

MACRO DAILY

06 May 2021

Macro developments

- RBI reported that currency in circulation (CIC) increased by Rs 76.3bn and stood at Rs 29tn for the week ending 30 Apr 2021. Reserve money rose by 16.9% on a YoY basis, compared with 10% last year. On FYTD basis, reserve money increased by 2.7% against 1.2% increase, a year ago.
- India's services PMI slipped to 54 in Apr'21 to a 3-month low, from 54.6 in Mar'21 amidst an increase in Covid-19 cases and lockdown restrictions. While new orders remained unchanged from Mar'21, business sentiment for the year-ahead fell. Input cost inflation rose to a 9.5 year high in Apr'21 but was not passed on to the consumers. Employment and new export orders continued to decline.
- Eurozone services PMI print rose to 50.5 in Apr'21 from 49.6 in Mar'21. This was led by strengthening of business expectations due to reopening of the economy. However, countrywide performances remained divergent with Spain noting marked increase, while Germany and Italy experienced contractions. In a separate print, US ISM services PMI reading fell to 62.7 in Apr'21 from 63.7 in Mar'21 due to fall in supply deliveries index.

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Markets

- **Bonds:** Global yields closed mixed. US 10Y yield fell by 3bps (1.57%) as services PMI print moderated and Fed Vice President said that economy needs to improve significantly to influence Fed's policy. UK 10Y yield rose by 2bps (0.82%) eyeing BoE policy. Crude prices rose by 0.1% (US\$ 69/bbl) due to falling US inventory. India's 10Y yield fell by 4bps (5.98%) supported by RBI's measures. It is trading at 5.99% today.
- **Currency:** Global currencies closed mixed. DXY closed flat as ISM services PMI fell more than expected and awaiting US jobs report. GBP rose by 0.1% ahead of BoE policy. INR depreciated marginally by 0.1%. However, it is trading higher today, while other Asian currencies are trading lower.
- **Equity:** Global indices ended higher as investors continued to monitor corporate earnings. European indices ended in green as composite PMI improved further in Apr'21. Sensex rose by 0.9% led by banking and tech stocks. 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	1.57	(3)	(4)	(16)	43	86
UK	0.82	2	2	2	45	59
Japan	0.10	0	0	(3)	4	12
Germany	(0.23)	1	0	10	24	28
India	5.98	(4)	(8)	(19)	(11)	(5)
China	3.16	(3)	(2)	(4)	(6)	59
2Y yields (Δ bps)						
US	0.15	(1)	(1)	(4)	3	(3)
UK	0.05	1	(1)	(2)	14	5
Japan	(0.12)	0	1	(1)	(1)	2
Germany	(0.70)	0	(1)	1	2	5
India	4.37	(7)	(10)	(30)	(22)	(2)
China	2.40	0	(6)	(16)	(28)	128
Currencies (Δ %)						
EUR	1.2005	(0.1)	(1.0)	2.1	(0.3)	11.2
GBP	1.3905	0.1	(0.2)	0.5	1.9	12.6
JPY	109.21	0.1	(0.6)	1.3	(4.0)	(2.9)
AUD	0.7747	0.5	(0.6)	1.8	1.7	21.0
INR	73.92	(0.1)	0.6	(1.1)	(1.3)	2.4
CNY	6.4749	0	0.3	1.4	(0.2)	8.9
Equity & Other indices (Δ %)						
Dow	34,230	0.3	1.2	3.2	11.4	44.6
FTSE	7,039	1.7	1.1	4.5	8.2	20.3
DAX	15,171	2.1	(0.8)	0.4	8.9	43.0
NIKKEI	28,813	(0.8)	(0.8)	(3.5)	0.6	46.9
Shanghai Comp	3,447	(0.8)	(0.3)	(1.1)	(2.0)	19.8
SENSEX	48,678	0.9	(2.1)	(2.7)	(3.1)	53.6
Brent (US\$/bbl)	68.96	0.1	2.5	6.3	18.0	132.0
Gold (US\$/oz)	1,787	0.4	0.3	3.4	(2.6)	6.0
CRB Index	537.9	0.5	0.8	6.5	16.2	51.8
Rogers Agri Index	1,094.5	1.5	3.3	16.4	18.4	68.7
LIBOR (3M)*	0.18	0	(1)	(2)	(2)	(27)
INR 5Y Swap*	5.58	(6)	2	(26)	(14)	30
India FII data (US\$ mn)						
	4 May	3 May	WTD	MTD	CYTD	FYTD
FII-Debt	85.2	5.2	90.4	90.4	(2,301.9)	(274.7)
FII-Equity	(236.2)	(225.1)	(461.3)	(461.3)	5,375.9	(1,950.5)

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

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