WEEKLY MEDIA UPDATE

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Monday

(This document comprises news clips from various media in which Balmer Lawrie is mentioned, news related to GOI and PSEs, and news from the verticals that we do business in. This will be uploaded on intranet and website every Monday.)

Fitch slashes India's GDP growth outlook for FY21

Fitch Ratings on Friday slashes its growth forecast for India from 5.6% to 5.1% for 2020-21, as Covid-19 hit Indian manufacturers after supply chain disruptions in China. Fitch joins a chorus of international agencies that have made similar observations in recent days. Standard and Poor's (S&P) on Wednesday had slashed its 2020 growth projection for India from 5.7% to 5.2% as it feared that the Asia Pacific region may slide into a recession, with countries enforcing lock-downs to contain the pandemic. Moody's and the Organisation for Economic Cooperation and Development (OECD) have cut their 2020 growth projections for India to 5.3% and 5.1%, respectively. Fitch said although the number of confirmed COVID-19 cases in India was still low in comparison to the size of its population, it was picking up. This scenario assumes the number of people affected will keep rising in the coming weeks, but that the outbreak will remain contained. The rating agency said the downside risks to this scenario is that consumer and business sentiment will be hurt, as local governments roll out measures, including the closure of schools, cinemas and theatres, to contain the spread of the virus.

Mint - 21.03.2020

https://www.livemint.com/news/india/coronavirus-impact-fitch-cuts-india-s-fy21-growth-forecast-to-5-1-11584692030127.html

S&P Cuts India's Growth Outlook to 5.2%

S&P Global Ratings has lowered India's 2020 growth forecast to 5.2% from 5.7% estimated earlier, citing a global recession resulting from the impact of the Covid-19 pandemic. In an assessment of the Asia-Pacific region released on Wednesday in Singapore, S&P said India is also among the countries most vulnerable to capital outflows. "An enormous first-quarter shock in China, shutdowns across the U.S. and Europe, and local virus transmission guarantees a deep recession across Asia-Pacific," said Shaun Roache, chief Asia-Pacific economist at S&P Global Ratings. Growth across the region would more than halve to 3% in 2020. It defined recession as at least two quarters of well below-trend growth sufficient to trigger rise in unemployment. While Moody's revised its forecast for India's to 5.3% in 2020, the Organisation for Economic Co-operation and Development (OECD) downgraded India's growth to 5.1% for this calendar year. The Economic Survey released on January 31 had forecast 6-6.5% growth for FY21. India's economy is forecast to grow 5% in the current year, a 11-year low.

The Economic Times - 19.03.2020

https://epaper.timesgroup.com/Olive/ODN/TheEconomicTimes/shared/ShowArticle.aspx?doc=ETKM%2F2020%2F03%2F19&entity=Ar01015&sk=7EE7916F&mode=text

Moody's lowers India's GDP growth forecast to 5.3% in 2020

Moody's Investors Service on Tuesday lowered India's GDP growth forecast for 2020 calendar year to 5.3 percent, on coronavirus implications on the economy. Moody's had in February projected a 5.4 percent real GDP growth for India in 2020. This too was a downgrade from 6.6 percent earlier forecast. The 5.3 percent real GDP growth forecast for 2020 compares to 5.3 percent growth estimate for 2019 and 7.4 percent achieved in 2018. Stating that there was significant economic fallout from more rapid and wider spread of the coronavirus, the rating agency on Tuesday said dampening of domestic consumption demand in affected

Subdued Food Price Hike Cools Wholesale Inflation to 2.26%

India's wholesale inflation slowed to 2.26% in February on the back of softer price increase in food articles, especially onion and vegetables, data released by the commerce and industry ministry showed on Monday. Wholesale price inflation was 3.1% in January. Annual inflation, based on monthly wholesale price index (WPI), was 2.93% in February 2018. Inflation in onions was 162.3% last month, while that in vegetables was 29.97%. Overall in food articles, it eased to 7.79% from 11.51% in January. "An expected decline in the prices of crude oil and various commodities, the passthrough of the countries exacerbates disruptions to supply chains and cross-border trade of goods and services. "The longer the disruptions last, the greater the risk of global recession becomes," it said. Moody's forecast a 5.8 per cent growth rate for India in 2021. Also, tighter funding conditions and exchange rate depreciation could stress sovereigns with high foreign currency exposure, heavy reliance on external market funding or low foreign currency reserve coverage, it said.

