

## MACRO DAILY

07 December 2020

### Macro developments

- RBI's data showed that credit demand was stable at 5.8% for the fortnight ending 20 Nov 2020. Deposit growth on the other hand, inched up by 10bps to 10.9% from 10.8% earlier. Demand deposits rose at a faster pace of 13.5% against 12.8% in the previous fortnight, time deposits rose at the same pace of 10.6%. CD ratio rose was at 72.6 against 72.3 previously.
- Total non-farm payroll in the US increased at a less than anticipated pace of 245,000 in Nov'20 (est.: 500,000) and against 610,000 in Oct'20. Labour force participation rate moderated to 61.5 (61.7 in Oct'20). Unemployment rate however edged down to 6.7% (6.9% in Oct'20). Average earning rose by 0.3% on MoM basis in Nov'20 (0.1% in Oct'20).
- China's exports rose by 21.1% in Nov'20 (est.: 12%) from 11.4% in Oct'20. This was driven by holiday season demand and pickup in demand for PPE and work from home equipment as European economies again went into lockdown. However, prolonged restrictions will impact the export outlook in the near-term. Due to muted domestic demand, import growth eased to 4.5% in Nov'20 (est.: 7%) from 4.7% in Oct'20.

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### Markets

- **Bonds:** Global yields closed mixed. US 10Y yield rose by 6bps (0.97%) amidst hopes of US\$ 908bn coronavirus aid plan. UK 10Y yield too rose by 3bps (0.35%) supported by hopes of a trade deal with EU. Crude prices rose by 1.1% (US\$ 49/bbl) as OPEC+ agreed to cut production by 7.2mbpd from Jan'21. India's 10Y yield fell by 3bps (5.9%) as RBI assured liquidity to remain in a comfortable position. It is trading at 5.91% today.
- **Currency:** Except INR and CNY, global currencies closed lower. DXY remained flat. JPY and EUR depreciated the most. Slower than estimated gains in US non-farm payroll and drop in vaccine production targets by Pfizer impacted the sentiments. INR appreciated by 0.2% supported by FPI inflows. It is trading higher while other Asian currencies are trading lower.
- **Equity:** Barring Nikkei, other global indices ended higher on expectation of US fiscal stimulus and Brexit trade deal. Sensex (1.0%) gained the most, followed by FTSE (0.9%) and Dow (0.8%). The domestic market gain was led by banking and consumer durable 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	0.97	6	13	7	25	(87)
UK	0.35	3	7	8	9	(42)
Japan	0.02	0	(1)	(2)	(2)	3
Germany	(0.55)	1	4	7	(8)	(26)
India	5.90	(3)	(1)	0	(3)	(77)
China	3.30	0	(1)	12	18	10
<b>2Y yields (Δ bps)</b>						
US	0.15	0	0	(2)	1	(146)
UK	(0.04)	1	1	1	4	(63)
Japan	(0.12)	(1)	2	(1)	0	2
Germany	(0.75)	(1)	1	5	(5)	(12)
India	3.86	(9)	(6)	(32)	(48)	(187)
China	2.87	(2)	(5)	14	27	25
<b>Currencies (Δ %)</b>						
EUR	1.2121	(0.2)	1.3	3.5	2.4	9.6
GBP	1.3441	(0.1)	1.0	2.9	1.2	2.3
JPY	104.17	(0.3)	(0.1)	0.3	1.9	4.1
AUD	0.7425	(0.2)	0.5	3.6	2.0	8.5
INR	73.80	0.2	0.3	0.8	(0.9)	(3.6)
CNY	6.5315	0.2	0.7	2.2	4.5	7.2
<b>Equity &amp; Other indices (Δ %)</b>						
Dow	30,218	0.8	1.0	10.0	7.4	7.9
FTSE	6,550	0.9	2.9	13.2	13.0	(9.5)
DAX	13,299	0.3	(0.3)	10.0	3.6	1.0
NIKKEI	26,751	(0.2)	0.4	14.8	15.3	14.5
Shanghai Comp	3,445	0.1	1.1	5.3	2.7	18.3
SENSEX	45,080	1.0	2.1	12.0	17.5	11.5
Brent (US\$/bbl)	49.25	1.1	2.2	24.0	15.4	(23.5)
Gold (US\$/oz)	1,839	(0.1)	2.9	(3.7)	(4.9)	25.9
CRB Index	427.3	0.1	(0.3)	3.9	7.2	9.4
Rogers Agri Index	818.5	(0.6)	(2.1)	3.8	11.2	12.4
LIBOR (3M)*	0.23	(1)	0	0	(2)	(167)
INR 5Y Swap*	5.18	(3)	0	(4)	(36)	(132)
<b>India FII data (US\$ mn)</b>						
	<b>3 Dec</b>	<b>2 Dec</b>	<b>WTD</b>	<b>MTD</b>	<b>CYTD</b>	<b>FYTD</b>
FII-Debt	376.1	(46.0)	267.1	267.1	(14,352.1)	(4,592.6)
FII-Equity	498.8	22.2	1,002.3	1,002.3	17,108.0	23,711.0

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

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