

## MACRO DAILY

10 July 2020

### Macro developments

- As per news reports, central government is planning a stake sale in Coal India and IDBI bank to raise nearly Rs 200bn in disinvestment proceeds. Government currently holds 66% stake in Coal India and 47% in IDBI bank. In Jan'15, 10% stake sale in Coal India alone had raised Rs 225bn. The FY21 disinvestment target of Rs 2.1tn has come under strain as prospects of sale of Air India and BPCL have been severely hit.
- US jobless claims fell by 99,000 to 1,314,000 for the week ending 4 Jul 2020 against 1,413,000 in the previous week. Despite improvement visible in the labour market, signs of strain remain due to surge in cases in the US (0.3 mn weekly rise) and re-imposition of lockdown restrictions in few states.
- Germany's exports rose by 9% in May'20 on a MoM basis versus 24% decline in Apr'20 and est. 13.5% increase. Imports too inched up by 3.5% versus 16.6% decline in Apr'20. However, compared to Feb'20 (pre-covid lockdown) exports are still lower by 26.8%. Exports to France, Italy, Spain and US were the most hit in May'20.

**Dipanwita Mazumdar**

dipanwita.mazumdar@bankofbaroda.com

**Sameer Narang**

+91 22 6698 5713

chief.economist@bankofbaroda.com

### Markets

- Bonds:** Except Japan and China, global yields closed lower due to rising cases in the US. It's 10Y yield fell by 5bps (0.61%). Fed officials also warned of a pronounced slowdown. Crude prices fell by 2.2% (US\$ 42/bbl) as US gasoline demand fell in those States where lockdown have been re-imposed. India's 10Y yield fell by 1bps (5.77%). It is trading flat today.
- Currency:** Global currencies closed mixed. DXY rose by 0.3% as US jobless claims fell more than expected. CNY appreciated by 0.1% to close below 7/\$ amidst hopes of a strong recovery in China. INR closed flat. It is trading higher today in line with other Asian currencies.
- Equity:** Global indices ended mixed as investors continued to monitor rise in COVID-19 cases. Sensex (1.1%) on the other hand ended in green with metal and banking stocks advancing the most. However, it is trading lower today ahead of the release of industrial output data; while Asian stocks are trading higher.



FIG 1 – MOVEMENT IN KEY GLOBAL ASSET CLASSES

Particulars	Current	1D	1W	1M	3M	12M
<b>10Y yields (Δ bps)</b>						
US	0.61	(5)	(6)	(26)	(11)	(152)
UK	0.16	(3)	(3)	(18)	(15)	(68)
Japan	0.03	0	(1)	(2)	1	17
Germany	(0.46)	(2)	(4)	(14)	(12)	(24)
India	5.77	(1)	(7)	(4)	(72)	(72)
China	3.10	3	23	28	57	(8)
<b>2Y yields (Δ bps)</b>						
US	0.15	(1)	(0)	(8)	(7)	(171)
UK	(0.09)	(2)	0	(9)	(13)	(71)
Japan	(0.13)	0	(1)	0	2	7
Germany	(0.68)	(2)	0	(7)	(6)	5
India	4.12	(1)	(5)	(34)	(112)	(207)
China	2.15	4	6	14	97	(42)
<b>Currencies (Δ %)</b>						
EUR	1.1285	(0.4)	0.4	(0.1)	3.2	0.3
GBP	1.2606	0	1.1	(0.9)	1.2	0.7
JPY	107.20	0.1	0.3	1.1	1.2	1.2
AUD	0.6964	(0.3)	0.6	(0.8)	9.8	(0.1)
INR	75.00	0	0	0.7	1.7	(9.6)
CNY	6.9942	0.1	1.0	1.1	0.7	(1.8)
<b>Equity &amp; Other indices (Δ %)</b>						
Dow	25,706	(1.4)	(0.5)	(6.8)	8.4	(5.1)
FTSE	6,050	(1.7)	(3.1)	(6.5)	3.5	(19.4)
DAX	12,489	0	(0.9)	(2.6)	18.2	1.3
NIKKEI	22,529	0.4	1.7	(2.8)	16.5	4.1
Shanghai Comp	3,451	1.4	11.6	17.5	22.1	18.3
SENSEX	36,738	1.1	2.5	6.9	17.9	(5.4)
Brent (US\$/bbl)	42.35	(2.2)	(1.8)	3.8	34.5	(36.3)
Gold (US\$/oz)	1,804	(0.3)	1.6	6.2	7.1	28.5
CRB Index	363.6	0.2	0.9	(1.5)	0.4	(10.1)
Rogers Agri Index	694.5	0.4	1.9	1.3	5.4	(7.0)
LIBOR (3M)*	0.27	0	(3)	(4)	(95)	(203)
INR 5Y Swap*	5.32	2	2	19	(71)	(126)
<b>India FII data (US\$ mn)</b>						
	<b>08 Jul</b>	<b>07 Jul</b>	<b>WTD</b>	<b>MTD</b>	<b>CYTD</b>	<b>FYTD</b>
FII-Debt	34.2	(3.6)	134.6	149.0	(14,133.0)	(4,373.5)
FII-Equity	(141.2)	(222.5)	(300.0)	(483.8)	(2,925.3)	3,677.7

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

## 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)