

## MACRO DAILY

09 March 2021

### Macro developments

- As per news reports, government has received over 0.13mn declarations under Vivad se Vishwas scheme involving a disputed tax of Rs 983bn. Out of this amount, Rs 533bn has been realised, which include Rs 277bn payment by central PSUs, Rs 10bn by state PSUs and Rs 246bn by others. In FYTD21 (Apr-Jan'21), direct tax collections have reached Rs 6.7tn against revised estimate of Rs 9.05tn.
- Industrial production in Germany plunged by 2.5% in Jan'21 on a MoM basis, versus an increase of 1.9% in Dec'20 and estimate of a 0.4% decline. Output in construction sector fell sharply by 12.2%. Within industry, production of consumer goods (down by 3%) and capital goods (down by 0.8%) declined. Industrial production is 4.2% lower in Jan'21 since pre pandemic period.
- Japan's GDP (annualised) for Q4CY20 was revised downwards from 12.7% to 11.7% in its final reading. This was on the back of lower than expected growth in both domestic and private demand (1.7% versus 2% previously, each). In a separate print, household spending also dropped by 6.1% against an estimate of 2.1% decline in Jan'21, adding to concerns of prolonged delay in recovery.

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### Markets

- Bonds:** Global yields closed mixed. US 10Y yield rose by 2bps (1.59%) over progress in US\$ 1.9tn fiscal stimulus package. Crude prices fell by 1.6% (US\$ 68/bbl) amidst tension in Saudi Arabia. Thus, India's 10Y yield fell by 1bps (6.22%). It is trading at 6.21% today ahead of RBI's special OMO.
- Currency:** Global currencies closed lower. DXY rose by 0.4% to a more than 3-month high as US yields continued to inch higher. EUR depreciated by 0.6% as Germany's industrial production fell more than expected in Jan'21. INR fell by 0.3%. However it trading higher today, while other Asian currencies are trading mixed.
- Equity:** Barring Nikkei and Shanghai Comp, other global indices ended higher as investors continued to monitor the US stimulus package worth US\$ 1.9bn. Amongst other indices, Dax (3.3%) surged the most followed by FTSE (1.3%) and Dow (1%). Sensex inched up by 0.1% led by oil & gas stocks. It is trading higher today while Asian markets 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	1.59	2	17	43	67	105
UK	0.75	0	(1)	27	47	60
Japan	0.12	3	(3)	6	10	29
Germany	(0.28)	3	6	17	31	58
India	6.22	(1)	1	15	38	15
China	3.24	(1)	(1)	2	(5)	71
<b>2Y yields (Δ bps)</b>						
US	0.16	3	4	6	2	(22)
UK	0.10	0	0	12	17	1
Japan	(0.11)	2	0	1	2	19
Germany	(0.68)	1	1	3	8	32
India	4.87	3	21	24	95	(42)
China	2.58	2	2	(12)	(30)	62
<b>Currencies (Δ %)</b>						
EUR	1.1847	(0.6)	(1.7)	(1.7)	(2.2)	3.5
GBP	1.3824	(0.1)	(0.7)	0.6	3.3	5.4
JPY	108.89	(0.5)	(2.0)	(3.3)	(4.7)	(6.4)
AUD	0.7650	(0.5)	(1.6)	(0.4)	3.1	16.1
INR	73.26	(0.3)	0.4	(0.4)	0.9	1.1
CNY	6.5260	(0.4)	(0.9)	(0.9)	0.1	6.1
<b>Equity &amp; Other indices (Δ %)</b>						
Dow	31,802	1.0	0.8	2.1	5.8	33.3
FTSE	6,719	1.3	2.0	3.5	2.5	12.6
DAX	14,381	3.3	2.6	2.3	8.4	35.3
NIKKEI	28,743	(0.4)	(3.1)	(0.1)	8.3	45.9
Shanghai Comp	3,421	(2.3)	(3.7)	(2.1)	0.1	16.2
SENSEX	50,441	0.1	1.2	(0.6)	11.0	41.5
Brent (US\$/bbl)	68.24	(1.6)	7.1	15.0	39.9	98.6
Gold (US\$/oz)	1,684	(1.0)	(2.4)	(7.2)	(9.6)	0.2
CRB Index	492.6	0.2	1.4	6.8	13.7	24.6
Rogers Agri Index	970.2	0.1	0.4	4.1	18.5	41.1
LIBOR (3M)*	0.19	1	0	(1)	(5)	(58)
INR 5Y Swap*	6.00	2	16	22	81	37
<b>India FII data (US\$ mn)</b>						
	<b>5 Mar</b>	<b>4 Mar</b>	<b>WTD</b>	<b>MTD</b>	<b>CYTD</b>	<b>FYTD</b>
FII-Debt	(117.8)	(21.9)	(765.0)	(765.0)	(2,249.2)	(6,342.8)
FII-Equity	(246.9)	186.8	750.0	750.0	5,743.8	35,719.6

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

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