

Business Standard

Sensex, Nifty slide on escalating trade war concerns

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Domestic stocks finished with modest losses due to weak global cues as the trade spat between the US and China intensified. The barometer index, the S&P BSE Sensex, lost 261.52 points or 0.74% to settle at 35,286.74. The Nifty 50 index fell 89.40 points or 0.83% to settle at 10,710.45. Unabated capital outflows by foreign funds too dampened sentiment.

Metal and mining stocks dropped as copper prices declined sharply in global commodity markets. Realty stocks declined. Shares of index heavyweight Reliance Industries dropped.

The market opened almost flat and turned weak as the session progressed. Indices hit fresh intraday low in afternoon trade. Market pared losses in mid-afternoon trade as bargain hunting emerged at lower levels. Indices hit fresh intraday low in late trade as selling picked up pace.

The barometer index, the S&P BSE Sensex, lost 261.52 points or 0.74% to settle at 35,286.74, its lowest closing level since 6 June 2018. The Sensex rose 4.21 points, or 0.01% at the day's high of 35,552.47 in early trade. The index fell 299.20 points, or 0.84% at the day's low of 35,249.06 in late trade.

The Nifty 50 index fell 89.40 points or 0.83% to settle at 10,710.45, its lowest closing level since 6 June 2018. The Nifty fell 10.40 points, or 0.10% at the day's high of 10,789.45 in early trade. The index fell 98.65 points, or 0.91% at the day's low of 10,701.20 in late trade.

Broader market witnessed selling pressure. Among secondary barometers, the BSE Mid-Cap index fell 0.98%. The BSE Small-Cap index fell 1.29%. Both these indices underperformed the Sensex.

The market breadth, indicating the overall health of the market, was weak. On BSE, 703 shares rose and 1923 shares fell. A total of 151 shares were unchanged.

Among the sectoral indices on BSE, the S&P BSE FMCG index (down 0.3%), the S&P BSE Healthcare index (down 0.59%), the S&P BSE Bankex (down 0.64%) outperformed the Sensex. The S&P BSE Metal index (down 1.69%), the S&P BSE Realty index (down 1.33%), the S&P BSE Oil & Gas index (down 1.22%) underperformed the Sensex.

Adani Ports and Special Economic Zone (down 2%), Reliance Industries (down 1.91%), IndusInd Bank (down 1.9%), Sun Pharmaceutical Industries (down 1.88%) and Bajaj Auto (down 1.81%) were the major Sensex losers.

ITC (up 0.76%), ONGC (up 0.3%), HDFC Bank (up 0.2%) and HDFC (up 0.11%) edged higher from the Sensex pack.

Metal and mining stocks dropped as copper prices declined sharply in global commodity markets.

Steel Authority of India (SAIL) (down 4.26%), JSW Steel (down 0.06%), Tata Steel (down 0.83%), Hindustan Zinc (down 0.62%), Jindal Steel & Power (down 3.05%), Hindalco Industries (down 2.38%), NMDC (down 3.92%) and Hindustan Copper (down 1.63%) edged lower. National Aluminium Company (up 1.16%) rose.

Copper edged lower in the global commodities market. High Grade Copper for July 2018 delivery was currently off 1.5% at \$3.0605 per pound on the COMEX.

Vedanta fell 3.55%. With reference to a news item titled, "Vedanta faces another Sterlite like crisis in Orissa", the company clarified during trading hours today, 19 June 2018, that, on 5 June 2018, few people had assembled at Lanjigarh market-place to observe World Environment Day and to deliberate their concern about environment. Close to 300 people including tribals who had gathered out of curiosity, dispersed in less than two hours and the entire program got over peacefully. The media covered this event on 13/14th June 2018, nine days after the event. The company added that its refinery continues to operate as usual. It has not mined any bauxite from Niyamgiri. The company observed a week-long celebration of World Environment Day with the local community.

A massive community plantation programme was held in peripheral villages and township areas together with participation of villagers in large numbers. A foundation stone was also laid for 'Nandghar' project - a modernized Anganwadi centre - at a nearby village. The company's Community Development wing along with the District Administration helped achieve 'Open Defecation Free' ODF status in four nearby villages. The company is committed to overall environment development in a holistic manner.

ICICI Bank fell 0.17%. The board of directors of ICICI Bank has at its meeting decided to appoint Sandeep Bakhshi, as Wholetime Director & Chief Operating Officer designate, ICICI Bank. His appointment as COO will be for a period of five years, subject to regulatory approvals. He will take over as the COO from 19 June 2018, or on the date of regulatory and other approvals, whichever is later.

In line with the highest levels of governance and corporate standards, Ms. Chanda Kochhar has decided to go on leave till the completion of the enquiry as announced on 30 May 2018. The board has noted and accepted this. During her period of leave, the COO will report to the Board. The announcement was made after market hours yesterday, 18 June 2018.

