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DAILY NEWS DIGEST BY BFSI BOARD

06 June 2024



ECONOMY

Indices rebound on hopes of political stability, with Sensex up 3.2% and Nifty up 735 points: Benchmark indices rebounded on Wednesday on hopes of political stability as the NDA government is likely to come back to power for the third term. The Sensex closed 2,303 points, or 3.2 per cent, higher at 74,382, while the Nifty settled 735 points higher at 22,620. Cash market volumes on the NSE continued to be high at ₹1.87-lakh crore. The Nifty Midcap 100 index rose more than the Nifty even as the advance decline ratio rose sharply to 3.49:1. All sectors ended in green, with FMCG, auto, private banks, and metals up 4-5 per cent. The expectation of a healthy monsoon is driving buying interest in FMCG and auto stocks, said analysts. Adani Ports and IndusInd Bank were the top Nifty gainers, up 8.5 per cent and 7.8 per cent, respectively. FPIs sold shares worth ₹5,656 crore on Wednesday, while domestic institutions bought ₹4,555 crore shares.

(Business Line)

Rupee rebounds 14 paise to 83.37 against US dollar: The rupee recovered 14 paise to close at 83.37 (provisional) against the US dollar on Wednesday, tracking strong buying in domestic equities and lower crude oil prices in international markets. However, a surging greenback against major crosses overseas and fresh foreign fund outflows restricted gains in the local currency, forex traders said. At the interbank foreign exchange market, the local unit opened at 83.50 and touched the intra-day peak of 83.28 against the domestic unit during the session. It finally settled at 83.37 (provisional) against the dollar, registering a gain of 14 paise from its previous close. On Tuesday, the domestic currency plunged 37 paise to settle at 83.51 against the dollar.

(Business Line)



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BANKING & FINANCE



SBI MF assets top Rs 10 trn; becomes first fund house to achieve milestone: SBI Mutual Fund (SBI MF) made history on Monday by becoming the first fund house in the country to achieve the Rs 10 trillion milestone in assets under management (AUM). The industry leader has adeptly navigated the post-pandemic equity boom and capitalised on the increasing awareness of MF investing. The sharp growth in SBI MF's AUM, alongside the overall industry, has been driven by the equity market rally and expanding MF investor base. The growth in MF AUM hinges on both the appreciation in assets held by schemes and fresh inflows. "We have momentum on our side. Our product launches have been timely. Over the years, we've expanded our reach to newer corners of the country and bolstered our SIP book. Leveraging the parent SBI's network, along with collaborations with other distributors, has been instrumental in our growth," said D P Singh, deputy managing editor and joint chief executive officer, SBI MF

(Business Standard)

MoD inks MoUs with 4 banks to onboard them as 'SPARSH' service centres: The Defence Accounts Department (DAD) of the Ministry of Defence has signed MoUs with four banks to onboard them as SPARSH service centres across 1,128 branches of these banks in the country, officials said. The System for Pension Administration (RAKSHA) or SPARSH is a web-based system for processing pension claims and crediting the pension directly into the bank accounts of defence pensioners without any external intermediary. DAD has signed Memorandums of Understanding (MoUs) with the Bank of India, Canara Bank, Central Bank of India and Utkarsh Small Finance Bank in New Delhi to onboard them as SPARSH service centres across 1,128 branches of the four banks, the defence ministry said in a statement.

(Business Standard)

Kotak Bank gets RBI nod to sell 70 pc stake in general insurance arm to Zurich Insurance: Kotak Mahindra Bank on Wednesday said it has received the RBI approval to sell a 70 per cent stake in its general insurance arm to Zurich Insurance Company. In November last year, Zurich Insurance Company announced plans to acquire a 51 per cent stake in Kotak Mahindra General through a combination of capital infusion and share purchase, followed by a subsequent acquisition of an additional stake of 19 per cent within three years from the initial acquisition for Rs 5,560 crore.

