

Daily DEBT Market Update



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January 14, 2022 | Economics

Good Morning,

The market roundup for the global and domestic markets for Thursday (January 13, 2022) is as follows:

- **US benchmark indices** ended lower on Thursday dragged down by decline in technology stocks. Technology stocks have come under pressure recently due to rising government-bond yields. Fresh data on inflation and the labour market provided a mixed picture of the economic recovery.
- **Asian shares** weakened in line with Chinese stocks, after data showing mainland bank lending fell more than expected in December, causing property and consumption sectors to sink. **European stocks** edged lower as global markets faltered following the latest US inflation reading.
- The **10-year benchmark treasury yield** slipped as investors digested inflation and labour market data. Lower yield despite hot inflation reading suggests that high inflation numbers were already priced in the market.
- **Crude oil prices** edged lower as investors took profits amid fears of aggressive US interest rate hikes, but the losses were cushioned by expectations of strong economic recovery. **Dollar** ended lower after US inflation proved weaker than feared in December, prompting investors to cut long positions in the currency. **Gold** prices slipped on Fed rate hike prospects.
- **Domestic benchmark indices** closed with marginal gains amid volatility and weak global cues. On the sectoral front, metal, pharma, power, oil & gas and capital goods indices rose 1-3%, while bank and realty indices fell over 0.5% each. Sentiments were kept under check after India's retail inflation rate shot up to a five-month high in December and growth in factory output decelerated to a nine-month low in November.
- **Rupee** appreciated marginally against the dollar tracking a broad dollar decline. Positive domestic equities and slightly lower crude oil prices extended some support to the local unit. **10-Year benchmark G-Sec yield** lost 3 bps to settle at 6.56% following a decline in US treasury yields and oil prices.

Table 1: Global Markets indicators

	12-01-2022	13-01-2022	% / bps change
Dow	36,290	36,114	-0.49
NASDAQ	15,188	14,807	-2.51
S & P 500	4,726	4,659	-1.42
Nikkei 225	28,766	28,489	-0.96
FTSE 100	7,552	7,564	0.16
US 10-yr (%)	1.75	1.70	-4.30 bps
UK 10-yr (%)	1.14	1.11	-3.30 bps
Germany 10-yr (%)	-0.06	-0.09	-3.00 bps
Gold	1,827	1,821	-0.32
Crude Oil (WTI)	82.64	82.12	-0.63
Crude Oil (Brent)	84.67	84.47	-0.24
\$/€*	1.14	1.15	0.11
¥/\$*	114.64	114.17	-0.41
\$/£*	1.37	1.37	0.03

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

Table 4: Money Market view#

	12-01-2022	13-01-2022
Avg. Call Rate (%)	3.33	3.28
Vol. Traded (Rs. Cr.)	9,146	9,455
MIBOR (overnight)^	3.41	3.41
Net banking system liquidity outstanding	(6,72,598)	(6,67,499)
Daily liquidity injection (+) /absorption (-) #	(1,08,704)	(2,87,197)
T-Bills 91 days	3.45	3.35
182 days	3.99	3.99
364 days	4.34	4.36
G-Sec 3 years	5.36	5.31
5 years	5.94	5.87
10 years	6.59	6.56

* + 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 05th and 06th January 2022; Source: RBI, FBI, CCIL.

Table 2: Domestic Market indicators

	12-01-2022	13-01-2022	% change
Sensex	61,153	61,235	0.13
NIFTY	18,252	18,258	0.03
BSE SME IPO	17,398	17,434	0.21
Rs/\$	73.91	73.89	-0.02
Rs/€	84.02	84.83	0.97

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*	8,030	7,596	434	1,178	1,367	(189)	479
12-Jan-22	1,077	1,023	55	118	65	53	107
13-Jan-22	967	1,065	(98)	214	207	7	(92)
MF Investments (Rs. Cr.)							
Jan-22#	41,185	36,577	4,608	43,891	38,215	5,675	10,284

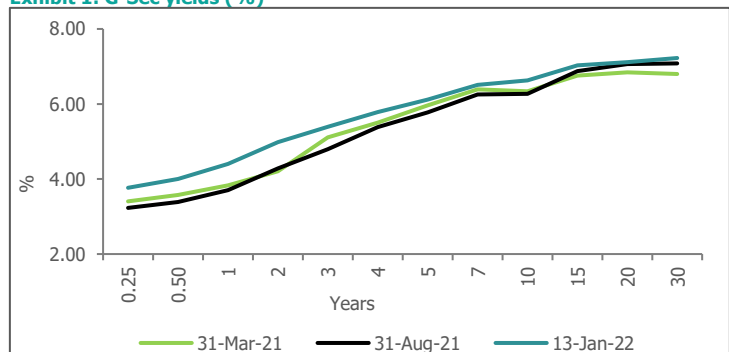
Source: NSDL, SEBI; *Latest data as of previous trading; #Data till January 11, 2022; ^Total (Net) of equity, debt & hybrid

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

10 Year	PSU, FIs & Banks	NBFCs	Corporates
AAA	0.38	0.23	0.08
AA+	0.83	0.64	0.55
AA	1.14	1.03	0.87
AA-	1.58	1.38	1.28
A+	2.33	3.13	2.53
A	2.58	3.38	2.78
A-	2.83	3.63	3.28
BBB+	3.33	4.13	3.78
BBB	3.58	4.38	4.03
BBB-	4.08	4.88	4.53

Source: FIMMDA; *As on 12 January 2022

Exhibit 1: G-Sec yields (%)



Source: FIMMDA

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