

MACRO DAILY

05 May 2021

Macro developments

- As per CMIE data, India's unemployment rate rose to a 4-month high of 7.97% in Apr'21 from 6.5% in Mar'21. Both rural and urban unemployment rate rose considerably to 7.13% (4-month high) and 9.78% (8-month high) respectively, in Apr'21. Lockdown related restrictions have impacted the print. However, the numbers are still lower than the 23.5% unemployment rate seen in Apr'20, at the time of nationwide lockdown.
- US factory orders rose by 1.1% in Mar'21 on a MoM basis (est. 1.3% increase) from a fall of 0.5% in Feb'21. This was led by strong demand for machinery, automotive and fabricated and primary metal products. Orders for non-defence capital goods (ex. aircraft) rose at a faster pace of 1.2% versus an increase of 0.9% in Feb'21. Separately, US trade deficit (goods and services) rose to a record high of US\$ 71.1bn in Feb'21 from US\$ 67.8bn in Jan'21 as exports fell at a faster pace than imports.
- Reserve Bank of Australia kept its key rates (0.1%) unchanged and is likely to continue with this policy for a prolonged period, in order to pull down unemployment and push inflation higher. This comes in the wake of economic recovery from the downturn led by Covid-19. RBA has also revised its growth forecast upwards to 4.75% in CY21 from 3.5% earlier.

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Markets

- Bonds:** Global yields broadly closed lower. UK 10Y yield fell the most by 5bps (0.8%) ahead of BoE policy meeting. US 10Y yield fell by 1bps (1.59%) as factory orders rose less than expected. Crude prices rose by 2% (US\$ 69/bbl) on hopes of revival in demand. India's 10Y yield rose a tad by 1bps (6.02%).
- Currency:** Except CNY (flat) and INR (higher), other global currencies closed lower. DXY rose by 0.4% on the back of US Treasury Secretary's remarks. GBP fell by 0.2% ahead of BoE meeting. INR rose by 0.2%. Asian currencies are trading lower today.
- Equity:** Barring Dow, other global indices ended lower as investors continued to monitor rising Covid-19 cases. Amongst other indices, Dax (2.5%) declined the most. Sensex (1%) too ended in red led by sharp fall in consumer durable stocks. However, it is trading higher today while major Asian markets are shut.



FIG 1 – MOVEMENT IN KEY GLOBAL ASSET CLASSES

Particulars	Current	1D	1W	1M	3M	12M
10Y yields (Δ bps)						
US	1.59	(1)	(3)	(13)	50	93
UK	0.80	(5)	2	0	45	59
Japan	0.10	0	1	(3)	4	12
Germany	(0.24)	(3)	1	9	25	34
India	6.02	1	(4)	(15)	(11)	(6)
China	3.16	(3)	(2)	(4)	(3)	64
2Y yields (Δ bps)						
US	0.16	0	(2)	0	5	(3)
UK	0.05	(3)	(2)	(3)	14	4
Japan	(0.12)	0	1	(1)	(1)	2
Germany	(0.70)	(1)	(1)	1	2	9
India	4.44	0	(6)	(23)	(25)	(6)
China	2.40	0	(6)	(16)	(22)	128
Currencies (Δ %)						
EUR	1.2014	(0.4)	(0.6)	2.2	(0.2)	10.8
GBP	1.3887	(0.2)	(0.2)	0.4	1.6	11.7
JPY	109.33	(0.2)	(0.6)	1.2	(4.1)	(2.6)
AUD	0.7707	(0.7)	(0.7)	1.3	1.3	19.8
INR	73.86	0.1	1.1	(1.0)	(1.2)	2.4
CNY	6.4749	0	0.3	1.4	(0.3)	8.3
Equity & Other indices (Δ %)						
Dow	34,133	0.1	0.4	3.0	11.2	42.9
FTSE	6,923	(0.7)	(0.3)	2.8	6.2	18.4
DAX	14,856	(2.5)	(2.6)	(1.7)	7.4	38.5
NIKKEI	28,813	(0.8)	(0.6)	(3.5)	1.6	46.9
Shanghai Comp	3,447	(0.8)	0.1	(1.1)	(2.5)	20.5
SENSEX	48,254	(1.0)	(1.4)	(3.6)	(3.1)	53.4
Brent (US\$/bbl)	68.88	2.0	3.7	6.2	19.9	122.4
Gold (US\$/oz)	1,779	(0.8)	0.1	2.9	(3.2)	4.3
CRB Index	535.0	0.3	0	5.9	16.1	52.5
Rogers Agri Index	1,078.6	1.0	0.9	14.7	17.2	65.7
LIBOR (3M)*	0.18	0	(0)	(2)	(2)	(30)
INR 5Y Swap*	5.64	(2)	11	(20)	(2)	35
India FII data (US\$ mn)						
	3 May	30 Apr	WTD	MTD	CYTD	FYTD
FII-Debt	5.2	(122.3)	5.2	5.2	(2,387.1)	(359.9)
FII-Equity	(225.1)	(425.7)	(225.1)	(225.1)	5,612.0	(1,714.3)

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

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