

MACRO DAILY

08 June 2021

Macro developments

- Government of India has announced free Covid-19 vaccine at government hospitals for 18-44 age group. It will buy 75% of jabs from vaccine manufacturers, including 25% of state quota, and give it for free to states. This will entail a fiscal burden of Rs 420-450bn against BE - Rs 350bn. Centre has also extended distribution of free foodgrains (PMGKAY scheme) till Nov'21. Estimated cost which was Rs 253bn for May-Jun'21, will escalate further.
- Germany's factory orders declined by 0.2% in Apr'21 compared with an increase of 3.9% in Mar'21 on a MoM basis. While domestic orders dropped by 4.3%, foreign orders rose by 2.7% in Apr'21. Uptick in capital (0.2%) and consumer goods orders (1.4%) was seen; intermediate goods on the other hand dropped lower (1%). In comparison to pre-pandemic period (Feb'20), new orders were up by 9.9% in Apr'21.
- Japan's Q1CY21 GDP contracted less sharply (1%) than previously estimated (1.3%) on QoQ basis. The upward revision was broad based with government spending revised the most (1.1% decline versus 1.8% drop estimated earlier). Private demand also fell less sharply (0.7% versus 0.9%) as private residential and non-residential investment improved.

Jahnavi | Sameer Narang

chief.economist@bankofbaroda.com

Markets

- Bonds:** Except Japan (stable), global yields closed higher. US 10Y yield rose by 2bps (1.57%) remaining cautious ahead of the inflation data. Crude prices fell by 0.6% (US\$ 71/bbl) due to concerns of muted demand. India's 10Y yield fell by 1bps (6.02%) as investors await details of GSAP. It is trading flat today.
- Currency:** Apart from CNY (flat), other global currencies closed higher against the dollar. DXY fell by 0.2% as investors await CPI data. EUR edged higher by 0.2% even as Germany's factory orders dropped unexpectedly in Apr'21. INR rose by 0.3% as oil prices eased. It is trading higher today in line with other Asian currencies.
- Equity:** Barring Dow and Dax, other global indices ended higher led by lower Covid-19 cases globally. Sensex (0.4%) surged the most as states began to ease restrictions. Power and oil and gas stocks advanced the most. It is trading lower today while other 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	1.57	2	(3)	(1)	(2)	69
UK	0.81	2	1	3	5	47
Japan	0.08	0	0	0	(4)	3
Germany	(0.20)	2	(1)	2	8	12
India	6.02	(1)	0	1	(20)	21
China	3.14	1	7	(1)	(10)	32
2Y yields (Δ bps)						
US	0.15	1	1	1	(1)	(7)
UK	0.09	2	2	5	(1)	9
Japan	(0.12)	0	1	1	(1)	1
Germany	(0.66)	1	0	2	2	(5)
India	4.31	(2)	4	(4)	(56)	(15)
China	2.39	4	4	(12)	(18)	38
Currencies (Δ %)						
EUR	1.2190	0.2	(0.3)	0.2	2.9	7.9
GBP	1.4183	0.2	(0.2)	1.4	2.6	11.5
JPY	109.25	0.2	0.3	(0.6)	(0.3)	(0.8)
AUD	0.7754	0.2	0.3	(1.1)	1.4	10.4
INR	72.81	0.3	(0.3)	1.0	0.6	3.6
CNY	6.3974	0	(0.4)	0.6	2.0	9.5
Equity & Other indices (Δ %)						
Dow	34,630	(0.4)	0.3	(0.4)	8.9	25.6
FTSE	7,077	0.1	0.8	(0.7)	5.3	9.3
DAX	15,677	(0.1)	1.7	1.8	9.0	22.3
NIKKEI	29,019	0.3	0.6	(1.2)	1.0	25.2
Shanghai Comp	3,600	0.2	(0.4)	5.3	5.2	22.5
SENSEX	52,329	0.4	0.8	6.3	3.7	52.2
Brent (US\$/bbl)	71.49	(0.6)	3.1	4.7	4.8	75.2
Gold (US\$/oz)	1,899	0.4	(0.4)	3.7	12.8	11.8
CRB Index	551.2	0	0.5	1.5	11.9	49.3
Rogers Agri Index	1,087.8	0.1	3.2	(3.1)	12.1	58.7
LIBOR (3M)*	0.13	0	0	(3)	(5)	(18)
INR 5Y Swap*	5.59	1	(14)	(1)	(41)	46
India FII data (US\$ mn)						
	4 Jun	3 Jun	WTD	MTD	CYTD	FYTD
FII-Debt	(84.7)	65.6	(82.0)	(8.3)	(2,588.9)	(561.6)
FII-Equity	207.3	162.3	1,302.8	590.8	7,176.9	(149.4)

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

Disclaimer

The views expressed in this research note are personal views of the author(s) and do not necessarily reflect the views of Bank of Baroda. Nothing contained in this publication shall constitute or be deemed to constitute an offer to sell/ purchase or as an invitation or solicitation to do so for any securities of any entity. Bank of Baroda and/ or its Affiliates and its subsidiaries make no representation as to the accuracy; completeness or reliability of any information contained herein or otherwise provided and hereby disclaim any liability with regard to the same. Bank of Baroda Group or its officers, employees, personnel, directors may be associated in a commercial or personal capacity or may have a commercial interest including as proprietary traders in or with the securities and/ or companies or issues or matters as contained in this publication and such commercial capacity or interest whether or not differing with or conflicting with this publication, shall not make or render Bank of Baroda Group liable in any manner whatsoever & Bank of Baroda Group or any of its officers, employees, personnel, directors shall not be liable for any loss, damage, liability whatsoever for any direct or indirect loss arising from the use or access of any information that may be displayed in this publication from time to time.

Visit us at www.bankofbaroda.com



For further details about this publication, please contact:

Economics Research Department

Bank of Baroda

chief.economist@bankofbaroda.com