New York: Crude prices fell more than 2 per cent on Friday and headed for a steep weekly decline over concerns that the coronavirus will spread farther in China, the world's second-largest oil consumer, curbing travel and oil demand. REUTERS

STRONG FOREIGN DIRECT INVESTMENT, STABLE CRUDE PRICES KEY FACTORS

Forex reserves surge for 17th straight week; rise to record high of \$462 bn serves, which surged by \$867 mil-

ENS ECONOMIC BUREAU NEW DELHI, JANUARY 25

FOREIGN EXCHANGE reserves rose for the 17th straight week to hit an all-time high of \$462.15 billion for the week ended January 17. While the government will present its budget for 2020-21 on February 1, it will be keenly watched by foreign portfolio investors and global businesses as they make their calls for future investment and additional inflows

Led by strong foreign direct investment, foreign portfolio investments and relatively stable global crude oil prices over the last year (except for temporary spikes), foreign exchange reserves in the country shot up \$33 billion since the week ended September 20, when Finance Minister Nirmala Sitharaman announced a sharp cut in corporate tax rates.

While a sudden spike in global crude oil price (earlier this month) following the growing geopolitical tension between the US and Iran posed a potential threat to rise in global crude oil prices, which could have in turn impacted the EXPLAINED Eye on Budget, fiscal road map to decide future

While forex reserves have been expanding, the forthcoming Budget 2020-21 will define its future trajectory.

At a time when the economy is undergoing a slowdown, the government's fiscal road map and growth trajectory will be instrumental in attracting foreign investments.

expansion of forex reserves in India going forward, a de-escalation in tension eased the prices within a week.

According to the weekly data released by the Reserve Bank of India, forex reserves rose by \$940 million in the week ended January 17,2020. The reserves have grown sharply over the last four months. It has grown week after week over the past 17weeks.

On September 20, the FM announced a cut in corporate tax rates — a move that was termed as one that would propel investments into the Indian economy. While FPIs invested a net of \$19.4 billion into the Indian capital markets in 2019, the FDI equity inflows in the first nine months of the calendar 2019 amounted to

This continued inflow of funds by foreign investors despite a slowdown in economic growth has fuelled the rise in forex re-

\$36.97 billion.

In the reporting week ended Ianuary 17, the rise in reserves was mainly on account of an increase in foreign currency assets, a ma**RISING FOREX RESERVES** Week ended **Forex**

Sep 20

Dec 20

Dec 27

Jan 3

Jan 10

Jan 17

Source: RBI

•		vviille ilivestoi selitiillelit
Sep 27	433.59	turned weak after the Budget announcement last July to impose higher surcharge, market participants say the government's decision to reverse its Budget decision relating to higher surcharge impact on FPIs, along with a cut in the corporate tax rate in September, played a significant role in turning the investor mood and drawing them to invest in the Indian economy and markets. While stability in global crude oil prices has played an important role in keeping India's import bill under check, the Budget an-
Oct 4	437.8	
Oct 11	439.7	
Oct 18	440.75	
Oct 25	442.5	
Nov 1	446.09	
Nov 8	447.8	
Nov 15	448.2	
Nov 22	448.5	
Nov 29	451.08	
Dec 6	453.4	
Dec 13	454.49	
Dec 20	4549	

(\$bn)

428.57

jor component of the overall re-

454.9

457.46

461.15

461.21

462.15

lion to \$428.449 billion. During

the week, gold reserves also in-

creased by \$28.56 billion. In

January to date, FPIs have invested

a net of \$234 million into Indian

While investor sentiment

nouncements next week may

provide some clarity to FPIs on fu-

The rise in forex reserves over

ture investments in the country.

the last four months has also

come as a breather for the coun-

try's rising external debt, which

rose significantly over last couple

of years from \$485 billion in June

2017 to \$557 billion in June 2019.

capital markets.

Essar Steel resolution helps ICICI Bank net jump 158%

ENS ECONOMIC BUREAU MUMBAI, JANUARY 25

Q3 NET PROFIT AT ₹4,146 CRORE

PRIVATE SECTOR lender ICICI Bank has posted a 158 per cent jump in net profit to Rs 4,146 crore for the December quarter of 2019-20, as against Rs 1,605 crore in the year-ago period. The jump was mainly due to one-time gain from Essar Steel resolution, which led to lower provisions.

While the bank saw bad loan recoveries and upgrades worth Rs 4,088 crore during the third quarter, provisions declined 51 per cent to Rs 2,083 crore during the quarter as against Rs 4,244 crore during the same period last year.

