

MACRO DAILY

24 July 2020

Macro developments

- In yet another sign of revival, India's crude oil processing rose by 10.9% in Jun'20 to 4.29mbpd against 3.87mbpd in May'20. Crude processing posted its biggest drop in two decades in Apr'20 due to lockdown restrictions. Fuel demand also rose by 11% in Jun'20 on MoM basis, recovering from its 13-year low seen in Apr'20.
- US weekly jobless claims rose unexpectedly for the first time since 28 Mar 2020. Jobless claims for the week ended 18 Jul 2020 rose by 109,000 to 1.42mn versus estimate of 1.3mn. This raises doubts over the recovery in the labour market amidst a surge in COVID-19 cases and resulting shutdowns.
- Euro Area's flash consumer confidence index remained in negative territory as it weakened marginally to 15 in Jul'20 from 14.7 in Jun'20. However, confidence levels remain unchanged at 15.6 in Jul'20 for EU. Consumer confidence indexes for both EU and Euro Area continues to remain below the long term average of 11.1 (Euro Area) and 10.5 (Eurozone).

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Markets

- Bonds:** Global yields closed mixed amidst rising COVID-19 cases and prevailing tension between US and China. US 10Y yield fell by 2bps (0.58%) as jobless claims print remained dismal and more fiscal stimulus is awaited. Crude prices fell by 2.2% (US\$ 43/bbl) on concerns of muted demand. India's 10Y yield fell by 1bps (5.81%). It is trading at 5.8% today.
- Currency:** Global currencies closed mixed. DXY fell by 0.3% to its lowest since Sep'18 as US jobless claims rose unexpectedly. EUR rose by 0.2%, gaining for the 5th consecutive session. CNY depreciated by 0.1% amidst tensions between US and China. INR was flat. It is trading lower today in line with other Asian currencies.
- Equity:** Global indices ended mixed on the back of COVID-19 woes and investors turning their focus towards the ongoing tensions between US-China. Sensex (0.2%) on the other hand ended in green, with real estate and banking stocks advancing the most. 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
10Y yields (Δ bps)						
US	0.58	(2)	(4)	(13)	(2)	(150)
UK	0.12	0	(2)	(7)	(17)	(59)
Japan	0.02	0	(1)	1	1	17
Germany	(0.48)	1	(2)	(4)	(6)	(12)
India	5.81	(1)	(1)	(7)	(24)	(70)
China	2.92	2	(5)	(0)	41	(25)
2Y yields (Δ bps)						
US	0.15	0	1	(4)	(7)	(171)
UK	(0.10)	1	0	(3)	(16)	(60)
Japan	(0.13)	0	2	0	2	8
Germany	(0.67)	2	1	2	(0)	9
India	4.18	(1)	0	(16)	(41)	(191)
China	2.06	(7)	0	(17)	93	(49)
Currencies (Δ %)						
EUR	1.1596	0.2	1.9	3.0	7.6	4.0
GBP	1.2741	0.1	1.5	2.2	3.2	2.3
JPY	106.86	0.3	0.4	0	0.7	1.6
AUD	0.7098	(0.6)	1.8	2.8	11.4	2.1
INR	74.77	0	0.6	1.7	1.7	(8.3)
CNY	7.0041	(0.1)	(0.2)	0.9	0.9	(1.9)
Equity & Other indices (Δ %)						
Dow	26,652	(1.3)	(0.3)	2.4	13.3	(1.8)
FTSE	6,211	0.1	(0.6)	(0.5)	6.6	(17.1)
DAX	13,103	0	1.8	6.9	24.6	6.0
NIKKEI	22,752	(0.6)	(0.1)	1.4	17.1	4.6
Shanghai Comp	3,325	(0.2)	3.6	12.1	17.1	13.2
SENSEX	38,140	0.7	4.6	9.2	19.7	0.8
Brent (US\$/bbl)	43.31	(2.2)	(0.1)	0.5	103.0	(31.7)
Gold (US\$/oz)	1,887	0.9	5.0	7.6	9.1	33.4
CRB Index	372.2	0.7	1.7	2.6	6.2	(8.6)
Rogers Agri Index	694.2	(0.2)	0.5	3.1	6.9	(5.7)
LIBOR (3M)*	0.26	1	(1)	(3)	(73)	(199)
INR 5Y Swap*	5.26	(1)	0	8	13	(134)
India FII data (US\$ mn)						
	22 Jul	21 Jul	WTD	MTD	CYTD	FYTD
FII-Debt	(29.8)	(242.2)	(222.9)	(185.7)	(14,467.6)	(4,708.1)
FII-Equity	232.9	279.6	732.3	294.7	(2,146.8)	4,456.2

Source: Bloomberg, Bank of Baroda | *Indicates change in bps | Nikkei was closed on 23.7.20.

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