

## MACRO DAILY

29 June 2021

### Macro developments

- Finance Minister of India announced a stimulus package for sectors most impacted by the second wave: MSMEs, health, farm, tourism and MFIs. MSMEs will get a big boost by way of increase in ECLGS by Rs 1.5tn. The total cash payout is limited to be less than 1% of GDP. We expect GDP to rebound by 9.7% in FY22 led by gradual opening up of restrictions.
- Retail sales in Japan rose by 8.2% in May'21 (est.: 8.1%) and against 11.9% increase in Apr'21, on YoY basis. This is the 3rd consecutive month that retail sales have picked up, primarily led by favourable base. In a separate print, seasonally adjusted unemployment rate was at its 5-month high of 3.0% (est.: 2.9%) in May'21 from 2.8% in Apr'21.
- Hong Kong's exports rose by 24% in May'21 versus 24.4% increase in Apr'21 (in HK\$). Growth was supported by rising exports of electrical machinery, telecom equipment and other manufacturing items. Country-wise, exports to Philippines, Taiwan, China and US rose the most. Imports rose at faster pace by 26.5% in May'21 versus 25.2% in Apr'21, led by Singapore, Taiwan and US. On MoM basis, exports dropped by 0.5% in Mar-May'21 while imports rose by 1.5%.

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### Markets

- Bonds:** Except Japan (higher) and China (stable), global yields closed lower. UK's 10Y yield fell the most by 6bps (0.72%) amidst news reports that Portugal has imposed a quarantine on unvaccinated arrivals from the UK. US 10Y yield fell by 5bps (1.48%) as investors remained cautious ahead of US jobs data. Crude prices fell by 2% (US\$ 75/bbl) due to increased rig count in the US. India's 10Y yield rose by 3bps (6.06%) amidst fiscal and inflationary concerns.
- Currency:** Global currencies closed mixed. DXY closed flat awaiting US payrolls data. AUD fell by 0.3% amidst an increase in Covid-19 cases and lockdown restrictions in several key states. JPY rose by 0.1% on safe-haven demand. GBP, INR and CNY closed flat. INR is trading lower today, while other Asian currencies are trading mixed.
- Equity:** Barring Shanghai Comp (flat), other global indices ended lower as investors monitored rising Covid-19 cases (Delta variant) globally. Amongst other indices, FTSE (0.9%) dropped the most, followed by Dow (0.4%). Sensex (0.4%) too ended in red led by subdued global cues. However, it is trading higher today, while other Asian stocks are trading mixed.



Fig 1 – Movement in key global asset classes

Particulars	Current	1D	1W	1M	3M	12M
<b>10Y yields (Δ bps)</b>						
US	1.48	(5)	(1)	(12)	(23)	85
UK	0.72	(6)	(5)	(7)	(7)	56
Japan	0.06	1	1	(3)	(2)	4
Germany	(0.19)	(4)	(2)	(1)	13	28
India	6.06	3	3	5	(7)	15
China	3.10	0	(1)	1	(9)	25
<b>2Y yields (Δ bps)</b>						
US	0.25	(1)	0	11	11	11
UK	0.06	(3)	(7)	(1)	(1)	14
Japan	(0.10)	1	1	2	4	3
Germany	(0.65)	(1)	0	1	6	4
India	4.55	3	13	28	(6)	31
China	2.41	3	(6)	5	(15)	27
<b>Currencies (Δ %)</b>						
EUR	1.1925	(0.1)	0.1	(2.2)	1.4	6.1
GBP	1.3883	0	(0.4)	(2.1)	0.9	12.9
JPY	110.63	0.1	(0.3)	(0.7)	(0.7)	(2.8)
AUD	0.7567	(0.3)	0.4	(1.9)	(0.9)	10.2
INR	74.19	0	(0.1)	(2.4)	(2.3)	1.8
CNY	6.4566	0	0.2	(1.4)	1.7	8.8
<b>Equity &amp; Other indices (Δ %)</b>						
Dow	34,283	(0.4)	1.2	(0.7)	3.4	33.9
FTSE	7,073	(0.9)	0.2	0.7	5.0	13.6
DAX	15,554	(0.3)	(0.3)	0.2	5.0	27.2
NIKKEI	29,048	(0.1)	3.7	(0.3)	(1.1)	32.1
Shanghai Comp	3,606	0	2.2	0.2	5.0	21.8
SENSEX	52,736	(0.4)	0.3	2.6	7.6	50.8
Brent (US\$/bbl)	74.68	(2.0)	(0.3)	7.3	14.9	79.0
Gold (US\$/oz)	1,778	(0.2)	(0.3)	(6.6)	3.9	0.3
CRB Index	555.3	0.4	0.1	1.2	9.1	54.7
Rogers Agri Index	1,037.4	2.0	0.8	(1.6)	10.0	56.0
LIBOR (3M)*	0.15	0	1	1	(6)	(15)
INR 5Y Swap*	5.72	3	4	0	(12)	44
<b>India FII data (US\$ mn)</b>						
	<b>25 Jun</b>	<b>24 Jun</b>	<b>WTD</b>	<b>MTD</b>	<b>CYTD</b>	<b>FYTD</b>
FII-Debt	(131.0)	(49.0)	(143.7)	(511.6)	(3,092.2)	(1,065.0)
FII-Equity	(24.1)	(105.1)	(383.1)	1,364.2	7,950.2	623.9

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

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