

MACRO DAILY

08 March 2021

Macro developments

- FDI inflows into India rose to US\$ 51.5bn between Apr-Dec'20, compared with US\$ 36.8bn in the same period last year. Sector wise, FDI inflows into computer hardware and software sector rose the most to US\$ 25.4bn compared with US\$ 6.3bn last year. Singapore remained the largest source of FDI inflows at US\$ 17.5bn (US\$ 11.7bn in FYTD20).
- US labour market scenario improved as visible in the non-farm payroll addition which rose by 379,000 in Feb'21, much higher than estimated 200,000 and against addition of 166,000 in Jan'21. Unemployment rate was lower at 6.2% from 6.3% in Jan'21. Labour force participation rate was at 61.4. Average hourly earnings rose by 0.2% from 0.1% on MoM basis.
- China's exports rose by 60.6% in Jan-Feb'21 compared with a 17.4% decline in the same period last year and also higher than estimate of 39.5% rise. Apart from a favourable base, exports also benefitted from higher global demand particularly from EU and US. Exports of electronics and textiles rose the most. Imports also increased more than expected by 22.2% versus 4% drop in Jan-Feb'20 and est.: 15% rise.

Dipanwita Mazumdar | Sameer Narang
 chief.economist@bankofbaroda.com

Markets

- Bonds:** Global yields closed mixed. US 10Y yield closed flat supported by better jobs data. Japan 10Y yield fell by 4bps as investors are expecting more stimulus from BoJ. UK 10Y yield rose by 3bps amidst fiscal stimulus, vaccine roll out and removal of lockdown restrictions. Crude prices rose by 3.9% (US\$ 69/bbl) supported by OPEC+ decision. India's 10Y yield rose by 2bps (6.23%) on large devolvement at auction. It is trading flat today.
- Currency:** Global currencies closed lower. DXY rose by 0.4% (highest since Nov'20) as US non-farm payrolls rose more than expected in Jan'21. AUD and EUR depreciated by 0.5% each. INR fell by 0.3% as oil prices rose to its highest since May'19. It is trading lower today, in line with other Asian currencies.
- Equity:** Barring Dow and Shanghai Comp (flat), other global indices ended lower as investors continued to monitor volatility in global yields. Amongst other indices, Dax (1%) declined the most. Sensex (0.9%) too ended in red led by metal and power 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
10Y yields (Δ bps)						
US	1.57	0	16	47	60	80
UK	0.76	3	(6)	41	41	52
Japan	0.10	(4)	(7)	4	7	22
Germany	(0.30)	1	(4)	19	25	41
India	6.23	2	0	10	41	5
China	3.25	(2)	(3)	7	(5)	62
2Y yields (Δ bps)						
US	0.14	(1)	1	2	(1)	(37)
UK	0.10	2	(3)	19	14	(1)
Japan	(0.13)	(1)	(2)	(2)	(1)	15
Germany	(0.69)	0	(3)	3	6	17
India	4.84	(2)	13	15	98	(50)
China	2.56	0	0	(5)	(30)	60
Currencies (Δ %)						
EUR	1.1915	(0.5)	(1.3)	(1.1)	(1.7)	5.6
GBP	1.3841	(0.4)	(0.7)	1.3	3.0	6.1
JPY	108.31	(0.3)	(1.6)	(3.2)	(4.0)	(2.8)
AUD	0.7686	(0.5)	(0.3)	1.0	3.5	15.8
INR	73.03	(0.3)	0.6	(0.1)	1.0	1.0
CNY	6.4971	(0.4)	(0.3)	(0.6)	0.5	6.3
Equity & Other indices (Δ %)						
Dow	31,496	1.9	1.8	2.6	4.2	21.8
FTSE	6,631	(0.3)	2.3	1.7	1.2	2.6
DAX	13,921	(1.0)	1.0	0.6	4.7	20.6
NIKKEI	28,864	(0.2)	(0.4)	1.8	7.9	39.1
Shanghai Comp	3,502	0	(0.2)	(0.9)	1.7	15.4
SENSEX	50,405	(0.9)	2.7	1.2	11.8	34.1
Brent (US\$/bbl)	69.36	3.9	4.9	20.7	40.8	53.2
Gold (US\$/oz)	1,701	0.2	(1.9)	(7.5)	(7.5)	1.6
CRB Index	491.5	0.8	1.0	6.7	15.0	23.3
Rogers Agri Index	969.3	0.7	(0.1)	5.3	18.4	38.4
LIBOR (3M)*	0.18	(2)	(1)	(2)	(5)	(72)
INR 5Y Swap*	5.98	7	12	32	80	25
India FII data (US\$ mn)						
	4 Mar	3 Mar	WTD	MTD	CYTD	FYTD
FII-Debt	(21.9)	(292.4)	(647.2)	(647.2)	(2,131.4)	(6,225.0)
FII-Equity	186.8	333.0	996.9	996.9	5,990.7	35,966.5

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

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Economics Research Department

Bank of Baroda

chief.economist@bankofbaroda.com