

WORDS OF THE WEEK

Arbitrage

Buying an asset in one market and simultaneously selling an identical asset in another market at a higher price. Sometimes these will be identical assets in different markets, for instance, shares in a company listed on both the London Stock Exchange and New York Stock Exchange. Often the assets being arbitrated will be identical in a more complicated way, for example, they will be different sorts of financial securities that are each exposed to identical risks.

Spot price

The PRICE quoted for a transaction that is to be made on the spot, that is, paid for now for delivery now. Contrast spot markets with FORWARD CONTRACTS and futures markets, where payment and/or delivery will be made at some future date. Also contrast with long-term contracts, in which a price is agreed for repeated transactions over an extended time period and which may not involve immediate payment in full.

International Happenings

Wall Street posts worst day since June on Syria concerns

Wall Street stocks suffered their worst day since June on Tuesday, slumping in a broad decline as geopolitical uncertainty rose over a possible US-led military strike by the West against Syrian President Bashar al-Assad's forces. The S&P 500 closed under its 100-day moving average for the first time since June 24, a sign of weak near-term momentum. The day's fall extended recent declines on uncertainty over when the US Federal Reserve will start to slow its stimulative monetary policies..

US GDP growth adds to QE3 tapering talk

The US economy accelerated sharply in the second quarter thanks to a surge in exports, bolstering the case for the Federal Reserve to wind down a major economic stimulus program. Other economic data on Thursday showed the number of Americans filing new claims for jobless benefits fell last week, a potential sign of faster hiring in August. US gross domestic product grew at a 2.5% annual rate in the April-June period, according to revised estimates released by the Commerce Department. That was more than double the pace clocked in the prior three months. The government had initially estimated that GDP expanded at a 1.7% rate in the second quarter. But recent data showed that exports climbed during the period at their fastest pace in more than two years.

Oil surges past \$112 a barrel on Syrian crisis

The price of oil rose surged past \$112 a barrel on Wednesday, as the US edged closer to intervening in Syria's civil war. US Defence Secretary Chuck Hagel said on Tuesday that American forces were ready to act on any order by President Barack Obama to strike Syria in response to the alleged use of chemical weapons in the conflict. US benchmark oil for October delivery rose \$3.02, or 2.8 per cent, to \$112.03 a barrel at midday Bangkok time in electronic trading on the New York Mercantile Exchange. Oil prices jumped \$3.09 to close at \$109.01 a barrel on the Nymex on Tuesday.

No reversal of economic reforms, will reverse rupee slide: Prime Minister Manmohan Singh

Prime Minister Manmohan Singh on Friday ruled out reversal of reforms or resorting to capital controls to rescue the sliding rupee, which he said fell on account of domestic as well as global factors.

Making a statement on the state of the economy in Parliament amid concerns over rapid depreciation of rupee, Singh said the country has to be ready for short-term shocks but the government will ensure that the fundamentals of economy remain strong.

RBI suggests banking sector overhaul

RBI has proposed a comprehensive overhaul of the country's banking structure, to increase competition and growth, and for further financial inclusion. At present, only a universal banking structure is allowed; there is no separate licencing for niche activities as in developed nations.. However, it acknowledges the need for differentiated banking licences — for infrastructure financing, retail banking, wholesale banking and investment banks. The regulator has provided a road map for the reorientation. It proposes a four-tier structure, with the first tier of three to four large banks, with sizable international presence.

Gold jumps to all-time high of Rs 34,500 on weak rupee

Surpassing all previous records, gold scaled to a new peak of Rs 34,500 per ten gram in the bullion market today as the rupee hit a new intra-day record low of 68.75 per dollar amid a firm global trend. However, late selling by stockists reduced the initial gains and the yellow metal closed with a biggest ever single-day gain of Rs 1,900 to Rs 33,900 per ten gram, surpassing the previous high of Rs 32,975 on November 27 last year. Silver also registered a steepest rise of Rs 3,700 to Rs 58,500 per kg on increased offtake by industrial units and coin makers.

GDP to grow 4 percent in Q1

Foreign brokerage company Bank of America-Merrill Lynch (BoAML) today pegged the first quarter Gross Domestic Product growth at 4%. The GDP grew at 4.8 percent in the fourth quarter of the financial year 2012-13. In a statement by finance minister P Chidambaram that first quarter GDP would remain more or less flat, but according to Moody's, the global rating agency the Indian economy will grow at 4.5% in Q1 of 2013-14.

Ashok Vemuri quits Infosys

Infosys head of American business, board member and global head of manufacturing and engineering services- Ashok Vemuri who was with Infosys for last 15 years put in his papers. His next destination remains still undisclosed. The development comes amid an organizational restructuring that NR Narayanmurthy is seeing to revive Infosys.. Mr Ashok becomes one of the top level officials to leave Infy in recent times along with Sudhir Chaturvedi and Shaji Farooq