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BUSINESS NEWSLETTER

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WHY IS BANK NIFTY RISING



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1 What Is Bank Nifty & Why Is It Rising?

Indian banks have been burdened with mounting NPAs, with some of them even having governance issues and some like Yes Bank and Lakshmi Vilas Bank failing recently. But stocks of banks have joined the bull rally of the Indian stock market. Did you know there is a separate index, called **Bank Nifty** to measure the performance of banking stocks and it is rising too. But why?

What is the Bank Nifty?

- It is an index constituting the most liquid and powerful **banking stocks** in the Indian stock market. Comprising of a maximum of 12 companies, the index was launched on 15th September 2003.
- Banking Financial Services & Insurance (BFSI) stocks comprise of 15-20% of the free-float weight in NSE.
- This means movement in these stocks has a larger impact on the index, making Nifty Bank a powerful index.

Background

- On 13 June 2005, Nifty Bank entered the Future and Options segment, which increased its liquidity volatility. It is **one of the other two sectoral indices** that is traded in the Futures & Options market, which makes it more liquid than other indices.
- The current lot size (order size) of Bank Nifty F&O is 25.
- Nifty Bank suffered one of its deepest fall in March 2020. Global markets were already falling as a result of uncertainty due to Covid-19.
- In the same period, India's 5th largest private bank, Yes Bank failed to meet capital requirements and raise fresh capital, and was mounting with NPAs causing RBI to put it under moratorium.
- Due to these reasons, the entire market as well as Bank Nifty were severely hit, leading to a massive drop.
- After **quarterly results** of prominent banks like Kotak Mahindra and ICICI, Nifty Bank joined the bull market and started regaining the lost momentum.

Did You Know Vikram Limaye is the Managing Director and CEO of the NSE. Prior to joining NSE, Limaye was the Managing Director & CEO of IDFC.

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2 Salesforce Buys Slack In A \$27 Billion Deal

Salesforce.com, a business software company bought Slack, a popular business and workplace communications app for \$27.7 billion. Experts says that this deal would give an edge to both the companies in competition against Microsoft.

Slack

- Stewart Butterfield, Eric Costello, Cal Henderson, and Serguei Mourachov launched Slack in 2013.
- The platform reported **10 million+ daily active users** from more than 600,000 organizations in 2019.
- People in more than 150 countries are using Slack.

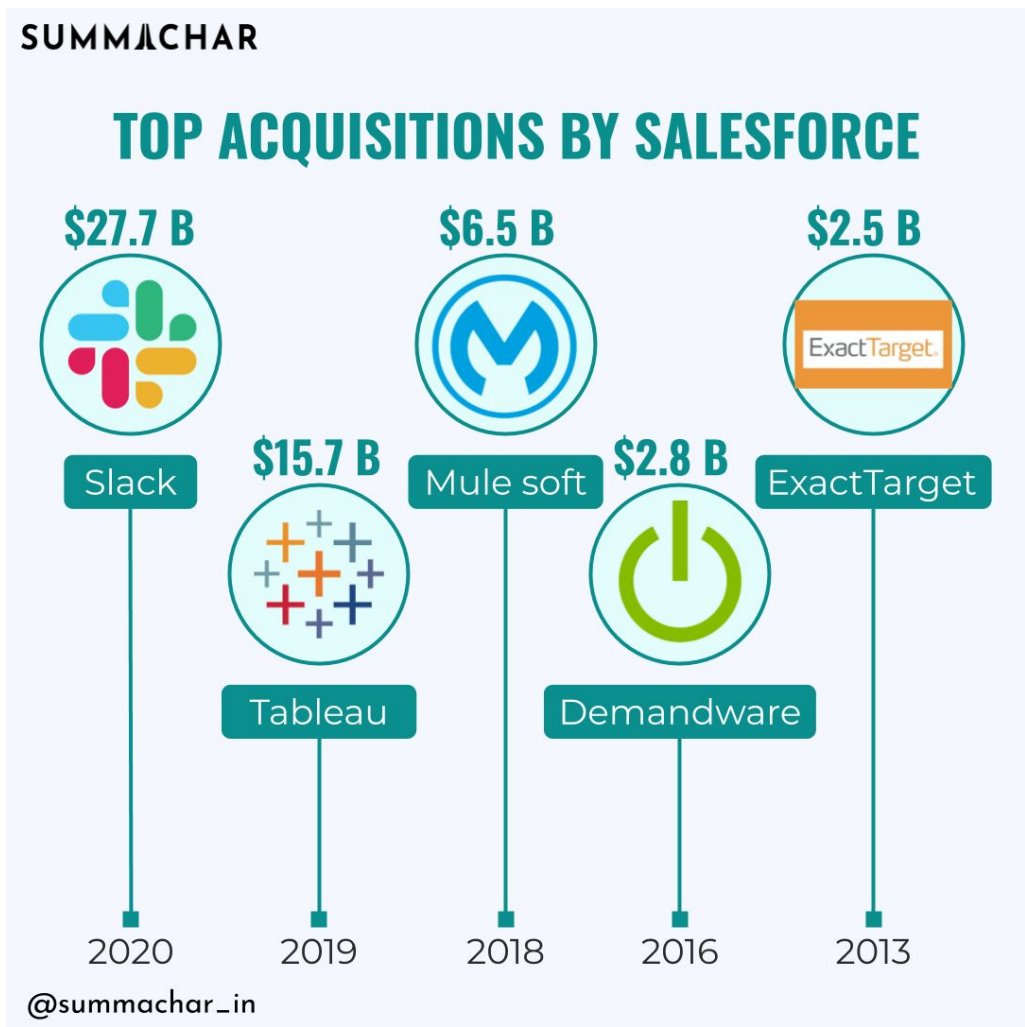
How Was Slack Developed?

