

## MACRO DAILY

11 June 2021

### Macro developments

- According to FADA, India's auto sales in May'21 fell by 54.8% on MoM basis versus 28.1% decline in Apr'21. Within this, passenger vehicle sales fell the most by 59% versus 25.3% drop in Apr'21. Two wheeler sales were also down by 52.5% compared with 27.6% dip in Apr'21. In Q1FY22 (Apr-May), total auto sales were down by 41.5% versus 3.2% drop in Q4FY21.
- ECB remained dovish in its latest policy keeping rates unchanged and also sticking to its current pace of asset purchase program (€1.85tn under PEPP). It said that spike in inflation observed recently is a transient phenomenon due to a surge in energy prices. Further, growth (4.6% from 4% earlier) and inflation (1.9% from 1.5% earlier) projections have been revised upwards for CY21.
- US CPI rose by 0.6% in May'21 (est., 0.4%) compared with 0.8% in Apr'21 on a MoM basis. However, on a YoY basis CPI jumped by 5% in May'21 (est. 4.7%) to a 13-year high, due to base effect. Core CPI (excluding volatile food and energy) also rose to its highest since CY92 at 3.8% (YoY). Separately, US jobless claims for the week ended 5 Jun 2021 declined for the 6th-straight week by 9,000 to 376,000.

**Jahnvi**

jahnvi@bankofbaroda.com

**Sameer Narang**

+91 22 6698 5713

chief.economist@bankofbaroda.com

### Markets

- **Bonds:** Except UK, global yields closed lower. Despite higher inflation print, US 10Y fell by 4bps (1.45%). Germany's 10Y yield also fell by 2bps (-0.26%) as ECB remained dovish in its latest policy. Crude prices rose by 0.2% (US\$ 73/bbl) on hopes of recovery in demand. India's 10Y yield closed flat at 6.02%. It is trading lower at 6.01% today.
- **Currency:** Global currencies closed mixed. DXY closed flat after US inflation data. EUR fell by 0.1% even as ECB upgraded its growth forecast upwards. GBP rose the most by 0.4%. INR depreciated by 0.1% as oil prices rose further. It is trading higher today in line with other Asian currencies.
- **Equity:** Barring Dax, other global indices ended higher as investors monitored decisions from ECB and US inflation print. Amongst other indices, Sensex rose by 0.8% led by strong gains in banking stocks. 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
<b>10Y yields (Δ bps)</b>						
US	1.45	(4)	(18)	(9)	(3)	76
UK	0.75	2	(9)	(5)	2	46
Japan	0.04	(3)	(4)	(2)	(6)	4
Germany	(0.26)	(2)	(8)	(3)	7	9
India	6.02	0	2	0	(23)	25
China	3.13	(2)	4	(1)	(11)	32
<b>2Y yields (Δ bps)</b>						
US	0.14	(1)	(1)	1	(1)	(5)
UK	0.07	1	(2)	3	(2)	6
Japan	(0.13)	(1)	(1)	1	(0)	2
Germany	(0.69)	(1)	(2)	2	1	(6)
India	4.28	(1)	(2)	(6)	(58)	(13)
China	2.41	1	7	(9)	(17)	40
<b>Currencies (Δ %)</b>						
EUR	1.2169	(0.1)	0.3	0.1	2.1	7.1
GBP	1.4173	0.4	0.5	1.0	1.3	10.8
JPY	109.31	0.3	0.9	(0.9)	(1.2)	(2.3)
AUD	0.7752	0.3	1.2	(1.4)	(0.1)	10.5
INR	73.06	(0.1)	(0.2)	0.7	(0.1)	3.5
CNY	6.3929	(0.1)	0.2	0.7	1.8	9.5
<b>Equity &amp; Other indices (Δ %)</b>						
Dow	34466.2	0.1	(0.3)	(1.0)	6.7	27.6
FTSE	7088.2	0.1	0.3	(0.7)	5.3	11.9
DAX	15571.2	(0.1)	(0.4)	1.2	7.2	24.3
NIKKEI	28940.5	0.3	(0.4)	(1.7)	(0.6)	24.8
Shanghai Comp	3610.9	0.5	0.7	5.0	7.0	22.0
SENSEX	52334.4	0.8	0.2	5.6	1.3	51.7
Brent (US\$/bbl)	72.3	0.2	1.4	5.8	6.4	73.1
Gold (US\$/oz)	1,893	(0.3)	(0.4)	3.1	9.4	8.6
CRB Index	554.5	0.6	0.5	3.2	13.2	52.3
Rogers Agri Index	1,092.0	0.4	1.5	(2.8)	13.3	59.7
LIBOR (3M)*	0.12	(1)	(1)	(3)	(6)	(19)
INR 5Y Swap*	5.64	5	(8)	5	(38)	48
<b>India FII data (US\$ mn)</b>						
	<b>9 Jun</b>	<b>8 Jun</b>	<b>WTD</b>	<b>MTD</b>	<b>CYTD</b>	<b>FYTD</b>
FII-Debt	(287.1)	(33.1)	(381.4)	(389.7)	(2,970.3)	(943.1)
FII-Equity	81.9	527.0	631.0	1,221.9	7,808.0	481.6

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

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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)