

## MACRO DAILY

28 April 2020

### Macro developments

- COVID-19 cases increased globally to 3.1mn as of 27 Apr 2020 versus 2.5mn last week. On a daily basis, new cases in US rose the most (22,412), followed by Spain (9,570) and Italy (1,739). In Asia, Singapore is emerging as a new hotspot with 14,423 cases, averaging ~980 cases daily. In India, number of cases rose to 29,458 as of 28 Apr 2020 (20,080 last week).
- Amidst nationwide lockdown, wheat procurement has managed to gather pace from the major producing states. As of now, almost 80% of the wheat crop has been harvested and 8.82mn tonnes of wheat has been procured by FCI. Punjab (4.82mn tonne) and Haryana (1.9mn tonne) have contributed the most. With the expectation of possible extension of the procurement period, FCI might be able to achieve its target level.
- Bank of Japan (BoJ) has resorted to unlimited government bond buying and has scrapped its earlier target of purchasing it at the annual pace of ¥ 80tn. It has increased its corporate bonds and CP buying by three-fold to ¥ 20tn to ease corporate funding strains. BoJ has also projected economy to shrink by 3-5% in CY21 (earlier estimate of 0.8-1.1% growth). Inflation is also estimated to fall short of its 2% target for three more years.

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### Markets

- Bonds:** Global yields closed mixed as economies are relaxing lockdown restrictions. US 10Y yield rose by 6bps (0.66%). Japan 10Y yield fell by 2bps (-0.04%) supported by government's announcement of unlimited bond buying. Crude prices fell by 6.8% (US\$ 20/bbl) as US crude inventory rose to its record high in Q1CY20. Thus, India's 10Y yield fell by 2bps (6.15%). It is trading at 6.13% today.
- Currency:** Except CNY, other global currencies closed higher as more and more countries look at lifting lockdown. DXY fell by 0.3% as risk sentiment improved. AUD gained the most by 1.5%. INR rose by 0.3% tracking gains in domestic equity markets. It is trading lower today in line with other Asian currencies.
- Equity:** Global indices ended higher as countries are easing lockdown restrictions. Dax (3.1%) surged the most. Sensex (1.3%) too ended in green, supported by DII inflow of Rs 11.4bn. Banking stocks advanced the most. It is trading higher today; while Asian stocks are trading mixed.



FIG 1 – MOVEMENT IN KEY GLOBAL ASSET CLASSES

Particulars	Current	1D	1W	1M	3M	12M
<b>10Y yields (Δ bps)</b>						
US	0.66	6	6	(1)	(95)	(186)
UK	0.30	1	(4)	(7)	(21)	(86)
Japan	(0.04)	(2)	(6)	(5)	1	1
Germany	(0.45)	2	(1)	2	(7)	(46)
India	6.15	(2)	(6)	1	(41)	(126)
China	2.51	2	(7)	(9)	(49)	(93)
<b>2Y yields (Δ bps)</b>						
US	0.22	0	2	(2)	(122)	(207)
UK	0.07	1	(3)	(8)	(34)	(67)
Japan	(0.15)	0	(3)	(2)	(1)	0
Germany	(0.66)	4	1	2	(3)	(8)
India	4.55	0	(27)	(69)	(154)	(225)
China	1.13	0	(7)	(59)	(110)	(153)
<b>Currencies (Δ %)</b>						
EUR	1.0829	0.1	(0.3)	(2.8)	(1.7)	(3.2)
GBP	1.2431	0.5	(0.1)	(0.2)	(4.8)	(3.9)
JPY	107.25	0.2	0.3	0.6	1.5	3.9
AUD	0.6465	1.5	2.0	4.8	(4.4)	(8.4)
INR	76.24	0.3	0.4	(1.8)	(6.7)	(8.9)
CNY	7.0873	(0.1)	(0.2)	0.1	(2.1)	(5.3)
<b>Equity &amp; Other indices (Δ %)</b>						
Dow	24,134	1.5	2.0	11.5	(15.4)	(9.1)
FTSE	5,847	1.6	0.6	6.1	(21.1)	(21.4)
DAX	10,660	3.1	(0.1)	10.7	(19.3)	(13.5)
NIKKEI	19,783	2.7	0.6	2.0	(15.3)	(11.1)
Shanghai Comp	2,815	0.2	(1.3)	1.6	(5.4)	(8.1)
SENSEX	31,743	1.3	0.3	6.5	(22.9)	(18.7)
Brent (US\$/bbl)	19.99	(6.8)	(21.8)	(19.8)	(66.3)	(72.3)
Gold (US\$/oz)	1,714	(0.9)	1.1	5.3	8.3	33.9
CRB Index	347.6	(0.2)	(1.0)	(7.0)	(14.4)	(17.6)
Rogers Agri Index	637.9	(0.6)	(1.2)	(4.3)	(14.4)	(12.1)
LIBOR (3M)*	0.89	(10)	(22)	(56)	(89)	(169)
INR 5Y Swap*	5.22	2	(10)	(83)	(142)	(189)
<b>India FII data (US\$ mn)</b>						
	<b>24 Apr</b>	<b>23 Apr</b>	<b>WTD</b>	<b>MTD</b>	<b>CYTD</b>	<b>FYTD</b>
FII-Debt	(109.1)	115.9	252.8	(737.2)	(10,496.7)	(737.2)
FII-Equity	(16.4)	63.4	(282.7)	(408.6)	(7,011.6)	(408.6)

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

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