

ECONOMY

GOLD	RUPEE	OIL	SILVER
₹41,705	₹75.64	\$26.15	₹38,100

*Indian basket as on March 19, 2020
*International market data till 19:00 IST

SENSEX: 30,067.21 ▲ 2476.26 NIFTY: 8,792.20 ▲ 708.40 NIKKEI: 18,950.18 ▲ 373.88 HANG SENG: 24,253.29 ▲ 504.17 FTSE: 5,734.61 ▲ 152.22 DAX: 10,442.17 ▲ 367.00

INDEX JUMPS 2,476 POINTS TO 30,067 ON HOPES OF FALLING COVID-19 CASES

9% jump: Sensex's biggest one-day rally since May '09

ENSE ECONOMIC BUREAU MUMBAI, APRIL 7

DOMESTIC INDICES on Tuesday staged their biggest one-day gain of nearly 9 per cent since May 2009 on strong global cues, amid reports that new COVID-19 cases were on the decline. The benchmark Sensex skyrocketed by 2,476 points to 30,067.21 and the Nifty Index spurred by 708 points to 8,792.20 in line with the global stock rally.

The rupee also surged by 49 paise to close at 75.64 against the US dollar following the stock market rally. Analysts said Indian markets opened on a positive note following upbeat global cues in Asian markets as there was a decline witnessed in new COVID cases globally and hopes of the pandemic peaking out gathered pace and substantial

EXPLAINED Global cues help, but foreign portfolio investors key

E THE SENSEX witnessed its highest single-day gain on Tuesday, since the 17 per cent jump it had witnessed on May 18, 2009. While the gains in the market replicated those in global markets, foreign portfolio investors turned net positive investors in Indian capital markets for the first time on Tuesday since March 5.

While they invested a net of Rs 741.7 crore on Tuesday, between March 5 and April 7, they sold Indian equity and debt holdings worth Rs 1,16,342 crore or around \$15.5 billion. liquidity stimulus package announced by Bank of Japan. Reports of another relief package is being readied by the Central government also boosted the sentiment.

"During the afternoon session, markets further gained traction as investors cheered reports that the Finance Ministry is working on a second relief package for the Indian economy to mitigate negative impact due to COVID-19. In terms of

breadth, today's rally was more broad-based with buying in both frontline and mid-small cap stocks. Almost all the sectors were trading in green in the markets today," said Narendra Solanki, Head-Equity Research, Anand Rathii Shares & Stock Brokers.

Abhimanyu Sofat, head of Research, IIFL Securities, said, "The rally in the market was driven by positive news about New York and Spanish data on the rate of corona infections. The flattening of the curve would help a risk-on trade in the market. However, for Nifty to go above the 9,000 levels, one would need some additional positive news on domestic front."

Crude prices have risen as a virtual meeting between OPEC and its allies to discuss production cuts is scheduled to take place on Thursday.

Wall Street gains; oil rises as hopes build for global production cut

REUTERS NEW YORK/LONDON, APRIL 7

WALL STREET rose on Tuesday on early signs of the coronavirus outbreak plateauing in some of the biggest US hotspots, with the New York state's governor saying social distancing measures to curtail the spread of the virus were working.

The S&P 500 was set for its biggest two-day gain in nearly two weeks, building on a 7 per cent jump on Monday, as health officials also revised down dire projections of the US death toll.

At 11:36 a.m. ET the Dow Jones Industrial Average was up 608.22 points, or 2.68 per cent, at 23,288.21, the S&P 500 was up 61.00 points, or 2.29 per cent, at 2,724.68 and the Nasdaq Composite was up 119.70 points, or 1.51 per cent, at 8,032.94.

Japan's Nikkei posted a 2 per cent gain overnight as its government promised a near \$1 trillion stimulus package - equal to a fifth of its gross domestic product.

Emerging market stocks rose 3.20 per cent. MSCI's broadest index of Asia-Pacific shares outside Japan closed 2.7 per cent higher, while Japan's Nikkei rose 2.01 per cent.

With market optimism on the rise, the US dollar dropped and riskier currencies outperformed as risk appetite improved on hopes that lock-downs may be slowing the spread of the coronavirus in some countries.

The dollar index, tracking the greenback against six major currencies, fell 0.675 per cent, with the euro up 0.83 per cent to \$1.0881.