- Stewart Butterfield and his teammates were tasked to develop Glitch, a multiplayer online game for **Tiny Speck**, a gaming company.
- During that, they built an internal workplace communication tool to keep a tab on the development front and communicate with each other.
- The team had to add search-through-old-messages and file sharing features in this internal tool to make

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work more efficient and organized. Later, the game Glitch failed but Slack was born.

Salesforce is a cloud-based software company based in San Francisco. It provides services like customer relationship management (CRM), marketing automation, analytics, and application development, etc.



Did you know? In 2020, Fortune magazine ranked Salesforce at number six on its 'List of Top 100 companies to work for', based on an employee survey of satisfaction.

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3 The Case Of Adulterated Honey

Investigation led by the Centre for Science and Environment (CSE) found that major brands are selling adulterated honey in India. CSE found that companies are mixing artificial sugar imported from China or made in India.

Adulterated Honey

- CSE said, “These brands of honey are laced with imported sugar syrup from China as well as manufactured in India.”
- The market size of the honey industry in India in 2019 was **\$17.3 billion**.

How It Will Impact?

- Research shows adulterated honey to be unhealthy for the body. In the long term, it can have a negative impact on human health and may lead to **obesity** or increase blood glucose levels.
- Pure honey contains nutrients and is considered **free from fats and cholesterol**. Moreover, it is rich in antioxidants and has antibacterial properties.

Did Indian Companies Pass Purity Tests?

- Indian companies were using **synthetic sugar syrups** imported from China to adulterate honey. As per the current rules, a company needs to pass 18 parameters to claim the purity of honey.
- CSE food researchers conducted purity tests on honey from 13 brands including Dabur, Patanjali, Baidyanath, Zandu, etc.
- Most companies passed most of the tests.

Detected Notoriety

- CSE took 22 samples for **Nuclear Magnetic Resonance (NMR)** testing at a lab in Germany. In NMR, the composition of a product at the molecular level is tested.
- Out of 22 samples, **77%** of samples were found adulterated. Only three brands (spanning six samples) passed viz. **Saffola, Markfed Sohna, and Nature's Nectar.**

Did you know? In 2018, Australia's Macquarie University collected 100 samples of honey from 19 countries and found more than a quarter of them to be adulterated, making adulteration a global problem.

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4 What is Cyberpunk 2077?

After almost 8 years of wait, one of the most hyped games, **Cyberpunk 2077** released on 10th December 2020. With the game gaining traction from promotional event with Hollywood actor Keanu Reeves to record pre-orders in China, let's have a look at what the hype is all about.

What Is Cyberpunk 2077?

- It is an upcoming action role-playing game (RPG) developed and published by CD Projekt. The story takes place in Night City, an open world set in the Cyberpunk universe.
- Announced in **May 2012**, the game released on 10th December 2020 on various platforms.

What Is CD Projekt Red?

- CD Projekt S.A. is a Polish video game developer, publisher, and distributor. Founded in May 1994, the company is known for its The Witcher series.
- As of May 2020, the company reached a valuation of **\$8.1 billion**, making it the largest video game company in Europe ahead of Ubisoft.

Why Is There A Hype Around It?

- With its first trailer coming out in January 2013, the game has been in development for almost **8 years** now.
- The game has been delayed multiple times in 2020, as its initial release date was 16th April 2020.
- According to analysts, the approximate budget of Cyberpunk 2077 is set to reach **\$314 million**.
- If this indeed happens, then Cyberpunk 2077 will become the most expensive game of all time, exceeding the budget of Rockstar's mammoth GTA V, which cost \$265 million for development and marketing.
- In June last year, the developers released a cinematic trailer of the game with a big reveal at the very end. The trailer revealed that the famous Hollywood star, **Keanu Reeves** will play a major character in the game.

Did you know? **Raji: An Ancient Epic** is an Indian action-adventure video game developed by Nodding Heads Games based in Pune, Maharashtra, India. The game incorporates Hindu and Balinese mythology and takes inspiration from tales such as the Mahabharata and Ramayana.

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Hope you enjoyed reading!

For feedback, suggestions, or just to have a quick chat, reach out to us at communications@summachar.in.