

MACRO DAILY

10 August 2020

Macro developments

- Government of India recently launched the Agriculture Infrastructure Fund worth Rs 1tn to provide support to FPOs, PACs and farmers so as to build community farming assets and post-harvest infrastructure. Through the fund, over Rs 10bn was provided to 2,200 farmer societies. Further, Rs 170bn was also released as the 6th installment under the PM-KISAN scheme, taking the total disbursement to Rs 900bn.
- Germany's industrial production and trade data for Jun'20 showed rebound in activity. While industrial production rose by 8.9% on MoM basis from 7.4% in May'20, exports were up by 14.9% versus 9% in May'20. Production growth was supported by 54.7% jump in auto industry and 7.3% rise in consumer goods.
- Non-farm payroll data for US shows that 1.8mn jobs were added in Jul'20 versus est.: 1.5mn and 4.8mn in Jun'20. Most gains were seen in leisure and hospitality, government and retail trade. With this 9.3mn jobs have been added back since May'20. Unemployment rate is also down to 10.2% from 11.1% in Jun'20. However, with 16.3mn still unemployed, recovery has a long way to go.

Aditi Gupta

aditi.gupta3@bankofbaroda.com

Sameer Narang

+91 22 6698 5713

chief.economist@bankofbaroda.com

Markets

- Bonds:** Global yields closed mixed amidst rising COVID-19 cases, uncertainty over fiscal stimulus in the US and trade tensions between US and China. US 10Y yield rose by 3bps (0.56%) supported by better than expected jobs data. Crude prices fell by 1.5% (US\$ 44/bbl) as demand concerns remained. India's 10Y yield rose by 3bps (5.89%) as RBI maintained status quo on rates. It is trading at 5.9% today.
- Currency:** Except INR (flat), other global currencies closed lower. DXY rose by 0.7% after falling for 3-straight session as US non-farm payrolls rose more than expected. AUD fell by 1.1% after RBA noted that economic recovery in Australia can be slower than anticipated. INR is trading marginally lower today while other Asian currencies are trading higher.
- Equity:** Global indices ended mixed on the back of escalated concerns over US-China trade relations. Shanghai Comp (1%) declined the most followed by Nikkei (0.4%). Sensex ended flat. However, it is trading higher today while other Asian stocks are trading mixed.



FIG 1 – MOVEMENT IN KEY GLOBAL ASSET CLASSES

Particulars	Current	1D	1W	1M	3M	12M
10Y yields (Δ bps)						
US	0.56	3	4	(10)	(12)	(115)
UK	0.14	3	4	(4)	(10)	(38)
Japan	0.01	(1)	(1)	(2)	1	21
Germany	(0.51)	2	2	(7)	3	5
India	5.89	3	5	11	(8)	(51)
China	2.99	0	1	(8)	38	(6)
2Y yields (Δ bps)						
US	0.13	1	2	(3)	(3)	(149)
UK	(0.02)	1	4	5	(2)	(50)
Japan	(0.12)	(1)	0	1	4	12
Germany	(0.68)	1	3	(2)	10	17
India	4.22	2	3	10	(15)	(163)
China**	2.23	(1)	(2)	12	104	(29)
Currencies (Δ %)						
EUR	1.1787	(0.8)	0.1	4.0	8.7	5.4
GBP	1.3052	(0.7)	(0.3)	3.5	5.2	7.6
JPY	105.9200	(0.4)	(0.1)	1.2	0.7	0.1
AUD	0.7157	(1.1)	0.2	2.5	9.6	5.2
INR	74.9350	0	(0.2)	0.1	0.8	(6.0)
CNY	6.9680	(0.2)	0.1	0.5	1.5	1.1
Equity & Other indices (Δ %)						
Dow	27,433	0.2	3.8	5.2	12.7	4.0
FTSE	6,032	0.1	2.3	(2.0)	1.6	(17.2)
DAX	12,675	0.7	2.9	1.4	16.2	7.0
NIKKEI	22,330	(0.4)	2.9	(0.5)	10.7	8.4
Shanghai Comp	3,354	(1.0)	1.3	(1.5)	15.8	20.0
SENSEX	38,041	0	1.2	4.7	20.2	1.9
Brent (US\$/bbl)	44.40	(1.5)	2.5	2.6	43.4	(22.6)
Gold (US\$/oz)	2,036	(1.4)	3.0	12.5	19.5	35.6
CRB Index	378.5	(0.3)	0.2	4.3	4.9	(5.6)
Rogers Agri Index	691.0	(0.9)	(1.2)	(0.1)	4.6	(3.1)
LIBOR (3M)*	0.25	1	0	(2)	(18)	(193)
INR 5Y Swap*	5.23	1	9	(7)	(1)	(105)
India FII data (US\$ mn)						
	6 Aug	5 Aug	WTD	MTD	CYTD	FYTD
FII-Debt	(61.0)	(43.2)	(115.7)	(115.7)	(14,643.3)	(4,883.8)
FII-Equity	76.9	77.4	1,167.8	1,167.8	(120.3)	6,482.6

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.com



For further details about this publication, please contact:

Economics Research Department

Bank of Baroda

+91 22 6698 5713

chief.economist@bankofbaroda.com