

Good Morning,

The market roundup for the global and domestic markets for **Monday (September 20, 2021)** is as follows.

- **Global equity markets witnessed a selloff at the start of the trading week on concerns** over the spill-over effect of the potential collapse of China's property giant (Evergrande) across economies. Investors were also seen to be exercising caution ahead of the major central bank monetary policy announcements due this week.
- Sovereign **bond yields** fell across economies (US, Europe, Asia, S America) as investors sought safe-haven assets following the rout in equity markets.
- The **US Dollar** strengthened on higher demand for safe-haven currencies as risk appetite weakened in the financial markets on concerns over global economic growth and worries over the fallout of the solvency of the Chinese property major. Uncertainty over the monetary policy actions of key Central Banks (viz. US Fed) also influenced movement in the US Dollar.
- **Crude oil** prices declined as the US Dollar strengthened and on concerns over energy demand amid uncertainty over economic recovery. The recovery in US oil production following the Hurricane of August also weighed down prices. **Gold** prices rose on safe-haven buying following the rout in equity markets.
- **Indian equity markets** fell in line with the decline in global equity markets. Concerns over solvency of China's largest real-estate developer and the economic implications for China and other nations led to a broad-based sell-off across sector.
- **Rupee weakened** against the US Dollar as the latter strengthened in the global markets. The weakness in the domestic equity markets also weighed down the Rupee.
- The 10-year **benchmark G-sec yields fell sharply** on increased domestic as well as foreign demand. The moderation in inflation, expectations of continuation of the accommodative monetary policy stance by the RBI, the intra-day fall in crude oil prices, and the likelihood of Indian bonds being included in the global bond indices helped boost buying of government securities.

Table 1: Global Markets indicators

	17-09-2021	20-09-2021	% / bps change
Dow	34,585	33,970	-1.78
NASDAQ	15,044	14,714	-2.19
S & P 500	4,433	4,358	-1.70
Nikkei 225	30,500	NA	
FTSE 100	6,964	6,904	-0.86
US 10-yr (%)	1.37	1.31	-6 bps
UK 10-yr (%)	0.85	0.79	-5 bps
Germany 10-yr (%)	-0.28	-0.32	-4 bps
Gold	1,751	1,764	0.74
Crude Oil (WTI)	71.97	70.77	-1.67
Crude Oil (Brent)	75.31	74.40	-1.21
\$/€*	1.17	1.17	-0.01
¥/\$*	109.93	109.45	-0.44
\$/£*	1.37	1.36	-0.58

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

Table 2: Domestic Market indicators

	17-09-2021	20-09-2021	% change
Sensex	59,016	58,491	-0.89
NIFTY	17,585	17,397	-1.07
BSE SME IPO	7,052	7,127	1.06
Rs/\$	73.48	73.64	0.22
Rs/€	86.41	86.33	-0.09

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 FPI Flows (US \$ mn)							
Aug-21	23,390	23,106	284	3,639	1,696	1,936	2,233
Sept-21*	20,204	18,421	1,783	2,583	1,889	695	2,679
17-Sept-21	1,602	1,351	251	415	281	133	390
20-Sept-21*	3,640	3,396	244	65	56	9	249
MF Investments (Rs. Cr.)							
Sept-21#	26,835	25,208	1,627	42,785	35,307	7,478	9,105

Source: NSDL, SEBI *Latest Data as of previous trading day# Data till September 8, 2021 ^Total (Net) of equity, debt & hybrid

Table 4: Money Market view#

	17-09-2021	20-09-2021
Avg. Call Rate (%)	2.80	3.21
Vol. Traded (Rs. Cr.)	414	8,425
Net banking system liquidity outstanding	(6,67,840)	(6,71,798)
Daily liquidity injection (+) /absorption (-) #	(3,19,744)	(3,23,702)
T-Bills 91 days	3.28	3.25
182 days	3.30	3.25
364 days	3.48	3.47
G-Sec 3 years	4.85	4.77
5 years	5.62	5.56
10 years	6.17	6.14

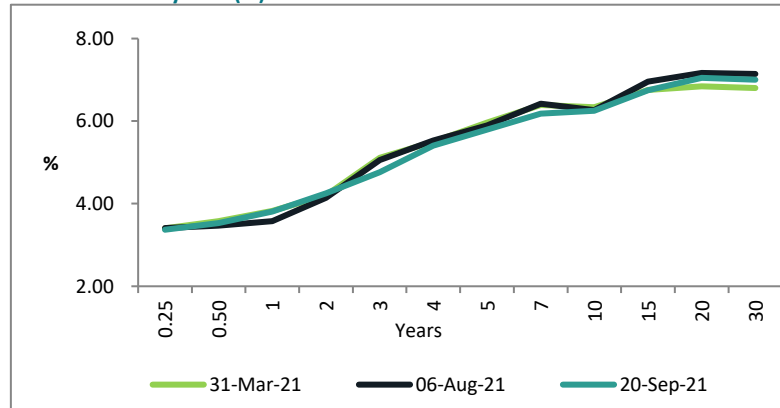
* + deficit/ - surplus (Net banking system liquidity outstanding = total repo + MSF + SLF - total reverse repo) #Daily liquidity injection (+) / absorption (-) = (Repo + MSF - Reverse Repo) auctioned on that day; Source: RBI, RBI, CCIL.

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

	10 Year	PSU, FIs & Banks	NBFCs	Corporates
AAA	0.45	0.58	0.57	0.57
AA+	1.00	1.02	1.06	1.06
AA	1.32	1.37	1.37	1.37
AA-	1.73	1.72	1.77	1.77
A+	2.73	3.72	3.27	3.27
A	2.98	3.97	3.52	3.52
A-	3.23	4.22	4.02	4.02
BBB+	3.73	4.72	4.52	4.52
BBB	3.98	4.97	4.77	4.77
BBB-	4.48	5.47	5.27	5.27

Source: FIMMDA *As on 17th September 2021

Exhibit 1: G-Sec yields (%)



Source: FIMMDA