Moneycontrol - 18.03.2020

https://www.moneycontrol.com/news/business/economy/moodys-lowers-indias-gdp-growth-forecast-to-5-3-in-2020-5041401.html

same to core-WPI, and a continued correction in prices of some vegetables, would result in the WPI inflation declining to sub-1% in March," ICRA principal economist Aditi Nayar said. Core WPI was negative 0.8% last month. However, protein-rich items showed accelerated inflation at 4.48% in milk and 6.88% in eggs, meat and fish, compared with 3.7% and 6.73%, respectively, in January.

The Economic Times - 17.03.2020

https://epaper.timesgroup.com/olive/ODN/TheEconomicTimes/shared/ShowArticle.aspx?doc=ETKM%2F2020%2F03%2F17&entity=Ar01310&sk=B797718C&mode=text

Demand for petrol, diesel falls even on lower retail prices

Blindsided by Covid-19, domestic demand for petrol, diesel, jet fuel and shipping fuel has fallen by over 10 per cent in the first two weeks of March even though the global oil market remained favorable for Indian consumers with sharp fall in both crude and petroleum product prices. Sources in public sector oil marketing companies said that though subdued global oil markets reduced product prices, restrictions on travel following Covid-19 outbreak slowed consumption with pump sales of petrol and diesel falling by almost 11 per cent between March 1 and 15. The widespread route overhaul by airlines and shutdown on certain routes also reduced the sale of ATF by a similar margin. Covid-19 related restrictions have also impacted sales of bunker fuel for the first time in many years as ships also lay anchored. "The deep seated slowdown has got wind from the ongoing virus scare and has slowed business activities further. So, even though fuel prices are reaching their lowest levels, there isn't enough demand for the product at the moment," said the source quoted earlier.

The Economic Times - 18.03.2020

https://energy.economictimes.indiatimes.com/news/oil-and-gas/demand-for-petrol-diesel-falls-even-on-lower-retail-prices/74693796

Oil refiners reduce output as coronavirus kills fuel demand

European oil refineries are reducing operations as they face an unprecedented fall in fuel demand brought about by the coronavirus pandemic. In the United Kingdom, INEOS shut down a 35,000 barrels per day crude unit at its 200,000 bpd Grangemouth refinery on March 17, according to industry monitor Genscape. A source familiar with the plant's operations said the shutdown was related to deteriorating profit margins for fuels produced at a refinery including aviation and motor fuels. "Horrendous margins and even worse physical markets," the source said when asked about the cause of the shutdown. A spokesman for the company declined to comment. With planes around the world being grounded, demand for jet fuel, once one of the biggest factors in oil demand growth, has fallen off a cliff, with prices for the fuel in Europe now at record lows. Refiners in Europe are producing gasoline at a loss. "Refiners must cut runs now to manage the situation," consultants FGE said in a note. Oil major BP also shut down a 70,000 bpd crude unit at its Gelsenkirchen (Scholven) oil refinery in Germany on March 18, Genscape said.

