



BIZFLUENCE

VOLUME 1, ISSUE 3

14TH SEPTEMBER 2016

FINTIP

Bid-ask spread is simply the difference between ask and bid prices. If you offer to pay \$15 (bid price) for a used bike at a garage sale, and the owner counters with a price of \$16 (ask price), then the bid-ask spread is simply \$16 - \$15 = \$1. Similarly, if a market maker posts a bid price of \$10.25 and an ask price of \$10.35 for a stock that he deals, then the bid-ask spread is simply \$0.10. Bid-ask spread is sometimes also expressed in percentage terms. In the above example, the percentage bid-ask spread for the stock is $\$0.10 / [(\$10.25 + \$10.35) / 2] = 0.97\%$.

HEADLINES

- ◆ GDP growth at only 7.1 in Q1.
- ◆ RBL IPO Subscribed Over 69 Times at Close, Listed at 22% premium
- ◆ CPI cools to 5.05% in August, IIP falls 2.4% in July

MARKET SCENARIO

1 Dollar = 67.072 Rupee
1 Pound = 88.381 Rupee
1 Euro = 75.178 Rupee
Nifty = 8715.60
Sensex = 28353.54
7.72% GS 2025=7.14

(Data as per Reuters on 12th September 2016)

Bond with the Best

The Reserve Bank of India announced an array of changes aimed at widening and deepening India's corporate bond market in order to raise it to global standards and eliminate the risk of banks' large non-tradable exposures to a particular group. These include the staggered reduction of banks' loan exposure, increased participation by overseas investors in corporate bonds

and making top-rated bonds eligible for borrowing from Reserve Bank for liquidity needs. RBI has also thrown open the avenue of overseas rupee-denominated long term masala bonds to banks as a means of shoring up their dipping capital and financing infrastructure and affordable housing. The Reserve Bank has allowed brokers to participate in the corporate bond repo market to increase its depth.

India's largest lender gets bigger - SBI Maha-Merger

SBI, its five associate banks (SBBJ, SBH, SBT, SBM, SBP) and Bhartiya Mahila Bank are initiating a merger process. A merger would create a banking behemoth with a balance sheet size of Rs.37 trillion. The combined entity, however, would still be quite small by global standards. SBI was at rank 52 in the world in terms of assets in 2015, according to *Bloomberg*, and a merger would make it jump to 45th rank.

The consolidated bank is expected to manage costs better—the cost-to-income ratio could reduce by as much as 100 basis points. A combined treasury could perform better and, the lower cost of deposits will boost margins. However integrating 73000 additional employees across 6700 branches would pose a huge challenge for the management which is already burdened by the steep increase in NPA's.

Personality of the week - Theresa May



Theresa Mary May, Prime Minister of the United Kingdom, effective 13th July 2016, has had a varied education spanning both

the state and private sectors. She started her career at the Bank of England and went on to hold posts at the Association for Payment Clearing Services (APACS) as Head of the European Affairs Unit and Senior Adviser on International Affairs. Theresa has been involved in politics at all levels for many years, starting out stuffing envelopes at her local Conservative Association before going on to be a councilor in the London Borough of Merton from 1986 to 1994. During that time she was Chairman of Educa-

UPI set to become a reality

National Payments Corporation of India (NPCI), the umbrella body for all payments within the country, received the Reserve Bank of India's clearance and allowed banks' UPI applications to go live on Google Play Store over the next two days. It is initially available only on the Android mobile operating system. The interface will be going live with 21 banks in the first phase. These include ICICI Bank, Axis Bank, Union Bank of India, Andhra Bank, Catholic Syrian Bank and a few others which already have a UPI app.

IRB goes the InvIT

IRB Infrastructure Developers has filed a draft document seeking the Securities and Exchange Board of India's approval to raise `4,300 crore through an Infrastructure Investment Trust (InvIT), which could potentially make the company tap this route. This could be one of the first of its kind which can pave the way for future fundraising through this vehicle which was talked about in the recent Budget.

tion between 1988 and 1990 and Deputy Group Leader and Housing Spokesman between 1992 and 1994. Theresa was elected Member of Parliament for Maidenhead in May 1997. She lives in the constituency and is an active local campaigner. She was a member of the Shadow Cabinet from 1999 to 2010, and from 2002 to 2003 was the first female Chairman of the Conservative Party. Theresa was appointed Home Secretary in May 2010.