

MACRO DAILY

07 January 2021

Macro developments

- India's services PMI eased to 52.3 in Dec'20 (53.7 in Nov'20) with growth in new business and output softening. New hiring stagnated owing to labour shortage, liquidity crunch and muted demand. Input prices remained higher while output prices were seen declining driven by higher competition. Real estate, I&C and business services contracted the most. Transport, consumer service and finance & insurance fared better.
- Services activity continued to remain subdued globally in Dec'20 due to a resurgence in Covid-19 cases and increased restrictions. In US, services PMI edged down sharply to 54.8 in Dec'20 from 58.4 in Nov'20. Japan's services PMI also dipped to 47.7 from 47.8. In the Euro Zone, it rose to 46.4 in Dec'20, below the initial estimate of 47.3, from 41.7 in Nov'20, and remained firmly in the contraction zone for the fourth straight month.
- US Fed minutes highlighted that the current pace of asset purchase (US\$ 120bn/month) would continue until it made "substantial further progress" in its policy goals. FOMC members also said that markets would get plenty of time before asset purchases were curtailed so that it can prevent a taper tantrum. On state of the economy, FOMC members remained slightly optimistic than before.

Markets

- Bonds: Except China, global yields closed higher supported by Democrat's victory in the US Senate election in Georgia. US 10Y yield rose by the most 8bps (1.04%-highest since Mar'20) as investors are anticipating fiscal stimulus to boost the economy. Crude prices rose by 1.3% (US\$ 54/bbl). India's 10Y yield also rose by 3bps (5.85%). It is trading at 5.86% today.
- Currency: Global currencies closed mixed. DXY rose by 0.1% on hopes of a larger fiscal stimulus as Democrats won control of the Senate. While JPY depreciated by 0.3%, AUD rose by 0.6%. INR rose by 0.1%. It is trading further higher today in line other Asian currencies.
- Equity: Barring Sensex and Nikkei, other global indices ended higher. Democratic Senate majority and approval for Moderna's vaccine rollout in EU boosted investor sentiments. Sensex however fell by 0.5% led by tech and auto stocks. It is trading higher today, in line with other Asian markets.

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FIG 1 - MOVEMENT IN KEY GLOBAL ASSET CLASSES

