

## MACRO DAILY

09 November 2021

### Macro developments

- As per news reports, India's peak power demand deficit has almost been wiped out in FY21. It was at 0.4% against peak deficit of 16.6% in FY08. In FYTD22 (Apr-Oct'21), the deficit has been at slightly higher at 1.2% due to pressure of monsoon on output. However, government schemes such as Deen Dayal Upadhyaya Gram Jyoti Yojana (DDUGJY) and Integrated Power Development Scheme (IPDS) will contribute significantly in improving power infrastructure in the near term.
- India's CPI print is expected to be at 4.48% in Oct'21. This is on account of favourable base of 7.61% in Oct'20. However, price pressure is visible in vegetables on MoM basis (17.8%), edible oils (2.4%), sugar (5.2%), retail fuel prices (4.8%) and commodity prices (3.1%). For FY22, CPI is expected to be ~ 5.6%. RBI has projected a trajectory of 5.3% in FY22 and 4.9% in FY23.
- Japan's current account surplus narrowed to ¥ 1tn in Sep'21 from ¥ 1.5tn in Aug'21. On a MoM basis, current account surplus declined by 31.1% in Sep'21 compared with a decline of 21.8% in Aug'21. While trade deficit narrowed, secondary income dipped. Services deficit also widened. However on a YoY basis, trade deficit widened led by a dip in auto exports and higher oil imports. In H1FY21 (Apr-Sep'21), Japan's current account surplus rose by 39.8% (YoY) to ¥ 8tn.

### Markets

- Bonds:** Except Japan (stable), global yields closed higher. US 10Y yield rose by 4bps (1.49%) ahead of US PPI and CPI data. Crude prices rose by 0.8% to US\$ 83/bbl on expectation of revival in demand amidst better than expected exports data of China. India's 10Y yield fell by 6bps (6.3%) as inflationary concerns slightly ebbed after government slashed excise duty on petrol and diesel. It is trading flat today.
- Currency:** Global currencies closed higher against the dollar. DXY fell by 0.3% as investors await US CPI data due later this week. CNY rose by 0.1% on the back of stronger than expected exports growth. INR strengthened by 0.6% supported by global cues even as oil prices rose. It is trading further higher today in line with other Asian currencies.
- Equity:** Global indices closed mixed. Dow rose by 0.3% to close at a record-high as US Congress passed the infrastructure plan. Shanghai Comp rose by 0.2% as China's exports rose more than expected. FTSE and DAX ended flat. Sensex rose by 1.3% led by gains in consumer durables and oil and gas stocks. However, it is trading lower today, while other Asian stocks are trading higher.

**Dipanwita Mazumdar**

dipanwita.mazumdar@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	1.49	4	(7)	(12)	17	57
UK	0.86	1	(21)	(30)	27	48
Japan	0.06	0	(4)	(3)	5	4
Germany	(0.24)	4	(14)	(9)	22	27
India	6.30	(6)	(9)	(2)	8	42
China	2.90	1	(4)	(0)	4	(34)
<b>2Y yields (Δ bps)</b>						
US	0.44	4	(6)	12	22	27
UK	0.42	1	(28)	(13)	28	42
Japan	(0.11)	0	(2)	(1)	1	2
Germany	(0.72)	1	(11)	(3)	3	1
India	4.51	7	7	13	27	39
China	2.31	0	7	(2)	38	(45)
<b>Currencies (Δ %)</b>						
EUR	1.1587	0.2	(0.2)	0.2	(1.3)	(1.9)
GBP	1.3563	0.5	(0.7)	(0.4)	(2.1)	3.0
JPY	113.23	0.2	0.7	(0.9)	(2.7)	(7.4)
AUD	0.7423	0.3	(1.4)	1.6	1.2	1.9
INR	74.02	0.6	1.1	1.3	0.3	0.2
CNY	6.3927	0.1	0.1	0.8	1.4	3.6
<b>Equity &amp; Other indices (Δ %)</b>						
Dow	36,432	0.3	1.4	4.9	3.8	24.9
FTSE	7,300	0	0.2	2.9	2.4	18.0
DAX	16,047	0	1.5	5.5	1.9	22.5
NIKKEI	29,507	(0.4)	(0.5)	5.2	6.1	18.8
Shanghai Comp	3,499	0.2	(1.3)	(2.6)	0.1	3.7
SENSEX	60,546	1.3	0.7	0.8	11.3	42.1
Brent (US\$/bbl)	83.43	0.8	(1.5)	1.3	20.8	96.8
Gold (US\$/oz)	1,824	0.3	1.7	3.8	5.4	(2.1)
CRB Index	569.8	0.4	(0.5)	1.3	1.9	36.5
Rogers Agri Index	1,132.8	(0.3)	(2.3)	0.9	6.7	40.8
LIBOR (3M)*	0.14	0	1	2	2	(6)
INR 5Y Swap*	5.81	(6)	(9)	(2)	(7)	73
<b>India FII data (US\$ mn)</b>						
	<b>3 Nov</b>	<b>2 Nov</b>	<b>WTD</b>	<b>MTD</b>	<b>CYTD</b>	<b>FYTD</b>
FII-Debt	(26.1)	135.8	119.1	119.1	48.7	2,076.0
FII-Equity	(69.7)	156.7	49.9	49.9	6,308.5	(1,017.9)

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

## Disclaimer

The views expressed in this research note are personal views of the author(s) and do not necessarily reflect the views of Bank of Baroda. Nothing contained in this publication shall constitute or be deemed to constitute an offer to sell/ purchase or as an invitation or solicitation to do so for any securities of any entity. Bank of Baroda and/ or its Affiliates and its subsidiaries make no representation as to the accuracy; completeness or reliability of any information contained herein or otherwise provided and hereby disclaim any liability with regard to the same. Bank of Baroda Group or its officers, employees, personnel, directors may be associated in a commercial or personal capacity or may have a commercial interest including as proprietary traders in or with the securities and/ or companies or issues or matters as contained in this publication and such commercial capacity or interest whether or not differing with or conflicting with this publication, shall not make or render Bank of Baroda Group liable in any manner whatsoever & Bank of Baroda Group or any of its officers, employees, personnel, directors shall not be liable for any loss, damage, liability whatsoever for any direct or indirect loss arising from the use or access of any information that may be displayed in this publication from time to time.

Visit us at [www.bankofbaroda.com](http://www.bankofbaroda.com)



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)