

MACRO DAILY

27 April 2021

Macro developments

- RBI sold net US\$ 1.2bn in the spot market in Feb'21 for the first time in 9-months, compared with net purchase of US\$ 2.9bn in Jan'21. In FY21 (Apr-Feb'21), RBI has bought US\$ 74bn in the spot market versus US\$ 49.2bn in the same period last year. In the forwards market, RBI bought US\$ 25.8bn in Feb'21 versus US\$ 7.6bn in Jan'21. RBI's outstanding forward position stands at US\$ 73.2bn as of Feb'21.
- Durable goods orders in the US rose by 0.5% in Mar'21 (est.:2.5%) from 0.9% decline in Feb'21, on MoM basis. Core capital goods orders, a proxy for business spending also rose by 0.9% in Mar'21 from 0.8% decline in Feb'21. Government's stimulus and improved public health contributed to the better performance of recent high frequency indicators in the US.
- China's industrial profits jumped by 92.3% in Mar'21 (34.9% drop in Mar'20) largely owing to favourable base. However, this was slower than 179% rise seen in Jan-Feb'21 (38.3% decline last year). Higher profits were led by industries for raw materials for manufacturing and processing. Within this, metal and petroleum industries gained the most as demand picked up. Liabilities of industrial firms rose by 9% in Mar'21 versus 9.4% in Jan-Feb'21.

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Markets

- **Bonds:** Except Germany (stable), global yields closed higher. US 10Y yield rose by 1bps (1.57%) ahead of the Fed policy decision. Crude prices fell by 0.7% (US\$ 66/bbl) due to rising cases in India and Japan weighing on fuel demand. India's 10Y yield closed flat at 6.04%. It is trading at 6.05% today.
- **Currency:** Except EUR and JPY, other global currencies closed higher. DXY fell by 0.1% to around a 3-month low ahead of Fed policy meet. EUR fell by 0.1% as Germany's Ifo business climate index rose less than expected in Apr'21. INR rose by 0.4% as oil prices eased. INR is trading further higher today while other Asian currencies are trading mixed.
- **Equity:** Barring Dow and Shanghai Comp, other global indices ended higher as investors turned their focus toward upcoming Fed's policy meet. Amongst other indices, Sensex (1.1%) surged the most led by real estate stocks. It is trading higher today, while Asian stocks are trading lower.



FIG 1 – MOVEMENT IN KEY GLOBAL ASSET CLASSES

Particulars	Current	1D	1W	1M	3M	12M
10Y yields (Δ bps)						
US	1.57	1	(4)	(11)	54	91
UK	0.76	1	0	0	49	46
Japan	0.08	1	0	0	3	12
Germany	(0.25)	0	(2)	9	30	20
India	6.04	0	(4)	(9)	12	(11)
China	3.20	2	5	0	6	69
2Y yields (Δ bps)						
US	0.17	1	1	3	5	(5)
UK	0.05	2	1	(1)	18	(2)
Japan	(0.13)	0	0	1	(1)	2
Germany	(0.69)	0	(1)	3	4	(3)
India	4.51	0	(9)	(11)	(2)	(4)
China	2.40	0	(6)	(17)	(20)	127
Currencies (Δ %)						
EUR	1.2086	(0.1)	0.4	2.5	(0.4)	11.6
GBP	1.3899	0.2	(0.6)	0.8	1.6	11.8
JPY	108.08	(0.2)	0.1	1.4	(4.2)	(0.8)
AUD	0.7800	0.8	0.5	2.1	1.1	20.6
INR	74.73	0.4	0.2	(3.1)	(2.4)	2.0
CNY	6.4855	0.2	0.4	0.9	(0.1)	8.5
Equity & Other indices (Δ %)						
Dow	33,982	(0.2)	(0.3)	2.7	9.8	40.8
FTSE	6,963	0.4	(0.5)	3.3	4.9	19.1
DAX	15,296	0.1	(0.5)	3.7	12.1	43.5
NIKKEI	29,126	0.4	(1.9)	(0.2)	1.1	47.2
Shanghai Comp	3,441	(0.9)	(1.0)	0.7	(5.1)	22.2
SENSEX	48,387	1.1	0.9	(1.3)	0.1	52.4
Brent (US\$/bbl)	65.65	(0.7)	(2.1)	1.7	17.5	228.4
Gold (US\$/oz)	1,781	0.2	0.6	2.8	(4.0)	3.9
CRB Index	528.0	0.6	2.1	3.6	15.4	51.9
Rogers Agri Index	1,066.3	2.1	7.4	12.7	16.9	67.2
LIBOR (3M)*	0.18	1	0	(2)	(3)	(66)
INR 5Y Swap*	5.54	2	3	(30)	(6)	32
India FII data (US\$ mn)						
	23 Apr	22 Apr	WTD	MTD	CYTD	FYTD
FII-Debt	(56.7)	(75.0)	(100.4)	(122.0)	(2,149.2)	(122.0)
FII-Equity	(157.0)	(120.7)	(596.0)	(1,091.1)	6,235.2	(1,091.1)

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

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