

Good Morning,

The market roundup for the global and domestic markets for **Tuesday (January 19, 2021)** is as follows:

- **US stocks** ended higher ahead of US President elect Joe Biden's swearing in ceremony after investors cheered comments from the US Treasury Secretary nominee, advocating for a hefty fiscal relief package before the lawmakers. Investor sentiments were upbeat on better than expected corporate earnings.
- **European stocks (including FTSE)** ended flat as investors were closely monitoring the speech of the incoming US Treasury Secretary and cues of economic recovery amidst wide vaccine distribution.
- **Nikkei** ended higher after investors preferred bargain hunting after recent retreat in stocks indices. However, the gains were capped ahead of the Bank of Japan's monetary policy decision.
- **US benchmark treasury yields** ended flat as investors closely monitored comments from the US Treasury Secretary nominee regarding the fiscal stimulus package.
- **US dollar** weakened against **Euro and Pound** with improved risk appetite as investors cheered comments about likely fiscal stimulus for the US.
- **Crude oil prices** ended higher on improved demand prospects following likely announcement of a large US stimulus package. **Gold prices** ended flat as the weakness in the **US dollar** was offset by improved risk appetite.
- **Indian equity markets** ended higher on improved global risk appetite amidst hopes of additional fiscal stimulus for the US economy. Positive demand outlook and better than expected corporate earnings have also buoyed investor sentiments.
- **Rupee** strengthened tracking the weakness in the **US dollar** amidst likely FPI inflows. **10 year benchmark GSec yields** ended flat as rise in crude oil prices have offset likely purchases of GSecs by RBI in the secondary market.

Table 1: Global Markets indicators

	18-01-2021	19-01-2021	% change
Dow	NA	30,931	0.38
NASDAQ	NA	13,197	1.53
S & P 500	NA	3,799	0.81
Nikkei 225	28,242	28,633	1.39
FTSE 100	6,721	6,713	-0.11
US 10-yr (%)	NA	1.09	0.50 bps
UK 10-yr (%)	0.29	0.29	0.20 bps
Germany 10-yr (%)	-0.53	-0.53	-0.40 bps
3-month Libor (%)	0.223	0.224	-0.23 bps
6-month Libor (%)	0.248	0.236	-0.31 bps
Gold	1,838	1,840	0.10
Crude Oil (WTI)	NA	52.98	1.18
Crude Oil (Brent)	54.75	55.90	2.10
\$/€*	1.21	1.21	0.43
¥/\$*	103.69	103.90	0.20
\$/£*	1.36	1.36	0.32

* (-) Appreciation/ (+) Depreciation ;
Source: CNN, WSJ, Bloomberg

Table 2: Domestic Market indicators

	18-01-2021	19-01-2021	% change
Sensex	48,564	49,398	1.72
NIFTY	14,281	14,521	1.68
BSE SME IPO	1,418	1,422	0.31
Rs/\$	73.28	73.17	-0.15
Rs/€	88.37	86.69	-1.90

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*	13,640	11,078	2,563	1,322	2,070	(748)	1,815
15-Jan-21	719	863	(144)	121	173	(52)	(196)
18-Jan-21	1,242	975	267	39	217	(177)	89
MF Investments (Rs. Cr.)							
Jan-21#	33,955	45,541	-11,586	58,994	51,949	7,045	4,541

Source: NSDL, SEBI *Till 18 Jan 2021 #Till Jan 13, 2021

Table 4: Money Market view

	18-01-2020	19-01-2021
Avg. Call Rate(%)	3.16	3.16
Vol. Traded (Rs. Cr.)	10,036	9,038
MIBOR (Overnight)^	3.46	3.47
Net banking system liquidity outstanding*	(5,28,418)	(5,33,935)
Daily liquidity injection (+) /absorption (-)#	(4,38,545)	(4,51,562)
T-Bills 91 days^	3.32	3.27
182 days^	3.43	3.43
364 days^	3.56	3.55
G-Sec 3 years	4.19	4.21
5 years	5.23	5.22
10 years	5.91	5.91

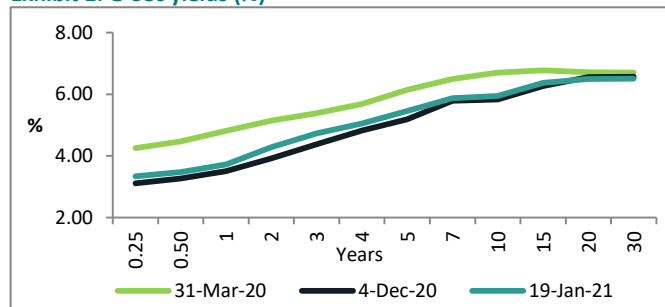
* + deficit/ - surplus (Net banking system liquidity outstanding = total repo + MSF + SLF - total reverse repo) #Daily liquidity injection (+) / absorption (-) = (Repo + MSF - Reverse Repo) auctioned on that day ; Source: RBI, FBIL; ^with a day's lag

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

10 Year	15-01-2021	18-01-2021	10 year	18-01-2021	19-01-2021
AAA	0.62	0.57	A	3.46	3.41
AA+	1.10	1.05	A-	3.96	3.91
AA	1.33	1.28	BBB+	4.46	4.41
AA-	1.71	1.66	BBB	4.71	4.66
A+	3.21	3.16	BBB-	5.21	5.16

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