



AJCON GLOBAL
YOUR FRIENDLY FINANCIAL ADVISOR

Market wrap

March 12, 2020

Biggest one day fall in absolute terms witnessed in domestic bourses after COVID-19 declared as "Pandemic" and free fall witnessed in crude oil price; global financial markets continue to bleed..

Indian equities witnessed blood bath on Thursday as panic button was pressed by the investor community after the World Health Organisation declared the novel coronavirus outbreak a "pandemic" and the United States suspended travel from Europe. The carnage on the Dalal Street today eroded investor wealth worth Rs. 10.9 trillion. Benchmark indices - Sensex and Nifty both slipped over 9 per cent each in intra-day and posted their biggest one-day fall in absolute terms.

The S&P BSE Sensex which ended the session 2,919 points lower at two-year low level of 32,778 dropped as low as 32,493.10. Index-heavyweights HDFC Bank (down 9%), Reliance Industries, and HDFC (down over 7%) contributed the most to the Sensex's fall. Besides, State Bank of India, Axis Bank, ITC, and ONGC all slid over 13 per cent each.

The broader Nifty50 index opened below the psychological level of 10,000 for the first time since March 26, 2018 and slid as low as 9,508 levels. The index closed the day at 32-month low level of 9,633, down 825 points, or 7.89 per cent. The index has now entered bear market after falling over 20 per cent from the recent high. All the Nifty sectoral indices hit their 52-week lows during the session. Nifty PSU Bank index, down over 13 per cent, bled the most.

Almost half of the stocks from the S&P BSE500 index hitting their 52-week lows on the BSE after the World Health Organization (WHO) declared the worldwide outbreak of the new coronavirus as "pandemic". As many as 217 stocks from the BSE500 index, including 14 stocks from the benchmark S&P Sensex, hit their respective 52-week lows today. Of these, as many as 25 stocks are from the banking sector, 15 from financial including non-banking finance company and housing finance companies (HFCs). Fifteen stocks are from capital goods sector followed by 11 each from information technology (IT) and power sectors, 10 from chemicals and 8 from textiles sector.

The volatility index, India VIX, surged 35 per cent to hit a 12-year high of 42.32 levels.

In the broader market, the S&P BSE MidCap index slumped over 1,100 points intra-day, ending the session 7.7 per cent lower at 12,380.36 while the Nifty Smallcap index slipped over 9 per cent.

Meanwhile, India's retail inflation rate in February stood at 6.58 percent, according to data released on March 12. Retail inflation for the month of January was 7.59 percent. February core inflation came in at 4.1 percent against 4.8 percent in January. In its February policy review, the RBI left the repo rate unchanged and said that it would maintain the accommodative stance as long as necessary to revive growth, while ensuring that inflation remains within the target. The RBI has revised CPI inflation projection upwards to 6.5 percent for the last quarter of 2019-20, 5.4-5 percent for first half of 2020-21, and 3.2 percent for third quarter of 2020-21, with risks broadly balanced.

Crude oil

Oil prices declined by about six per cent on Thursday after US President Donald Trump announced a 30-day ban on all travel from Europe to the United States over the coronavirus pandemic. West Texas Intermediate slipped 6.2 per cent to US\$31 a barrel while Brent crude was off 5.8 per cent at under US\$34 a barrel. Both contracts extended heavy losses from a day earlier, which came after Saudi Arabia and Gulf partner the UAE stepped up a price war by vowing to pump millions more barrels of crude. Crude markets have been in turmoil



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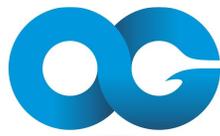
since the start of the week, when they suffered their biggest one-day drop in a generation after Riyadh slashed prices following a row with Moscow about output cuts. Prices briefly bounced after Trump began addressing the nation on the virus outbreak, which is now hitting the world's top economy hard -- but then quickly slipped into the red.

Global Markets

Global equities turned into a bear market as oil slumped on Thursday after US President Donald Trump banned travel from Europe to stem the coronavirus, threatening more disruption to the world economy.

European shares plummeted to their lowest in almost four years, with the benchmark STOXX 600 index falling 4.9 per cent in early deals.

In Asia, Japan's Nikkei crumbled 4.4 per cent to a trough last seen almost three years ago while MSCI's broadest index of Asia-Pacific shares outside Japan fell 4.7 per cent. Australian shares plunged 7.4 per cent to the lowest level in more than three years while Seoul's Kospi fell 4.8 per cent to 4-1/2-year lows with massive selling prompting a brief trade halt.



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