

Lockdowns to curb COVID-19 plays havoc in global equities; worst ever single day decline witnessed in Indian Benchmarks..

Domestic bourses collapsed on Monday on aggressive FPIs selling as India went into the lockdown to contain the spread of Coronavirus (Covid-19) pandemic. In the early deals, trading was once again halted for 45 minutes as the Sensex hit a lower circuit limit of 10 per cent. The sell-off continued when the trading resumed. It was the second instance of trading halt in the Indian market in a span of 10 days. Earlier, in March 13, Nifty hit lower circuit in the opening deals for the first time since May 2009.

The S&P BSE Sensex significantly declined by 3,935 points or over 13 per cent to settle at 25,981 levels with all the 30 constituents ending in the red. On the NSE, the benchmark Nifty tanked a whopping 1,135 points or 13 per cent to end the session at 7,610. Fear gauge India VIX rose 6.64 per cent to 71.56 levels. With today's fall, investors lost Rs 13.88 trillion wealth while in the last month investors have lost Rs 56.22 trillion.

Among sectoral indices on the NSE, rate-sensitive stocks took the biggest knock with the Nifty Private Bank index plunging over 17 per cent to 9,030 levels. Axis Bank was the biggest loser on the index - down 28 per cent at Rs 310 apiece. Nifty Bank slipped over 16 per cent or 3,299 points to end at 17,018 while Nifty Auto plunged over 14 per cent or 761 points to 4,609 levels.

In the broader market, the S&P BSE Midcap index slumped 13 per cent to 9,711 levels while the S&P BSE SmallCap index tanked over 12 per cent to 8,873 levels.

Market breadth was in favour of bears as out of 2,401 stocks traded on the BSE, 233 advanced and 2,036 declined while 132 remained unchanged.

Key developments

A large number of manufacturing companies in India have informed the stock exchanges that they are shutting down their plants in accordance to the government's action plan to combat Covid-19, with some warning that this will impact earnings.

S&P Global Ratings on Monday cut its estimate for India's GDP growth in the fiscal starting April 1 to 5.2 percent from its earlier estimate of 6.5 percent, as it saw the outbreak of coronavirus costing economies around the globe. It put "the total and permanent income loss for Asia-Pacific from COVID-19 at approximately USD 620 billion." "This loss will be distributed across sovereign, bank, corporate and household balance sheets," it said but did not give country-wise break up its estimated loss.

Reserve Bank of India will conduct variable rate term repos of Rs. 1 lakh crore and provide Rs. 50,000 crore via variable rate repo auctions today. RBI to conduct Rs 50,000 crore variable rate repo on March 24 as well. Standalone primary dealers can participate in these auctions will calibrate operations to meet any need for additional liquidity support, it added.

SEBI extends issuance date for debt securities by 60 days till May 31. It has also extended filing of large corporate initial and annual disclosure till June 30.

Crude oil

Brent crude prices declined owing to falling demand as travel and industrial activity contracted across the globe in a bid to stem the spread of coronavirus.

Sectors and stocks

Shares of interest rate sensitive sectors such as automobiles, real estate, banks, including non-banking financial companies (NBFC) and housing finance companies, tanked up to 20 per cent on Monday as most Indian states announced lockdown to stem the spread of the novel coronavirus (COVID-19).

As many as 620 stocks out of 2,326 traded on the BSE were locked in lower circuit band, the exchange data shows. Of these, 59 stocks hit 20 per cent lower circuit, while 132 stocks were locked in the lower circuit of 10 per cent on the BSE.

Diagnostic Laboratories stocks surged on Monday, in an otherwise weak market, after the government allowed private laboratories to conduct blood tests for the coronavirus (Covid-19). According to the guidelines issued by the Indian Council of Medical Research over the weekend, all private laboratories that have National Accreditation Board for Testing and Calibration Laboratories accreditation for real-time polymerase chain reaction assay for RNA virus will only be allowed to conduct Covid-19 tests. Individually, Thyrocare Technologies rebounded 17.15 per cent from the day's low to hit a high of



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Rs 574 in the intra-day trade. Besides, Dr Lal Path Labs jumped 17 per cent to Rs 1,650 per share, Ipca Labs zoomed 17.7 per cent, and Metropolis Healthcare gained 6.43 per cent. On Saturday, the ICMR issued guidelines stipulated that all commercial kits for real time PCR-based diagnosis of Covid-19 should be either US Food and Drug Administration approved or should meet European certification standards, or both. It also said that all Covid-19 positive samples will need to be transported to ICMR's National Institute for Virology, Pune under suitable biosafety and biosecurity precautions. Failure to comply with any of the guidelines could lead to legal action, the guidelines added.

Global markets

Asian equities declined on Monday as a rising tide of national lockdowns threatened to overwhelm policymakers' frantic efforts to cushion what is likely to be a deep global recession. MSCI's broadest index of Asia-Pacific shares outside Japan lost 5.01%, with New Zealand's market shedding a record 10% as the government closed all non-essential businesses. Shanghai blue chips dropped 2.51%, though Japan's Nikkei rose 2.0% aided by expectations of more aggressive asset buying by the Bank of Japan. In Australia, the S&P/ASX200 dropped 5.62% to take the index to a seven-year low.

In Europe, too, shares were stuck near seven-year lows.



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