Markets extend gains for 6th session

FE BUREAU

BENCHMARK INDICES ON
Friday extended gains for the sixth straight day as growing optimism amid signs of economic recovery from the Covid-19 pandemic continued to buoy market sentiment.

The benchmark indices, Sensex and Nifty, opened higher and remained in green all through the day.

The Sensex rose 578.70 points, or 1.27%, to 46,454.33 and the Nifty rose 169.90 points, or 1.36%, to 12,622.90.

In the broader market, 2,305 stocks gained and 1,154 stocks declined. A total of 152 stocks were trading with unchanged prices.

Financial News

Market update

LVB, two other banks report bad loan divergence a day after Sebi directive

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NEW DELHI: Loans that were non-performing assets (NPAs) as of March 31, 2019, may not be considered as such in the financial statements of these banks for the first quarter of 2019-20.

The Reserve Bank of India (RBI) on Friday had advised these banks to include all such loans in the 2019-20 consolidated financial statements without considering them as NPAs.

The three banks that have received the advice are Lakshmi Vilas Bank, Syndicate Bank and City Union Bank.

Lakshmi Vilas Bank’s stock price gained 6.89% to Rs 13.40 and Syndicate Bank’s rose 9.27% to Rs 171.05. City Union Bank’s share was up 10.12% to Rs 189.95.

The news came a day after Sebi had issued a directive that these banks may not consider such loans as NPAs for their financial statements for the quarter ended March 31, 2019.

The directive was given only to these three banks.

Analysts believe the regulatory change may be aimed at allowing these banks to show lower bad loan levels.

At the same time, they cautioned that these banks may not be able to meet the credit growth targets set by the government.

“Since these banks have already passed the 18% credit growth target for the quarter ended March 31, 2019, there is a possibility that the credit growth targets may not be met for the quarter ended June 30, 2019,” said Chaitanya Pradhan, Head, Banking and Finance, Motilal Oswal Financial Services.

Pradhan said the Sebi directive is likely to have a positive impact on the stock prices of these banks, but it may not affect their credit growth targets.

Meanwhile, the Sensex rose 1,036.64 points, or 2.27%, to 46,454.33 and the Nifty rose 315.86 points, or 2.55%, to 12,622.90.

On the sectoral front, the realty index was the top gainer, rising 7.93% to 1,713.42, followed by 1.26%.

The trading data and the indices in the positive range is likely to continue for the remaining part of the day, he added.

The market gains come on the back of a positive global performance, a pick-up in retail sales and overall optimism.

In the broader market, 1,854 stocks rose and 981 stocks fell. A total of 124 stocks were trading with unchanged prices.

Traders said the market may see some profit-booking at higher levels in the afternoon session, but overall, it may continue to trade in a positive range.

Ganjam, Bhubaneswar

Sensex weekly gainers & losers

Sahiwal: (Source: Money Control)

Sahil Mehta 220-357-3777

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