

## MACRO DAILY

04 August 2021

### Macro developments

- Total e-way bills generated in Jul'21 rose to 64.2mn (+17.3% MoM), highest in FYTD22 and up from 54.7mn in Jun'21. In weekly comparison, while activity was off to a slow start in the 1st week of Jul'21 with only 7mn bills generated, compared with 9mn generated in the 1st week of Jun'21, momentum gained towards the end of Jul'21. Average daily e-way bill generation rose to 2.43mn in the last week of July'21 compared with 2.33mn generated in the previous week and also highest since the week ending 16 May 2021.
- US factory orders rose more than estimated by 1.5% in Jun'21 (est.: 1%) from 2.3% in May'21, on MoM basis. This was led by gains in machinery, computers and electronic products, electrical equipment and appliances. Orders for non-defense capital goods excluding aircraft (proxy of business spending) also rose by 0.7% in Jun'21 from 0.5% in May'21.
- Japan's services PMI slipped further in the contraction territory to 47.4 in Jul'21 from 48 in Jun'21. The index has remained below 50 for the 18th consecutive month. With Covid-19 restrictions in place, new orders declined. Employment also dipped for the first time since Dec'20. Firms also reported an increase in input costs. On the other hand, Caixin's services PMI index for China rose to 54.9 in Jul'21 from a 14-month low of 50.3 in Jun'21, led by a steep increase in new orders.

**Jahnvi | Sameer Narang**

chief.economist@bankofbaroda.com

### Markets

- Bonds:** Global yields closed mixed. US 10Y yield fell a tad by 1bps (1.17%) ahead of the jobs report. UK 10Y yield closed flat at 0.52% eyeing BoE policy meeting. Germany's 10Y rose by 1bps (-0.48%) as manufacturing PMI print remained buoyant. Crude prices fell by 0.7% (US\$ 72/bbl) over fears of spread of the contagious Delta variant. India's benchmark 10Y yield closed flat at 6.2%.
- Currency:** Except CNY and EUR (lower), other global currencies closed higher. DXY remained subdued amidst an increase in Covid-19 cases. AUD rose the most by 0.5% amidst hawkish comments from RBA. INR rose by 0.1% supported by global cues and lower oil prices. It is trading further higher today while other Asian currencies are trading mixed.
- Equity:** Global indices ended mixed as investors continued to monitor rising Covid-19 cases globally. Amongst other indices, both Nikkei and Shanghai Comp dropped by 0.5% each. Sensex (1.6%) on the other hand surged the most led by strong gains in banking and auto stocks. 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	1.17	(1)	(7)	(25)	(42)	67
UK	0.52	0	(4)	(18)	(28)	44
Japan	0.01	(1)	(1)	(3)	(9)	(1)
Germany	(0.48)	1	(4)	(25)	(24)	7
India <sup>AA</sup>	6.20	0	2	14	19	43
China	2.83	0	(9)	(25)	(32)	(12)
<b>2Y yields (Δ bps)</b>						
US	0.17	0	(3)	(6)	1	6
UK	0.06	2	(2)	0	1	13
Japan	(0.12)	0	1	0	0	0
Germany	(0.77)	0	(3)	(10)	(7)	(7)
India <sup>A</sup>	4.21	3	(3)	(56)	(23)	1
China	1.94	(6)	0	(38)	(46)	(27)
<b>Currencies (Δ %)</b>						
EUR	1.1864	(0.1)	0.4	0	(1.2)	0.5
GBP	1.3916	0.2	0.3	0.7	0.2	6.5
JPY	109.04	0.2	0.7	1.8	0.3	(3.1)
AUD	0.7396	0.5	0.5	(1.7)	(4.0)	3.3
INR	74.28	0.1	0.2	0.6	(0.6)	1.0
CNY	6.4703	(0.1)	0.6	0	0.1	7.2
<b>Equity &amp; Other indices (Δ %)</b>						
Dow	35,116	0.8	0.2	0.9	2.9	30.9
FTSE	7,106	0.3	1.6	(0.2)	2.6	17.7
DAX	15,555	(0.1)	0.2	(0.6)	4.7	23.4
NIKKEI	27,642	(0.5)	(1.2)	(4.0)	(4.1)	22.5
Shanghai Comp	3,448	(0.5)	2.0	(2.0)	0.0	2.3
SENSEX	53,823	1.6	2.4	2.6	11.5	42.8
Brent (US\$/bbl)	72.41	(0.7)	(2.8)	(4.9)	5.1	63.0
Gold (US\$/oz)	1,810	(0.2)	0.6	1.3	1.8	(10.3)
CRB Index	560.7	(0.6)	(0.2)	1.1	4.8	49.4
Rogers Agri Index	1,064.0	(0.5)	0.2	0.8	(1.3)	52.9
LIBOR (3M)*	0.12	1	(1)	(1)	(5)	(12)
INR 5Y Swap*	5.79	(2)	(2)	6	15	64
<b>India FII data (US\$ mn)</b>						
	<b>2 Aug</b>	<b>30 Jul</b>	<b>WTD</b>	<b>MTD</b>	<b>CYTD</b>	<b>FYTD</b>
FII-Debt	54.8	15.6	54.8	54.8	(3,198.4)	(1,171.1)
FII-Equity	(200.0)	(343.9)	(200.0)	(200.0)	6,178.2	(1,148.1)

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

## Disclaimer

The views expressed in this research note are personal views of the author(s) and do not necessarily reflect the views of Bank of Baroda. Nothing contained in this publication shall constitute or be deemed to constitute an offer to sell/ purchase or as an invitation or solicitation to do so for any securities of any entity. Bank of Baroda and/ or its Affiliates and its subsidiaries make no representation as to the accuracy; completeness or reliability of any information contained herein or otherwise provided and hereby disclaim any liability with regard to the same. Bank of Baroda Group or its officers, employees, personnel, directors may be associated in a commercial or personal capacity or may have a commercial interest including as proprietary traders in or with the securities and/ or companies or issues or matters as contained in this publication and such commercial capacity or interest whether or not differing with or conflicting with this publication, shall not make or render Bank of Baroda Group liable in any manner whatsoever & Bank of Baroda Group or any of its officers, employees, personnel, directors shall not be liable for any loss, damage, liability whatsoever for any direct or indirect loss arising from the use or access of any information that may be displayed in this publication from time to time.

Visit us at [www.bankofbaroda.com](http://www.bankofbaroda.com)



For further details about this publication, please contact:

**Economics Research Department**

Bank of Baroda

[chief.economist@bankofbaroda.com](mailto:chief.economist@bankofbaroda.com)