

Good Morning,

The market roundup for the global and domestic markets for **Thursday (June 3, 2021)** is as follows.

- **US equity markets** ended lower, **10 year US benchmark treasury yield** inched up and the **US dollar** strengthened as concerns around rising inflation and sooner than expected tapering by the Fed grew stronger on the back strengthening US economy (strong jobs and PMI data). Investors also assessed the lower corporate tax proposal unveiled by the US President to fund the infrastructure spending.
- **European equity markets** ended broadly lower as persistent inflationary concerns; volatility in the retail segment and travel restrictions in the UK outweighed optimism around expansion in business activity in the Eurozone. **Chinese markets** closed lower as investor sentiments were dampened by likelihood of US sanctions on companies with links to Chinese military whereas **Nikkei** ended higher fuelled by recovery optimism.
- **Crude oil prices** ended flat as strong demand fundamentals and drop in US crude oil inventory off-set increased supply from the OPEC+ decision and speeding of Iran-US negotiations. **Gold prices** fell tracking strength in **US dollar**.
- **Indian benchmark equity indices** closed higher as gains owing to positive developments on the vaccine and declining COVID-19 cases were outweighed by contraction in the PMI-services and cautious investment ahead of RBI's MPC meet.
- **Rupee** strengthened on sale of US dollar by foreign banks following anticipation of foreign funds inflows into Indian companies, raising funds from off-shore markets. **The 10-year benchmark G sec yields** declined ahead of the MPC meet as investors awaited the GSAP amount for Q2-FY22.

Table 1: Global Markets indicators

	02-06-2021	03-06-2021	% / bps change
Dow	34,600	34,577	-0.07
NASDAQ	13,756	13,615	-1.03
S & P 500	4,208	4,193	-0.36
Nikkei 225	28,946	29,058	0.39
FTSE 100	7,108	7,064	-0.61
US 10-yr (%)	1.59	1.63	3.9 bps
UK 10-yr (%)	0.80	0.83	3.15 bps
Germany 10-yr (%)	-0.20	-0.18	1.4 bps
3-month Libor (%) ^	0.129	0.134	0.55 bps
6-month Libor (%) ^	0.175	0.167	-0.75 bps
Gold	1,910	1,873	-1.92
Crude Oil (WTI)	68.83	68.81	-0.03
Crude Oil (Brent)	71.35	71.31	-0.06
\$/€*	1.22	1.21	-0.65
¥/\$*	109.65	110.19	0.49
\$/£*	1.42	1.41	-0.48

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

Table 2: Domestic Market indicators

	02-06-2021	03-06-2021	% change
Sensex	51,849	52,232	0.74
NIFTY	15,576	15,690	0.73
BSE SME IPO	3,311	3,280	-0.94
Rs/\$	73.09	72.91	-0.25
Rs/€	89.01	88.91	-0.11

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

Table 3: FPI and MFs investment flows

US \$ Mn	Equity		Net	Debt		Total (Net) ^	
	Purchase	Sale		Purchase	Sale		
Net FPI Flows (US \$ mn)							
May-21	24,294	23,545	749	2,287	2,220	67	906
June-21*	2,331	2,110	221	248	211	37	253
01-June-21	742	670	72	174	104	70	140
02-June-21	1,589	1,440	149	74	107	(33)	113
MF Investments (Rs. Cr.)							
June-21#	133	71	62	427	422	5	67

Source: NSDL, SEBI *Data till June 2, 2021 # Data till June 1, 2021 ^Total (Net) of equity, debt & hybrid

Table 4: Money Market view#

	02-06-2021	03-06-2021
Avg. Call Rate (%)	3.12	3.09
Vol. Traded (Rs. Cr.)	8,985	7,683
MIBOR (Overnight) ^	3.4	3.39
Net banking system liquidity outstanding	(5,20,374)	(5,22,454)
Daily liquidity injection (+) /absorption (-) #	(4,04,497)	(4,06,577)
T-Bills 91 days *	3.40	3.41
182 days *	3.62	3.63
364 days *	3.73	3.73
G-Sec 3 years	5.03	5.03
5 years	5.58	5.56
10 years	6.01	6.00

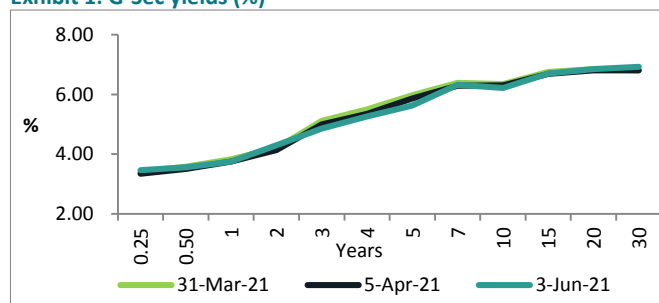
* + deficit/ - surplus (Net banking system liquidity outstanding = total repo + MSF + SLF - total reverse repo) #Daily liquidity injection (+) / absorption (-) = (Repo + MSF - Reverse Repo) auctioned on that day; Source: RBI, RBI, CCLIL; ^pertains to 25th and 27th May 2021 *with a day's lag

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

10 Year	01-06-2021	02-06-2021	10 year	01-06-2021	02-06-2021
AAA	0.43	0.47	A	3.30	3.34
AA+	0.89	0.93	A-	3.80	3.84
AA	1.15	1.19	BBB+	4.30	4.34
AA-	1.55	1.59	BBB	4.55	4.59
A+	3.05	3.09	BBB-	5.05	5.09

Source: FIMMDA

Exhibit 1: G-Sec yields (%)



Source: FIMMDA