

Good Morning,

The market roundup for the global and domestic markets for **Monday (May 31, 2021)** is as follows.

- **US stock markets** were closed on account of Memorial Day.
- **European equity markets (Germany, France & Spain)** ended lower as a rise in inflation weighed on the market sentiments (Data showed inflation in France rose to a four-year high). **FTSE** was closed on Monday.
- **Nikkei** ended lower as market sentiments were dampened by extension of the state of emergency in some regions of Japan. **Chinese** shares ended higher supported by the rise in services sector activity which offset the slower factory output during May 2021.
- **10-year US benchmark treasury yields** ended higher on account of expectations of economic recovery and resultant inflation. **US dollar** weakened against major currencies with unlikely change in Federal Reserve's interest rate commitment despite lingering inflationary concerns.
- **Crude oil prices** picked up on the back of positive prospects for oil demand from US, China & Europe coupled with falling coronavirus infections in India. Investors anticipate the OPEC+ meeting scheduled for Tuesday. **Gold prices** rose on the back of increased purchase to hedge against inflationary concerns.
- **Indian benchmark equity indices** closed higher driven by gains in FMCG, metals and financial stocks. The falling covid-19 caseload, positive developments on the vaccine front and easing of restrictions albeit at a gradual pace supported the gains. However, investors awaited the key economic parameters (Data on Q4 FY21 GDP & Core sector output) scheduled for release later in the day.
- **Rupee** weakened against the **US dollar** owing to strong demand for dollar by some exporters and bankers. **The 10-year benchmark GSec yields** rose on account of expectations of increase in market borrowings by Central Government.

Table 1: Global Markets indicators

	28-05-2021	31-05-2021	% / bps change
Dow	34,529	NA	NA
NASDAQ	13,749	NA	NA
S & P 500	4,204	NA	NA
Nikkei 225	29,149	28,860	-0.99
FTSE 100	7,023	NA	NA
US 10-yr (%)	1.58	1.62	3.40 bps
UK 10-yr (%)	0.79	0.80	0.40 bps
Germany 10-yr (%)	-0.18	-0.19	-0.70 bps
3-month Libor (%) ^	0.135	0.131	-0.36 bps
6-month Libor (%) ^	0.172	0.171	-0.07 bps
Gold	1,905	1,906	0.02
Crude Oil (WTI)	66.32	66.97	0.98
Crude Oil (Brent)	69.20	69.32	0.17
\$/€*	1.22	1.22	0.32
¥/\$*	109.85	109.46	-0.36
\$/£*	1.42	1.42	0.38

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

Table 2: Domestic Market indicators

	28-05-2021	31-05-2021	% change
Sensex	51,423	51,937	1.00
NIFTY	15,436	15,583	0.95
BSE SME IPO	3,132	3,225	2.97
Rs/\$	72.44	72.62	0.25
Rs/€	88.27	88.43	0.18

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

Table 3: FPI and MFs investment flows

US \$ Mn	Equity		Debt		Total		
	Purchase	Sale	Net	Purchase	Sale	Net	
Net FPI Flows (US \$ mn)							
Apr-21	20,591	22,311	-1,720	2,780	2,855	-76	-1,714
May-21*	22,763	22,726	37	2,200	2,060	141	273
27-May-21	5,997	5,990	6	62	193	(131)	(127)
28-May-21	786	727	58	50	237	(187)	(134)
MF Investments (Rs. Cr.)							
May-21	54,603	54,403	201	1,20,672	1,15,132	5,539	5,740

Source: NSDL, SEBI *Data till May 28, 2021 # Data till May 24, 2021 ^Total (Net) of equity, debt & hybrid

Table 4: Money Market view#

	28-05-2021	31-05-2021
Avg. Call Rate (%)	2.83	3.18
Vol. Traded (Rs. Cr.)	387	10,664
MIBOR (Overnight) ^	3.39	3.39
Net banking system liquidity outstanding	(4,11,597)	(4,75,026)
Daily liquidity injection (+) /absorption (-) #	(2,95,720)	(3,59,149)
T-Bills 91 days *	3.39	3.39
182 days *	3.59	3.59
364 days *	3.71	3.71
G-Sec 3 years	4.69	4.70
5 years	5.54	5.59
10 years	6	6.02

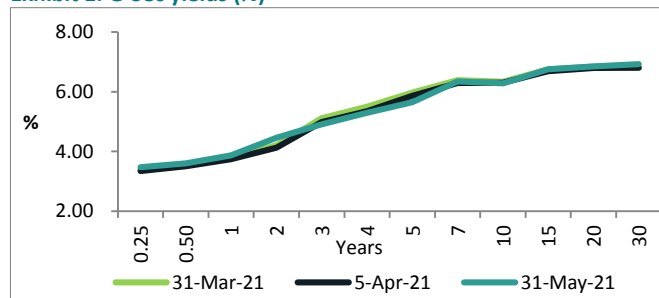
* + deficit/ - surplus (Net banking system liquidity outstanding = total repo + MSF + SLF - total reverse repo) #Daily liquidity injection (+) / absorption (-) = (Repo + MSF - Reverse Repo) auctioned on that day; Source: RBI, RBI, CCIL; ^pertains to 21st and 24th May 2021 *Data pertains to 27th & 28th May, 2021

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

10 Year	27-05-2021	28-05-2021	10 year	27-05-2021	28-05-2021
AAA	0.35	0.47	A	3.18	3.30
AA+	0.82	0.94	A-	3.68	3.80
AA	1.05	1.17	BBB+	4.18	4.30
AA-	1.43	1.55	BBB	4.43	4.55
A+	2.93	3.05	BBB-	4.93	5.05

Source: FIMMDA

Exhibit 1: G-Sec yields (%)



Source: FIMMDA