

MACRO DAILY

04 October 2021

Macro developments

- India's total GST collections rose to Rs 1.2tn in Aug'21 from Rs 1.1tn in Jul'21. Adjusted CGST collections rose to Rs 533bn from Rs 479 in Jul'21 and SGST collections jumped to Rs 711bn from Rs 601bn. On FYTD basis, total collections are at Rs 5.4tn versus Rs 4.2tn in FYTD21 and Rs 4.9tn in FYTD20. Over a 2-year horizon, GST collections are up by 9.9% in Aug'21 (FYTD basis) versus 5.9% in Jul'21.
- India's trade deficit widened to a record high of US\$ 22.9bn in Sep'21 from US\$ 13.8bn in Aug'21, as per preliminary data. This was led by higher imports at US\$ 56.4bn (record-high) from US\$ 47.1bn in Aug'21. Within imports, oil and non-oil-non-gold imports led the increase. Gold imports moderated. Exports were steady at US\$ 33.4bn from US\$ 33.3bn in Aug'21. Imports may expand further as economic activity recovers. Elevated oil prices also imply a higher import bill. However, resilient exports and buoyant software and remittances receipts imply that CAD is likely to remain contained at ~1% of GDP in FY22.
- Manufacturing PMI in Eurozone fell to 58.6 in Sep'21 from 61.4 in Aug'21 and in UK it dropped to 57.1 from 60.3. This was led by broad based decline in new orders, output and employment. Supply constraints and labour shortages led to this decline. Input cost pressure also remained elevated owing to lengthening delivery times. In the US, however, ISM manufacturing print picked up to 61.1 from 59.9 as new orders remained stable.

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Markets

- Bonds:** Except China (higher), global yields closed lower amidst Evergrande's trading halt. Germany's 10Y yield fell by 3bps (-0.22%) as manufacturing PMI print was at its 8-month low. Crude prices rose by 1% (US\$ 79/bbl) as OPEC+ meeting looms. India's 10Y yield rose by 2bps (6.25%) amidst reports of reverse repo hike in the upcoming policy. It is trading flat today.
- Currency:** Global currencies closed higher against the dollar. DXY fell by 0.2% as investors' awaited US jobs report. GBP rose the most by 0.5% followed by both CNY and AUD inching up by 0.4% each. INR rose by 0.2%. It is trading lower today while other Asian currencies are trading mixed.
- Equity:** Barring Dow and Shanghai Comp, other global indices ended lower as investors continued to monitor developments surrounding Evergrande debt crisis. Amongst other indices, Nikkei (2.3%) dropped the most followed by FTSE (0.8%). Sensex (0.6%) too ended in red led by losses in real estate and technology stocks. However, it is trading higher today while other major Asian indices are trading mixed.



Fig 1 – Movement in key global asset classes

Particulars	Current	1D	1W	1M	3M	12M
10Y yields (Δ bps)						
US	1.46	(3)	1	17	4	76
UK	1.00	(2)	8	31	30	76
Japan	0.06	(1)	0	3	2	4
Germany	(0.22)	(3)	0	15	1	31
India ^{AA}	6.25	2	7	5	18	25
China	2.88	1	2	6	(21)	(27)
2Y yields (Δ bps)						
US	0.26	(1)	(1)	5	3	13
UK	0.40	(1)	2	20	34	44
Japan	(0.11)	1	(1)	1	0	2
Germany	(0.70)	(1)	(2)	1	(3)	1
India ^A	4.29	6	13	21	(6)	(8)
China	2.32	0	1	9	1	(28)
Currencies (Δ %)						
EUR	1.1596	0.1	(1.1)	(2.1)	(2.3)	(1.0)
GBP	1.3546	0.5	(1.0)	(1.6)	(2.0)	4.7
JPY	111.05	0.2	(0.3)	(0.9)	0	(5.5)
AUD	0.7258	0.4	(0.1)	(1.5)	(3.6)	1.4
INR	74.13	0.2	(0.6)	(1.4)	0.8	(1.3)
CNY	6.4448	0.4	0.2	0.2	0.4	5.1
Equity & Other indices (Δ %)						
Dow	34,326	1.4	(1.4)	(2.8)	(1.3)	24.0
FTSE	7,027	(0.8)	(0.3)	(1.7)	(1.4)	19.1
DAX	15,156	(0.7)	(2.4)	(4.2)	(3.2)	19.4
NIKKEI	28,771	(2.3)	(4.9)	1.1	0	24.9
Shanghai Comp	3,568	0.9	(2.0)	0.0	1.4	10.9
SENSEX	58,766	(0.6)	(2.1)	2.5	12.0	51.9
Brent (US\$/bbl)	79.28	1.0	1.5	10.7	4.1	101.9
Gold (US\$/oz)	1,761	0.2	0.6	(2.9)	(1.5)	(7.3)
CRB Index	556.2	0.4	0.6	(0.2)	0.3	37.8
Rogers Agri Index	1,109.9	0.7	2.4	4.2	5.1	47.7
LIBOR (3M)*	0.13	0	0	1	0	(10)
INR 5Y Swap*	5.77	(1)	0	(2)	4	35
India FII data (US\$ mn)						
	30 Sep	29 Sep	WTD	MTD	CYTD	FYTD
FII-Debt	(33.1)	(35.0)	555.6	1,488.9	75.0	2,102.3
FII-Equity	(268.3)	181.2	(398.5)	1,139.4	8,529.9	1,203.6

Source: Bloomberg, Bank of Baroda Research | *Indicates change in bps | **6.10GS2031, ^ 4.26GS2023 security

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