

MACRO DAILY

29 April 2021

Macro developments

- RBI reported that currency in circulation (CIC) increased by Rs 73.5bn and stood at Rs 29tn for the week ending 23 Apr 2021. Reserve money rose by 17.5% on a YoY basis, compared with 9.1% a year ago. On FYTD basis, reserve money increased by 1.7% as against a decline of 0.3% a year ago.
- US Fed in its latest meeting kept policy rate unchanged and maintained its monthly asset program (US\$ 120bn). It however noted that economic activity and employment scenario have strengthened with recent policy support and rapid pace of vaccination. It also reiterated that the stance of monetary policy may be adjusted as and when appropriate, if risks emerge to the fulfillment of policy goals.
- Germany's Gfk consumer sentiment index fell to (-) 8.8 in May'21 from (-) 6.1 in Apr'21. Sharp drop was seen in consumers' income expectations (down by 13pts) and economic outlook (down by 10.4pts) due to a resurgence of Covid-19 cases and slow pace of vaccination. The dismal reading supports the view that private consumption is likely to remain weak in CY21 as well.

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Markets

- **Bonds:** Global yields closed mixed. US 10Y fell by 1bps (1.61%) as Fed remained dovish. UK 10Y's yield rose by 2bps as vaccination gained pace (50% of population). Crude prices rose by 1.3% (US\$ 67/bbl) as OPEC+ showed confidence on future demand outlook. India's 10Y yield closed flat at 6.05%. It is trading at 6.05% today.
- **Currency:** Global currencies closed higher. DXY fell by 0.3% as Fed Chair pushed back talks of tapering-off of its asset purchase programme. EUR rose by 0.3% even as consumer sentiment in Germany fell. INR rose by 0.4% following global cues. It is trading further higher today in line with other Asian currencies.
- **Equity:** Barring Dow, other global indices ended higher as Fed expects economy to recover on the back of rapid vaccination. Amongst other indices, Sensex (1.6%) surged the most led by banking and auto 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
10Y yields (Δ bps)						
US	1.61	(1)	5	(7)	59	98
UK	0.80	2	6	4	53	51
Japan	0.10	1	2	2	5	14
Germany	(0.23)	2	3	12	32	26
India	6.05	0	(2)	(7)	15	(7)
China	3.19	(1)	4	(1)	3	71
2Y yields (Δ bps)						
US	0.16	(2)	2	3	5	(4)
UK	0.06	(1)	2	0	19	1
Japan	(0.13)	0	0	1	(1)	4
Germany	(0.69)	0	1	3	6	2
India	4.47	(3)	(12)	(14)	(5)	(4)
China	2.40	0	(2)	(17)	(19)	127
Currencies (Δ %)						
EUR	1.2126	0.3	0.8	2.8	0.1	11.5
GBP	1.3935	0.2	0	1.1	1.8	11.8
JPY	108.60	0.1	(0.5)	0.9	(4.3)	(1.8)
AUD	0.7791	0.3	0.5	2.0	1.7	18.8
INR	74.37	0.4	0.7	(2.6)	(2.0)	1.7
CNY	6.4790	0.1	0.2	0.9	0.1	8.4
Equity & Other indices (Δ %)						
Dow	33,820	(0.5)	(0.9)	2.3	11.6	37.3
FTSE	6,964	0.3	1.0	3.3	6.0	13.9
DAX	15,292	0.3	0.6	3.7	12.3	37.7
NIKKEI	29,054	0.2	1.9	(0.4)	1.5	47.0
Shanghai Comp	3,457	0.4	(0.5)	1.1	(3.3)	22.5
SENSEX	49,734	1.6	4.3	1.5	4.9	52.0
Brent (US\$/bbl)	67.27	1.3	3.0	4.2	20.5	198.4
Gold (US\$/oz)	1,782	0.3	(0.7)	2.8	(3.4)	4.0
CRB Index	533.7	(0.2)	2.4	4.7	16.5	52.0
Rogers Agri Index	1,059.2	(0.9)	4.3	11.9	14.6	64.3
LIBOR (3M)*	0.18	(1)	0	(2)	(3)	(51)
INR 5Y Swap*	5.56	3	8	(27)	(3)	36
India FII data (US\$ mn)						
	27 Apr	26 Apr	WTD	MTD	CYTD	FYTD
FII-Debt	10.6	17.2	27.8	(94.2)	(2,121.5)	(94.2)
FII-Equity	(148.7)	(141.2)	(289.8)	(1,381.0)	5,945.4	(1,381.0)

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

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