The Economic Times - 20.03.2020

https://energy.economictimes.indiatimes.com/news/oil-and-gas/oil-refiners-reduce-output-as-coronavirus-kills-fuel-demand/74731450

India to top up strategic oil reserve with cheaper crude

India has decided to take advantage of the low oil prices in major producing centres in Saudi Arabia and the UAE to top up its strategic oil reserves created to meet the emergency in times of exigencies, two government officials privy to the information said. It has decided to buy oil worth Rs 5,000 crore (about $670 million) at current price of around $30 a barrel for deliveries starting in April-May to fill up three petroleum reserve

Oil products markets in turmoil as coronavirus infects demand

The oil products markets globally are caught between a rock and a hard place as the impact of ultra-cheap oil, which should be a boon for refiners, is mitigated by record low prices for gasoline and jet fuel. While major oil producers like Saudi Arabia vow to pump at record levels and offer hefty discounts on their barrels, refiners, in theory, should be producing at maximum capacity. "The extent to which caverns with a capacity of 5.33 million tonnes (MT) of oil created by the India Strategic Petroleum Reserves Ltd (ISPRL). Global crude oil fell about 40 per cent in March (to about $25 a barrel now) so far after talks of production cut between the OPEC and Russia failed. Major Gulf oil producers have now decided to increase oil production in complete disregard to market confirms where coronavirus outbreak had further dented demand resulting in oil price crash. "The plan is to first get Aramco and Adnoc to fill strategic reserve capacity that they can also use for commercial gains later.

The Economic Times - 20.03.2020

https://energy.economictimes.indiatimes.com/news/oil-and-gas/india-to-top-up-strategic-oil-reserve-with-cheaper-crude/74728737

(refinery) runs increase will quickly become constrained as product cracks reach a ceiling due to high inventory levels and weak global demand," consultancy Woodmac said. Jet fuel is one of the markets hardest hit by the virus outbreak as more and more countries shut borders and travellers shun flying. Before the outbreak, jet was seen as a key market for oil demand growth globally, with mega airports springing up across the world from Istanbul to China. On March 16, British Airways owner International Consolidated Airlines Group said it would cut its flying capacity by at least 75 per cent in April and May

The Economic Times - 18.03.2020

https://energy.economictimes.indiatimes.com/news/oil-and-gas/oil-products-markets-in-turmoil-as-coronavirus-infects-demand/74691707

Goldman Sachs cuts second-quarter Brent crude oil forecast to $20/bbl

Goldman Sachs slashed its price forecast for second-quarter Brent crude oil by a third to $20 a barrel, predicting global demand would drop a record of 1.1 million barrels per day (bpd) this year as the coronavirus epidemic slams economic growth. At that level Brent would be at its lowest since February 2002. Oil prices slipped again on Wednesday, with Brent trading near $28.50 a barrel at 0558 GMT. "Such a fall ... would be consistent with the prior large bear markets of 1999, 2009 and 2016," the Wall Street bank said in a note dated March 17. The demand hit from the virus could peak in late March, at 8 million bpd, the bank said, forecast a supply surplus of 3.9 million bpd and 5.7 million bpd in the first and second quarters respectively. While global storage capacity inclusive of the U.S. strategic reserve, at about 1,100 million barrels, could accommodate this surplus, "the velocity of the upcoming inventory builds is now certain to overwhelm the ability to fill storage," it added.

The Economic Times - 18.03.2020

https://energy.economictimes.indiatimes.com/news/oil-and-gas/goldman-sachs-cuts-second-quarter-brent-crude-oil-forecast-to-20/bbl/74686145

Global oil, gas producers slash spending after price rout

Oil and gas companies around the world are planning to slash spending in the face of a plunge in oil prices caused by the spread of the coronavirus and a push by Saudi Arabia and Russia to flood the market with supply. BPBP said it planned to reduce capital and operational spending. BP's capital spending last year reached around $15 billion. Chevron Corp said it was looking at ways to trim spending that could lead to lower near-term oil production. The company, however, did not provide details. The oil major's 2020 organic capex guidance was $20 billion. North American oil and gas producers have slashed their capital spending by about 30% on average, according to data compiled by Reuters. Equinor is reviewing its capital and exploration spending plans, it said. The second tranche of its share buyback programme - worth $675 million when including the Norwegian state's share and scheduled to run from May 18 to Oct. 28 - is still on the table, pending approval by the annual shareholders' meeting, a company spokesman said.

