

## MACRO DAILY

21 June 2021

### Macro developments

- India's forex reserves rose by US\$ 3.1bn to a new record high of US\$ 608.1bn in the week ended 11 Jun 2021. With this, India is now the fourth largest accumulator of forex reserves after China, Japan and Switzerland. In FYTD22, India's forex reserves have risen by US\$ 28.8bn versus US\$ 32.1bn in the same period last year. Import cover stands at 15months.
- Retail sales in Australia rose less than expected by 0.1% in May'21, on a MoM basis (est.: 0.4%) and against 1.1% increase in Apr'21. This was on account of lockdown restrictions in the country's second most populous state of Victoria, thus hurting demand. The moderation was led by fall in household goods, clothing, footwear and personal accessories retailing.
- South Korea's exports rose by 29.5% during 1-20 Jun 2021, versus 45.6% jump in May'21. Less favorable base is key reason for easing growth. However, when adjusted for calendar effects, daily shipments rose by 33.7% in 1-20 Jun. The growth is led by cars (62.2%), oil products (58.6%) and wireless communication (15.8%). Exports to US (41.3%) and EU (48.8%) rose the most, while those to China rose at a slower pace (7.9%).

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### Markets

- Bonds:** Except Japan (stable), global yields closed lower as still some Central Banks such as BoJ and ECB remained dovish. US 10Y yield fell the most by 7bps (1.44%) as investors absorbed the hawkish Fed policy guidance. Crude prices rose by 0.6% (US\$ 74/bbl) as OPEC expects limited US oil output growth in CY21. India's 10Y yield fell by 1bps (6.01%).
- Currency:** Except JPY (flat) and INR (higher), other global currencies closed lower. DXY rose for the 4th straight session and ended higher by 0.4% amidst expectations of higher rates. AUD fell the most by 1%. INR rose by 0.3% even as oil prices continued to inch up. It is trading lower today in line with other Asian currencies.
- Equity:** Barring Sensex and Shanghai Comp (flat), other global indices ended lower as investors monitored movement of global commodity prices and Fed's hawkish outlook. FTSE (1.9%) dropped the most followed by Dax (1.8%) and Dow (1.6%). Sensex ended flat, while power and metal stocks registered large losses. It is trading lower today in line with other Asian stocks.



Fig 1 – Movement in key global asset classes

Particulars	Current	1D	1W	1M	3M	12M
<b>10Y yields (Δ bps)</b>						
US	1.44	(7)	(1)	(20)	(28)	74
UK	0.75	(2)	4	(12)	(9)	51
Japan	0.06	0	2	(3)	(5)	4
Germany	(0.20)	(1)	7	(10)	9	22
India	6.01	(1)	0	3	(19)	16
China	3.15	(2)	0	2	(9)	27
<b>2Y yields (Δ bps)</b>						
US	0.25	4	11	11	10	7
UK	0.13	1	8	4	4	17
Japan	(0.12)	(1)	0	1	2	3
Germany	(0.67)	0	2	(2)	3	0
India	4.42	(4)	18	7	(39)	7
China	2.47	0	3	7	(11)	30
<b>Currencies (Δ %)</b>						
EUR	1.1864	(0.4)	(2.0)	(2.9)	(0.3)	6.1
GBP	1.3810	(0.8)	(2.1)	(2.7)	(0.4)	11.8
JPY	110.21	0	(0.5)	(1.2)	(1.2)	(3.1)
AUD	0.7479	(1.0)	(3.0)	(4.0)	(3.4)	9.4
INR	73.87	0.3	(1.1)	(1.1)	(1.9)	3.0
CNY	6.4531	(0.1)	(0.9)	(0.4)	0.9	8.7
<b>Equity &amp; Other indices (Δ %)</b>						
Dow	33,290	(1.6)	(3.4)	(2.3)	2.0	28.7
FTSE	7,017	(1.9)	(1.6)	(0.2)	4.6	11.5
DAX	15,448	(1.8)	(1.6)	0.4	5.7	25.3
NIKKEI	28,964	(0.2)	0.1	2.0	(2.8)	28.9
Shanghai Comp	3,525	0	(1.8)	(0.1)	3.5	18.8
SENSEX	52,344	0	(0.2)	4.3	5.0	50.7
Brent (US\$/bbl)	73.51	0.6	1.1	7.0	13.9	74.2
Gold (US\$/oz)	1,764	(0.5)	(6.0)	(5.6)	1.1	1.2
CRB Index	554.5	0	(1.6)	2.3	9.8	52.7
Rogers Agri Index	1,027.8	2.4	(5.0)	(3.6)	7.1	52.6
LIBOR (3M)*	0.13	1	2	(2)	(6)	(17)
INR 5Y Swap*	5.70	(1)	4	(6)	(27)	54
<b>India FII data (US\$ mn)</b>						
	<b>17 Jun</b>	<b>16 Jun</b>	<b>WTD</b>	<b>MTD</b>	<b>CYTD</b>	<b>FYTD</b>
FII-Debt	(17.2)	16.5	(9.7)	(265.1)	(2,845.7)	(818.5)
FII-Equity	(123.9)	(120.8)	(41.7)	1,392.2	7,978.3	652.0

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

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