MARKET WATCH

	17-03-2020	% CHANGE
Sensex	30579	-2.58
US Dollar	74.24	0.00
Gold	39719	-0.20
Brent oil	29.76	-2.11

NIFTY 50

	PRICE	CHANGE
Adani Ports	267.15	5.75
Asian Paints	1731.60	48.20
Axis Bank	488.35	-20.25
Bajaj Auto	2270.45	-69.10
Bajaj Finserv	7017.50	-478.10
Bajaj Finance	3444.85	-227.40
Bharti Airtel	454.70	-10.10
BPCL	357.20	-7.45
Britannia Ind	2686.00	-23.00
Cipla	401.75	5.35
Coal India	145.90	2.00
Dr Reddys Lab	2781.20	-45.75
Eicher Motors	17061.10	567.40
GAIL (India)	74.65	-3.50
Grasim Ind	555.65	-21.25
HCL Tech	450.65	-0.05
HDFC	1755.80	-85.95
HDFC Bank	975.10	-24.40
Hero MotoCorp	1841.15	57.65
Hindalco	115.40	-0.25
Hind Unilever	2004.05	62.15
ICICI Bank	367.25	-35.65
IndusInd Bank	604.15	-60.00
Bharti Infratel	194.40	-15.00
Infosys	554.95	-28.20
Indian OilCorp	89.40	-0.30
ITC	149.15	1.90
JSW Steel	176.45	-9.55
Kotak Bank	1322.70	-61.00
L&T	956.75	-11.95
M&M	373.40	-18.40
Maruti Suzuki	5603.95	123.70
Nestle India Ltd.	14541.00	143.80
NTPC	88.10	-2.70
ONGC	60.00	-0.15
PowerGrid Corp	162.00	4.05
Reliance Ind	1008.00	-7.70
State Bank	215.15	-8.20
Sun Pharma	370.15	1.60
Tata Motors	77.95	-5.00
Tata Steel	282.75	-6.85
TCS	1658.00	-38.40
Tech Mahindra	595.45	-7.95
Titan	1001.00	-10.35
UltraTech Cement	3470.45	-47.60
UPL	350.85	-25.95
Vedanta	75.00	0.15
Wipro	173.10	-6.65
YES Bank	58.65	21.55
Zee Entertainment	133.10	-33.25

EXCHANGE RATES

Indicative direct rates in rupees a unit except yen at 4 p.m. on March 17

CURRENCY	TT BUY	TT SELL
US Dollar	74.05	74.37
Euro	81.49	81.84
British Pound	89.56	89.97
Japanese Yen (100)	69.26	69.56
Chinese Yuan	10.55	10.59
Swiss Franc	77.26	77.60
Singapore Dollar	51.79	52.02
Canadian Dollar	52.32	52.55
Malaysian Ringitt	17.01	17.09

Source:Indian Bank

BULLION RATES CHENNAI

March 17 rates in rupees with previous rates in parentheses

Retail Silver (1g)	38.1	(40.8)
22 ct gold (1 g)	3820	(3943)

Yes Bank all set to lift deposit withdrawal cap

CEO designate says liquidity not a problem; ATMs fully loaded; lender eyes recovery of up to ₹8,500 crore next year

SPECIAL CORRESPONDENT
MUMBAI

Private sector lender Yes Bank has assured all its customers they need not worry about their deposits after the moratorium is lifted, as branches and automated teller machines (ATMs) will have adequate cash.

The moratorium, which was imposed on March 5 with deposit withdrawals capped at ₹50,000, will be lifted on Wednesday at 6 p.m. This is the first time in banking history that a moratorium will be lifted from a commercial bank as, in all previous cases, such lenders were merged with other banks.

"We have taken adequate precautions. All our ATMs are full with cash. All our branches have adequate supply of cash. So, from Yes Bank's side, there is absolutely no issue on the liquidity front," said Prashant Kumar, the Reserve Bank of India-appointed administrator of the bank. He will take charge as the MD and CEO of the reconstructed bank on March 26, along with a new board. The RBI has assured liquidity support to the bank, if required, after the moratorium is lifted.

