

## MACRO DAILY

31 March 2021

### Macro developments

- Centre has confirmed that Rs 300bn have been transferred to states on 27 Mar 2021 as GST compensation, bringing the total amount transferred to Rs 700bn for FY21 so far. In addition, Rs 1.1tn has also been released to states as back to back loans in order to make up for shortfall in compensation cess. Thus, of the total estimated shortfall of Rs 2.43tn in GST compensation cess, Rs 630bn is still pending for FY21.
- China's official manufacturing PMI index rose to 51.9 in Mar'21 (est.: 51) from 50.6 in Feb'21. The sub-index of production rose to 53.9 (highest since Dec'20) and both new orders (+2.1 points) and new export orders (+2.4 points) gained pace. Non-manufacturing PMI too jumped sharply to 56.3 from 51.4 in Feb'21. This is supported by rise in construction activity due to implementation of infra investments announced by government.
- Consumer confidence in the US rose to a 1 year high of 109.7 in Mar'21 (up 19.3 points from Feb'21). Consumers remained upbeat about employment, improved income and business outlook. Even in EU the economic sentiment index rose by 6.9 points to 100 and in euro area by 7.6 points to 101, both nearing its long term average.

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### Markets

- Bonds:** Apart from US, global yields closed higher. UK 10Y yield rose the most by 4bps followed by Germany (up by 3bps) as economic activity gained ground. US 10Y yield fell a tad by 1bps (1.7%) eyeing jobless claims data. Crude prices fell by 1.3% (US\$ 64/bbl) ahead of OPEC+ meeting. India's 10Y yield rose by 2bps (6.15%) ahead of the release of borrowing calendar for H1FY22. It is trading at 6.14% today.
- Currency:** Except Yuan (flat), other global currencies closed lower. DXY rose by 0.4% to its highest since Nov'20 amidst reports of announcement of US\$ 3-4tn infra plan. INR fell by 1.2% following global cues. INR is trading lower today, in line with other Asian currencies.
- Equity:** Barring Dow, other global indices ended higher. European indices ended in green on the back of better than anticipated consumer sentiment. Amongst other indices, Sensex (2.3%) gained the most led by tech and metal stocks. However, 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
<b>10Y yields (Δ bps)</b>						
US	1.70	(1)	8	30	77	103
UK	0.82	4	6	0	61	47
Japan	0.09	2	1	(7)	7	7
Germany	(0.29)	3	6	(3)	29	19
India	6.15	2	0	(9)	26	1
China	3.21	2	1	(7)	5	63
<b>2Y yields (Δ bps)</b>						
US	0.15	1	0	2	2	(10)
UK	0.07	1	3	(5)	22	(7)
Japan	(0.14)	0	(1)	(3)	(2)	0
Germany	(0.69)	2	2	(3)	2	(0)
India	4.66	5	(9)	(6)	76	(62)
China	2.55	0	(2)	(1)	(1)	85
<b>Currencies (Δ %)</b>						
EUR	1.1717	(0.4)	(1.1)	(3.0)	(4.3)	6.2
GBP	1.3740	(0.2)	(0.1)	(1.4)	1.8	10.6
JPY	110.36	(0.5)	(1.6)	(3.6)	(6.5)	(2.6)
AUD	0.7597	(0.5)	(0.4)	(1.4)	(0.1)	23.9
INR	73.39	(1.2)	(1.3)	0.1	0.1	2.9
CNY	6.5718	0	(0.9)	(1.4)	(0.6)	7.2
<b>Equity &amp; Other indices (Δ %)</b>						
Dow	33,067	(0.3)	2.0	6.9	9.0	50.9
FTSE	6,772	0.5	1.1	4.5	2.6	19.4
DAX	15,009	1.3	2.4	8.9	9.1	51.1
NIKKEI	29,433	0.2	1.5	1.6	6.8	55.6
Shanghai Comp	3,457	0.6	1.3	(1.5)	2.3	25.7
SENSEX	50,137	2.3	0.2	2.1	5.3	70.1
Brent (US\$/bbl)	64.14	(1.3)	5.5	(3.0)	25.5	182.1
Gold (US\$/oz)	1,685	(1.6)	(2.4)	(2.8)	(10.3)	6.8
CRB Index	505.1	(0.8)	(0.5)	3.8	14.2	36.4
Rogers Agri Index	931.7	(1.3)	(3.2)	(4.0)	6.9	40.7
LIBOR (3M)*	0.20	0	0	1	(5)	(125)
INR 5Y Swap*	5.80	(4)	(16)	(7)	51	(3)
<b>India FII data (US\$ mn)</b>						
	<b>26 Mar</b>	<b>25 Mar</b>	<b>WTD</b>	<b>MTD</b>	<b>CYTD</b>	<b>FYTD</b>
FII-Debt	118.9	6.5	480.2	(756.0)	(2,240.2)	(6,333.8)
FII-Equity	54.6	(397.7)	(530.6)	2,627.4	7,621.2	37,596.9

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

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