During the quarter, gross additions to NPAs were Rs 4,363 crore. Net non-performing assets (NPAs) decreased 36 per cent from Rs 16,252 crore for December 2018 to Rs 10,389 crore by December 2019. The net NPA ratio decreased from 2.58 per cent to 1.49 per cent as of December 2019. The provision coverage on non-performing loans, excluding cumulative technical write-offs, increased from 68.4 per cent at December 31, 2018 to 76.2 per cent as of December 2019.

As of December 2019, the come increasing 17 per cent, the

CORE NET INTEREST INCOME GROWS 24%

■ ICICI Bank posted a 158 per cent jump in net profit to Rs 4,146 crore for the December quarter of fiscal 2019-20 as against Rs 1,605 crore during the same period a year ago

■While the bank saw bad loan recoveries and upgrades

fund-based and non-fund based outstanding to borrowers rated BB and below (excluding nonperforming assets) was Rs 17,403 crore, compared to Rs 17,525 crore on March 31, 2019 and Rs 16,074 crore in September 2019. The bank has classified an exposure to a telco as below investment grade, which led to the in-

ter two consecutive quarters of reduction. Its core net interest income grew 24 per cent to Rs 8,545 crore on a 16 per cent domestic advances growth and a 0.37 per cent expansion in net interest margin to 3.77 per cent. Other income growth was 18.77 per cent to Rs 4,043 crore, with the core fee in-

crease in the overall BB and

below book to Rs 17,403 crore af-

worth Rs 4,088 crore in Q3, provisions declined 51 per cent to Rs 2,083 crore, as against Rs 4,244 crore during the same period last year

■ Core net interest income grew 24 per cent to Rs 8,545 crore

bank said.

Net interest margin was at 3.77 per cent in Q3. Fee income grew by 17 per cent, it said.

As per the bank, the year-onyear growth in domestic advances was 16 per cent as of December 2019. "The bank has continued to leverage its strong retail franchise, resulting in a 19 per cent year-on-year growth in the retail loan portfolio as of December 2019," it said.

Including non-fund outstanding, retail was 52 per cent of the total portfolio as of December 2019. Growth in the performing domestic corporate portfolio was about 12 per cent year-on-year Total advances increased by 13 per cent year-on-year to Rs 635,654 crore from Rs 564,308

BRIEFLY

Govt names Panda to SBI board

New Delhi: The government has nominated Debasish Panda, special secretary in the Ministry of Finance, on the board of State Bank of India. Panda has been appointed director in the central board of the public sector lender with immediate effect, SBI said in a regulatory filing on Saturday.

TVS Motor launches e-scooter

Bengaluru: TVS Motor Company on Saturday said it has forayed into electric segment with the launch of an e-scooter, priced at Rs 1.15 lakh (on-road in the city). Equipped with 4.4 kw electric motor, the TVS iQube Electric can achieve a top speed of 78 kmph with a range of 75 kms in one full charge.

DCB Bank Q3 net up 12.3% at ₹96.70 cr

New Delhi: Private sector lender DCB Bank on Saturday reported an increase of 12.31 per cent in its net profit at Rs 96.70 crore for the third quarter ended December 2019. Its net profit was Rs 86.10 crore in the October-December period a year ago, DCB Bank said in a BSE filing. DCB Bank's total income was up 13.66 per cent at Rs 990.89 crore during the quarter under review . PTI

'Indian smartphone market surpasses that of US in 2019'

Indian smartphone market surpassed the US for the first time on an annual level with shipment of 158 million units in 2019, according to Counterpoint Research

2nd With this, India has become the second largest smartphone market globally

7% Smartphone shipment grew 7 per cent in 2019 over the previous year

REASONS

■ Growth of the mid-tier segment where Chinese brands aggressively introduced many flagshipgrade features and capabilities to capture demand coming from users looking to upgrade from their first or second smartphone

■ The online channels became the preferred selling platforms to

REUTERS

NEW YORK, JANUARY 25

USTREASURY prices advanced on

Friday, pushing yields lower for a

fourth straight session, as news of

the latest coronavirus spreading

outside China continued to un-

dermine risk appetite and spur

nearly three-month low, while

those on benchmark 10-year

notes dropped to more than two-

month troughs. US two-year

notes also slid, dropping to a two-

week low. US 10-year yields have

lost nearly 15 basis points this

week, their largest weekly drop in

about 3-1/2 months. Thirty-year

US 30-year yields declined to a

demand for safe-haven assets.



introduce these products faster into the market

UNDERPENETRATED INDIAN MARKET Although the rate of growth for the smartphone market

US yields drop as new

virus fears escalate

was only single digit for the first time on an annual basis, India is underpenetrated relative to many other markets; 4G penetration among subscribers being around 55 per cent

result of hyper-competition among multiple players Brands will have multitier strategies involving partnerships in the mobile

