

MACRO DAILY

12 October 2021

Macro developments

- India's daily average e-way bill generation rose to 2.2mn as of 10 Oct 2021, compared with 2.1mn as of 12 Sep 2021 and 2mn as of 8 Aug 2021. The 6.8% MoM jump in Oct'21 can be attributed to increased activity ahead of festive season. With easing of lockdown restrictions and plateauing of Covid-19 cases, e-way bill generation in Sep'21 was up 18.8% compared with Feb'20 levels and by 29.6% over a 2-year horizon (Sep'19).
- Japan's PPI rose by 0.3% in Sep'21 on a MoM basis, accelerating from an increase of 0.1% in Aug'21. Prices of petroleum products, machinery and metals led the increase. On the other hand, prices of agriculture, forestry and fishery products continued to decline. On a YoY basis, PPI rose by 6.3% in Sep'21 (highest since Sep'08) versus 5.8% in Aug'21.
- Bank of Korea kept its policy rate unchanged at 0.75% (2 members disagreed) after a 25bps rate hike in Aug'21. The MPC signalled a possible rate hike in the next policy meet, as they expect the conditions are ripe for policy normalisation, against the backdrop of solid recovery and inflationary pressure. Growth estimate was retained at 4% for CY21. The board noted that it will 'adjust the degree of monetary policy accommodation while assessing changes in pace of growth and inflation, risk of build-up of financial imbalances and policy change in other countries'.

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Markets

- **Bonds:** Global yields closed mostly higher, led by China (6bps) and 3bps rise in UK and Germany's 10Y yield. With rising inflation pressures in Europe, expectations of a rate hike by BoE and ECB have risen, thus pushing yields higher. Crude prices rose by another 1.5% (US\$ 83.7/bbl) amidst revival in demand. Thus, India's 10Y yield rose by 3bps (6.35%). It is trading lower at 6.33% today.
- **Currency:** Except AUD (higher), other global currencies closed lower against the dollar. DXY rose by 0.3% on safe-haven demand amidst a deepening global energy crisis. JPY depreciated sharply by 1% to a 3-year low. AUD rose by 0.6% as Australia relaxed lockdown restrictions in some cities. INR depreciated by 0.5% to a more than 1-year low as oil prices continued to climb. However, it is trading higher today while other Asian currencies are trading lower.
- **Equity:** Global indices ended mixed as investors monitored rising oil prices, and await corporate earnings results. Amongst other indices, while Dow fell by 0.7%, Nikkei rose by 1.6%. Sensex (0.1%) too ended in green led by gains in power and auto stocks. However, it 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	1.61	4	13	27	25	84
UK	1.19	3	18	43	54	92
Japan	0.09	0	4	4	6	6
Germany	(0.12)	3	9	21	17	42
India	6.35	3	10	17	12	45
China	2.97	6	9	10	2	(21)
2Y yields (Δ bps)						
US	0.32	1	4	11	9	16
UK	0.60	5	19	36	50	62
Japan	(0.09)	1	2	3	2	3
Germany	(0.67)	2	3	3	0	5
India	4.38	1	11	30	4	12
China	2.30	0	(2)	4	20	(31)
Currencies (Δ %)						
EUR	1.1552	(0.1)	(0.6)	(2.2)	(2.6)	(2.2)
GBP	1.3595	(0.1)	(0.1)	(1.8)	(2.1)	4.1
JPY	113.31	(1.0)	(2.1)	(3.1)	(2.7)	(7.6)
AUD	0.7351	0.6	1.0	(0.1)	(1.7)	2.0
INR	75.36	(0.5)	(1.4)	(2.5)	(1.0)	(2.8)
CNY	6.4506	(0.1)	(0.1)	(0.1)	0.4	4.4
Equity & Other indices (Δ %)						
Dow	34,496	(0.7)	1.5	(0.3)	(1.4)	19.6
FTSE	7,147	0.7	1.9	1.7	0.3	19.1
DAX	15,199	0	1.1	(2.6)	(3.7)	15.7
NIKKEI	28,498	1.6	0.2	(6.2)	(0.2)	21.0
Shanghai Comp	3,592	0	0.7	(3.0)	1.2	6.9
SENSEX	60,136	0.1	1.4	3.1	14.8	48.1
Brent (US\$/bbl)	83.65	1.5	2.9	14.7	11.3	100.5
Gold (US\$/oz)	1,754	(0.2)	(0.9)	(1.9)	(2.9)	(8.8)
CRB Index	562.4	0.4	1.0	1.1	0.9	37.2
Rogers Agri Index	1,120.0	(0.3)	1.0	6.2	8.3	46.5
LIBOR (3M)*	0.12	0	(1)	1	(1)	(11)
INR 5Y Swap*	5.84	1	7	7	4	53
India FII data (US\$ mn)						
FII-Debt	(180.4)	(12.2)	(166.3)	(172.6)	(97.6)	1,929.7
FII-Equity	(332.0)	(148.1)	(70.9)	143.9	8,673.8	1,347.5

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

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