Taking position: (From left) Ashutosh Khajuria, ED, Federal Bank, Prashant Kumar, administrator, Yes Bank and Rajnish Kumar, chairman, SBI, on Tuesday. • PRASHANT NAKWE

Allaying concerns that the depositors will rush to withdraw their deposits after the moratorium is lifted, Mr. Kumar said only a third of the depositors have withdrawn the full amount available during the moratorium period. In the past three days, more money came into Yes Bank compared with the withdrawals, he said.

But Mr. Kumar acknowledged that deposits were his biggest concern.

"We want to build a granular retail deposit franchise and we need to move away from the dependence on bulk deposits," he said.

As part of the reconstruction plan, the bank has received investments from eight banks, including the State Bank of India, which will be largest shareholder with a 48% stake.

The capital adequacy ratio of the bank, which had dipped below the regulatory requirement, will be addressed by this capital infusion.

Regulatory requirement

"If we take into account the the capital infusion of ₹10,000 crore and written down value of AT1 bonds, then, we are above the regulatory capital requirement," Mr. Kumar said. The bank would raise more funds before it finalises the annual results, that is, during the first quarter of FY21.

"[As much as] 80% of the funds raised in the next year will be for growth," he said, adding the bank is also expecting a strong recovery in the next financial year – to the tune of ₹8,500 crore.

Though the revival scheme of Yes Bank mandates that the SBI cannot reduce its stake below 26% in the next three years, SBI chairman Rajnish Kumar said not even a single Yes Bank share it holds would be sold before the three-year lock-in period ends.

The SBI has appointed two nominees on the board of Yes Bank – Partha Pratim Sengupta, deputy managing director and chief credit officer and J. Swaminathan, deputy managing director, strategy and chief digital officer.

On Tuesday, the Yes Bank stock surged 58% on the BSE to ₹58.65 per share after Moody's upgraded the bank's ratings to a 'positive' outlook on Monday.

RBL Bank's deposit base shrinks by 3%

SPECIAL CORRESPONDENT
MUMBAI

The fall-out of Yes Bank's moratorium has impacted RBL Bank's deposit base, which contracted by 3% in one week due to withdrawal by two State government agencies.

"While there has been no material impact on our retail deposits, there have been some withdrawals from institutional depositors and a couple of State government organisations constituting about 3% of our total deposits in the last one week," the bank informed the exchanges.

"This is being addressed on a one-on-one basis with the State governments and at the industry level by RBI. In spite of this, we remain highly liquid with significant retail deposits, institutional lines, refinance, and surplus liquid assets," the bank added.

FPI sales at a record high as virus spooks markets

Expect uptick in purchases by foreign portfolio investors, as some macro signs look good, say analysts

ASHISH RUKHAIYAR
MUMBAI

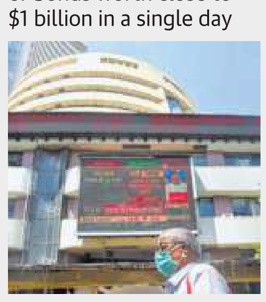
Foreign portfolio investors (FPIs), who have been the prime drivers of every bull market in the Indian capital market has seen till date, have been record sellers during the current month.

Till date in March, FPIs have sold equity and debt cumulatively worth ₹67,306 crore, which is the highest ever witnessed in any single month, as per data from National Securities Depository Limited (NSDL).

Further, while equity has seen the worst-ever monthly outflows of ₹36,217 crore till date in March, debt outflows at ₹31,982 crore is the highest in nearly seven years. In June 2013, FPIs were net sellers at ₹33,135 crore in the debt segment. Incidentally, some of the recent trading sessions have seen foreign investors sell shares or bonds close to $1 billion in a single day on the back of increasing concerns over the COVID-19 pandemic that has made investors move away from riskier asset classes.

