

MACRO DAILY

10 June 2021

Macro developments

- As per news reports, India's exports rose by 52.4% to US\$ 7.7bn during 1-7 Jun 2021. This is owing to higher shipments of engineering goods (59.7%), gems and jewellery (96.4%) and petroleum products (69.5%). Imports too rose, by 83% to US\$ 9.1bn. Import of oil (135%), electronics (45.9%) and pearls and precious stones (111%) rose the most.
- Government has announced MSP hike for Kharif crops for the marketing season 2021-22. In absolute terms, MSP hike ranges from Rs 20-452/quintal. For major crops such as Paddy (common), the increase was Rs 72/quintal to Rs 1,940/quintal. For pulses such as Tur, Urad, the hike was Rs 300/quintal to Rs 6,300/quintal each. Other crops which saw maximum MSP increase was Sesamum (Rs 452/quintal hike to Rs 7,307/quintal) and groundnut (Rs 275/quintal hike to Rs 5,550/quintal).
- South Korea's GDP rose by 1.7% in Q1CY21, from 1.1% in Q4CY20 and also 0.1% higher compared to advance estimate. Recovery was broad based. Agriculture noted 7.5% growth in Q1CY21 from 4.3% in Q4CY20, manufacturing at 3.8% versus 3.1%, services at 0.7% versus 0.6%. Consumption demand rose by 1.7% from 1.1% decline, investment was at 2.5% from 1.8%. However, export growth edged down to 2% from 5.3%.

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Markets

- Bonds:** Except China (stable), global yields closed lower. US 10Y yield fell by 4bps (1.49%) ahead of CPI and jobs data. Germany 10Y yield fell by 2bps (-0.24%) monitoring ECB policy decision. Crude prices closed flat at US\$ 72/bbl as US inventory data showed mixed picture. India's 10Y yield rose by 1bps (6.02%), awaiting details of GSAP. It is trading at 6% today.
- Currency:** Except EUR and CNY (higher), other global currencies closed lower. DXY closed flat, hovering near 5-month low ahead of US CPI data and ECB decision. INR depreciated by 0.1%. It is trading further lower today, while Asian currencies are trading higher.
- Equity:** Barring Shanghai Comp (higher), other global indices ended lower as investors await US CPI print. Dow, Dax, Nikkei, all fell by 0.4%. Sensex fell by 0.6% following global cues. The drag was led by oil and gas and realty stocks. It is trading higher 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	1.49	(4)	(10)	(9)	(3)	76
UK	0.73	(4)	(7)	(5)	2	46
Japan	0.07	(1)	(1)	(2)	(6)	4
Germany	(0.24)	(2)	(5)	(3)	7	9
India	6.02	1	1	0	(23)	25
China	3.14	0	4	(1)	(11)	32
2Y yields (Δ bps)						
US	0.15	0	1	1	0	(1)
UK	0.06	(1)	0	3	(1)	10
Japan	(0.12)	0	0	1	0	3
Germany	(0.68)	(1)	(1)	1	1	(6)
India	4.28	(1)	(2)	(7)	(62)	(15)
China	2.42	1	7	(8)	(15)	42
Currencies (Δ %)						
EUR	1.2180	0.1	(0.3)	0.1	2.1	7.1
GBP	1.4118	(0.3)	(0.4)	1.0	1.3	10.8
JPY	109.63	(0.1)	(0.1)	(0.9)	(1.2)	(2.3)
AUD	0.7731	(0.1)	(0.3)	(1.4)	(0.1)	10.5
INR	72.98	(0.1)	0.1	0.7	(0.1)	3.5
CNY	6.3872	0.2	(0.1)	0.7	1.8	9.5
Equity & Other indices (Δ %)						
Dow	34,447	(0.4)	(0.4)	(1.0)	6.7	27.6
FTSE	7,081	(0.2)	(0.4)	(0.7)	5.3	11.9
DAX	15,581	(0.4)	(0.1)	1.2	7.2	24.3
NIKKEI	28,861	(0.4)	(0.3)	(1.7)	(0.6)	24.8
Shanghai Comp	3,591	0.3	(0.2)	5.0	7.0	22.0
SENSEX	51,942	(0.6)	0.2	5.6	1.3	51.7
Brent (US\$/bbl)	72.22	0	1.2	5.8	6.4	73.1
Gold (US\$/oz)	1,889	(0.2)	(1.0)	3.1	9.4	8.6
CRB Index	560.1	1.0	1.7	3.2	13.2	52.3
Rogers Agri Index	1,091.3	(0.1)	1.3	(2.8)	13.3	59.7
LIBOR (3M)*	0.13	0	(1)	(3)	(6)	(19)
INR 5Y Swap*	5.65	1	(1)	5	(38)	48
India FII data (US\$ mn)						
	8 Jun	7 Jun	WTD	MTD	CYTD	FYTD
FII-Debt	(33.1)	(61.3)	(94.4)	(102.7)	(2,683.3)	(656.0)
FII-Equity	527.0	22.1	549.1	1,139.9	7,726.0	399.7

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

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