

MACRO DAILY

19 November 2019

Macro developments

- Air passenger traffic has bounced back in Oct'19 supported by festive demand. Over 12.3mn passengers were carried in Oct'19 vs 11.5mn in Sep'19 and over 4% higher than last year. On a FYTD basis, domestic passenger traffic rose by 3.1% in Jan-Oct'19 compared with same period of previous year. As per DGCA, air traffic growth is likely to jump back to double digits in the near term with the addition of more fleet.
- WTO expects global goods trade to weaken further in Q4CY19. While WTO's latest goods trade barometer rose marginally to 96.6 from 95.7 in Aug'19, it remains below 100 signaling subdued growth. Marked contraction was seen in electronic components as a result of tariff hikes. Further, slowing global growth and Brexit uncertainty in developed countries impinges on global trade growth.
- Thailand's GDP grew at its slowest pace since Q3CY18 at 0.1% in Q3CY19 vs 0.4% in Q2CY19. On an annualized basis, GDP grew by 2.4% (est.: 2.7%) vs 2.3% in Q2CY19. GDP forecast for CY19 has also been revised downward to 2.6% (earlier 2.7-3.2%) on the back of slowdown in exports.

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Markets

- Bonds:** Except UK, global yields closed lower as pessimism over US-China trade deal resurfaced after Trump's comments on no agreement on rollback of tariffs. US 10Y yield fell by 2bps (1.82%). Oil prices fell by 1.4% (US\$ 62/bbl) on global growth concerns. India's 10Y yield fell by 4bps (6.65%) amidst rate cut hopes by RBI. It is trading lower at 6.64% today.
- Currency:** Global currencies closed mixed as reports suggested that China remains unsure about reaching a trade deal with US. DXY, CNY, AUD and INR fell. Other currencies gained. INR is trading lower today in line with other Asian currencies.
- Equity:** Barring Sensex and Dax, global indices ended higher after PBOC trimmed its key interest rate raising the likelihood of further stimulus programme in China. Shanghai Comp (0.6%) gained the most, followed by Nikkei (0.5%). However, Sensex (-0.2%) ended in red dragged down by FMCG and auto stocks. It is trading higher today; Asian stocks are trading mixed.



FIG 1 – MOVEMENT IN KEY GLOBAL ASSET CLASSES

Particulars	Current	1D	1W	1M	3M	12M
10Y yields (Δ bps)						
US	1.82	(2)	(13)	6	21	(125)
UK	0.75	2	(6)	4	28	(63)
Japan	(0.08)	(1)	(1)	5	15	(17)
Germany	(0.34)	0	(9)	5	31	(71)
India [^]	6.65	(4)	(6)	(5)	6	(114)
China	3.19	(5)	(3)	0	17	(21)
2Y yields (Δ bps)						
US	1.60	(1)	(8)	2	5	(119)
UK	0.57	2	0	4	8	(13)
Japan	(0.20)	(1)	(1)	3	8	(6)
Germany	(0.63)	1	(1)	4	27	(4)
India	5.47	0	(8)	(11)	(38)	(187)
China [#]	2.69	2	0	13	17	12
Currencies (Δ %)						
EUR	1.1072	0.2	0.4	(0.9)	(0.1)	(3.3)
GBP	1.2953	0.4	0.8	(0.2)	6.8	0.8
JPY	108.68	0.1	0.3	(0.2)	(1.9)	3.4
AUD	0.6811	(0.1)	(0.6)	(0.7)	0.7	(6.6)
INR	71.85	(0.1)	(0.5)	(1.0)	(0.6)	(0.3)
CNY	7.0261	(0.3)	(0.2)	0.8	0.3	(1.2)
Equity & Other indices (Δ %)						
Dow	28,036	0.1	1.2	4.7	7.3	12.1
FTSE	7,308	0.1	(0.3)	2.2	1.6	4.4
DAX	13,207	(0.3)	0.1	4.5	12.7	17.5
NIKKEI	23,417	0.5	0.4	4.1	13.9	7.3
Shanghai Comp	2,909	0.6	0	(1.0)	0.9	7.6
SENSEX	40,284	(0.2)	(0.2)	2.5	7.7	12.6
Brent (US\$/bbl)	62.44	(1.4)	0.4	5.1	4.5	(6.5)
Gold (US\$/oz)	1,472	0.2	1.1	(1.2)	(1.6)	20.2
CRB Index	388.9	(0.5)	(0.6)	(0.8)	(1.9)	(7.0)
Rogers Agri Index	725.1	(0.3)	(0.2)	(0.8)	5.4	(5.9)
LIBOR (3M)*	1.90	0	0	(5)	(25)	(74)
INR 5Y Swap*	6.48	2	0	0	19	(115)
India FII data (US\$ mn)						
	15 Nov	14 Nov	WTD	MTD	CYTD	FYTD
FII-Debt	(79.5)	(14.3)	(182.0)	446.3	5,133.1	4,588.5
FII-Equity	(162.7)	(59.8)	210.4	1,585.9	11,808.7	4,963.5

Source: Bloomberg, Bank of Baroda | [^]7.26% GS 2029 | *Indicates change in bps | #1Y yield

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