

MACRO DAILY

05 July 2021

Macro developments

- As per CMIE data, unemployment rate in India (30-day moving average) dropped to its lowest since May'21 at 8.5% as of 4 Jul 2021 from 9.7% in the previous week. This was led by moderation in both urban (9.5% from 11.1%) and rural unemployment rate (8% from 9.1%). Further with vaccination gaining pace (4.5% population-fully vaccinated) and current round of government's stimulus, this print is likely to improve in the near term.
- China's Caixin services PMI indicates sharp slowdown in activity as the index fell to 50.3 in Jun'21 from 55.1 in May'21. This was led by easing pace of growth in new orders, led by new export orders. Employment declined due to uptick in Covid-19 cases and localized travel restrictions. Separately, in Japan services activity contracted less sharply in Jun'21 as the index rose to 48 from 46.5 in May'21. Decline in new orders eased, and new exports fell at the slowest pace since Jan'20.
- Retail sales in Australia rose by 0.4% in May'21 on a MoM basis, from an initial estimate of 0.1% and 1.1% in Apr'21. Upward revision was mainly owing to clothing, footwear and personal accessory retailing (0% from 1.5% decline earlier). Food retailing rose the most by 1.1%, followed by other retailing and cafes and restaurants both rising by 0.7%. On the other hand, household goods retailing fell by 1.1%. Sales at department stores was also lower by 0.7%.

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Markets

- Bonds:** Except Japan (stable), global yields closed lower. US 10Y yield fell by 3bps (1.42%) as unemployment rate inched up to 5.9% from 5.8% in May'21. Crude prices rose by 0.4% (US\$ 76/bbl) as OPEC+ meeting has been delayed. India's 10Y yield rose by 3bps (6.07%) due to devolvement on PDs. It is trading flat today.
- Currency:** Except INR and CNY (lower), other global currencies closed higher against the dollar. After rising for 7-straight sessions, DXY fell by 0.4% as US unemployment rate edged up. INR depreciated by 0.3% led by higher oil prices and FII outflows. It is trading higher today, while other Asian currencies are trading mixed.
- Equity:** Barring Shanghai Comp and FTSE, other global indices ended higher. Amongst other indices, Dow (0.4%) gained the most. Sensex (0.3%) too ended in green driven by strong gains in consumer durables and power 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
10Y yields (Δ bps)						
US	1.42	(3)	(10)	(18)	(30)	75
UK	0.70	(3)	(8)	(12)	(9)	52
Japan	0.05	0	0	(4)	(8)	2
Germany	(0.24)	(3)	(8)	(6)	9	20
India	6.07	3	4	4	(10)	22
China	3.08	(1)	(2)	(1)	(12)	18
2Y yields (Δ bps)						
US	0.23	(2)	(3)	9	5	8
UK	0.06	(1)	(3)	(1)	(2)	14
Japan	(0.11)	0	0	0	0	2
Germany	(0.67)	0	(2)	(1)	4	1
India	4.62	7	7	35	(5)	46
China	2.32	1	(6)	(4)	(20)	26
Currencies (Δ %)						
EUR	1.1865	0.1	(0.6)	(2.8)	0.9	5.5
GBP	1.3824	0.4	(0.4)	(2.3)	(0.1)	10.7
JPY	111.05	0.4	(0.3)	(1.4)	(0.3)	(3.3)
AUD	0.7526	0.7	(0.8)	(2.9)	(1.1)	8.5
INR	74.75	(0.3)	(0.7)	(2.5)	(2.2)	(0.1)
CNY	6.4730	(0.1)	(0.3)	(1.4)	1.4	8.4
Equity & Other indices (Δ %)						
Dow	34,786	0.4	1.0	0.6	5.5	34.7
FTSE	7,123	0	(0.2)	0.6	6.1	15.7
DAX	15,650	0.3	0.3	0.5	4.3	24.9
NIKKEI	28,783	0.3	(1.0)	(0.1)	(3.6)	29.0
Shanghai Comp	3,519	(2.0)	(2.5)	(2.9)	1.0	11.6
SENSEX	52,485	0.3	(0.8)	1.1	6.0	45.7
Brent (US\$/bbl)	76.17	0.4	0	8.4	19.9	78.0
Gold (US\$/oz)	1,787	0.6	0.3	(6.0)	3.4	0.6
CRB Index	554.5	0	0.3	0.4	9.4	53.8
Rogers Agri Index	1,055.8	(0.4)	3.8	(1.8)	10.9	54.9
LIBOR (3M)*	0.14	0	0	2	(5)	(13)
INR 5Y Swap*	5.73	3	4	1	(11)	45
India FII data (US\$ mn)						
	30 Jun	29 Jun	WTD	MTD	CYTD	FYTD
FII-Debt	(23.2)	(3.1)	(97.8)	(23.2)	(3,190.0)	(1,162.7)
FII-Equity	(150.7)	(150.7)	118.5	(15.4)	8,068.8	742.5

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

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