

## MACRO DAILY

09 February 2021

### Macro developments

- India's Finance ministry has confirmed that dues for GST compensation to states for Apr-Nov'20 period stands at Rs 2.06tn. It was also reported that Rs 400bn had been released to states for Apr-May'20 period. Following shortfall in funds to meet the dues of states, centre had announced to borrow Rs 1.1tn from the market and release to states as back to back loans. Under this scheme, Rs 840bn has been paid out so far.
- EPFO has settled Rs 6.09mn non-refundable advance claims during Covid-19 and has disbursed Rs 153bn till 31 Jan 2021. Further, total beneficiaries under the Atmanirbhar Bharat Rozgar Yojana (a scheme to incentivise employment generation in EPFO registered establishments) also rose to 0.47mn. The outlay for this scheme stands at Rs 228bn for FY20-23.
- Germany's industrial production stagnated in Dec'20 (0%) after increasing for 7-straight months, and follows an increase of 1.5% in Nov'20 (MoM). This was lower than estimate of 0.3% increase due to fall in output in the construction sector (down 3.2%), and energy production (2.9% dip). In CY20, industrial production fell by 8.5% on a YoY basis.

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### Markets

- Bonds:** Global yields closed mixed. UK 10Y yield rose by 1bps (1.17%) as US lawmakers approved the US\$ 1.9tn fiscal stimulus. Crude prices also rose by 2.1% (US\$ 61/bbl-highest since Jan'20) supported by supply cuts. India's 10Y yield fell by 3bps (6.04%) as RBI announced OMO purchase of Rs 200bn. However, it is trading higher at 6.09% today.
- Currency:** DXY fell by 0.1% as weaker than expected US labour market data raised concerns on hopes of economic recovery. Other global currencies closed broadly higher led by AUD and CNY which rose by 0.3% each. INR depreciated marginally by 0.1% as oil prices continued to climb. It is however trading higher today, in line with other Asian currencies.
- Equity:** Global indices ended higher as Senate and House passed the Budget resolution on Friday. Amongst other indices, Nikkei (2.1%) surged the most. Sensex (1.2%) too ended in green, scaling a record high led by auto and metal stocks. It is trading higher today in line with other Asian stocks.



FIG 1 – MOVEMENT IN KEY GLOBAL ASSET CLASSES

Particulars	Current	1D	1W	1M	3M	12M
<b>10Y yields (Δ bps)</b>						
US	1.17	1	9	6	25	(40)
UK	0.48	(1)	15	19	10	(8)
Japan	0.07	1	1	4	5	13
Germany	(0.45)	0	7	7	6	(3)
India	6.04	(3)	(2)	17	16	(40)
China	3.24	2	7	9	0	45
<b>2Y yields (Δ bps)</b>						
US	0.11	1	0	(2)	(6)	(128)
UK	(0.03)	(1)	7	10	(3)	(52)
Japan	(0.11)	1	1	1	3	5
Germany	(0.71)	0	1	(1)	2	(7)
India	4.63	4	(2)	46	51	(114)
China	2.68	(2)	8	39	(8)	45
<b>Currencies (Δ %)</b>						
EUR	1.2050	0	(0.1)	(1.4)	2.0	10.4
GBP	1.3741	0	0.6	1.3	4.4	6.4
JPY	105.23	0.2	(0.3)	(1.2)	0.1	4.1
AUD	0.7702	0.3	1.1	(0.7)	5.7	15.2
INR	72.97	(0.1)	0.1	0.4	1.6	(2.3)
CNY	6.4484	0.3	0.3	0.4	2.7	7.7
<b>Equity &amp; Other indices (Δ %)</b>						
Dow	31,386	0.8	3.9	0.9	7.6	7.2
FTSE	6,524	0.5	0.9	(5.1)	5.5	(12.4)
DAX	14,060	0	3.2	0.1	7.4	4.2
NIKKEI	29,389	2.1	4.6	4.4	18.3	24.1
Shanghai Comp	3,532	1.0	0.8	(1.1)	4.7	22.2
SENSEX	51,349	1.2	5.7	5.3	20.5	25.3
Brent (US\$/bbl)	60.56	2.1	7.5	8.2	42.8	13.7
Gold (US\$/oz)	1,831	0.9	(1.6)	(1.0)	(1.7)	16.5
CRB Index	463.9	0.6	1.1	3.3	11.2	15.5
Rogers Agri Index	944.3	1.3	2.2	5.1	17.4	27.9
LIBOR (3M)*	0.19	0	0	(3)	(1)	(152)
INR 5Y Swap*	5.86	8	19	43	78	(60)
<b>India FII data (US\$ mn)</b>						
	<b>5 Feb</b>	<b>4Feb</b>	<b>WTD</b>	<b>MTD</b>	<b>CYTD</b>	<b>FYTD</b>
FII-Debt	(75.6)	54.8	(20.9)	(20.9)	(519.2)	(4,612.8)
FII-Equity	193.7	520.9	2,268.3	2,268.3	4,246.6	34,222.3

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

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