


MACRO DAILY

26 March 2019

Macro developments

- According to news reports, the government is expected to enrol over 10mn people under the PMSYM scheme by May'19. The scheme provides monthly pension of Rs 3,000 to the workforce engaged in the unorganised sector. As of now, more than 2.5mn people have already been enrolled by the CSC. The scheme was announced in FY20 budget with the target of enrolling over 100mn workers in the next 5 years.
- Taiwan industrial production declined by (-) 1.8% in Feb'19 vs (-) 1.1% in Jan'19. This is the 3rd consecutive month of decline and sharpest since Feb'18. The drag was led by all sub-sectors except mining. Manufacturing too declined (-) 1.8% in Feb'19, on account of producer goods (-3.2%) and consumer goods (-0.5%). In response to trade war, production of electronic components, chemicals, local auto & auto parts suffered heavily.
- Germany's IFO business climate index improved to 99.6 in Mar'19 vs est.:98 & 98.7 in Feb'19. This was driven by improvement in services sector which offset the weakness seen in manufacturing segment. The data has come as a major relief on the backdrop of muted global growth indicators.

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Markets

- **Bonds:** Global yields closed lower. This was driven by fear of slowdown in global growth. US 10Y yield continued to inch downward by 4bps (2.4%) amid dovish stance by US Fed. Crude prices rose marginally by 0.3% (US\$ 67/bbl) supported by OPEC's production cut. India's 7.26GS2029 declined by 2bps (7.32%) taking global cues. It was trading at 7.33% today.
- **Currency:** Barring JPY (flat) and GBP (-0.1%), other global currencies closed higher. DXY fell by (-) 0.1% on rising fears of a global economic slowdown. Brexit uncertainty weighed on GBP which fell by (-) 0.1%. INR appreciated by 0.1% on the back of FII inflows. It opened further higher today, while Asian currencies were trading lower.
- **Equity:** Except Dow, global indices ended lower as disappointing macro data from Europe and China continued to stoke fears around slowing global growth. Dow however rose as US President Trump was cleared of collusion charges. In the morning session, Asian markets were trading mixed, Sensex opened higher.



FIG 1 – MOVEMENT IN KEY GLOBAL ASSET CLASSES

Particulars	Current	1D	1W	1M	3M	12M
10Y yields (Δ bps)						
US	2.40	(4)	(21)	(25)	(34)	(45)
UK	0.99	(3)	(21)	(17)	(28)	(45)
Japan	(0.08)	(2)	(5)	(5)	(13)	(11)
Germany	(0.03)	(1)	(11)	(12)	(28)	(55)
India#	7.47	(3)	(1)	(13)	18	(15)
China	3.11	(2)	(3)	(4)	(24)	(63)
2Y yields (Δ bps)						
US	2.24	(8)	(21)	(25)	(32)	(3)
UK	0.64	(2)	(12)	(12)	(9)	(25)
Japan	(0.18)	(1)	(3)	(1)	(4)	(3)
Germany	(0.57)	0	(4)	(0)	4	4
India	6.57	(3)	(2)	(11)	(30)	(36)
China**	2.40	0	(2)	6	(29)	(90)
Currencies (Δ %)						
EUR	1.1312	0.1	(0.2)	(0.2)	(0.8)	(9.1)
GBP	1.3195	(0.1)	(0.5)	1.1	3.8	(7.3)
JPY	109.97	0	1.3	0.7	0.4	(4.3)
AUD	0.7112	0.4	0.1	(0.2)	0.9	(8.2)
INR	68.94	0.1	(0.6)	3.1	1.7	(6.3)
CNY	6.7094	0.1	0.1	0.1	2.7	(7.0)
Equity & Other indices (Δ %)						
DOW	25,517	0.1	(1.5)	(2.0)	17.1	5.4
FTSE	7,178	(0.4)	(1.7)	0	7.4	4.2
DAX	11,347	(0.2)	(2.7)	(1.0)	6.7	(3.7)
NIKKEI	20,977	(3.0)	(2.8)	(2.1)	4.0	1.0
Shanghai Comp	3,043	(2.0)	(1.7)	8.5	20.4	(2.9)
SENSEX	37,809	(0.9)	(0.8)	5.4	6.6	14.3
Brent (USD/bbl)	67.21	0.3	(0.5)	0.1	33.2	(4.2)
Gold (USD/oz)	1,322	0.6	1.4	(0.6)	4.2	(2.3)
CRB Index	425.5	0.3	1.3	2.5	3.6	(2.7)
Rogers Agri Index	764.2	0.2	1.0	(0.1)	0.3	(7.2)
LIBOR (3M)*	2.61	1	(2)	(4)	(20)	31
INR 5Yr Swap*	6.62	(3)	(1)	(47)	(57)	(31)
India FII data (US\$ mn)						
	22 Mar	20 Mar	WTD	MTD	CYTD	FYTD
FII-Debt	70.9	258.7	851.8	2,107.7	439.5	(6,551.1)
FII-Equity	209.2	196.2	1,089.3	4,025.3	6,102.6	(580.3)

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

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