

MACRO DAILY

09 July 2019

Macro developments

- AMFI data showed that AUMs of MFs declined by 6.5% to Rs 24.3tn in Jun'19 compared with Rs 25.9tn in May'19. This was on account of Rs 1.7tn outflow in the debt segment. Thus, net outflow under MF was Rs 1.6tn in Jun'19 compared with Rs 0.8tn inflow in May'19. Equity inflow was however moderately higher at Rs 77bn in Jun'19 vs Rs 54bn in May'19.
- Germany's export growth rebounded to 1.1% in May'19 (est., +0.9%) on a MoM basis, after a decline of (-) 3.4% in Apr'19. Imports declined by (-) 0.5% in May'19 resulting in a higher trade surplus at € 18.7bn vs € 16.9bn. Separate data also showed that industrial production rose by 0.3% (est., +0.4%) in May'19 following a decline of (-) 2% in Apr'19.
- Japan's core machinery orders fell by (-) 7.8% in May'19 on a MoM basis vs est.: (-) 4.7% and 5.2% increase in Apr'19. The decline was led by manufacturing orders (-7.4% vs 16.3% in Apr'19). Transport, telecom and postal services contributed the most to the drag. As a sign of weighing in of trade tensions and global growth slowdown, export growth too slowed (BoP basis), by (-) 6.3% in May'19, while import growth fell by (-) 0.9%.

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Markets

- Bonds:** Global yields closed mixed. US 10Y yield inched by 1bps (2.05%) ahead of Powell's testimony. Crude prices fell by (-) 0.2% (US\$ 64/bbl). India's 10Y yield fell the most by 13bps (6.57%), lowest since Sep'17 on reports that the Centre may issue up to US\$ 10bn of bonds (10-15% of gross borrowing) in the overseas markets in FY20. It is trading at 6.58% today.
- Currency:** Except CNY, other global currencies closed lower against USD. DXY rose by 0.1% to the highest in 3-weeks on dimming hopes of aggressive rate cuts by the Fed. INR depreciated by (-) 0.3%. It however opened flat today, while other Asian currencies are trading lower.
- Equity:** Global indices ended lower as expectations of rate cut by US Fed faded, ahead of the key testimony by Fed's Chair. Dow slid by (-) 0.4% led by tech stocks. Sensex tanked by (-) 2% due to higher tax proposals on FPIs in the Budget. It is trading lower today in line with other Asian stocks.



FIG 1 – MOVEMENT IN KEY GLOBAL ASSET CLASSES

Particulars	Current	1D	1W	1M	3M	12M
10Y yields (Δ bps)						
US	2.05	1	2	(3)	(47)	(81)
UK	0.72	(2)	(10)	(10)	(40)	(54)
Japan	(0.15)	1	0	(3)	(10)	(19)
Germany	(0.37)	0	(1)	(11)	(37)	(67)
India	6.57	(13)	(31)	(41)	(84)	(133)
China	3.19	1	(4)	(7)	(7)	(37)
2Y yields (Δ bps)						
US	1.89	3	10	4	(47)	(67)
UK	0.55	(1)	(6)	2	(16)	(16)
Japan	(0.20)	1	2	0	(5)	(8)
Germany	(0.74)	1	1	(7)	(16)	(10)
India	6.12	(4)	(16)	(15)	(53)	(147)
China**	2.58	1	(4)	6	19	(47)
Currencies (Δ %)						
EUR	1.1214	(0.1)	(0.6)	(1.1)	(0.4)	(4.6)
GBP	1.2515	0	(1.0)	(1.7)	(4.2)	(5.6)
JPY	108.72	(0.2)	(0.2)	(0.5)	2.5	1.9
AUD	0.6972	(0.1)	0.1	(0.4)	(2.2)	(6.6)
INR	68.66	(0.3)	0.4	1.2	1.5	0.1
CNY	6.8819	0.2	(0.4)	0.7	(2.5)	(4.0)
Equity & Other indices (Δ %)						
DOW	26,806	(0.4)	0.3	3.2	1.8	8.2
FTSE	7,549	(0.1)	0.7	3.0	1.3	(1.8)
DAX	12,544	(0.2)	0.2	4.1	4.8	0
NIKKEI	21,534	(1.0)	(0.9)	3.1	(1.0)	(2.3)
Shanghai Comp	2,933	(2.6)	(3.7)	2.8	(9.6)	4.2
SENSEX	38,721	(2.0)	(2.4)	(2.3)	0.1	7.8
Brent (USD/bbl)	64.11	(0.2)	(1.5)	1.3	(9.8)	(17.9)
Gold (USD/oz)	1,396	(0.3)	0.8	4.1	7.6	11.0
CRB Index	404.2	(0.4)	(0.5)	(1.3)	(5.0)	(7.7)
Rogers Agri Index	744.8	(0.1)	(0.3)	0	(0.8)	(6.8)
LIBOR (3M)*	2.31	2	(2)	(14)	(27)	(2)
INR 5Yr Swap*	6.51	(12)	(20)	(11)	6	(123)
India FII data (US\$ mn)						
	5 Jul	4 Jul	WTD	MTD	CYTD	FYTD
FII-Debt	287.8	44.1	486.2	486.2	1,914.5	1,369.8
FII-Equity	87.2	80.7	(368.3)	(368.3)	10,970.6	4,125.4

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

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