

## MACRO DAILY

17 July 2020

### Macro developments

- As per news reports, banks have sanctioned Rs 1.23tn of the Rs 3tn Emergency Credit Line Guarantee Scheme (ECLGS) for MSMEs. The scheme is part of government's Aatmanirbhar package. Actual disbursements stood at Rs 683bn till 15 Jul 2020. The scheme is aimed at providing liquidity support to MSME sector amidst the ongoing pandemic.
- US retail sales rose by 7.5% in Jun'20 on a MoM basis versus est.: 5% increase and 18.5% jump in May'20. With this, retail sales are back to pre-pandemic levels at US\$ 524bn versus US\$ 527bn in Feb'20. In Jun'20, most gains were made by apparels, electronics and appliances and restaurants. Separately, jobless claims for the week ending 11 Jul 2020 eased by 10,000 to 1.3mn.
- Indonesia's central bank cut policy rate by 25bps in Jun'20. This is the 4th rate cut in CYTD20. It also pledged last week to purchase bonds worth US\$ 28bn to bolster the economy from COVID-19 led slowdown. Separately, both ECB and Korea's central bank kept policy rate unchanged. ECB has also retained its pandemic funding program at the previous levels.

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### Markets

- Bonds:** Except India and China, global yields closed lower due to rising COVID-19 cases in the US, Australia and Spain. US 10Y yield fell by 1bps (0.62%) as New York Fed president said that the economic recovery may be prolonged. Crude prices fell by 1% (US\$ 43/bbl) due to easing supply curbs. India's 10Y yield closed flat at 5.81%. It is trading at 5.82% today.
- Currency:** Apart from CNY (flat), other global currencies closed lower as rising COVID-19 cases led to a risk-off sentiment. DXY rose by 0.3% led by rise in US retail sales. AUD fell by 0.5% as Australia's unemployment rate rose in Jun'20. INR depreciated by 0.1% due to FII outflows. It is trading lower today, while Asian currencies are trading mixed.
- Equity:** Barring Sensex, other global indices ended lower due to rising COVID-19 cases. Shanghai Comp fell by 4.5% even as China's GDP growth bounced back in Q2CY20. Sensex outperformed and rose by 1.2% due to gains in technology stocks. DII inflows were Rs 16.6bn. 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	0.62	(1)	0	(10)	(1)	(141)
UK	0.14	(3)	(2)	(7)	(16)	(62)
Japan	0.03	(1)	(1)	2	1	16
Germany	(0.47)	(2)	0	(2)	1	(16)
India	5.81	0	4	2	(63)	(57)
China	2.97	1	(13)	16	46	(20)
<b>2Y yields (Δ bps)</b>						
US	0.15	(1)	(1)	(4)	(6)	(161)
UK	(0.10)	(1)	(1)	(6)	(17)	(63)
Japan	(0.14)	(1)	(2)	2	0	5
Germany	(0.68)	(1)	0	(2)	(1)	7
India	4.18	2	6	(22)	(86)	(189)
China	2.13	(2)	(2)	17	92	(45)
<b>Currencies (Δ %)</b>						
EUR	1.1384	(0.2)	0.9	0.5	5.0	0.9
GBP	1.2553	(0.3)	(0.4)	(0.4)	0.8	0
JPY	107.27	(0.3)	(0.1)	0.1	0.6	0
AUD	0.6971	(0.5)	0.1	0.8	10.2	(1.5)
INR	75.19	(0.1)	(0.3)	1.1	2.1	(9.0)
CNY	6.9902	0	0.1	1.4	1.3	(1.6)
<b>Equity &amp; Other indices (Δ %)</b>						
Dow	26,735	(0.5)	4.0	3.8	13.6	(1.8)
FTSE	6,251	(0.7)	3.3	3.1	11.1	(16.6)
DAX	12,875	(0.4)	3.1	8.1	25.0	5.3
NIKKEI	22,770	(0.8)	1.1	5.8	18.0	8.2
Shanghai Comp	3,210	(4.5)	(7.0)	11.1	13.8	10.6
SENSEX	36,472	1.2	(0.7)	9.8	19.2	(6.2)
Brent (US\$/bbl)	43.37	(1.0)	2.4	9.2	55.9	(30.0)
Gold (US\$/oz)	1,797	(0.7)	(0.4)	4.2	4.6	24.3
CRB Index	365.9	0	0.6	0.4	4.1	(9.4)
Rogers Agri Index	690.8	0.3	(0.5)	2.8	7.4	(5.4)
LIBOR (3M)*	0.27	0	1	(3)	(86)	(200)
INR 5Y Swap*	5.26	0	(6)	6	(51)	(119)
<b>India FII data (US\$ mn)</b>						
	<b>15 Jul</b>	<b>14 Jul</b>	<b>WTD</b>	<b>MTD</b>	<b>CYTD</b>	<b>FYTD</b>
FII-Debt	(77.2)	112.8	101.2	110.1	(14,171.9)	(4,412.4)
FII-Equity	(4.7)	(211.1)	(226.9)	(384.6)	(2,826.0)	3,776.9

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

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