

## MACRO DAILY

05 August 2020

### Macro developments

- As per FCI, a total of 75.9mn MT of foodgrain stock is available; of this 9.5mn MT is required each month under NFSA, PMGKAY and other schemes. Under PMGKAY-1 (Apr-Jun'20), total of 11.7mn MT have been distributed and 20.1mn MT is expected to be distributed under PMGKAY-2 (Jul-Nov'20). Under the Atma Nirbhar Bharat Scheme over 0.8mn MT foodgrain will be given to 80mn migrant labours who have not been included under NFSA/state scheme. This is expected to cost over Rs 31.1bn for foodgrains and Rs 2.8bn for gram.
- US factory orders rose by 6.2% in Jun'20 against estimation of 5% and 7.7% growth in May'20 on MoM basis. This was led by increase in orders for motor vehicles and parts and transportation equipment. Core capital goods orders also increased by 3.4% in Jun'20 against 3.3% in May'20.
- Reserve Bank of Australia has kept the official cash rate and 3Y yield target unchanged at 0.25%. Members believe that the COVID-19 impact on economy is not as severe as earlier estimated. Central bank sees recovery is underway as it expects government's income support measures to get extended. However, second wave of COVID infections remains a key risk.

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### Markets

- Bonds:** Global yields closed lower as risk appetite has fallen over mounting COVID-19 cases in the US and uncertainty over fiscal stimulus. Thus, US 10Y yield fell by 5bps (0.51%). Crude prices rose by 0.6% (US\$ 44/bbl) over slight improvement in macro data globally. India's 10Y yield fell by 1bps (5.83%) over expectation of stimulus from RBI. It is trading flat today.
- Currency:** Barring GBP and INR (flat), other global currencies closed higher against the dollar. DXY fell a tad by 0.02%. AUD gained the most by 0.5% as monetary policy decision remained in line with expectation. Lack of clarity on Coronavirus aid bill in the US impacted investor sentiments. Today, INR is trading higher in line with other Asian currencies.
- Equity:** Barring Dax, other global indices ended higher on hopes of COVID-19 vaccine. Amongst other indices, Sensex (2%) gained the most led by banking and real estate stocks. It is trading higher today; while other Asian stocks are trading lower.



FIG 1 – MOVEMENT IN KEY GLOBAL ASSET CLASSES

Particulars	Current	1D	1W	1M	3M	12M
<b>10Y yields (Δ bps)</b>						
US	0.51	(5)	(7)	(16)	(16)	(115)
UK	0.08	(2)	(3)	(11)	(13)	(41)
Japan	0.02	(1)	(1)	(1)	4	22
Germany	(0.55)	(3)	(5)	(12)	2	(1)
India	5.83	(1)	(8)	(7)	(30)	(56)
China	2.95	0	1	4	43	(12)
<b>2Y yields (Δ bps)</b>						
US	0.11	0	(3)	(5)	(8)	(148)
UK	(0.07)	0	3	1	(8)	(50)
Japan	(0.12)	0	0	1	2	10
Germany	(0.71)	(1)	(2)	(2)	9	11
India	4.19	0	(5)	3	(30)	(174)
China**	2.21	(1)	(4)	15	109	(34)
<b>Currencies (Δ %)</b>						
EUR	1.1803	0.3	0.7	4.9	8.9	5.4
GBP	1.3071	0	1.1	4.7	5.1	7.4
JPY	105.7200	0.2	(0.6)	1.7	0.8	0.7
AUD	0.7160	0.5	0	3.2	11.3	5.9
INR	75.0450	0	(0.3)	(0.5)	0.8	(6.0)
CNY	6.9734	0.1	0.4	1.3	1.3	0.7
<b>Equity &amp; Other indices (Δ %)</b>						
Dow	26,828	0.6	1.7	3.9	12.3	3.1
FTSE	6,036	0.1	(1.5)	(2.0)	3.2	(15.8)
DAX	12,601	(0.4)	(1.8)	0.6	17.4	8.9
NIKKEI	22,574	1.7	(0.4)	1.2	15.1	9.7
Shanghai Comp	3,372	0.1	4.5	6.9	17.9	21.4
SENSEX	37,688	2.0	(2.1)	4.6	19.8	1.9
Brent (US\$/bbl)	44.43	0.6	2.8	3.8	43.5	(24.6)
Gold (US\$/oz)	2,019	2.1	3.1	13.7	18.4	36.9
CRB Index	375.2	(0.8)	(0.6)	4.1	6.9	(5.9)
Rogers Agri Index	696.0	(0.7)	0.8	2.1	6.9	(1.3)
LIBOR (3M)*	0.25	0	(2)	(3)	(23)	(194)
INR 5Y Swap*	5.15	0	(7)	(13)	(14)	(127)
<b>India FII data (US\$ mn)</b>						
	<b>3 Aug</b>	<b>31 Jul</b>	<b>WTD</b>	<b>MTD</b>	<b>CYTD</b>	<b>FYTD</b>
FII-Debt	(27.7)	82.9	(27.7)	(27.7)	(14,555.4)	(4,795.9)
FII-Equity	1,003.5	(122.4)	1,003.5	1,003.5	(284.7)	6,318.3

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

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