

MACRO DAILY

23 March 2021

Macro developments

- India's highway construction is gaining pace as it touched a record high of 34km/day construction in FY21 (till 22 Mar 2021). This number is three times higher than the pace of construction in FY15. For FY21, as a whole 12,205.25kms of National Highways have been constructed, which is about 1,205kms more than the targeted level of 11,000kms.
- Existing home sales in the US fell by 6.6% (MoM) in Feb'21 compared with 0.6% increase in Jan'21. Rising prices and interest rates are key reasons for dip in demand. In Feb'21, median prices were up by 15.8% on YoY basis following 14.1% increase in Jan'21. The 30Y mortgage rate was also up at 2.81% versus 2.74% in Jan'21. It has further risen to 3.09% since then.
- South Korea's exports rose by 12.5% in first 20 days of Mar'21 compared with 9.5% in Feb'21. This was driven by sharp jump in exports of semiconductors (13.6%), automobiles (13%), petrochemical products (12.4%) and wireless communication devices (4.7%). On the other hand, imports were up by 16.3% versus 13.9% in Feb'21.

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Markets

- Bonds:** Global yields closed lower amidst rising cases in Europe and fear of lockdown in the region. Political development in Turkey also impacted investor sentiments. US and Japan's 10Y yield fell the most by 3bps each. Crude prices rose by 0.1% (US\$ 65/bbl). India's 10Y yield fell by 1bps (6.18%) as RBI cancelled the weekly auction for this week. It is trading further lower at 6.15% today.
- Currency:** Except GBP, other global currencies closed higher/flat against the dollar. DXY fell by 0.2% in line with the dip in US 10Y yield. EUR and AUD rose by 0.2% and 0.1% respectively. INR also gained 0.2%. It is trading lower today, in line with other Asian currencies.
- Equity:** Barring Nikkei and Sensex, other global indices ended higher. Amongst other indices, Shanghai Comp (1.1%) gained the most. Dow rose by 0.3% driven by tech and consumer goods stocks. However, Sensex (0.2%) ended in red led by 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
10Y yields (Δ bps)						
US	1.69	(3)	9	36	76	91
UK	0.81	(2)	2	12	61	39
Japan	0.08	(3)	(3)	(3)	7	1
Germany	(0.31)	(2)	2	(1)	27	6
India	6.18	(1)	(2)	4	26	(20)
China	3.23	(1)	(4)	(4)	(3)	60
2Y yields (Δ bps)						
US	0.15	0	0	4	3	(17)
UK	0.07	(2)	(2)	9	18	(0)
Japan	(0.13)	0	1	(3)	(1)	6
Germany	(0.70)	(1)	(1)	(2)	4	(1)
India	4.79	(2)	(14)	25	90	(75)
China	2.57	0	(2)	(5)	(14)	70
Currencies (Δ %)						
EUR	1.1933	0.2	0	(1.5)	(2.5)	11.3
GBP	1.3864	(0.1)	(0.3)	(1.1)	3.0	20.1
JPY	108.85	0	0.3	(3.2)	(5.4)	2.1
AUD	0.7746	0.1	(0.1)	(1.6)	2.1	32.7
INR	72.37	0.2	0.1	0.4	1.9	5.1
CNY	6.5077	0	(0.1)	(0.8)	0.6	8.2
Equity & Other indices (Δ %)						
Dow	32,731	0.3	(0.7)	3.9	8.3	76.1
FTSE	6,726	0.3	(0.3)	1.5	4.8	34.7
DAX	14,657	0.2	1.4	4.7	10.7	67.7
NIKKEI	29,174	(2.1)	(2.0)	(2.8)	9.2	72.8
Shanghai Comp	3,443	1.1	0.7	(6.8)	0.7	29.4
SENSEX	49,771	(0.2)	(1.2)	(2.2)	9.3	91.6
Brent (US\$/bbl)	64.62	0.1	(6.2)	2.7	26.9	139.1
Gold (US\$/oz)	1,739	(0.4)	0.4	(2.5)	(7.3)	12.0
CRB Index	506.8	0.4	2.3	5.3	15.8	36.0
Rogers Agri Index	960.5	0.1	(1.0)	0.1	12.9	44.5
LIBOR (3M)*	0.20	1	1	2	(5)	(102)
INR 5Y Swap*	5.95	(2)	(1)	2	61	(35)
India FII data (US\$ mn)						
	19 Mar	18 Mar	WTD	MTD	CYTD	FYTD
FII-Debt	(42.8)	(42.6)	17.8	(1,236.2)	(2,720.4)	(6,814.0)
FII-Equity	83.6	181.2	1,579.1	3,158.0	8,151.8	38,127.5

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

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