

MACRO DAILY

17 March 2021

Macro developments

- India's exports are estimated to have increased by 17.3% (YoY) between 1-14 Mar 2021 (US\$ 14.2bn), after rising by 0.7% in Feb'21. Exports of engineering goods, rice and gems and jewellery noted maximum increase. Imports rose by 27.8% in the same period versus an increase of 7% in Feb'21, led by gold, electronics and precious stones. Trade deficit is at US\$ 8.2bn in Mar'21 (1-14) versus US\$ 12.6bn in Feb'21.
- Retail sales in the US fell by 3% (MoM) in Feb'21 (est.: 0.5% decline) from increase of 7.6% in Jan'21. This was on account of winter storms. Notably, retail sales excluding auto fell by 2.7%, the sharpest decline since Apr'20. In a separate print, US industrial production also fell by 2.2% in Feb'21 (est.: 0.4% increase) from 1.1% increase in Jan'21, led by mining (5.4% decline) and manufacturing (3.1% decline).
- Japan's exports fell for the first time in 3-months and declined by 4.5% in Feb'21 (YoY) versus increase of 6.4% in Jan'21. Exports to major trading partners such as US (down by 14%) and Asia (down by 0.8%) declined. Imports on the other hand rose by 11.8% to a 27-month high, from a decline of 9.5% in Jan'21. This was due to an improvement in domestic demand as well as higher oil prices.

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Markets

- Bonds:** Except US, global yields closed lower as concerns over the use of Covid-19 vaccine persisted in Europe. US 10Y rose by 1bps (1.62%) ahead of the FOMC meeting. Crude prices fell by 0.7% (US\$ 68/bbl) as demand concerns still reign. Thus, India's 10Y yield fell by 2bps (6.18%). It is trading further lower at 6.17% today.
- Currency:** Barring JPY (higher), other global currencies closed lower. DXY closed flat as US retail sales and industrial production fell in Feb'21. Investors also await the results of the Fed policy meet. INR depreciated marginally by 0.1%. It is trading further lower today, in line with other Asian currencies.
- Equity:** Apart from Dow and Sensex, global indices closed higher as focus turned towards major central banks policy decisions. FTSE and Shanghai Comp rose the most by 0.8% each. Sensex fell by 0.1%, led 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
10Y yields (Δ bps)						
US	1.62	1	9	41	71	54
UK	0.79	(1)	6	27	53	23
Japan	0.11	(1)	(2)	4	10	9
Germany	(0.34)	0	(4)	9	28	10
India	6.18	(2)	(3)	19	29	(8)
China	3.26	(1)	2	2	(3)	54
2Y yields (Δ bps)						
US	0.15	0	(1)	4	4	(34)
UK	0.09	0	1	13	15	(22)
Japan	(0.14)	0	(3)	(2)	(2)	3
Germany	(0.69)	0	(1)	2	7	15
India	4.93	0	6	35	106	(67)
China	2.58	0	1	(7)	(22)	67
Currencies (Δ %)						
EUR	1.1903	(0.2)	0	(1.8)	(2.0)	8.2
GBP	1.3891	(0.1)	0	0.3	3.2	15.2
JPY	109.00	0.1	(0.5)	(3.9)	(5.1)	(1.2)
AUD	0.7746	(0.1)	0.4	(0.2)	2.5	29.1
INR	72.55	(0.1)	0.5	0.3	1.5	2.2
CNY	6.5060	(0.1)	0	(0.7)	0.5	7.1
Equity & Other indices (Δ %)						
Dow	32,826	(0.4)	3.1	4.3	8.7	54.6
FTSE	6,804	0.8	1.1	3.2	4.5	28.5
DAX	14,558	0.7	0.8	3.6	8.9	62.9
NIKKEI	29,921	0.5	3.1	1.4	12.1	75.9
Shanghai Comp	3,447	0.8	2.6	(5.7)	2.4	24.0
SENSEX	50,364	(0.1)	(1.3)	(2.3)	8.9	64.7
Brent (US\$/bbl)	68.39	(0.7)	1.3	9.5	34.7	138.0
Gold (US\$/oz)	1,731	0	0.9	(5.1)	(6.6)	13.3
CRB Index	495.5	(0.2)	0.8	5.4	13.4	31.4
Rogers Agri Index	973.0	0.3	0.3	3.4	16.6	49.4
LIBOR (3M)*	0.18	(1)	0	(1)	(5)	(87)
INR 5Y Swap*	5.98	1	(4)	7	71	32
India FII data (US\$ mn)						
	15 Mar	12 Mar	WTD	MTD	CYTD	FYTD
FII-Debt	48.0	(75.4)	48.0	(1,206.0)	(2,690.2)	(6,783.8)
FII-Equity	(132.3)	535.4	(132.3)	1,446.6	6,440.4	36,416.2

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

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