

# Daily DEBT Market Update

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March 4, 2022 | Economics

Good Morning,

The market roundup for the global and domestic markets for **Thursday (March 3, 2022)** is as follows:

- **US and European markets** ended lower as investors weighed concerns over inflation, fuelled by the rising commodity and crude oil prices as tensions between Russia and Ukraine showed no signs of easing.
- **Japanese stocks** edged higher tracking overnight gains in the US equity markets following comments from Fed Chair Jerome Powell which hinted at less aggressive monetary tightening than previously expected. **Stocks in China** fell as investor sentiments were dampened following data which showed that China's services sector activity in February slowed to a 6-month low amid government's strict Covid-19 containment measures.
- **The 10-year benchmark treasury yield** fell on increased safe-haven demand as the Russia-Ukraine conflict continued. **US Dollar** gained against Euro and Pound as Fed Chair Jerome Powell signalled that the Fed would start raising interest rates this month.
- **Crude oil prices** declined on prospects of Iran nuclear deal which eased concerns over supply disruptions from key producer Russia. Meanwhile, OPEC and its allies decided to continue with its plan of gradual output hike despite elevated oil prices and tight market conditions. **Gold prices** rose despite strength in US Dollar.
- **Indian benchmark indices** ended lower for the second straight session dragged by sell-offs in auto and financial stocks while gains in IT, metals and energy stocks helped restrict the downside. Investor jitteriness continued over the ongoing Russia-Ukraine conflict and surging crude oil prices.
- **Rupee slipped** further against the US Dollar on account of lacklustre trend in domestic equities, sustained foreign fund outflows and rising crude oil prices amid the ongoing Russia-Ukraine conflict. **10-year benchmark G-sec yield** remained elevated at 6.84%.

**Table 1: Global Markets indicators**

|                   | 02-03-2022 | 03-03-2022 | % / bps change |
|-------------------|------------|------------|----------------|
| Dow               | 33,891     | 33,795     | -0.29          |
| NASDAQ            | 13,752     | 13,538     | -1.56          |
| S & P 500         | 4,387      | 4,363      | -0.53          |
| Nikkei 225        | 26,393     | 26,577     | 0.70           |
| FTSE 100          | 7,430      | 7,239      | -2.57          |
| US 10-yr (%)      | 1.878      | 1.845      | -3.30 bps      |
| UK 10-yr (%)      | 1.263      | 1.300      | 3.70 bps       |
| Germany 10-yr (%) | 0.029      | 0.021      | -0.80 bps      |
| Gold              | 1,922      | 1,936      | 0.71           |
| Crude Oil (WTI)   | 110.60     | 107.67     | -2.65          |
| Crude Oil (Brent) | 112.93     | 110.46     | -2.19          |
| \$/€*             | 1.11       | 1.11       | -0.49          |
| ¥/\$*             | 115.52     | 115.47     | -0.04          |
| \$/£*             | 1.34       | 1.33       | -0.44          |

\* (-) Appreciation/ (+) Depreciation;

Source: CNN, WSJ, Bloomberg.

**Table 4: Money Market view#**

|   | 02-03-2022 | 03-03-2022 |
|---|------------|------------|
| Avg. Call Rate (%)                              | 3.27       | 3.28       |
| Vol. Traded (Rs. Cr.)                           | 8,234      | 8,376      |
| MIBOR (overnight) ^                             | 3.48       | 3.45       |
| Net banking system liquidity outstanding *      | (8,04,630) | (8,01,672) |
| Daily liquidity injection (+) /absorption (-) # | (2,24,554) | (2,21,596) |
| T-Bills 91 days ^                               | 3.72       | 3.73       |
| 182 days ^                                      | 4.20       | 4.20       |
| 364 days ^                                      | 4.60       | 4.61       |
| G-Sec 3 years ^                                 | 4.95       | 4.96       |
| 5 years ^                                       | 6.02       | 6.04       |
| 10 years ^                                      | 6.83       | 6.84       |

\* + 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 pertains to 23<sup>rd</sup> & 24<sup>th</sup> February 2022, Source: RBI, FBI, CCIL

**Table 2: Domestic Market indicators**

|             | 02-03-2022 | 03-03-2022 | % change |
|-------------|------------|------------|----------|
| Sensex      | 55,469     | 55,103     | -0.66    |
| NIFTY       | 16,606     | 16,498     | -0.65    |
| BSE SME IPO | 13,275     | 13,450     | 1.31     |
| Rs/\$       | 75.71      | 75.91      | 0.26     |
| Rs/€        | 83.91      | 84.09      | 0.21     |

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) |          |        |         |          |       |         |               |
| Feb-22                        | 17,872   | 22,614 | (4,742) | 2,575    | 2,922 | (347)   | (5,075)       |
| Mar-22*                       | 3,776    | 4,859  | (1,083) | 252      | 519   | (267)   | (1,351)       |
| 02-Mar-22                     | 2,075    | 2,623  | (548)   | 123      | 205   | (82)    | (630)         |
| 03-Mar-22                     | 1,701    | 2,237  | (536)   | 129      | 314   | (185)   | (721)         |
| MF Investments (Rs crore)     |          |        |         |          |       |         |               |
| Feb-22#                       | 1,268    | 582    | 686     | 723      | 2,910 | (2,187) | (1,501)       |

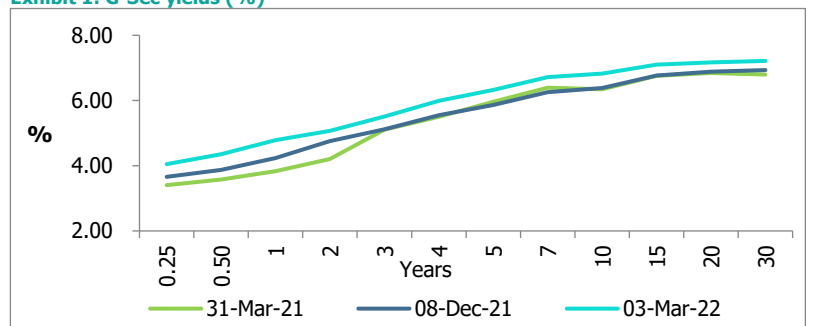
Source: NSDL, SEBI; \*Latest data as of previous trading; #Data till March 2, 2022; ^Total (Net) of equity, debt & hybrid

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

|      | 10 Year | PSU, FIs & Banks | NBFCs | Corporates |
|------|---------|------------------|-------|------------|
| AAA  |         | 0.12             | 0.28  | 0.11       |
| AA+  |         | 0.61             | 0.65  | 0.54       |
| AA   |         | 0.93             | 1.06  | 0.89       |
| AA-  |         | 1.35             | 1.44  | 1.34       |
| A+   |         | 2.10             | 3.19  | 2.59       |
| A    |         | 2.35             | 3.44  | 2.84       |
| A-   |         | 2.60             | 3.69  | 3.34       |
| BBB+ |         | 3.10             | 4.19  | 3.84       |
| BBB  |         | 3.35             | 4.44  | 4.09       |
| BBB- |         | 3.85             | 4.94  | 4.59       |

Source: FIMMDA; \*As on March 2, 2022

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



Source: FIMMDA

## Contact

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