

MACRO DAILY

22 July 2021

Macro developments

- As per CMIE data, unemployment rate in India (30-day moving average) dropped to its lowest since Apr'21 at 7.2% as of 21 Jul 2021 from 7.7% in the previous week. This was led by moderation in both urban (8.3% from 8.6%) and rural unemployment rate (6.7% from 7.3%). With vaccination gaining pace (6.3% population-fully vaccinated) and government's current stimulus, this data would improve further in the near term.
- Retail sales in Australia declined by 1.8% in Jun'21 (est.: -0.3%) compared with an increase of 0.4% in May'21 on a MoM basis. The slump was led by lockdown and mobility restrictions. Only food retailing (1.5% in Jun'21 from 1.1% in May'21) showed improvement. On the other hand, cafe, restaurants and takeaway food services along with clothing, footwear and personal accessory retailing saw the biggest fall.
- Japan's exports rose by 48.6% in Jun'21 on YoY basis versus 49.6% in May'21, mainly owing to base effect. Exports to US (86%) and China (28%) rose the most, driven by shipments of cars, computer parts and semiconductor making equipment. Imports improved much sharply, rising by 32.7% in Jun'21 versus 27.9%, owing to base effect and commodity prices. On MoM basis, exports showed turnaround, rising by 15.4% in Jun'21 following 12.8% drop in May'21. Improving domestic demand also led to 6% rise in imports versus 7% decline.

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Markets

- Bonds:** Except China (lower), global yields closed higher as faster pace of vaccination mitigated concerns over the Delta variant. US 10Y yield rose the most by 7bps (1.29%) ahead of the jobless claims report. Crude prices rose by 4.2% (US\$ 72/bbl) on expectation of revival in demand. India's 10Y yield closed flat at 6.19%.
- Currency:** Global currencies closed higher as risk-sentiment improved. Thus, safe-haven JPY (0.4%) and DXY (0.2%) fell. GBP gained by 0.6% even as uncertainty remained over lifting of restriction in UK. EUR rose by 0.1% ahead of ECB policy. INR appreciated by 0.3% following global cues even as oil prices rose. It is trading further higher today in line with other Asian currencies.
- Equity:** Global indices reversed their previous day losses and ended higher led by positive corporate earnings reports and reduced apprehensions against spread of Delta variant. Amongst other indices, FTSE (1.7%) gained the most followed by Dax (1.4%) and Dow (0.8%). Domestic market was closed yesterday. It opened 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	1.29	7	(6)	(15)	(27)	69
UK	0.60	4	(2)	(15)	(14)	48
Japan	0.02	1	0	(4)	(6)	0
Germany	(0.40)	2	(8)	(20)	(13)	10
India ^{AA}	6.19	0	(1)	18	12	38
China	2.92	(1)	(2)	(23)	(23)	3
2Y yields (Δ bps)						
US	0.21	1	(2)	(5)	6	6
UK	0.10	1	2	(3)	6	21
Japan	(0.13)	0	0	(1)	0	0
Germany	(0.72)	0	(4)	(5)	(2)	(3)
India ^A	4.26	(4)	(4)	(42)	(33)	7
China	1.97	(1)	(10)	(50)	(45)	(10)
Currencies (Δ %)						
EUR	1.1794	0.1	(0.4)	(0.6)	(2.0)	1.9
GBP	1.3713	0.6	(1.1)	(0.7)	(1.6)	7.7
JPY	110.29	(0.4)	(0.3)	(0.1)	(2.0)	(2.9)
AUD	0.7359	0.4	(1.6)	(1.6)	(5.1)	3.1
INR	74.62	0.3	0	(1.0)	0.4	0.2
CNY	6.4680	0.3	0	(0.2)	0.3	7.6
Equity & Other indices (Δ %)						
Dow	34,798	0.8	(0.4)	4.5	1.9	28.9
FTSE	6,998	1.7	(1.3)	(0.3)	1.5	12.7
DAX	15,423	1.4	(2.3)	(0.2)	1.5	17.7
NIKKEI	27,548	0.6	(3.7)	(4.9)	(3.4)	21.1
Shanghai Comp	3,563	0.7	1.0	1.1	2.6	6.9
SENSEX	52,199	(0.7)	(1.3)	(0.3)	9.4	37.8
Brent (US\$/bbl)	72.23	4.2	(3.4)	(1.7)	10.6	63.1
Gold (US\$/oz)	1,804	(0.4)	(1.3)	2.2	0.6	(3.6)
CRB Index	559.5	0	(0.4)	0.9	7.4	51.4
Rogers Agri Index	1,061.6	0.3	1.0	3.3	4.5	52.6
LIBOR (3M)*	0.14	0	1	0	(3)	(13)
INR 5Y Swap*	5.83	0	3	13	35	56
India FII data (US\$ mn)						
	19 Jul	16 Jul	WTD	MTD	CYTD	FYTD
FII-Debt	(13.2)	(24.1)	(13.2)	43.5	(3,123.3)	(1,096.1)
FII-Equity	(304.7)	(56.8)	(304.7)	(815.2)	7,269.0	(57.3)

Source: Bloomberg, Bank of Baroda Research | *Indicates change in bps | **5.85GS2030, ^ 4.26GS2023 security

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