UK 0.24 3 3 (11) 6 Japan 0.02 1 0 0 6 Germany (0.52) 6 5 3 (3) India 5.85 3 (2) 3 (6) China 3.13 (1) (0) (17) (2 2 yields (Δ bp) UK (0.13) 1 2 (10) (12 Japan (0.11) 2 1 1 1 Germany (0.70) 1 0 5 (2) India 4.12 26 23 25 (24 Chran 2.42 2 (1) 15 (24 Chran 2.42 2 (1) 3 (1) (1) 16 (24 Chran 2.42 2 2 (1) 4 (24 (24) (24) (24) (24) (24) (24) (24) (24)	3M 12M	3M	1M	1W	1D	Current	Particulars
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India 4.12 26 23 25 C4 China 2.42 (2) (10) (45) (18 Currencies (Δ %) EUR 1.2327 0.2 0.2 1.7 4. GBP 1.3608 (0.1) (0.1) 1.2 5. JPY 103.04 (0.3) 0.1 1.1 2. AUD 0.7802 0.6 1.5 5.1 9. INR 73.11 0.1 0.3 0.9 0. CNY 6.4629 (0.1) 0.9 1.1 4. Equity & Other indices (Δ %) 4 1.4 2.0 8. FTSE 6.842 3.5 4.4 4.5 15 DAX 13,892 1.8 1.3 4.5 7. NIKKEI 27,056 (0.4) (1.4) 1.1 15 Sensex 48,174 (0.5) 0.9 6.9 20 Brent (US\$/bbl)	1 2	1	1	1	2	(0.11)	Japan
China 2.42 (2) (10) (45) (18) Currencies (Δ %) EUR 1.2327 0.2 0.2 1.7 4. GBP 1.3608 (0.1) (0.1) 1.2 5. JPY 103.04 (0.3) 0.1 1.1 2. AUD 0.7802 0.6 1.5 5.1 9. INR 73.11 0.1 0.3 0.9 0. CNY 6.4629 (0.1) 0.9 1.1 4. Equity & Other indices (Δ %) 4 1.4 2.0 8. FTSE 6.842 3.5 4.4 4.5 15 DAX 13,892 1.8 1.3 4.5 7. NIKKEI 27,056 (0.4) (1.4) 1.1 15. Shanghai Comp 3,551 0.6 4.0 3.1 10. SENSEX 48,174 (0.5) 0.9 6.9 20. Brent (US\$/b	(1) (10)	(1)	5	0	1	(0.70)	Germany
Currencies (Δ %) EUR 1.2327 0.2 0.2 1.7 4. GBP 1.3608 (0.1) (0.1) 1.2 5. JPY 103.04 (0.3) 0.1 1.1 2. AUD 0.7802 0.6 1.5 5.1 9. INR 73.11 0.1 0.3 0.9 0. CNY 6.4629 (0.1) 0.9 1.1 4. Equity & Other indices (Δ %) 5. 4.4 4.5 1.5 Dow 30,829 1.4 1.4 2.0 8. FTSE 6,842 3.5 4.4 4.5 15 DAX 13,892 1.8 1.3 4.5 7. NIKKEI 27,056 (0.4) (1.4) 1.1 15 Sensex 48,174 (0.5) 0.9 6.9 20 Brent (US\$/ob) 54.30 1.3 5.8 10.3 29 Gold (US\$/oz) </td <td>(24) (210)</td> <td>(24)</td> <td>25</td> <td>23</td> <td>26</td> <td>4.12</td> <td>India</td>	(24) (210)	(24)	25	23	26	4.12	India
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AUD 0.7802 0.6 1.5 5.1 9. INR 73.11 0.1 0.3 0.9 0. CNY 6.4629 (0.1) 0.9 1.1 4. Equity & Other indices (Δ %) 8. 8. 1.4 1.4 2.0 8. FTSE 6,842 3.5 4.4 4.5 15 DAX 13,892 1.8 1.3 4.5 7. NIKKEI 27,056 (0.4) (1.4) 1.1 15. Shanghai Comp 3,551 0.6 4.0 3.1 10. SENSEX 48,174 (0.5) 0.9 6.9 20. Brent (US\$/bbl) 54.30 1.3 5.8 10.3 29. Gold (US\$/oz) 1,919 (1.6) 1.3 4.3 1. CRB Index 447.9 (0.1) 1.0 4.8 10.	5.3 3.9	5.3	1.2	(0.1)	(0.1)	1.3608	GBP
INR 73.11 0.1 0.3 0.9 0.0 CNY 6.4629 (0.1) 0.9 1.1 4.2 Equity & Other indices (Δ %) V 30,829 1.4 1.4 2.0 8.1 FTSE 6,842 3.5 4.4 4.5 15 DAX 13,892 1.8 1.3 4.5 7. NIKKEI 27,056 (0.4) (1.4) 1.1 15. Shanghai Comp 3,551 0.6 4.0 3.1 10. SENSEX 48,174 (0.5) 0.9 6.9 20. Brent (US\$/bbl) 54.30 1.3 5.8 10.3 29. Gold (US\$/oz) 1,919 (1.6) 1.3 4.3 1. CRB Index 447.9 (0.1) 1.0 4.8 10.	2.8 5.6	2.8	1.1	0.1	(0.3)	103.04	JPY
