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Market wrap

March 16, 2020

Sentiments of market participants shattered as COVID-19 continues to spread impacting global economic outlook..

Indian equities returned to bear mode once again after witnessing record intraday recovery on Friday as Pandemic COVID-19 creates havoc on global financial markets. Sentiments of global investors were shattered despite US Federal Reserve cut interest rates to near zero on Sunday in another emergency move to help shore up the US economy amid the rapidly spreading global coronavirus pandemic. The S&P BSE Sensex today significantly declined by 2,713 points or nearly 8 per cent to end the session at 31,390 levels. All the 30 constituents of the index ended in the red. IndusInd Bank bled the most - down 17.5 per cent to Rs. 663, followed by Tata Steel (down 11 per cent), Axis Bank (down over 10 per cent), and ICICI Bank (down 10 per cent). During the session, the BSE lost Rs. 7.5 trillion in market capitalisation.

NSE's frontline index Nifty tanked 758 points or 7.6 per cent to close at 9,197. YES Bank was the only Nifty stock that ended in the green. The stock advanced 45 per cent to end at Rs. 37.05.

All the sectoral indices ended with deep cuts. Nifty Bank index tumbled 2,087.50 points or over 8 per cent to 23,079 levels while Nifty Metal cracked 9 per cent to 1,734 levels. Volatility index India VIX rallied 16 per cent to 59.74 levels.

Market breadth was in favour of declines as out of 1,836 companies traded on the BSE, 1,410 declined and 330 advanced while 96 remained unchanged.

In the broader market, the S&P BSE MidCap declined 6 per cent to 11,889 levels while the S&P BSE SmallCap index lost 666 points or 5.66 per cent to 11,095.

Crude oil

US crude fell below US\$30 as emergency rate cuts by the US Federal Reserve and its global counterparts failed to tame markets and China's factory output plunged at the sharpest pace in 30 years amid the spread of coronavirus. Gold prices, too, jumped in trade before paring gains as some investors sold the metal for cash amid a sell-off in equities.

Sectors and stocks

Shares of YES Bank recorded their sharpest intra-day gain - 58 per cent - to Rs. 40.40 on the BSE on Monday in an otherwise weak market after the Union Cabinet approved the reconstruction of the crisis-hit private sector lender as per the scheme proposed by Reserve Bank of India (RBI). YES Bank has raised equity capital of Rs. 10,000 crore pursuant to allotment of shares to State Bank of India (SBI) and other investors like ICICI Bank, Housing Development Finance Corporation (HDFC) and Axis Bank under the Reconstruction Scheme. SBI shall hold up to 49 per cent stake with a minimum of 26 per cent over the next three years. There will be a lock-in of three years of a part of the investments made by these banks in YES Bank. As much as 26 per cent of SBI's equity investment and 75 per cent of the equity pumped in by other players will be retained in YES Bank for three years. Only those shareholders, who have less than 100 shares, can sell their entire shareholding. Moreover, YES Bank also declared its corporate results for the quarter December 2019 (Q3FY20) during the weekend in which it reported net loss of Rs. 18,560 crore for the quarter. Net interest income declined 60 per cent year-on-year at Rs. 1,065 crore, which was significantly impacted by elevated slippages. Asset quality deteriorated with corporate gross non-performing lending (GNPL) rising to 30 per cent and SMA & investment stress book (not recognized) at Rs. 17,500 crore at 8 per cent of loans. The management hopes to contain slippages for FY21 less than 5 per cent. The management said the Bank's near term focus will be on



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deposit mobilization, retail loans including micro, small and medium enterprises (MSME), cost optimization and acceleration in resolution of stressed assets.

Shares of Future Retail were locked in the 10 per cent lower circuit for the third straight day at Rs. 153.75, hitting a fresh three-year low on the BSE on Monday with only sellers seen on the counter. The stock of the flagship company of the Future Group was trading at its lowest level since January 10, 2017. In the past four trading days, the stock has tanked 46 per cent, as compared to 9 per cent decline in the S&P BSE Sensex. In the past one month, it has plunged 59 per cent, against 21 per cent fall in the benchmark index. The management believes that the significant movement of price of the equity shares of the Company during recent past is due to unprecedented fall across the global markets, including India. "It is purely driven by the market forces", the company said. The latest disclosures under SEBI SAST (Substantial Acquisition of Shares and Takeovers) Regulations, 2011 transaction was made by Vistra ITCL (India) in Future Retail where pledge of 18.16 million shares was reported to the exchange on March 6, 2020. The equity shares of the company have been pledged with Vistra between December 30, 2019 and March 5, 2020 in a capacity of Debenture Trustee in order to secure the Debentures issued by RSCL Trading Private Limited, Future Corporate Resources Limited and Future Capital Investment Private Limited, the company said.

Apart from Future Retail, Future Consumer (down 5 per cent at Rs. 12.24) and Future Lifestyle Fashions (10 per cent at Rs. 320) were also locked in lower circuit in intra-day trade today.

Global Markets

Global equities witnessed bloodbath and the dollar stumbled on Monday after the Federal Reserve slashed interest rates in an emergency move and its major peers offered cheap US dollars to ease a ruinous logjam in global lending markets. European shares, too, plunged as the coronavirus pandemic raged through much of Europe, with dramatic monetary easing by global central banks failing to reassure investors about its growing economic damage.



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