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Market wrap

March 25, 2020

Biggest one day rally witnessed in percentage terms; hope of domestic stimulus package and US announcing US\$2 trillion stimulus package supports rally..

Domestic bourses were up to 7 per cent on Wednesday which is biggest one-day gain in terms of percentage amidst short covering as the global investor sentiments were uplifted by the announcement that the US officials have reached a deal on a \$2 trillion package to fight economic fallout from coronavirus (Covid-19) pandemic. Further, hopes of domestic stimulus also helped improve sentiment.

The S&P BSE Sensex rallied 1,862 points or 7 per cent to settle at 28,536 levels. Other major contributors to the index's gain were HDFC Bank, HDFC, ICICI Bank, and Maruti. On the downside, four stocks - IndusInd Bank, ONGC, ITC, and Bajaj Auto ended in the red.

On the NSE, the frontline index Nifty ended at 8,298 levels, up 497 points or 6.37 per cent with 38 out of 50 constituents advancing and 11 declining and 1 remaining unchanged. On the sectoral front, Nifty Bank jumped around 8.5 per cent to 18,549 levels. India VIX declined around 8 per cent to 76.96 levels.

In the broader market, the S&P BSE MidCap index gained over 3.5 per cent to end at 10,212 levels while the S&P BSE SmallCap index rallied around 3 per cent to 9,129.58 levels.

Key developments

According to media reports, several companies have requested the government and markets regulator Securities and Exchange Board of India (SEBI) to relax the mandatory one-year cooling period between two share buybacks, as stocks get hammered over the coronavirus pandemic

Crude oil

India's oil production witnessed a fall of 6.4 per cent in February as a decline in output from fields operated by private firms negated a rise in production from ONGC fields. Crude oil production at 2.39 million tonnes in February was 6.41 per cent lower than 2.56 million tonnes output in the same month a year back, according to official data released by the Oil Ministry.

Sectors and stocks

Reliance Industries (RIL) emerged as the top performer on the index with the gain of 14.65 per cent. In the intra-day session, the stock zoomed 20 per cent on reports that US tech giant Facebook is looking to buy a multi-million-dollar stake in Reliance Jio. India's fastest-growing network, Jio, has over 370 million subscribers. According to a media report, Facebook is keen on picking up a 10 per cent stake in the Indian telecommunication behemoth, however, the outspread of coronavirus could alter the schedule of signing the deal. Jio is the only company that can possibly take on US tech giants. RIL poured in huge sums of money to expand Reliance Jio and make it the biggest telecom player in the country. This, however, increased the debt burden of Reliance and this deal could help the company to achieve its goal of cutting net debt to zero by March 2021, the report said. Reliance announced last year that it would separate Jio out into a new company and attract new investors ahead of an eventual listing.

Shares of Mahindra & Mahindra hit an over nine-year low of Rs. 248, sliding 8 per cent on the BSE on Wednesday, on concerns that volumes could take a hit due to the spread of the coronavirus (Covid-19). On Tuesday, Prime Minister Narendra Modi imposed a nationwide 21-day lockdown in an attempt to stall the spread of the virus. The stock of the automobile company was trading lower for the sixth straight day, and was trading at its lowest level since April 19, 2010. In the past one month, it has tanked 51 per cent, as compared to a 34 per cent decline in the S&P BSE Sensex and a 37 per cent fall in the S&P BSE Auto index. On Sunday, March 22, the company decided to suspend the manufacturing operations at Nagpur, Chakan (Pune), and Kandivali (Mumbai) plants with immediate effect from Monday night onwards in light of heightened concern on the spread of Covid-19 in the state of Maharashtra.

Shares of Indian Railway Catering and Tourism Corporation (IRCTC) were locked in the lower circuit band for eighth consecutive day on Wednesday, down 5 per cent at Rs 816 on the BSE on concerns over poor earnings due to cancellation of trains in order to curb the spread of coronavirus (Covid-19). IRCTC hit a five-month low, and was trading at its lowest level since October 22, 2019. In the past one month, it has tanked 58 per cent, against a 30 per cent decline in the benchmark index. IRCTC had made a stock market debut on October 14, 2019. To curb the coronavirus outbreak, earlier Railway Minister, Piyush Goyal, on March 22, 2020 announced that all passenger train services of Indian Railways including premium trains, mail/express trains, Konkan Railway, etc will be cancelled till March 31. After PM Modi's announcement of 21 days lockdown, Ministry of Railways has decided to extend the cancellation of passenger train services on Indian Railways, passenger trains, suburban trains and trains of Metro Railway, Kolkata till 2400 hours of April 14, 2020. Freight



train operations to continue. IRCTC is the only entity authorized by the Indian Railways to provide catering services to railways, online railway tickets and packaged drinking water at railway stations and trains in India. It has a dominant position in the online rail bookings/packaged drinking water with around 73 per cent/45 per cent market share, respectively.

Global markets

The Dow Jones Industrial Average had witnessed a whopping rally of over 11 per cent in its biggest one-day percentage gain since 1933 and the S&P 500 scored a 9.4 per cent jump - its tenth best day on record out of 24,067 trading sessions since daily data started in 1927. The U.S. stimulus deal, billed as a \$2 trillion package, is expected to include \$500 billion in direct payments to people and \$500 billion in liquidity assistance. US President Donald Trump had also pressed his case for a re-opening of the US economy by mid-April, though that had met immediate scepticism given the rise of infections in the United States is now among the highest in the world.

Europe's main markets in London, Frankfurt and Paris all opened 4 per cent-5 per cent higher after the Nikkei in Tokyo had risen almost 7 per cent following some historic moves on Wall Street the previous day.



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