

## MACRO DAILY

17 May 2021

### Macro developments

- India's exports rose by 195.7% in Apr'21 versus 60.3% in Mar'21, and imports rose by 167.1% versus 53.7% in Mar'21. The sharp jump was owing to base effect as trade had fallen significantly in Apr'20 due to nationwide lockdown. Exports of gems & jewellery and textiles rose the most. Trade deficit in Apr'21 rose to US\$ 15.1bn from US\$ 13.9bn in Mar'21.
- US macro prints showed moderation. Retail sales remained unchanged in Apr'21 (est.: 1%) against 10.7% increase in Mar'21. Core retail sales also dropped by 1.5% in Apr'21 from 7.6% increase in Mar'21. Even industrial production edged down to 0.7% in Apr'21 (est.: 0.9%) from 2.4% in Mar'21. This was dragged down by manufacturing (0.4% versus 3.1%) and mining output (0.7% versus 8.9%).
- China's industrial production growth slowed in Apr'21 to 9.8% from 14.1% in Mar'21, as base effect begins to normalise. Apart from this, supply bottlenecks and rising input costs were other key drivers for the trend. FAI rose by 19.9% (est. 19%) between Jan-Apr'21, same as last year but was down from 25.6% increase in Jan-Mar'21. Retail sales growth too slowed down to 17.7% (est.: 24.9%) in Apr'21 from 34.2% in Mar'21.

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### Markets

- Bonds:** Except China (stable), global yields closed lower. US 10Y yield fell by 3bps (1.63%) as macro prints remained muted. Crude prices rose by 2.5% (US\$ 69/bbl) on expectation of revival in demand. India's 10Y yield fell by 2bps (5.99%) supported by muted CPI print. It is trading lower at 5.97% today.
- Currency:** Global currencies closed higher against the dollar. DXY fell by 0.5% amidst weaker than expected US macro data (retail sales and industrial production). EUR and AUD rose the most by 0.5%. INR gained 0.2% following global cues. It is trading further higher today, while other Asian currencies are trading mixed.
- Equity:** Global indices ended higher, with Nikkei, Shanghai Comp and Dax gaining the most. Fed officials reiterated that spike in inflation is short-lived and will not result in aggressive tapering by Fed. Following global cues, Sensex rose by 0.1% led by capital goods and consumer durable 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	1.63	(3)	5	1	42	99
UK	0.86	(4)	8	8	34	63
Japan	0.09	(1)	0	(2)	2	9
Germany	(0.13)	(1)	9	16	30	40
India	5.99	(2)	(3)	(3)	0	21
China	3.14	0	(2)	(3)	(11)	48
<b>2Y yields (Δ bps)</b>						
US	0.15	(1)	0	(1)	4	0
UK	0.08	(2)	5	3	12	8
Japan	(0.12)	0	1	0	(1)	2
Germany	(0.66)	0	3	5	5	7
India	4.33	3	(1)	(23)	(25)	(17)
China	2.40	0	(6)	(16)	7	119
<b>Currencies (Δ %)</b>						
EUR	1.2141	0.5	(0.2)	1.6	0.2	12.2
GBP	1.4097	0.3	0.8	2.5	1.8	16.4
JPY	109.35	0.1	(0.7)	(0.3)	(4.2)	(2.1)
AUD	0.7771	0.5	(0.9)	1.7	0.1	21.2
INR	73.30	0.2	0.3	2.3	(0.7)	3.0
CNY	6.4371	0.2	(0.1)	1.6	0.3	9.4
<b>Equity &amp; Other indices (Δ %)</b>						
Dow	34,382	1.1	(1.1)	2.1	9.3	45.2
FTSE	7,044	1.2	(1.2)	2.2	6.9	21.4
DAX	15,417	1.4	0.1	1.2	9.7	47.3
NIKKEI	28,084	2.3	(4.3)	(5.6)	(4.9)	40.2
Shanghai Comp	3,490	1.8	2.1	2.8	(4.5)	21.7
SENSEX	48,733	0.1	(1.0)	0.4	(5.5)	56.7
Brent (US\$/bbl)	68.71	2.5	0.6	7.9	10.1	111.4
Gold (US\$/oz)	1,843	0.9	0.7	5.6	1.1	5.7
CRB Index	538.1	(0.1)	(0.9)	5.1	14.5	48.2
Rogers Agri Index	1,061.8	(1.1)	(5.4)	10.2	12.8	61.5
LIBOR (3M)*	0.16	0	0	(3)	(4)	(22)
INR 5Y Swap*	5.65	0	5	(2)	(25)	47
<b>India FII data (US\$ mn)</b>						
	<b>12 May</b>	<b>11 May</b>	<b>WTD</b>	<b>MTD</b>	<b>CYTD</b>	<b>FYTD</b>
FII-Debt	61.0	(24.3)	34.4	238.0	(2,154.3)	(127.0)
FII-Equity	(159.8)	97.5	96.8	(442.3)	5,394.8	(1,931.5)

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

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