


MACRO DAILY

04 February 2019

Macro developments

- GST collections for Dec'18 reached Rs 1.03tn vs Rs 947bn collected for Nov'18. After IGST settlement, while CGST collections rose to Rs 361bn vs Rs 344bn in Nov'18, SGST collection were down to Rs 395bn vs Rs 433bn in Nov'18. This takes the monthly run-rate for CGST to Rs 370bn vs FY19RE of Rs 420bn. On FYTD basis, led by higher IGST and cess, total GST collection has reached Rs 4.4tn vs FY19RE of Rs 6.4tn.
- US nonfarm payrolls increased more than anticipated by 304,000 in Jan'19 vs estimate of 163,000 (312,000 in Dec'18). Unemployment rate was at 4% in Jan'19 vs 3.9% in Dec'18. Average hourly earnings growth rate was stable at 3.2% in Jan'19 on YoY basis. However, on a MoM basis, earnings growth moderated by 0.1% against 0.4% earlier.
- Caixin China services PMI index fell marginally from 53.9 in Dec'18 to 53.6 in Jan'19. The decline was mainly due to fall in input price index. All other sub-indices (new orders, employment, and new export orders) rose, indicating a healthy demand. Despite this, business expectations for next 12 months declined owing to fading optimism for future orders.

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Markets

- **Bonds:** Except Japan, global yields closed higher. This was driven by 1.4% increase in crude prices (US\$ 63/bbl) on the back of cut in the number of US rigs. US 10Y yield rose by 5bps due to robust jobs data. Indian 10Y yield shot up by 13bps (7.61%) led by higher gross borrowing program of the government to finance its deficit. It was trading even higher at 7.66% today.
- **Currency:** Except EUR (0.1%) which ended higher, other major global currencies closed lower. DXY was flat after more than expected payroll additions and manufacturing PMI. INR depreciated by (-) 0.2% over fiscal concerns as the government announced a large rural stimulus. It was trading even lower today, in line with other Asian currencies.
- **Equity:** Led by higher earnings and stronger jobs reports, global indices ended higher. Shanghai Comp surged by 1.3%, followed by FTSE at 0.7%. Sensex rose by 0.6% on the back of announcements made in the interim budget with auto and FMCG stocks gaining the most. While Asian stocks were trading mixed; Sensex was trading lower today.



FIG 1 – MOVEMENT IN KEY GLOBAL ASSET CLASSES

Particulars	Current	1D	1W	1M	3M	12M
10Y yields (Δ bps)						
US	2.68	5	(7)	6	(53)	(16)
UK	1.25	3	(6)	4	(25)	(33)
Japan	(0.01)	(2)	(1)	(2)	(14)	(10)
Germany	0.17	2	(3)	0	(26)	(60)
India	7.61	13	6	26	(17)	5
China	3.11	0	(3)	(7)	(44)	(81)
2Y yields (Δ bps)						
US	2.50	4	(10)	3	(40)	36
UK	0.77	2	(2)	6	(3)	11
Japan	(0.17)	(1)	0	(3)	(5)	(5)
Germany	(0.58)	(2)	0	3	3	(4)
India	6.99	5	(1)	17	(51)	6
China	2.61	1	2	(15)	(50)	(97)
Currencies (Δ %)						
EUR	1.1456	0.1	0.4	1.0	0.6	(8.1)
GBP	1.3079	(0.2)	(0.9)	3.7	0.8	(7.4)
JPY	109.50	(0.6)	0	(0.6)	3.3	0.6
AUD	0.7250	(0.3)	1.0	3.8	0.8	(8.6)
INR	71.26	(0.2)	(0.1)	(1.5)	1.6	(11.2)
CNY	6.7454	(0.7)	0.0	1.7	2.1	(7.0)
Equity & Other indices (Δ %)						
DOW	25,064	0.3	1.3	7.4	(0.8)	(1.8)
FTSE	7,020	0.7	3.1	4.2	(1.0)	(5.7)
DAX	11,181	0.1	(0.9)	5.7	(2.9)	(12.5)
NIKKEI	20,788	0.1	0.1	3.9	(6.5)	(10.7)
Shanghai Comp	2,618	1.3	0.6	6.2	(2.2)	(24.4)
SENSEX	36,469	0.6	1.2	1.6	4.2	4.0
Brent (USD/bbl)	62.75	1.4	1.8	14.3	(13.8)	(8.5)
Gold (USD/oz)	1,318	(0.2)	1.0	2.6	6.9	(1.2)
CRB Index	412.9	0	0.3	0.9	(1.2)	(6.9)
Rogers Agri Index	777.0	0.1	0	2.6	(1)	(5.5)
LIBOR (3M)*	2.74	0	(3)	(6)	15	95
INR 5Yr Swap*	7.22	4	4	2	(45)	9
India FII data (US\$ mn)						
	31 Jan	30 Jan	WTD	MTD**	CYTD	FYTD
FII-Debt	(13.6)	(60.9)	(84.1)	(367.2)	(367.2)	(7,357.8)
FII-Equity	387.9	32.8	371.0	(75.3)	(75.3)	(6,758.2)

Source: Bloomberg, Bank of Baroda | *Indicates change in bps, **Data for Jan'19

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