

Good Morning,

The market roundup for the global and domestic markets for **Thursday (January 7, 2021)** is as follows:

- **US stock markets** ended higher supported by confirmation of Democrats electoral win in Georgia while investors' are hopeful of more financial aid for consumers and business and measures to boost the US economy. Positive macroeconomic data (rise in ISM services index to 57.2 in December, fall in US jobless claims) also supported gains. However, the gains were limited following violent protests ahead of the transition of the Presidential post.
- **European equity markets (including FTSE)** ended higher as construction stocks gained on upbeat sales forecast from certain private companies in the sector while commodity linked stocks rose buoyed by hopes of larger US stimulus after Democrats won control of the Senate.
- **Nikkei** ended higher to 30-year peak supported by financial sector stocks amidst transition of Presidential power to the Democrats in the USA and optimism surrounding larger US stimulus.
- **US benchmark treasury yields rose** tracking gains in US equities amidst electoral victory for Democrats in the run-off elections in Georgia and potential further stimulus spending.
- **US dollar** strengthened against major currencies attributed partly to safe-haven demand following violence in the USA.
- **Crude oil prices** rose as investors remained focussed on OPEC+ decision on production curbs starting February coupled with steep fall in US crude oil inventories as reported by EIA. **Gold prices** rose despite the strength in the US dollar.
- **Indian equity markets** closed lower as investors booked profits amidst rising COVID-19 and mutant virus cases globally and violent protests in the US after electoral results. Investors are also cautious and awaiting release of the 1<sup>st</sup> advance estimates of the GDP for FY21.
- **Rupee** weakened following the strength in the **US dollar** and rising crude oil prices. **10 year benchmark GSec yields** rose on rise in crude oil prices and reports of elevated fiscal deficit of the central government for FY21.

**Table 1: Global Markets indicators**

	06-01-2021	07-01-2021	% change
Dow	30,829	31,041	0.69
NASDAQ	12,741	13,067	2.56
S & P 500	3,748	3,804	1.48
Nikkei 225	27,056	27,966	3.36
FTSE 100	6,842	6,857	0.22
US 10-yr (%)	1.04	1.07	2.90 bps
UK 10-yr (%)	0.24	0.28	4.00 bps
Germany 10-yr (%)	-0.56	-0.56	0.50 bps
3-month Libor (%)	0.236	0.234	-0.29 bps
6-month Libor (%)	0.253	0.252	-0.19 bps
Gold	1,909	1,914	0.26
Crude Oil (WTI)	50.63	50.83	0.40
Crude Oil (Brent)	54.30	54.38	0.15
\$/€*	1.23	1.23	-0.45
¥/\$*	103.04	103.81	0.75
\$/£*	1.36	1.36	-0.29

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

**Table 2: Domestic Market indicators**

	06-01-2021	07-01-2021	% change
Sensex	48,174	48,093	-0.17
NIFTY	14,146	14,137	-0.06
BSE SME IPO	1,408	1,424	1.10
Rs/\$	73.11	73.32	0.29
Rs/€	90.08	90.01	-0.08

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*	3,234	2,768	466	635	471	164	630
05-Jan-21	995	1,021	(26)	135	81	54	27
06-Jan-21	901	948	(47)	230	270	(40)	(87)
<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 6 Jan 2021 #Till Dec 17, 2020

**Table 4: Money Market view**

	06-01-2020	07-01-2021
Avg. Call Rate(%)	3.16	3.2
Vol. Traded (Rs. Cr.)	10,271	11,001
MIBOR (Overnight)^	3.47	3.47
Net banking system liquidity outstanding*	(5,99,303)	(5,98,352)
Daily liquidity injection (+) /absorption (-)#	(7,09,992)	(7,09,041)
T-Bills 91 days^	2.99	3.04
182 days^	3.23	3.34
364 days^	3.43	3.45
G-Sec 3 years	3.89	3.89
5 years	4.99	4.99
10 years	5.85	5.86

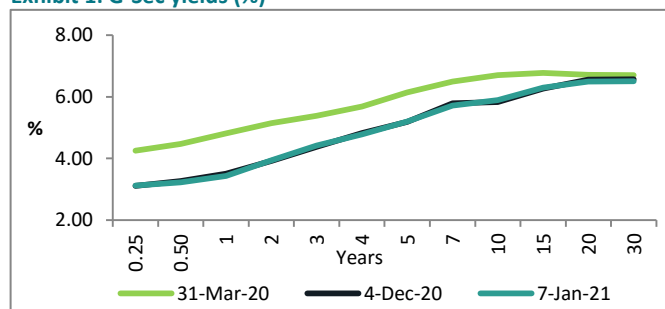
\* + deficit/ - surplus (Net banking system liquidity outstanding = total repo + MSF + SLF - total reverse repo) #Daily liquidity injection (+) / absorption (-) = (Repo + MSF - Reverse Repo) auctioned on that day ; Source: RBI, FBIL; ^with a day's lag

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

10 Year	05-01-2021	06-01-2021	10 year	05-01-2021	06-01-2021
AAA	0.72	0.68	A	3.66	3.62
AA+	1.23	1.19	A-	4.16	4.12
AA	1.53	1.49	BBB+	4.66	4.62
AA-	1.91	1.87	BBB	4.91	4.87
A+	3.41	3.37	BBB-	5.41	5.37

Source: FIMMDA

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



Source: FIMMDA

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