

MACRO DAILY

19 March 2019

Macro developments

- As per news reports, net direct tax collections have crossed Rs 10tn as of 16 Mar, vs FY19RE of Rs 12tn. Official data shows that on FYTD basis, collection up till Jan'19 stood at Rs 7.8tn. While direct taxes are seen inching closer to the targeted amount, indirect tax collections still remain far at Rs 6.9tn (Apr-Jan) vs FY19RE of Rs 10.4tn.
- Euro zone's exports from the rest of the world recovered by 2.1% in Jan'19 vs a decline of (-) 3.9% in Dec'18, on a YoY basis. Imports growth on the other hand decelerated to 3.9% from 4.3% in Dec'18. As a result, trade surplus expanded to € 24.9bn in Jan'19 from € 0.7bn in Dec'18. Notably, EU's trade surplus with US expanded to €11.5bn in Jan'19 vs € 10.1bn in Jan'18.
- Japan exports slumped for the third consecutive month in Feb'19, by (-) 1.2% vs (-) 8.4% in Jan'19 on a YoY basis. The drag was led by auto and semi-conductors. Shipment of chip making equipment to S. Korea fell by (-) 60%. Geographically, the slowdown was driven by W.Europe, Middle East and Asia. Overall imports also weakened, to (-) 6.7% in Feb'19 vs (-) 0.6% in Jan'19, taking the trade surplus to ¥339bn vs deficit of ¥1.4tn in Jan'19.

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Markets

- Bonds:** Global yields closed mixed. US 10Y yield inched up by 2bps (2.60%) ahead of the Fed meeting. Crude prices rose by 0.6% (US\$ 68/bbl) driven by OPEC production cut. India's 7.26GS2029 declined by 2bps (7.32%) supported by buying from foreign banks. It was trading at 7.33% today.
- Currency:** Barring GBP, other global currencies closed higher supported by a weaker dollar. DXY fell by (-) 0.1% ahead of Fed policy meet. GBP fell by (-) 0.3% on growing uncertainty over Brexit deal. INR appreciated for the 6th straight session to its highest since Aug'18, on the back of sustained FII inflows and lower trade deficit in Feb'19. It was trading even higher today, in line with other Asian currencies.
- Equity:** Except Dax, global indices ended in green as investor awaited US-China trade deal and ahead of Fed's policy meet. Shanghai Comp surged by 2.5% followed by FTSE (1%). European indices closed higher with shares of Commerzbank and Deutsche gaining momentum over a possible merger. While Asian markets were trading mixed; Sensex opened higher today.



FIG 1 – MOVEMENT IN KEY GLOBAL ASSET CLASSES

Particulars	Current	1D	1W	1M	3M	12M
10Y yields (Δ bps)						
US	2.60	2	(4)	(6)	(25)	(25)
UK	1.20	(2)	2	4	(7)	(25)
Japan	(0.04)	0	0	(1)	(8)	(8)
Germany	0.08	0	1	(2)	(17)	(49)
India#	7.48	(2)	(3)	(10)	2	(13)
China	3.14	(1)	(1)	5	(24)	(69)
2Y yields (Δ bps)						
US	2.45	1	(2)	(6)	(24)	14
UK	0.76	(1)	2	2	2	(7)
Japan	(0.15)	0	(1)	1	(0)	(1)
Germany	(0.53)	1	1	3	8	6
India	6.58	0	(8)	(16)	(40)	(31)
China**	2.41	1	2	10	(26)	(90)
Currencies (Δ %)						
EUR	1.1337	0.1	0.8	0.4	(0.1)	(8.1)
GBP	1.3255	(0.3)	0.8	2.8	5.0	(5.5)
JPY	111.43	0	(0.2)	(0.9)	1.2	(5.0)
AUD	0.7104	0.3	0.5	(0.5)	(1.0)	(8.0)
INR	68.53	0.8	1.9	3.8	4.2	(5.1)
CNY	6.7130	0	0.2	0.9	2.7	(6.0)
Equity & Other indices (Δ %)						
DOW	25,914	0.3	1.0	0.1	9.8	5.3
FTSE	7,299	1.0	2.4	0.9	7.8	3.6
DAX	11,657	(0.2)	1.0	3.2	8.2	(4.6)
NIKKEI	21,585	0.6	2.2	3.3	0.4	0.5
Shanghai Comp	3,096	2.5	2.3	15.4	19.2	(5.6)
SENSEX	38,095	0.2	2.8	6.4	5.0	15.7
Brent (USD/bbl)	67.54	0.6	1.4	1.9	13.3	2.3
Gold (USD/oz)	1,304	0.1	0.8	(1.4)	4.6	(1.0)
CRB Index	420.0	0.1	1.5	1.6	1.4	(4.8)
Rogers Agri Index	756.5	0	2.3	(0.9)	(2.6)	(8.5)
LIBOR (3M)*	2.63	1	2	(6)	(18)	40
INR 5Yr Swap*	6.63	(4)	(33)	(42)	(57)	(30)
India FII data (US\$ mn)						
	15 Mar	14 Mar	WTD	MTD	CYTD	FYTD
FII-Debt	422.5	227.9	607.9	1,255.9	(412.3)	(7,402.9)
FII-Equity	500.3	279.8	2,102.7	2,936.0	5,013.3	(1,669.6)

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

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