



AJCON GLOBAL

Market Wrap

Feb. 22, 2018

Markets end flat on derivatives expiry day for February series..

The domestic indices ended largely flat on Thursday following the expiry of derivative contracts for February series.

The S&P BSE Sensex ended at 33,819, down 25 points while the broader Nifty50 index settled at 10,383, down 15 points.

A sharp recovery among financials in the final hour of trade ensured that benchmark indices ended the February series on a flat note as opposed to negative move it witnessed through the day.

The market began the day on a gap-down note, following weak global cues. Implied volatility ahead of F&O series expiry also had investors on their feet. But gains in the past hour negated dips for the Street.

Sectors and stocks

PSU banks continued to lose ground on Thursday. Indian Bank, Union Bank of India, Oriental Bank of Commerce (OBC) and Bank of Baroda slipped between 1.7% - 2.6%. PNB, however, was the top loser in this space that skidded around 2.8%

IDBI Bank has moved higher to its nine-month high of Rs 74.60, up 6% on the BSE, extending its past over 10% surge in otherwise weak market. The stock of state-owned lender is trading at its highest level since May 18, 2017. In past four trading sessions, it outperformed the market by gaining 21% from Rs 61.75 on February 16, 2018, as compared to 0.5% decline in the S&P BSE Sensex. The media report suggested that the government is in early stages of negotiation with a Singapore-based private equity player to sell 10% stake in the IDBI Bank.

CRISIL believes the government's recapitalization plans will improve the financial risk profile of IDBI Bank, help in meeting Basel III regulatory capital norms, and provide a cushion against expected rise in provisioning for non-performing assets (NPAs). Additionally, CRISIL believes that asset quality issues are peaking with incremental slippages to NPAs expected to taper in fiscal 2018 and 2019. This coupled with likely revival of credit growth in medium term will support IDBI Bank's performance. The ratings continue to factor in CRISIL's belief that IDBI Bank will continue to receive support from its majority owner, Government of India, both on an ongoing basis and in times of distress, as well as the bank's established market position, it added.

Global Markets

In the global markets, most Asian stocks fell on Thursday, bond yields hit a fresh four-year high and the dollar stood near a one-week high against a basket of major currencies after the minutes from the Federal Reserve's January meeting showed the central bank plans to raise interest rates three times in 2018.

Japanese shares fell sharply to close near one-week low as US rate hike bets boosted demand for the yen and office equipment maker Ricoh said it is conducting impairment tests.

The Nikkei average shed 234 points or 1.07 per cent to 21,736.

MSCI's broadest index of Asia-Pacific shares outside Japan eased 0.35 per cent in early trade, while E-Mini futures for the S&P 500 lost 0.2 per cent.



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