

Good Morning,

The market roundup for the global and domestic markets for **Tuesday (January 12, 2021)** is as follows:

- **US equity stocks** ended higher supported by gains in small-cap stocks as investors favoured more economically sensitive market segments. Investors sentiments were also buoyed by incoming US Presidents' comments on additional fiscal relief measures to bolster the US economy. However, investors were cautious ahead of the earnings season and were also monitoring the political developments around the impeachment of the US President and surging coronavirus cases in the USA.
- **European equity stocks (including FTSE)** ended flat as investors remained watchful of rising coronavirus cases globally and the state of US politics. The **export heavy FTSE index** was also weighed down by a stronger **Pound**.
- **Nikkei** ended at a fresh 3-decade high tracking the overnight gains in the US stocks coupled with reports of effectiveness of a local drug in treating COVID-19. **Chinese stocks** ended higher supported by gains in consumer and aerospace sector stocks while pickup in coronavirus infections in northern China and tensions between US and China limited the gains.
- **US benchmark treasury yields** rose following comments from the US President elect about more economic relief measures which would entail additional government spending. However, the gains were limited owing to a strong demand during the latest Treasury auction.
- **US dollar** weakened against **major currencies** on improved risk appetite of investors amidst positive news around the vaccine which is likely to support economic recovery.
- **Crude oil prices** ended higher owing to supply curbs following the recent announcement by OPEC+ about production cuts coupled with concerns around fall in US crude oil supplies. **Gold prices** fell on account of profit booking despite the weakness in the **US dollar**.
- **Indian equity markets** ended higher supported by optimism over the vaccine rollout coupled with likely announcements of additional relief measures and incentives for investments in the upcoming Union Budget. However, banking stocks ended lower following RBI's report about likely increase in NPA ratios by September 2021.
- **Rupee** strengthened tracking the weakness in the US dollar and likely FPI inflows. **10 year benchmark GSec yields** rose on account of RBI's recent announcement to restore normal liquidity management operations in a phased manner.

**Table 1: Global Markets indicators**

	11-01-2021	12-01-2021	% change
Dow	31,009	31,069	0.19
NASDAQ	13,036	13,072	0.28
S & P 500	3,800	3,801	0.04
Nikkei 225	NA	28,164	2.45
FTSE 100	6,798	6,754	-0.65
US 10-yr (%)	1.13	1.14	0.40 bps
UK 10-yr (%)	0.31	0.35	4.30 bps
Germany 10-yr (%)	-0.50	-0.48	1.70 bps
3-month Libor (%)	0.224	0.224	0.01 bps
6-month Libor (%)	0.246	0.250	0.42 bps
Gold	1,851	1,844	-0.36
Crude Oil (WTI)	52.25	53.21	1.84
Crude Oil (Brent)	55.66	56.58	1.65
\$/€*	1.22	1.22	0.46
¥/\$*	104.26	103.76	-0.48
\$/£*	1.35	1.37	1.08

\* (-) Appreciation/ (+) Depreciation ;

Source: CNN, WSJ, Bloomberg

**Table 2: Domestic Market indicators**

	11-01-2021	12-01-2021	% change
Sensex	49,269	49,517	0.50
NIFTY	14,485	14,563	0.54
BSE SME IPO	1,427	1,423	-0.28
Rs/\$	73.39	73.25	-0.19
Rs/€	89.39	89.00	-0.44

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*	7,487	5,692	1,796	930	1,101	(171)	1,624
08-Jan-21	1,794	975	820	190	129	61	880
11-Jan-21	1,283	883	400	48	301	(254)	146
<b>MF Investments (Rs. Cr.)</b>							
Jan-21	14,749	21,146	-6,397	29,733	22,871	6,863	465

Source: NSDL, SEBI \*Till 11 Jan 2021 #Till Jan 8, 2021

**Table 4: Money Market view**

	11-01-2020	12-01-2021
Avg. Call Rate(%)	3.19	3.19
Vol. Traded (Rs. Cr.)	9,528	9,001
MIBOR (Overnight)^	3.45	3.48
Net banking system liquidity outstanding*	(5,44,789)	(5,49,125)
Daily liquidity injection (+) /absorption (-)#	(6,55,478)	(6,59,814)
T-Bills 91 days	3.03	3.23
182 days	3.32	3.38
364 days	3.45	3.55
G-Sec 3 years	4.05	4.20
5 years	5.11	5.15
10 years	5.91	5.92

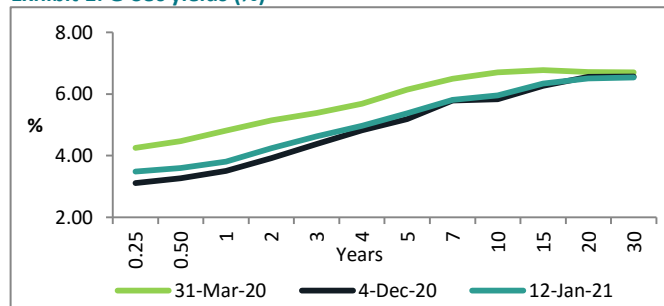
\* + deficit/ - surplus (Net banking system liquidity outstanding = total repo + MSF + SLF - total reverse repo) #Daily liquidity injection (+) / absorption (-) = (Repo + MSF - Reverse Repo) auctioned on that day ; Source: RBI, FBIL; ^with a day's lag

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

10 Year	08-01-2021	11-01-2021	10 year	08-01-2021	11-01-2021
AAA	0.68	0.80	A	3.62	4.06
AA+	1.19	1.16	A-	4.12	4.31
AA	1.49	1.46	BBB+	4.62	4.81
AA-	1.87	1.81	BBB	4.87	5.06
A+	3.37	3.81	BBB-	5.37	5.56

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