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RBI Monetary Policy June 2018: The six-member Monetary Policy Committee of the Reserve Bank of India (RBI) headed by the governor Urjit Patel is all set to announce the outcome of its first three-day policy meeting at around 2:30 pm today, 6 June 2018 (**RBI Policy date**). According to experts, there are relatively more chances that RBI may increase the benchmark repo rate by 25 basis points in the second bi-monthly Monetary Policy Committee. If this happens then it would be the first hike in the last four-and-half years. Earlier in January 2014, the RBI raised the repo rate to 8%. Since then the central bank had either reduced the repo rate or maintained status quo.

Share market on RBI Monetary Policy day

Ahead of the repo rate decision by RBI in the second bi-monthly Monetary Policy Committee meeting in the financial year 2018-2019, India's share market extended gains after opening higher in the opening bell with [BSE Sensex](#) index rising more than 200 points and Nifty 50 trading firm above 10,650 level. Other than the headline indices, heavy trading has been witnessed in the rate-sensitive stocks such as ICICI Bank, HDFC Bank, SBI (State Bank of India) and Yes Bank. The key sectoral benchmark indices — Nifty Bank, Nifty PSU Bank, Nifty Private Bank, Nifty Financial Services — surged up to 1.6% with Nifty PSU

Bank index, the barometer which tracks the performance of major state-run banks, leading the charge.

PSU bank shares — RBI Monetary Policy June 2018

Among the components of Nifty PSU Bank index, shares of Allahabad Bank, PNB (Punjab National Bank), Union Bank of India, Indian Bank, Andhra Bank, Syndicate Bank, Oriental Bank of Commerce, Canara Bank, Bank of India, SBI (State Bank of India) advanced more than 1% each. The stocks of Allahabad Bank and PNB emerged as the biggest gainers among the constituents of Nifty PSU Bank index on Wednesday. Shares of Allahabad Bank rose 8.05% to a day's high of Rs 42.95 while the stock of PNB soared 3.27% to Rs 85.35.

Blue-chip banks

Shares of India's largest bank by assets SBI gained 1.6% to Rs 267.85; Bank of Baroda went up by 0.9% to Rs 129. While, on the other hand, shares of India's largest private bank by assets and country's biggest lender by market capitalisation HDFC Bank was trading 0.3% lower at Rs 2,057.4 and ICICI Bank was trading down 0.2% at Rs 283.6.

Major movers ahead of RBI's Monetary Policy June 2018

Other major BFSI (Banking, Financial Services and Insurance) shares which are also trading higher include Kotak [Mahindra](#) Bank (up 0.85%), IndusInd Bank (up 0.4%), Federal Bank (up 0.36%), Axis Bank (up 0.26%), Yes Bank (up 0.24%), Shriram Transport Finance (up 2.88%), Indiabulls Housing Finance (up 2.5%), Bajaj Finance (up 2.23%), Edelweiss Financial Services (up 2.11%), Bajaj Finserv (up 1.7%), M&M Financial Services (up 1.47%), ICICI Prudential Life (up 1.1%) where as India's largest housing financier HDFC was trading flat.

RBI Monetary Policy June 2018 — Expectations

According to a Reuters report, that carried a poll of economists, found that the increasing number of economists expect the Reserve Bank of India (RBI) to hike the interest rates today, 6 June 2018. However, most economists still think that RBI will stay on hold and will prepare for a hike in August's MPC meeting. As of now, the RBI's Monetary Policy rates

“In a snap poll of 56 economists taken after gross domestic product data on Thursday, 26 of those respondents, or about 46%, expect the RBI to take the repo rate higher at the June 6 meeting, Reuters reported.

According to a CARE Ratings report, there would be no repo rate change this time. The tone would be hawkish and this would likely to be the consensus among the members, CARE Ratings stated.

“We pencil in 50 bps of rate hike in 2018-19 (earlier pause) possibly split between August and October.” “But we do believe that the MPC votes are likely to be evenly balanced in the June meeting thereby keeping the chances of a rate hike alive in June,” research and brokerage firm Kotak Institutional Equities was seen as saying in a PTI report.