

**MACRO DAILY**

30 January 2019

**Macro developments**

- As per news reports, Ayushman Bharat has benefited 0.9mn patients (of the 10mn enrolled) in the 5 months since inception. Cost to exchequer for this is estimated to be at Rs 13.4 bn. The scheme aims to provide health cover of Rs 0.5mn to 100mn households (~500mn people) by 2022. Considering the scope of expansion, we expect the health budget to go up from Rs 547bn in FY19BE to Rs 606bn (+11%) in FY20.
- US consumer confidence fell for the 3rd straight month and stood at 120.2 vs 126.6 in Dec'18 and estimate of 125. Both the present situation and expectation index declined in Jan'19 on the back of pessimism surrounding US government shutdown, concerns over US-China tariff war and bleak global growth prospects.
- Japan's retail sales rose by 1.3% in Dec'18, (est. 0.8%) on a YoY basis vs 1.4% in Nov'18. This was led by higher spending on clothes (4.1%) and appliances (4.4%). The strong sales report is likely to ease concerns of the possible impact of sale tax hike on consumption levels. However, US-Sino trade conflict might result in global slowdown and hence impact Japan's consumption story, as it is one of biggest trading partner.

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**Markets**

- Bonds:** Global yields closed mixed. US 10Y yield declined by 3bps (2.71%) on expectation that Fed might keep fund rate unchanged in its current policy. Crude prices inched up by 2.3% (US\$ 61/bbl) on concerns over US sanctions on Venezuela. Indian 10Y yield declined a tad by 1bps (7.53%) supported by RBI's OMO announcement of Rs 375bn in Feb'19. It was trading at 7.54% today.
- Currency:** Barring GBP, other global currencies traded in a narrow range ahead of Fed meet. GBP fell by (-) 0.7% after UK parliament voted against a series of amendments aimed at preventing a "hard Brexit". INR closed flat. It was trading lower today, while Asian currencies were trading higher.
- Equity:** Barring Shanghai Comp and Sensex, global indices ended higher led by hopes of positive outcome from the ongoing trade talks between US and China. Dow gained 0.2% ahead of the earning reports and Fed policy scheduled later today. While Asian markets were trading mixed; Sensex was 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	2.71	(3)	(3)	(1)	(41)	(1)
UK	1.27	0	(5)	0	(13)	(19)
Japan	0.01	1	1	1	(11)	(9)
Germany	0.20	(0)	(4)	(4)	(17)	(48)
India	7.53	(1)	0	15	(30)	10
China	3.14	(2)	2	(17)	(40)	(80)
<b>2Y yields (Δ bps)</b>						
US	2.57	(2)	(1)	6	(28)	45
UK	0.78	1	(2)	4	6	18
Japan	(0.16)	1	1	(1)	(3)	(3)
Germany	(0.57)	1	2	4	5	(4)
India	6.96	(3)	(5)	13	(63)	10
China	2.61	1	2	(15)	(45)	(97)
<b>Currencies (Δ %)</b>						
EUR	1.1433	0	0.6	(0.1)	0.8	(7.8)
GBP	1.3066	(0.7)	0.9	2.9	2.8	(7.6)
JPY	109.40	0	0	0.8	3.3	(0.6)
AUD	0.7155	(0.2)	0.4	1.5	0.7	(11.5)
INR	71.11	0	0.5	(1.7)	3.5	(11.8)
CNY	6.7354	0.1	1.1	2.1	3.3	(6.5)
<b>Equity &amp; Other indices (Δ %)</b>						
DOW	24,580	0.2	0.7	6.6	(1.2)	(5.7)
FTSE	6,834	1.3	(1.0)	1.5	(2.9)	(9.9)
DAX	11,219	0.1	1.2	6.2	(0.6)	(15.0)
NIKKEI	20,665	0.1	0.2	3.2	(3.7)	(11.3)
Shanghai Comp	2,594	(0.1)	0.6	4.0	1.0	(25.6)
SENSEX	35,593	(0.2)	(2.3)	(1.3)	5.0	(1.2)
Brent (USD/bbl)	61.32	2.3	(0.3)	17.5	(19.2)	(11.2)
Gold (USD/oz)	1,312	0.6	2.1	2.4	7.3	(2.0)
CRB Index	413.0	0.1	0.7	1.1	(0.6)	(6.7)
Rogers Agri Index	775.9	(0.2)	0.3	2.1	1	(6.0)
LIBOR (3M)*	2.75	(1)	(1)	(5)	21	98
INR 5Yr Swap*	7.21	1	3	(4)	(48)	23
<b>India FII data (US\$ mn)</b>						
	<b>28 Jan</b>	<b>25 Jan</b>	<b>WTD</b>	<b>MTD</b>	<b>CYTD</b>	<b>FYTD</b>
FII-Debt	(20.0)	34.1	(20.0)	(303.0)	(303.0)	(7,293.6)
FII-Equity	(10.8)	103.4	(10.8)	(457.2)	(457.2)	(7,140.1)

Source: Bloomberg, Bank of Baroda |\*Indicates change in bps

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