

MACRO DAILY

30 December 2020

Macro developments

- RBI's report on Trend and Progress of Banking stated that GNPA ratio of SCBs has declined to 7.5% as of Sep'20 from 8.2% as of Mar'20. This was led by lower slippages and resolution under IBC. However, it stated the asset quality may deteriorate due to uncertainty induced by Covid-19. CRAR ratio of SCBs has improved to 15.8% by end-Sep'20 (14.7% in Mar'20) with support from capital raising by both public and private sector banks, as well as recapitalisation of PSBs.
- Market borrowings by states in India have risen by 43% in FYTD21 (Apr-Dec) to Rs 5.3tn compared with 31% increase (Rs 3.7tn) in FYTD20. While state revenues were already under stress in FY20, the burden has gone up further in FY21 owing to Covid-19 pandemic. Maharashtra (Rs 395bn), Karnataka (Rs 259bn), T.N. (Rs 166bn) and Telangana (Rs 134bn) have borrowed the most.
- Industrial production in South Korea rose by 0.7% in Nov'20 (MoM) versus a 0.1% decline in Oct'20, supported by robust exports. Increase was registered in all sub-indices. However, domestic consumption remained weak as retail sales declined for the second straight month by 0.9% in Nov'20 versus a decline of 1% in Oct'20.

Jahnvi

jahnvi@bankofbaroda.com

Sameer Narang

+91 22 6698 5713

chief.economist@bankofbaroda.com

Markets

- **Bonds:** Global yields closed mixed. UK 10Y yield fell the most by 4bps (0.21%) despite finalisation of Brexit trade deal. US 10Y yield rose by 1bps (0.94%) supported by announcement that US\$ 600/person payment have started. Crude prices rose by 0.5% (US\$ 51/bbl). India's 10Y yield closed flat (5.93%). It is trading lower at 5.92% today.
- **Currency:** Global currencies ended higher against the dollar. DXY declined by 0.4% as investors assessed the possibility of further US fiscal stimulus. AUD and GBP both rose by 0.4%. INR appreciated by 0.1%. It is trading further higher today, in line with other Asian currencies.
- **Equity:** Global indices ended mixed as investors continued to monitor the progress of US stimulus. Amongst other indices, while Nikkei ended higher (2.7%) and Shanghai Comp fell by 0.5%. Sensex on the other hand, rose by 0.5% led by banking stocks. It is trading lower today while other Asian stocks are trading mixed.



FIG 1 – MOVEMENT IN KEY GLOBAL ASSET CLASSES

Particulars	Current	1D	1W	1M	3M	12M
10Y yields (Δ bps)						
US	0.94	1	2	10	29	(98)
UK	0.21	(4)	3	(7)	3	(61)
Japan	0.03	0	2	(1)	1	4
Germany	(0.57)	(1)	2	2	(3)	(39)
India	5.93	0	(2)	2	(11)	(63)
China	3.16	0	(7)	(16)	2	2
2Y yields (Δ bps)						
US	0.13	1	1	(3)	0	(144)
UK	(0.15)	(3)	(2)	(11)	(10)	(70)
Japan	(0.12)	0	1	2	1	2
Germany	(0.72)	(1)	2	4	(1)	(12)
India	3.90	2	1	(2)	(53)	(187)
China	2.56	(2)	(11)	(36)	(5)	28
Currencies (Δ %)						
EUR	1.2249	0.3	0.7	2.4	4.3	9.2
GBP	1.3503	0.4	1.1	1.4	5.0	1.9
JPY	103.58	0.2	0.1	0.5	2.0	4.6
AUD	0.7606	0.4	1.1	3.0	6.7	8.3
INR	73.44	0.1	0.6	0.8	0.6	(2.9)
CNY	6.5308	0.1	0.2	0.7	4.2	6.2
Equity & Other indices (Δ %)						
Dow	30,336	(0.2)	1.1	1.4	10.5	6.3
FTSE	6,603	1.5	2.3	3.7	12.0	(12.5)
DAX	13,761	(0.2)	2.6	3.2	7.3	3.9
NIKKEI	27,568	2.7	4.3	3.5	17.1	16.5
Shanghai Comp	3,379	(0.5)	0.7	(0.9)	4.8	10.8
SENSEX	47,613	0.5	3.5	7.8	25.4	15.4
Brent (US\$/bbl)	51.09	0.5	2.0	6.0	24.5	(22.6)
Gold (US\$/oz)	1,878	0.2	0.9	5.1	(1.0)	23.8
CRB Index	442.3	0.2	0.8	3.2	9.5	10.1
Rogers Agri Index	871.4	1.2	2.3	4.3	17.7	14.9
LIBOR (3M)*	0.24	(1)	0	1	2	(167)
INR 5Y Swap*	5.29	2	(3)	11	(15)	(143)
India FII data (US\$ mn)						
	28 Dec	24 Dec	WTD	MTD	CYTD	FYTD
FII-Debt	14.7	195.2	14.7	659.7	(13,959.5)	(4,200.0)
FII-Equity	231.2	(68.4)	231.2	6,613.5	22,719.2	29,322.2

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

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



For further details about this publication, please contact:

Economics Research Department

Bank of Baroda

+91 22 6698 5713

chief.economist@bankofbaroda.com