


**MACRO DAILY**

29 May 2019

**Macro developments**

- FDI inflows into India declined marginally to US\$ 44.4bn in FY19 from a record high of US\$ 44.9bn in FY17. The decline was led by lower FDI inflows into telecom (US\$ 2.7bn vs US\$ 6.2bn in FY18). FDI inflows in the services sector however increased to US\$ 9.2bn vs US\$ 6.7bn in FY18. Singapore replaced Mauritius as the biggest source of FDI inflows into India accounting for 37% (US\$ 16.2bn) of total FDI inflows.
- RBI's House Price index rose by 1% in Q3FY19 on a QoQ basis vs 0.8% in Q2FY19. On a YoY basis, it increased by 4.7% in Q3FY19 vs 5.7% in Q2FY19 and below its long period average of 13.6%. However, residential investment is expected to see a revival in the near term with rationalisation of GST rates and government's push towards affordable housing.
- Consumer confidence in the US, Euro Area and France improved in May'19, while it dipped marginally in Germany. In the US, consumer confidence reached 6-month high of 134.1 point in May'19 vs 129.2 in Apr'19. Despite ongoing US-China trade tensions, consumers remain confident about the economy and expect more job creation in coming months. However muted wage growth remained a key concern.

**Aditi Gupta**

aditi.gupta3@bankofbaroda.com

**Sameer Narang**

chief.economist@bankofbaroda.com

**Markets**

- **Bonds:** Global yields closed lower amidst political uncertainty in the Eurozone and escalating concerns over US-China trade deal. US 10Y yield declined by 5bps (2.27%). Crude closed stable at US\$ 70/bbl. India's 10Y yield declined by 2bps (7.15%) supported by buying from foreign banks and PSBs. It was trading further lower at 7.13% today.
- **Currency:** Barring JPY and AUD other global currencies closed lower against USD. DXY rose by 0.3% after US consumer confidence rose more than expected in May'19. EUR fell by (-) 0.3% weighed down by weak consumer confidence in Germany and outcome of the EU parliamentary elections. INR opened lower today, in line with other Asian currencies.
- **Equity:** Global indices closed mixed with Asian stocks ending in green. Dow fell by (-) 0.9% after President Trump's statement indicated a drag in US-China trade talks and possibility of another round of tariffs soon. Earlier, Asian stocks ended higher after US-Japan concluded talks. Following global cues, Sensex opened lower, in line with other Asian markets.



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

Particulars	Current	1D	1W	1M	3M	12M
<b>10Y yields (Δ bps)</b>						
US	2.27	(5)	(16)	(23)	(37)	(52)
UK	0.92	(4)	(17)	(23)	(29)	(28)
Japan	(0.07)	0	(3)	(3)	(5)	(11)
Germany	(0.16)	(2)	(10)	(14)	(28)	(42)
India	7.15	(2)	(16)	(26)	(27)	(61)
China	3.32	(3)	1	(8)	13	(31)
<b>2Y yields (Δ bps)</b>						
US	2.12	(4)	(13)	(16)	(36)	(19)
UK	0.60	(4)	(14)	(13)	(19)	0
Japan	(0.16)	0	(1)	(1)	0	(2)
Germany	(0.64)	1	(2)	(5)	(11)	1
India	6.55	0	(6)	(25)	(22)	(109)
China**	2.59	4	2	(8)	19	(58)
<b>Currencies (Δ %)</b>						
EUR	1.1160	(0.3)	0	0.1	(2)	(3.3)
GBP	1.2653	(0.2)	(0.4)	(2)	(4.5)	(4.5)
JPY	109.38	0.1	1	2	1.1	(0.6)
AUD	0.6924	0.1	0.6	(1.7)	(3.6)	(7.7)
INR	69.68	(0.3)	0.1	0.5	1.9	(2.7)
CNY	6.9102	(0.2)	(0.1)	(2.7)	(3.1)	(7.7)
<b>Equity &amp; Other indices (Δ %)</b>						
DOW	25,348	(0.9)	(2)	(4.5)	(2.7)	4.0
FTSE	7,269	(0.1)	(0.8)	(2.1)	1.6	(4.8)
DAX	12,027	(0.4)	(1)	(2.3)	4.2	(5)
NIKKEI	21,260	0.4	(0.1)	(4.5)	(0.9)	(4.9)
Shanghai Comp	2,910	0.6	0.1	(5.7)	(1.1)	(6.7)
SENSEX	39,750	0.2	2	1.7	10.5	13.7
Brent (USD/bbl)	70.11	0	(2.9)	(2.8)	7.5	(7)
Gold (USD/oz)	1,279	(0.5)	0.4	(0.5)	(3.7)	(1.5)
CRB Index	417.4	0.7	0.9	(1.2)	1	(6.3)
Rogers Agri Index	746.0	1.9	3	2.4	(1.1)	(13.7)
LIBOR (3M)*	2.52	0	0	(6)	(10)	22
INR 5Yr Swap*	6.78	(6)	(12)	(34)	(28)	(36)
<b>India FII data (US\$ mn)</b>						
	<b>27 May</b>	<b>24 May</b>	<b>WTD</b>	<b>MTD</b>	<b>CYTD</b>	<b>FYTD</b>
FII-Debt	156.6	216.3	156.6	143.0	(158.4)	(1,174.7)
FII-Equity	422.5	56.3	422.5	326.8	10,094.1	1,799.5

Source: Bloomberg, Bank of Baroda | \*Indicates change in bps, \*\* 1Y yield

## Disclaimer

The views expressed in this research note are personal views of the author(s) and do not necessarily reflect the views of Bank of Baroda. Nothing contained in this publication shall constitute or be deemed to constitute an offer to sell/ purchase or as an invitation or solicitation to do so for any securities of any entity. Bank of Baroda and/ or its Affiliates and its subsidiaries make no representation as to the accuracy; completeness or reliability of any information contained herein or otherwise provided and hereby disclaim any liability with regard to the same. Bank of Baroda Group or its officers, employees, personnel, directors may be associated in a commercial or personal capacity or may have a commercial interest including as proprietary traders in or with the securities and/ or companies or issues or matters as contained in this publication and such commercial capacity or interest whether or not differing with or conflicting with this publication, shall not make or render Bank of Baroda Group liable in any manner whatsoever & Bank of Baroda Group or any of its officers, employees, personnel, directors shall not be liable for any loss, damage, liability whatsoever for any direct or indirect loss arising from the use or access of any information that may be displayed in this publication from time to time.

Visit us at [www.bankofbaroda.com](http://www.bankofbaroda.com)



For further details about this publication, please contact:

### **Economics Research Department**

Bank of Baroda

+91 22 6698 5713

[chief.economist@bankofbaroda.com](mailto:chief.economist@bankofbaroda.com)