(Economic Times)



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INDUSTRY OUTLOOK



NSE creates world record, handles highest number of transactions in a single trading day today: NSE CEO Ashish Chauhan on June 5 said the stock exchanged created a world record in terms of number of transactions in a single day. @nseindia handled the highest ever - world record - number of transactions in a single day today on June 5,2024 in a 6 hours and 15 minutes (915 am to 330 pm) single trading day- 1971 crore (19.71 billion) orders per day. 28.55 crore (280.55 million) trades per day. NIFTY jumped over 3% on Wednesday, marking their best one-day gain in over three years after key allies pledged their support to form a new government following a narrow win for Prime Minister Narendra Modi-led National Democratic Alliance (NDA).

(Moneycontrol)

Domestic air traffic likely to touch 164 mn in FY25: India's domestic air traffic is projected to increase by 6-8 per cent to 161-164 million this financial year, while international air traffic is expected to rise by 9-11 per cent to 75-78 million by March 2025. Domestic carriers are facing consolidated losses of \$0.4-0.6 billion due to capacity shortages from around 130 grounded aircraft. This is excluding the profitable Indigo. The number of grounded aircrafts is expected to increase to 180, including those of Go First. Net inductions of 84 aircraft are anticipated, bringing the total domestic fleet to 812 by March 2025.

(Economic Times)



REGULATION & DEVELOPMENT

Sebi eases FPIs' disposal of securities after their registration has expired: The market regulator has issued guidelines that make it easier for foreign portfolio investors (FPIs) to deal with their securities holdings after their FPI registration has expired. The FPI can either choose to renew their registration for another three years by paying a fee to the Designated Depository Partner (DDP) or, it fails to reactivate its registration, will need to dispose off its securities within 180 days from the



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expiry of the 30 days prescribed for reactivation of its registration. The circular that modified the FPI Master Circular was released on June 5 after the Securities and Exchange Board of India (Sebi) amended the FPI Regulations on June 3.

(Moneycontrol)

SEBI plans to raise basic service demat limit five-fold to ₹10 lakh: The SEBI on Wednesday proposed to raise the threshold for a basic service demat account (BSDA) five-fold to achieve wider financial inclusion and reduce the cost of maintaining securities in demat accounts for retail investors. At present, an individual can hold debt and other securities worth up to ₹2 lakh in a single demat account to be eligible for BSDA. This may be enhanced to ₹10 lakh.

(Business Line)



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FINANCIAL TERMINOLOGY

EXCHANGE RATE MECHANISM

- ❖ An exchange rate mechanism (ERM) is a set of procedures used to manage a country's currency exchange rate relative to other currencies. It is part of an economy's monetary policy and is put to use by central banks.
- ❖ Such a mechanism can be employed if a country utilizes either a fixed exchange rate or one with a constrained floating exchange rate that is bounded around its peg (known as an adjustable peg or crawling peg).
- ❖ More broadly, ERM is used to keep exchange rates stable and minimize currency rate volatility in the market.
- ❖ An exchange rate mechanism is not a new concept. Historically, most new currencies started as a fixed exchange mechanism that tracked gold or a widely traded commodity. It is loosely based on fixed exchange rate margins, whereby exchange rates fluctuate within certain margins.



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RBI KEY RATES

Repo Rate: 6.50%
SDF: 6.25%
MSF & Bank Rate: 6.75%
CRR: 4.50%
SLR: 18.00%
Fixed Reverse Repo: 3.35%

FOREX (FBIL 1.30 PM)

INR / 1 USD : 83.3898
INR / 1 GBP : 106.4560
INR / 1 EUR : 90.6747
INR /100 JPY: 53.5300

EQUITY MARKET

Sensex: 74382.24 (+2303.19)
NIFTY: 21884.50 (+735.85)
Bnk NIFTY: 46928.60 (+2126.00)

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- ❖ **Certificate Course on Credit Management of Banks**
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- ❖ **Certificate Course on Investment Management**
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 - ❖ **Aide Memoire on lending to MSME Sector (including restructuring of MSME Credit).**
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