

## MACRO DAILY

01 February 2021

### Macro developments

- India's total GST collections rose to Rs 1.20tn for the month of Dec'20 versus Rs 1.15tn in Nov'20. On YoY basis too collections are up by 8.1%. After adjusting for IGST, CGST collections jumped to Rs 430bn from 398bn in Nov'20, while SGST collections eased to Rs 560bn from Rs 596bn in Dec'20. This is the 4<sup>th</sup> straight month where collections have crossed Rs 1tn mark, and average run-rate for FYTD21 is at Rs 964bn.
- China's official manufacturing PMI eased to 51.3 in Jan'21 (est.: 51.6) from 51.9 in Dec'20. The slowdown was more visible in small industries where activity is still constrained with index at 49.4 versus 48.8 in Dec'20. Index for large (52.1) and medium (51.4) firms shows activity remained in expansion. Easing in headline print is also owing to resurgence in Covid-19 cases leading to partial shutdowns and seasonality factor (Lunar holidays).
- GDP growth in major Euro Area economies showed resilience in Q4CY20. GDP growth in Germany rose by 0.1% versus 8.5% in Q3 and est.: 0%, led by strong rebound in exports. In Spain, GDP growth rose by 0.4% versus 16.4% in Q3 and est., 1.5% dip. In France, growth contracted by 1.3% versus 18.5% in Q3. However, with delay in vaccine rollout and renewed lockdowns in place, growth is likely to be lower in Q1CY21.

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### Markets

- Bonds:** Barring China, global yields rose. UK 10Y yield rose the most by 4bps followed by US and Germany (2bps each). Better than estimated European GDP prints and hopes of speedy passage of US fiscal stimulus bill supported investor sentiments. Crude prices rose by 0.6% (US\$ 56/bbl). Thus, India's 10Y yield rose by 1bps (5.91%). It is trading at 5.89% today.
- Currency:** Global currencies closed mixed. DXY rose by 0.1%. CNY rose by 0.3% as short-term money market rates continued to increase. JPY depreciated by 0.4%. EUR rose by 0.1% as Germany and France reported better than expected Q4 GDP print. INR rose by 0.1%. It is trading further higher today while other Asian currencies are trading lower.
- Equity:** Global indices ended lower as broader sentiments were impacted due to speculative trading in US markets. Dow fell the most (2%) as trial results from vaccine disappointed investors. Sensex fell by 1.3%, driven by auto and technology stocks. It is trading higher 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	1.07	2	(2)	13	19	(44)
UK	0.33	4	2	11	7	(20)
Japan	0.05	1	1	3	1	12
Germany	(0.52)	2	(1)	5	11	(8)
India	5.91	1	0	2	2	(70)
China	3.19	(1)	6	2	0	18
<b>2Y yields (Δ bps)</b>						
US	0.11	(1)	(1)	(2)	(4)	(120)
UK	(0.11)	1	2	4	(7)	(61)
Japan	(0.11)	1	1	1	0	3
Germany	(0.73)	1	(3)	(2)	6	(6)
India	4.47	(1)	(3)	57	28	(160)
China	2.68	3	36	12	(4)	45
<b>Currencies (Δ %)</b>						
EUR	1.2136	0.1	(0.3)	(0.9)	4.2	9.4
GBP	1.3708	(0.1)	0.2	1.5	5.9	3.8
JPY	104.68	(0.4)	(0.9)	(1.1)	0	3.4
AUD	0.7644	(0.5)	(0.9)	0.5	8.8	14.2
INR	72.95	0.1	0	0.7	1.6	(2.2)
CNY	6.4292	0.3	0.8	1.6	3.9	7.4
<b>Equity &amp; Other indices (Δ %)</b>						
Dow	29,983	(2.0)	(3.3)	(1.2)	13.1	6.1
FTSE	6,407	(1.8)	(4.3)	(3.0)	14.9	(12.1)
DAX	13,433	(1.7)	(3.2)	(2.4)	16.2	3.5
NIKKEI	27,663	(1.9)	(3.4)	0.3	20.4	19.2
Shanghai Comp	3,483	(0.6)	(3.4)	3.1	8.0	17.0
SENSEX	46,286	(1.3)	(5.3)	(2.8)	16.8	13.7
Brent (US\$/bbl)	55.88	0.6	0.8	9.4	49.2	(3.9)
Gold (US\$/oz)	1,848	0.2	(0.4)	(1.6)	(1.7)	16.3
CRB Index	457.4	(0.2)	0.2	3.4	11.7	13.2
Rogers Agri Index	928.0	1.1	2.9	6.5	18.5	26.2
LIBOR (3M)*	0.21	(1)	(1)	(5)	(1)	(155)
INR 5Y Swap*	5.57	3	(7)	28	38	(111)
<b>India FII data (US\$ mn)</b>						
	<b>28 Jan</b>	<b>27 Jan</b>	<b>WTD</b>	<b>MTD</b>	<b>CYTD</b>	<b>FYTD</b>
FII-Debt	31.7	(134.5)	(47.6)	(472.6)	(472.6)	(4,566.2)
FII-Equity	(517.5)	(92.4)	(569.2)	2,573.7	2,573.7	32,549.5

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

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