The Economic Times - 19.03.2020

https://energy.economictimes.indiatimes.com/news/oil-and-gas/global-oil-gas-producers-slash-spending-after-price-rout/74689099

Coronavirus: Global oil storage infrastructure in trouble like never before

The global oil storage infrastructure is in trouble and will be unable to take more crude and products in just a few months, according to a latest analysis by Oslo-based research and consultancy firm Rystad Energy. It said the largest

Oil windfall can fund income support

The government should use the gains from a sharp slide in global crude prices to fund measures to combat the challenges posed by the coronavirus pandemic — key among them being cash transfers to the worst hit people, top economists have said. “Fortuitously, the coronavirus crisis has coincided with a sharp oil supply surplus the world has ever seen in a single quarter is about to hit the global market from April, creating an imbalance of around 10 million barrels per day (bpd). The current liquid balances show supply surpassing oil demand by an average of nearly 6 million bpd in 2020, resulting in an accumulated implied storage build of 2.0 billion barrels this year. "We find that the world currently has around 7.2 billion barrels crude and products in storage, including 1.3 billion to 1.4 billion barrels currently onboard oil tankers at sea. We estimate that, on average, 76 per cent of the world's oil storage capacity is already full," the firm said. There is essentially no idle storage capacity available on tankers, as Saudi Arabia and other producers might have already wiped out the available population of Very Large Crude Carriers (VLCC) for March and April 2020.

The Economic Times - 22.03.2020

https://energy.economictimes.indiatimes.com/news/oil-and-gas/coronavirus-global-oil-storage-infrastructure-in-trouble-like-never-before/74757763

decline in oil prices (more than 30% since March 1). Given its vast imports, India gains $15 billion for each $10-per-barrel decline in oil price. With the price declining from the average of $65 per barrel to $30 per barrel, India gains approximately $50 billion," said Arvind Panagariya, former NITI Aayog vice chairman and Columbia University professor. "Even if half of this is converted into revenues via higher excise tax, the government will have enough extra revenue to finance extra spending. So, the government can and should stay within its 3.5% fiscal deficit target," said Panagariya. Some economists expect the deficit to widen beyond the target and agreed with the view to use the gains from the crude oil price slide to help cushion the economy. The pandemic has come at a time when the economy is already in the grips of a slowdown.

The Economic Times - 23.03.2020

https://epaper.timesgroup.com/Olive/ODN/TimesOfIndia/shared/ShowArticle.aspx?doc=TOIKM%2F2020%2F03%2F23&entity=Ar01705&sk=99D26346&mode=text

Centre to raise fuel taxes to minimise fiscal fallout

The central government may again raise taxes on petrol and diesel by up to Rs 2 a litre to tap the windfall from lower international oil prices and use the additional revenue to fund initiatives against the coronavirus disease pandemic including an economic stimulus package, two officials familiar with the matter said. India's average crude oil purchase price, which factors in the rupee-dollar exchange rate, has dropped by Rs 309 per barrel since March 16, but state-run fuel retailers have suspended the daily price revision based on swings in global crude prices — an indication that the government may intervene and raise excise duty again, the officials said on condition of anonymity. The National Democratic Alliance (NDA) government raised excise duty on the two fuels on March 14 by Rs 3 a litre. A Re 1 per litre hike in excuse duty would mean an additional Rs14,500 crore of revenue to the exchequer a year. Petrol is now sold at Rs 69.59 per litre and diesel at Rs 62.29 in Delhi. The proposed excise duty increase is strategic, the officials said.

