


MACRO DAILY

18 April 2019

Macro developments

- According to National Bulk Handling Corporation (NBHC), sowing of Rabi crops in AY19 is expected to be much lower than previous estimates. This is attributable to below normal monsoon (91% of LPA) and was further intensified by deficient winter rains. Thereby the production of wheat, pulses and oilseeds this year, are likely to dip by 4.4%, 10.1% and 3.8% respectively on a YoY basis.
- US industrial production fell by (-) 0.1% in Mar'19 vs 0.1% rise in Feb'19 (est., 0.3% increase). The decline was led by mining output which fell by (-) 0.8% in Mar'19. For Q1CY19, industrial production fell by (-) 0.3% following an increase of 4% in Q4CY18 amidst rising trade tensions with China and fading effects of the fiscal stimulus.
- China's GDP in Q1CY19 rose by 6.4% vs est.: 6.3% and 6.4% in Q4CY18. Despite weaker exports, economy is holding ground as fiscal (tax cuts) & monetary (more liquidity & loosened credit standards) stimulus seem to be taking effect. FAI-infra jumped by 4.4% in Q1CY19 vs 3.8% in Q4CY18. Stimulus has also resulted in better than expected industrial production (8.5% vs est. 5.9%) and retail sales (8.7% vs est. 8.4%) growth in Mar'19.

Jahnavi

jahnavi@bankofbaroda.com

Sameer Narang

chief.economist@bankofbaroda.com

Markets

- **Bonds:** Global yields closed mixed. This has been on the back of improving economic activity in China. US 10Y yield closed stable at 2.59% as Fed's Beige book pointed out tighter labour market conditions and a growing economy. Crude prices inched down marginally by (-) 0.1% (US\$ 72/bbl). India's 7.26GS2029 closed stable at 7.39%. It was trading higher at 7.41% today, remaining cautious before the release of MPC minutes.
- **Currency:** Better than expected GDP print in Q1CY19 pushed CNY up by 0.4%. EUR was up by 0.1% ahead of the crucial PMI data. DXY closed flat. INR depreciated by (-) 0.3% on muted FII inflows. It however opened marginally higher today, while Asian currencies were trading lower.
- **Equity:** Global equity indices broadly closed higher driven by improving growth print in China. However, Dow & FTSE closed stable amid cautiousness over US-UK trade deal. Sensex rose by 1% driven by DII inflow of Rs 0.37bn. It was trading higher today, while Asian markets were trading lower.



FIG 1 – MOVEMENT IN KEY GLOBAL ASSET CLASSES

Particulars	Current	1D	1W	1M	3M	12M
10Y yields (Δ bps)						
US	2.59	0	13	(1)	(13)	(28)
UK	1.24	2	14	4	(8)	(18)
Japan	(0.01)	2	5	3	(2)	(4)
Germany	0.08	1	11	0	(14)	(45)
India#	7.54	0	1	6	(2)	0
China	3.39	0	7	25	31	(11)
2Y yields (Δ bps)						
US	2.40	(1)	8	(5)	(14)	(3)
UK	0.79	(1)	9	3	(4)	(6)
Japan	(0.14)	1	2	1	2	1
Germany	(0.57)	0	2	(4)	3	0
India	6.69	1	4	11	(34)	(29)
China**	2.68	16	29	27	26	(34)
Currencies (Δ %)						
EUR	1.1296	0.1	0.2	(0.4)	(0.8)	(8.7)
GBP	1.3043	0	(0.4)	(1.6)	1.2	(8.2)
JPY	112.06	(0.1)	(0.9)	(0.6)	(2.7)	(4.5)
AUD	0.7179	0.1	0.1	1.1	0.2	(7.8)
INR	69.61	(0.3)	(0.4)	(1.6)	2.3	(6.0)
CNY	6.6881	0.4	0.4	0.4	1.0	(6.6)
Equity & Other indices (Δ %)						
DOW	26,450	(0.0)	1.1	2.1	9.3	6.9
FTSE	7,471	0	0.7	2.4	8.9	2.1
DAX	12,153	0.4	2.1	4.3	11.2	(3.5)
NIKKEI	22,278	0.3	2.7	3.2	9.0	0.5
Shanghai Comp	3,263	0.3	0.7	5.4	26.9	5.6
SENSEX	39,276	1.0	0.9	3.1	8.1	14.4
Brent (USD/bbl)	71.62	(0.1)	(0.2)	6.0	16.8	(2.5)
Gold (USD/oz)	1,274	(0.2)	(2.6)	(2.3)	(1.5)	(5.6)
CRB Index	425.3	0.1	(0.0)	1.3	3.1	(4.3)
Rogers Agri Index	742.8	(0.1)	(0.9)	(1.8)	(3.4)	(11.5)
LIBOR (3M)*	2.60	1	2	(3)	(18)	24
INR 5Yr Swap*	6.70	0	6	8	(50)	(27)
India FII data (US\$ mn)						
	15 Apr	12 Apr	WTD	MTD	CYTD	FYTD
FII-Debt	(1.4)	(153.9)	(1.4)	(1,203.1)	65.4	(1,203.1)
FII-Equity	55.7	87.4	55.7	684.4	8,910.5	684.4

Source: Bloomberg, Bank of Baroda | *Indicates change in bps, # 7.17 GS 2028 security, ** 1Y yield

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