Hurtling down

Some trading sessions have seen FPIs sell shares or bonds worth close to $1 billion in a single day



Year	Equity*	Debt*
2010	1,33,266	46,408
2011	-2,714	42,067
2012	1,28,360	34,988
2013	1,13,136	-50,849
2014	97,054	1,59,156
2015	17,808	45,857
2016	20,568	-43,647
2017	51,252	1,48,808
2018	-33,014	-47,795
2019	1,01,122	25,882
2020**	-22,274	-41,533

*FPI flows (₹ crore) ** In March till date | Source: NSDL

On March 13, the net selling by FPIs in the equity segment was $910 million. On March 11, the debt segment saw foreign investors' net sales at almost $1.08 billion.

Similarly, on March 9, when the benchmark Sensex recorded a fall of 1,941.67 points – its biggest single-day fall till then – foreign investors sold shares worth $948 million.

In the current calendar year, FPIs are net sellers at ₹57,379 crore as the first two months of 2020 saw some amount of buying by such investors.

Sales to slow down

Market participants, however, believe that with the valuations taking a massive hit on account of the ongoing fall, institutional investors, especially overseas entities, will slow the pace of selling to buy heavily beaten down quality stocks. "We might see some more selling by FPIs, after which there should be buying activity visible," said Harendra Kumar, MD, institutional equities, Elara Capital.

"There are many good-quality stocks that are available at their book value or even below their book value. Also, crude is at a very low level that benefits India more than many other economies and rupee has performed relatively better than other Asian currencies," he said.

"So, some of the macros are in favour of FPIs investing in India," added Mr. Kumar. In 2019, FPIs were net buyers in the equity and debt segments at ₹1.01 lakh crore and ₹25,882 crore, respectively.

Bears beat down stocks in last hour of trade

Banking stocks lose ground

SPECIAL CORRESPONDENT
MUMBAI

A selling bout in the last hour of the trading session pulled down the equity benchmarks with the Nifty falling below the psychological 9,000-mark for the first time since March 2017.

The 50-share Nifty lost 230.35 points, or 2.5%, to close at 8,967.05. The India VIX index surged 7% more on Tuesday. The Sensex, which was trading in the green for most part of the trading session on Tuesday, fell sharply in the last hour to close at 30,579.09, down 810.98 points, or 2.58%.

The volatility in the last hour saw financials lose ground as stocks such as ICICI Bank and State Bank of India were among the top losers in the Sensex pack.

Incidentally, the BSE Bankex was the worst performer among the sectoral indices, shedding 1,181 points, or 4.46%. Market participants say stocks may remain volatile in the near future as fresh cases of COVID-19 emerge from regions outside China, thereby adversely affecting global growth.

On BSE, as many as 1,677 stocks declined on Tuesday, as against 751 gainers. Further, 354 stocks touched their lower circuit.

As per provisional numbers, foreign portfolio investors were net sellers at ₹4,044.69 crore on Tuesday.

SBI assessing virus impact on sectors

SPECIAL CORRESPONDENT
MUMBAI

State Bank of India (SBI) is assessing the impact on its loan portfolios in sectors such as aviation and tourism, which were badly impacted by the spread of COVID-19.

"We are studying the impact of coronavirus on sectors such as aviation, hospitality and tourism," SBI chairman Rajnish Kumar said on the sidelines of an event. The Reserve Bank of India has also asked banks and financial institutions to assess the impact on their balance sheet, asset quality, liquidity, etc. due to further spread of the virus.

On Monday, the Centre for Asia Pacific Aviation (CAPA) said the pandemic will push most airlines across the globe to bankruptcy by the end of May.

Cement firms upbeat as A.P. to lift 12 million tonnes more a year

State projects offer hope to makers hit by slowdown

N. ANAND
CHENNAI

Indian cement manufacturers are in an upbeat mood as the Andhra Pradesh Government has sought more than one million tonnes of cement per month for its projects for the next fiscal.

