


MACRO DAILY

05 March 2019

Macro developments

- Total GST collections for Jan'19 were recorded at Rs 972bn vs Rs 1tn in Dec'18. On a FYTD basis, total CGST collected is at Rs 3.8tn vs Rs 5tn targeted for FY19 (RE). SGST collections on the other hand have already met their FY19BE of Rs 4.9tn. GST cess figures also continue to remain robust at Rs 788bn vs FY19RE of Rs 900bn. Thus, it can be expected that government's overall GST target of Rs 6.4tn will be easily met.
- Led by acceleration in sales and output, India's manufacturing PMI rose to a 14-month high of 54.3 in Feb'19 from 53.9 in Jan'19. Employment levels also improved at a steady pace to support the growing demand conditions. Input cost inflation however remained muted in Feb'19.
- On the back of global slowdown and tensions concerning trade deal, China has lowered its growth target for 2019 to 6-6.5% from the previous target of 6.5%. The annual meeting of China's parliament also highlighted that fiscal policy will be more expansionary. Budget deficit target of the government has been set at 2.8% of GDP as against 2.6% in 2018.

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Markets

- **Bonds:** Global yields closed mixed driven by concerns over global slowdown. US 10Y yield declined by 3bps over softer economic data. 7.26GS2029 declined by 3bps (7.38%) driven by RBI's dependence over longer tenor variable repos. It was trading further lower at 7.36% today supported by RBI's introduction of voluntary retention route for investments by FPIs in debt market.
- **Currency:** Global currencies closed mixed. DXY (up 0.2%) rose for the 4th consecutive session on rising hopes of a trade deal between US and China. While EUR, GBP and INR depreciated by (-) 0.2%, AUD (0.2%) and JPY (0.1%) ended higher. INR was trading higher today, while other Asian currencies were trading lower.
- **Equity:** Barring Dow and Dax, global indices closed higher as US-China inch closer to a possible trade deal. Shanghai Comp surged by 1.1% followed by Nikkei (1%). Asian markets opened lower today as China began its parliamentary meeting raising concerns of a 'complicated environment'. After remaining closed yesterday, Sensex was trading lower today.



FIG 1 – MOVEMENT IN KEY GLOBAL ASSET CLASSES

Particulars	Current	1D	1W	1M	3M	12M
10Y yields (Δ bps)						
US	2.72	(3)	6	4	(25)	(16)
UK	1.27	(2)	10	3	(4)	(22)
Japan	0	1	4	2	(8)	(4)
Germany	0.16	(3)	5	(1)	(15)	(49)
India#	7.56	(3)	(4)	(5)	(7)	(22)
China	3.21	0	3	10	(18)	(66)
2Y yields (Δ bps)						
US	2.54	3	3	4	(28)	30
UK	0.78	(5)	2	1	5	(2)
Japan	(0.14)	1	3	3	(1)	2
Germany	(0.51)	1	5	7	9	4
India	6.71	(6)	3	(28)	(53)	(30)
China	2.61	1	2	(15)	(50)	(97)
Currencies (Δ %)						
EUR	1.1340	(0.2)	(0.2)	(1.0)	(0.1)	(8.1)
GBP	1.3180	(0.2)	0.6	0.8	3.6	(4.8)
JPY	111.75	0.1	(0.6)	(2.1)	1.7	(5.2)
AUD	0.7092	0.2	(1.0)	(2.2)	(3.6)	(8.7)
INR	70.91	(0.2)	0.1	0.5	(0.6)	(8.9)
CNY	6.7073	0	(0.3)	0.6	2.6	(5.6)
Equity & Other indices (Δ %)						
DOW	25,820	(0.8)	(1.0)	3.0	0	3.8
FTSE	7,134	0.4	(0.7)	1.6	1.0	0.3
DAX	11,593	(0.1)	0.8	3.7	1.1	(4.1)
NIKKEI	21,822	1.0	1.4	5.0	(3.3)	3.7
Shanghai Comp	3,028	1.1	2.2	15.6	14.0	(7.0)
SENSEX	36,064	0.5	(0.4)	(1.1)	(0.5)	6.9
Brent (USD/bbl)	65.67	0.9	1.4	4.7	6.5	0.2
Gold (USD/oz)	1,287	(0.5)	(3.1)	(2.4)	4.6	(2.5)
CRB Index	413.7	0.2	(0.1)	0.2	(1.1)	(7.2)
Rogers Agri Index	748.1	(0.4)	(1.4)	(3.7)	(4.2)	(13.2)
LIBOR (3M)*	2.60	(2)	(4)	(13)	(15)	56
INR 5Yr Swap*	7.01	0	(5)	(21)	(58)	4
India FII data (US\$ mn)						
	28 Feb	27 Feb	WTD	MTD	CYTD	FYTD
FII-Debt	(470.5)	(177.8)	(930.2)	(1,301.0)	(1,668.2)	(8,658.8)
FII-Equity	121.4	(58.4)	550.5	2,152.7	2,077.4	(4,605.5)

Source: Bloomberg, Bank of Baroda | *Indicates change in bps, # 7.17 GS 2028 security is taken, Indian markets were closed on 4 Mar 19

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