


**MACRO DAILY**

24 April 2019

**Macro developments**

- In an effort to inject durable liquidity into the system, RBI has again announced OMO purchases of Rs 250bn in May'19. In FY19, RBI has done OMO purchases worth Rs 2.99tn. RBI has also conducted dollar swap auction of US\$ 10bn in CYTD19. System liquidity deficit which remained elevated at Rs 1.2tn as on 23 Apr 2019 is likely to get support from these measures in the near term.
- Taiwan's industrial production declined for the 4th consecutive month in Mar'19, by (-) 9.9% vs (-) 2% in Feb'19 on a YoY basis. The decline was led by manufacturing industries (- 10.5% vs -1.9% in Feb'19). In particular, manufacturers of semiconductor, electronic components & machinery reported the steepest decline.
- US new home sales rose by 3% in Mar'19 on a YoY basis vs (-) 0.2% in Feb'19. The units sold in Mar'19 (692,000) were the highest since Nov'17. Home sales are on the path of recovery as mortgages rates (-80bps since Nov'18) and home prices (-9.7% YoY in Mar'19) continue to decline. Higher wage growth is also supporting the recovery.

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**Markets**

- **Bonds:** Global yields closed mixed. This has been on the back of varied macro news such as robust US new home sales data, drop in machinery orders in Japan and concerns over US ending its waiver on Iranian oil imports. US 10Y yield declined by 2bps (2.57%). Crude prices were elevated at US\$ 75/bbl. India's 7.26GS2029 closed stable at 7.47%. It is trading lower at 7.43% today, supported by RBI's liquidity infusion measures.
- **Currency:** Except INR and JPY, other major global currencies closed lower on the back of a stronger dollar. DXY rose by 0.4% after data showed that US new home sales rose to an 18-month high in Mar'19. INR ended marginally higher even as oil prices rose. It however opened lower today in line with other Asian currencies.
- **Equity:** Barring Shanghai Comp and Sensex, global indices ended higher as investors remained optimistic on the outcome of US-China trade negotiations. Dow was up by 0.5% led by strong earnings reports. However, Sensex ended in red dragged down by auto stocks. Both Asian markets and Sensex were trading higher today.



**FIG 1 – MOVEMENT IN KEY GLOBAL ASSET CLASSES**

Particulars	Current	1D	1W	1M	3M	12M
<b>10Y yields (Δ bps)</b>						
US	2.57	(2)	(3)	13	(17)	(43)
UK	1.23	3	1	21	(10)	(31)
Japan	(0.03)	0	(1)	4	(3)	(9)
Germany	0.04	2	(3)	6	(20)	(59)
India#	7.61	(1)	7	11	8	(8)
China	3.41	0	1	30	29	(17)
<b>2Y yields (Δ bps)</b>						
US	2.36	(2)	(5)	5	(22)	(11)
UK	0.79	3	0	14	(1)	(8)
Japan	(0.15)	0	0	2	2	(2)
Germany	(0.57)	0	0	(1)	2	(2)
India	6.77	6	8	17	(25)	(47)
China**	2.70	1	17	30	28	(29)
<b>Currencies (Δ %)</b>						
EUR	1.1227	(0.3)	(0.5)	(0.7)	(1.2)	(8.2)
GBP	1.2938	(0.3)	(0.8)	(2.1)	(0.1)	(7.4)
JPY	111.86	0.1	0.1	(1.8)	(2.3)	(2.8)
AUD	0.7102	(0.4)	(1)	0.3	(0.3)	(6.6)
INR	69.63	0.1	0	(0.9)	2.5	(4.9)
CNY	6.7259	(0.2)	(0.2)	(0.1)	1.2	(6.7)
<b>Equity &amp; Other indices (Δ %)</b>						
DOW	26,656	0.5	0.8	4.5	9.2	11.0
FTSE	7,523	0.8	0.7	4.4	9.0	1.3
DAX	12,236	0.1	1.1	7.7	10.3	(2.5)
NIKKEI	22,260	0.2	0.2	2.9	7.9	(0.1)
Shanghai Comp	3,199	(0.5)	(1.7)	3.0	24.0	2.2
SENSEX	38,565	(0.2)	(1.8)	1.0	5.8	11.4
Brent (USD/bbl)	74.51	0.6	3.9	11.2	21.2	0.9
Gold (USD/oz)	1,272	(0.2)	(0.3)	(3.1)	(1.0)	(4.4)
CRB Index	422.6	(0.3)	(0.5)	(0.4)	3.1	(5.0)
Rogers Agri Index	731.8	(0.9)	(1.5)	(4.0)	(5.4)	(11.8)
LIBOR (3M)*	2.58	(1)	(2)	(3)	(20)	22
INR 5Yr Swap*	6.90	20	21	26	(29)	(23)
<b>India FII data (US\$ mn)</b>						
	<b>22 Apr</b>	<b>18 Apr</b>	<b>WTD</b>	<b>MTD</b>	<b>CYTD</b>	<b>FYTD</b>
FII-Debt	(33.9)	59.4	(33.9)	(389.1)	155.5	(389.1)
FII-Equity	15.5	156.3	15.5	2,382.4	9,227.6	2,382.4

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

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