

## MACRO DAILY

25 May 2021

### Macro developments

- FDI inflows into India rose by 10% to a historic high of US\$ 81.7bn in FY21 versus US\$ 74.4bn in FY20. FDI equity inflows rose by 19% to US\$ 59.6bn. Singapore remained the biggest source of FDI inflows with a share of 29% followed by US at 23%. However, FDI inflows from Saudi Arabia jumped the most to US\$ 2.8bn from US\$ 89.9mn in FY20. Sector wise, computer hardware and software attracted 44% of total FDI inflows.
- As per Australia's preliminary trade estimates, exports remained flat at \$36bn in Apr'21 on a MoM basis despite increase in exports of medicinal & pharma products (55%), petroleum (8%) and coal (1%). However, imports declined by 7% to \$26bn in Apr'21 driven by sharp drop in non-monetary gold (-46%) and transport equipment (-34%). Thereby, the trade surplus expanded to \$10.1bn, 3rd highest on record.
- Singapore's GDP rose by 1.3% on YoY basis in Q1CY21 versus 0.2% increase as per preliminary estimates and 2.4% decline in Q4CY20. The push was provided by resumption in global demand leading to 10.7% increase in manufacturing activity (7.5% in advance estimate). However, both construction (22.7% versus 20.2% drop in AE) and services output continued to contract (0.5% versus 1.2% drop in AE) in Q1CY21.

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### Markets

- Bonds:** Global yields closed lower. US 10Y yield fell by 1bps to 1.61% as smaller than expected size of US' infrastructure stimulus plan eased inflationary concerns. Crude prices rose by 3.1% (US\$ 68.5/bbl) over fears of inconclusive US-Iran deal. India's 10Y yield fell a tad by 1bps (5.97%). It is trading flat today.
- Currency:** Except INR (lower), other global currencies closed higher. DXY fell by 0.2% as hopes of a global recovery led to improved risk-sentiment. EUR rose by 0.4% led by rapid pace of vaccination and economic recovery. INR depreciated by 0.2%. However, it is trading higher today, in line with other Asian currencies.
- Equity:** Global indices ended higher on the back of dip in Covid-19 cases globally and as countries began to reopen economies. Both Dow and FTSE gained by 0.5%. Sensex too ended in green led by global cues and gains in banking stocks. 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         |
|---|---------------|---------------|------------|------------|-------------|-------------|
| <b>10Y yields (Δ bps)</b>               |               |               |            |            |             |             |
| US                                      | 1.61          | (1)           | (4)        | 8          | 29          | 95          |
| UK                                      | 0.81          | (2)           | (5)        | 9          | 13          | 66          |
| Japan                                   | 0.07          | (1)           | (2)        | 1          | (3)         | 8           |
| Germany                                 | (0.14)        | (1)           | (3)        | 12         | 18          | 37          |
| India                                   | 5.97          | (1)           | 0          | (7)        | (16)        | 20          |
| China                                   | 3.08          | 1             | (6)        | (9)        | (20)        | 41          |
| <b>2Y yields (Δ bps)</b>                |               |               |            |            |             |             |
| US                                      | 0.15          | 0             | 0          | 1          | 5           | (1)         |
| UK                                      | 0.02          | (2)           | (6)        | 0          | 5           | 9           |
| Japan                                   | (0.14)        | (2)           | (2)        | 1          | (1)         | 3           |
| Germany                                 | (0.67)        | (2)           | (2)        | 4          | 3           | 4           |
| India                                   | 4.31          | 2             | (3)        | (27)       | (25)        | (22)        |
| China                                   | 2.40          | 0             | (6)        | (16)       | 7           | 102         |
| <b>Currencies (Δ %)</b>                 |               |               |            |            |             |             |
| EUR                                     | 1.2227        | 0.4           | 0.6        | 1.4        | 0.5         | 11.3        |
| GBP                                     | 1.4200        | 0.4           | 0.5        | 2.2        | 1.0         | 15.8        |
| JPY                                     | 108.86        | 0.1           | 0.3        | (0.9)      | (3.3)       | (1.3)       |
| AUD                                     | 0.7800        | 0.9           | 0.5        | 0.3        | (1.7)       | 17.8        |
| INR                                     | 72.97         | (0.2)         | 0.3        | 2.8        | (0.3)       | 3.7         |
| CNY                                     | 6.4100        | 0.4           | 0.5        | 0.9        | 0.4         | 9.6         |
| <b>Equity &amp; Other indices (Δ %)</b> |               |               |            |            |             |             |
| Dow                                     | 34,394        | 0.5           | 0.2        | 1.2        | 8.6         | 39.8        |
| FTSE                                    | 7,052         | 0.5           | 0.3        | 1.2        | 5.9         | 16.7        |
| DAX                                     | 15,438        | 0             | 0.3        | 0.8        | 10.3        | 39.5        |
| NIKKEI                                  | 28,365        | 0.2           | 1.9        | (3.0)      | (5.7)       | 37.8        |
| Shanghai Comp                           | 3,497         | 0.3           | (0.6)      | 0.6        | (5.7)       | 21.6        |
| SENSEX                                  | 50,652        | 0.2           | 2.2        | 5.1        | (0.7)       | 63.4        |
| Brent (US\$/bbl)                        | 68.50         | 3.1           | (1.4)      | 1.6        | 5.6         | 84.2        |
| Gold (US\$/oz)                          | 1,881         | 0.2           | 2.1        | 5.5        | 5.4         | 8.9         |
| CRB Index                               | 540.6         | (0.1)         | 0.5        | 3.5        | 12.4        | 46.9        |
| Rogers Agri Index                       | 1,052.7       | 0.1           | (0.9)      | 1.4        | 9.7         | 58.3        |
| LIBOR (3M)*                             | 0.15          | 0             | (1)        | (3)        | (3)         | (21)        |
| INR 5Y Swap*                            | 5.65          | (6)           | 0          | 17         | (28)        | 46          |
| <b>India FII data (US\$ mn)</b>         |               |               |            |            |             |             |
|   | <b>21 May</b> | <b>20 May</b> | <b>WTD</b> | <b>MTD</b> | <b>CYTD</b> | <b>FYTD</b> |
| FII-Debt                                | (40.0)        | 14.4          | 6.7        | 261.3      | (2,131.0)   | (103.7)     |
| FII-Equity                              | 45.5          | 30.6          | 394.0      | (386.7)    | 5,450.5     | (1,875.8)   |

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

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