

MACRO DAILY

10 November 2020

Macro developments

- As per news reports, cargo traffic in India's 12 major ports fell for the 7th straight month by 1.2% in Oct'20 from a decline of 1.9% in Sep'20. These ports handle over 61% of India's total cargo traffic. On a FYTD basis, cargo traffic growth fell by 12.4% in the period Apr-Oct'20 and stood at 354.8mt compared with 405.2mt in the same period last year. The decline has been attributed to disruptions caused by Covid-19.
- China's PPI declined by 2.1% in Oct'20, following a similar decline in Sep'20 on a YoY basis. Separately, CPI inflation also eased to an 11-year low at 0.5%, from an increase of 1.7% in Sep'20. This was led by lower pork prices, which declined for the first time since Feb'19 by 2.8%. Core CPI rose by 0.5% in Oct'20, unchanged from Sep'20 signalling weak demand.
- Germany's exports rose by 2.3% in Sep'20 on a MoM basis versus an increase of 2.9% in Aug'20 and estimate of a 2% increase. Exports to China rose by 10.6% while exports to UK and US declined by 12.4% and 5.8% respectively. Imports on the other hand, declined by 0.1% after rising by 5.8% in Aug'20. As a result, its trade surplus expanded to € 20.8bn from € 12.8bn in Aug'20.

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Markets

- Bonds:** Global yields closed higher as risk sentiment improved following Joe Biden's victory in the US election and hopes of Covid-19 vaccine. US 10Y yield rose the most by 11bps (0.92%). Gold prices also fell by 4.5% amidst waning safe-haven demand. Crude prices rose by 7.5% (US\$ 42/bbl) due to improvement in demand outlook. India's 10Y yield rose a tad by 1bps (5.88%) and is trading higher at 5.9% today.
- Currency:** Global currencies closed mixed. JPY declined by 2% as risk-sentiment improved amidst progress in development of Covid-19 vaccine. DXY rose by 0.5% amidst hopes of US fiscal stimulus. INR rose by 0.1%. It is trading further higher today in line with other Asian currencies.
- Equity:** Global indices ended higher supported by positive developments surrounding Covid-19 vaccine. Dax surged the most by 4.9% followed by FTSE which rose by 4.7%. Sensex too rose by 1.7% led by gains in banking and metal stocks. It is trading further higher today in line with other Asian stocks.



FIG 1 – MOVEMENT IN KEY GLOBAL ASSET CLASSES

Particulars	Current	1D	1W	1M	3M	12M
10Y yields (Δ bps)						
US	0.92	11	8	15	35	(102)
UK	0.37	10	15	9	24	(44)
Japan	0.02	0	(2)	(2)	1	8
Germany	(0.51)	11	13	2	2	(26)
India	5.88	1	(1)	(6)	2	(69)
China	3.24	4	5	5	28	2
2Y yields (Δ bps)						
US	0.17	2	2	2	4	(150)
UK	(0.0)	3	7	1	3	(57)
Japan	(0.13)	0	(2)	(1)	(2)	6
Germany	(0.73)	5	8	(2)	(3)	(12)
India	4.11	0	(8)	(16)	(13)	(144)
China	2.75	0	1	14	55	7
Currencies (Δ %)						
EUR	1.1813	(0.5)	1.5	(0.1)	0.6	7.1
GBP	1.3166	0.1	1.9	1.0	0.7	2.4
JPY	105.38	(2.0)	(0.6)	0.2	0.5	3.4
AUD	0.7284	0.4	3.2	0.6	1.9	6.3
INR	74.15	0.1	0.4	(1.4)	1.0	(3.7)
CNY	6.6295	(0.3)	0.9	1.0	4.8	5.4
Equity & Other indices (Δ %)						
Dow	29,158	2.9	8.3	2.0	4.9	5.3
FTSE	6,186	4.7	9.4	2.8	2.2	(15.6)
DAX	13,096	4.9	11.1	0.3	3.2	(0.8)
NIKKEI	24,840	2.1	6.6	5.2	11.2	6.5
Shanghai Comp	3,374	1.9	4.6	3.1	(0.2)	15.9
SENSEX	42,597	1.7	7.1	5.2	11.6	5.6
Brent (US\$/bbl)	42.40	7.5	8.8	(1.1)	(5.8)	(31.8)
Gold (US\$/oz)	1,863	(4.5)	(1.7)	(3.5)	(8.1)	28.0
CRB Index	415.7	0	1.6	1.3	9.5	6.2
Rogers Agri Index	804.3	0.6	2.8	4.1	16.0	10.7
LIBOR (3M)*	0.21	0	(1)	(2)	(5)	(170)
INR 5Y Swap*	5.08	1	(9)	(25)	(20)	(140)
India FII data (US\$ mn)						
	6 Nov	5 Nov	WTD	MTD	CYTD	FYTD
FII-Debt	35.6	30.0	85.7	85.7	(14,144.0)	(4,384.5)
FII-Equity	659.5	727.5	1,732.3	1,732.3	8,278.7	14,881.7

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

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