

Good Morning,

The market roundup for the global and domestic markets for **Wednesday (March 31, 2021)** is as follows:

- **US equity markets** ended mixed (**Dow Jones** ended lower, **NASDAQ** and **S&P 500** ended higher). The gains can be attributed to buying in technology sector, upbeat market sentiments over US government's infrastructure spending plans and private payroll data showing fastest pace of payroll addition in March since September 2020. The gains were limited owing to elevated treasury yields, cautious trading on likely increase in corporate rate tax by the US government to fund for the infrastructure plan and sustained impact of recent financial losses announced by investment banks.
- **European stocks** broadly ended lower (including FTSE) dragged by rising treasury yields, concerns of third wave of covid-19 and the consequent extension of pandemic lockdowns in some European countries while slow pace of vaccinations (along with Germany's announcement to restrict the use of one of the vaccines to people over 60) dampened market sentiments. However, losses were limited as consumer prices picked up in the Euro zone, signalling a gradual recovery in domestic demand. Better than expected growth in UK's economy in Q4 also buoyed market sentiments.
- **Nikkei** closed lower following sell-offs in financial shares amid concerns over a defaulting hedge fund in the US. The spike in Japanese bond yields following speculations over the reduction in bond purchases by the Bank of Japan weighed on the market sentiments. **Chinese benchmark indices** ended lower as elevated treasury yields, losses from hedge fund default and renewed concerns between US and China sapped market risk appetite. The losses were however capped by robust growth in the manufacturing and services sector in China as per the PMI index.
- **10 year US benchmark treasury yields** ended higher following announcement of the US infrastructure spending plan. **US dollar** weakened against **Euro and Pound** on account of improved risk appetite of investors owing to better macroeconomic data and prospects of global economy.
- **Crude oil** prices declined on account of bleak prospects of global demand recovery ahead of OPECs meeting scheduled for Thursday coupled with better than expected build-up in US crude oil inventory (as reported by API). **Gold prices** rose following weakness in US Dollar.
- **Indian equity markets** ended lower dragged by elevated US Treasury yields and rising coronavirus cases across the country resulting in re-imposition of several restrictions and dampening investor's risk appetite. Investors also traded cautiously ahead of the release of a number of economic parameters.
- **Rupee** strengthened tracking weakness in **US Dollar** despite concerns around the rising coronavirus cases, reinforcement of lockdowns in the country and elevated US treasury yields. **The 10 year benchmark GSec yields** increased marginally as investors were cautious ahead of the release of the borrowing calendar for GSec in H1-FY22

Table 1: Global Markets indicators

	30-03-2021	31-03-2021	% / bps change
Dow	33,067	32,982	-0.26
NASDAQ	13,045	13,247	1.54
S & P 500	3,959	3,973	0.36
Nikkei 225	29,433	29,179	-0.86
FTSE 100	6,722	6,714	-0.13
US 10-yr (%)	1.73	1.74	1.00 bps
UK 10-yr (%)	0.82	0.86	4.00 bps
Germany 10-yr (%)	-0.29	-0.29	0.20 bps
3-month Libor (%) ^	0.203	0.202	-0.09 bps
6-month Libor (%) ^	0.203	0.207	0.39 bps
Gold	1,686	1,716	1.76
Crude Oil (WTI)	60.55	59.16	-2.30
Crude Oil (Brent)	64.14	63.54	-0.94
\$/€*	1.17	1.17	0.08
¥/\$*	110.36	110.79	0.39
\$/£*	1.37	1.38	0.73

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

Table 2: Domestic Market indicators

	30-03-2021	31-03-2021	% change
Sensex	50,137	49,509	-1.25
NIFTY	14,845	14,691	-1.04
BSE SME IPO	1,608	1,627	1.15
Rs/\$	73.38	73.11	-0.37
Rs/€	85.90	85.96	0.07

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

Table 3: FPI and MFs investment flows

US \$ Mn	Equity Purchase	Sale	Net	Debt Purchase	Sale	Net	Total (Net)
Net FPI Flows (US \$ mn)							
Feb-21	27,580	24,56	3,016	2,898	3,284	(386)	2,629
Mar-21*	25,547	22,905	2,641	3,296	3,135	161	2,802
25-Mar-21	1,038	1,436	-398	183	102	81	-317
26-Mar-21	967	913	55	279	247	32	87
MF Investments (Rs. Cr.)							
Mar-21#	30,509	30,632	-123	52,596	45,660	6,936	6,813

Source: NSDL, SEBI *Data till Mar 26,2021 # Data till March 16, 2021

Table 4: Money Market view

	30-03-2021	31-03-2021
Avg. Call Rate(%)	3.23	3.22
Vol. Traded (Rs. Cr.)	12,672	11,551
MIBOR (Overnight)^	3.47	3.44
Net banking system liquidity outstanding	(378,425)	(497,861)
Daily liquidity injection (+) /absorption (-)#	(492,894)	(613,565)
T-Bills 91 days	3.32	3.30
182 days	3.35	3.45
364 days	3.70	3.77
G-Sec 3 years	4.66	4.67
5 years	5.68	5.70
10 years	6.14	6.18

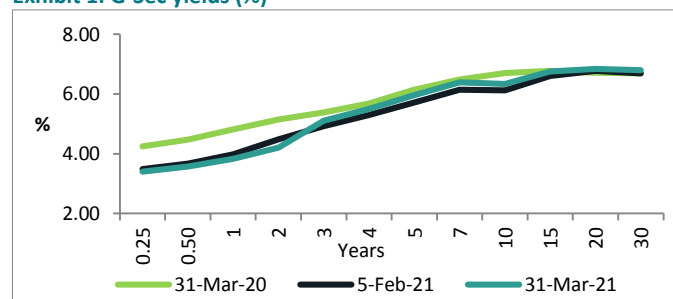
* + deficit/ - surplus (Net banking system liquidity outstanding = total repo + MSF + SLF - total reverse repo) #Daily liquidity injection (+) / absorption (-) = (Repo + MSF - Reverse Repo) auctioned on that day ; Source: RBI, FBIL; ^with a day's lag

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

10 Year	26-03-2021	30-03-2021	10 year	26-03-2021	30-03-2021
AAA	0.45	0.44	A	3.30	3.29
AA+	0.92	0.91	A-	3.80	3.79
AA	1.17	1.16	BBB+	4.30	4.29
AA-	1.55	1.54	BBB	4.55	4.54
A+	3.05	3.04	BBB-	5.05	5.04

Source: FIMMDA

Exhibit 1: G-Sec yields (%)



Source: FIMMDA