

MACRO DAILY

21 April 2020

Macro developments

- COVID-19 cases increased globally to 2.5mn as of 20 Apr 2020. On a daily basis, new cases in US rose the most, by 27,399 (11.9% increase versus 9.4% decline seen last week), followed by France at 2,832 and Spain at 1,536. In India, the number of cases rose to 18,539 as of 21 Apr 2020 vs 11,487 last week.
- RBI has increased WMA limit for H1FY21 to Rs 2tn (~67% increase) from Rs 1.2tn fixed in Mar'20. RBI had earlier increased WMA limit of States by 30%. As per the recommendation of 15th Finance commission, centre has also sanctioned release of Rs 460bn to States as their share in central taxes in Apr'20. This is in addition to the Rs 173bn released earlier as share of the State Disaster Response Mitigation Fund (SDRMF).
- Japan's exports fell by 11.7% in Mar'20 versus est.: 10.1% decline and 1% fall recorded in Feb'20. Sharp decrease was driven by lower exports to the US (16.5%) and China (8.7%). On FY basis (Apr-Mar), exports were down by 6% in FY19 versus 1.9% increase in FY18. Imports too were down by 6.3% versus 7.2% increase in FY18.

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Markets

- Bonds:** Global yields closed mixed. US 10Y fell by 4bps (0.61%). US Congress also moved towards US\$ 450bn deal to help small businesses. Brent prices fell by 8.9% (US\$ 26/bbl). WTI futures contract was trading in the negative territory amidst demand concern. India's 10Y yield fell by 14bps (6.21%) supported by RBI's measures. It is trading at 6.22% today.
- Currency:** Except CNY which closed flat, global currencies closed lower against the dollar amidst a crash in global oil prices. DXY rose by 0.2%. EUR fell by 0.1% as investors await the outcome of the EU summit. INR closed lower by 0.2% as FII outflows continued. It is trading further lower today in line with other Asian currencies.
- Equity:** Barring Dow and Nikkei, global indices ended higher as countries started reopening in a phased manner. Both FTSE and Shanghai Comp ended higher by 0.5%. Sensex (0.2%) too ended in green led by oil and gas stocks and on expectation of another stimulus package by government. Sensex is trading lower today in line with other Asian stocks.



FIG 1 – MOVEMENT IN KEY GLOBAL ASSET CLASSES

Particulars	Current	1D	1W	1M	3M	12M
10Y yields (Δ bps)						
US	0.61	(4)	(17)	(24)	(122)	(198)
UK	0.34	3	3	(23)	(31)	(86)
Japan	0.02	(1)	0	(6)	1	5
Germany	(0.45)	2	(10)	(13)	(23)	(47)
India	6.21	(14)	(29)	(5)	(44)	(127)
China	2.58	3	3	(10)	(47)	(83)
2Y yields (Δ bps)						
US	0.20	0	(4)	(11)	(136)	(219)
UK	0.10	1	6	(4)	(33)	(67)
Japan	(0.12)	1	4	4	0	3
Germany	(0.67)	1	(5)	1	(8)	(9)
India	4.82	(22)	(40)	(72)	(135)	(189)
China	1.20	(2)	0	(71)	(110)	(148)
Currencies (Δ %)						
EUR	1.0862	(0.1)	(0.5)	1.6	(2.1)	(3.5)
GBP	1.2442	(0.5)	(0.6)	7.0	(4.4)	(4.2)
JPY	107.62	(0.1)	0.1	3.0	2.3	3.9
AUD	0.6336	(0.5)	(0.7)	9.5	(7.8)	(11.2)
INR	76.55	(0.2)	(0.4)	(1.8)	(7.7)	(9.9)
CNY	7.0734	0	(0.3)	0.3	(3.0)	(5.4)
Equity & Other indices (Δ %)						
Dow	23,650	(2.4)	1.1	23.3	(19.4)	(10.8)
FTSE	5,813	0.4	(0.5)	12.0	(24.0)	(22.1)
DAX	10,676	0.5	1.1	19.6	(21.2)	(12.7)
NIKKEI	19,669	(1.1)	3.3	18.8	(18.3)	(11.5)
Shanghai Comp	2,853	0.5	2.5	3.9	(7.9)	(11.3)
SENSEX	31,648	0.2	3.1	5.8	(23.8)	(18.1)
Brent (US\$/bbl)	25.57	(8.9)	(19.4)	(5.2)	(60.8)	(65.5)
Gold (US\$/oz)	1,696	0.8	(1.1)	13.1	8.6	33.0
CRB Index	350.9	0	(1.0)	(6.2)	(14.5)	(17.3)
Rogers Agri Index	645.6	0	(1.0)	(1.7)	(15.5)	(12.5)
LIBOR (3M)*	1.11	(3)	(11)	(10)	(69)	(147)
INR 5Y Swap*	5.32	(25)	(65)	(88)	(145)	(136)
India FII data (US\$ mn)						
	17 Apr	16 Mar	WTD	MTD	CYTD	FYTD
FII-Debt	(56.9)	(162.8)	(238.2)	(990.0)	(10,749.5)	(990.0)
FII-Equity	(126.3)	(337.6)	(483.9)	(125.9)	(6,728.8)	(125.9)

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

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