Daily
DEBT Market Update

March 1, 2022 | Economics

CareEdge
Ratings • Advisory • Research • Risk Solutions

Good Morning,
The market roundup for the global and domestic markets for **Monday (February 28, 2022)** is as follows:

- **US markets** ended mixed (**Dow Jones** and **S&P** fell while **NASDAQ** rose) as investors continued to closely monitor the developments in Russia-Ukraine crisis. NASDAQ ended higher supported by gains in cybersecurity and defense stocks.
- **European markets** ended lower following imposition of fresh sanctions on Russia for its invasion of Ukraine. Concerns over the economic ramifications of the Russia-Ukraine conflict dampened the investor risk appetite.
- **Asian stocks** ended higher on hopes of Russia-Ukraine talks, however the overall market gains were restricted amid the escalating tensions and harsher sanctions on Russia.
- **The 10-year benchmark treasury yield** fell whereas demand increased for safe-haven currencies such as **US Dollar** and **Yen** as risk appetite dwindled on escalating Russia-Ukraine tensions.
- **Crude oil prices** rose following imposition of fresh sanctions on Russia and its indirect impact on supply disruptions from one of the world's largest oil and gas producers.
- **Indian benchmark indices** reversed losses to end higher for the second consecutive session. Gains were supported by buying in IT, metal, oil & gas stocks while financial and auto stocks witnessed selling pressure. Lingering concerns over tighter sanctions on Russia over Ukraine continued to weigh on the market sentiments. Meanwhile, investors awaited the domestic economic growth data due later in the day.
- **Rupee** weakened against the US Dollar on account of the ongoing Russia-Ukraine conflict, surging crude oil prices and sustained foreign fund outflows. **10-year benchmark G-sec yield** was unchanged at 6.77%.

Table 1: Global Markets indicators

	25-02-2022	28-02-2022	% / bps change
Dow	34,059	33,893	-0.49
NASDAQ	13,695	13,751	0.41
S & P 500	4,385	4,374	-0.24
Nikkei 225	26,477	26,527	0.19
FTSE 100	7,489	7,458	-0.42
US 10-yr (%)	1.969	1.828	-14.10 bps
UK 10-yr (%)	1.462	1.379	-8.30 bps
Germany 10-yr (%)	0.230	0.134	-9.60 bps
Gold	1,888	1,901	0.69
Crude Oil (WTI)	91.59	95.72	4.51
Crude Oil (Brent)	94.12	97.97	4.09
$/€*	1.13	1.12	-0.47
¥/$*	115.51	114.97	-0.47
$/£*	1.34	1.34	-0.01

* (-) Appreciation/ (+) Depreciation; ^ with a day's lag
Source: CNN, WSJ, Bloomberg.

Table 2: Domestic Market indicators

	25-02-2022	28-02-2022	% change
Sensex	55,859	56,247	0.70
NIFTY	16,658	16,794	0.81
BSE SME IPO	12,894	13,325	3.34
Rs/$	75.29	75.34	0.07
Rs/€	84.57	84.23	-0.41

Source: BSE, NSE, Mint *(-) Appreciation/ (+) Depreciation.

Table 3: FPI and MFs investment flows

US $ Mn	Equity			Debt			Total (Net) ^
	Purchase	Sale	Net	Purchase	Sale	Net	
Net FPI Flows (US $ million)							
Jan-22	19,042	23,502	(4,460)	2,736	2,320	416	(3,815)
Feb-22*	17,872	22,614	(4,742)	2,575	2,922	(347)	(5,075)
25-Feb-22	1,221	2,110	(889)	127	131	(3)	(891)
28-Feb-22	830	1,419	(589)	282	32	250	(340)
MF Investments (Rs crore)							
Feb-22#	68,224	57,648	10,576	65,708	62,147	3,561	14,137

Source: NSDL, SEBI; *Latest data as of previous trading; #Data till February 18, 2022; ^Total (Net) of equity, debt & hybrid

Table 4: Money Market view#

	24-02-2022	25-02-2022
Avg. Call Rate (%)	3.27	3.28
Vol. Traded (Rs. Cr.)	8,557	7,430
MIBOR (overnight) ^	3.46	3.48
Net banking system liquidity outstanding *	(7,11,939)	(7,16,989)
Daily liquidity injection (+) /absorption (-) #	(1,19,271)	(7,83,078)
T-Bills 91 days ^	3.64	3.63
182 days ^	4.17	4.20
364 days ^	4.46	4.55
G-Sec 3 years ^	4.80	4.84
5 years ^	5.94	5.97
10 years ^	6.77	6.77

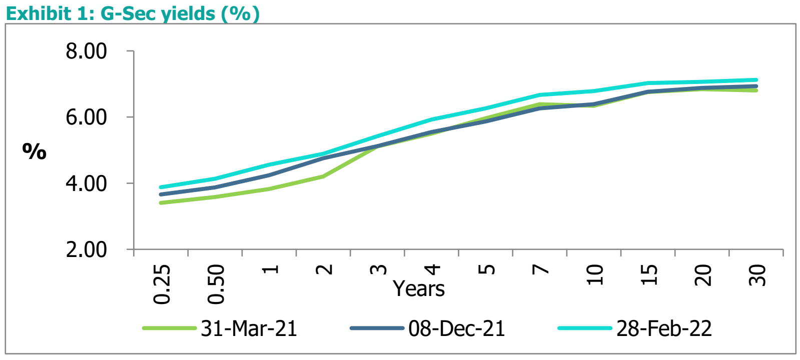
* + deficit/ - surplus (Net banking system liquidity outstanding = total repo + MSF + SLF – total reverse repo); #Daily liquidity injection (+) / absorption (-) = (Repo + MSF – Reverse Repo) auctioned on that day; ^ data for MIBOR (overnight) pertains to 18th & 21st February 2022, data for T-Bills & G-sec pertains to 25th & 28th February 2022; Source: RBI, FBI, CCIL

Table 5: Corporate bond spreads over G-sec (%) *

10 Year	PSU, FIs & Banks	NBFCs	Corporates
AAA	0.03	0.34	0.17
AA+	0.64	0.71	0.62
AA	0.92	1.12	0.97
AA-	1.37	1.51	1.44
A+	2.12	3.26	2.69
A	2.37	3.51	2.94
A-	2.62	3.76	3.44
BBB+	3.12	4.26	3.94
BBB	3.37	4.51	4.19
BBB-	3.87	5.01	4.69

Source: FIMMDA; *As on February 25, 2022

Exhibit 1: G-Sec yields (%)



Source: FIMMDA

Contact
Akanksha Bhende | Associate Economist | akanksha.bhende@careedge.in | +91 - 22 - 6837 4400

CARE Ratings Limited
Corporate Office: 4th Floor, Godrej Coliseum, Somaiya Hospital Road, Off Eastern Express Highway, Sion (East), Mumbai - 400 022 | Phone: +91-22-6754 3456 | CIN: L67190MH1993PLC071691

Connect :