
| INR | 74.38 | (0.5) | 0.1 | 0.8 | 0.1 | (0.0) |
| CNY | 6.3888 | 0.1 | 0.3 | 0.9 | 1.4 | 3.7 |
| **Equity & Other indices (Δ %)** | | | | | | |
| Dow | 36,080 | (0.7) | (0.2) | 3.8 | 1.7 | 22.7 |
| FTSE | 7,340 | 0.9 | 1.3 | 3.4 | 1.7 | 15.0 |
| DAX | 16,068 | 0.2 | 0.7 | 5.7 | 1.5 | 21.6 |
| NIKKEI | 29,107 | (0.6) | (1.4) | 3.8 | 3.7 | 14.8 |
| Shanghai Comp | 3,492 | (0.4) | (0.2) | (2.8) | (1.1) | 4.5 |
| SENSEX | 60,353 | (0.1) | 1.0 | 0.5 | 10.7 | 38.4 |
| Brent (US$/bbl) | 82.64 | (2.5) | 0.8 | 0.3 | 15.7 | 88.7 |
| Gold (US$/oz) | 1,850 | 1.0 | 4.5 | 5.3 | 5.6 | (0.9) |
| CRB Index | 570.5 | 0.1 | 0.4 | 1.4 | 1.9 | 36.8 |
| Rogers Agri Index | 1,155.2 | 1.0 | 0.3 | 2.9 | 7.3 | 41.7 |
| LIBOR (3M)* | 0.15 | 0 | 1 | 3 | 3 | (7) |
| INR 5Y Swap* | 5.84 | 2 | (3) | 1 | (2) | 72 |
| **India FII data (US$ mn)** | **9 Nov** | **8 Nov** | **WTD** | **MTD** | **CYTD** | **FYTD** |
| FII-Debt | (46.3) | (128.5) | (174.8) | (55.7) | (126.1) | 1,901.2 |
| FII-Equity | 85.5 | (140.9) | (55.4) | (5.6) | 6,253.0 | (1,073.3) |

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

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