MACRO DAILY

10 May 2021

Macro developments

- India's exports rose by 80% between 1-7 May 2021 on a YoY basis following an increase of 197.1% in Apr'21, as per preliminary data. In May'20, exports contracted by 35.7%. Exports of gems and jewellery, jute, leather, electronics and engineering goods continue to see robust growth. Imports also rose by 80.7% between 1-7 May 2021, after increasing by 165.9% in Apr'21. However, imports had declined by 51% in May'20.
- US non-farm payroll additions rose by 266,000 far less than estimated 978,000 in Apr'21. Even Mar'21 print has been revised downward to 770,000 from 916,000. Unemployment rate inched up to 6.1% from 6% in Mar'21. Labour force participation rate was at 61.7. However, average hourly earnings inched up by 0.7% from 0.1% decline in Mar'21.
- Germany's industrial production rebounded sharply by 5.1% in Mar'21 from a contraction of 6.8% in Feb'21 on a YoY basis. This was driven by improvement in intermediate (+11.1% vs -0.3% in Mar'21) and capital goods (+10.1% vs -8.9% in Mar'21). Separately, exports (16.1%) and imports (15.5%) too improved in Mar'21, signaling strong recovery in the coming months.

Markets

- **Bonds:** Global yields closed mixed. Despite benign jobs data, US 10Y yield rose a tad by 1bps (1.58%). UK's 10Y yield fell by 2bps (0.78%) after comments from BoE governor on inflation outlook. Crude prices rose by 0.3% (US$ 68/bbl). India's 10Y yield rose by 4bps (6.02%) on expectation of increase in borrowing by Centre. It is trading at 6.01% today.
- **Currency:** Global currencies closed higher against the dollar. DXY fell by 0.8% as US payroll additions were below expectations. EUR rose by 0.8% as Germany's industrial production and exports bounced back. INR rose by 0.3% following global cues. It is trading further higher today, while other Asian currencies are trading mixed.
- **Equity:** Barring Shanghai Comp, other global indices ended higher. European indices surged the most on the back of strong data print (Germany industrial production and exports). Sensex (0.5%) too ended in green led by global cues. Metal stocks rose the most. It is trading higher today in line with other Asian stocks.

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FIG 1 – MOVEMENT IN KEY GLOBAL ASSET CLASSES

Particulars	Current	1D	1W	1M	3M	12M
10Y yields (Δ bps)						
US	1.58	1	(5)	(8)	41	94
UK	0.78	(2)	(7)	(2)	29	54
Japan	0.09	0	(1)	(3)	3	8
Germany	(0.22)	1	(1)	10	23	33
India	6.02	4	(2)	(11)	(6)	(1)
China	3.15	1	0	(5)	(7)	54
2Y yields (Δ bps)						
US	0.14	(1)	(1)	(1)	4	1
UK	0.03	(1)	(5)	(4)	6	4
Japan	(0.13)	(1)	(1)	(2)	(1)	1
Germany	(0.69)	0	0	1	2	7
India	4.35	(2)	(11)	(19)	(28)	(4)
China	2.40	0	(6)	(12)	(30)	122
Currencies (Δ %)						
EUR	1.2166	0.8	1.2	2.4	1.0	12.3
GBP	1.3984	0.7	1.2	1.2	1.8	13.1
JPY	108.60	0.4	0.6	1.0	(3.0)	(2.2)
AUD	0.7844	0.8	1.7	2.3	2.2	20.8
INR	73.51	0.3	0.8	(0.1)	(0.8)	3.0
CNY	6.4333	0.5	0.6	1.6	0.5	9.2
Equity & Other indices (Δ %)						
Dow	34,778	0.7	2.7	4.0	11.7	45.7
FTSE	7,130	0.8	2.3	4.5	9.9	20.1
DAX	15,400	1.3	1.7	1.2	9.6	43.1
NIKKEI	29,358	0.1	1.9	(1.1)	2.0	49.2
Shanghai Comp	3,419	(0.7)	(0.8)	(1.8)	(2.2)	19.1
SENSEX	49,206	0.5	0.9	0.0	(3.0)	56.5
Brent (US$/bbl)	68.28	0.3	1.5	8.8	15.1	131.8
Gold (US$/oz)	1,831	0.9	3.5	5.0	0.9	6.7
CRB Index	542.9	0.2	2.0	6.9	17.7	51.6
Rogers Agri Index	1,122.9	0.9	5.0	18.6	20.4	71.0
LIBOR (3M)*	0.16	0	(2)	(4)	(3)	(27)
INR 5Y Swap*	5.60	2	(4)	(21)	(18)	34
India FII data (US$ mn)	**6 May**	**5 May**	**WTD**	**MTD**	**CYTD**	**FYTD**
FII-Debt	38.5	2.8	131.8	131.8	(2,260.6)	(233.3)
FII-Equity	146.9	(61.9)	(376.3)	(376.3)	5,460.9	(1,865.4)

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

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