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Market wrap

March 18, 2020

Blood bath continues at Dalal Street amidst continuous spread of COVID-19 and its impact on Global economy..

There was no respite for investors at Dalal Street continued as there was across the board panic selling especially in Banking and NBFCs socks. Threat of economic fallout emanating from pandemic Coronavirus (Covid-19) continued to weigh on investor sentiment. Moreover, fear of a global recession amidst no control over COVID-19 has created fear in investors mind.

S&P Global Ratings on Wednesday lowered India's economic growth forecast to 5.2 per cent from 5.7 per cent for 2020, saying the global economy is entering a recession amid the coronavirus pandemic. "The sudden economic stop caused by Covid-19 containment measures will lead to a global recession this year, bringing intense credit pressure to bear on creditworthiness worldwide", S&P Global Ratings said in a report. The timing of a recovery depends, most of all, on progress in containing viral spread. Even if major progress is made during the second quarter, after a sustained period of stressed cash flow many firms will be in no position to resume investing quickly, the agency said.

The S&P BSE Sensex sank 1,710 points or 5.6 per cent to end the day at 28,869.51. IndusInd Bank continued to bleed and ended at Rs 460 apiece, down 24 per cent. Other bluechip financial names such as HDFC Bank, HDFC, Bajaj Finance, and Axis Bank plunged up to 11 per cent. Investors lost around Rs 5.39 trillion today. In the past three days, they have lost Rs 15.1 trillion.

Of 30 constituents, 28 declined and only two - ONGC and ITC ended in the green. ONGC witnessed a phenomenal rise in the fag-end of the session and closed 10 per cent higher at Rs 66 apiece.

On the NSE, the benchmark Nifty breached 8,500 level to end at 8,469 points with 44 constituents declining and just 6 advancing. Sectorally, all but Nifty Media ended in the red. Nifty Media ended at 1,158, up 4.50 points or 0.39 per cent. Nifty Private Bank index tumbled 7 per cent to 11,219 while Nifty Bank slid around 6 per cent to 20,854 levels.

In the broader market, the Nifty Midcap 100 index declined 5.5 per cent to 12,614 and the Nifty SmallCap index closed the day at 4,020 down over 6 per cent.

Crude oil

Oil prices fell for a third session to be down about 17 per cent so far this week as the outlook for fuel demand darkened amid travel and social lockdowns triggered by the coronavirus epidemic.

Sectors and stocks

Shares of financial companies including banks, non-banking finance companies (NBFCs), insurance and micro finance companies (MFCs) were reeling under pressure on Wednesday on expectation of slower growth amid coronavirus (Covid-19) concerns. ICICI Bank, IndusInd Bank, Axis Bank, DCB Bank, Bandhan Bank, Manappuram Finance, Equitas Holdings, Mahindra & Mahindra Financial Services, Max Financial Services and Ujjivan Financial Services were among the 21 stocks from the financial sector that hit their respective 52-week lows on the National Stock Exchange (NSE) today.

The S&P BSE Smallcap index hit an over 3-year low on Wednesday as shares of smallcap companies continued to reel under pressure on concerns of economic growth slowdown amid the coronavirus pandemic. In the past one month, the smallcap index has slipped 28 per cent, against 27 per cent decline in the Sensex and midcap



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index. As many as 29 stocks from the smallcap index, including SpiceJet, Delta Corp, Venky's India, Shakti Pumps, Welspun Corp, Raymond, WPIL and Corporation Bank have seen their share price more than halved in the past month. Besides, a total of 209 stocks have fallen 40 per cent-50 per cent during this period.

Global Markets

US stock futures and several Asian shares fell in choppy trade on Wednesday, as worries about the coronavirus pandemic eclipsed hopes broad policy support would combat the economic fallout of the outbreak. In Asia, MSCI's broadest index of Asia-Pacific shares outside Japan dipped 0.3 per cent, led by a 4.9 per cent fall in Australia while Japan's Nikkei gained 1.6 per cent. US stock futures fell 3 per cent in Asia. European stock index futures fell more than 5 per cent as fears over the relentless global spread of the coronavirus.



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