

## MACRO DAILY

01 April 2020

### Macro developments

- COVID-19 cases increased globally to 856,581 as of 31 Mar 2020 (2.1 times increase vs last week). On a daily basis, new cases in US rose the most by 24,365, followed by France at 7,578 and Germany at 4,923. Globally, US has the maximum number of cases at 188,172. In India, the number of cases rose to 1,657 as of 1 Apr 2020 vs 606 last week.
- As per news reports, India is seeking permission from IMF to use its resources for creating a non-stigmatised short-term liquidity swap facility. This could act as alternate mode of financing under current fiscal constraints. Separately, government has published its borrowing calendar for H1FY21. Gross borrowing is pegged at Rs 4.88tn in H1FY21 (Rs 4.25tn in H1FY20). Additional borrowing seems unlikely as other instruments-extension in WMA limit, FRB issuances, debt ETF are being deployed.
- US conference board consumer confidence index fell to 32-month low of 120 in Mar'20 from 132.6 in Feb'20. The future expectation (6-month ahead) index for income and business also fell sharply to 88.2 from 108.1 in Feb'20. Analysts expect confidence to worsen further in the coming months as full impact of shutdown due to COVID-19 outbreak sinks in.

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### Markets

- Bonds:** Global yields closed mixed as China's PMI unexpectedly rose in Mar'20. US 10Y yield fell by 6bps (0.67%) as consumer confidence print was muted. US Fed also took measures to improve dollar liquidity. Crude prices fell by (-) 0.1% to US\$ 23/bbl over build-up in US inventory. India's 10Y yield fell by 7bps (6.14%) ahead of H1FY21 borrowing calendar release.
- Currency:** Global currencies closed mixed. DXY fell by (-) 0.1% on the back of improved dollar liquidity. JPY rose by 0.2% on safe-haven demand. INR depreciated by (-) 0.2% as FII outflows continued. Asian currencies are trading higher today. INR trading is closed on account of annual closing of accounts.
- Equity:** Barring Dow and Nikkei, global indices closed higher on the back of strong PMI reading from China, rebounding back to the expansionary zone. Sensex (3.6%) surged the most led by sharp gains in oil & gas and metal stocks. However, 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
<b>10Y yields (Δ bps)</b>						
US	0.67	(6)	(18)	(48)	(125)	(180)
UK	0.36	2	(12)	(9)	(47)	(65)
Japan	0.02	0	(2)	18	3	8
Germany	(0.47)	2	(15)	14	(29)	(42)
India	6.14	(7)	(17)	(23)	(42)	(114)
China	2.59	(3)	(5)	(15)	(56)	(59)
<b>2Y yields (Δ bps)</b>						
US	0.25	2	(13)	(67)	(132)	(206)
UK	0.14	0	1	(17)	(41)	(49)
Japan	(0.14)	1	8	11	0	2
Germany	(0.69)	(1)	(6)	8	(9)	(8)
India	5.27	3	(36)	(32)	(50)	(125)
China	1.71	0	(12)	(26)	(58)	(67)
<b>Currencies (Δ %)</b>						
EUR	1.1031	(0.2)	2.3	0.0	(1.6)	(1.5)
GBP	1.2420	0	5.6	(3.1)	(6.3)	(5.4)
JPY	107.54	0.2	3.3	0.3	1.0	3.4
AUD	0.6131	(0.7)	2.9	(5.9)	(12.7)	(13.3)
INR	75.54	(0.2)	0.7	(4.7)	(5.8)	(9.9)
CNY	7.0825	0.3	(0.3)	(1.3)	(1.7)	(5.3)
<b>Equity &amp; Other indices (Δ %)</b>						
Dow	21,917	(1.8)	5.9	(13.7)	(23.2)	(16.3)
FTSE	5,672	1.9	4.1	(13.8)	(24.8)	(23.3)
DAX	9,936	1.2	2.4	(16.4)	(25.0)	(15.5)
NIKKEI	18,917	(0.9)	4.6	(10.5)	(20.0)	(12.0)
Shanghai Comp	2,750	0.1	1.0	(4.5)	(9.8)	(13.4)
SENSEX	29,468	3.6	10.5	(23.1)	(28.6)	(24.5)
Brent (US\$/bbl)	22.74	(0.1)	(16.2)	(55.0)	(65.5)	(67.2)
Gold (US\$/oz)	1,577	(2.8)	(3.4)	(0.5)	3.9	22.0
CRB Index	370.2	(0.3)	(1.0)	(6.3)	(7.8)	(13.2)
Rogers Agri Index	662.0	0.1	(1.4)	(5.9)	(12.7)	(11.6)
LIBOR (3M)*	1.43	(2)	20	(3)	(48)	(117)
INR 5Y Swap*	5.83	(15)	(42)	(33)	(90)	(41)
<b>India FII data (US\$ mn)</b>						
	<b>30 Mar</b>	<b>27 Mar</b>	<b>WTD</b>	<b>MTD</b>	<b>CYTD</b>	<b>FYTD</b>
FII-Debt	(239.0)	(210.1)	(239.0)	(7,817.8)	(9,384.9)	(6,440.8)
FII-Equity	(481.1)	137.5	(481.1)	(7,885.6)	(6,098.7)	1,290.5

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

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