

# Daily DEBT Market Update

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January 12, 2022 | Economics

Good Morning,

The market roundup for the global and domestic markets for **Tuesday (January 11, 2022)** is as follows:

- **US equity markets** rebounded following Fed Chair Jerome Powell's testimony which was largely consistent with the market expectations and strengthened the case for early tapering by the Federal Reserve to restrict the rising inflation. Technology stocks gained on bargain hunting by investors.
- **European stocks** recovered as investor sentiments were lifted by upbeat corporate updates. Technology stocks led the market gains. **FTSE** received a boost from the encouraging retail sales data and economic recovery hopes.
- **Nikkei** closed in red tracking weak cues from the US and European equity markets as investors weighed prospects of sooner monetary tightening by the Federal Reserve. Rising global bond yields pressured tech stocks.
- The **10-year benchmark treasury yield** dipped, and **US Dollar** weakened against Euro and Pound following testimony by Federal Reserve Chair which turned out to be less hawkish than expected.
- **Crude oil prices** rebounded supported by a weaker US Dollar and on expectations of strong demand as Omicron worries faded. Oil prices recovered on Tuesday despite easing supply concerns as production resumed in Libya and Kazakhstan. **Gold prices** rose tracking weakness in US Dollar.
- **Domestic benchmark indices** extended gains for the third consecutive session led by gains in IT and realty stocks while losses in metals and consumer goods capped the market gains. Investor sentiments were boosted by hopes of a strong earnings season. Investors now await the December inflation print and industrial output data.
- **Rupee** appreciated against the US Dollar supported by buying in domestic equities and a weak American currency in the overseas market. **10-Year benchmark G-Sec yield** softened by 2 basis points to 6.57%.

**Table 1: Global Markets indicators**

	10-01-2022	11-01-2022	% / bps change
Dow	36,069	36,252	0.51
NASDAQ	14,943	15,153	1.41
S & P 500	4,670	4,713	0.92
Nikkei 225	NA	28,222	-0.90
FTSE 100	7,445	7,491	0.62
US 10-yr (%)	1.77	1.74	-2.40 bps
UK 10-yr (%)	1.19	1.17	-1.50 bps
Germany 10-yr (%)	-0.03	-0.02	0.80 bps
Gold	1,799	1,819	1.10
Crude Oil (WTI)	78.23	81.22	3.82
Crude Oil (Brent)	80.87	83.72	3.52
\$/€*	1.13	1.14	0.38
¥/\$*	115.19	115.30	0.10
\$/£*	1.36	1.36	0.43

\* (-) Appreciation/ (+) Depreciation; ^ with a day's lag  
Source: CNN, WSJ, Bloomberg.

**Table 4: Money Market view#**

	10-01-2022	11-01-2022
Avg. Call Rate (%)	3.31	3.36
Vol. Traded (Rs. Cr.)	9,608	9,067
MIBOR (overnight)^	3.49	3.49
Net banking system liquidity outstanding	(6,63,787)	(6,73,052)
Daily liquidity injection (+) / absorption (-) #	(2,58,506)	(2,84,200)
T-Bills 91 days	3.55	3.53
182 days	3.81	3.99
364 days	4.33	4.34
G-Sec 3 years	5.37	5.35
5 years	5.95	5.93
10 years	6.59	6.57

\* + 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; ^pertains to 3<sup>rd</sup> & 4<sup>th</sup> January 2022; Source: RBI, FBI, CCIL.

**Table 2: Domestic Market indicators**

	10-01-2022	11-01-2022	% change
Sensex	60,396	60,617	0.37
NIFTY	18,003	18,056	0.29
BSE SME IPO	18,277	18,993	3.92
Rs/\$	74.04	73.91	-0.18
Rs/€	83.85	83.76	-0.11

Source: BSE, NSE, Mint \*(-) 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-21	26,493	29,018	(2,525)	2,456	3,833	(1,377)	(3,938)
Jan-22*	5,986	5,509	477	846	1,095	(249)	306
10-Jan-22	1,100	1,033	66	95	78	17	84
11-Jan-22	830	850	(20)	130	232	(102)	114
MF Investments (Rs. Cr.)							
Jan-22#	23,137	19,236	3,901	25,891	21,386	4,505	8,406

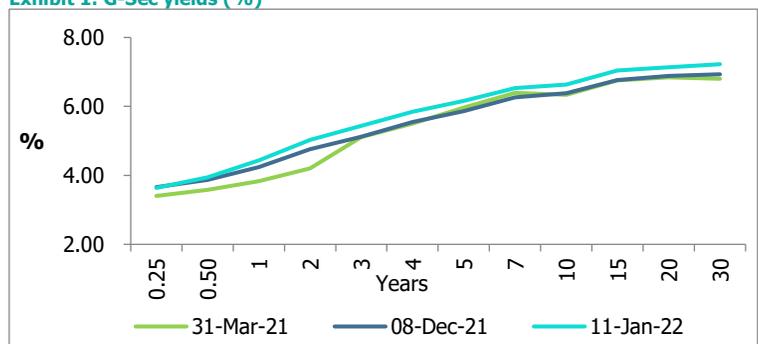
Source: NSDL, SEBI; \*Latest data as of previous trading; #Data till January 05, 2022; ^Total (Net) of equity, debt & hybrid

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

10 Year	PSU, FIs & Banks	NBFCs	Corporates
AAA	0.22	0.48	0.25
AA+	0.67	0.81	0.72
AA	0.98	1.20	1.04
AA-	1.42	1.55	1.45
A+	2.17	3.30	2.70
A	2.42	3.55	2.95
A-	2.67	3.80	3.45
BBB+	3.17	4.30	3.95
BBB	3.42	4.55	4.20
BBB-	3.92	5.05	4.70

Source: FIMMDA; \*As on 10 January 2022

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



Source: FIMMDA

## Contact

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