"The yearly consumption of cement by the Andhra Pradesh Government is about 18 million tonnes per year. If the State assures [it would] lift another 12 million tonnes a year, it would give a big boost to the cement industry, which had been affected due to sluggish demand," said a top official of a cement company.

Welcoming the initiative, the official said: "Almost all cement manufacturers have had a very bad third quarter due to the economic slowdown and stalling of major infrastructure projects by the Andhra Pradesh and Telangana governments. But, this is a good initiative as everyone will get a fair share," he said.

At a joint review meeting held by Andhra Pradesh Chief Minister Y.S. Jagan Mohan Reddy on Monday at Vijayawada, he had informed them that his State required over one million tonnes per month for various projects and that the cement should be supplied at lower prices.

The meeting was attended by representatives of India Cements, Ramco Cements, KCP, Ultratech and JSW, among others.

They agreed to supply cement 'at lower prices'.

"We also took part in the meeting. We are committed to supply about 40,000-50,000 tonnes per month and this would provide us some relief," said another manufacturer.

While releasing the company's third quarter results, India Cements vice-chairman and managing director N. Srinivasan had said that all infrastructure projects ought to be implemented in order to bail out the industry from the turmoil it has been undergoing.

FADA seeks SC nod for BS-IV sales till May 31

SPECIAL CORRESPONDENT
NEW DELHI

The Federation of Automobile Dealers Associations (FADA) on Tuesday said it had approached the Supreme Court to seek an extension – of the March 31, 2020 deadline for the sale and registration of BS IV-compliant vehicles – by two months, citing a 'drastic' drop in customer footfalls and retail sales due to the COVID-19 scare.

Due to COVID-19, there has been a drastic drop in sales in the past week and customer walk-ins have "reduced to a trickle… counter sales have fallen 60-70% across auto dealerships," said FADA president Ashish Harsharaj Kale. He said the situation had worsened in the past couple of days with partial lock-down in many cities.

COVID-19 will impact GDP growth by 90 bps: SBI report

A blend of monetary and fiscal policy could be the best option

SPECIAL CORRESPONDENT
MUMBAI

The spread of COVID-19, the deadly pandemic, which has impacted several sectors especially transport, tourism and hotel industries, could impact the economic growth of the country by 90 basis points, a report by State Bank of India said.

"On the demand side, inoperability analysis for three sectors, namely transport, tourism and hotels, shows significant impact on demand and hence output. On an aggregate basis, we estimate that the impact of a 5% inoperability shock could be 90 basis points on GDP from trade, hotel and transport, storage and communication segments, that could be spread over FY20 and FY21, with a larger impact in FY21," the report authored by Soumya Kanti Ghosh, Group Chief Economic Adviser, SBI, said. The report noted that while India had till date responded quite well to the COVID-19 crisis, the financial markets had been significantly impacted.

> The supply shock can lead to to higher price of inputs, the report said

Since China is an important source of critical inputs for many sectors, the supply shock can lead to higher price of inputs, which, in turn, could affect the price of all the commodities up the supply chain, it said.

The report also pointed out that a simultaneous demand and supply shock to the economy will also have implications for the banking sector. The demand side shock is expected to lead to an output loss of 1.2% in banking and insurance combined.

"We believe that in the current COVID-19 outbreak, a combination of monetary and fiscal policy could be the best option," it said.

The report proposed additional revenue due to increase in excise duty on petrol and diesel, which is in the range of ₹35,000 crore to ₹40,000 crore, could be spent on providing relief to people of the lower strata, who will lose income because of shutdown of commercial activity in the States.

Airlines need $250-bn bailout: IATA

Fall in crude prices not enough for airlines to tide over crisis

JAGRITI CHANDRA
NEW DELHI

Global air travel demand is down by 94%, exposing airlines to a liquidity crisis as their revenues take a hit, while fixed costs and short term liabilities remain, IATA said on Tuesday, pegging the bailout package for carriers worldwide at approximately $200-250 billion.