Energy Infra Post - 23.03.2020

https://www.energyinfrapost.com/centre-to-raise-fuel-taxes-to-minimise-fiscal-fallout/

IOC becomes 1st company to begin supply of BS-VI fuel across country

Indian Oil Corp (IOC), the nation's biggest oil firm, has begun the supply of the world's cleanest petrol and diesel across the country with all its 28,000 petrol pumps dispensing ultra-low sulphur fuel a good two weeks before the April 1 deadline. "We have successfully rolled out the supply of BS-VI grade fuel across the country," IOC Chairman Sanjiv Singh said. "All our 28,000 petrol pumps across the country are dispensing BS-VI grade fuel for more than a week now." Other fuel retailers, Bharat Petroleum Corp Ltd (BPCL) and Hindustan Petroleum Corp Ltd (HPCL), are also progressively supplying BS-VI grade fuel and the entire country will switch to the cleanest fuel within this week. The government had set April 1 as the deadline for starting supply of Euro-VI emission compliant fuels. With this India joins the select league of nations using petrol and diesel containing just 10 parts per million of sulphur in an attempt to cut vehicular emissions that are said to be one of the reasons for the choking pollution in major cities.

The Economic Times - 22.03.2020

https://energy.economictimes.indiatimes.com/news/oil-and-gas/ioc-becomes-1st-company-to-begin-supply-of-bs-vi-fuel-across-country/74759949

Stress in tourism, aviation on SBI radar

SBI chairman Rajnish Kumar has said the country's largest bank is keeping a watch on exposures to aviation, hospitality and tourism sectors in the wake of the Covid-19 pandemic. "We are studying the impact on these sectors," Kumar said, in response to a query on business. Aviation consultancy Centre for Asia-Pacific Aviation (CAPA) on Monday said the Covid-19 pandemic will push most global airlines into bankruptcy by the end of May 2020. While aviation, tourism and hospitality were the first casualty on account of travel restrictions during precautions taken in the first stage, retail businesses are also taking a hit as cities go into lockdown. On Monday, RBI governor Shaktikanta Das had said the pandemic would clip off up to 1.5 percentage points from global growth and the impact on India was still being studied. Many economists are forecasting a recession. "We expect 2020 global growth to dip to 0.9%, the lowest since the global financial crisis, when global growth bottomed at -0.5% in 2009. This will be worse than the global recession of 2001," Morgan Stanley had said in a recent report.

The Times of India - 18.03.2020
https://epaper.timesgroup.com/Olive/ODN/TimesOfIndia/shared/ShowArticle.aspx?doc=TOIKM%2F2020%2F03%2F18&entity=Ar02110&sk=E59AF89F&mode=text

Coronavirus impact may render 3.8 crore people jobless in tourism, hospitality sector

The coronavirus impact could render 3.8 crore people jobless, which is around 70 per cent of the total workforce in the tourism and hospitality sector, according to a grouping. The Federation of Associations in Indian Tourism & Hospitality (FAITH) also said there should be a support fund for twelve months to support basic salaries with "direct transfer" to the affected tourism employees. "As a result of this pandemic, Indian tourism industry is looking at pan India bankruptcies, closure of businesses and mass unemployment," FAITH said in a letter to Prime Minister Narendra Modi. It is believed that around 70 per cent out of a total 5.5 crore workforce could get unemployed, which is around 3.8 crore people. This effect of job losses and layoffs has already begun throughout the country, it added. The figure is for direct as well as indirect jobs.

The Economic Times - 19.03.2020
https://economictimes.indiatimes.com/jobs/coronavirus-impact-may-render-3-8-crore-people-jobless-in-tourism-hospitality-sector/articleshow/74709878.cms?from=mdr

Aviation players seek 30% cut in government charges

Aviation players have sought a 30 per cent reduction aeronautical charges from the government as the industry battles the ravages of coronavirus that has seen a flurry of cancelled flights. Aeronautical charges are the fees charged by the government for providing various services such as route navigation. In a letter written to the aviation ministry, the Board of Airlines Representatives in India (BALR), which represents both national and international carriers, has requested for such changes to ensure airlines continue operations with low passenger load factors — an indicator of occupancy. "The current situation is causing a lot of concern, due to flight cancellations and travel restrictions, imposed by various countries and it is becoming difficult to sustain flight operations, thereby affecting the load factors of all airlines," the BALR has said. The passenger numbers have declined considerably, which has badly affected the cash flow of the airlines, the BALR said. "We would, therefore, like to appeal to your office to offer relief measures to the airlines, by means of 30 per cent reduction in aeronautical charges for a period of six months," the airlines said, adding that these charges, if reviewed onwards, will assist the airlines in

