

# Daily DEBT Market Update

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January 04, 2022 | Economics

Good Morning,

The market roundup for the global and domestic markets for Monday (January 03, 2022) is as follows:

- **US benchmark indices** hit new records to start the year as market participants showed hope about the economy's ability to overcome the surge in Covid cases. Gains were driven by stocks in the tech, energy, consumer discretionary and financial sectors.
- **Asian markets** were mixed with some major markets in the region closed for trading on Monday. **European shares** hit all-time highs on Monday, starting the year in an upbeat mood on hopes of steady economic recovery despite a surge in COVID-19 cases due to the Omicron variant.
- The **10-year benchmark treasury yield** rose to their highest levels since November to start 2022, as market participants closely monitored soaring cases of the omicron Covid variant.
- **Crude oil prices** settled higher on Monday on hopes of further demand recovery in 2022, despite OPEC+ looking set to agree to another output increase and persistent concerns about how rising Covid infections might affect demand. **Gold prices** declined tracking a firm dollar.
- **Domestic benchmark indices** ended higher on first trading day of 2022 led by banks and financials. All the sectoral indices, barring Pharma, closed in the green, with Banking & Financials, Metal, IT and Auto leading the rally. Sentiments were upbeat as Finance Ministry said that GST revenues grew 13% in December 2021, mainly due to pickup in economic activity and anti-evasion steps.
- **Rupee** appreciated for a 3rd straight session against the US dollar tracking upbeat local equities and weak Dollar. However, importers' dollar demand and speculation that the Reserve Bank of India may not allow the local currency to appreciate from current levels limited gains. **10-Year benchmark G-Sec yield** was steady at 6.45%.

Table 1: Global Markets indicators

	31-12-2021	03-01-2022	% / bps change
Dow	36,338	36,585	0.68
NASDAQ	15,645	15,833	1.20
S & P 500	4,766	4,797	0.64
Nikkei 225	NA	NA	NA
FTSE 100	7,385	NA	NA
US 10-yr (%)	1.51	1.63	11.70 bps
UK 10-yr (%)	0.97	0.97	0.00 bps
Germany 10-yr (%)	NA	-0.12	NA
Gold	1,829	1,800	-1.56
Crude Oil (WTI)	75.21	76.08	1.16
Crude Oil (Brent)	77.78	78.98	1.54
\$/€*	1.14	1.13	-0.65
¥/\$*	115.10	115.32	0.19
\$/£*	1.35	1.35	-0.34

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

Table 4: Money Market view#

	31-12-2021	03-01-2022
Avg. Call Rate (%)	3.64	3.29
Vol. Traded (Rs. Cr.)	2,518	8,811
MIBOR (overnight)^	3.59	3.51
Net banking system liquidity outstanding	(6,72,908)	(7,91,349)
Daily liquidity injection (+) /absorption (-) #	(4,66,916)	(4,61,064)
T-Bills 91 days	3.50	3.60
182 days	3.92	3.93
364 days	4.10	4.18
G-Sec 3 years	5.30	5.30
5 years	5.79	5.79
10 years	6.45	6.45

\* + 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; ^pertains to 24th and 27th December 2021; Source: RBI, RBI, CCIL.

Table 2: Domestic Market indicators

	31-12-2021	03-01-2022	% change
Sensex	58,254	59,183	1.60
NIFTY	17,354	17,626	1.57
BSE SME IPO	16,672	17,400	4.37
Rs/\$	74.33	74.26	-0.10
Rs/€	84.21	84.37	0.18

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)							
Dec-21	26,493	29,018	(2,525)	2,456	3,833	(1,377)	(3,938)
Jan-22*	549	463	85	32	78	(47)	38
03-Jan-22	549	463	85	32	78	(47)	38
31-Dec-21	719	871	(152)	210	92	118	(36)
MF Investments (Rs. Cr.)							
Dec-21#	69,082	50,180	18,901	98,977	97,057	1,920	20,821

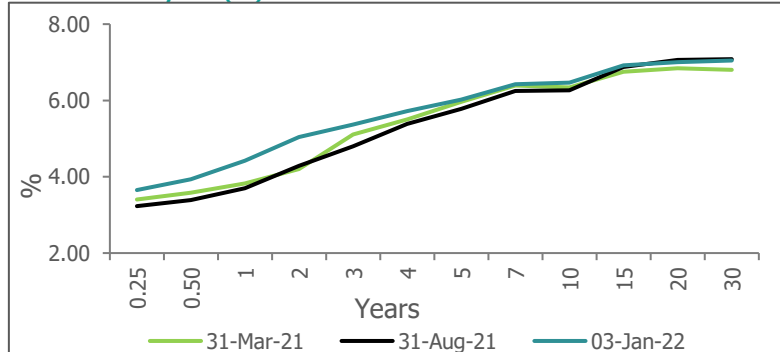
Source: NSDL, SEBI; \*Latest data as of previous trading; #Data till December 22, 2021; ^Total (Net) of equity, debt & hybrid

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

	10 Year	PSU, FIs & Banks	NBFCs	Corporates
AAA		0.34	0.46	0.43
AA+		0.83	0.99	0.90
AA		1.14	1.38	1.22
AA-		1.58	1.73	1.63
A+		2.58	3.73	3.13
A		2.83	3.98	3.38
A-		3.08	4.23	3.88
BBB+		3.58	4.73	4.38
BBB		3.83	4.98	4.63
BBB-		4.33	5.48	5.13

Source: FIMMDA; \*As on 31st December 2021

Exhibit 1: G-Sec yields (%)



Source: FIMMDA

## Contact

Shambhavi Priya | Associate Economist | shambhavi.priya@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 :



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