

Good Morning,

The market roundup for the global and domestic markets for **Tuesday (January 5, 2021)** is as follows:

- **US stock markets** ended higher as investors sentiments were buoyed by the roll-out of the COVID-19 vaccine globally. However, gains were limited as investors were closely monitoring developments of the run-off elections in Georgia and spread of the new variant of the COVID-19 virus which could lead to further stringent lockdowns.
- **European equity markets (excluding FTSE)** ended lower led by losses in defensive stocks amidst close monitoring of developments of the coronavirus pandemic, imposition of further restrictions coupled with uncertainty surrounding US Senate runoff elections. **FTSE** ended higher as fresh stimulus measures were overshadowed by third nation-wide lockdown announced by the UK Prime Minister. Rise in crude oil prices supported gains in energy stocks.
- **Nikkei** ended lower as the government is set to declare a state of emergency to deal with rising COVID-19 infections while uncertainty surrounding the US elections curbed risk appetite of investors.
- **US benchmark treasury yields while US dollar weakened against major currencies** on account of safe-haven demand owing to surge in coronavirus cases and US election uncertainty.
- **Crude oil prices** rose as OPEC+ agreed on production curbs starting February with Saudi Arabia agreeing for a larger reduction. **Gold prices** rose on account of weakness in **US dollar**.
- **Indian equity markets** closed higher led by gains in banks and IT stocks over better than expected earnings in Q3-FY21 and optimism surrounding the vaccine use. However, volatility remained high following lockdown restrictions announced in UK and surge in coronavirus cases globally.
- **Rupee** weakened against the **US dollar** amid concerns surrounding India's widening trade deficit in the coming months.
- **10 year benchmark GSec yields** closed lower on likely large purchases by foreign banks and mutual fund houses.

Table 1: Global Markets indicators

	04-01-2021	05-01-2021	% change
Dow	30,224	30,392	0.55
NASDAQ	12,698	12,819	0.95
S & P 500	3,701	3,727	0.71
Nikkei 225	27,258	27,159	-0.37
FTSE 100	6,572	6,612	0.61
US 10-yr (%)	0.92	0.96	3.80 bps
UK 10-yr (%)	0.19	0.21	2.30 bps
Germany 10-yr (%)	-0.61	-0.58	2.60 bps
3-month Libor (%)	0.24	0.237	-0.11 bps
6-month Libor (%)	0.26	0.258	0.12 bps
Gold	1,947	1,954	0.40
Crude Oil (WTI)	47.62	49.93	4.85
Crude Oil (Brent)	51.09	53.60	4.91
\$/€*	1.22	1.23	0.41
¥/\$*	103.13	102.72	-0.40
\$/£*	1.36	1.36	0.41

* (-) Appreciation/ (+) Depreciation ;
Source: CNN, WSJ, Bloomberg

Table 2: Domestic Market indicators

	04-01-2021	05-01-2021	% change
Sensex	48,182	48,438	0.53
NIFTY	14,133	14,200	0.47
BSE SME IPO	1,405	1,399	-0.44
Rs/\$	73.02	73.18	0.22
Rs/€	89.77	89.93	0.18

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)							
Dec-20	25,330	18,063	7,267	4,205	3,206	999	8,267
Jan-21*	1,338	799	539	270	120	150	689
02-Jan-21	268	106	162	28	25	3	165
04-Jan-21	1,070	693	378	242	95	147	525
MF Investments (Rs. Cr.)							
Dec-20 #	32,997	52,370	(19,373)	79,116	66,970	12,146	(7,227)

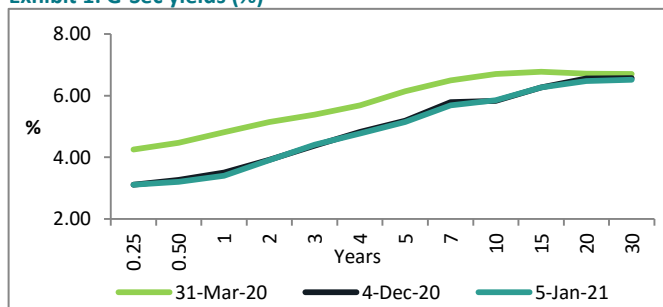
Source: NSDL, SEBI *Till 4 Jan 2021 #Till Dec 17, 2020

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

10 Year	01-01-2021	04-01-2021	10 year	01-01-2021	04-01-2021
AAA	0.71	0.76	A	3.65	3.70
AA+	1.22	1.27	A-	4.15	4.20
AA	1.52	1.57	BBB+	4.65	4.70
AA-	1.90	1.95	BBB	4.90	4.95
A+	3.40	3.45	BBB-	5.40	5.45

Source: FIMMDA

Exhibit 1: G-Sec yields (%)



Source: FIMMDA

Table 4: Money Market view

	04-01-2020	05-01-2021
Avg. Call Rate(%)	3.18	3.15
Vol. Traded (Rs. Cr.)	10,520	10,515
MIBOR (Overnight)^	3.47	3.48
Net banking system liquidity outstanding*	(6,52,060)	(6,54,429)
Daily liquidity injection (+) /absorption (-)#	(7,62,750)	(7,65,118)
T-Bills 91 days^	2.99	3.01
182 days^	3.25	3.27
364 days^	3.43	3.43
G-Sec 3 years	3.87	3.86
5 years	5.00	4.97
10 years	5.83	5.82

* + 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

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