

## MACRO DAILY

29 June 2020

### Macro developments

- India's forex reserves declined by US\$ 2.1bn to US\$ 505.6bn for the week ending 19 Jun 2020. This was the first weekly decline since Apr'20. Last week, forex reserves had increased by US\$ 5.9bn to touch a record-high of US\$ 507.6bn. In FYTD21, forex reserves have risen by US\$ 30bn, compared with an accretion of US\$ 4.2bn last year.
- US personal spending rebounded in May'20 as it rose by 8.2% on MoM basis versus 12.6% decline in Apr'20. The improvement was led by higher spending on motor vehicles and parts, recreational goods and vehicle, healthcare, and food services and accommodation.
- Consumer confidence in both US and France improved in Jun'20. In the US while it inched up from 72.3 in May'20 to 78.1 in Jun'20, in France it rose from 93 to 97. In both countries improvement was on account of gradual re-opening of economies. In France however, concerns over unemployment continue to remain high. France GDP is expected to contract by 11% in CY20 and 0.8mn jobs are estimated to be at risk.

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### Markets

- Bonds:** Global yields closed mixed amidst rising COVID-19 cases in the US and re-imposing of few lockdown restrictions. US 10Y yield fell by 4bps (0.64%). Crude prices fell by 0.1% (US\$ 41/bbl). India's 10Y yield rose by 2bps (5.92%). It is trading at 5.9% today.
- Currency:** Global currencies closed broadly lower amidst a surge in COVID-19 cases worldwide. DXY closed flat. GBP depreciated the most by 0.7%. INR was flat. However it is trading higher today in line with other Asian currencies.
- Equity:** Barring Dow and Dax, other global indices ended higher as investors continued to monitor the COVID-19 cases. Nikkei (1.1%) surged the most followed by Sensex (0.9%). The gains in domestic market was supported by DII inflow of Rs 13bn and was pushed higher by tech and oil & gas stocks. However, 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	0.64	(4)	(5)	(4)	(3)	(137)
UK	0.17	2	(7)	(2)	(20)	(65)
Japan	0.01	0	(1)	1	(1)	15
Germany	(0.48)	(1)	(7)	(7)	(1)	(16)
India	5.92	2	7	16	(23)	(98)
China	2.87	(4)	(1)	15	27	(39)
<b>2Y yields (Δ bps)</b>						
US	0.17	(2)	(2)	(1)	(8)	(158)
UK	(0.07)	1	(3)	(5)	(22)	(67)
Japan	(0.12)	1	2	3	1	9
Germany	(0.70)	(1)	(3)	(7)	(2)	3
India	4.25	(6)	(9)	(15)	(98)	(204)
China	2.18	(5)	1	59	46	(45)
<b>Currencies (Δ %)</b>						
EUR	1.1219	0	0.4	1.9	0.7	(1.3)
GBP	1.2336	(0.7)	(0.1)	0.6	(1.0)	(2.7)
JPY	107.22	0	(0.3)	0.5	0.7	0.5
AUD	0.6865	(0.3)	0.4	3.7	11.3	(2.1)
INR	75.65	0	0.7	0.1	(1.0)	(9.5)
CNY	7.0782	(0.3)	(0.1)	1.3	0.3	(2.9)
<b>Equity &amp; Other indices (Δ %)</b>						
Dow	25,016	(2.8)	(3.3)	(2.1)	15.6	(5.7)
FTSE	6,159	0.2	(2.1)	0.2	11.8	(16.8)
DAX	12,089	(0.7)	(2.0)	3.7	25.5	(1.5)
NIKKEI	22,512	1.1	0.1	5.1	16.1	5.5
Shanghai Comp	2,980	0.3	0.4	5.0	7.5	(0.6)
SENSEX	35,171	0.9	1.3	11.3	18.0	(11.2)
Brent (US\$/bbl)	41.02	(0.1)	(2.8)	18.1	64.5	(38.4)
Gold (US\$/oz)	1,771	0.4	1.6	3.6	8.8	25.6
CRB Index	358.9	(0.9)	(1.2)	(1.4)	(3.9)	(12.2)
Rogers Agri Index	658.4	(1.1)	(2.3)	(1.4)	(1.2)	(13.3)
LIBOR (3M)*	0.31	0	0	(5)	(114)	(201)
INR 5Y Swap*	5.28	3	12	15	(77)	(146)
<b>India FII data (US\$ mn)</b>						
	<b>25 Jun</b>	<b>24 Jun</b>	<b>WTD</b>	<b>MTD</b>	<b>CYTD</b>	<b>FYTD</b>
FII-Debt	(16.4)	14.8	82.6	(379.7)	(14,435.0)	(4,675.5)
FII-Equity	(68.9)	144.0	148.9	2,871.0	(2,043.6)	4,559.4

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

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