


MACRO DAILY

02 November 2018

Macro developments

- GST collections for Sep'18 reached Rs 1.01tn vs Rs 944bn in Aug'18. Of this, Rs 165bn was collected as CGST (Rs 153bn in Aug'18), Rs 228bn as SGST (vs Rs 211bn) and Rs 534bn as IGST (vs Rs 501bn). States showing robust tax collection on a MoM basis are: Kerala (44%), Jharkhand (20%), Rajasthan (14%), Uttarakhand (13%) and Maharashtra (11%).
- India's manufacturing PMI increased from 52.2 in Sep'18 to 53.1 in Oct'18, a 4-month high led by strong order inflow and a pick-up in hiring activity, which rose at the strongest pace since Dec'17. However, vulnerable external conditions resulted in cooling off in export orders. Inflationary pressure broadly remained in line with expectations and even moderated as manufacturers passed some of the burden to clients.
- BoE kept policy rate unchanged at 0.75% with a unanimous vote from its MPC members. The asset purchase program has also been retained at its current pace. However, it hinted at faster rate hikes contingent on smooth transition towards Brexit. Growth projections were however revised downward (by 10bps) to 1.3 & 1.7% in 2018 & 2019 respectively.

BOB Economics Research

+91 22 6698 5713

chief.economist@bankofbaroda.com

Markets

- **Bonds:** Global yields closed mixed. Crude prices declined by 3.4% to close at US\$ 73/bbl as it is believed that there will be enough oil supply in the market to offset Iran sanctions. Indian 10Y yields also fell by 3bps to close at 7.82% in line with global yields. It was trading even lower at 7.79% today.
- **Currency:** All major currencies closed higher DXY eased from its 18-month high to end lower by 0.9%. GBP (1.9%) rose sharply on reports that the UK has finalised a financial services deal with the EU. INR ended higher by 0.7% on the back of lower oil prices (down 3.4%). It was trading even higher today in line with other Asian currencies.

Equity: Global indices closed mixed on account of progress made in US-China trade talks. With this, Dow gained by 1.1% as focus shifted towards earnings of tech stocks and payroll data scheduled for release today. Nikkei and FTSE ended lower while Sensex remained broadly unchanged. Both Asian stocks and Sensex were trading higher today.



FIG 1 – MOVEMENT IN KEY GLOBAL ASSET CLASSES

Particulars	Current	1D	1W	1M	3M	12M
10Y yields (Δ bps)						
US	3.13	(1)	1	7	14	76
UK	1.46	2	1	(7)	8	11
Japan	0.12	0	1	(1)	0	6
Germany	0.40	1	0	(2)	(6)	3
India	7.82	(3)	(5)	(16)	10	93
China	3.52	(1)	(2)	(10)	4	(35)
2Y yields (Δ bps)						
US	2.84	(2)	0	3	18	123
UK	0.77	2	2	(3)	(2)	28
Japan	(0.12)	0	0	(1)	(2)	3
Germany	(0.62)	0	(1)	(6)	(5)	13
India	7.56	(1)	(3)	(27)	7	119
China#	2.84	0	(4)	(13)	4	(74)
Currencies (Δ %)						
EUR	1.1408	0.8	0.3	(1.2)	(1.5)	(1.8)
GBP	1.3012	1.9	1.5	0.3	0.0	(1.8)
JPY	112.72	0.2	(0.3)	0.8	(0.9)	1.3
AUD	0.7206	1.9	1.8	0.3	(2.1)	(6.1)
INR	73.45	0.7	(0.2)	(0.7)	(6.9)	(13.7)
CNY	6.9233	0.8	0.4	(0.8)	(1.2)	(4.9)
Equity & Other indices (Δ %)						
DOW	25,381	1.1	1.6	(5.2)	0.2	8.3
FTSE	7,115	(0.2)	1.6	(4.8)	(6.1)	(5.0)
DAX	11,469	0.2	1.4	(6.7)	(8.6)	(14.8)
NIKKEI	21,688	(1.1)	2.0	(10.6)	(3.7)	(3.3)
Shanghai Comp	2,606	0.1	0.1	(7.6)	(5.8)	(23.3)
SENSEX	34,432	0	2.2	(5.7)	(7.4)	2.5
Brent (USD/bbl)	72.89	(3.4)	(5.2)	(14.0)	(0.8)	20.5
Gold (USD/oz)	1,233	1.5	0.1	2.5	2.1	(3.2)
CRB Index	417.8	0.4	0.5	0.1	(2.4)	(2.6)
Rogers Agri Index	783.2	1.6	1.0	0.4	(3.8)	(3.5)
LIBOR (3M)*	2.56	2	5	15	22	117
INR 5Yr Swap*	7.76	4	12	8	14	150
India FII data (US\$ mn)						
	31 Oct	30 Oct	WTD	MTD**	CYTD	FYTD
FII-Debt	(96.0)	81.1	93.5	(1,351.6)	(8,461.2)	(8,707.2)
FII-Equity	(54.1)	(208.8)	(508.8)	(3,752.5)	(5,758.2)	(7,883.6)

Source: Bloomberg, Bank of Baroda | #1 year yield is taken, *Indicates change in bps, **figures for Oct'18

Disclaimer

The views expressed in this research note are personal views of the author(s) and do not necessarily reflect the views of Bank of Baroda. Nothing contained in this publication shall constitute or be deemed to constitute an offer to sell/ purchase or as an invitation or solicitation to do so for any securities of any entity. Bank of Baroda and/ or its Affiliates and its subsidiaries make no representation as to the accuracy; completeness or reliability of any information contained herein or otherwise provided and hereby disclaim any liability with regard to the same. Bank of Baroda Group or its officers, employees, personnel, directors may be associated in a commercial or personal capacity or may have a commercial interest including as proprietary traders in or with the securities and/ or companies or issues or matters as contained in this publication and such commercial capacity or interest whether or not differing with or conflicting with this publication, shall not make or render Bank of Baroda Group liable in any manner whatsoever & Bank of Baroda Group or any of its officers, employees, personnel, directors shall not be liable for any loss, damage, liability whatsoever for any direct or indirect loss arising from the use or access of any information that may be displayed in this publication from time to time.

Visit us at www.bankofbaroda.com



For further details about this publication, please contact:

Economics Research Department

Bank of Baroda

+91 22 6698 5713

chief.economist@bankofbaroda.com