

MACRO DAILY

06 April 2021

Macro developments

- India's manufacturing PMI fell to a 7-month low of 55.4 in Mar'21 from 57.5 in Feb'21. However, it still remained in expansion (above the 50-mark). Production, new orders and input buying expanded at a softer pace. Employment scenario remained bleak due to Covid-19 restrictions. Input cost inflation rose at its strongest pace in past three years.
- US ISM services PMI rose for 10th month in a row to a record high of 63.7 in Mar'21 from 55.3 in Feb'21. Business activity and employment index too inched up. Price index also increased at a faster pace in Mar'21 on the back of higher demand and growing optimism. Separately, US factory orders declined by 0.8% in Feb'21 compared with an increase of 2.7% in Jan'21 on a MoM basis led by fall in machinery, computers and electronic orders.
- China's Caixin services PMI rose to 54.3 in Mar'21 from 51.5 in Feb'21. Both new orders and sales improved sharply and backlog of work rose for the 1st time in 5 months. New orders rose to 3 month high supported by domestic orders. New export orders fell slightly. Employment remained steady while operating expenses rose with input cost rising. Business confidence in Mar'21 jumped to its highest since Feb'11.

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Markets

- Bonds:** Except UK, Germany and China (closed stable), global yields closed lower. US 10Y yield fell by 2bps (1.7%) as Cleveland Fed President reiterated easy monetary policy to support growth. Crude prices fell by 4.2% (US\$ 62/bbl) supported by OPEC+ decision to ease output cut. India's 10Y yield fell by 4bps (6.12%) on hopes of stimulus from RBI. It is trading flat today.
- Currency:** Except INR (lower) and CNY (flat), other global currencies closed higher. DXY fell by 0.5% in line with US 10Y yield even as ISM services PMI rose to a record-high in Mar'21. AUD rose the most by 0.6%. INR fell by 0.3% amidst concerns over rising Covid-19 cases. However, it is trading higher today in line with other Asian currencies.
- Equity:** Barring Sensex, other global indices ended higher. Amongst other indices, Dow surged by 1.1% driven by tech stocks. Sensex (1.7%) on the other hand ended in red driven by concerns over local lockdown. However, it is trading higher today, while 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	1.70	(2)	(1)	13	79	103
UK	0.80	0	1	4	62	46
Japan	0.12	(1)	5	2	10	10
Germany	(0.33)	0	(1)	(3)	28	10
India	6.12	(4)	0	(11)	30	(18)
China	3.20	0	0	(5)	2	64
2Y yields (Δ bps)						
US	0.17	(2)	3	3	5	(10)
UK	0.08	0	1	(2)	23	(3)
Japan	(0.12)	0	2	1	0	(1)
Germany	(0.71)	0	0	(2)	1	(6)
India	4.55	(11)	(6)	(29)	69	(71)
China	2.51	0	(4)	(5)	4	88
Currencies (Δ %)						
EUR	1.1813	0.5	0.4	(0.9)	(3.6)	9.5
GBP	1.3900	0.5	1.0	0.4	2.4	13.6
JPY	110.18	0.4	(0.3)	(1.7)	(6.8)	(0.9)
AUD	0.7651	0.6	0.2	(0.5)	(0.2)	25.7
INR	73.30	(0.3)	(1.1)	(0.4)	(0.4)	3.8
CNY	6.5670	0	0	(1.1)	(1.6)	7.4
Equity & Other indices (Δ %)						
Dow	33,527	1.1	1.1	6.4	10.9	47.8
FTSE	6,737	0.4	0	1.6	2.5	20.7
DAX	15,107	0.7	2.0	8.5	10.1	49.9
NIKKEI	30,089	0.8	2.4	4.2	10.4	62.0
Shanghai Comp	3,484	0.5	1.4	(0.5)	(0.5)	26.1
SENSEX	49,159	(1.7)	0.3	(2.5)	2.0	78.2
Brent (US\$/bbl)	62.15	(4.2)	(4.4)	(10.4)	21.6	88.0
Gold (US\$/oz)	1,728	0	0.9	1.6	(11.0)	4.1
CRB Index	505.5	0.1	(0.7)	2.9	13.3	39.1
Rogers Agri Index	860.7	(8.5)	(8.8)	(11.2)	(2.9)	33.0
LIBOR (3M)*	0.20	1	0	1	(4)	(115)
INR 5Y Swap*	5.82	(2)	(2)	(16)	48	(41)
India FII data (US\$ mn)						
	31 Mar	30 Mar	WTD	MTD	CYTD	FY21
FII-Debt	224.4	(11.5)	693.1	(543.1)	(2,027.3)	(6,120.9)
FII-Equity	(230.4)	(64.4)	(825.4)	2,332.5	7,326.3	37,302.1

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

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