

MACRO DAILY

26 April 2021

Macro developments

- As per CMIE data, India's unemployment rate (30-day moving average) rose to 7.74% as on 23 Apr 2021 from 7.31% in the previous week. Both rural and urban unemployment rose to 7.17% and 8.99% respectively from 6.74% and 8.58% in the previous week. Further, state specific lockdown to contain the pandemic is likely to take a hit on the print in the coming months.
- Global flash PMIs for Apr'21 indicate that manufacturing activity surged significantly in US, UK and Eurozone. UK PMI jumped to 60.7 (~27-year high) versus 60.3 in Mar'21 and Eurozone PMI reached 63.3 (series high; 62.5 in Mar'21). However, within Eurozone, both Germany and France reported marginal slowdown in activity. New export orders remained subdued while domestic orders supported growth. Global services activity too remained buoyant, with improvement seen across regions.
- New home sales in the US rebounded more than expectation and surged by 20.7% in Mar'21 after dropping by 16.2% in Feb'21. The annualised sales were pushed to 1.02mn, fastest increase since CY06 and is led by robust demand and lower borrowing costs. The median sale price of new house rose by 0.8% (US\$ 330,800) on a YoY basis in Mar'21.

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Markets

- Bonds:** Global yields closed mixed. US 10Y yield rose by 2bps (1.56%) supported by better macro prints. UK 10Y yield closed stable at 0.74%. Crude prices rose by 1.1% (US\$ 66/bbl) on improved demand outlook from US and Eurozone. India's 10Y yield fell by 1bps (6.04%). It is trading lower at 6.03% today.
- Currency:** Except INR and CNY, other global currencies closed higher against the dollar. DXY fell by 0.5% to its lowest since Feb'21 as investors await the outcome of Fed policy meet. EUR rose by 0.7% as PMIs were better than expected. INR depreciated by 0.1% as oil prices rose. However, it is trading lower today in line with other Asian currencies.
- Equity:** Global indices ended mixed as investors continued to monitor rising Covid-19 cases. Dow gained by 0.7% on the back of strong data print. On the other hand, Sensex dropped (0.4%) led by real estate stocks. However, it is trading higher today, while 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 | 1.56 | 2 | (2) | (8) | 47 | 96 |
| UK | 0.74 | 0 | (2) | 2 | 44 | 45 |
| Japan | 0.07 | 0 | (2) | (2) | 2 | 9 |
| Germany | (0.26) | (1) | 1 | 13 | 26 | 22 |
| India | 6.04 | (1) | (5) | (9) | 13 | (13) |
| China | 3.18 | 2 | 2 | (1) | 5 | 69 |
| 2Y yields (Δ bps) | | | | | | |
| US | 0.16 | 1 | 0 | 2 | 4 | (7) |
| UK | 0.04 | (1) | (1) | (1) | 16 | (3) |
| Japan | (0.13) | 0 | (1) | (2) | 0 | 2 |
| Germany | (0.69) | 0 | 0 | 3 | 2 | 1 |
| India | 4.50 | (6) | (12) | (20) | 0 | (5) |
| China | 2.40 | 0 | (6) | (16) | 7 | 127 |
| Currencies (Δ %) | | | | | | |
| EUR | 1.2097 | 0.7 | 1.0 | 2.8 | (0.6) | 11.8 |
| GBP | 1.3876 | 0.3 | 0.3 | 1.0 | 1.4 | 12.2 |
| JPY | 107.88 | 0.1 | 0.8 | 1.2 | (4.0) | (0.3) |
| AUD | 0.7739 | 0.4 | 0.1 | 2.1 | 0.3 | 21.5 |
| INR | 75.02 | (0.1) | (0.9) | (3.3) | (2.8) | 1.9 |
| CNY | 6.4963 | (0.1) | 0.4 | 0.8 | (0.2) | 8.3 |
| Equity & Other indices (Δ %) | | | | | | |
| Dow | 34,043 | 0.7 | (0.5) | 4.4 | 9.8 | 43.2 |
| FTSE | 6,939 | 0 | (1.2) | 4.0 | 3.6 | 20.6 |
| DAX | 15,280 | (0.3) | (1.2) | 4.5 | 10.1 | 47.8 |
| NIKKEI | 29,021 | (0.6) | (2.2) | 1.0 | 1.4 | 50.7 |
| Shanghai Comp | 3,474 | 0.3 | 1.4 | 3.3 | (3.7) | 23.7 |
| SENSEX | 47,878 | (0.4) | (2.0) | (1.2) | (2.0) | 52.8 |
| Brent (US\$/bbl) | 66.11 | 1.1 | (1.0) | 6.7 | 19.3 | 208.3 |
| Gold (US\$/oz) | 1,777 | (0.4) | 0 | 2.9 | (4.2) | 2.8 |
| CRB Index | 524.6 | 0.4 | 1.8 | 3.7 | 15.0 | 50.6 |
| Rogers Agri Index | 1,044.2 | 0.6 | 5.5 | 10.5 | 15.8 | 62.7 |
| LIBOR (3M)* | 0.18 | 1 | (1) | (1) | (3) | (71) |
| INR 5Y Swap* | 5.52 | 4 | (8) | (29) | (12) | 32 |
| India FII data (US\$ mn) | | | | | | |
| | 22 Apr | 20 Apr | WTD | MTD | CYTD | FYTD |
| FII-Debt | (75.0) | (82.1) | (43.7) | (65.3) | (2,092.6) | (65.3) |
| FII-Equity | (120.7) | 8.0 | (439.0) | (934.2) | 6,392.2 | (934.2) |

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

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