

## MACRO DAILY

12 April 2021

### Macro developments

- As per news reports, combined capex of 37 large CPSEs was at Rs 4.6tn in FY21, which is 92% of the budgeted target and also 4.3% higher than FY20. NHAI's capex roll-out was the highest at Rs 1.25tn (110% of targeted level), followed by railways at Rs 1.24tn (78% of target). This is likely to crowd-in private investment and kick start the growth cycle.
- Government is likely to increase the FDI limit in pension sector to 74% from 49% currently. In the Union Budget for FY22, government had raised FDI limit for insurance sector. In FYTD21 so far (Apr-Dec'20), FDI inflows have risen to US\$ 51.5bn versus US\$ 36.8bn in the same period last year. It is expected that the enhanced limit will boost FDI inflows further.
- Germany's exports moderated to 0.9% in Feb'21 after an increase of 1.6% in Jan'21. Imports on the other hand rose by 3.6% from a decline of 3.5% in Jan'21. Exports to UK fell sharply by 12.2% in Feb'21 amidst lockdown restrictions. Separately, industrial output contracted by 1.6% in Feb'21 versus a dip of 2% in Jan'21. Apart from consumer goods (up by 0.2%), production of other goods contracted in Feb'21.

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### Markets

- Bonds:** Except India and China, global yields closed higher. US 10Y yield rose the most by 4bps (1.66%) as US PPI showed its highest annual gain in last 9.5 years. Crude prices fell by 0.4% (US\$ 63/bbl) on increasing supply from major producers. Thus, India's 10Y yield fell by 1bps (6.02%). It is trading at 6.01% today ahead of CPI data.
- Currency:** Except CNY (flat), other global currencies closed lower. DXY rose by 0.1% in line with the rise in US 10Y yield. AUD and JPY fell the most by 0.4%. Following global cues, INR fell by 0.2%. It is trading further lower today in line with other Asian currencies.
- Equity:** Global indices ended mixed as investors continued to monitor progress in global vaccine rollout. Amongst other indices, Shanghai Comp dropped the most by 0.9%, followed by FTSE (0.4%). Sensex (0.3%) too ended in red led by metal and power stocks. 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
<b>10Y yields (Δ bps)</b>						
US	1.66	4	(6)	12	54	94
UK	0.77	3	(2)	4	49	47
Japan	0.11	1	(2)	1	8	9
Germany	(0.30)	3	3	3	22	4
India	6.02	(1)	(15)	(19)	14	(47)
China	3.21	(1)	1	(4)	6	67
<b>2Y yields (Δ bps)</b>						
US	0.15	1	(3)	2	2	(7)
UK	0.05	0	(3)	(3)	17	1
Japan	(0.12)	1	(1)	(1)	0	4
Germany	(0.70)	1	1	(1)	0	(8)
India	4.56	(7)	(10)	(31)	40	(68)
China	2.50	(1)	(2)	(9)	21	130
<b>Currencies (Δ %)</b>						
EUR	1.1899	(0.1)	1.2	(0.7)	(2.6)	8.8
GBP	1.3707	(0.2)	(0.9)	(2.0)	1.0	10.1
JPY	109.67	(0.4)	0.9	(1.1)	(5.5)	(1.1)
AUD	0.7623	(0.4)	0.2	(2.1)	(1.7)	20.1
INR	74.75	(0.2)	(2.2)	(2.5)	(2.1)	2.0
CNY	6.5526	0	0.2	(0.9)	(1.2)	6.9
<b>Equity &amp; Other indices (Δ %)</b>						
Dow	33,801	0.9	2.0	4.0	8.7	42.5
FTSE	6,916	(0.4)	2.6	2.7	0.6	18.4
DAX	15,234	0.2	0.8	4.6	8.4	44.2
NIKKEI	29,768	0.2	(0.3)	1.9	5.8	53.9
Shanghai Comp	3,451	(0.9)	(1.0)	0.4	(3.3)	22.1
SENSEX	49,591	(0.3)	(0.9)	(2.8)	1.7	59.2
Brent (US\$/bbl)	62.95	(0.4)	(2.9)	(9.6)	12.4	100.0
Gold (US\$/oz)	1,744	(0.7)	0.9	1.2	(5.7)	3.6
CRB Index	511.2	0.1	1.2	2.5	13.9	41.2
Rogers Agri Index	965.1	0.1	2.6	(0.6)	7.5	46.4
LIBOR (3M)*	0.19	0	(1)	0	(4)	(103)
INR 5Y Swap*	5.66	(4)	(18)	(33)	23	(37)
<b>India FII data (US\$ mn)</b>						
	<b>8 Apr</b>	<b>7 Apr</b>	<b>WTD</b>	<b>MTD</b>	<b>CYTD</b>	<b>FYTD</b>
FII-Debt	12.0	(9.5)	(312.7)	(312.7)	(2,340.0)	(312.7)
FII-Equity	280.2	54.3	125.6	125.6	7,451.9	125.6

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

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