


MACRO DAILY

29 March 2019

Macro developments

- As per the agriculture department, over 30mn farmers have already received the first instalment under the PM Kisan Nidhi Scheme. The government has transferred over Rs 60bn in the first instalment and is expected to transfer the 2nd instalment from 1 Apr 2019. Amongst states, UP accounts for over 1/3rd of the total beneficiaries.
- US economy showed signs of stress as real GDP (annualised rate) was cut to 2.2% in Q4CY18 vs earlier estimate of 2.6% and 3.4% in Q3CY18. This was on account of downward revision in personal consumption expenditure and government spending. In a separate data print, US jobless claims fell by 5,000 to 211,000 for the week ending 23 Mar 2019. The 4-week moving average also decreased by 3,250 as against its previous level.
- CPI in Germany rose by 1.5% in Mar'19 (est. 1.6%) vs 1.7% in Feb'19. This is slowest pace of growth since Apr'18 and was led by weaker prices of food and services. Within services, prices of communication, leisure & package holidays fell the most. Despite a strong labour market and rising wages, lower inflation indicates the impact of increased competition in the digitized world and margin squeezing by firms to maintain their market share.

Aditi Gupta

aditi.gupta3@bankofbaroda.com

Sameer Narang

chief.economist@bankofbaroda.com

Markets

- Bonds:** Except US and Germany, global yields closed lower. This was driven by softer global growth outlook. US 10Y yield rose by 3bps (2.39%) amid supply of new securities. Crude prices were stable at US\$ 68/bbl. India's 7.26GS2029 inched down by 1bps (7.32%) supported by buying from foreign banks. It was trading at 7.33% today.
- Currency:** Global currencies closed lower amidst growing fears of global economic downturn. As a result, DXY rose by 0.4% even as US GDP growth for Q4CY18 was revised down. GBP fell sharply by (-) 1.1% ahead of the crucial parliamentary vote on PM May's Brexit deal. INR was trading higher today, in line with other Asian currencies.
- Equity:** Barring Nikkei & Shanghai Comp, global indices ended higher as US-China trade talks resumed. Reports suggested that China has made solid offers to resolve some of the stickiest points in the deal. Sensex too surged (1.1%) on hopes of another rate cut by RBI next week. While Sensex opened higher today, other Asian markets were trading mixed.



FIG 1 – MOVEMENT IN KEY GLOBAL ASSET CLASSES

Particulars	Current	1D	1W	1M	3M	12M
10Y yields (Δ bps)						
US	2.39	3	(14)	(27)	(37)	(34)
UK	1.0	(1)	(6)	(18)	(31)	(35)
Japan	(0.09)	(2)	(5)	(6)	(12)	(13)
Germany	(0.07)	1	(11)	(18)	(30)	(57)
India#	7.47	(1)	(5)	(11)	19	7
China	3.08	(1)	(4)	(9)	(23)	(68)
2Y yields (Δ bps)						
US	2.24	4	(17)	(27)	(33)	(3)
UK	0.66	(2)	(4)	(11)	(12)	(17)
Japan	(0.18)	(1)	(2)	(0)	(5)	(4)
Germany	(0.59)	1	(4)	(3)	4	1
India	6.58	0	(3)	(10)	(26)	(27)
China**	2.38	(2)	(2)	(0)	(31)	(97)
Currencies (Δ %)						
EUR	1.1221	(0.2)	(1.3)	(1.2)	(1.8)	(8.8)
GBP	1.3044	(1.1)	(0.5)	(0.4)	3.2	(6.9)
JPY	110.63	(0.1)	0.2	0.4	0.3	(3.9)
AUD	0.7074	(0.1)	(0.5)	(1.3)	0.6	(7.9)
INR	69.34	(0.7)	(0.7)	2.3	1.4	(6.4)
CNY	6.7390	(0.2)	(0.6)	(0.7)	1.9	(7.1)
Equity & Other indices (Δ %)						
DOW	25,717	0.4	(0.9)	(1.4)	11.1	6.7
FTSE	7,234	0.6	(1.6)	0.7	9.9	2.5
DAX	11,428	0.1	(1.1)	(0.7)	10.1	(5.5)
NIKKEI	21,034	(1.6)	(2.7)	(2.3)	4.8	(0.6)
Shanghai Comp	2,995	(0.9)	(3.4)	1.1	20.6	(5.2)
SENSEX	38,546	1.1	0.4	6.4	7.6	16.9
Brent (USD/bbl)	67.82	0	(0.1)	4.7	30.0	(3.5)
Gold (USD/oz)	1,290	(1.5)	(1.4)	(2.8)	1.2	(2.6)
CRB Index	425.4	(0.2)	0.4	2.7	3.8	(2.6)
Rogers Agri Index	751.9	(0.6)	(1.6)	(0.9)	(0.5)	(9.2)
LIBOR (3M)*	2.60	0	(1)	(3)	(20)	29
INR 5Yr Swap*	6.48	(11)	(17)	(59)	(72)	(41)
India FII data (US\$ mn)						
	27 Mar	26 Mar	WTD	MTD	CYTD	FYTD
FII-Debt	(138.2)	(123.1)	250.0	2,357.7	705.1	(6,285.5)
FII-Equity	198.8	129.2	232.3	4,257.5	6,553.0	(129.9)

Source: Bloomberg, Bank of Baroda Research| *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