

MACRO DAILY

14 December 2020

Macro developments

- As per AMFI data, net inflow under mutual funds moderated to Rs 272bn in Nov'20 from Rs 986bn in Oct'20. Equity outflow was at Rs 134bn against Rs 43bn in Oct'20. Debt inflow also moderated to Rs 447bn against Rs 1.1tn in Oct'20. However, AUM of MF rose to Rs 30tn in Nov'20 (Rs 28tn in Oct'20), with AUM of equity at Rs 8.6tn and debt AUM at Rs 13.9tn in Nov'20.
- China's new home prices rose by 0.1% in Nov'20 on a MoM basis versus 0.2% rise in Oct'20. The marginal easing is touted to be on the back of increased supply and year-end discounts offered by the developers. PBOC has also tightened liquidity for the real estate sector and has identified it as "grey rhino" posing risk to financial stability of the system.
- US PPI eased to 0.1% in Nov'20 from 0.3% in Oct'20, with prices of final goods moderating by 0.4% (0.5% in Oct'20) and remaining flat for services in Nov'20. Core PPI (excluding volatile food, energy and trade services components) edged lower by 0.4% in Nov'20 compared with 0.5% in Oct'20.

Sonal Badhan | Sameer Narang

chief.economist@bankofbaroda.com

Markets

- Bonds:** Global yields closed mixed amidst developments over Brexit deal, uncertainty over US fiscal stimulus, roll out of vaccine and stricter lockdown measures in Germany. US 10Y yield fell by 1bps (0.9%). UK and Germany 10Y and yield fell by 3bps each. Crude prices fell by 0.6% (US\$ 50/bbl). India's 10Y yield rose by 4bps (5.96%) amidst disappointing cut off price set by RBI at the Rs 280bn weekly auction. It is trading flat today.
- Currency:** Global currencies closed mixed. Both GBP (0.5%) and EUR (0.2%) fell, while JPY (0.2%) rose. DXY also rose by 0.2%. Investors were spooked by delay in US fiscal stimulus talks and increased uncertainty over conclusion of Brexit deal. INR ended flat even as Brent prices fell. It is trading higher today in line with other Asian currencies.
- Equity:** Barring Dow and Sensex, other global indices ended lower amidst uncertainty over Brexit and concerns over US stimulus. Amongst other indices, Dax fell by 1.4% followed by both FTSE and Shanghai Comp ending lower by 0.8%. However, Sensex rose by 0.3% led by gains in oil & power stocks. It is trading higher today; while Asian stocks are trading mixed.



FIG 1 – MOVEMENT IN KEY GLOBAL ASSET CLASSES

Particulars	Current	1D	1W	1M	3M	12M
10Y yields (Δ bps)						
US	0.9	(1.0)	(7.0)	1.5	23.1	(92.6)
UK	0.2	(2.9)	(17.9)	(17.6)	(1.0)	(61.9)
Japan	0	(0.1)	(1.0)	(1.6)	(1.3)	3.2
Germany	(0.6)	(3.3)	(8.9)	(10.0)	(15.5)	(34.7)
India	6.0	4.0	6.0	5.5	(8.1)	(82.6)
China	3.3	2.5	0.7	4.8	16.3	11.1
2Y yields (Δ bps)						
US	0.1	(2.2)	(3.6)	(6.2)	(1.2)	(148.9)
UK	(0.1)	0.3	(7.7)	(7.6)	1.4	(65.8)
Japan	(0.1)	(0.3)	(1.4)	(0.4)	(0.9)	(0.6)
Germany	(0.8)	(1.7)	(3.6)	(6.0)	(9.0)	(16.5)
India	3.9	(1.1)	5.9	(21.6)	(55.9)	(186.3)
China	2.8	0.5	(3.5)	2.9	22.7	22.6
Currencies (Δ %)						
EUR	1.2112	(0.2)	(0.1)	2.6	2.2	8.9
GBP	1.3224	(0.5)	(1.6)	0.8	3.3	(0.8)
JPY	104.04	0.2	0.1	1.0	2.0	4.9
AUD	0.7533	0	1.5	4.2	3.4	9.6
INR	73.65	0	0.2	1.3	(0.1)	(4.0)
CNY	6.5462	0	(0.2)	1.0	4.2	6.2
Equity & Other indices (Δ %)						
Dow	30,046	0.2	(0.6)	3.3	8.6	6.8
FTSE	6,547	(0.8)	(0.1)	3.3	8.5	(11.0)
DAX	13,114	(1.4)	(1.4)	0.5	(0.7)	(1.3)
NIKKEI	26,653	(0.4)	(0.4)	4.4	13.9	10.9
Shanghai Comp	3,347	(0.8)	(2.8)	0.3	2.7	12.8
SENSEX	46,099	0.3	2.3	6.3	18.6	12.4
Brent (US\$/bbl)	49.97	(0.6)	1.5	14.8	25.5	(23.4)
Gold (US\$/oz)	1,840	0.2	0.1	(2.0)	(5.2)	24.6
CRB Index	435.7	0.4	2.0	5.0	8.7	10.0
Rogers Agri Index	831.0	0.5	1.5	2.4	12.0	12.4
LIBOR (3M)*	0.22	0	(1)	0	(3)	(168)
INR 5Y Swap*	5.23	(2)	5	9	(35)	(136)
India FII data (US\$ mn)						
	10 Dec	9 Dec	WTD	MTD	CYTD	FYTD
FII-Debt	41.5	10.6	92.5	345.8	(14,273.4)	(4,513.9)
FII-Equity	476.9	496.4	1,859.5	3,290.3	19,396.1	25,999.0

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

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

chief.economist@bankofbaroda.com