A protester outside St Thomas' Hospital in London. Reuters

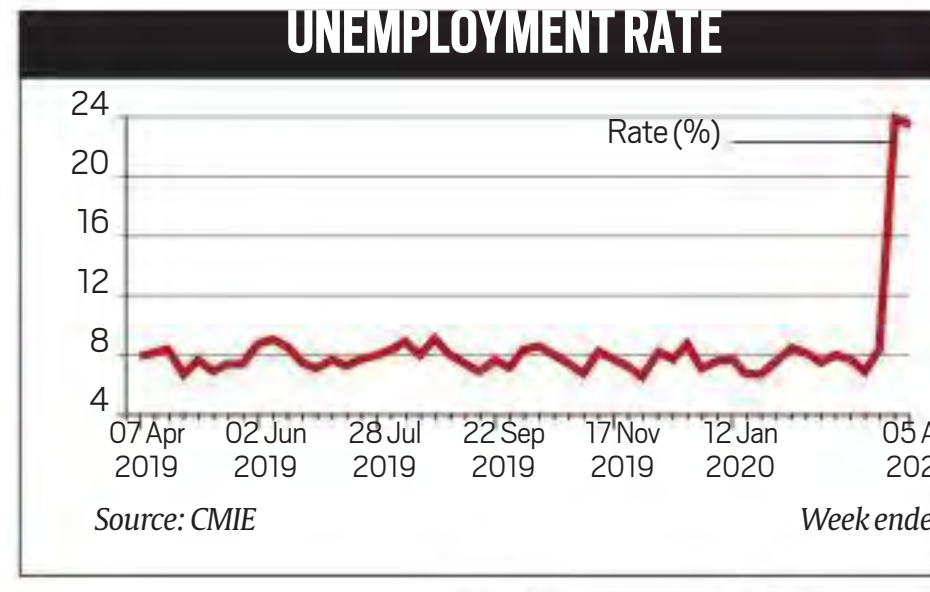
The Japanese yen strengthened 0.17 per cent versus the greenback at 109.06 per dollar, while Sterling was last trading at \$1.232, up 0.74 per cent on the day.

Oil prices clawed their way into positive territory on Tuesday as hopes that the world's biggest producers will agree to cut output outweighed analyst fears that a global recession in the wake of the coronavirus crisis could be deeper than expected.

Brent crude was up 88 cents, or 2.66 per cent, at \$33.93 a barrel by 11:37 GMT after falling more than 3 per cent on Monday. West Texas Intermediate (WTI) crude was up 79 cents, or 3.03 per cent, at \$26.87, having dropped nearly 8 per cent in the previous session.

The main oil producers, including Saudi Arabia and Russia, are expected to agree to cut output at a meeting on Thursday, though that would depend on the United States joining in, sources said.

Jobless rate amid lockdown period hits 23.4%: CMIE



ENSE ECONOMIC BUREAU NEW DELHI, APRIL 7

UNEMPLOYMENT RATE during March 30-April 5 rose to 23.4 per cent and the labour participation rate fell to 36 per cent, reflecting the impact of lockdown to tackle COVID-19 outbreak, data released by Centre for Monitoring Indian Economy Tuesday showed. For full month of March, unemployment rose to a 43-month high of 8.7 per cent, while the labour participation rate dropped to 41.9 per cent.

Labour participation rate was 42.6 per cent in February and 42.7 per cent in March 2019, CMIE said.

Unemployment rate in February was 7.7 while in January it had been recorded at 7.1 per cent. Post the nationwide 21-day lockdown since March 25, labour availability has been a major issue.

"This is the first time that the LPR has fallen below 42 per cent, this fall in the LPR in March was the result of a sharp 9 million fall in the labour force - from 443 million in January 2020 to 434 million in March 2020. The components of this fall are telling of the times. The labour force consists of all employed persons and persons who are unemployed and are actively looking for jobs.

What has happened between January and March is that the number of employed fell from 411 million to 396 million and the number of unemployed increased from 32 million to 38 million. So, the 9 million fall in the labour force consists of a 15 million fall in the count of employed and a 6 million increase in the count of unemployed," said Mahesh Vyas, MD & CEO, CMIE.

Vyas termed the labour data for March as "worrysome". The jobless rate has been rising steadily since its low point of 3.4 per cent in July 2017. "But, the 98-basis point increase in March 2020 over the previous month is the largest monthly increase recorded. And the 158-basis point increase over two months ended in March 2020 is, similarly, the largest increase over a two-month period recorded so far," the CMIE said. It noted due to lockdown the sample size for the labour statistics has been lower than usual. The total sample deployed in making monthly estimates is usually over 1,17,000 individuals, which was reduced to 83,929 in March.

