

Good Morning,

The market roundup for the global and domestic markets for **Wednesday (January 20, 2021)** is as follows:

- **US and European stocks (including FTSE)** ended higher following the swearing in of the newly elected US President coupled with upbeat corporate earnings (solid results from Netflix). Optimism about COVID-19 vaccine along with likely bigger pandemic relief plan under the new US government also buoyed investor sentiments.
- **Nikkei** ended lower on profit-booking by investors. **Chinese stocks** ended higher supported by electric vehicles and healthcare shares as the Chinese central bank kept liquidity abundant to support economic recovery from the COVID-19.
- **US benchmark treasury yields** ended flat as investors were watchful of news related to the fiscal stimulus package and global cases of COVID-19.
- **US dollar** weakened against **Yen and Pound** with improved risk appetite as investors cheered the swearing in of the newly elected US President and the recent comments about likely fiscal stimulus for the US. **Euro** strengthened against the **US dollar** following better than expected investor sentiments' data from Germany and the Italian government surviving the confidence vote.
- **Crude oil prices** ended higher on improved demand prospects following likely announcement of a large US stimulus package. **Gold prices** rose on account of weakness in the **US dollar**.
- **Indian equity markets** ended at record highs on improved global risk appetite amidst hopes of additional fiscal stimulus for the US economy, sustained foreign inflows into emerging economies, better than expected recovery in corporate earnings and mass-scale vaccinations. **Rupee** strengthened tracking the weakness in the **US dollar** amidst likely FPI inflows. **10 year benchmark GSec yields** ended marginally higher on rise in crude oil prices and fiscal challenges ahead of the Budget.

Table 1: Global Markets indicators

	19-01-2021	20-01-2021	% change
Dow	30,931	31,188	0.83
NASDAQ	13,197	13,457	1.97
S & P 500	3,799	3,852	1.39
Nikkei 225	28,633	28,523	-0.38
FTSE 100	6,713	6,740	0.41
US 10-yr (%)	1.09	1.09	-0.18 bps
UK 10-yr (%)	0.29	0.30	1.00 bps
Germany 10-yr (%)	-0.53	-0.53	-0.20 bps
3-month Libor (%)	0.224	0.224	-0.04 bps
6-month Libor (%)	0.236	0.236	0.01 bps
Gold	1,840	1,870	1.63
Crude Oil (WTI)	52.98	53.24	0.49
Crude Oil (Brent)	55.90	56.08	0.32
\$/€*	1.21	1.21	-0.19
¥/\$*	103.90	103.54	-0.35
\$/£*	1.36	1.37	0.18

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

Table 2: Domestic Market indicators

	19-01-2021	20-01-2021	% change
Sensex	49,398	49,792	0.80
NIFTY	14,521	14,645	0.85
BSE SME IPO	1,422	1,425	0.16
Rs/\$	73.17	73.03	-0.19
Rs/€	86.69	88.72	2.34

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*	14,643	11,964	2,678	1,359	2,129	(770)	1,909
18-Jan-21	1,242	975	267	39	217	(177)	89
19-Jan-21	1,002	886	116	37	59	(22)	94
MF Investments (Rs. Cr.)							
Jan-21#	33,955	45,541	-11,586	58,994	51,949	7,045	4,541

Source: NSDL, SEBI *Till 19 Jan 2021 #Till Jan 15, 2021

Table 4: Money Market view

	19-01-2020	20-01-2021
Avg. Call Rate(%)	3.16	3.19
Vol. Traded (Rs. Cr.)	9,038	9,470
MIBOR (Overnight)^	3.47	3.48
Net banking system liquidity outstanding*	(5,33,935)	(5,05,452)
Daily liquidity injection (+) /absorption (-)#	(4,51,562)	(4,15,579)
T-Bills 91 days^	3.27	3.36
182 days^	3.43	3.42
364 days^	3.55	3.54
G-Sec 3 years	4.21	4.21
5 years	5.22	5.22
10 years	5.91	5.92

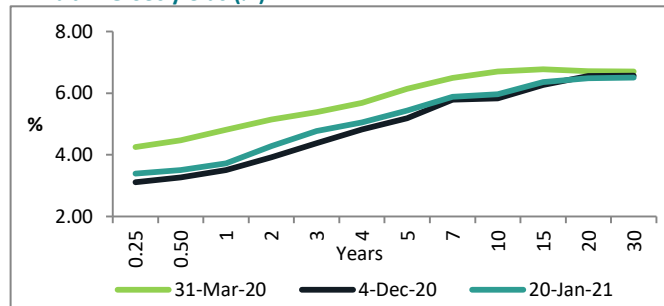
* + deficit/ - surplus (Net banking system liquidity outstanding = total repo + MSF + SLF - total reverse repo) #Daily liquidity injection (+) / absorption (-) = (Repo + MSF - Reverse Repo) auctioned on that day ; Source: RBI, FBIL; ^with a day's lag

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

10 Year	18-01-2021	19-01-2021	10 year	18-01-2021	19-01-2021
AAA	0.57	0.60	A	3.41	3.44
AA+	1.05	1.08	A-	3.91	3.94
AA	1.28	1.31	BBB+	4.41	4.44
AA-	1.66	1.69	BBB	4.66	4.69
A+	3.16	3.19	BBB-	5.16	5.19

Source: FIMMDA

Exhibit 1: G-Sec yields (%)



Source: FIMMDA

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