

MACRO DAILY

22 October 2021

Macro developments

- India's GST collections for Oct'21 are expected to remain robust as indicated by e-way bills generated so far. In Oct'21, the run-rate has inched up to 2.2mn as of 17 Oct 2021 versus 2.1mn generated as of 19 Sep 2021 and 2mn compared over a 2-year horizon (as of 18 Oct 2019). The upward movement is owing to increased activity due to festive demand. In Sep'21 also, e-way bills generated had risen by 3.1% and this print is expected to be even higher in Oct'21.
- US existing home sales rose by 7% in Sep'21 (est. 3.7%) after a decline of 2% in Aug'21. Existing home sales rose to its highest level since Jan'21 at 6.29mn units (est. 6.1mn) from 5.88mn units in Aug'21. The median existing house price rose by 13.3% on a YoY basis, registering its smallest increase in CY21. Separately, US jobless claims for the week ended 16 Oct 2021 fell by 6k to a 13-month low of 290k (est. 297k).
- Japan CPI rose by 0.2% in Sep'21 against 0.4% decline in Aug'21, on YoY basis. Excl. fresh food, CPI rose for the first time in 18-months by 0.1% (0% in Aug'21), driven by higher energy prices. Separately, flash services PMI (50.7 in Oct'21 versus 47.8 in Sep'21) indicates that activity is expected to rise for the first time since Jan'20, owing to weaker pace of decline in new business orders. Input cost inflation however remains elevated due to supply chain pressures.

Markets

- Bonds:** US 10Y yield rose by 4bps (1.7%) supported by upbeat macro data (jobless claims and home sales) and comments from Fed officials on balance sheet winding and higher inflation expectation. Crude prices fell by 1.4% (US\$ 85/bbl) amidst forecast of a warm winter in the US by NOAA. India's 10Y yield fell by 4bps (6.34%) on expectations of special OMO announcement by RBI and also eyeing MPC minutes. It is trading at 6.35% today.
- Currency:** Global currencies closed mixed. DXY rose by 0.2% supported by better than expected US macro prints (jobless claims and existing home sales). EUR fell by 0.2% as Euro Area's consumer confidence dipped in Oct'21. INR closed flat supported by a dip in global oil prices. It is trading higher today while other Asian currencies are trading lower.
- Equity:** Barring Shanghai Comp (higher) and Dow (flat), other global indices ended lower as concerns resurfaced around China's property sector. Investors are also closely monitoring corporate earnings reports globally. Amongst other indices, Nikkei (1.9%) dropped the most followed by FTSE (0.5%). Sensex (0.5%) too end in red and was dragged down by technology and metal stocks. It is trading higher today in line with other Asian stocks.

Sonal Badhan

sonal.badhan@bankofbaroda.com

+91 22 6698 5218



Fig 1 – Movement in key global asset classes

Particulars	Current	1D	1W	1M	3M	12M
10Y yields (Δ bps)						
US	1.70	4	19	39	42	84
UK	1.20	5	16	41	64	92
Japan	0.09	0	1	4	7	6
Germany	(0.10)	2	9	22	32	46
India	6.34	(4)	1	20	14	42
China	2.97	(3)	2	9	4	(20)
2Y yields (Δ bps)						
US	0.45	7	9	24	25	30
UK	0.71	2	20	45	64	74
Japan	(0.10)	0	0	2	2	3
Germany	(0.65)	1	5	7	7	12
India	4.37	0	6	29	10	18
China	2.29	(1)	1	(3)	34	(34)
Currencies (Δ %)						
EUR	1.1623	(0.2)	0.2	(0.9)	(1.3)	(1.7)
GBP	1.3793	(0.2)	0.9	1.0	0.2	5.4
JPY	113.99	0.3	(0.3)	(4.2)	(3.5)	(8.7)
AUD	0.7467	(0.7)	0.7	3.0	1.2	4.9
INR	74.86	0	0.5	(1.5)	(0.5)	(1.8)
CNY	6.3932	0	0.7	1.1	1.2	4.4
Equity & Other indices (Δ %)						
Dow	35,603	0	2.0	4.8	2.2	25.5
FTSE	7,190	(0.5)	(0.2)	4.1	3.2	24.3
DAX	15,473	(0.3)	0.1	2.3	(0.3)	23.4
NIKKEI	28,709	(1.9)	0.6	(5.9)	4.2	22.3
Shanghai Comp	3,595	0.2	1.0	(0.5)	0.6	8.5
SENSEX	60,924	(0.5)	(0.6)	4.2	15.3	50.2
Brent (US\$/bbl)	84.61	(1.4)	0.7	14.5	14.7	99.3
Gold (US\$/oz)	1,783	0	(0.7)	1.1	(1.3)	(6.4)
CRB Index	566.6	(0.5)	0.4	2.9	1.1	36.5
Rogers Agri Index	1,117.1	(1.3)	0.9	5.9	5.2	40.6
LIBOR (3M)*	0.13	0	1	0	0	(9)
INR 5Y Swap*	5.92	3	12	17	7	69
India FII data (US\$ mn)						
	20 Oct	18 Oct	WTD	MTD	CYTD	FYTD
FII-Debt	(7.3)	(56.9)	(64.2)	(377.6)	(302.5)	1,724.7
FII-Equity	(222.4)	6.5	(215.9)	281.3	8,811.2	1,484.9

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

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For further details about this publication, please contact:

Economics Research Department

Bank of Baroda

+91 22 6698 5218

chief.economist@bankofbaroda.com