

## MACRO DAILY

21 October 2021

### Macro developments

- India's EPFO data showed that employment slowed marginally in Aug'21 as additions to new subscriber base was at 0.9mn compared with 1mn in Jul'21. Total new additions in FYTD22 are now at 4.2mn versus 2.6mn in FYTD21 and 5.5mn in FYTD20. Net subscriber base rose by 1.5mn in Aug'21 versus 1.3mn increase in Jul'21. Net subscribers added to EPFO stand at 5.3mn in FYTD22 versus 0.7mn in FYTD21 and 2.7mn in FYTD20.
- Japan's export growth moderated for the 7<sup>th</sup> straight month to 13% in Sep'21 on a YoY basis from 26.3% in Aug'21. This was led by a 40.3% decline in car shipments. While exports to US declined by 3.3% in Sep'21 marking the first decline in 7-months, exports to China also moderated to 10.3%. Imports rose by 38.6% in Sep'21 compared with an increase of 44.7% in Aug'21 led by higher oil prices and a weaker yen. Hence, trade balance remained in deficit for the 2<sup>nd</sup> straight month at ₹ 622.8bn versus ₹ 635.4bn in Aug'21.
- CPI inflation in the Euro Area inched up to 3.4% in Sep'21 from 3% in Aug'21, on YoY basis. This was led by energy prices which shot up by 17.6% from 15.4% in Aug'21. On the other hand, in UK, CPI inflation moderated to 3.1% from 3.2% in Aug'21. This was on account of softening of inflation in the hospitality sector, due to dropping out of government's "eat out to help out" scheme from the calculation of annual inflation rate.

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### Markets

- Bonds:** Global yields closed mixed. US 10Y yield rose by 2bps (1.66%) ahead of major data releases (home sales, jobless claims and flash PMIs). UK's 10Y yield fell by 2bps (1.15%) as inflation data showed moderation. Crude prices rose by 0.9% (US\$ 86/bbl) as US inventories fell unexpectedly showing buoyant demand. India's 10Y yield fell by 2bps (6.37%) amidst expectation of special OMO announcement by RBI. It is trading further lower at 6.35% today.
- Currency:** Except CNY (lower), other global currencies closed higher against the dollar. DXY fell by 0.2% amidst an improvement in risk-sentiment. AUD rose by 0.6%. EUR and GBP both gained 0.2%. INR also appreciated by 0.6% supported by global cues, even as oil prices continued to inch up. It is trading further higher today in line with other Asian currencies.
- Equity:** Barring Shanghai Comp and Sensex, other global indices ended higher as investors continued to monitor corporate earnings report and plateauing of Covid-19 cases. Amongst other indices, Dow (0.4%) gained the most, followed by both Nikkei and FTSE rising by 0.1% each. However, Sensex (0.7%) ended in red due to losses in consumer durable and metal stocks. It is trading lower today while other Asian stocks 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	1.66	2	12	30	37	83
UK	1.15	(2)	6	30	55	91
Japan	0.09	1	0	4	8	6
Germany	(0.13)	(2)	0	15	27	46
India	6.37	(2)	6	21	18	46
China	3.01	0	5	13	8	(18)
<b>2Y yields (Δ bps)</b>						
US	0.39	(1)	3	16	18	24
UK	0.68	(5)	11	40	58	73
Japan	(0.10)	0	0	2	2	2
Germany	(0.66)	(3)	1	4	6	12
India	4.37	6	2	29	11	18
China	2.30	(1)	1	(3)	34	(35)
<b>Currencies (Δ %)</b>						
EUR	1.1651	0.2	0.5	(0.6)	(1.2)	(1.8)
GBP	1.3824	0.2	1.2	0.6	0.8	5.1
JPY	114.31	0.1	(0.9)	(4.0)	(3.6)	(9.3)
AUD	0.7516	0.6	1.9	3.5	2.1	5.6
INR	74.88	0.6	0.7	(1.9)	(0.3)	(1.7)
CNY	6.3930	(0.2)	0.6	1.1	1.2	3.9
<b>Equity &amp; Other indices (Δ %)</b>						
Dow	35,609	0.4	3.6	3.0	2.3	26.2
FTSE	7,223	0.1	1.1	3.7	3.2	25.0
DAX	15,523	0	1.8	0.2	0.7	23.6
NIKKEI	29,256	0.1	4.0	(4.1)	6.2	23.8
Shanghai Comp	3,587	(0.2)	0.7	(0.7)	0.7	7.9
SENSEX	61,260	(0.7)	0.9	3.8	17.4	50.5
Brent (US\$/bbl)	85.82	0.9	3.2	13.9	18.8	105.7
Gold (US\$/oz)	1,782	0.7	(0.6)	1.6	(1.2)	(7.4)
CRB Index	569.3	0.2	1.4	2.5	1.8	36.9
Rogers Agri Index	1,131.9	1.3	3.3	5.7	6.6	42.8
LIBOR (3M)*	0.13	0	1	1	(1)	(8)
INR 5Y Swap*	5.89	4	7	13	6	66
<b>India FII data (US\$ mn)</b>						
	<b>18 Oct</b>	<b>14 Oct</b>	<b>WTD</b>	<b>MTD</b>	<b>CYTD</b>	<b>FYTD</b>
FII-Debt	(56.9)	(48.8)	(56.9)	(370.3)	(295.2)	1,732.0
FII-Equity	6.5	196.4	6.5	503.7	9,033.6	1,707.3

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

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