

## MACRO DAILY

02 December 2019

### Macro developments

- GST collections for the month of Oct'19 reached Rs 1.03tn from Rs 954bn in Sep'19. The unadjusted figures show, the MoM rise was driven by 14.7% increase in SGST (4.8% in Sep'19) to Rs 271bn and 11.4% increase in CGST (5.7% in Sep'19) to Rs 196bn. On YoY basis too, total collections have recorded a 6% jump vs (-) 5.3% decline in Sep'19.
- India's core industry growth declined further by (-) 5.8% in Oct'19 vs (-) 5.1% in Sep'19. This was led by electricity and cement production plunging by (-) 12.4% (2.6% in Sep'19) and (-) 7.7% (-2% in Sep'19) respectively in Oct'19. While output of coal, crude oil and natural gas continued to contract, fertilizers output surprised positively (11.8% in Oct'19).
- China's manufacturing PMI registered surprise growth in Nov'19 as the index inched up to 50.2 from 49.3 in Oct'19. New orders index rose to 51.3 vs 49.6 in Oct'19 led by new export orders (48.8 vs 47 in Oct'19). The overall improvement could be attributed to delayed tariff hike by the US and stimulus measures announced by the government (front loading of 1tn Yuan of 2020 local government bonds to boost infrastructure investment).

**Jahnavi**

jahnavi@bankofbaroda.com

**Sameer Narang**

chief.economist@bankofbaroda.com

### Markets

- **Bonds:** Global yields closed mixed over US signing Hong Kong bill, raising doubts over US-China trade deal. US 10Y yield rose by 1bps (1.78%) as rate cut hopes pacified. Oil prices fell by (-) 2.3% (US\$ 62/bbl) amidst buildup in US inventories. India's 10Y yield rose a tad by 1bps (6.47%). It is however trading lower at 6.46% today, on account of muted GDP print in Q2.
- **Currency:** Global currencies traded in a narrow range. DXY fell by (-) 0.1% as US-China trade tensions flared yet again. EUR rose by 0.1% after Euro Area inflation rose more than estimated. INR depreciated by (-) 0.2% on domestic growth concerns. It is trading even lower today, while other Asian currencies are trading mixed.
- **Equity:** Global indices ended lower as concerns over US- China trade deal re-surfaced after US signed the Hong Kong bill. FTSE (-0.9%) dropped the most followed by Sensex (-0.8%) and Shanghai Comp (-0.6%). Domestic markets were dragged down by metal and auto 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	1.78	1	1	(6)	28	(121)
UK	0.70	2	(1)	(1)	22	(67)
Japan	(0.07)	1	0	3	20	(17)
Germany	(0.36)	0	0	(1)	34	(67)
India	6.47	1	(3)	(5)	(9)	(114)
China	3.18	(1)	0	(14)	11	(21)
<b>2Y yields (Δ bps)</b>						
US	1.61	(1)	(2)	(3)	11	(117)
UK	0.54	3	1	0	14	(23)
Japan	(0.17)	1	1	3	13	(4)
Germany	(0.63)	1	1	0	30	(3)
India	5.34	(2)	(8)	(20)	(44)	(190)
China#	2.64	0	1	0	5	13
<b>Currencies (Δ %)</b>						
EUR	1.1018	0.1	0	(0.8)	0.3	(2.6)
GBP	1.2925	0.1	0.7	0.5	6.3	1.4
JPY	109.49	0	(0.8)	(0.6)	(3.0)	3.6
AUD	0.6763	(0.1)	(0.3)	(1.5)	0.4	(7.4)
INR	71.74	(0.2)	0	(1.3)	(0.5)	(3.1)
CNY	7.0324	0	0.1	0.5	1.7	(1.0)
<b>Equity &amp; Other indices (Δ %)</b>						
Dow	28,051	(0.4)	0.6	3.6	6.2	9.8
FTSE	7,347	(0.9)	0.3	0.6	1.9	5.2
DAX	13,236	(0.1)	0.6	2.3	10.9	17.6
NIKKEI	23,294	(0.5)	0.8	1.4	12.5	4.2
Shanghai Comp	2,872	(0.6)	(0.5)	(2.8)	(0.5)	11.0
SENSEX	40,794	(0.8)	1.1	2.4	9.3	12.7
Brent (US\$/bbl)	62.43	(2.3)	(1.5)	1.4	3.3	6.3
Gold (US\$/oz)	1,464	0.5	0.1	(1.6)	(3.7)	19.9
CRB Index	386.4	(0.1)	(0.3)	(1.3)	(0.2)	(7.1)
Rogers Agri Index	728.9	0.6	0.6	0.3	6.8	(5.8)
LIBOR (3M)*	1.91	(1)	(1)	(2)	(23)	(83)
INR 5Y Swap*	6.35	(3)	(7)	(18)	16	(118)
<b>India FII data (US\$ mn)</b>						
	<b>28 Nov</b>	<b>27 Nov</b>	<b>WTD</b>	<b>MTD</b>	<b>CYTD</b>	<b>FYTD</b>
FII-Debt	(260.8)	71.0	(410.9)	(468.7)	4,218.1	3,673.5
FII-Equity	227.6	(147.6)	988.0	3,254.3	13,477.1	6,631.9

Source: Bloomberg, Bank of Baroda | \*Indicates change in bps | #1Y yield

## 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.in](http://www.bankofbaroda.in)



For further details about this publication, please contact:

### **Economics Research Department**

Bank of Baroda

+91 22 6698 5713

[chief.economist@bankofbaroda.com](mailto:chief.economist@bankofbaroda.com)