

MACRO DAILY

03 May 2021

Macro developments

- As per preliminary data, India's exports rose by 197% in Apr'21 (60% in Mar'21). All major commodities of exports recorded positive growth led by gems and jewellery (9159%) and engineering goods (235%). Imports rose by 166% in Apr'21 from 54%. Oil imports rose to 132% from 2%. Non-oil-non-gold imports rose to 129% from 47%. India's trade deficit widened for the 3rd straight month to US\$ 15.2bn from US\$ 14.1bn.
- India's eight core index rose by 6.8% in Mar'21 from 3.8% contraction in Feb'21. This was led by favourable base. Sectors such as cement (32.5% in Mar'21 from 5.6% decline in Feb'21), steel (23% from 1.3%) and electricity (21.6% from 0.2%) showed considerable pickup. Even on MoM basis, these sectors fared well. Going forward, rising Covid-19 cases is a key risk.
- Flash estimate showed GDP in both the Euro area and EU would contract by 0.6% and 0.4% respectively in Q1CY21 against decline of 0.7% and 0.5% in Q4, on QoQ basis. In a separate print, flash estimate of Euro area inflation is higher at 1.6% in Apr'21 from 1.3% in Mar'21, led by energy prices. Unemployment on the other hand showed moderation in both the Euro area and EU to 8.1% in Mar'21 (from 8.2%) and 7.3% (from 7.4%) respectively.

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Markets

- Bonds:** Global yields broadly closed lower eyeing policy decision of major central banks (Australia, BoE). US 10Y yield fell a tad by 1bps (1.63%) ahead of major data releases. Crude prices fell by 1.9% (US\$ 67/bbl) due to concerns of muted demand. India's 10Y yield fell by 3bps (6.03%) supported by firm demand in the last auction. It is trading at 6.02% today.
- Currency:** Except CNY (flat), other currencies ended lower. DXY closed flat. EUR dropped by 0.8% as Eurozone registered a second technical recession in over a year. INR fell by 0.1% following global cues. It is trading further lower today in line with other Asian currencies.
- Equity:** Barring FTSE, other global indices ended lower on the back of weaker data print from Europe and resurgence in Covid-19 cases globally. Amongst other indices, Sensex (2%) declined the most and was dragged down by banking and auto stocks. It is trading lower today while other Asian stocks are trading mixed.



FIG 1 – MOVEMENT IN KEY GLOBAL ASSET CLASSES

Particulars	Current	1D	1W	1M	3M	12M
10Y yields (Δ bps)						
US	1.63	(1)	7	(4)	56	99
UK	0.84	0	10	5	52	61
Japan	0.10	0	3	(2)	4	13
Germany	(0.20)	(1)	6	13	32	38
India	6.03	(3)	(1)	(14)	12	(8)
China	3.16	(3)	(2)	(4)	(3)	64
2Y yields (Δ bps)						
US	0.16	0	0	0	5	(4)
UK	0.08	0	4	0	19	6
Japan	(0.12)	(9)	1	(1)	(1)	5
Germany	(0.68)	0	1	3	5	8
India	4.46	(2)	(4)	(21)	(1)	(10)
China	2.40	0	0	(12)	(29)	128
Currencies (Δ %)						
EUR	1.2020	(0.8)	(0.6)	2.1	(1.0)	9.7
GBP	1.3822	(0.9)	(0.4)	(0.1)	0.8	9.8
JPY	109.31	(0.3)	(1.3)	1.2	(4.4)	(2.0)
AUD	0.7716	(0.6)	(0.3)	1.3	0.9	18.5
INR	74.09	(0.1)	1.2	(1.3)	(1.6)	1.3
CNY	6.4749	0	0.3	1.4	(0.7)	8.3
Equity & Other indices (Δ %)						
Dow	33,875	(0.5)	(0.5)	2.2	13.0	39.1
FTSE	6,970	0.1	0.5	3.5	8.8	18.1
DAX	15,136	(0.1)	(0.9)	0.2	12.7	39.4
NIKKEI	28,813	(0.8)	(0.7)	(2.0)	4.2	42.7
Shanghai Comp	3,447	(0.8)	(0.8)	(0.6)	(1.0)	20.5
SENSEX	48,782	(2.0)	1.9	(1.5)	5.4	44.7
Brent (US\$/bbl)	67.25	(1.9)	1.7	3.7	20.3	166.1
Gold (US\$/oz)	1,769	(0.2)	(0.5)	2.3	(4.2)	4.9
CRB Index	532.1	(0.1)	1.4	5.4	16.1	50.6
Rogers Agri Index	1,069.3	1.6	2.4	13.7	15.2	63.3
LIBOR (3M)*	0.18	0	(1)	(2)	(3)	(38)
INR 5Y Swap*	5.64	3	12	(20)	7	42
India FII data (US\$ mn)						
	29 Apr	28 Apr	WTD	MTD	CYTD	FYTD
FII-Debt	(112.7)	(35.9)	(120.8)	(242.8)	(2,270.0)	(242.8)
FII-Equity	122.7	122.7	27.6	(1,063.5)	6,262.8	(1,063.5)

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

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