

Good Morning,

The market roundup for the global and domestic markets for **Friday (January 8, 2021)** is as follows:

- **US stock markets** ended higher with President elect Joe Biden's promise of more financial aid for US which off-set US job's report showing the first monthly job losses since April amid a resurgence of COVID-19 cases.
- **European equity markets (including FTSE)** ended higher on the back of better than expected economic data and encouraging earnings' update from chipmakers.
- **Nikkei** ended higher tracking overnight gains in the US stocks amidst electoral victory for Democrats in the recent run-off elections and better than expected US services PMI for December.
- **US benchmark treasury yields** rose after weak job's data raised hopes of more spending by the US government. **US dollar** strengthened against major currencies attributed partly to safe-haven demand following weak US jobs data and rise in COVID-19 cases.
- **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** fell on account of strength in the **US dollar**.
- **Indian equity markets** ended higher over lower than expected contraction in GDP growth (as per the 1st advance estimates of the government) and reports of availability of COVID-19 vaccine from January 16.
- **Rupee** strengthened against the **US dollar** on likely FPI inflows. **10 year benchmark GSec yields** rose on rise in crude oil prices and scheduled weekly market borrowings by the central government.

Table 1: Global Markets indicators

	07-01-2021	08-01-2021	% change
Dow	31,041	31,098	0.18
NASDAQ	13,067	13,202	1.03
S & P 500	3,804	3,825	0.55
Nikkei 225	27,966	27,490	-1.70
FTSE 100	6,857	6,873	0.24
US 10-yr (%)	1.07	1.11	3.60 bps
UK 10-yr (%)	0.28	0.29	0.30 bps
Germany 10-yr (%)	-0.56	-0.52	3.30 bps
3-month Libor (%)	0.234	0.224	-0.93 bps
6-month Libor (%)	0.252	0.251	-0.08 bps
Gold			
	1,914	1,835	-4.09
Crude Oil (WTI)	50.83	52.24	2.77
Crude Oil (Brent)	54.38	55.99	2.96
\$/€*	1.23	1.22	-0.44
¥/\$*	103.81	103.94	0.13
\$/£*	1.36	1.35	-0.46

* (-) Appreciation/ (+) Depreciation ;

Source: CNN, WSJ, Bloomberg

Table 2: Domestic Market indicators

	07-01-2021	08-01-2021	% change
Sensex	48,093	48,783	1.43
NIFTY	14,137	14,347	1.48
BSE SME IPO	1,424	1,430	0.43
Rs/\$	73.32	73.25	-0.10
Rs/€	90.01	89.63	-0.42

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*	4,410	3,834	576	693	671	22	597
06-Jan-21	901	948	(47)	230	270	(40)	(87)
07-Jan-21	1,176	1,066	110	57	199	(142)	(33)
MF Investments (Rs. Cr.)							
Dec-20 #	32,997	52,370	(19,373)	79,116	66,970	12,146	(7,227)

Source: NSDL, SEBI *Till 7 Jan 2021 #Till Dec 17, 2020

Table 4: Money Market view

	07-01-2020	08-01-2021
Avg. Call Rate(%)	3.20	3.18
Vol. Traded (Rs. Cr.)	11,001	9,773
MIBOR (Overnight)	3.46	3.45
Net banking system liquidity outstanding*	(5,98,352)	(5,58,732)
Daily liquidity injection (+) /absorption (-)#	(7,09,041)	(6,69,422)
T-Bills 91 days	3.04	3.03
182 days	3.32	3.32
364 days	3.44	3.45
G-Sec 3 years	3.89	3.9
5 years	4.99	5.01
10 years	5.86	5.87

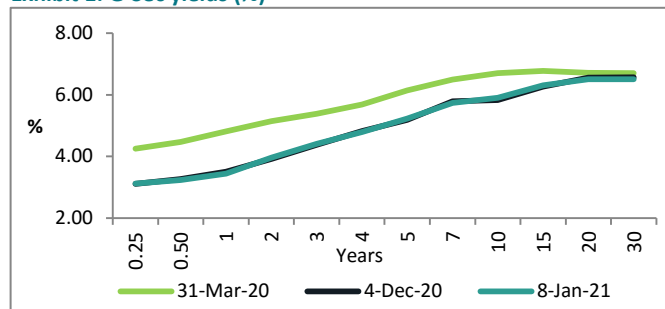
* + deficit/ - surplus (Net banking system liquidity outstanding = total repo + MSF + SLF - total reverse repo) #Daily liquidity injection (+) / absorption (-) = (Repo + MSF - Reverse Repo) auctioned on that day ; Source: RBI, FBIL; ^with a day's lag

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

10 Year	06-01-2021	07-01-2021	10 year	06-01-2021	07-01-2021
AAA	0.68	0.69	A	3.62	3.63
AA+	1.19	1.20	A-	4.12	4.13
AA	1.49	1.50	BBB+	4.62	4.63
AA-	1.87	1.88	BBB	4.87	4.88
A+	3.37	3.38	BBB-	5.37	5.38

Source: FIMMDA

Exhibit 1: G-Sec yields (%)



Source: FIMMDA

CARE Ratings Limited

Corporate Office: 4th Floor, Godrej Coliseum, Somaiya Hospital Road, Off Eastern Express Highway, Sion (East), Mumbai - 400 022
Tel: +91-22-6754 3456
CIN - L67190MH1993PLC071691

Connect:



Contact:

Sushant Hede
Associate Economist
sushant.hede@careratings.com
+91-22-6837 4348