

MACRO DAILY

22 April 2021

Macro developments

- As per EPFO's data, 0.8mn (+1.4% YoY) new subscribers were added in Feb'21 compared with 0.9mn (+3.5%) added in Jan'21. With this 1.62mn new subscribers were added in Q4FY21 (Jan-Feb), marginally higher than 1.58mn added in Q4FY20 (Jan-Feb). In FY21 (Apr'20-Feb'21), 7.7mn (-27.3%) new subscribers have been added compared with 10.6mn in FY20 (Apr'19-Feb'20).
- CPI inflation in UK edged up to 0.7% in Mar'21 from 0.4% in Feb'21 on a YoY basis. The increase was led by higher global oil prices. Prices of clothing and footwear were also higher as retailers cut back on discounts. Core inflation rose to 1.1% in Mar'21, from 0.9% in Feb'21. BoE expects inflation to reach 1.9% in CY21.
- Australia's retail sales in Mar'21 rose by 1.4% (MoM) compared with a decline of 0.8% in Feb'21, with cafe, restaurants and takeaway food services rising by 6%. This was further supported by improved consumer confidence led by higher housing prices, government welfare payments, lower borrowing cost and jump in employment levels.

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Markets

- Bonds:** Barring UK, global yields closed flat/lower. US 10Y yield closed flat as investors remained cautious ahead of key Central Bank decisions (Fed and ECB). UK's 10Y yield rose by 1bps as Covid-19 restrictions eased. Crude prices fell by 1.9% (US\$ 65/bbl) on account of muted demand outlook. India 10Y yield closed flat at 6.07%. It is trading at 6.06% today.
- Currency:** Except AUD and CNY, other global currencies closed stable against the dollar. DXY fell by 0.1% as Bank of Canada signalled a rate hike in CY22 and also announced tapering of its asset purchase programme. AUD rose by 0.4% as Australia's retail sales rose more than anticipated in Mar'21. INR is trading lower today while other Asian currencies are trading higher.
- Equity:** Barring Nikkei, other global indices ended higher as investors shifted their focus towards earnings. Dow rebounded sharply and gained by 0.9%, highest amongst other indices. This was followed by FTSE (0.5%) and Dax (0.4%). Sensex is trading lower today as infections continue to surge. However, Asian stocks are trading higher.



FIG 1 – MOVEMENT IN KEY GLOBAL ASSET CLASSES

Particulars	Current	1D	1W	1M	3M	12M
10Y yields (Δ bps)						
US	1.56	0	(8)	(17)	48	94
UK	0.74	1	(6)	(10)	44	41
Japan	0.08	(1)	(1)	(3)	3	8
Germany	(0.26)	0	0	3	27	15
India	6.07	0	6	(12)	16	(15)
China	3.15	(1)	(1)	(9)	(1)	61
2Y yields (Δ bps)						
US	0.15	0	(1)	0	2	(7)
UK	0.04	0	(2)	(6)	16	(5)
Japan	(0.13)	0	(1)	1	(1)	1
Germany	(0.70)	0	(1)	0	1	(3)
India	4.59	(3)	3	(22)	10	1
China	2.41	(1)	(8)	(16)	(5)	127
Currencies (Δ %)						
EUR	1.2035	0	0.5	1.1	(0.6)	11.2
GBP	1.3931	0	1.1	0.4	2.0	12.9
JPY	108.08	0	0.8	0.7	(4.4)	(0.3)
AUD	0.7754	0.4	0.3	0.2	0.1	22.6
INR	74.89	0	0.2	(3.3)	(2.5)	2.3
CNY	6.4905	0.1	0.6	0.3	(0.4)	8.4
Equity & Other indices (Δ %)						
Dow	34,137	0.9	1.2	4.6	9.5	45.4
FTSE	6,895	0.5	(0.6)	2.8	2.3	19.5
DAX	15,196	0.4	(0.1)	3.9	9.2	45.9
NIKKEI	28,509	(2.0)	(3.8)	(4.3)	(0.1)	49.0
Shanghai Comp	3,473	0	1.6	2.0	(3.1)	22.1
SENSEX	47,706	(0.5)	(1.7)	(4.3)	(4.2)	52.0
Brent (US\$/bbl)	65.32	(1.9)	(1.9)	1.2	16.5	220.7
Gold (US\$/oz)	1,794	0.8	3.3	2.8	(4.2)	4.7
CRB Index	521.0	0.4	1.2	3.2	13.6	48.6
Rogers Agri Index	1,015.9	1.2	3.5	5.9	10.6	57.3
LIBOR (3M)*	0.18	0	0	(1)	(4)	(84)
INR 5Y Swap*	5.48	(3)	(19)	(49)	(9)	16
India FII data (US\$ mn)						
	19 Apr	16 Apr	WTD	MTD	CYTD	FYTD
FII-Debt	113.3	281.6	113.3	91.8	(1,935.5)	91.8
FII-Equity	(220.9)	(99.9)	(220.9)	(716.0)	6,610.3	(716.0)

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

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