

## MACRO DAILY

16 April 2021

### Macro developments

- India's trade deficit expanded to US\$ 13.9bn in Mar'21 from US\$ 12.6bn in Feb'21 as gold imports rose sharply by 591.7%. Non-oil-non-gold-imports also rose by 46.7%. Overall, imports rose by 53.7% in Mar'21 from 7%. Exports on the other hand rose by 60.3% led by gems and jewellery, engineering and pharma exports. We expect trade deficit to widen in FY22 amidst higher oil prices and improvement in domestic demand.
- China's GDP rose by 18.3% in Q1CY21 owing to favourable base (6.8% decline in Q1CY20). On QoQ basis, growth eased to 0.6% (est.: 1.4%) versus 3.2% increase in Q4CY20. Much of the slowdown was visible in Mar'21, as industrial production eased to 14.1% from 35.1% in Jan-Feb'21 and FAI was down to 25.6% in Q1CY21 versus 35% last year. Retail sales however rose by 34.2% in Mar'21 versus 33.8% in Jan-Feb'21
- US retail sales rose by 9.8% in Mar'21, (est.: 5.5%) highest gain in past 10 months and against 2.7% decline in Feb'21. Higher spending was supported by stimulus cheques. Separately, industrial production rose to an 8-month high of 1.4% from a decline of 2.6%, led by manufacturing and mining. Jobless claims fell by 193,000 in the week ended 10 Apr 2021 to 576,000 (lowest since Mar'20).

Aditi Gupta | Sameer Narang

chief.economist@bankofbaroda.com

### Markets

- Bonds:** Global yields closed mixed. US 10Y yield fell by 6bps (1.58%) as Fed reiterated its commitment to keep ultra-low rates. Crude prices rose by 0.5% (US\$ 67/bbl) amidst drop in US inventory. India's 10Y yield rose by 12bps (6.13%) due to higher CPI and WPI print. A lower cut off price set by RBI in OMO auction also disappointed investors. It is trading further higher at 6.15% today.
- Currency:** Except EUR (lower), other global currencies closed higher. DXY closed flat amidst a fall in US 10Y yield, even as US macro data pointed to a robust economic recovery. AUD rose the most by 0.3%. INR gained 0.2%. It is trading further higher today in line with other Asian currencies.
- Equity:** Barring Shanghai Comp, other global indices ended higher on the back of strong US data print. Dow (0.9%) surged the most led by a rally in tech stocks. Sensex (0.5%) too ended in green driven by banking and metal stocks. It is trading higher today while other Asian stocks are trading lower.



FIG 1 – MOVEMENT IN KEY GLOBAL ASSET CLASSES

Particulars	Current	1D	1W	1M	3M	12M
<b>10Y yields (Δ bps)</b>						
US	1.58	(6)	(4)	(3)	45	95
UK	0.74	(7)	(1)	(6)	45	44
Japan	0.09	0	(1)	(2)	5	7
Germany	(0.29)	(3)	5	4	26	18
India	6.13	12	10	(7)	23	(31)
China	3.18	2	(5)	(10)	6	67
<b>2Y yields (Δ bps)</b>						
US	0.16	0	1	1	2	(5)
UK	0.04	(2)	(1)	(6)	16	(3)
Japan	(0.12)	0	1	2	(1)	2
Germany	(0.70)	(1)	2	(1)	3	(2)
India	4.62	6	(1)	(31)	19	(41)
China	2.50	(1)	(1)	(9)	23	129
<b>Currencies (Δ %)</b>						
EUR	1.1967	(0.1)	0.4	0.3	(1.5)	10.4
GBP	1.3787	0.1	0.4	(0.8)	0.7	10.7
JPY	108.76	0.2	0.5	0.3	(4.8)	(0.8)
AUD	0.7752	0.3	1.3	0	(0.3)	22.5
INR	74.93	0.2	(0.5)	(3.4)	(2.6)	2.4
CNY	6.5226	0.1	0.4	(0.3)	(0.7)	7.9
<b>Equity &amp; Other indices (Δ %)</b>						
Dow	34,036	0.9	1.6	3.3	9.8	44.6
FTSE	6,984	0.6	0.6	3.5	2.7	24.1
DAX	15,255	0.3	0.3	5.5	9.1	48.1
NIKKEI	29,643	0.1	(0.2)	(0.4)	3.3	53.7
Shanghai Comp	3,399	(0.5)	(2.4)	(0.6)	(4.7)	20.5
SENSEX	48,804	0.5	(1.9)	(3.2)	(1.6)	59.5
Brent (US\$/bbl)	66.94	0.5	5.9	(2.8)	18.6	140.6
Gold (US\$/oz)	1,764	1.6	0.5	1.9	(4.5)	2.7
CRB Index	516.2	0.3	1.1	4.2	13.4	46.9
Rogers Agri Index	988.5	0.7	2.6	1.9	6.7	53.7
LIBOR (3M)*	0.18	0	0	0	(4)	(95)
INR 5Y Swap*	5.66	(1)	(4)	(30)	7	(11)
<b>India FII data (US\$ mn)</b>						
	<b>12 Apr</b>	<b>9 Apr</b>	<b>WTD</b>	<b>MTD</b>	<b>CYTD</b>	<b>FYTD</b>
FII-Debt	46.1	(94.3)	46.1	(361.0)	(2,388.2)	(361.0)
FII-Equity	(331.6)	(81.1)	(331.6)	(287.2)	7,039.2	(287.2)

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](http://www.bankofbaroda.com)



For further details about this publication, please contact:

### **Economics Research Department**

Bank of Baroda

[chief.economist@bankofbaroda.com](mailto:chief.economist@bankofbaroda.com)