

MACRO DAILY

25 June 2021

Macro developments

- India's economic activity is beginning to rebound as seen in the trend of e-way bills and fuel consumption in Jun'21. On MoM basis, e-way bills generated till 20 Jun 2021 rose to 33.7mn (+21%) compared with 28.3mn in the same period in May'21 (-21%). Fuel demand also posted first MoM increase since Mar'21 during 1-15 Jun 2021. News reports indicate that petrol sales rose by 13% while diesel consumption was up by 12% versus 17% decline in whole of May'21.
- US GDP in Q1CY21 rose by 6.4%, unchanged from its previous estimate and against 4.3% growth seen in Q4CY20. The upward revisions to nonresidential fixed investment, private inventory investment, and exports were offset by an upward revision to imports. Separately, durable goods orders rose by 2.3% (est.: 3%) from 0.8% decline in Apr'21. However, core capital goods orders fell by 0.1% from 2.7% increase in Apr'21. US jobless claims on the other hand, fell by 7000 to 411,000 for the week ending 19 Jun 2021.
- Bank of England (BoE) in its policy meet unanimously voted to keep the policy rate on hold at 0.1% and also voted (8-1) to continue with its bond purchase program (US\$1.2 tn) till the end of the year. It stated that the inflation is likely to spike to 3% in the coming months along with strong GDP growth. However, this spike in inflation is likely to be transitory and will fade over time with inflation returning back to its target of 2% in medium term.

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Markets

- Bonds:** Global yields closed mixed. US 10Y yield rose by 1bps (1.49%) ahead of PPI data. UK 10Y yield fell the most by 4bps (0.74%) as BoE refrained from any talks on rate hike. Crude prices rose by 0.5% (US\$ 76/bbl) eyeing OPEC+ meeting. India's 10Y yield fell a tad by 1bps (6.01%).
- Currency:** Except GBP (lower), other global currencies closed higher. DXY closed flat awaiting US PPI data. GBP fell by 0.3% after BoE pushed back the possibility of a rate hike. EUR rose by 0.1% as Germany's Ifo business climate index rose to a 2-year high in Jun'21. INR rose by 0.2% even as oil prices rose. It is trading further higher today in line with other Asian currencies.
- Equity:** Barring Nikkei and Shanghai Comp (flat), global indices ended higher as investors monitored BoE's rate decision. Dow (1%) surged the most. Dax too gained by 0.9% led by better-than-expected Ifo business climate index. Sensex rose by 0.8% supported by gains in technology stocks. Expiry of F&O June series will also be in focus. It is trading higher today in line with other Asian stocks.



Fig 1 – Movement in key global asset classes

Particulars	Current	1D	1W	1M	3M	12M
10Y yields (Δ bps)						
US	1.49	1	(1)	(11)	(14)	81
UK	0.74	(4)	(4)	(7)	1	59
Japan	0.06	0	(1)	(2)	(3)	4
Germany	(0.19)	(1)	1	(5)	20	28
India	6.01	(1)	(1)	4	(12)	12
China	3.09	0	(8)	1	(9)	22
2Y yields (Δ bps)						
US	0.27	1	6	12	13	8
UK	0.07	(2)	(5)	4	2	15
Japan	(0.11)	0	0	2	0	2
Germany	(0.65)	0	2	1	7	4
India	4.52	2	10	21	(19)	21
China	2.40	(5)	(6)	9	(15)	22
Currencies (Δ %)						
EUR	1.1932	0.1	0.2	(2.3)	1.4	6.4
GBP	1.3922	(0.3)	0	(1.7)	1.4	12.1
JPY	110.87	0.1	(0.6)	(1.9)	(1.5)	(3.4)
AUD	0.7583	0.1	0.4	(2.2)	0	10.1
INR	74.17	0.2	(0.1)	(1.6)	(2.1)	2.0
CNY	6.4719	0	(0.4)	(0.8)	1.1	8.6
Equity & Other indices (Δ %)						
Dow	34,197	1.0	1.1	(0.6)	4.8	32.8
FTSE	7,110	0.5	(0.6)	0.8	6.5	15.7
DAX	15,589	0.9	(0.9)	1.0	6.6	28.0
NIKKEI	28,875	0	(0.5)	1.8	0.5	29.7
Shanghai Comp	3,567	0	1.2	2.0	6.0	19.7
SENSEX	52,699	0.8	0.7	4.0	8.8	51.3
Brent (US\$/bbl)	75.56	0.5	3.4	10.4	22.0	84.1
Gold (US\$/oz)	1,775	(0.2)	0.1	(5.6)	2.8	0.6
CRB Index	553.9	0.1	(0.1)	2.8	9.5	53.0
Rogers Agri Index	1,026.9	(0.3)	2.3	(1.9)	8.7	54.3
LIBOR (3M)*	0.15	1	1	1	(5)	(16)
INR 5Y Swap*	5.68	2	(3)	(1)	(13)	43
India FII data (US\$ mn)						
	23 Jun	22 Jun	WTD	MTD	CYTD	FYTD
FII-Debt	26.6	27.8	36.2	(331.7)	(2,912.3)	(885.1)
FII-Equity	(33.3)	(91.7)	(253.8)	1,493.4	8,079.5	753.2

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

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