

MACRO DAILY

25 March 2021

Macro developments

- RBI reported that currency in circulation (CIC) declined by Rs 11.6bn and stood at Rs 28.5tn for the week ending 19 Mar 2021. Reserve money rose by 12% on a YoY basis, compared with 14.1% a year ago. On FYTD basis, reserve money increased by 13.9% as against 11.2% a year ago.
- Global flash PMIs indicate that both manufacturing and services activity rebounded sharply in Mar'21 in US and Europe. In US, manufacturing PMI jumped to 59 and services PMI rose to 80-month high of 60 in Mar'21. Manufacturing PMI for Eurozone and Germany reached its record high of 62.4 and 66.6 and that of UK rose to 40-month high of 57.9. Services activity in Germany and UK too entered into expansion in Mar'21.
- CPI print in UK slipped to 0.4% in Feb'21 (est.: 0.8%) from 0.7% in Jan'21. This was on account of dip in prices of clothing and footwear (5.7% decline versus 3.4% decline) and recreation and culture (2.2% versus 2.6%) due to lockdown restriction. Core inflation also edged down to 0.9% in Feb'21 from 1.4% in Jan'21.

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Markets

- **Bonds:** Except India, global yields closed lower amidst rising cases in Europe, India and Brazil. US 10Y yield fell by 1bps (1.61%). Crude prices rose by 6% (US\$ 64/bbl) on account of supply disruption in Suez Canal. Thus, India's 10Y yield rose by 1bps (6.15%). It is trading flat today.
- **Currency:** Global currencies closed lower amidst concerns over "third-wave" of Covid-19 in Europe. DXY rose by 0.2% to a 4-month high. GBP depreciated by 0.5% even as the government reversed its decision to impose strict lockdown during Easter holidays. INR depreciated marginally by 0.2%. It is trading further lower today, in line with other Asian currencies.
- **Equity:** Barring FTSE and Dow, other global indices ended lower amidst concerns over global economic recovery. Amongst other indices, Nikkei (2%) declined the most. Sensex (1.7%) too ended in red led by real estate and metal stocks. It is trading further lower today while other Asian stocks are trading mixed.



FIG 1 – MOVEMENT IN KEY GLOBAL ASSET CLASSES

Particulars	Current	1D	1W	1M	3M	12M
10Y yields (Δ bps)						
US	1.61	(1)	(3)	27	67	74
UK	0.76	(1)	(7)	6	47	31
Japan	0.07	(1)	(3)	(4)	6	2
Germany	(0.35)	(1)	(6)	(5)	19	(9)
India	6.15	1	(4)	2	24	(15)
China	3.19	(1)	(6)	(7)	(2)	57
2Y yields (Δ bps)						
US	0.15	0	1	4	3	(18)
UK	0.06	2	(5)	7	18	(5)
Japan	(0.14)	(1)	(1)	(3)	(1)	9
Germany	(0.71)	0	(3)	(3)	(1)	(12)
India	4.71	(3)	(20)	17	84	(92)
China	2.55	(1)	(2)	(6)	(11)	77
Currencies (Δ %)						
EUR	1.1813	(0.3)	(1.4)	(2.5)	(3.1)	8.6
GBP	1.3686	(0.5)	(2.0)	(2.4)	1.4	15.2
JPY	108.73	(0.1)	0.1	(3.1)	(5.0)	2.2
AUD	0.7582	(0.6)	(2.8)	(3.6)	0.1	27.2
INR	72.56	(0.2)	0	0.1	1.6	4.6
CNY	6.5245	(0.1)	(0.3)	(1.0)	0.2	8.3
Equity & Other indices (Δ %)						
Dow	32,420	0	(1.8)	2.9	7.6	52.9
FTSE	6,713	0.2	(0.7)	1.3	3.3	18.0
DAX	14,610	(0.4)	0.1	4.4	7.5	48.0
NIKKEI	28,406	(2.0)	(5.0)	(5.4)	7.1	45.3
Shanghai Comp	3,367	(1.3)	(2.3)	(8.9)	(0.5)	21.0
SENSEX	49,180	(1.7)	(1.2)	(3.4)	5.9	72.3
Brent (US\$/bbl)	64.41	6.0	(5.3)	2.4	25.8	135.2
Gold (US\$/oz)	1,735	0.4	(0.6)	(2.8)	(7.4)	7.3
CRB Index	506.7	(0.2)	1.7	5.3	15.2	35.3
Rogers Agri Index	960.9	(0.1)	(1.0)	0.1	11.6	42.1
LIBOR (3M)*	0.20	0	1	3	(5)	(107)
INR 5Y Swap*	5.89	(6)	(10)	(4)	60	(34)
India FII data (US\$ mn)						
	23 Mar	22 Mar	WTD	MTD	CYTD	FYTD
FII-Debt	25.1	52.4	77.5	(1,158.7)	(2,642.9)	(6,736.5)
FII-Equity	(4.1)	38.2	34.1	3,192.1	8,185.9	38,161.7

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

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