

## MACRO DAILY

23 November 2021

### Macro developments

- India's exports have risen by 18.8% (YoY) to US\$ 20bn in Nov'21 (1-21 Nov 2021). In Oct'21 as well, exports rose by 43.1% to a record high of US\$ 35.7bn. The increase in Nov'21 was led by oil, engineering goods and gems and jewellery. In FYTD22, exports have remained buoyant and risen by 26.2% (Apr-Oct'21), on a 2-year basis to US\$ 233.9bn. Notably, government has set an exports target of US\$ 400bn in FY22. In Nov'21 (1-21 Nov), imports rose by 45.3% to US\$ 35.1bn, after increasing by 62.5% (US\$ 55.4bn) in Oct'21.
- Australia's flash manufacturing PMI jumped to 58.5 in Nov'21 (5-month high) from 58.2 in Oct'21 as Covid-19 restrictions eased. Both output and new orders picked up further in Nov'21. Employment too accelerated. However, persistent supply chain bottlenecks led to increase in backlog of work. Both input and output cost pressures were also visible. Services PMI too inched up to a 5-month high in Nov'21 to 55 from 51.8 in Oct'21, supported by pent-up demand.
- US existing home sales rose more than anticipated to 6.34mn in Oct'21 (est.:6.2mn) and against 6.29mn in Sep'21. This is the highest level since Jan'21. However, depleting inventories (down 12% on YoY basis) remained a cause of concern. Thus, median existing home price rose for the 116<sup>th</sup> straight month by 13% in Oct'21, on YoY basis.

### Markets

- Bonds:** Except Japan and China (lower), global yields closed higher. US 10Y yield rose the most by 8bps (1.62%) as Powell was reappointed for a second term as Fed's Chair. Germany's 10Y yield rose by 4bps (-0.3%) as ECB policymaker confirmed that tapering of asset purchase would continue despite rising Covid-19 cases. Crude prices rose by 1% (US\$ 80/bbl). Thus, India's 10Y yield rose by 1bps (6.35%). It is trading further higher at 6.37% today.
- Currency:** Except CNY (flat), other global currencies closed lower amidst rising Covid-19 cases in Europe and concerns over lockdowns. DXY rose by 0.5% as Fed Chair was nominated for a second term. EUR fell by 0.5% as Euro Area's consumer confidence was lower than expected. INR depreciated by 0.2% as oil prices rose. It is trading further lower today in line with other Asian currencies.
- Equity:** Global indices ended mixed as investors monitored developments around spread of Covid-19 and news of Fed Chair securing a second term. Dax ended in red. Sensex (2.0%) declined the most, led by sharp losses in real estate and consumer durable stocks. It is trading further lower today, while other Asian stocks are trading mixed.

### Aditi Gupta

aditi.gupta3@bankofbaroda.com

+91 22 6698 5218



Fig 1 – Movement in key global asset classes

Particulars	Current	1D	1W	1M	3M	12M
<b>10Y yields (Δ bps)</b>						
US	1.62	8	1	(1)	37	77
UK	0.93	5	(3)	(21)	40	62
Japan	0.08	(1)	1	(2)	5	6
Germany	(0.30)	4	(7)	(20)	18	28
India	6.35	1	1	(1)	11	45
China	2.92	(1)	(1)	(8)	5	(37)
<b>2Y yields (Δ bps)</b>						
US	0.58	8	7	13	36	42
UK	0.53	4	(3)	(13)	42	56
Japan	(0.13)	(1)	(4)	(3)	(1)	1
Germany	(0.74)	4	(5)	(10)	1	1
India	4.54	2	1	15	40	60
China	2.50	(1)	(2)	(3)	3	(57)
<b>Currencies (Δ %)</b>						
EUR	1.1237	(0.5)	(1.2)	(3.5)	(4.3)	(5.1)
GBP	1.3397	(0.4)	(0.1)	(2.6)	(2.3)	0.6
JPY	114.88	(0.8)	(0.7)	(1.2)	(4.7)	(9.9)
AUD	0.7225	(0.1)	(1.7)	(3.2)	0.2	(0.8)
INR	74.40	(0.2)	0.1	0.7	(0.3)	(0.4)
CNY	6.3851	0	0	0	1.5	3.1
<b>Equity &amp; Other indices (Δ %)</b>						
Dow	35,619	0	(1.3)	(0.2)	0.8	20.4
FTSE	7,255	0.4	(1.3)	0.7	2.1	14.6
DAX	16,116	(0.3)	(0.2)	3.7	1.7	22.8
NIKKEI	29,774	0.1	0	3.4	8.3	13.8
Shanghai Comp	3,582	0.6	1.4	0	3.0	4.9
SENSEX	58,466	(2.0)	(3.7)	(3.9)	5.2	32.6
Brent (US\$/bbl)	79.70	1.0	(2.9)	(6.8)	15.9	73.0
Gold (US\$/oz)	1,805	(2.2)	(3.1)	0.7	0	(1.8)
CRB Index	569.8	0.1	0	0.3	1.8	33.6
Rogers Agri Index	1,188.7	0.9	1.7	5.8	10.9	42.9
LIBOR (3M)*	0.16	0	1	4	3	(4)
INR 5Y Swap*	5.95	3	6	2	11	82
<b>India FII data (US\$ mn)</b>						
	<b>18 Nov</b>	<b>17 Nov</b>	<b>WTD</b>	<b>MTD</b>	<b>CYTD</b>	<b>FYTD</b>
FII-Debt	150.9	8.5	213.4	481.2	410.9	2,438.1
FII-Equity	316.2	152.6	2,505.5	2,937.2	9,195.8	1,869.5

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](mailto:chief.economist@bankofbaroda.com)