

## MACRO DAILY

03 February 2020

### Macro developments

- Total GST collections for Dec'19 reached Rs 1.1tn (+8% on YoY basis) from Rs 1tn in Nov'19 (+8.9%). After adjusting for IGST, while CGST collections eased (Rs 405bn vs Rs 437bn in Nov'19), SGST collections jumped sharply (Rs 641bn vs Rs 520bn). In the latest budget, CGST collections have been revised to Rs 5.1tn from Rs 5.3tn earlier. With FYTD collections at Rs 3.7tn, we believe centre will be able to meet its revised targets.
- Growth in India's eight core industries rebounded to 1.3% in Dec'19 from (-) 0.6% in Nov'19. This was attributed to improvement in coal production which rose to a 9-month high of 6.1% in Dec'19 vs (-) 2.5% in Nov'19. Steel and cement output also inched up by 1.9% and 5.4% respectively. Hence, IIP growth is also expected to be marginally higher in Dec'19.
- China's industrial profits in CY19 fell for the first time in four years to (-) 3.3% vs (-) 2.9% dip between Jan-Nov'19. This was led by SoEs with (-) 12% decline in profits. Profits of private firms increased 2.2%. Industry-wise, steel, petrochemicals and automobiles declined the most. Growth is expected to remain muted in H1CY20 as well, due to coronavirus outbreak.

**Aditi Gupta**
[aditi.gupta3@bankofbaroda.com](mailto:aditi.gupta3@bankofbaroda.com)
**Sameer Narang**

+91 22 6698 5713

[chief.economist@bankofbaroda.com](mailto:chief.economist@bankofbaroda.com)

### Markets

- Bonds:** Barring India, global yields closed lower over concerns of spread of coronavirus. US 10Y yield fell the most by 8bps (1.77%). UK 10Y yield fell by 2bps (0.52%) as UK formally left the EU. Oil prices fell by 0.2% (US\$ 58/bbl). India's 10Y yield rose 4bps (6.6%). It is trading 10bps lower at 6.5% today, as gross borrowing in FY21 is estimated at Rs 7.8tn, only Rs 700bn more than FY20.
- Currency:** While AUD and CNY fell on concerns over the coronavirus outbreak, other global currencies edged higher. GBP rallied by 0.9% as BoE kept rates unchanged. INR rose by 0.2% on lower oil prices. However, it is trading lower today in line with other Asian currencies.
- Equity:** Except Nikkei, other global indices ended lower as fear of coronavirus intensified. Dax fell by (-) 1.3% on the back of poor Euro Area GDP print for Q4CY19. Sensex fell by (-) 2.4% after the Budget, with real estate and capital good stocks declining the most. However, it opened higher today while other Asian stocks are trading lower.



FIG 1 – MOVEMENT IN KEY GLOBAL ASSET CLASSES

Particulars	Current	1D	1W	1M	3M	12M
<b>10Y yields (Δ bps)</b>						
US	1.51	(8)	(18)	(41)	(20)	(118)
UK	0.52	(2)	(4)	(30)	(14)	(72)
Japan	(0.07)	(1)	(5)	(6)	11	(5)
Germany	(0.43)	(3)	(10)	(25)	(5)	(60)
India	6.60	4	2	5	15	(77)
China	3.00	(2)	(9)	(14)	(27)	(11)
<b>2Y yields (Δ bps)</b>						
US	1.31	(10)	(18)	(26)	(24)	(119)
UK	0.50	0	8	(4)	(2)	(27)
Japan	(0.14)	0	(2)	(1)	12	3
Germany	(0.67)	(1)	(6)	(7)	(1)	(9)
India	6.07	(1)	(3)	30	58	(92)
China	2.23	(7)	(5)	(42)	(45)	(17)
<b>Currencies (Δ %)</b>						
EUR	1.1093	0.6	0.6	(1.1)	(0.7)	(3.2)
GBP	1.3206	0.9	1.0	(0.4)	2.0	1.0
JPY	108.35	0.6	0.9	0.2	(0.1)	1.1
AUD	0.6692	(0.4)	(2.0)	(4.7)	(3.1)	(7.7)
INR	71.35	0.2	0	0	(0.8)	(0.1)
CNY	6.9426	(0.5)	(0.9)	0.3	1.3	(2.9)
<b>Equity &amp; Other indices (Δ %)</b>						
Dow	28,256	(2.1)	(2.5)	(1.0)	3.3	12.7
FTSE	7,286	(1.3)	(4.0)	(3.4)	(0.2)	3.8
DAX	12,982	(1.3)	(4.4)	(3.0)	0.2	16.1
NIKKEI	23,205	1.0	(2.6)	0	1.6	11.6
Shanghai Comp	2,977	(2.8)	(3.2)	(2.4)	0.6	13.7
SENSEX	39,736	(2.4)	(4.5)	(3.7)	(1.1)	9.0
Brent (US\$/bbl)	58.16	(0.2)	(4.2)	(11.9)	(5.7)	(7.3)
Gold (US\$/oz)	1,589	0.9	1.1	4.7	4.9	20.6
CRB Index	404.2	(0.1)	(1.1)	0.6	3.7	(2.1)
Rogers Agri Index	735.2	(0.6)	(2.3)	(3.1)	0.5	(5.4)
LIBOR (3M)*	1.77	(1)	(4)	(14)	(12)	(96)
INR 5Y Swap*	6.68	(3)	(1)	(4)	17	(55)
<b>India FII data (US\$ mn)</b>						
	<b>30 Jan</b>	<b>29 Jan</b>	<b>WTD</b>	<b>MTD</b>	<b>CYTD</b>	<b>FYTD</b>
FII-Debt	43.2	41.2	(111.3)	(1,553.5)	(1,553.5)	1,390.6
FII-Equity	87.6	(202.6)	(249.6)	1,984.5	1,984.5	9,373.7

Source: Bloomberg, Bank of Baroda | \*Indicates change in bps | Markets in China were closed on account of Lunar New Year.

## Disclaimer

The views expressed in this research note are personal views of the author(s) and do not necessarily reflect the views of Bank of Baroda. Nothing contained in this publication shall constitute or be deemed to constitute an offer to sell/ purchase or as an invitation or solicitation to do so for any securities of any entity. Bank of Baroda and/ or its Affiliates and its subsidiaries make no representation as to the accuracy; completeness or reliability of any information contained herein or otherwise provided and hereby disclaim any liability with regard to the same. Bank of Baroda Group or its officers, employees, personnel, directors may be associated in a commercial or personal capacity or may have a commercial interest including as proprietary traders in or with the securities and/ or companies or issues or matters as contained in this publication and such commercial capacity or interest whether or not differing with or conflicting with this publication, shall not make or render Bank of Baroda Group liable in any manner whatsoever & Bank of Baroda Group or any of its officers, employees, personnel, directors shall not be liable for any loss, damage, liability whatsoever for any direct or indirect loss arising from the use or access of any information that may be displayed in this publication from time to time.

Visit us at [www.bankofbaroda.com](http://www.bankofbaroda.com)



For further details about this publication, please contact:

### **Economics Research Department**

Bank of Baroda

+91 22 6698 5713

[chief.economist@bankofbaroda.com](mailto:chief.economist@bankofbaroda.com)