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Market wrap

April 13, 2020

Benchmark indices fall on profit booking; Pharma stocks continue to rally..

Domestic bourses ended in negative terrain led by profit booking, fall in global markets, and concerns of economic repercussions over likely extension of nationwide lockdown to break the chain of COVID-19 as some states have already announced extension of lockdown.

The S&P BSE Sensex declined by 470 points or 1.51 per cent to end the day at 30,690, with Bajaj Finance (down 10 per cent) being the biggest loser and L&T (up over 6 per cent) the top gainer. Of 30 constituents, 23 ended in the red and rest 7 in the green. Nifty ended at 8,994, down 118 points or 1.3 per cent. The volatility index India VIX rose over 3 per cent to 51.41 levels.

On the sectoral front, barring Nifty Pharma and Nifty Metal, all the other sectoral indices on the NSE ended in the negative zone. Nifty Financial Services index declined by over 3 per cent while Nifty Realty dropped by around 5 per cent.

In the broader market, the S&P BSE MidCap index dropped nearly a per cent to 11,268 levels while the S&P BSE SmallCap index lost around half a per cent or over 47 points to 10,246.

Markets will remain closed on Tuesday on account of Dr. B R Ambedkar Jayanti.

Key development

Passenger vehicle sales in India declined by 51 per cent in March as the 21-day nationwide lockdown due to the coronavirus pandemic forced people to stay indoors. As per data released by the Society of Indian Automobile Manufacturers (SIAM), passenger vehicle sales, last month dropped to 143,014 units from 291,861 units in March 2019, a decline of 51 per cent. Similarly, commercial vehicle sales last month saw a massive dip of 88.95 per cent at 13,027 units as against 1,09,022 units in March 2019. Two-wheeler sales saw a decline of 39.83 per cent at 8,66,849 units in March compared to 14,40,593 units in March 2019. Total sales across categories declined by 44.95 per cent last month to 1,050,367 units as against 19,08,097 units in March 2019. "The month of March 2020 was one of the most challenging months for the auto sector as the 21-day lockdown resulted in bringing the production and sales of vehicles to a standstill in the last week," SIAM President Rajan Wadhwa said.

Crude oil

There was a rise in crude oil prices in early trade after a landmark deal by OPEC+ group to cut output. However, there are concerns that the cuts will not be sufficient to head off oversupply as the COVID -19 pandemic hampers demand.

Sectors and stocks

Shares of pharmaceutical companies continued their rally with the S&P BSE Healthcare index hitting fresh 52-week high on the BSE on the back of positive developments in the Pharma sector even as street participants don't see a meaningful adverse impact of coronavirus (COVID-19) lockdown on the companies' earnings. Last week, the government lifted the curbs on exports of 13 active pharmaceutical ingredients (APIs) and their formulations. The ban on export of hydroxychloroquine (HCQ) -- claimed to be effective to treat COVID-19 -- was also partially lifted. Dr Reddy's Laboratories, Cipla, Divi's Laboratories, Torrent Pharmaceuticals, Cadila Healthcare (Zydus Cadila), Abbott India, Ajanta Pharma, Alembic Pharma and Alkem Laboratories -- have seen their share prices hit 52-week highs in the past one week. Sun Pharmaceutical Industries surged 40 per cent during the period, trading close to its 52-week high level of Rs. 480, touched on April 10 last year. Cipla, Torrent Pharmaceuticals, Abbott India, Lupin, Aurobindo Pharma, Alembic Pharma and Ajanta Pharma were the other stocks that have outpaced the market by gaining between 34 per cent and 56 per cent during the period.

Larsen & Toubro (L&T) rose 6.57 per cent to Rs. 866 on the BSE after the company announced it has won major contracts for its power transmission & distribution business. In the past five trading days, L&T's stock has gained 10 per cent, as compared to 8.9 per cent rise in the S&P BSE Sensex. The board of the construction & engineering major also approved long-term borrowing of up to Rs. 9,000 crore, either through external commercial borrowings, term loans, non-convertible debentures or any other instrument as may be appropriate. In a separate filing today, L&T said its water & effluent treatment business has secured three engineering procurement construction (EPC) water management orders from the Karnataka Urban Infrastructure Development and Finance Corporation. Last week, the company also reported large orders (ranges between Rs 2,500 crore and Rs 5,000 crore) from discoms in Uttar Pradesh and a distribution network job in Chennai. During the January-March quarter (Q4FY20), L&T won four large contract for power transmission & distribution, water and effluent treatment business ranging in between Rs. 25,00 crore – Rs. 5,000 crore together with various small orders.



Shares of SBI Cards and Payment Services declined by 13 per cent to Rs. 516 on the BSE on Monday amid media reports of lockdown being extended beyond April 14. The non-banking finance company's stock was trading at its lowest level since listing on March 16, 2020. With today's fall, the stock has now fallen 32 per cent below its issue price of Rs 755 per share. SBI Cards saw a weak debut due to prevailing market condition as the uncertainty regarding the effect of the COVID-19 kept investor sentiment in check.

Zee Entertainment Enterprises Limited (ZEEL) fell 10 per cent to Rs. 135 on the BSE during the day after the media major invested Rs. 522 crore in tech subsidiary Margo Networks, which offers streaming and advertising services under the 'SugarBox' brand name. ZEE owns 80 per cent in Margo. The stock ended at Rs. 137, down 8.57 per cent.

Global markets

Global equities declined on Monday as investors across the globe expect economic damage from the COVID -19 pandemic.

The Nikkei fell 1.4 per cent while MSCI's broadest index of Asia-Pacific shares outside Japan slipped slightly, with South Korean shares falling 0.9 per cent. US S&P 500 mini futures dropped 1.54 per cent, erasing a brief gain to a one-month high made right after the start of trading.



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