

MACRO DAILY

02 March 2021

Macro developments

- Total GST collections remained above Rs 1tn mark for the 5th consecutive month in Jan'21, although it eased marginally from Rs 1.2tn (8.1%) in Dec'20 to Rs 1.1tn (7.4%) in Jan'21. On MoM basis, slowdown was seen in adjusted IGST and SGST collections. On FYTD basis, total GST collections are at Rs 8.7tn, with CGST collections at Rs 3.3tn (FY21RE: Rs 4.3tn).
- India's manufacturing PMI stood at 57.5 in Feb'21 versus 57.7 in Jan'21. Despite softening marginally from Jan'21, it remained well above its long-run average of 53.6. Even in Feb'21, strong growth in sales and production continued. New orders also gained momentum led by better domestic demand conditions. Input cost inflation rose to a 32-month high. Employment on the other hand decreased further.
- US ISM manufacturing rose for 9th month in a row to 60.8 in Feb'21 from 58.7 in Jan'21. This recovery was supported by robust demand with improvement in both new order index (+3 points) and new export order index (+2.3 points). Consumption measured through production and employment index too contributed positively (combined +4.3 points).

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Markets

- **Bonds:** Except US, global yields closed lower. Germany's 10Y yield fell the most by 7bps (-0.33%) as ECB chief hinted at keeping borrowing costs lower. US 10Y yield rose by 1bps (1.42%) supported by better macro data. Crude prices fell by 3.7% (US\$ 64/bbl) on expectation of supply response from OPEC+, thus India's 10Y yield fell by 2bps (6.21%). It is trading lower at 6.19% today.
- **Currency:** Except AUD and CNY, other global currencies closed lower. DXY rose by 0.2% to a 3-week high as ISM manufacturing index rose to a 3-year high. AUD appreciated by 0.9% after RBA stepped up its bond purchases. INR depreciated by 0.1% even as oil prices eased. However, it is trading higher today, while other Asian currencies are trading mixed.
- **Equity:** Global indices ended higher. Amongst other indices, Nikkei (2.4%) surged the most. Dow gained by 1.9% on the back of strong data print (US ISM manufacturing) and rapid vaccination. Sensex (1.5%) too ended in green led by auto and metals stocks advanced the most. 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	1.42	1	5	35	58	25
UK	0.76	(6)	8	43	45	35
Japan	0.16	(1)	3	10	12	27
Germany	(0.33)	(7)	1	18	24	29
India	6.21	(2)	1	30	30	(14)
China	3.26	(2)	(2)	7	(2)	51
2Y yields (Δ bps)						
US	0.12	(1)	1	1	(3)	(78)
UK	0.10	(3)	6	21	12	(16)
Japan	(0.11)	(1)	(1)	0	0	13
Germany	(0.69)	(2)	0	5	6	14
India	4.66	(5)	(1)	19	75	(89)
China	2.56	0	(6)	(12)	(31)	59
Currencies (Δ %)						
EUR	1.2049	(0.2)	(0.9)	(0.7)	1.0	8.2
GBP	1.3925	(0.1)	(1.0)	1.6	4.5	9.2
JPY	106.76	(0.2)	(1.6)	(2.0)	(2.3)	1.4
AUD	0.7772	0.9	(1.8)	1.7	5.8	18.9
INR	73.55	(0.1)	(1.5)	(0.8)	0.7	(1.1)
CNY	6.4660	0.2	0	(0.6)	1.7	7.1
Equity & Other indices (Δ %)						
Dow	31,536	1.9	0	5.2	6.4	18.1
FTSE	6,589	1.6	(0.4)	2.8	5.1	(1.0)
DAX	14,013	1.6	0.5	4.3	5.4	18.2
NIKKEI	29,664	2.4	(1.6)	7.2	12.2	39.0
Shanghai Comp	3,551	1.2	(2.5)	2.0	4.7	19.5
SENSEX	49,850	1.5	0.2	7.7	12.9	30.7
Brent (US\$/bbl)	63.69	(3.7)	(2.4)	14.0	33.8	22.7
Gold (US\$/oz)	1,725	(0.5)	(4.7)	(6.6)	(2.9)	8.5
CRB Index	485.7	(0.2)	0.3	6.0	13.4	22.0
Rogers Agri Index	966.2	(0.5)	(0.9)	4.1	17.3	35.9
LIBOR (3M)*	0.19	0	1	(1)	(4)	(107)
INR 5Y Swap*	5.84	(2)	(15)	27	66	(26)
India FII data (US\$ mn)						
	26 Feb	25 Feb	WTD	MTD	CYTD	FYTD
FII-Debt	(117.4)	(279.7)	(682.2)	(985.9)	(1,484.2)	(5,577.8)
FII-Equity	(1,118.8)	246.9	(1,029.2)	3,015.6	4,993.8	34,969.6

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

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