

Good Morning,

The market roundup for the global markets for **Thursday (December 31, 2020)** and domestic markets for **Friday (January 1, 2021)** is as follows:

- **US stock markets** closed higher on Thursday as sentiments were buoyed on vaccine optimism, the prospects of further fiscal stimulus and lower than expected lower than expected initial jobless claims.
- **European equity markets including FTSE** closed lower as tighter coronavirus restrictions in the UK and higher U.S. tariffs on some EU products dampened optimism on Britain's last day as a member of one of the World's largest trading blocs.
- **Nikkei** was closed on Thursday and Friday on account of New Year holiday.
- **US benchmark treasury yields** declined and the **US dollar** strengthened against Euro and Yen amidst thin trading on the last working day of the year in a holiday shortened week.
- **Pound** strengthened on post-Brexit trade deal, Brexit coming into effect and rollout of vaccines raising hopes for quick economic recovery.
- **Crude oil prices** rose on prospects of further fiscal stimulus from the US and decline in stocks of crude oil in the US as reported by EIA and API.
- **Gold prices** remained steady as the partial strength in the US dollar weighed on the metal prices.

On Friday (January 1, 2021)

- **Indian equity markets** closed higher in the absence of any cues from the global markets led by gains in the led by gains in PSU banks and auto stocks (with increase in wholesale sales). Sustained FPI inflows and hopes of authorisation of emergency use of vaccine further supported the gains.
- **Rupee** weakened marginally against the US dollar amidst thin trading as most global currency markets were closed on account of New Year.
- **10 year benchmark GSec yields** closed marginally higher following fresh auction of government securities worth Rs. 22,000 crore despite special OMO auctions by the RBI.

Table 1: Global Markets indicators

	30-12-2020	31-12-2020	% change
Dow	30,410	30,606	0.65
NASDAQ	12,870	12,888	0.14
S & P 500	3,732	3,756	0.64
Nikkei 225^	27,568	27,444	-0.45
FTSE 100	6,556	6,461	-1.45
US 10-yr (%)	0.93	0.91	-1.40
UK 10-yr (%)	0.21	0.19	-2.10
Germany 10-yr (%)	-0.58	-0.57	0.80
3-month Libor (%)	0.25	0.24	-1.64
6-month Libor (%)	0.26	0.26	0.24
Gold	1,893	1,895	0.09
Crude Oil (WTI)	48.40	48.52	0.25
Crude Oil (Brent)	51.34	51.80	0.90
\$/€*	1.23	1.22	-0.67
¥/\$*	103.19	103.20	0.01
\$/£*	1.36	1.37	0.34

* (-) Appreciation/ (+) Depreciation ;

Source: CNN, WSJ, Bloomberg.

Note: ^ Nikkei was closed on Dec. 31. Data pertains to previous working days

Table 2: Domestic Market indicators

	31-12-2020	01-01-2021	% change
Sensex	47,751	47,869	0.25
NIFTY	13,982	14,019	0.26
BSE SME IPO	1,386	1,396	0.73
Rs/\$	73.07	73.12	0.07
Rs/€	89.74	89.28	-0.51

Source: BSE, NSE, FEDAI * (-) 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)							
Nov-20	35,770	26,209	9,560	2,633	2,408	225	9,785
Dec-20	25,330	18,063	7,267	4,205	3,206	999	8,267
30-Dec-20	735	494	241	434	175	260	500
31-Dec-20	857	772	84	151	126	25	109
MF Investments (Rs. Cr.)							
Dec-20 #	32,997	52,370	(19,373)	79,116	66,970	12,146	(7,227)

Source: NSDL, SEBI #Till Dec 17, 2020

Table 4: Money Market view

	31-12-2020	01-01-2021
Avg. Call Rate(%)	3.31	3.10
Vol. Traded (Rs. Cr.)	10,536	1,903
MIBOR (Overnight)	3.51	3.47
Net banking system liquidity outstanding*	(6,25,025)	(6,21,372)
Daily liquidity injection (+) /absorption (-)#	(7,37,314)	(7,33,262)
T-Bills 91 days	3.01	2.99
182 days	3.28	3.25
364 days	3.43	3.43
G-Sec 3 years	3.87	3.87
5 years	5.04	5.04
10 years	5.87	5.88

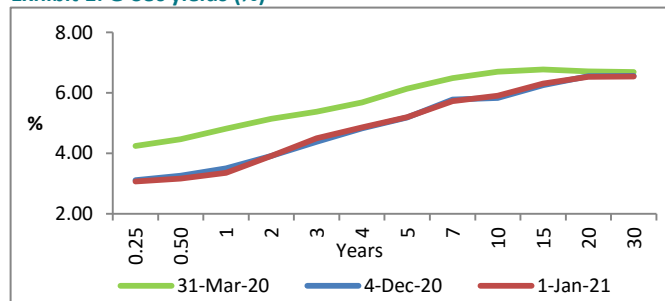
* + deficit/ - surplus (Net banking system liquidity outstanding = total repo + MSF + SLF - total reverse repo) #Daily liquidity injection (+) / absorption (-) = (Repo + MSF - Reverse Repo) auctioned on that day ; Source: RBI, FBIL; ^with a day's lag

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

10 Year	30-12-2020	31-12-2020	10 year	30-12-2020	31-12-2020
AAA	1.22	0.61	A	4.12	3.55
AA+	1.70	1.12	A-	4.87	4.30
AA	2.00	1.42	BBB+	5.12	4.55
AA-	2.37	1.80	BBB	5.37	4.80
A+	3.87	3.30	BBB-	5.87	5.30

Source: FIMMDA

Exhibit 1: G-Sec yields (%)



Source: FIMMDA

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