

MACRO DAILY

18 March 2021

Macro developments

- As per CMIE data, unemployment rate (30-day moving average) in India rose slightly to 6.53% as on 17 Mar 2021 from 6.52% in the previous week. This was led by urban unemployment which rose to 7.14% from 7.05% in the previous week. However, rural unemployment edged down to 6.25% from 6.28% in the previous week.
- US Fed kept policy rate unchanged. However, it revised its growth estimates upwards to 6.5% in CY21 from 4.2% earlier. Inflation projection has also been revised upward to 2.4% from 1.8%. The dot plot suggests 4 of the 18 FOMC members expect a rate hike in CY22, against just one member in the previous meeting. In a separate print, housing starts fell by 10.3% to 1.42mn units in Feb'21 (lowest since Aug'20).
- Unemployment rate in Australia fell to 5.8% in Feb'21 (est.: 6.3%) from 6.3% in Jan'21. Employment rose to 88,700 in Feb'21 versus estimate of an increase of 30,000 and 29,000 increase in Jan'21. The stronger than expected rebound in labour market reinforces views of a V-shaped recovery. However, the end of the JobKeeper program in Mar'21 may impinge on labour market recovery.

Aditi Gupta | Sameer Narang

chief.economist@bankofbaroda.com

Markets

- Bonds:** Except Japan and China, global yields closed higher as US Fed revised its growth estimates higher. Germany's 10Y yield rose the most by 5bps, followed by UK (4bps) and US (2bps) on increased reflation bets. Crude prices fell by 0.6% (US\$ 68/bbl) led by rise in US crude inventories. India's 10Y yield rose by 1bps (6.19%), taking global cues. It is trading further higher at 6.20% today.
- Currency:** Barring INR and CNY (flat), other global currencies closed higher. DXY fell by 0.5% after rising for 3-straight session as Fed Chair quashed expectations of a rate hike next year. AUD rose the most by 0.7%. INR is trading higher today, in line with other Asian currencies.
- Equity:** Global indices ended mixed. Dow rose by 0.6% as Fed revised its growth forecasts upwards. FTSE ended lower by 0.6% ahead of BoE policy decision. Sensex fell by 1.1%, led by oil & gas and power stocks. 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	1.64	2	12	43	73	45
UK	0.83	4	12	31	56	3
Japan	0.10	0	(3)	3	9	2
Germany	(0.29)	5	2	14	28	(6)
India	6.19	1	(6)	20	30	(11)
China	3.26	(1)	1	1	(4)	54
2Y yields (Δ bps)						
US	0.13	(2)	(2)	2	2	(40)
UK	0.11	2	5	15	19	(23)
Japan	(0.13)	1	(2)	(2)	(1)	1
Germany	(0.69)	0	0	2	4	8
India	4.91	(2)	1	33	104	(62)
China	2.58	(1)	1	(7)	(16)	67
Currencies (Δ %)						
EUR	1.1979	0.6	0.4	(1.2)	(1.8)	9.7
GBP	1.3966	0.5	0.2	0.8	3.4	20.3
JPY	108.84	0.1	(0.4)	(3.7)	(5.2)	(0.7)
AUD	0.7798	0.7	0.8	0.5	2.9	35.1
INR	72.55	0	0.5	0.3	1.4	2.3
CNY	6.5041	0	0	(0.7)	0.4	7.7
Equity & Other indices (Δ %)						
Dow	33,015	0.6	2.2	4.9	9.5	65.9
FTSE	6,763	(0.6)	0.6	2.6	2.9	33.1
DAX	14,597	0.3	0.4	3.9	7.6	72.9
NIKKEI	29,914	0	3.0	1.3	11.8	78.8
Shanghai Comp	3,446	0	2.6	(5.7)	2.3	26.3
SENSEX	49,802	(1.1)	(2.9)	(3.4)	6.7	72.5
Brent (US\$/bbl)	68.00	(0.6)	0.1	8.9	33.1	173.3
Gold (US\$/oz)	1,745	0.8	1.1	(4.3)	(6.4)	17.4
CRB Index	496.6	0.2	0.4	5.6	13.7	31.7
Rogers Agri Index	970.6	(0.2)	0.7	3.1	16.3	50.3
LIBOR (3M)*	0.19	1	1	0	(5)	(93)
INR 5Y Swap*	5.99	2	(4)	9	72	8
India FII data (US\$ mn)						
	16 Mar	15 Mar	WTD	MTD	CYTD	FYTD
FII-Debt	84.7	48.0	132.7	(1,121.3)	(2,605.5)	(6,699.1)
FII-Equity	1,001.3	(132.3)	869.0	2,447.9	7,441.7	37,417.4

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