Airlines Need Up to $200 Billion to Survive Virus, IATA Says

The global airline industry needs government aid and bailout measures totalling between $150 billion and $200 billion if it's to survive the coronavirus crisis, according to the International Air Transport Association. Even then, the pandemic is likely to reshape the industry, with many airlines failing, others consolidating and entirely new groupings emerging, IATA Chief Executive Officer Alexandre de Juniac said in a webcast briefing Tuesday. The warning came as governments around the world indicated that they're actively exploring proposals to save airlines, with Italy's plans to re-nationalize Alitalia among the most advanced. Airbus SE and Boeing Co. are also in talks about state support, with the European company announcing a temporary shutdown to comply with tighter hygiene requirements. IATA, which represents 290 airlines around the world, said a March 5 estimate suggesting carriers will lose $113 billion in revenue this year is already outdated. It didn't take into account the border closures and flight bans that have been enforced around the world as the virus has spread.

Bloomberg - 19.03.2020

continuing the existing operations at lower passenger occupancy.

The Telegraph - 18.03.2020

https://www.telegraphindia.com/business/aviation-players-seek-30-cut-in-government-charges/cid/1754670

https://www.bloomberg.com/news/articles/2020-03-17/airlines-need-up-to-200-bailout-to-survive-virus-iata-warns

Covid-19 may Put a Brake on Local Steel Price Rally

The global Coronavirus outbreak is likely to rein in the rally in domestic steel prices as global rates have sharply declined from their January highs. Although domestic prices have been trading at around 7% discount to landed price of imports, with Chinese mills resuming production, the pricing power of domestic steel majors may be restrained going forward, analysts said. The rising number of global cases of Coronavirus may also curb steel exports from India. "Indian steel prices have so far remained less affected by the situation in China. But with restrictions being eased in China, eventually we will feel the pressure on our prices too," Rohit Sadaka, director, India Ratings said. Domestic steel prices started to inch upwards from mid-November 2019 in line with the international prices. Over the next three months, prices rose by 9% due to lower inventory levels, restocking demand and expectations of revival in economic growth on government measures. However, the spread of Coronavirus worldwide has led to a drop in prices with international rates on a decline since mid-January.

The Economic Times - 18.03.2020

https://epaper.timesgroup.com/olive/ODN/TheEconomicTimes/shared/ShowArticle.aspx?doc=ETKM%2F2020%2F03%2F18&entity=Ar01705&sk=BE9EB74F&mode=text

Containers Pile Up, Freight Rates Soar as Shipping Lines Cut Down Sailings

Shipping lines are cutting down on the number of sailings amid the Covid-19 scare, resulting in the piling of containers at ports and increased freight rates, despite a sharp fall in crude oil prices. Shipping lines are skipping calls at several ports to avoid partial filling of ships. Partially filled ships result in lower margins or even a loss, so operators would skip a scheduled call. This leads to cargo getting accumulated at ports, and ships getting filled to a greater capacity during the subsequent call. Ship calls at Jawaharlal Nehru Port in Mumbai were down 15% at 141 in February over the previous month, according to data provided by Shipsy, a supply-chain technology platform. As per the current Covid-19 protocol, crew and cargo coming from high-risk countries must be screened, pushing up the turnaround time for cargo. "We have to follow the guidelines laid by the health ministry. If there are ships coming in from the countries enumerated in the guidelines, the crew has to be quarantined and the cargo laid up in anchorage," Jawaharlal Nehru Port Trust chairman Sanjay Sethi said.

The Economic Times - 21.03.2020

https://epaper.timesgroup.com/Olive/ODN/TheEconomicTimes/shared/ShowArticle.aspx?doc=ETKM%2F2020%2F03%2F21&entity=Ar01105&sk=7D6CA267&mode=text