"Border closure and travel restrictions have resulted in passenger demand falling to zero for many airlines. We had earlier estimated losses for airlines globally to be at $113 billion and we are already beyond that," said Brian Pearce, Chief Economist at IATA – a trade association of the world's airlines.

He was speaking at a global video conference with the press.

Alexander de Juniac

Mr. Pearce explained that fixed obligations (such as debt servicing) as well as short-term liabilities for airlines are driving the current liquidity crisis for the sector, in the absence of revenue.

At the start of the year, 75% of the world's airlines had cash enough only for three months, "which is pretty much running out today," he said. Alexander de Juniac, Director General and CEO, IATA, appealed to governments of the world to help airlines and lower airport charges, overflight fee, passenger taxes as well as security fees to "relieve airline costs".

He estimated that a bailout package for airlines globally would cost $200-250 billion.

Oil slump inadequate

Even though crude oil has fallen significantly, resulting in savings of $28-30 billion in fuel, revenue losses are much higher.

However, China has already showed signs of recovery and its airlines have reported 60% of passenger load factor or seat occupancy and flight schedules are on the rise.

Travel, related sectors hit as virus chokes movement

Airlines, automakers under pressure

LALATENDU MISHRA
MUMBAI

Leading international airlines from Asia, including Singapore Airlines and Etihad, have suspended a large number of their flights as several countries around the world have imposed border controls to stem the spread of COVID-19.

Singapore Airlines has, as of now, grounded 50% of its capacity that had been originally scheduled up to end-April and further cuts are expected given the growing scale of the border controls, globally.

Goh Choon Phong, CEO, Singapore Airlines said: "We have lost a large amount of our traffic in a very short time, and it will not be viable for us to maintain our current network… we expect the pace of this deterioration to accelerate."

Rating agency Moody's said that the global travel-related sectors will be hardest hit as the pandemic had restricted movement.

"Companies' ability to weather the coronavirus impact will be tested further if effects spill into H2," Moody's Investors Service said.

Global automakers are also under pressure because of their reliance on international supply chains, while gaming and non-food retail in certain regions are also exposed to supply chain disruptions, and the inevitable decline in foot traffic, Moody's said.

RBI to regulate payment aggregators

PRESS TRUST OF INDIA
MUMBAI

The Reserve Bank of India said it will regulate the activities of payment aggregators (PAs) given the important functions of these intermediaries in the online payments' space.

PAs facilitate e-commerce sites and merchants in accepting payment instruments from the customers for completion of their payment obligations.

"Based on the feedback received and taking into account the important functions of the intermediaries in online payments as also keeping in view their role in handling funds, it has been decided to … regulate in entirety the activities of PAs…," the RBI said.

COVID-19 affects demand for sugar

Prices also hit, says mills association

SPECIAL CORRESPONDENT
COIMBATORE

Sugar mills have been witnessing lower offtake for the last two weeks because of the impact of COVID-19, according to the Indian Sugar Mills Association (ISMA).

"It is understood that sugar in the pipeline would have got sold in the wholesale and retail markets in the last couple of weeks," the association said in a press release on Tuesday. It is expected that fresh buying from the sugar mills will take off soon and that should control sugar prices.

Sources in the association said that this was based on the market information and that actual offtake data was not readily available. The annual domestic consumption of sugar this season is expected to be 26.5 million tonnes. Though there is an impact now because of COVID-19, in the long run, consumption is likely to be at the expected level.

Further, the sugar mills have despatched nearly 30 lakh tonnes of sugar from their factories so far this season, which started in October 2019, for export against the MAEQ (Maximum Admissible Export Quantity) of 60 lakh tonnes.

"The current unprecedented situation due to outbreak of COVID-19 has impacted the global sugar prices. However, the impact could be temporary," the association said.