

## MACRO DAILY

30 April 2021

### Macro developments

- As per CMIE report, India's unemployment rate is expected to jump to 8% in Apr'21 from 6.5% in Mar'21. This will be the 3rd consecutive month of deterioration in labour statistic indicator due to rising Covid-19 cases. Labour force participation rate which was at 40.8% till 15 Apr 2021 has also started falling due to lockdown restriction.
- US GDP growth rose to 6.4% in Q1CY21 from 4.3% in Q4CY20 on an annualised basis, led by personal consumption (10.7% versus 2.3% in Q4). While consumption of goods increased sharply by 23.6% (decline of 1.4% in Q4), consumption of services rose moderately by 4.6% (from 4.3%). Government expenditure also rose by 6.3% from a decline of 0.8% in Q4. Further, while imports rose by 5.7% exports fell by 1.1%. Separately, US jobless claims for the week ended 24 Apr 2021 fell to 553,000 from 566,000 last week.
- China's manufacturing PMI moderated to 51.1 in Apr'21 from 51.9 in Mar'21, signally slower pace of recovery. This was led by drop in export orders (50.4 in Apr from 51.2 in Mar'21) along with chip shortages. Non-manufacturing PMI too eased to 54.9 in Apr'21 from 56.3 in Mar'21. This was led by slowdown in real estate activity due to tighter restrictions imposed on home buying.

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### Markets

- Bonds:** Global yields broadly closed higher. US 10Y yield rose by 2bps (1.63%) supported by upbeat data. Germany 10Y yield rose by 4bps (-0.19%) as inflation (2.1% in Apr'21) exceeded ECB's target. Crude prices rose by 1.9% (US\$ 69/bbl) supported by recovery in US and Eurozone. Thus, India's 10Y yield rose by 1bps (6.06%). It is trading flat today.
- Currency:** Global currencies closed mixed. DXY closed flat even as US 10Y yield rose. EUR also closed flat. JPY and AUD depreciated by 0.3% each. INR rose for the 4th straight session to end higher by 0.4%. It is trading lower today while other Asian currencies are trading mixed.
- Equity:** Barring European indices, other global indices ended higher led by improvement in US data print. Amongst other indices, Dow (0.7%) surged the most. Sensex (0.1%) too ended in green led by strong gains in metal stocks. However, it is trading lower today, in line with other Asian stocks.



FIG 1 – MOVEMENT IN KEY GLOBAL ASSET CLASSES

Particulars	Current	1D	1W	1M	3M	12M
<b>10Y yields (Δ bps)</b>						
US	1.63	2	10	(7)	59	100
UK	0.84	5	10	5	56	61
Japan	0.10	0	3	2	6	13
Germany	(0.19)	4	6	13	35	39
India	6.06	1	1	(6)	17	(5)
China	3.18	(1)	3	(1)	(1)	67
<b>2Y yields (Δ bps)</b>						
US	0.16	0	2	2	5	(3)
UK	0.08	2	4	1	19	6
Japan	(0.03)	10	10	11	9	15
Germany	(0.68)	1	1	3	7	8
India	4.48	1	(8)	(13)	0	(7)
China	2.40	0	0	(16)	(26)	128
<b>Currencies (Δ %)</b>						
EUR	1.2121	0	0.9	3.0	0	10.6
GBP	1.3944	0.1	0.8	1.3	1.6	10.7
JPY	108.93	(0.3)	(0.9)	0.8	(4.5)	(1.6)
AUD	0.7766	(0.3)	0.8	1.7	1.1	19.3
INR	74.04	0.4	1.2	(2.1)	(1.4)	1.4
CNY	6.4722	0.1	0.3	1.5	(0.4)	8.4
<b>Equity &amp; Other indices (Δ %)</b>						
Dow	34,060	0.7	0.7	2.7	11.3	39.9
FTSE	6,961	0	0.3	3.3	6.7	18.0
DAX	15,154	(0.9)	(1.1)	2.3	10.9	39.5
NIKKEI	29,054	0.2	(0.5)	(1.1)	3.0	43.9
Shanghai Comp	3,475	0.5	0.3	1.2	(0.9)	21.5
SENSEX	49,766	0.1	3.5	1.5	6.2	47.6
Brent (US\$/bbl)	68.56	1.9	4.8	5.5	23.5	171.3
Gold (US\$/oz)	1,772	(0.5)	(0.7)	3.5	(3.9)	5.1
CRB Index	532.4	(0.3)	1.9	4.6	16.4	50.7
Rogers Agri Index	1,052.4	(0.6)	1.4	11.5	14.6	60.7
LIBOR (3M)*	0.19	1	1	(2)	(2)	(37)
INR 5Y Swap*	5.61	5	13	(23)	7	39
<b>India FII data (US\$ mn)</b>						
	<b>28 Apr</b>	<b>27 Apr</b>	<b>WTD</b>	<b>MTD</b>	<b>CYTD</b>	<b>FYTD</b>
FII-Debt	(35.9)	10.6	(8.1)	(130.1)	(2,157.3)	(130.1)
FII-Equity	122.7	(148.7)	(167.1)	(1,258.2)	6,068.1	(1,258.2)

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

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