

Good Morning,

The market roundup for the global and domestic markets for **Wednesday (April 7, 2021)** is as follows.

- **US equity markets** ended mixed (**Dow Jones** and **S&P** gained while tech-heavy **NASDAQ** ended lower). The gains were driven by recent US stimulus and infrastructure plan announcement accelerated pace of vaccination, strong US data on jobs and commitment by the US Fed to support the US economy with low interest rates and bond-buying program. The tech heavy NASDAQ declined as value stocks outperformed the growth stocks while overall gains in the US equity markets were limited owing to the concerns over global economic recovery amidst rising COVID-19 infections.
- **European markets** broadly ended mixed. **FTSE** rose to a one-year high on account of upbeat services sector data, hopes of strong economic recovery, mass-testing programme, faster roll-out of vaccines and optimism over re-opening. **German** and other **European markets** closed lower as sentiments were dented by slow pace of vaccination which offset better than expected economic data (services sector in the Eurozone contracted less than expected in March despite lockdowns).
- **Nikkei** closed higher on account of encouraging services sector data (as PMI-services rose to the highest level since January 2020) and strong global economic forecast by IMF. The gains were limited by increasing rates of local infections despite tough measures. **Chinese stocks** declined following announcement by PBoC to restrict loans in order to maintain the loan levels of 2020 and concerns of slowdown in earnings.
- **10 year US benchmark treasury yields** rose marginally as the minutes of the US Federal Reserve meeting highlighted faster economic rebound for the US economy along with expectations of a pick-up in inflation. **US dollar** strengthened against **Pound** and **Euro** led by prospects of faster than expected economic recovery in the US economy and rise in US Treasury yields.
- **Crude oil** prices rose on the back of strong global outlook (presented by the IMF), US-Iran talks to revive the nuclear accord of 2015 and more than expected decline in US crude inventories as reported by both API & EIA. The gains were capped by decision by OPEC+ to ease production cuts. **Gold** prices declined tracking strength in US dollar. However, the fall was capped on account of higher safe-haven demand amidst global spike in COVID-19 cases.
- **Indian equities** ended higher as the RBI's monetary policy announcements were in line with market expectations while sentiments were boosted after RBI ensured sustained liquidity support. Retention of India's economic growth forecast by the RBI in FY22 and upward revision in India's GDP forecast by the IMF to 12.5% in FY22 also supported gains. However, the gains were capped by rising rates of infections and imposition of fresh lockdowns and curbs across several states.
- **Rupee weakened** against US dollar on account of rising covid infections across the country and its likely economic fallout. **The 10 year benchmark GSec yields** softened following RBI's announcement of Gsec acquisition program to stabilise long term yields.

Table 1: Global Markets indicators

	06-04-2021	07-04-2021	% / bps change
Dow	33,430	33,446	0.05
NASDAQ	13,698	13,689	-0.07
S & P 500	4,074	4,080	0.15
Nikkei 225	29,697	29,731	0.12
FTSE 100	6,824	6,885	0.91
US 10-yr (%)	1.67	1.67	0.20 bps
UK 10-yr (%)	0.79	0.78	-1.30 bps
Germany 10-yr (%)	-0.32	-0.32	0.70 bps
3-month Libor (%) ^	0.194	0.197	0.31 bps
6-month Libor (%) ^	0.201	0.201	-0.03 bps
Gold	1,743	1,742	-0.08
Crude Oil (WTI)	59.33	59.77	0.74
Crude Oil (Brent)	62.74	63.16	0.67
\$/€*	1.19	1.19	-0.08
¥/\$*	109.77	109.74	-0.03
\$/£*	1.38	1.37	-0.72

* (-) Appreciation/ (+) Depreciation ; ^ pertains to 1st & 6th April
Source: CNN, WSJ, Bloomberg.

Table 2: Domestic Market indicators

	06-04-2021	07-04-2021	% change
Sensex	49201	49662	0.94
NIFTY	14684	14819	0.92
BSE SME IPO	1,639	1,655	0.97
Rs/\$	73.43	74.56	1.54
Rs/€	86.89	88.47	1.82

Source: BSE, NSE, FEDAI * (-) Appreciation/ (+) Depreciation.

Table 3: FPI and MFs investment flows

US \$ Mn	Equity		Net	Debt		Total (Net)	
	Purchase	Sale		Purchase	Sale		
Net FPI Flows (US \$ mn)							
Mar-21	26,974	24,397	2,577	4,309	3,204	1,105	3,682
Apr-21 *	3,320	3,759	(439)	612	647	(35)	(475)
05-Apr-21	641	731	(90)	42	227	(185)	(275)
06-Apr-21	684	803	(119)	111	218	(107)	(226)
MF Investments (Rs. Cr.)							
Apr-21#	4168	4543	(375)	2550	753	1797	1422

Source: NSDL, SEBI *Data till April 6, 2021 # Data till April 5, 2021

Table 4: Money Market view

	06-04-2021	07-04-2021
Avg. Call Rate(%)	3.13	3.14
Vol. Traded (Rs. Cr.)	9,527	10,360
MIBOR (Overnight)^	3.43	3.47
Net banking system liquidity outstanding	(615,680)	(606,786)
Daily liquidity injection (+) /absorption (-)#	(728,884)	(719,990)
T-Bills 91 days ^	3.30	3.24
182 days ^	3.37	3.34
364 days ^	3.73	3.68
G-Sec 3 years	4.53	4.60
5 years	5.57	5.61
10 years	6.12	6.08

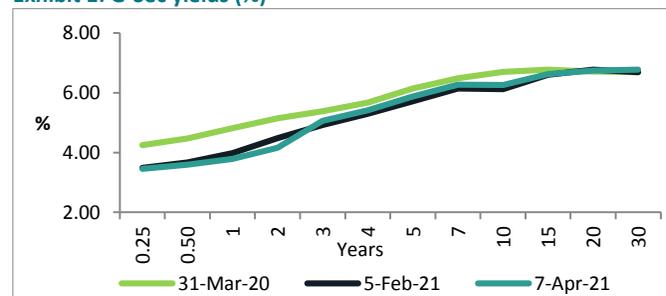
* + deficit/ - surplus (Net banking system liquidity outstanding = total repo + MSF + SLF - total reverse repo) #Daily liquidity injection (+) / absorption (-) = (Repo + MSF - Reverse Repo) auctioned on that day ; Source: RBI, FBIL; ^with a day's lag

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

10 Year	05-04-2021	06-04-2021	10 year	05-04-2021	06-04-2021
AAA	0.44	0.43	A	3.25	3.24
AA+	0.89	0.88	A-	3.75	3.74
AA	1.17	1.16	BBB+	4.25	4.24
AA-	1.50	1.49	BBB	4.50	4.49
A+	3.00	2.99	BBB-	5.00	4.99

Source: FIMMDA

Exhibit 1: G-Sec yields (%)



Source: FIMMDA

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