

## MACRO DAILY

09 December 2020

### Macro developments

- As per CMIE data, unemployment rate (30-day moving average) moved up to 7.4% as on 8 Dec 2020 compared to 6.6% in the previous week. This was led by sharp pickup in rural unemployment rate (7.3% from 6.4%). Urban unemployment rate also edged up to 7.6% from 7.1% in the previous week.
- Germany's ZEW economic sentiment index jumped sharply in Dec'20 to 55 points from 39 points in Nov'20. Hopes of a potential vaccine helped to boost the sentiment. Financial market index jumped the most by 21.6 points to 54.4 in Dec'20. However the current situation index remains weak with further 2.2 points drop to (-) 66.5 in Dec'20.
- China's PPI fell by 1.5% in Nov'20 (est.: 1.8% decline) compared with 2.1% drop in Oct'20. Easing contraction in factory gate implies improvement in industrial profits. This lends support that PBOC will withdraw stimulus measures soon. However, CPI fell by 0.5% in Nov'20 (est.: 0%) following a 0.5% increase in Oct'20. First contraction since Oct'09 indicates that consumer demand still remains weak.

**Dipanwita Mazumdar**

dipanwita.mazumdar@bankofbaroda.com

**Sameer Narang**

+91 22 6698 5713

chief.economist@bankofbaroda.com

### Markets

- Bonds:** Global yields closed mixed amidst speculation of fresh fiscal stimulus in the US and uncertainty over Brexit. UK 10Y yield fell by 3bps (0.26%). US 10Y yield closed flat at 0.92%. Crude prices rose by 0.1% (US\$ 49/bbl) amidst optimism surrounding vaccine developments. India's 10Y yield rose by 2bps (5.94%) as inflation concerns persist. It is trading at 5.93% today.
- Currency:** Barring INR and EUR, other global currencies closed lower against the dollar. DXY gained by 0.1% as investors continued to closely monitor the Brexit trade negotiations. INR rose by 0.5% supported by FII inflows. However, it is trading lower today while other Asian currencies are trading mixed.
- Equity:** Apart from Nikkei and Shanghai Comp, other global indices ended higher as UK began to rollout the Covid-19 vaccine and on expectations of US fiscal stimulus. Amongst other indices, Sensex (0.4%) gained the most followed by Dow (0.3%). The domestic market gain was led by oil & gas and tech stocks. It 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	0.92	0	(1)	10	24	(92)
UK	0.26	(3)	(9)	(2)	7	(54)
Japan	0.02	0	0	0	(2)	3
Germany	(0.61)	(3)	(8)	1	(11)	(31)
India	5.94	2	9	7	(12)	(77)
China	3.28	(1)	(2)	8	15	8
<b>2Y yields (Δ bps)</b>						
US	0.15	1	(2)	0	1	(150)
UK	(0.08)	(1)	(7)	(5)	5	(67)
Japan	(0.12)	1	0	2	0	0
Germany	(0.77)	(1)	(6)	1	(7)	(14)
India	3.94	2	2	(18)	(56)	(181)
China	2.85	(3)	0	10	24	26
<b>Currencies (Δ %)</b>						
EUR	1.2104	0	0.3	1.9	2.8	9.1
GBP	1.3355	(0.2)	(0.5)	1.5	2.9	1.5
JPY	104.16	(0.1)	0.2	(0.8)	1.8	4.2
AUD	0.7411	(0.1)	0.5	2.1	2.7	8.8
INR	73.52	0.5	0.2	0.9	0.1	(3.7)
CNY	6.5331	(0.1)	0.6	1.2	4.6	7.1
<b>Equity &amp; Other indices (Δ %)</b>						
Dow	30,174	0.3	1.2	6.5	9.7	8.2
FTSE	6,559	0.1	2.7	11.0	10.6	(9.1)
DAX	13,278	0.1	(0.8)	6.4	2.4	1.6
NIKKEI	26,467	(0.3)	(1.2)	8.8	13.7	13.1
Shanghai Comp	3,410	(0.2)	(1.2)	3.0	2.8	16.9
SENSEX	45,609	0.4	2.1	8.9	18.9	13.3
Brent (US\$/bbl)	48.84	0.1	3.0	23.8	22.8	(24.1)
Gold (US\$/oz)	1,871	0.4	3.0	(4.1)	(3.2)	27.7
CRB Index	432.8	(0.1)	1.3	4.1	9.1	10.0
Rogers Agri Index	814.1	(0.6)	(0.6)	1.9	10.9	11.2
LIBOR (3M)*	0.23	0	0	2	(2)	(166)
INR 5Y Swap*	5.22	2	4	15	(42)	(131)
<b>India FII data (US\$ mn)</b>						
	<b>7 Dec</b>	<b>4 Dec</b>	<b>WTD</b>	<b>MTD</b>	<b>CYTD</b>	<b>FYTD</b>
FII-Debt	(24.4)	(13.7)	(24.4)	228.9	(14,390.2)	(4,630.7)
FII-Equity	462.9	428.5	462.9	1,893.7	17,999.4	24,602.4

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

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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)