IT major Tata Consultancy Services (TCS) shed 0.26%. The company opened its new delivery center in Suresnes, France. The delivery center, which is located in the Parisian region, can accommodate up to 230 employees and benefits from highly secure connectivity, a robust infrastructure and secure spaces, guaranteeing the best quality service and productivity for customers. The announcement was made after market hours yesterday, 18 June 2018.

Auto major M&M lost 1.94%. The company has received an intimation that Gipp Aero Investments Pty (GAI) and Aerostaff Australia Pty (AA), step down subsidiaries of the company, have been voluntarily deregistered by the Australian Securities & Investments Commission with effect from 16 May 2018. By virtue of the deregistration, GAI and AA have ceased to be subsidiaries of Mahindra Aerospace Australia Pty., Australia and in turn of Mahindra Aerospace, step down subsidiaries of the company and in turn of the company. The announcement was made after market hours yesterday, 18 June 2018.

Realty stocks declined. Indiabulls Real Estate (down 3.12%), DLF (down 1.75%), Housing Development and Infrastructure (down 3.1%), D B Realty (down 2.94%), Unitech (down 0.89%), Godrej Properties (down 2.62%), Prestige Estates Projects (down 0.63%) and Oberoi Realty (down 0.75%)

fell. Sobha (up 0.7%) rose.

Cadila Healthcare rose 1.83%. Zydus Cadila has received the tentative approval from the USFDA to market Tadalafil Tablets USP, 2.5 mg, 5 mg, 10 mg and 20 mg. It is used to treat erectile dysfunction (impotence) and symptoms of benign prostatic hypertrophy (enlarged prostate). It will be manufactured at the group's manufacturing facility at Moraiya, Ahmedabad. The announcement was made during market hours today, 19 June 2018.

Strides Shasun rose 1.68%. The company announced before trading hours today, 19 June 2018, that its wholly owned subsidiary Strides Pharma Global Pte. Ltd. has received final approval for Ketoconazole Tablets USP, 200 mg from the United States Food & Drug Administration (US FDA). Ketoconazole Tablets is a generic version of Nizoral Tablets, 200 mg, of Janssen Pharmaceuticals, Inc. Ketoconazole Tablet is part of the niche and small volume product portfolio with limited competition in the US market.

As per IQVIA MAT April 2018 data, the US market for Ketoconazole Tablets was approximately \$7 million. The product will be manufactured at the company's Oral dosage facility at Bangalore and will be marketed by Strides Pharma Inc. in the US Market. The company has 75 cumulative ANDA filings with USFDA of which 49 ANDAs have been approved as of date and 26 are pending approval.

Glenmark Pharmaceuticals gained 0.65%. The company announced before trading hours today, 19 June 2018, that the US Food & Drug Administration provided its first supplemental Abbreviated New Drug Application (sANDA) approval for the company's manufacturing facility in Monroe, North Carolina. The approval covers: Atovaquone and Proguanil Hydrochloride Tablets, 250 MG/100 MG and 62.5 MG/25 MG, a generic version of GlaxoSmithKline's Malarone (atovaquone and proguanil hydrochloride) Tablets.

On the political front, Bharatiya Janata Party (BJP) has pulled out of its alliance with Mehbooba Mufti's People's Democratic Party (PDP) in Jammu and Kashmir. The BJP is the second largest party in the State Assembly with 25 members. Speaking at a press conference in New Delhi, BJP's vice president and general secretary Ram Madhav reportedly said that it had become untenable for the BJP to continue with the alliance government in Jammu and Kashmir. Madhav reportedly added that the party took the decision after discussing with the state unit and the ministers. The ministers will resign from the cabinet and the legislators will convey the decision to the Governor soon, Madhav said. The support of 45 members are needed for Mehbooba Mufti to continue as Chief Minister, while the PDP has only 25 MLAs.

Overseas, European and Asian stocks edged lower after US President Donald Trump fired a fresh salvo in the ongoing trade spat between the US and China.

China's Shanghai Composite fell 3.78%. Trump said on Monday that he had asked the US Trade Representative to identify \$200 billion worth of Chinese products that will be subject to additional tariffs of 10%. Those tariffs will take effect if China did not "change its practices".

China's Commerce Ministry said on Tuesday morning that it will take counter measures if the US publishes an additional tariffs list. China will protect its interests, taking both quantitative and qualitative measures against the move.

Trump's Monday comments came after the US on Friday announced that it would impose a 25% tariff on up to \$50 billion of Chinese products. Tariffs on an initial list of goods worth some \$34 billion will kick in on 6 July. In response, China announced tariffs on the same total value of products, with duties on \$34 billion of US goods expected to be implemented in July.

In US, the Dow Jones Industrial Average registered its fifth straight decline Monday, but stocks broadly managed to finish above session lows as gains in energy and technology shares helped to limit declines partly inspired by fears over trade tensions between the US and China.

On the US data front, the National Association of Home Builders' monthly confidence index fell two points to 68 in June, in part due to rising lumber costs.

On the Federal Reserve front, Atlanta Fed President Raphael Bostic said Monday at the Rotary Club of Savannah that the central bank still hasn't reached the so-called neutral rate where policy is neither accommodative nor restrictive.

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