

## MACRO DAILY

19 January 2021

### Macro developments

- As per news reports, government is considering hiking custom duties by 5%-10% on about 50 items such as smartphones, electronic components, refrigerators and other electronic appliances. This is expected to provide an impetus to the Atma Nirbhar programme as India imported US\$ 54.5bn worth of electronic goods in FY20. Apart from this, it will also help generate extra revenue of about Rs 200bn for the government.
- Singapore's non-oil domestic exports increased by 6.8% in Dec'20 (est.: 0.7% fall) compared with 5% decline in Nov'20. Electronic exports also rose by 13.7% from 4% decline in Nov'20. Exports to Singapore's top markets mostly rose in Dec'20. However, exports to China, EU, Indonesia and Japan registered a decline.
- Japan's industrial production fell by 0.5% in Nov'20 compared with 4% rise in Oct'20. Production of motor vehicle (4.5%) and transport equipment (3.1%) contracted the most. Resurgence in global Covid-19 cases and strict lockdown measures have impacted demand for Japanese goods.

**Aditi Gupta**

aditi.gupta3@bankofbaroda.com

**Sameer Narang**

+91 22 6698 5713

chief.economist@bankofbaroda.com

### Markets

- Bonds:** Global yields closed mixed. Germany's 10Y yield rose by 2bps (-0.53%) as Euro Zone finance ministers pledged to continue fiscal support. Crude prices fell by 0.6% (US\$ 55/bbl) as softening US macro data and rising Covid-19 cases globally raised demand concerns. India's 10Y yield fell by 4bps (5.91%) amidst expectation of more purchases by RBI in the secondary market. It is trading flat today.
- Currency:** Global currencies closed mostly lower. JPY however rose by 0.2% on safe-haven demand amidst surging Covid-19 cases globally. DXY closed flat. INR depreciated by 0.3% on the back of FII outflows. However it is trading higher in line with other Asian currencies.
- Equity:** Global indices ended mixed as surging Covid-19 cases offset hopes of quick economic recovery. Shanghai Comp (0.8%) gained the most on the back of stronger GDP print from China. Sensex fell by 1%, dragged down by auto and power stocks. However, it is trading higher today while 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	1.08	(5)	(6)	14	31	(74)
UK	0.29	0	(2)	4	12	(36)
Japan	0.06	1	2	5	3	5
Germany	(0.53)	2	(3)	4	10	(31)
India	5.91	(4)	0	1	(3)	(73)
China	3.18	3	1	(13)	(2)	12
<b>2Y yields (Δ bps)</b>						
US	0.13	(1)	(1)	1	(1)	(143)
UK	(0.14)	0	(2)	(5)	(6)	(56)
Japan	(0.11)	0	1	1	2	1
Germany	(0.72)	1	(2)	1	7	(13)
India	4.47	0	30	59	22	(170)
China	2.36	8	11	(37)	(36)	6
<b>Currencies (Δ %)</b>						
EUR	1.2077	0	(0.6)	(1.5)	2.6	8.9
GBP	1.3587	0	0.5	0.5	4.9	4.4
JPY	103.69	0.2	0.5	(0.4)	1.7	5.9
AUD	0.7681	(0.3)	(0.2)	0.8	8.6	11.8
INR	73.28	(0.3)	0.1	0.4	0.1	(3.1)
CNY	6.4925	(0.2)	(0.2)	0.7	2.9	5.5
<b>Equity &amp; Other indices (Δ %)</b>						
Dow	30,814	(0.6)	(0.6)	2.1	9.3	5.0
FTSE	6,721	(0.2)	(1.1)	2.9	14.2	(12.2)
DAX	13,848	0.4	(0.6)	1.6	7.7	2.2
NIKKEI	28,242	(1.0)	0.4	5.5	19.3	17.3
Shanghai Comp	3,596	0.8	1.8	5.9	8.6	16.2
SENSEX	48,564	(1.0)	(1.4)	3.4	20.1	16.9
Brent (US\$/bbl)	54.75	(0.6)	(1.6)	4.8	28.5	(16.0)
Gold (US\$/oz)	1,841	0.7	(0.1)	(2.1)	(3.3)	18.0
CRB Index	454.0	(0.3)	0.7	3.6	9.8	10.6
Rogers Agri Index	924.2	(0.3)	3.3	8.8	17.2	21.0
LIBOR (3M)*	0.22	0	0	(1)	1	(158)
INR 5Y Swap*	5.57	(2)	7	24	32	(120)
<b>India FII data (US\$ mn)</b>						
	<b>15 Jan</b>	<b>14 Jan</b>	<b>WTD</b>	<b>MTD</b>	<b>CYTD</b>	<b>FYTD</b>
FII-Debt	(55.0)	(45.0)	(512.4)	(483.6)	(483.6)	(4,577.2)
FII-Equity	(144.2)	220.4	900.9	2,296.1	2,296.1	32,271.9

Source: Bloomberg, Bank of Baroda | \*Indicates change in bps | US markets were closed on 18 Jan 2021

## 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](http://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](mailto:chief.economist@bankofbaroda.com)