

MACRO DAILY

02 August 2021

Macro developments

- Total GST collections for Jun'21 rose to Rs 1.2tn, highest so far in FYTD22, from Rs 928bn in May'21. Adjusted SGST showed significant improvement in Jun'21 as it rose to Rs 696bn from Rs 402bn in May'21. CGST collections also picked up to Rs 337bn from Rs 283bn. However, cess collections eased to Rs 66bn versus Rs 89bn in May'21. In Q1FY22, total collections are at Rs 3.1tn versus Rs 2.4tn in Q1FY21 and Rs 3tn in Q1FY20.
- Manufacturing activity in Japan remained buoyant as PMI print rose to 53 in Jul'21 from 52.4 in Jun'21. This was led by sixth successive increase in production volumes emanating from automotive and semiconductors. Even new orders rose at the sharpest pace in past three months. However, supply chain disruption impacted input costs which rose at its fastest pace since Sep'08. Employment remained modest. Business confidence remained optimistic underpinned by hopes of successful vaccination.
- China's official manufacturing PMI eased to 50.4 in Jul'21 from 50.9 in Jun'21. The sub-index for production eased to 51 (51.9 in Jun'21) while new orders index dropped to 50.9 (51.5 in Jun'21). Within new orders, export order index fell to 47.7 and import order index was down to 49.4. Extreme weather (flood in Henan province) and bottlenecks at major ports impacted the activity in Jul'21. Non-manufacturing PMI also eased in Jul'21, to 53.3 from 53.5 in Jun'21.

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Markets

- **Bonds:** Except Japan and India (stable), global yields closed lower due to rising Covid-19 cases globally (0.7mn daily increase). US 10Y yield fell the most by 5bps (1.22%) on account of dovish comments by Fed. Crude prices rose by 0.4% (US\$ 76/bbl) on expectation of revival in demand. India's new benchmark 10Y yield is trading at 6.19% today.
- **Currency:** Global currencies closed lower against the dollar. After falling for 4-straight sessions, DXY rose by 0.3% awaiting US jobs report. EUR fell by 0.1% as Euro Area's inflation rose more than expected in Jul'21. INR depreciated by 0.2% on the back of higher oil prices rose. INR is trading higher today, while other Asian currencies are trading mixed.
- **Equity:** Global indices ended lower as investors continued to monitor rising Covid-19 cases and corporate earnings. Amongst other indices, Nikkei (1.8%) dropped the most followed by FTSE (0.7%). Sensex (0.1%) too ended in red led by metals and banking stocks. However, 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	1.22	(5)	(5)	(25)	(40)	69
UK	0.57	(1)	(2)	(17)	(28)	46
Japan	0.02	0	0	(4)	(8)	0
Germany	(0.46)	(1)	(4)	(29)	(26)	6
India ^{^^}	6.20	0	(3)	17	17	37
China	1.22	(5)	(5)	(25)	(40)	69
2Y yields (Δ bps)						
US	0.18	(2)	(1)	(7)	3	8
UK	0.06	(2)	(2)	(0)	(2)	13
Japan	(0.12)	1	1	(1)	1	0
Germany	(0.76)	0	(4)	(11)	(8)	(5)
India [^]	4.23	(2)	(2)	(54)	(23)	4
China	2.00	1	5	(41)	(40)	(25)
Currencies (Δ %)						
EUR	1.1870	(0.1)	0.8	(0.2)	(1.2)	0.8
GBP	1.3904	(0.4)	1.1	0.5	0.6	6.3
JPY	109.72	(0.2)	0.8	0.7	(0.4)	(3.7)
AUD	0.7344	(0.7)	(0.3)	(2.2)	(4.8)	2.8
INR	74.42	(0.2)	0	(0.3)	(0.4)	0.5
CNY	6.4614	(0.1)	0.3	0	0.2	7.4
Equity & Other indices (Δ %)						
Dow	34,935	(0.4)	(0.4)	1.9	3.1	32.2
FTSE	7,032	(0.7)	0.1	(0.8)	0.9	19.2
DAX	15,544	(0.6)	(0.8)	(0.9)	2.7	26.2
NIKKEI	27,284	(1.8)	(1.0)	(5.3)	(5.3)	25.7
Shanghai Comp	3,397	(0.4)	(4.3)	(4.9)	(1.4)	2.6
SENSEX	52,587	(0.1)	(0.7)	0.1	7.8	39.8
Brent (US\$/bbl)	76.33	0.4	3.0	2.1	13.5	76.3
Gold (US\$/oz)	1,814	(0.8)	0.7	3.0	2.5	(8.2)
CRB Index	562.2	(0.3)	0.4	1.0	5.7	48.8
Rogers Agri Index	1,059.5	(1.5)	0.1	2.3	(0.9)	51.4
LIBOR (3M)*	0.13	0	0	(2)	(5)	(12)
INR 5Y Swap*	5.80	1	(3)	9	16	66
India FII data (US\$ mn)						
	29 Jul	28 Jul	WTD	MTD	CYTD	FYTD
FII-Debt	4.0	42.4	19.5	(102.0)	(3,268.8)	(1,241.5)
FII-Equity	(24.6)	(328.2)	(726.0)	(1,362.2)	6,722.0	(604.3)

Source: Bloomberg, Bank of Baroda Research | *Indicates change in bps | ^{^^}6.10GS2031, [^]4.26GS2023 security

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