

Good Morning,

The market roundup for the global and domestic markets for **Thursday (January 21, 2021)** is as follows:

- **US stocks ended mixed (NASDAQ rose while Dow and S&P 500 ended flat)** as the gains were supported by upbeat corporate earnings, optimism surrounding details of the COVID-19 plan released by the new US President and improved vaccine rollout which will ensure a smoother and faster reopening of the economy. The gains were limited owing to profit booking by investors and close and continuous monitoring of the COVID-19 cases globally.
- **European stocks (ended mixed)** as investors monitored the monetary policy decision of the European Central Bank (rates kept on hold) and details of the COVID-19 plan released by the new US President.
- **Nikkei and Chinese stocks** ended higher tracking the gains in overnight **US equity markets** amidst optimism surrounding the newly elected US President and his plan of action. However, investor sentiments in Japan were little changed following an unchanged monetary policy decision by the Bank of Japan.
- **US benchmark treasury yields** ended higher while **US dollar** weakened against **major currencies** following improved risk appetite owing to better than expected jobless claims data from the US and continued optimism around likely additional fiscal stimulus package by the US government.
- **Crude oil prices** ended mixed (**WTI fell while Brent rose**) with the fall in **WTI** owing to unexpected build-up in US oil inventory while the rise in Brent crude likely on account of improved demand prospects following optimism around likely US stimulus package. **Gold prices** ended flat as the weakness in the US dollar was off-set by profit booking by investors.
- **Indian equity markets** ended lower after the **SENSEX** scaled the 50,000 landmark number on the back of 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. Profit booking by investors dragged the investors in the latter half of the trading session.
Rupee strengthened tracking the weakness in the **US dollar** amidst likely FPI inflows. **10 year benchmark GSec yields** ended marginally higher as the fiscal challenges ahead of the Budget were outweighed by OMO purchase of Rs 10,000 crs undertaken by the RBI.

Table 1: Global Markets indicators

	20-01-2021	21-01-2021	% change
Dow	31,188	31,176	-0.04
NASDAQ	13,457	13,531	0.55
S & P 500	3,852	3,853	0.03
Nikkei 225	28,523	28,757	0.82
FTSE 100	6,740	6,715	-0.37
US 10-yr (%)	1.09	1.11	1.74 bps
UK 10-yr (%)	0.30	0.33	2.50 bps
Germany 10-yr (%)	-0.53	-0.49	3.90 bps
3-month Libor (%)	0.224	0.222	-0.04 bps
6-month Libor (%)	0.236	0.238	0.01 bps
Gold	1,870	1,869	-0.05
Crude Oil (WTI)	53.24	53.13	-0.21
Crude Oil (Brent)	56.08	56.10	0.04
\$/€*	1.21	1.22	0.48
¥/\$*	103.54	103.50	-0.04
\$/£*	1.37	1.37	0.58

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

Table 2: Domestic Market indicators

	20-01-2021	21-01-2021	% change
Sensex	49,792	49,625	-0.34
NIFTY	14,645	14,590	-0.37
BSE SME IPO	1,425	1,463	2.72
Rs/\$	73.03	72.99	-0.05
Rs/€	88.72	88.43	-0.33

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*	15,723	12,704	3,020	1,458	2,504	(1,046)	1,974
19-Jan-21	1,002	886	116	37	59	(22)	94
20-Jan-21	1,081	740	341	99	375	(276)	65
MF Investments (Rs. Cr.)							
Jan-21#	42,354	53,831	-11,477	67,227	60,684	6,543	-4,935

Source: NSDL, SEBI *Till 20 Jan 2021 #Till Jan 19, 2021

Table 4: Money Market view

	20-01-2020	21-01-2021
Avg. Call Rate(%)	3.19	3.18
Vol. Traded (Rs. Cr.)	9,470	10,546
MIBOR (Overnight)^	3.48	3.47
Net banking system liquidity outstanding*	(5,05,452)	(5,19,672)
Daily liquidity injection (+) /absorption (-)#	(4,15,579)	(4,28,965)
T-Bills 91 days^	3.36	3.32
182 days^	3.42	3.50
364 days^	3.54	3.61
G-Sec 3 years	4.21	4.22
5 years	5.22	5.22
10 years	5.92	5.93

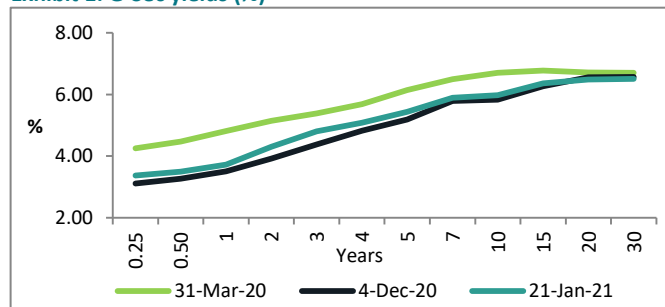
* + deficit/ - surplus (Net banking system liquidity outstanding = total repo + MSF + SLF - total reverse repo) #Daily liquidity injection (+) / absorption (-) = (Repo + MSF - Reverse Repo) auctioned on that day ; Source: RBI, FBIL; ^with a day's lag

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

10 Year	19-01-2021	20-01-2021	10 year	19-01-2021	20-01-2021
AAA	0.60	0.59	A	3.44	3.43
AA+	1.08	1.07	A-	3.94	3.93
AA	1.31	1.30	BBB+	4.44	4.43
AA-	1.69	1.68	BBB	4.69	4.68
A+	3.19	3.18	BBB-	5.19	5.18

Source: FIMMDA

Exhibit 1: G-Sec yields (%)



Source: FIMMDA

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