

Good Morning,

The market roundup for the global and domestic markets for **Monday (January 4, 2021)** is as follows:

- **US stock markets** ended lower pulling down from record highs as investors turned cautious amidst the surge in the coronavirus cases and the discovery of a new variant of coronavirus. The outcome of runoff elections in Georgia for two senate seats further weighed on investor sentiments. However, roll-out of COVID-19 vaccines globally buoyed investor sentiments and limited the fall in **US stocks**.
- **European equity markets (including FTSE)** ended higher as landmark Brexit trade deal and coronavirus vaccine campaigns across the European countries bolstered expectations of a strong economic rebound. Upbeat macroeconomic data from Germany (rise in PMI manufacturing to 58.3 in December) also supported gains.
- **Nikkei** ended lower following reports of a likely state of emergency to be announced for Tokyo and 3 surrounding prefectures. **Asian stocks** ended higher as investors pinned their hopes on vaccines to delivery an economic rebound.
- **US benchmark treasury yields** rose on safe-haven demand owing to surge in coronavirus cases and US election uncertainty. **US dollar** weakened against the **Euro and Yen** as investors hoped for faster than expected economic recovery. **Pound** strengthened on Brexit optimism.
- **Crude oil prices** fell as OPEC hinted at downside risks to crude oil demand in the first half of 2021 ahead of its meeting. **Gold prices** rose on account of weakness in **US dollar**.
- **Indian equity markets** closed higher on optimism of faster than expected economic recovery after the domestic drug regulator approved 2 COVID-19 vaccines for restricted emergency use.
- **Rupee** strengthened tracking the weakness in the US dollar amidst likely FPI inflows.
- **10 year benchmark GSec yields** closed lower on likely large purchases by foreign banks and mutual fund houses after the Christmas break.

**Table 1: Global Markets indicators**

	31-12-2020	04-01-2021	% change
Dow	30,606	30,224	-1.25
NASDAQ	12,888	12,698	-1.47
S & P 500	3,756	3,701	-1.48
Nikkei 225^	NA	27,258	-0.68
FTSE 100	6,461	6,572	1.72
US 10-yr (%)	0.91	0.92	0.50 bps
UK 10-yr (%)	0.19	0.19	-0.80 bps
Germany 10-yr (%)	-0.57	-0.61	-3.50 bps
3-month Libor (%)	0.24	0.24	0.09 bps
6-month Libor (%)	0.26	0.26	-0.19 bps
Gold	1,895	1,947	2.72
Crude Oil (WTI)	48.52	47.62	-1.85
Crude Oil (Brent)	51.80	51.09	-1.37
\$/€*	1.22	1.22	0.27
¥/\$*	103.20	103.13	-0.07
\$/£*	1.37	1.36	-0.74

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

Source: CNN, WSI, Bloomberg.

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

**Table 4: Money Market view**

	01-01-2020	04-01-2021
Avg. Call Rate(%)	3.10	3.18
Vol. Traded (Rs. Cr.)	1,903	10,520
MIBOR (Overnight)	3.51	3.47
Net banking system liquidity outstanding*	(6,21,372)	(6,52,060)
Daily liquidity injection (+) /absorption (-)#	(7,33,262)	(7,62,750)
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	5.00
10 years	5.88	5.83

\* + 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 2: Domestic Market indicators**

	01-01-2021	04-01-2021	% change
Sensex	47,869	48,182	0.65
NIFTY	14,019	14,133	0.82
BSE SME IPO	1,396	1,405	0.67
Rs/\$	73.12	73.02	-0.14
Rs/€	89.28	89.77	0.55

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	
<b>Net FPI Flows (US \$ mn)</b>							
Dec-20	25,330	18,063	7,267	4,205	3,206	999	8,267
Jan-21*	268	106	162	28	25	3	165
31-Dec-20	857	772	84	151	126	25	109
02-Jan-21	268	106	162	28	25	3	165
<b>MF Investments (Rs. Cr.)</b>							
Dec-20 #	32,997	52,370	(19,373)	79,116	66,970	12,146	(7,227)

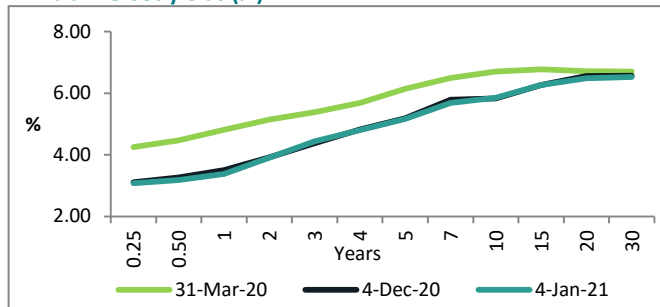
Source: NSDL, SEBI \*Till 2 Jan 2021 #Till Dec 17, 2020

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

10 Year	31-12-2020	01-1-2021	10 year	31-12-2020	01-01-2021
AAA	0.61	0.71	A	3.55	3.65
AA+	1.12	1.22	A-	4.30	4.15
AA	1.42	1.52	BBB+	4.55	4.65
AA-	1.80	1.90	BBB	4.80	4.90
A+	3.30	3.40	BBB-	5.30	5.40

Source: FIMMDA

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



Source: FIMMDA

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