

MACRO DAILY

08 November 2021

Macro developments

- As per CMIE data, India's unemployment rate (30-day moving average) edged down to 7.35% as on 7 Nov 2021 from 7.72% in the previous week. This was led by sharp drop in rural unemployment rate to 7.32% from 7.84%. Urban unemployment rate also moderated to 7.41% from 7.44%. Unemployment rate is likely to drop further as economy is reverting back to normalcy. Further initiatives such as PLI and other employment driven schemes would also support a lower unemployment rate in the near term.
- Labour market conditions in the US remained buoyant. Non farm payroll addition was higher at 531K in Oct'21 (est.: 450K) against 312K in Sep'21. Unemployment rate was down by 0.2% to 4.6%. Leisure and hospitality businesses led the broad based increase, with 164K jobs created in that sector. Average hourly earnings on YoY basis, rose by 4.9% against 4.6% in Sep'21. Labour force participation rate was at 61.6.
- Exports in China rose more than expected by 27.1% in Oct'21 (est.: 22.8%), on YoY basis, and against 28.1% growth seen in Sep'21. This was the 13th straight month of double digit growth in exports. Imports on the other hand, rose by 20.6% (est.: 26.2%) from 17.6%. Trade surplus swelled to US\$ 84.5bn from US\$ 66.8 in Sep'21. Notably, China's trade surplus with the US rose to 2.08tn yuan (US\$ 325bn) in the 10 months (Jan-Oct) from 1.75tn yuan, last year.

Markets

- Bonds:** Global yields closed lower. UK's 10Y yield fell the most by 10bps (0.85%) as BoE refrained from hiking rate which market was highly anticipating. US 10Y yield fell by 7bps (1.45%) despite better jobs report. Crude prices rose by 2.7% to US\$ 83/bbl as OPEC+ stick to its previous output plan in its recent meeting. India's 10Y yield is trading lower at 6.32% today.
- Currency:** Except GBP, AUD and CNY (flat), global currencies closed higher. DXY was stable. EUR rose by 0.1% as PPI rose more than expected. INR appreciated by 0.3% in the truncated week. It is trading further higher today while other Asian currencies are trading mixed.
- Equity:** Global indices closed mixed. Shanghai Comp dropped the most (1%) followed by Nikkei (0.6%). On the other hand, Dow rose the most (0.6%). Investors tracked developments over Covid-19 pill, Fed's tapering and optimism over US job market. Sensex (0.4%) ended in red and was dragged down by auto and consumer durables stocks. However, it is trading lower 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	1.45	(7)	(10)	(7)	15	63
UK	0.85	(10)	(19)	(24)	23	57
Japan	0.06	(1)	(4)	0	5	4
Germany	(0.28)	(6)	(17)	(9)	18	34
India	6.36	0	2	11	15	47
China	2.89	(3)	(8)	1	7	(31)
2Y yields (Δ bps)						
US	0.40	(2)	(10)	12	19	25
UK	0.41	(9)	(30)	(5)	27	44
Japan	(0.11)	(1)	(1)	0	1	3
Germany	(0.73)	(2)	(14)	(3)	3	5
India	4.43	(2)	1	16	23	26
China	2.31	0	7	(2)	38	(45)
Currencies (Δ %)						
EUR	1.1567	0.1	0.1	(0.3)	(1.7)	(2.6)
GBP	1.3498	0	(1.3)	(1.0)	(2.7)	2.6
JPY	113.41	0.3	0.5	(1.7)	(2.9)	(9.7)
AUD	0.7400	0	(1.6)	1.5	0.6	2.0
INR	74.46	0.3	0.8	(0.2)	(0.4)	0.4
CNY	6.3988	0	0.1	0.7	1.3	3.2
Equity & Other indices (Δ %)						
Dow	36,328	0.6	1.4	5.9	3.2	28.3
FTSE	7,304	0.3	0.9	3.2	2.5	23.6
DAX	16,054	0.2	2.3	5.7	1.9	28.6
NIKKEI	29,612	(0.6)	2.5	6.4	6.4	21.7
Shanghai Comp	3,492	(1.0)	(1.6)	(2.1)	1.0	5.4
SENSEX	59,772	(0.4)	(2.2)	0.8	9.7	47.2
Brent (US\$/bbl)	82.74	2.7	(1.9)	0.2	17.0	109.7
Gold (US\$/oz)	1,818	1.5	2.0	3.3	3.1	(6.8)
CRB Index	567.7	(0.2)	(0.6)	1.6	1.3	36.6
Rogers Agri Index	1,136.1	(0.5)	(0.7)	2.0	6.4	42.2
LIBOR (3M)*	0.14	0	1	2	2	(6)
INR 5Y Swap*	5.87	0	(5)	10	(3)	80
India FII data (US\$ mn)						
	2 Nov	1 Nov	WTD	MTD	CYTD	FYTD
FII-Debt	135.8	9.4	145.1	145.1	74.8	2,102.0
FII-Equity	156.7	(37.1)	119.6	119.6	6,378.1	(948.2)

Source: Bloomberg, Bank of Baroda Research | *Indicates change in bps | Indian market were closed on 4th & 5th Nov

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