

MACRO DAILY

14 May 2021

Macro developments

- As per news reports, government will release the 8th instalment under the PM-KISAN scheme amounting to Rs 190bn. This is likely to benefit around 95mn farmers. Under this scheme, a financial benefit of Rs 6,000/year is provided in instalments. Till date, Rs 1.15tn has been transferred to the beneficiaries.
- US PPI rose by 0.6% in Apr'21 (est. 0.3%) after increasing by 1% in Mar'21 on a MoM basis. Prices of both goods and services rose by 0.6%. Core inflation rose by 0.7% from 0.6% in Mar'21. On a YoY basis, PPI rose to its highest in the current series at 6.2% in Apr'21 from 4.2%. Separately, jobless claims for the week ended 8 May 2021 fell by 34,000 to a 14-month low of 473,000 (est. 495,000).
- Japan's current account surplus narrowed to ¥ 2.65tn in Mar'21 from ¥ 2.9tn in Feb'21. Amongst key components, goods trade surplus expanded to ¥ 983.1bn from ¥ 524.2bn in Feb'21. Services deficit also narrowed to ¥ 47.1bn from ¥ 75.7bn in Feb'21. However, surplus on account of primary income which reflects returns on overseas investment narrowed to ¥ 2.05tn from ¥ 2.63tn in Feb'21.

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Markets

- Bonds:** Global yields closed mixed. US 10Y yield fell by 3bps (1.66%) as Fed Governor said that it would not raise rates until inflation stays above target for a long time. While 10Y yields in Germany and China closed stable, UK and Japan's 10Y yield rose by 1bps each. Crude prices fell by 3.3% (US\$ 67/bbl) due to easing supply concerns. India's 10Y yield is trading at 6.02% today.
- Currency:** Global currencies closed mixed amidst concerns over global inflation. DXY closed flat as Fed officials reiterated that Fed will not raise rates even as US inflation accelerated. JPY rose the most by 0.2%. INR was lower by 0.1%. It is trading higher today, while other Asian currencies are trading mixed.
- Equity:** Barring Dow and Dax, other global indices ended lower as investors monitored rising Covid-19 cases globally. Amongst other indices, Nikkei (2.5%) dropped the most followed by Shanghai Comp (1%). Sensex too fell by 1% led by metal and banking stocks. It is trading higher 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	1.66	(3)	9	(1)	49	104
UK	0.90	1	11	11	43	69
Japan	0.09	1	0	(1)	1	10
Germany	(0.12)	0	11	17	34	42
India	6.01	0	4	0	5	23
China	3.14	0	(1)	(6)	(11)	45
2Y yields (Δ bps)						
US	0.15	(1)	0	(1)	4	1
UK	0.10	0	6	5	14	13
Japan	(0.12)	0	0	0	(1)	3
Germany	(0.66)	0	3	4	6	8
India	4.30	(6)	(7)	(26)	(24)	(21)
China	2.40	0	(6)	(16)	7	127
Currencies (Δ %)						
EUR	1.2081	0.1	0.1	1.4	(0.4)	11.8
GBP	1.4052	0	1.2	2.3	1.7	14.9
JPY	109.47	0.2	(0.3)	(0.1)	(4.5)	(2.1)
AUD	0.7730	0.1	(0.7)	1.4	(0.3)	19.6
INR	73.43	(0.1)	0.5	2.2	(0.8)	2.8
CNY	6.4520	0.1	0.2	1.5	0.1	9.1
Equity & Other indices (Δ %)						
Dow	34,021	1.3	(1.5)	0.8	8.2	44.0
FTSE	6,963	(0.6)	(1.6)	1.1	6.7	21.3
DAX	15,200	0.3	0	(0.1)	8.3	47.0
NIKKEI	27,448	(2.5)	(6.4)	(7.1)	(7.2)	37.8
Shanghai Comp	3,430	(1.0)	(0.3)	0.5	(6.2)	19.5
SENSEX	48,691	(1.0)	(0.5)	1.7	(5.5)	56.4
Brent (US\$/bbl)	67.05	(3.3)	(1.5)	6.0	9.7	115.4
Gold (US\$/oz)	1,827	0.6	0.6	5.4	0.1	5.6
CRB Index	538.7	(0.9)	(0.6)	5.8	15.4	47.9
Rogers Agri Index	1,073.3	(3.3)	(3.6)	12.5	14.3	64.1
LIBOR (3M)*	0.15	(1)	(1)	(3)	(4)	(23)
INR 5Y Swap*	5.65	3	7	(2)	(30)	49
India FII data (US\$ mn)						
	11 May	10 May	WTD	MTD	CYTD	FYTD
FII-Debt	(24.3)	(2.4)	(26.6)	177.0	(2,215.3)	(188.0)
FII-Equity	97.5	159.2	256.7	(282.5)	5,554.7	(1,771.7)

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

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