OUTLOOK

■ This demand is expected

to grow further due to the

progressive diffusion of key

smartphone features to the

entry-level price tier as a

ongoing transition from

feature phones to smartphones and

APPLE WAS one of the fastest-growing brands in device, thanks to local manufacturing in India

ecosystem from hardware,

software and services

the fourth quarter, driven by multiple price cuts on its XR *Source: Counterpoint Research/PTI*

Mnuchin: Learnt lesson on dollar comments

US 30-YEAR YIELDS LONDON. JANUARY 25 3-month low

■US 30-year yields declined to a nearly three-month low, while those on benchmark 10year notes dropped to more than two-month troughs. language about the currency.

vields, meanwhile, have fallen roughly 16 basis points this week. the biggest weekly decline in four

As rates fell, the yield curve flattened again on Friday as market sentiment took a hit amid a host of unknowns about the Chinese coronavirus.

REUTERS

US TREASURY Secretary Steven Mnuchin said on Saturday he had learnt the hard way to be guarded in his comments on the dollar after roiling financial markets in 2018 by breaking from the usual

"I support a stable dollar but I'm not going to make more comments on that," he said at an event held at the Chatham House think tank in London.

Two years ago at the World Economic Forum in Davos, Mnuchin sent the US currency reeling when he said he welcomed a weak dollar.

"I'm very careful about my comments on the dollar because two years ago in Davos I sneezed and I said something that I thought was completely calm, and all of a sudden the markets went crazy"

STEVEN MNUCHIN

US TREASURY SECRETARY

"One of the things I've clearly learned as treasury secretary. I'm very careful about my comments on the dollar, because two years ago in Davos, I sneezed, and I said something that I thought was completely calm, and all of a sudden the markets went crazy," he told the audience.

DGCA suspends pilots of Cessna aircraft that crashed at Aligarh airport

ENS ECONOMIC BUREAU NEW DELHI, JANUARY 25

THE DIRECTORATE General of Civil Aviation (DGCA) has suspended the pilot-in-command and co-pilot of a Cessna aircraft that crashed and caught fire while landing at Aligarh airport last year, following an investigation into the incident that involved a plane operated by Air Charter Services Pvt Ltd. The development comes a day after the aviation regulator suspended two pilots of another general aviation company flying a Cessna aircraft.

The suspensions come at a time when the DGCA is making efforts to improve flight safety at flying schools and general aviation companies. According to a senior official,

the investigation into the Air Charter Services incident found that the aircraft was at a very low altitude while approaching the airport runway on August 27 last year. It also found that the landing gear of the small plane hit electrical cable located 180 metres ahead of the threshold line of the runway 11. "The crew subsequently lost

control, the aircraft hit the ground and caught fire," the senior official said, citing the DGCA probe. The aviation regulator then issued show-cause notices to the pilots and the responses received were found to be unsatisfactory. The DGCA observed that the

pilot-in-command failed to follow the procedures and maintain required visual clearance. The first officer too failed to maintain required visual clearance with obstacles in the final phase of landing, according to the official. Therefore, the DGCA has suspended the licenses of pilot-in-

THE REGULATOR AND BOEING HAVE BEEN AT ODDS SINCE END OF 2019 ABOUT THE TIMING OF THE PLANE'S RETURN

'FAA could approve MAX return before mid-year'

DGCA TRYING TO ENSURE SAFETY

The suspensions come at a time when the DGCA is making efforts to improve flight safety at flying schools and general aviation companies

■ According to a senior official, the investigation into the Air Charter Services incident found that the aircraft was at a very low altitude while approaching the airport runway on August 27 last year

command and the first officer of the Cessna aircraft for a period of one year and six months respectively, the official said.

On Friday, the aviation regulator suspended pilots of a Cessna plane, owned by Taneja Aerospace, which runs aircraft charter services for corporate sector, for one year for causing runway excursion at Nanded airport last year. The investigation of the DGCA found that even though the air traffic control gave the clearance to the pilots to land their plane on runway 28 on September 11 last year, they opted to use runway 10 where the "approach light system" was not "serviceable".

This caused the runway excursion that damaged the aircraft, and therefore, the DGCA issued show cause notices to these pilots for which they could not send a satisfactory response, and consequently, the regulator decided to suspend them for a period of one year.

curb on Huawei in limbo amid pushback' **REUTERS**

'New US

WASHINGTON, JANUARY 25

THE US Commerce Department has withdrawn a rule aimed at further reducing sales to China's Huawei Technologies amid concerns from the Defense Department the move would harm US businesses, people famil-

iar with the matter said. The decision to pull the rule from the formal review process leaves its future in jeopardy and highlights deep divides within the Trump administration over how best to approach the blacklisted telecoms giant and the broader war with China over technological dominance.