UN estimates loss of 195M full-time jobs

Geneva: The UN's labour organisation estimates the equivalent of 195 million full-time jobs could be lost in the second quarter alone from the pandemic. AP

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'Multi-notch sovereign ratings downgrade likely in 2020'

Fitch Ratings has said multi-notch downgrades of sovereign ratings are likely during 2020 due to the coronavirus outbreak and sharp fall in oil prices



Emerging markets situation: Multi-notch downgrades have become more common during exogenous shocks that cause abrupt changes in external financing conditions. This is a feature of current EM sovereign credit conditions

DEVELOPED MARKET SOVEREIGNS AND THOSE IN LATAM HAVE EXPERIENCED THE MOST MULTI-NOTCH DOWNGRADES

'B' MOST COMMON RATING CATEGORY FROM WHICH MULTI-NOTCH DOWNGRADES HAVE OCCURRED

'BBB-': In April 2019, Fitch retained India's sovereign rating at 'BBB-', the lowest investment grade, with stable outlook, saying a weak fiscal position continues to constrain its rating

REASONS
Coronavirus outbreak
Sharp fall in oil prices

13th year in a row that Fitch has rated India at 'BBB-'

12 developed markets' sovereigns have had 26 multi-notch downgrades, mostly clustered around the financial crisis in 2008-2009 and the eurozone crisis (2011-12)

NEARLY 40% of multi-notch downgrades started from an investment grade rating ('BBB' category or higher) with a number in the 'A' and 'AA' categories, consistent with highly rated eurozone sovereigns being subjected to downgrades in eurozone crisis

India's last upgrade by Fitch: It had last upgraded India's sovereign rating from 'BB' to 'BBB-' with a stable outlook on August 1, 2006

Source: Fitch Ratings/PTI

SBI cuts MCLR by 35 bps, SB deposit rate by 25 bps

ENSE ECONOMIC BUREAU MUMBAI, APRIL 7

STATE BANK of India (SBI), the country's largest lender, has slashed the marginal cost of funds based lending rate (MCLR) by 35 basis points across all tenors and interest rates on savings bank accounts by 25 bps to 2.75 per cent.

The one-year MCLR has come down to 7.40 per cent from 7.75 per cent with effect from April 10, 2020. "This is the eleventh consecutive cut in MCLR in FY 2019-20," the bank said in a statement.

Consequently, EMIs on eligible home loan accounts (linked to MCLR) will get cheaper by around Rs 24 per Rs 1 lakh on a 30 year loan. The SBI move follows the RBI decision to slash Repo rate by 75 basis points to 4.40 per cent and cash reserve ratio by 100 basis points in last monetary policy review.

SBI has also slashed its interest rates on savings bank deposits, with effect from April 15, 2020 "in

The one-year MCLR has come down to 7.40 per cent with effect from Apr 10

view of adequate liquidity in the system". For balances up to Rs one lakh and above Rs one lakh, SB deposit rate has been reduced by 25 bps from 3 per cent to 2.75 per cent. Other banks are also set to slash the rates in the coming days.

On March 27, SBI passed on the entire 75 bps Repo rate cut to its borrowers availing loans linked to external benchmark linked lending rate (EBR) as well as Repo linked lending rate (RLLR).

With effect from April 1, 2020, EBR had come down to 7.05 per cent per annum from 7.80 per cent. It has cut RLLR to 6.65 per cent per from 7.40 per cent. Consequently, EMIs on eligible home loan accounts (linked to EBR or RLLR) will get cheaper by around Rs 52 per one lakh on a 30 year loan.

RBI offers more support to states/UTs. Meanwhile, borrowing cost surges up to 8.96%

ENSE ECONOMIC BUREAU MUMBAI, APRIL 7

GIVING MORE flexibility to cash-starved state governments to tide over their cash flow mismatches, the Reserve Bank of India (RBI) has decided to increase the number of days for which a state or union territory (UT) can be in overdraft continuously to 21 working days from the current stipulation of 14 working days.

The number of days for which a state or UT - which are strapped for cash in the wake of the coronavirus pandemic - can be in overdraft in a quarter has been increased to 50 working days from the current stipulation of 36 working days. "This arrangement will come into force with immediate effect and will remain valid till September 30, 2020," the RBI said.

Meanwhile, the first bond auction by the state governments in the current financial year on Tuesday witnessed a

NEW OD FACILITY VALID TILL SEPTEMBER 30

The number of days for which a state or UT - which is strapped for cash in the wake of the coronavirus pandemic - can be in overdraft in a quarter has been increased to 50 working days from the

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sharp rise of up to 8.96 per cent in borrowing costs amid speculation that states and the Centre will have to borrow more to fund expenditure plans.

Results of the latest auctions State Development Loans of 10 state governments reveal that Kerala raised Rs 1,887 crore 15-year bonds at 8.96 per cent - 4.56 percentage points more than the RBI's policy Repo rate of 4.40 per cent.

