

## MACRO DAILY

09 December 2021

### Macro developments

- India's exports rose by 44.2% (YoY) to US\$ 8.5bn between 1-7 Dec 2021, following a 26.5% rise in Nov'21. Non-oil exports rose by 28.6% in Dec'21 versus 18.1% in Nov'21. Exports of engineering goods and gems and jewellery improved. Further, while exports to US and Australia rose, exports to China fell. Imports rose by 45.3% to US\$ 14.1bn in Dec'21 (1-7 Dec), following an increase of 57.2% in Nov'21. Non-oil imports rose by 34.6% in Dec'21 versus 39.9% in Nov'21.
- RBI's forward-looking surveys revealed that consumer confidence recovered from its historically low level in Jul'21 (48.6) to 62.3 in Nov'21, as consumers became more optimistic about household income and employment scenario. On the price front, RBI did an extension survey post the reduction in excise duty and dip in global commodity prices. The median inflation perceptions declined by 30bps to 10.1% for current inflation and by 110bps and 140bps for 3-months and one-year ahead, respectively.
- China's PPI cooled from 26-year high of 13.5% in Oct'21 to 12.9% (est.: 12.1%) in Nov'21. Softening was on account of policy measures taken by the government (restricting price hike of raw materials). Easing was mainly visible in coal mining, ferrous and non-ferrous metal smelting, and rolling processing industry. On the other hand, CPI soared to 2.3% (est.: 2.5%) in Nov'21 from 1.5% in Oct'21, due to unfavourable base. In addition, food prices inched up (1.6% versus -2.4%), on the back weaker decline in prices of pork and jump in prices of vegetables and oils.

### Markets

- Bonds:** Except Japan and India (lower), global yields closed higher. Germany's 10Y yield rose the most by 6bps (-0.31%) amidst reports of vaccine efficiency against Omicron variant. US 10Y yield rose by 5bps (1.52%), eyeing CPI data. Crude prices rose by 0.5% (US\$ 76/bbl) due to decline in US inventories. India's 10Y yield fell by 4bps (6.35%), as RBI remained dovish on rates. It is trading at 6.36% today.
- Currency:** Global currencies closed mixed. DXY fell by 0.5% as risk-sentiment improved amidst receding fear over Omicron. CNY rose by 0.3% to a 43-month high, AUD also rose by 0.7%. However, GBP fell by 0.3% to a 1-year low as UK imposed fresh Covid-19 restrictions. INR ended flat even as oil prices increased. It is trading flat today while other Asian currencies are trading mixed.
- Equity:** Barring FTSE (flat) and Dax (lower), other global indices ended higher as the investors reassessed the fear of new Covid-19 variant which dissipated with hope of vaccine efficiency. Amongst other indices, Sensex (1.8%) surged the most with RBI's dovish policy. It was further supported by sharp gains in auto and IT 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
<b>10Y yields (Δ bps)</b>						
US	1.52	5	12	7	18	59
UK	0.78	5	(4)	(7)	3	51
Japan	0.05	(1)	(2)	(1)	1	3
Germany	(0.31)	6	3	(3)	1	29
India	6.35	(4)	(1)	(1)	16	51
China	2.89	1	1	0	2	(41)
<b>2Y yields (Δ bps)</b>						
US	0.68	(1)	13	28	47	53
UK	0.46	0	(7)	5	25	54
Japan	(0.11)	0	1	0	1	2
Germany	(0.68)	2	4	5	2	10
India	4.50	(2)	(4)	7	43	55
China	2.50	1	2	6	2	(48)
<b>Currencies (Δ %)</b>						
EUR	1.1343	0.7	0.2	(1.9)	(4.0)	(6.1)
GBP	1.3204	(0.3)	(0.6)	(2.2)	(4.1)	(1.5)
JPY	113.67	(0.1)	(0.8)	(0.2)	(3.1)	(9.1)
AUD	0.7172	0.7	0.9	(3.1)	(2.6)	(3.7)
INR	75.46	0	(0.7)	(1.3)	(2.5)	(2.6)
CNY	6.3442	0.3	0.4	0.9	1.8	3.0
<b>Equity &amp; Other indices (Δ %)</b>						
Dow	35,755	0.1	5.1	(1.6)	2.1	18.9
FTSE	7,337	0	2.3	0.5	3.4	11.8
DAX	15,687	(0.8)	1.4	(2.3)	0.5	17.6
NIKKEI	28,861	1.4	3.3	(2.5)	(4.4)	7.6
Shanghai Comp	3,638	1.2	1.7	4.2	(1.0)	7.9
SENSEX	58,650	1.8	1.7	(1.9)	0.7	27.2
Brent (US\$/bbl)	75.82	0.5	10.1	(8.4)	4.4	55.2
Gold (US\$/oz)	1,783	(0.1)	0.1	(1.9)	(0.4)	(3.1)
CRB Index	572.2	0.1	1.3	0.8	3.2	31.8
Rogers Agri Index	1,163.9	0.1	2.0	2.5	9.6	41.5
LIBOR (3M)*	0.20	1	2	6	8	(2)
INR 5Y Swap*	5.70	0	(10)	(17)	(9)	46
<b>India FII data (US\$ mn)</b>						
	<b>7 Dec</b>	<b>6 Dec</b>	<b>WTD</b>	<b>MTD</b>	<b>CYTD</b>	<b>FYTD</b>
FII-Debt	(59.1)	(59.7)	(118.8)	(137.4)	(54.1)	1,973.2
FII-Equity	(280.2)	(397.1)	(677.2)	(1,479.6)	4,022.9	(3,303.4)

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

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