CNY 6.4629 (0.1) 0.9 1.1 4.2 Equity & Other indices (Δ %) 30,829 1.4 1.4 2.0 8.2 FTSE 6,842 3.5 4.4 4.5 15 DAX 13,892 1.8 1.3 4.5 7. NIKKEI 27,056 (0.4) (1.4) 1.1 15. Shanghai Comp 3,551 0.6 4.0 3.1 10. SENSEX 48,174 (0.5) 0.9 6.9 20. Brent (US\$/bbl) 54,30 1.3 5.8 10.3 29. Gold (US\$/oz) 1,919 (1.6) 1.3 4.3 1. CRB Index 447.9 (0.1) 1.0 4.8 10.	9.3 13.6	9.3	5.1	1.5	0.6	0.7802	AUD
Equity & Other indices (Δ %) Dow 30,829 1.4 1.4 2.0 8.2 FTSE 6,842 3.5 4.4 4.5 15 DAX 13,892 1.8 1.3 4.5 7. NIKKEI 27,056 (0.4) (1.4) 1.1 15. Shanghai Comp 3,551 0.6 4.0 3.1 10. SENSEX 48,174 (0.5) 0.9 6.9 20. Brent (US\$/bbl) 54.30 1.3 5.8 10.3 29. Gold (US\$/oz) 1,919 (1.6) 1.3 4.3 1. CRB Index 447.9 (0.1) 1.0 4.8 10.	0.3 (2.0)	0.3	0.9	0.3	0.1	73.11	INR
Dow 30,829 1.4 1.4 2.0 8.5 FTSE 6,842 3.5 4.4 4.5 15 DAX 13,892 1.8 1.3 4.5 7. NIKKEI 27,056 (0.4) (1.4) 1.1 15. Shanghai Comp 3,551 0.6 4.0 3.1 10. SENSEX 48,174 (0.5) 0.9 6.9 20. Brent (US\$/bbl) 54.30 1.3 5.8 10.3 29. Gold (US\$/oz) 1,919 (1.6) 1.3 4.3 1. CRB Index 447.9 (0.1) 1.0 4.8 10.	4.8 7.0	4.8	1.1	0.9	(0.1)	6.4629	CNY
FTSE 6,842 3.5 4.4 4.5 15 DAX 13,892 1.8 1.3 4.5 7. NIKKEI 27,056 (0.4) (1.4) 1.1 15. Shanghai Comp 3,551 0.6 4.0 3.1 10. SENSEX 48,174 (0.5) 0.9 6.9 20. Brent (US\$/bbl) 54.30 1.3 5.8 10.3 29. Gold (US\$/oz) 1,919 (1.6) 1.3 4.3 1. CRB Index 447.9 (0.1) 1.0 4.8 10.							Equity & Other indices (Δ %)
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NIKKEI 27,056 (0.4) (1.4) 1.1 15. Shanghai Comp 3,551 0.6 4.0 3.1 10. SENSEX 48,174 (0.5) 0.9 6.9 20. Brent (US\$/bbl) 54.30 1.3 5.8 10.3 29. Gold (US\$/oz) 1,919 (1.6) 1.3 4.3 1. CRB Index 447.9 (0.1) 1.0 4.8 10.	15.1 (9.7)	15.1	4.5	4.4	3.5	6,842	FTSE
Shanghai Comp 3,551 0.6 4.0 3.1 10. SENSEX 48,174 (0.5) 0.9 6.9 20. Brent (US\$/bbl) 54.30 1.3 5.8 10.3 29. Gold (US\$/oz) 1,919 (1.6) 1.3 4.3 1. CRB Index 447.9 (0.1) 1.0 4.8 10.	7.5 4.3	7.5	4.5	1.3	1.8	13,892	DAX
SENSEX 48,174 (0.5) 0.9 6.9 20. Brent (US\$/bbl) 54.30 1.3 5.8 10.3 29. Gold (US\$/oz) 1,919 (1.6) 1.3 4.3 1. CRB Index 447.9 (0.1) 1.0 4.8 10.	15.5 16.6	15.5	1.1	(1.4)	(0.4)	27,056	NIKKEI
Brent (US\$/bbl) 54.30 1.3 5.8 10.3 29. Gold (US\$/oz) 1,919 (1.6) 1.3 4.3 1. CRB Index 447.9 (0.1) 1.0 4.8 10.	10.3 15.8	10.3	3.1	4.0	0.6	3,551	Shanghai Comp
Gold (US\$/oz) 1,919 (1.6) 1.3 4.3 1. CRB Index 447.9 (0.1) 1.0 4.8 10.	20.8 18.0	20.8	6.9	0.9	(0.5)	48,174	SENSEX
CRB Index 447.9 (0.1) 1.0 4.8 10.	29.3 (17.0)	29.3	10.3	5.8	1.3	54.30	Brent (US\$/bbl)
	1.7 23.3	1.7	4.3	1.3	(1.6)	1,919	Gold (US\$/oz)
Rogers Agri Index 901.6 0.2 2.4 10.2 17.	10.2 11.5	10.2	4.8	1.0	(0.1)	447.9	CRB Index
	17.4 19.5	17.4	10.2	2.4	0.2	901.6	Rogers Agri Index
LIBOR (3M)* 0.24 0 (0) 1	1 (160)	1	1	(0)	0	0.24	LIBOR (3M)*
INR 5Y Swap* 5.41 8 9 23	5 (136)	5	23	9	8	5.41	INR 5Y Swap*
India FII data (US\$ mn) 5 Jan 4 Jan WTD MTD CYTD2	YTD21 FYTD	CYTD21	MTD	WTD	4 Jan	5 Jan	India FII data (US\$ mn)
FII-Debt 25.8 141.9 167.7 160.7 160.	160.7 (3,932.9)	160.7	160.7	167.7	141.9	25.8	FII-Debt
		513.0	513.0				

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

MACRO DAILY



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