Rajasthan's seven-year bond attracted a cut-off yield of 8.31 per cent. The yield on J&K's Rs 800 crore bond was 8.15 per cent. A total amount of Rs

32,560 crore was raised compared to Rs 37,500 crore on offer. The spread charged by investors rose by 25-40 basis points up to 160 bps.

Of gross borrowings of Rs 7.8 lakh crore in FY21, the Centre has proposed to borrow Rs 4.88 lakh crore, or 62.56 per cent in the first half of the fiscal as against 62.25 per cent done in the previous fiscal. The Budget 2020-21 has pegged the Centre's net market borrowing - including government securities, treasury bills and post-office life insurance fund - at Rs 5.36 lakh crore.

SC extends tenure of TDSAT chairperson

EXPRESS NEWS SERVICE NEW DELHI, APRIL 7

THE SUPREME Court Tuesday extended the tenure of the Telecom Disputes Settlement and Appellate Tribunal (TDSAT) Chairperson, which was coming to an end on April 20 by three more months.

A Bench of Justices L Nageswara Rao, S K Kaul and Deepak Gupta asked the government for not filling up the vacancies of the Administrative and Technical Member in the Tribunal despite these falling vacant in 2018 and 2019, respectively.

"We express our concern regarding appointments of Administrative Member(s) and Technical Member(s) not being made after they have fallen vacant long back", the court said. The Bench asked how tribunals could function without members and asked the government to expedite the process. The court will hear the matter in the first week of May.

India takes US to WTO panel for hiking duties on steel, aluminium derivatives

PRESS TRUST OF INDIA NEW DELHI, APRIL 7

INDIA HAS sought consultations with the US, under WTO's safeguard agreement, against US authorities' decision to increase import duties on derivatives of steel and aluminium products.

In January, the US issued a Presidential proclamation stating

As per a communication of the WTO, India considers this measure of the US to be a safeguard measure

that steel and aluminium derivatives would be subject to tariff increase. As per a communication of

the World Trade Organization (WTO), India considers this measure of the US to be a safeguard measure within a provision of General Agreement on Tariffs and Trade 1994, and the Agreement on Safeguards.

"India considers tariff increase through Presidential Proclamation on 24 January 2020 as an extension of earlier safeguard measures (announced in March 2018).

Icra cuts FY21 growth forecast to 2%

PRESS TRUST OF INDIA NEW DELHI, APRIL 7

ICRA RATINGS on Tuesday sharply cut the country's GDP forecast amid the COVID-19 crisis and said it expects the economy to grow at just 2 per cent in the current fiscal.

It said the nationwide lockdown announced to contain the coronavirus outbreak has impacted industries and their oper-

ations have come to a standstill.

"The Indian economy is likely to witness a sharp contraction of 4.5 per cent (de-growth) during Q4 FY20 and is expected to recover gradually, to post a GDP growth of just 2 per cent in FY21," the rating agency said.

It said the concerns on account of COVID-19 have morphed from the impact of imports from China on domestic supply chains, into a domestic and external demand

shock, with social distancing and lockdowns leading to production shutdowns and job losses in some sectors.

The high impact sectors in terms of risk on account of COVID-19 are aviation, hotels, restaurants, jewellery, retail, shipping, ports and port services. According to the rating agency, in the current scenario, extended demand disruptions are likely to lead to elongated payment cycles.

BRIEFLY

'Remuneration to directors to attract GST'

New Delhi: Companies will have to pay GST on the remuneration they dole out to directors, the Authority for Advance Ruling (AAR) has said. In an application filed before the Rajasthan bench of the AAR, Clay Craft India Pvt Ltd had sought clarification on whether salaries paid to directors would attract Goods and Services Tax. PTI

WeWork sues SoftBank for backing out

Washington: WeWork has sued SoftBank claiming the investment group breached its contractual obligations by backing out of a \$3 billion rescue plan. The lawsuit filed in a US court in Delaware came just days after SoftBank said it was backing out of the plan to purchase WeWork shares to shore up the finances of the struggling sharing economy giant. AFP

Sebi revises cut-off timings for MFs

New Delhi: Sebi has revised cut-off timings for subscription and redemption of liquid, overnight and other mutual fund schemes amid the lockdown to deal with the coronavirus pandemic. The revised timings will be applicable from April 7 till April 17.

'Certificate of origin' for exporters

New Delhi: The Commerce Ministry has designed an on-line platform for issuance of a 'certificate of origin' for exports to those countries with which India has trade agreements. PTI