

**MACRO DAILY**

26 July 2019

**Macro developments**

- Employees' State Insurance Corporation (ESIC) payroll data showed that 1.27mn jobs were created in May'19, higher than 1.12mn in Apr'19. The data is based on various social security schemes run by ESIC. The report also highlighted that 0.99mn new enrolments were recorded with EPFO in May'19 compared to 1.02mn in Apr'19.
- US durable goods orders rose by 2% in Jun'19 on a MoM basis vs (-) 2.3% in May'19. This was led by machinery, communication and transportation equipment orders. Core orders too rose by 1.9% vs 0.3% in May'19. However, muted growth throughout Q2 is expected to drag GDP growth to 1.8% in Q2 from 3.1% in Q1. Separately, jobless claims for the week ending 20 Jul fell to 206,000 (est.: 219,000) from 216,000 in the week before.
- ECB in its latest policy meet kept the interest rates unchanged but hinted of monetary easing going ahead. The council also assured of using additional measures to support liquidity conditions. This raises the likelihood of rate cut in Sep'19. ECB has even signalled that it may restart the bond buying program to provide stimulus to economic growth.

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**Markets**

- **Bonds:** Global yields closed higher as ECB commented that the risk of recession has lowered for the region. US 10Y yield also firmed up 4bps (2.08%) driven by better macro print in Jun'19. Crude prices rose by 0.3% (US\$ 63/bbl) amidst growing tensions in Middle East. India's 10Y yield increased by 7bps (6.51%) after reports claimed that centre is in favour of issuing rupee-denominated bonds overseas, instead of foreign exchange-denominated bonds. It is trading higher at 6.54% today.
- **Currency:** Barring EUR and CNY, other global currencies closed lower. EUR rose by 0.1% after ECB kept its policy rate unchanged against expectation of a rate cut. DXY rose by 0.1% on positive US economic data. INR opened lower today, in line with other Asian currencies.
- **Equity:** Global indices ended mixed as investors awaited less than dovish stance from Fed. European indices ended lower after ECB kept the rates on hold but signalled monetary easing in the coming months. Sensex ended the day on a flat note after the expiry of F&O contract. It is trading lower today in line with other Asian stocks.



**FIG 1 – MOVEMENT IN KEY GLOBAL ASSET CLASSES**

Particulars	Current	1D	1W	1M	3M	12M
<b>10Y yields (Δ bps)</b>						
US	2.08	4	6	7	(45)	(90)
UK	0.71	3	(5)	(11)	(45)	(57)
Japan	(0.15)	0	(2)	0	(12)	(25)
Germany	(0.36)	2	(5)	(6)	(35)	(77)
India	6.51	7	12	(34)	(94)	(125)
China	3.17	0	1	(8)	(25)	(38)
<b>2Y yields (Δ bps)</b>						
US	1.86	5	11	13	(47)	(82)
UK	0.51	3	(3)	(8)	(23)	(25)
Japan	(0.21)	0	(1)	2	(6)	(9)
Germany	(0.76)	2	(1)	(2)	(17)	(16)
India	6.09	0	2	(13)	(71)	(142)
China**	2.58	0	(1)	(12)	(10)	(43)
<b>Currencies (Δ %)</b>						
EUR	1.1147	0.1	(1.2)	(2.2)	0.1	(4.3)
GBP	1.2458	(0.2)	(0.7)	(2.2)	(3.4)	(5.0)
JPY	108.63	(0.4)	(1.2)	(1.2)	2.7	2.3
AUD	0.6951	(0.4)	(1.8)	(0.2)	(0.9)	(5.8)
INR	69.04	(0.1)	(0.1)	0.4	1.7	(0.5)
CNY	6.8726	0	0.1	0.1	(1.9)	(1.2)
<b>Equity &amp; Other indices (Δ %)</b>						
DOW	27,141	(0.5)	(0.3)	1.5	2.6	6.3
FTSE	7,489	(0.2)	(0.1)	1.0	0.7	(2.3)
DAX	12,362	(1.3)	1.1	0.7	0.6	(3.5)
NIKKEI	21,757	0.2	3.4	2.2	(2.5)	(3.7)
Shanghai Comp	2,937	0.5	1.2	(2.4)	(6.0)	1.9
SENSEX	37,831	0	(2.7)	(3.3)	(2.3)	2.3
Brent (USD/bbl)	63.39	0.3	2.4	(2.3)	(14.7)	(15.0)
Gold (USD/oz)	1,415	(0.8)	(2.2)	(0.4)	10.8	15.7
CRB Index	407.4	0	0.9	(1.2)	(3.4)	(6.0)
Rogers Agri Index	735.9	(0.4)	0.8	(3.2)	1.1	(8.7)
LIBOR (3M)*	2.27	(1)	(4)	(7)	(32)	(7)
INR 5Yr Swap*	6.60	9	15	6	(52)	(107)
<b>India FII data (US\$ mn)</b>						
	<b>24 Jul</b>	<b>23 Jul</b>	<b>WTD</b>	<b>MTD</b>	<b>CYTD</b>	<b>FYTD</b>
FII-Debt	139.0	9.1	71.4	1,269.7	2,698.0	2,153.4
FII-Equity	(209.6)	(398.0)	(887.1)	(2,082.7)	9,256.1	2,410.9

Source: Bloomberg, Bank of Baroda | \*Indicates change in bps, \*\* as on 16.07.2019.

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