

MACRO DAILY

24 March 2021

Macro developments

- According to news reports, central government has collected ~Rs 304bn as dividend receipts from CPSEs in FYTD21 (till 22 Mar 2021), slightly lower than the revised target of Rs 347bn. Apart from this, FY21RE estimates Rs 618bn will be received as surplus from RBI and nationalised banks/financial institutions, bringing the total dividend receipts to Rs 965bn. Of this total amount, Rs 744bn has been garnered till Jan'21.
- US new home sales dropped to a 9-month low of 18.2% (MoM) in Feb'21 versus 3.2% increase in Jan'21, driven by extreme weather conditions and elevated mortgage rates. Higher rates are expected to adversely impact affordability and weaken demand in CY21. However, rapid vaccination drive and stimulus package might lend support to the sector.
- Japan's manufacturing PMI rose to 52 in Mar'21 from 51.4 in Feb'21, led by new orders which rose at the fastest pace in 18-months. However, input prices were elevated and job shedding continued for the 3rd straight month. Services PMI rose marginally to 46.5 versus 46.3 in Feb'21, however it remained in the contraction zone for 14th consecutive month.

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Markets

- Bonds:** Global yields closed lower amidst extension of lockdown in Germany and rising tensions between China and Western countries. US 10Y yield fell the most by 7bps (1.62%) as Fed Chair testified before Congress that inflation would not spiral out of control. Crude prices fell by 5.9% (US\$ 61/bbl). India's 10Y yield fell by 4bps (6.14%) as RBI cancelled the Rs 200bn weekly auction. It is trading at 6.13% today.
- Currency:** Safe-haven DXY (0.6%-4-month high) and JPY (0.2%) rose on the back of a risk-off sentiment as fresh lockdowns in Europe raised concerns. AUD fell the most by 1.6%, followed by GBP (down 0.8%). INR depreciated marginally by 0.1% even as oil prices eased. It is trading further lower today, while other Asian currencies are trading mixed.
- Equity:** Barring Sensex and Dax, other global indices ended lower as renewed concerns over surge in Covid-19 cases impacted investor sentiments. Both Dow and Shanghai Comp declined by 0.9% each. However, Sensex (0.6%) ended in green led by banking and real estate stocks. It is trading lower 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	1.62	(7)	0	28	70	77
UK	0.76	(5)	(2)	7	58	28
Japan	0.08	0	(2)	(3)	7	4
Germany	(0.34)	(3)	(1)	(4)	25	(2)
India	6.14	(4)	(4)	1	23	(16)
China	3.21	(2)	(6)	(6)	(3)	57
2Y yields (Δ bps)						
US	0.15	0	0	4	3	(23)
UK	0.05	(3)	(5)	6	18	(8)
Japan	(0.13)	1	1	(2)	0	8
Germany	(0.71)	(1)	(2)	(3)	3	(8)
India	4.74	(4)	(19)	20	86	(89)
China	2.57	0	(2)	(5)	(11)	75
Currencies (Δ %)						
EUR	1.1849	(0.7)	(0.5)	(2.2)	(2.6)	9.8
GBP	1.3752	(0.8)	(1.0)	(1.9)	2.9	16.9
JPY	108.59	0.2	0.4	(3.0)	(4.8)	2.4
AUD	0.7624	(1.6)	(1.6)	(3.1)	1.3	28.0
INR	72.43	(0.1)	0.2	0.3	1.9	4.8
CNY	6.5162	(0.1)	(0.2)	(0.9)	0.4	7.7
Equity & Other indices (Δ %)						
Dow	32,423	(0.9)	(1.2)	2.9	8.0	56.6
FTSE	6,699	(0.4)	(1.5)	1.1	3.8	23.0
DAX	14,662	0	0.7	4.8	9.3	51.1
NIKKEI	28,996	(0.6)	(3.1)	(3.4)	9.7	60.3
Shanghai Comp	3,412	(0.9)	(1.0)	(7.7)	1.6	25.3
SENSEX	50,051	0.6	(0.6)	(1.6)	8.8	87.6
Brent (US\$/bbl)	60.79	(5.9)	(11.1)	(3.4)	21.4	123.9
Gold (US\$/oz)	1,727	(0.7)	(0.3)	(3.2)	(7.2)	5.8
CRB Index	507.7	0.2	2.2	5.5	15.7	35.8
Rogers Agri Index	962.0	0.2	(1.1)	0.2	12.9	43.2
LIBOR (3M)*	0.19	0	0	2	(5)	(104)
INR 5Y Swap*	5.95	0	(2)	2	63	(30)
India FII data (US\$ mn)						
	22 Mar	19 Mar	WTD	MTD	CYTD	FYTD
FII-Debt	52.4	(42.8)	52.4	(1,183.8)	(2,668.0)	(6,761.6)
FII-Equity	38.2	83.6	38.2	3,196.2	8,190.0	38,165.7

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

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