

MACRO DAILY

30 November 2021

Macro developments

- As per written reply in Lok Sabha, Centre's gross direct tax collections till 23 Nov 2021 have reached more than Rs 8.15tn, recording 48.1% jump in YoY terms versus BE of Rs 11.08tn. In net terms (post refunds) also, collections are 68% higher on YoY basis at Rs 6.92tn. Even over a 2-year horizon, net direct tax collections are up by 27.3%. Stronger than expected rebound in economic activity has supported government's revenue growth in FY22 so far.
- China's official manufacturing PMI rebounded to 50.1 in Nov'21 from 49.2 in Oct'21. The index moved into expansionary zone as energy and raw material supply stabilized and prices also eased. As a result, the sub-index of production rose to 52 in Nov'21 from 48.4 in Oct'21. Raw material price index fell sharply to 52.9 from 72.1 in Oct'21 while factory gate price index dropped to 48.9 from 61.1. However, non-manufacturing PMI eased a tad to 52.3 in Nov'21 from 52.4 in Oct'21, as services activity slowed in view of increase in Covid-19 cases. Construction activity on the other hand continued to improve in Nov'21.
- Japan's industrial output rose for the first time in past 4-months by 1.1% in Oct'21, on MoM basis (est.: 1.9%) and against 5.4% decline seen in Sep'21. This was on account of automobile and machinery production which rose by 15.4% and 4.2%, respectively. Going forward, the ministry data shows that industrial production is expected to rise by 9% in Nov'21 and by 2.1% in Dec'21.

Markets

- Bonds:** Global yields closed mixed. US 10Y yield rose by 3bps (1.5%), as President Biden assured that lockdown would not be reinstated. Japan, China and India's 10Y yields closed stable. Crude prices rose by 1% (US\$ 73/bbl) amidst reports that OPEC+ would stick to its existing output plan. India's 10Y yield is trading a tad lower at 6.33% today.
- Currency:** Except AUD and CNY (higher), other global currencies closed lower. DXY rose by 0.3% as US President ruled out any further lockdowns. EUR fell by 0.2% as Euro Area's consumer confidence index slipped to a 6-month low. INR depreciated by 0.3% (1-month low) led by higher oil prices. However it is trading higher today, while other Asian currencies are trading mixed.
- Equity:** Barring Nikkei (lower) and Shanghai Comp (flat) other global indices rebounded and ended higher as concerns eased over the spread of new Covid-19 variant. Amongst other indices, FTSE (0.9%) gained the most followed by Dow (0.7%). Sensex (0.3%) too ended in green supported by global cues; technology and consumer durable stocks advanced the most. It is trading further higher today while other Asian stocks are trading mixed.

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Fig 1 – Movement in key global asset classes

Particulars	Current	1D	1W	1M	3M	12M
10Y yields (Δ bps)						
US	1.50	3	(12)	(5)	22	66
UK	0.86	4	(7)	(17)	28	56
Japan	0.08	0	0	(2)	5	4
Germany	(0.32)	2	(2)	(21)	12	25
India	6.34	0	(2)	(5)	11	42
China	2.86	0	(6)	(11)	1	(41)
2Y yields (Δ bps)						
US	0.48	(1)	(10)	(1)	28	34
UK	0.51	3	(3)	(21)	39	53
Japan	(0.12)	2	1	(2)	(1)	0
Germany	(0.75)	1	(1)	(17)	(2)	(1)
India	4.54	(4)	0	8	43	62
China	2.49	2	(1)	0	3	(46)
Currencies (Δ %)						
EUR	1.1291	(0.2)	0.5	(2.3)	(4.3)	(5.3)
GBP	1.3315	(0.2)	(0.6)	(2.7)	(3.2)	(0.1)
JPY	113.53	(0.1)	1.2	0.4	(3.3)	(8.8)
AUD	0.7143	0.3	(1.1)	(5.0)	(2.1)	(2.7)
INR	75.09	(0.3)	(0.9)	(0.3)	(2.5)	(1.4)
CNY	6.3882	0.1	0	0.3	1.2	2.9
Equity & Other indices (Δ %)						
Dow	35,136	0.7	(1.4)	(1.9)	(0.7)	18.5
FTSE	7,110	0.9	(2.0)	(1.8)	(0.5)	13.5
DAX	15,281	0.2	(5.2)	(2.6)	(3.8)	15.0
NIKKEI	28,284	(1.6)	(5.0)	(2.1)	1.8	7.0
Shanghai Comp	3,563	0	(0.5)	0.4	1.0	5.0
SENSEX	57,261	0.3	(2.1)	(3.5)	0.7	29.7
Brent (US\$/bbl)	73.44	1.0	(7.9)	(13.0)	0	54.3
Gold (US\$/oz)	1,785	(1.0)	(1.1)	0.1	(1.4)	0.4
CRB Index	567.7	(0.2)	(0.4)	(0.6)	1.3	32.5
Rogers Agri Index	1,166.0	(1.0)	(1.9)	1.9	7.9	41.6
LIBOR (3M)*	0.18	0	1	4	6	(5)
INR 5Y Swap*	5.86	(1)	(9)	(6)	14	68
India FII data (US\$ mn)						
	26 Nov	25 Nov	WTD	MTD	CYTD	FYTD
FII-Debt	(69.8)	(36.9)	(447.6)	33.6	(36.7)	1,990.5
FII-Equity	(495.6)	(23.1)	(2,510.1)	427.1	6,685.7	(640.7)

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

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