

## MACRO DAILY

05 October 2020

### Macro developments

- Total GST collections for Aug'20 jumped by 3.9% on YoY basis to Rs 955bn from Rs 864bn in Jul'20 (12% decline). The improvement was led by 7% jump in SGST to Rs 509bn and pick up in IGST to Rs 52bn. Cess collections are running at Rs 56bn per month versus the required run rate of Rs 92bn. To compensate, in the GST council meeting today, Centre is likely to enhance states' borrowing limit from RBI to Rs 1.1tn from Rs 970bn proposed earlier.
- India's trade deficit fell to US\$ 2.9bn in Sep'20 from US\$ 6.8bn in Aug'20 as exports rose by 5.3%, first time in 6-months as per preliminary data. Pharma exports increased the most at 24.4%. Imports too recovered led by non-oil-non-gold imports which fell by 13.3% in Sep'20 versus a fall of 29.6% in Aug'20. We expect a current account surplus of US\$ 39bn (1.5% of GDP) in FY21.
- US non-farm payroll added 661,000 new jobs in Sep'20, much lower than estimated 800,000 rise and an increase of 1.5mn in Aug'20, adding to concerns of slower pace of recovery. Sharp drop in government sector additions led to the decline as major local and state government educational institutes continued with at-home instructions. However, the unemployment rate dropped to 7.9% in Sep'20 from 8.4%.

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### Markets

- Bonds:** Except India and Germany, global yields closed higher. US 10Y yield rose by 2bps driven by progress in talks over additional fiscal stimulus. Crude prices fell sharply by 4.1% (US\$ 39/bbl) on fears of oversupply and news of US President testing COVID-19 positive. India's 10Y yield fell by 1bps to 6%. It is trading at 5.99% today.
- Currency:** Global currencies closed mixed. DXY and JPY gained on safe-haven demand as US President tested positive for COVID-19. AUD and EUR fell by 0.3% each. INR is trading higher today in line with other Asian currencies.
- Equity:** Barring FTSE, other global indices ended lower amidst news of US President testing positive for COVID-19. Nikkei ended lower by 0.7%. Dow also fell by 0.5% as US jobs reports disappointed. Sensex is trading higher 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	0.70	2	5	3	3	(83)
UK	0.25	1	6	(5)	6	(20)
Japan	0.02	1	1	(3)	(1)	23
Germany	(0.54)	0	(1)	(12)	(10)	5
India	6.00	(1)	(4)	5	15	(69)
China	3.15	1	2	8	25	1
<b>2Y yields (Δ bps)</b>						
US	0.13	0	0	0	(2)	(127)
UK	(0.04)	1	3	6	4	(39)
Japan	(0.13)	(1)	2	(1)	0	21
Germany	(0.71)	0	0	(3)	(3)	7
India	4.37	(6)	(8)	0	21	(127)
China <sup>6</sup>	2.60	(1)	0	10	54	5
<b>Currencies (Δ %)</b>						
EUR	1.1716	(0.3)	0.7	(1.6)	4.2	6.7
GBP	1.2935	0.3	1.5	(3.4)	3.6	4.9
JPY	105.29	0.2	0.3	0.6	2.1	1.5
AUD	0.7161	(0.3)	1.8	(2.9)	3.2	5.8
INR	73.15	0.8	0.6	(0.4)	2.0	(3.2)
CNY	6.7908	0.4	0.5	0.5	3.9	5.0
<b>Equity &amp; Other indices (Δ %)</b>						
Dow	27,683	(0.5)	1.9	(3.4)	7.2	4.2
FTSE	5,902	0.4	1.0	0.7	(4.1)	(17.5)
DAX	12,689	(0.3)	1.8	(2.2)	1.3	5.6
NIKKEI	23,030	(0.7)	(0.8)	(0.5)	3.2	7.6
Shanghai Comp	3,218	(0.2)	0	(5.6)	2.1	10.8
SENSEX	38,697	1.7	3.5	(0.5)	7.4	2.7
Brent (US\$/bbl)	39.27	(4.1)	(6.3)	(13.8)	(8.2)	(32.7)
Gold (US\$/oz)	1,900	(0.3)	2.1	(3.6)	7.0	26.3
CRB Index	403.6	(0.1)	0	2.4	11.9	3.9
Rogers Agri Index	751.4	(0.5)	1.0	1.1	10.2	5.5
LIBOR (3M)*	0.23	0	2	(2)	(4)	(179)
INR 5Y Swap*	5.42	(2)	(6)	(10)	14	(90)
<b>India FII data (US\$ mn)</b>						
	<b>29 Sep</b>	<b>28 Sep</b>	<b>WTD</b>	<b>MTD</b>	<b>CYTD</b>	<b>FYTD</b>
FII-Debt	(159.2)	(14.7)	(133.0)	410.2	(14,679.8)	(4,920.3)
FII-Equity	(35.9)	(144.3)	(109.0)	(767.3)	4,040.1	10,643.0

Source: Bloomberg, Bank of Baroda | \*Indicates change in bps | <sup>^</sup>1Y yield | Note: markets in India and China were closed on 2 Oct 2020

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