

Good Morning,

The market roundup for the global and domestic markets for **Wednesday (June 2, 2021)** is as follows.

- **Global equity stocks (US, European and Japanese)** ended higher led by hopes of faster economic recovery amidst swifter pace of vaccination and optimism around strong macroeconomic data globally (expansion in Eurozone factory activity, strong PMI manufacturing data, upbeat retail sales & housing data in Japan). However, lingering inflation globally continued to weigh on investor sentiments. Investors in the **US equity markets** awaited the payrolls data due on Friday. The restrictions in some prefectures of Japan amid rising covid-19 cases restricted the gains in **Nikkei**.
- **Chinese markets** closed lower on account of profit booking by investors as the PBOCs decision to raise forex requirement ratio for financial institutions dampened market sentiments. The recent surge in coronavirus infections in some regions sapped investor risk appetite.
- **10-year US benchmark treasury yields** ended lower as investors remained cautious ahead of the release of US jobs data and avoided making large bets. **US dollar** strengthened against Euro and Yen on recovery hopes, safe-haven demand owing to persistent inflationary fears and bets on normalisation of monetary policy by Federal Reserve.
- **Crude oil prices** rose on strong oil demand outlook with speeding up of vaccinations in US and China, the two largest oil consumers. The gains in oil prices were further supported by uncertainty over Iran and US reaching final agreement over the 2015 nuclear accord. The decision by OPEC+ to meet the fuel demand by easing supply capped the gains. **Gold prices** rose on account of increased purchase to hedge against inflationary concerns.
- **Sensex ended lower and Nifty** remained flat on selling across FMCG, IT and technology stocks on the back of investor jitteriness ahead of the MPC meeting scheduled for Friday. Investors awaited cues on inflation, interest and assurance of liquidity from the RBI.
- **Rupee** weakened on the back of a strong US dollar, weak domestic equities and rallying crude oil prices. **The 10-year benchmark GSec yields** declined as investors awaited the amount for GSAP for Q2-FY22.

**Table 1: Global Markets indicators**

	01-06-2021	02-06-2021	% / bps change
Dow	34,575	34,600	0.07
NASDAQ	13,736	13,756	0.14
S & P 500	4,202	4,208	0.14
Nikkei 225	28,814	28,946	0.46
FTSE 100	7,080	7,108	0.39
US 10-yr (%)	1.62	1.59	-2.70 bps
UK 10-yr (%)	0.83	0.80	-3.00 bps
Germany 10-yr (%)	-0.19	-0.20	-1.15 bps
3-month Libor (%) ^	0.131	0.129	-0.29 bps
6-month Libor (%) ^	0.171	0.175	0.39 bps
Gold	1,905	1,910	0.26
Crude Oil (WTI)	67.72	68.83	1.64
Crude Oil (Brent)	70.25	71.35	1.57
\$/€*	1.22	1.22	-0.15
¥/\$*	109.58	109.65	0.06
\$/£*	1.42	1.42	0.08

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

**Table 2: Domestic Market indicators**

	01-06-2021	02-06-2021	% change
Sensex	51,935	51,849	-0.16
NIFTY	15,575	15,576	0.01
BSE SME IPO	3,265	3,311	1.41
Rs/\$	72.90	73.09	0.26
Rs/€	89.13	89.01	-0.13

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 \$ mn)							
May-21	24,294	23,545	749	2,287	2,220	67	906
June-21*	742	670	72	174	104	70	140
31-May-21	1,531	819	712	87	161	(74)	634
01-June-21	742	670	72	174	104	70	140
MF Investments (Rs. Cr.)							
June-21#	133	71	62	427	422	5	67

Source: NSDL, SEBI \*Data till June 1, 2021 # Data till June 1, 2021 ^Total (Net) of equity, debt & hybrid

**Table 4: Money Market view#**

	01-06-2021	02-06-2021
Avg. Call Rate (%)	3.12	3.12
Vol. Traded (Rs. Cr.)	8,763	8,985
MIBOR (Overnight) ^	3.39	3.4
Net banking system liquidity outstanding	(5,18,440)	(5,20,374)
Daily liquidity injection (+) /absorption (-) #	(4,02,563)	(4,04,497)
T-Bills 91 days *	3.39	3.40
182 days *	3.57	3.62
364 days *	3.72	3.73
G-Sec 3 years	5.04	5.03
5 years	5.61	5.58
10 years	6.02	6.01

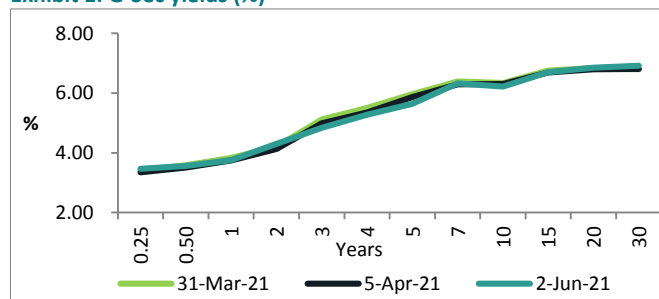
\* + deficit/ - surplus (Net banking system liquidity outstanding = total repo + MSF + SLF - total reverse repo) #Daily liquidity injection (+) / absorption (-) = (Repo + MSF - Reverse Repo) auctioned on that day; Source: RBI, RBI, CCIL; ^pertains to 24<sup>th</sup> and 25<sup>th</sup> May 2021 \*with a day's lag

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

10 Year	31-05-2021	01-06-2021	10 year	31-05-2021	01-06-2021
AAA	0.45	0.43	A	3.32	3.30
AA+	0.91	0.89	A-	3.82	3.80
AA	1.17	1.15	BBB+	4.32	4.30
AA-	1.57	1.55	BBB	4.57	4.55
A+	3.07	3.05	BBB-	5.07	5.05

Source: FIMMDA

**Exhibit 1: G-Sec yields (%)**



Source: FIMMDA