President Donald Trump's administration plans a Cabinet-level meeting next week to discuss the rule, which could be revived, killed or rewritten, one of the sources said, amid pushback from the US Treasury Department as well.

A Commerce Department representative said "if and when" the agency has something to announce, "we will do so." Huawei declined to comment. The Pentagon and Treasury did not immediately respond to requests for comment.

Commerce in May placed Huawei on a trade blacklist, citing national security concerns. That allowed the US government to restrict sales of American-made goods to the company and a small number of items made abroad

that contain US technology. Under current regulations, key foreign supply chains remain beyond the reach of US authorities. fueling frustration among China hawks within the administration.

Trump raises tariffs on derivative steel, aluminium products

REUTERS WASHINGTON, JANUARY 25

US PRESIDENT Donald Trump on Friday signed a proclamation increasing tariffs on derivative steel products by an additional 25 percent and boosting duties on derivative aluminium products by an additional 10 percent.

Trump said Argentina, Australia, Brazil, Canada, Mexico and South Korea are exempt from the additional tariffs on derivative steel products, and Argentina, Australia, Canada and Mexico are exempt from the added duties on derivative aluminium articles.

Trump has imposed tariffs on imported steel and aluArgentina, Australia, Brazil, Canada, Mexico and South Korea are exempt from the additional tariffs

minium to help boost US production, which he says is a national security issue.

Since the imposition of tariffs, Trump said, imports of steel and aluminium have declined but imports of derivative products, like steel nails and aluminium cables, have increased.

Trump said the increased tariffs would be effective on February 8.

WASHINGTON, JANUARY 25 FEDERAL AVIATION Adminis-

REUTERS

trator Steve Dickson called senior US airline officials on Friday and told them the agency could approve the grounded Boeing 737 MAX's return to service before mid-year — a faster time frame than the planemaker suggested this week, people briefed on the calls said.

Dickson's calls came as the FAA issued a statement on Friday voicing progress on the 737 MAX. in a shifting tone that helped push the planemaker's shares higher even as concerns grew that it may cut production of another aircraft, the 787 Dreamliner.

"While the FAA continues to

Boeing delays 777X first flight again due to bad weather Seattle: Boeing has post-Boeing will attempt the

poned again the first flight of its 777X long-haul jetliner that was scheduled to take place on Friday due to inclement weather.

follow a thorough, deliberate process, the agency is pleased with Boeing's progress in recent weeks toward achieving key milestones," the agency said in a state-A person briefed on one of

Dickson's calls with the airlines said he told officials the Boeing mid-year timeline is "very consermaiden flight, which was also cancelled on Thursday, again on Saturday at 10 a.m. local time (1800 GMT), weather permitting. **REUTERS**

The FAA and Boeing Co had been at odds at the end of 2019 about the timing of the plane's return. The planemaker had forecast in November it would win FAA approval by December, which drew an unusual rebuke from the agency.

Boeing's new chief executive, Dave Calhoun, told reporters this week that the FAA "had a very dif-

ficult time" with Boeing's timeline in December. Calhoun added Boeing's re-

vised estimate included enough

time so the FAA does not "feel so pressured that they explode like they did in December." Dickson's calls come days after Boeing said it was pushing back its timeline for approval of

the plane's return and "currently estimating that the ungrounding of the 737 MAX will begin during mid-2020.' Dickson has also spoken to senior Boeing executives since the company issued its new

timetable, one of the persons briefed on Friday's calls to airlines Boeing's best-selling plane has been grounded since March after two fatal crashes killed 346 people. Boeing's stock erased losses on the news first reported by Reuters to close 1.7 per cent higher on the day at \$323.05.

The agency confirmed that Dickson made calls "to reiterate that the FAA has set no time frame for completion of certification work on the aircraft."

In recent weeks, several new concerns have drawn attention from Boeing and the FAA, including the location of wiring bundles on the MAX and a new software issue that emerged during recent testing involving a monitor. Calhoun said Wednesday he did not see those as "serious prob-

The FAA added Friday that "safety is the top priority, and the FAA continues to work with other safety regulators to ensure that Boeing has addressed all known issues with the aircraft. FAA approval before mid-year

could happen only if Boeing continues to make complete and thorough submissions, an official told Reuters, and emphasised that unforeseen issues could always potentially delay approval.

American Airlines Group Inc United Airlines Holdings Inc and Southwest Airlines Co have all pushed back the resumption of MAX flights until early June and indicated this week that the return could be delayed further if FAA approval does not happen until mid-year. Airlines have said they will

need at least 30 days after the FAA grants approval for pilot training software updates and required maintenance.