

## MACRO DAILY

07 July 2021

### Macro developments

- India's GST collections for May'21 fell to Rs 928bn from Rs 1tn in Apr'21, thus falling below the Rs 1tn mark for the first time since Sep'20. Compared to last year also (Rs 909bn) collections were only marginally better. On MoM basis, adjusted CGST fell by 49% to Rs 283bn from Rs 555bn in Apr'21. Cess collections also suffered with 3.3% decline to Rs 89bn. Adjusted SGST however rose by 21.3% to Rs 402bn from Rs 331bn in Apr'21.
- US ISM services index eased to 60.1 in Jun'21 from 64 in May'21 led by sharp dip in business activity (60.4 versus 66.2) and employment (49.3 versus 55.3). While price pressures eased marginally (79.5 versus 80.6), respondents commented that supply chain bottlenecks and rising wages are impacting output prices and constraining business activity. Sector-wise, while real estate/rental services reported drop in activity, business was strong for arts, entertainment and recreation, transportation and warehousing, and wholesale and retail trade.
- Factory orders in Germany declined by 3.7% in May'21 on a MoM basis after increasing by 1.2% in Apr'21. This was led by a drop in foreign orders (-6.7%). Further, while new orders for capital and intermediated goods fell, new orders for consumer goods improved. Separately, ZEW economic sentiment index fell more than expected to 63.3 in Jul'21 (est. 75) from 79.8 in Jun'21. However, the current economic conditions index rose to at 21.9 from (-) 9.1 in Jun'21.

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### Markets

- Bonds:** US 10Y yield fell by 8bps (1.35%) as services activity remained muted. Germany's 10Y yield fell by 6bps (-0.27%) as macro prints were disappointing. Crude prices fell by 3.4% (US\$ 75/bbl) due to lack of clarity on OPEC+ future policy. India's 10Y yield rose by 9bps (6.18%-highest since Mar'21) due to interplay of various factors such as devolvement on PDs, announcement of new benchmark security, fiscal and inflationary concerns.
- Currency:** Except JPY (higher), other global currencies closed lower. DXY rose by 0.4% even as US services activity cooled off in Jun'21. Investors await US FOMC minutes. EUR fell by 0.3% as Germany's factory orders declined in May'21. INR depreciated by 0.3% even as oil prices dipped. It is trading further lower today, in line with other Asian currencies.
- Equity:** Barring Nikkei and Sensex, other global indices ended lower as investors awaited Fed's minutes. Amongst other indices, Dax (1%) dropped the most led by disappointing data print from Germany (factory orders and Zew survey). Sensex ended flat. However, 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	1.35	(8)	(12)	(21)	(31)	71
UK	0.63	(8)	(10)	(16)	(16)	45
Japan	0.04	1	(2)	(4)	(7)	0
Germany	(0.27)	(6)	(10)	(6)	5	16
India	6.18	9	14	15	5	38
China	3.09	1	(1)	(4)	(12)	6
<b>2Y yields (Δ bps)</b>						
US	0.22	(2)	(3)	7	6	6
UK	0.05	(1)	(1)	(2)	(2)	12
Japan	(0.11)	1	0	1	1	1
Germany	(0.68)	(2)	(3)	(1)	2	(1)
India	4.65	7	6	(1)	12	54
China	2.28	0	(13)	(7)	(24)	19
<b>Currencies (Δ %)</b>						
EUR	1.1824	(0.3)	(0.6)	(2.8)	(0.4)	4.9
GBP	1.3800	(0.3)	(0.3)	(2.5)	(0.2)	10.0
JPY	110.63	0.3	(0.1)	(1.0)	(0.8)	(2.9)
AUD	0.7497	(0.4)	(0.2)	(3.1)	(2.2)	7.9
INR	74.55	(0.3)	(0.4)	(2.1)	(1.5)	0.5
CNY	6.4791	(0.2)	(0.2)	(1.3)	0.9	7.6
<b>Equity &amp; Other indices (Δ %)</b>						
Dow	34,577	(0.6)	0.8	(0.5)	3.4	33.6
FTSE	7,101	(0.9)	0.2	0.5	4.1	14.7
DAX	15,511	(1.0)	(1.1)	(1.2)	2.0	22.9
NIKKEI	28,643	0.2	(0.6)	(1.0)	(3.5)	26.7
Shanghai Comp	3,530	(0.1)	(1.2)	(1.7)	1.4	5.5
SENSEX	52,861	0	0.6	1.5	7.4	44.1
Brent (US\$/bbl)	74.53	(3.4)	(0.3)	3.7	18.8	73.0
Gold (US\$/oz)	1,797	0.3	2.0	(5.0)	3.1	0.1
CRB Index	552.2	(0.4)	(0.8)	0.2	8.8	52.3
Rogers Agri Index	1,021.7	(3.2)	(1.4)	(6.0)	7.9	48.9
LIBOR (3M)*	0.14	0	(1)	1	(6)	(13)
INR 5Y Swap*	5.78	6	7	20	(3)	46
<b>India FII data (US\$ mn)</b>						
	<b>5 Jul</b>	<b>2 Jul</b>	<b>WTD</b>	<b>MTD</b>	<b>CYTD</b>	<b>FYTD</b>
FII-Debt	74.5	10.3	74.5	61.6	(3,105.2)	(1,077.9)
FII-Equity	59.0	(335.6)	59.0	(292.0)	7,792.2	465.8

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

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