MACRO DAILY

16 December 2020

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Macro developments

- Final print for India's trade data shows that exports fell by 8.7% in Nov'20 compared with 9.1% drop estimated in preliminary estimates and 5.1% decline in Oct'20. Imports also fell by 13.3% versus 11.5% in Oct'20. Upward revision in exports was mainly on the back of lesser than estimated decline in oil exports which fell by 59.7% versus 63.8% reported in preliminary estimates and 52% drop in Oct'20.
- As per India Cellular and Electronics Association (ICEA) report, India has the potential to scale up its cumulative laptop and tablet manufacturing capacity to US$ 100bn by FY25. This will take India's share in the global market to 26% from 1% currently. Further the report said that it will generate 0.5mn new jobs.
- US industrial production eased by 0.4% in Nov'20 from 0.9% in Oct'20. This was led by utilities output contracting sharply by 4.3% in Nov'20 from an increase of 1.8% in Oct'20. Additionally, manufacturing output also moderated to 0.8% in Nov'20 (from 1.1% in Oct'20). However, mining output rose by 2.3% in Nov'20. Capacity utilization for the industry inched up to 73.3% in Nov'20 (73% in Oct'20).

Markets

- **Bonds:** Global yields closed mixed. US 10Y yield rose by 1bps (0.91%) over developments surrounding US$ 1.4tn fiscal stimulus talks. UK 10Y yield rose by 4bps (0.26%). Crude prices rose by 0.9% (US$ 51/bbl) due to vaccine roll out. India 10Y yield fell by 1bps (5.94%) supported by CPI print. It is trading at 5.95% today.
- **Currency:** Except INR, global currencies closed higher. GBP (1%) and JPY (0.4%) rose the most. DXY fell by 0.3% on renewed hopes over US fiscal stimulus package and talks to break the deadlock on Brexit deal. INR fell by 0.1% as Brent prices rose. However, it is trading higher today in line with other Asian currencies.
- **Equity:** Global indices closed mixed as investors turned their focus towards Fed's policy meet. Amongst other indices, both Dow and Dax ended higher by 1.1% each. While, FTSE declined by 0.3% followed by Nikkei (0.2%). Sensex ended in flat. However, 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	0.91	1	(1)	1	23	(97)
UK	0.26	4	0	(8)	4	(50)
Japan	0.01	(1)	(1)	(2)	(2)	1
Germany	(0.61)	1	0	(6)	(13)	(32)
India	5.94	(1)	0	6	(9)	(81)
China	3.30	(1)	2	2	18	7
2Y yields (Δ bps)						
US	0.11	0	(4)	(7)	(3)	(151)
UK	(0.05)	4	3	(3)	1	(59)
Japan	(0.12)	0	0	1	1	(1)
Germany	(0.76)	2	2	(3)	(7)	(12)
India	3.87	(4)	(7)	(23)	(60)	(195)
China	2.80	(2)	(5)	(2)	18	21
Currencies (Δ %)						
EUR	1.2151	0.1	0.4	2.7	2.6	9.0
GBP	1.3460	1.0	0.8	2.1	4.4	2.5
JPY	103.67	0.4	0.5	0.9	1.7	5.3
AUD	0.7559	0.3	2.0	4.0	3.5	10.3
INR	73.64	(0.1)	(0.2)	1.3	0	(3.8)
CNY	6.5394	0.2	(0.1)	1.0	3.6	6.5
Equity & Other indices (Δ %)						
Dow	30,199	1.1	0.1	2.4	7.9	6.8
FTSE	6,513	(0.3)	(0.7)	3.1	6.7	(13.4)
DAX	13,363	1.1	0.6	2.2	1.1	0.6
NIKKEI	26,688	(0.2)	0.8	5.1	13.8	10.9
Shanghai Comp	3,367	(0.1)	(1.3)	1.7	2.2	11.4
SENSEX	46,263	0	1.4	6.5	18.5	11.9
Brent (US$/bbl)	50.76	0.9	3.9	18.7	25.2	(23.2)
Gold (US$/oz)	1,854	1.4	(0.9)	(1.9)	(5.1)	25.6
CRB Index	436.8	0.2	0.9	5.1	7.6	9.5
Rogers Agri Index	834.2	0.5	2.5	2.7	12.3	11.3
LIBOR (3M)*	0.22	0	(1)	0	(3)	(168)
INR 5Y Swap*	5.27	2	5	14	(31)	(138)
India FII data (US$ mn)	**14 Dec**	**11 Dec**	**WTD**	**MTD**	**CYTD**	**FYTD**
FII-Debt	228.8	326.0	228.8	900.6	(13,718.6)	(3,959.1)
FII-Equity	472.8	684.5	472.8	4,447.7	20,553.4	27,156.4

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

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