

Good Morning,

The market roundup for the global and domestic markets for **Wednesday (January 6, 2021)** is as follows:

- **US stock markets** ended mixed (**Dow** and **S&P 500** rose while **NASDAQ** fell) as the gains were led by financial and industrial stocks owing to optimism surrounding win for the Democratic Party in Georgia which would lead to more fiscal stimulus and infrastructure spending. However, the gains were weighed down by protests in US Capitol which led to curfew announced by the local government.
- **European equity markets (including FTSE)** ended higher led by energy and bank stocks as investors were hopeful of an election victory for Democratic Party in Georgia. Rise in crude oil prices supported gains in energy stocks.
- **Nikkei** ended lower as investor booked profits amidst declaration of a state of emergency by the Japanese government to deal with rising COVID-19 infections. Investors were also cautious ahead of the US run-off elections.
- **US benchmark treasury yields** rose supported by improved risk appetite and early indications from the run-off elections which highlighted a Democratic victory in Georgia.
- **US dollar** weakened against the **Euro** as investors looked at the outcome of the Senate election in Georgia. Pound weakened against the US dollar owing to stringent lockdowns imposed in UK coupled with lingering concerns over UK's trade in financial services with the EU,
- **Crude oil prices** rose as OPEC+ agreed on production curbs starting February with Saudi Arabia agreeing for a larger reduction coupled with steep fall in US crude oil inventories as reported by EIA. **Gold prices** fell on and profit booking by investors.
- **Indian equity markets** closed lower as investors were cautious of worsening US China relations, rising COVID-19 and mutant virus cases globally and stringent lockdown measures announced in Europe.
- **Rupee** strengthened against the **US dollar** on likely FPI inflows.
- **10 year benchmark GSec yields** rose tracking increase in US treasury yields amid Senate poll vote count.

Table 1: Global Markets indicators

	05-01-2021	06-01-2021	% change
Dow	30,392	30,829	1.44
NASDAQ	12,819	12,741	-0.61
S & P 500	3,727	3,748	0.57
Nikkei 225	27,159	27,056	-0.38
FTSE 100	6,612	6,842	3.47
US 10-yr (%)	0.96	1.04	8.70 bps
UK 10-yr (%)	0.21	0.24	3.40 bps
Germany 10-yr (%)	-0.58	-0.56	1.80 bps
3-month Libor (%)	0.237	0.236	-0.04 bps
6-month Libor (%)	0.258	0.253	-0.49 bps
Gold	1,954	1,909	-2.34
Crude Oil (WTI)	49.93	50.63	1.40
Crude Oil (Brent)	53.60	54.30	1.31
\$/€*	1.23	1.23	0.24
¥/\$*	102.72	103.04	0.31
\$/£*	1.36	1.36	-0.14

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

Table 2: Domestic Market indicators

	05-01-2021	06-01-2021	% change
Sensex	48,438	48,174	-0.54
NIFTY	14,200	14,146	-0.38
BSE SME IPO	1,399	1,408	0.65
Rs/\$	73.18	73.11	-0.10
Rs/€	89.93	90.08	0.17

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*	2,333	1,820	513	405	201	204	717
04-Jan-21	1,070	693	378	242	95	147	525
05-Jan-21	995	1,021	(26)	135	81	54	27
MF Investments (Rs. Cr.)							
Dec-20 #	32,997	52,370	(19,373)	79,116	66,970	12,146	(7,227)

Source: NSDL, SEBI *Till 5 Jan 2021 #Till Dec 17, 2020

Table 4: Money Market view

	05-01-2020	06-01-2021
Avg. Call Rate(%)	3.15	3.16
Vol. Traded (Rs. Cr.)	10,515	10,271
MIBOR (Overnight)^	3.48	3.47
Net banking system liquidity outstanding*	(6,54,429)	(5,99,303)
Daily liquidity injection (+) /absorption (-)#	(7,65,118)	(7,09,992)
T-Bills 91 days^	3.01	2.99
182 days^	3.27	3.23
364 days^	3.43	3.43
G-Sec 3 years	3.86	3.89
5 years	4.97	4.99
10 years	5.82	5.85

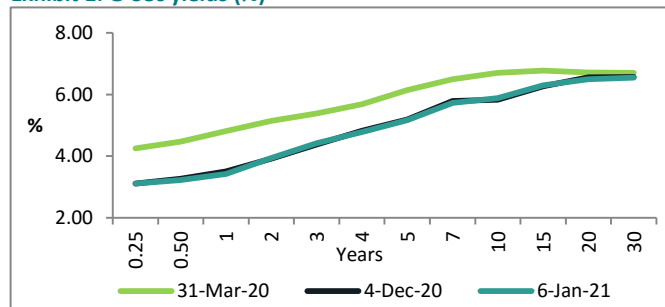
* + deficit/ - surplus (Net banking system liquidity outstanding = total repo + MSF + SLF - total reverse repo) #Daily liquidity injection (+) / absorption (-) = (Repo + MSF - Reverse Repo) auctioned on that day ; Source: RBI, FBIL; ^with a day's lag

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

10 Year	04-01-2021	05-01-2021	10 year	04-01-2021	05-01-2021
AAA	0.76	0.72	A	3.70	3.66
AA+	1.27	1.23	A-	4.20	4.16
AA	1.57	1.53	BBB+	4.70	4.66
AA-	1.95	1.91	BBB	4.95	4.91
A+	3.45	3.41	BBB-	5.45	5.41

Source: FIMMDA

Exhibit 1: G-Sec yields (%)



Source: FIMMDA

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