

## MACRO DAILY

18 January 2021

### Macro developments

- India's exports have risen by 10.9% (YoY) in the first two weeks of Jan'21, compared with 0.1% increase in Dec'20. This was led by exports of pharmaceuticals, electronics and engineering goods. In the same period, imports rose by 6.6% compared with 7.6% increase in Dec'20. In FYTD21 (Apr-Dec'20), exports have fallen by 15.4% while imports have fallen by 27.9%.
- US retail sales fell by 0.7% in Dec'20 compared with 1.4% decline in Nov'20. Core sales (excl. automobiles, gasoline, building materials and food services) tumbled 1.9% from 1.1% decline in Nov'20. In a separate print, industrial production rose for the 3rd consecutive month by 1.6% from 0.5% in Nov'20, led by manufacturing and utilities.
- China's GDP in CY20 rose by 2.3% (est.: 2.1%) versus 6.1% growth in CY19. This was driven by 6.5% rise in GDP in Q4CY20 versus 4.9% rise in Q3. Further, CY20 growth was supported by 2.8% increase in industrial output, 2.9% rise in FAI and 3.6% rise in exports. Consumer spending acted as a drag as retail sales fell by 3.9%, led by 17% drop in hospitality.

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### Markets

- Bonds:** Global yields closed mixed. US 10Y yield fell by 5bps (1.08%) due to muted retail sales print and Fed's Chair comments on continuation of lower rates. China's 10Y rose by 4bps (3.15%) amidst re-imposition of lockdown restrictions in some Chinese cities. Crude prices fell by 2.3% (US\$ 55/bbl) on demand concerns. India's 10Y yield rose by 6bps (5.95%) despite RBI's OMO purchase announcement of Rs 100bn. It is trading at 5.94% today.
- Currency:** Barring JPY and INR (flat), other global currencies closed lower. DXY rose by 0.6% on safe-haven demand as data pointed towards a slowdown in economic activity in the US. CNY depreciated by 0.1% amidst a resurgence in Covid-19 cases in China. INR is trading lower today while other Asian currencies are trading mixed.
- Equity:** Except Shanghai Comp (flat), other global indices ended lower on concerns of rising Covid-19 cases and weaker US retail sales. Amongst other indices, Dax (1.4%) declined the most. Sensex (1.1%) too ended in red led by subdued global cues. Oil & gas stocks fell the most. It is trading lower today, while other Asian stocks are trading higher.



FIG 1 – MOVEMENT IN KEY GLOBAL ASSET CLASSES

Particulars	Current	1D	1W	1M	3M	12M
<b>10Y yields (Δ bps)</b>						
US	1.08	(5)	(3)	18	34	(74)
UK	0.29	0	0	3	11	(34)
Japan	0.04	0	1	4	2	4
Germany	(0.54)	1	(2)	7	8	(33)
India	5.95	6	8	6	1	(68)
China	3.15	4	0	(15)	(7)	6
<b>2Y yields (Δ bps)</b>						
US	0.13	(1)	0	2	(1)	(143)
UK	(0.13)	(1)	(1)	(8)	(8)	(55)
Japan	(0.11)	0	0	1	2	2
Germany	(0.72)	1	(2)	4	6	(13)
India	4.47	4	30	60	22	(170)
China	2.28	1	0	(52)	(44)	(2)
<b>Currencies (Δ %)</b>						
EUR	1.2082	(0.6)	(1.1)	(0.6)	3.1	8.9
GBP	1.3590	(0.7)	0.2	1.0	5.2	4.4
JPY	103.85	0	0.1	(0.2)	1.5	5.7
AUD	0.7703	(1.0)	(0.7)	1.9	8.8	12.0
INR	73.07	0	0.2	0.8	0.4	(2.8)
CNY	6.4809	(0.1)	(0.1)	0.9	3.2	5.5
<b>Equity &amp; Other indices (Δ %)</b>						
Dow	30,814	(0.6)	(0.9)	2.0	7.7	5.0
FTSE	6,736	(1.0)	(2.0)	3.4	13.8	(12.2)
DAX	13,788	(1.4)	(1.9)	3.2	6.8	1.9
NIKKEI	28,519	(0.6)	1.4	6.9	21.8	18.6
Shanghai Comp	3,566	0	(0.1)	5.9	6.9	16.0
SENSEX	49,035	(1.1)	0.5	6.0	22.6	16.9
Brent (US\$/bbl)	55.10	(2.3)	(1.6)	8.6	28.3	(15.0)
Gold (US\$/oz)	1,828	(1.0)	(1.1)	(1.4)	(3.7)	17.4
CRB Index	455.3	0.3	1.4	4.2	10.7	10.9
Rogers Agri Index	924.2	(0.3)	2.9	10.8	18.2	21.0
LIBOR (3M)*	0.23	(2)	0	0	1	(159)
INR 5Y Swap*	5.59	0	16	32	31	(119)
<b>India FII data (US\$ mn)</b>						
	<b>14 Jan</b>	<b>13 Jan</b>	<b>WTD</b>	<b>MTD</b>	<b>CYTD</b>	<b>FYTD</b>
FII-Debt	(45.0)	(27.6)	(457.4)	(428.6)	(428.6)	(4,522.2)
FII-Equity	220.4	296.1	1,045.1	2,440.3	2,440.3	32,416.1

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

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