

MACRO DAILY

17 April 2020

Macro developments

- COVID-19 cases increased globally to 2.2mn as of 16 Apr 2020. On a daily basis, new cases in US rose the most by 32,096 followed by France at 17,164 and Spain at 4,289. In India, the number of cases rose to 13,387 as of 17 Apr 2020 vs 7,600 last week.
- Government has set record foodgrain production target at 298.3mn tonnes for 2020-21 compared to 291.95mn tonnes last year. Rice and wheat production have been almost equal to last year's estimate of 117.5 and 106.5 mn tonnes respectively. With the forecast of normal monsoon and relaxation of lockdown on agriculture sector, some revival is expected in the near term.
- China's GDP growth contracted by 6.8% in Q1CY20 versus estimated decline of 6.5% and 6% rise in Q4CY19. The worst print since CY76 was due to business shutdowns on account of Lunar New Year holidays and COVID-19 outbreak. Separately, industrial production fell by 1.1% in Mar'20 versus 13.5% decline in Jan-Feb'20, while retail sales were down by 15.8% versus 20.5% decline for the same period.

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Markets

- Bonds:** Global yields closed mixed. US and few European countries have been slowly phasing out COVID-19 restrictions. This led their 10Y yields to close broadly closed (US at 0.63% and Germany at -0.47%). Crude prices rose by 0.5% (US\$ 28/bbl). India's 10Y yield rose by 2bps (6.44%). Investors are keeping an eye on RBI's meeting scheduled today.
- Currency:** Except AUD, other global currencies closed lower against the dollar. DXY rose by 0.6% on safe-haven demand as US jobless claims rose to a record high. INR fell by 0.5% to a fresh record low at 76.79/\$ amidst FII outflows. Asian currencies are trading higher today.
- Equity:** Barring Nikkei, global indices ended higher as countries plan to ease lockdown restrictions across the globe. Sensex (0.7%) surged the most followed by FTSE (0.5%). The gains in Sensex were led by power and cap goods stocks. It was further supported by DII inflow of Rs 13.2bn. Sensex 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
10Y yields (Δ bps)						
US	0.63	0	(9)	(9)	(118)	(193)
UK	0.30	0	0	(14)	(34)	(90)
Japan	0.02	0	0	0	0	4
Germany	(0.47)	(1)	(13)	(1)	(26)	(50)
India	6.44	2	(5)	23	(16)	(98)
China	2.51	(2)	(1)	(16)	(58)	(85)
2Y yields (Δ bps)						
US	0.21	1	(2)	(15)	(136)	(217)
UK	0.07	3	3	(20)	(39)	(70)
Japan	(0.14)	0	1	3	(2)	1
Germany	(0.68)	2	(6)	21	(9)	(10)
India	5.04	(8)	(20)	(38)	(113)	(165)
China	1.21	1	3	(75)	(109)	(145)
Currencies (Δ %)						
EUR	1.0840	(0.6)	(0.8)	(3.1)	(2.7)	(3.5)
GBP	1.2457	(0.5)	0	1.5	(4.8)	(4.1)
JPY	107.92	(0.4)	0.5	(2.0)	2.0	3.6
AUD	0.6327	0.1	(0.2)	3.4	(8.3)	(11.5)
INR	76.79	(0.5)	(0.7)	(3.4)	(8.3)	(10.7)
CNY	7.0814	(0.2)	(0.5)	(1.3)	(2.9)	(5.5)
Equity & Other indices (Δ %)						
Dow	23,538	0.1	(0.8)	16.6	(19.7)	(11.4)
FTSE	5,628	0.5	(3.7)	9.3	(26.0)	(24.6)
DAX	10,302	0.2	(2.5)	17.8	(23.3)	(15.7)
NIKKEI	19,290	(1.3)	(0.3)	13.5	(19.4)	(12.7)
Shanghai Comp	2,820	0.3	(0.2)	1.1	(8.3)	(13.2)
SENSEX	30,603	0.7	(1.8)	(2.5)	(27.0)	(21.8)
Brent (US\$/bbl)	27.82	0.5	(11.6)	(7.4)	(56.9)	(61.3)
Gold (US\$/oz)	1,718	0	2.0	13.4	10.6	34.6
CRB Index	351.3	(0.1)	(3.0)	(7.7)	(14.4)	(17.4)
Rogers Agri Index	643.2	(0.2)	(2.4)	(1.3)	(14.8)	(13.3)
LIBOR (3M)*	1.13	(4)	(8)	25	(69)	(145)
INR 5Y Swap*	5.77	(7)	(27)	11	(97)	(91)
India FII data (US\$ mn)						
	15 Apr	13 Apr	WTD	MTD	CYTD	FYTD
FII-Debt	44.2	(62.7)	(609.3)	(770.3)	(10,529.8)	(770.3)
FII-Equity	119.2	(139.2)	634.5	338.1	(6,264.9)	338.1

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

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