

MACRO DAILY

10 December 2021

Macro developments

- As per AMFI data, net inflows in mutual funds (MFs) rose to Rs 462bn in Nov'21 as against Rs 383bn in Oct '21. Equity inflows rose to Rs 116bn from Rs 60bn inflow seen in Oct'21. Debt inflows also rose to Rs 149bn as against Rs 119bn in Oct'21. Assets under management (AUM) of MFs was stable at Rs 37.3tn.
- US jobless claims fell by 43,000 to a 52-year low of 184,000 (est. 220,000), in the week ended 4 Dec 2021. A part of the decline can be attributed to difficulty in adjusting seasonal data around the holiday season. The data suggests a further tightening of the labour market amidst shortages of workers. Jobless claims have fallen sharply since a record-high of 6.15mn in Apr'20. The four-week moving average of claims also fell by 21,250 to 218,750.
- Germany's exports in Oct'21 rose by 8.1% (YoY) versus 7.2% rise in Sep'21. Even compared with Feb'20 (pre-pandemic) exports were up by 3.8% in Oct'21 versus 0.7% decline in Sep'21. On YoY basis, recovery was led by higher exports to Eurozone countries (12.8% versus 9.2%), while exports to rest of the world, including UK (-11.5% versus -10%) and non-Eurozone EU member states (9% versus 9.4%) eased. Imports too rose in Oct'21 (17.3%) from Sep'21 (12.9%).

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Markets

- Bonds:** Except Japan and India (stable), global yields closed lower amidst tensions surrounding Russia and its stance on Ukraine. Even concerns surrounding the spread of new Covid-19 variant impacted investor sentiments. Germany's 10Y yield fell the most by 4bps (-0.35%) followed by US and UK (dropped by 2bps each). Crude prices also fell by 1.8% (US\$ 74/bbl) following rating downgrade news of property developers in China. India's 10Y yield is trading at the same level (6.35%) today.
- Currency:** Except GBP and JPY (higher), other global currencies closed lower. DXY rose by 0.4% as US jobless claims fell more than expected. CNY fell by 0.5% as PBOC raised foreign currency reserve requirement ratio by 2%. EUR also dipped by 0.4% even as Germany's exports were better than expected. INR depreciated by 0.1% led by global cues. It is trading further lower today in line with other Asian currencies.
- Equity:** Global indices ended mixed as investors monitored the news of a possible default by Evergrande and assessed the growing risk surrounding the spread of new Covid-19 variant. European indices ended in red. Sensex (0.3%) ended in green led by capital goods and oil and gas stocks. However, it is trading lower today in line with other Asian stocks.



Fig 1 – Movement in key global asset classes

Particulars	Current	1D	1W	1M	3M	12M
10Y yields (Δ bps)						
US	1.50	(2)	5	1	20	59
UK	0.76	(2)	(6)	(10)	2	55
Japan	0.05	0	(2)	(1)	0	3
Germany	(0.35)	(4)	2	(11)	1	25
India	6.35	0	0	5	17	50
China	2.88	(1)	(1)	(2)	1	(40)
2Y yields (Δ bps)						
US	0.69	1	8	25	48	55
UK	0.43	(3)	(11)	1	21	55
Japan	(0.10)	0	1	1	2	3
Germany	(0.70)	(2)	4	2	1	7
India	4.50	(2)	(8)	0	42	57
China	2.51	0	1	7	2	(42)
Currencies (Δ %)						
EUR	1.1293	(0.4)	(0.1)	(2.5)	(4.5)	(7.0)
GBP	1.3221	0.1	(0.6)	(2.5)	(4.5)	(0.6)
JPY	113.49	0.2	(0.3)	(0.2)	(3.4)	(8.9)
AUD	0.7149	(0.3)	0.8	(3.7)	(3.0)	(5.1)
INR	75.52	(0.1)	(0.7)	(2.0)	(2.8)	(2.5)
CNY	6.3776	(0.5)	0	0.2	1.2	2.5
Equity & Other indices (Δ %)						
Dow	35,755	0	3.2	(1.9)	2.5	19.2
FTSE	7,321	(0.2)	2.7	0.3	4.2	10.9
DAX	15,639	(0.3)	2.5	(2.5)	0.1	17.6
NIKKEI	28,725	(0.5)	3.5	(2.6)	(4.3)	7.4
Shanghai Comp	3,673	1.0	2.8	5.0	(0.5)	8.9
SENSEX	58,807	0.3	0.6	(2.9)	0.9	28.0
Brent (US\$/bbl)	74.42	(1.8)	6.8	(10.8)	4.2	48.1
Gold (US\$/oz)	1,775	(0.4)	0.4	(2.7)	(1.1)	(3.3)
CRB Index	570.4	(0.3)	0.7	0.1	3.0	31.4
Rogers Agri Index	1,161.1	(0.2)	0.4	2.5	10.3	40.4
LIBOR (3M)*	0.20	0	2	5	9	(2)
INR 5Y Swap*	5.68	(2)	(8)	(13)	(9)	43
India FII data (US\$ mn)						
	8 Dec	7 Dec	WTD	MTD	CYTD	FYTD
FII-Debt	(42.1)	(59.1)	(160.9)	(179.5)	(96.1)	1,931.1
FII-Equity	125.5	(280.2)	(551.8)	(1,354.1)	4,148.4	(3,178.0)

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

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