

Weekly Capsule (Dec 09 – Dec 13) and Impact Analysis

News Announcement	Impact Analysis
➤ CPI inflation for November 2024 eases to 5.48%, against 6.21% last month	<ul style="list-style-type: none"> ➤ The fall in headline inflation was largely led by a 183 basis points fall in food inflation, led by tapering vegetable prices ➤ However, the sharp fall in inflation was largely on account of the base effect, and there is not much change without that
➤ Core inflation for November 2024 flat at 3.7%, still at fairly elevated levels	<ul style="list-style-type: none"> ➤ The hardening of core inflation is due to the supply chain constraints in West Asia and COVID supply gaps being closed ➤ Experts believe that with food inflation down on base effect and core inflation high, RBI may not cut rates in Feb-25 too
➤ India IIP growth for October 2024 edges up further from 3.09% to 3.45%	<ul style="list-style-type: none"> ➤ While mining and electricity also improved over last month, the real thrust to overall IIP came from manufacturing basket ➤ The cumulative at 4.0% for FY25 is lower than last 3 years, but the good news is that pressure from exports has abated
➤ US consumer inflation hardened in November 2024 by 10 bps to 2.7%	<ul style="list-style-type: none"> ➤ The month-on-month consumer inflation for November spiked to 0.3%, the highest inflation level since April 2024 ➤ For the month of November 2024, there was visible pressure on US food inflation as well as US core inflation
➤ Reliance may end 2024 with negative returns, for first time since 2014	<ul style="list-style-type: none"> ➤ Between 2015 and 2023, Reliance has given positive returns in all years, giving as much as 6^% returns in the year 2017 ➤ Reliance stock corrected sharply since September after AGM did not disclose dates for monetizing Jio and Reliance Retail
➤ Carlyle eyeing \$1 billion IPO in Indian markets for Quest Global Services	<ul style="list-style-type: none"> ➤ Currently, the company is valued at more than \$5 billion so only a part of the stake is likely to be hived off in the IPO ➤ In the last one year, several major private equity deals have happened; both on the investment and divestment side
➤ Mazagon Docks and GRSE fell by more than 4% after contractor complaints	<ul style="list-style-type: none"> ➤ Many defence contractors have complained that GRSE and Mazagon did not adhere to the laid down procedures ➤ This is likely to dampen sentiments at a time when the submarine stocks were just about picking up after a long lull
➤ SEBI is now pushing for much larger retail participation in algo trading	<ul style="list-style-type: none"> ➤ Prior to that, SEBI plans to rehaul the algo trading framework and make it more conducive to protecting investor interest ➤ Also, traders operate on a high frequency module and hence they get an advantage over manual orders as liquidity dries up
➤ Nuvama Wealth acquires ₹100 crore worth of stake in Oyo parent, Oravel	<ul style="list-style-type: none"> ➤ While valuation has been rising in recent months, it is still a very far cry from its peak valuations in the range of \$10 billion ➤ The deal was executed at a price of ₹53 per share which assigns an overall valuation of \$4.6 billion to Oyo Rooms

➤ Meesho sees 35% order growth and 25% growth in users in year 2024	<ul style="list-style-type: none"> ➤ Meesho, the ecommerce outfit backed by Softbank, has now touched 175 million users, with about 70% in Tier-2 cities ➤ Meesho also has a very substantial customer base in tier-4 cities which have also come into the internet ecosystem
➤ India's forex reserves fell to a 6-month low of \$654 billion in the latest week	<ul style="list-style-type: none"> ➤ The forex flows have been impacted by FPI selling, but also by the RBI defending the rupee by selling dollars in the market ➤ India's forex reserves had touched a high of \$715 billion just about 3 months back, but dollar intervention has taken a toll
➤ Switzerland withdraws most favoured nation (MFN) status from India	<ul style="list-style-type: none"> ➤ The decision came after the Indian Supreme Court ruled against Nestle pertaining to a domestic tax dispute ➤ The withdrawal of MFN status means that Indian businesses in Switzerland will face higher withholding taxes on dividends
➤ Central government to officially halt the issue of SGBs from fiscal 2025-26	<ul style="list-style-type: none"> ➤ Government has been worried about rising debt levels as well as the high cost in terms of interest, gold price and tax breaks ➤ That means that investors will now lose out on a very lucrative way to invest in gold and could again spike gold imports
➤ Saudi Arabia to cut oil prices after the OPEC decides not to cut supplies now	<ul style="list-style-type: none"> ➤ The OPEC has been seeing lower influence in oil markets due to rise of US, China, Canada, and Brazil as big oil producers ➤ Ironically, Russia is part of the OPEC Plus, but it is the cheap Russian oil that has been pricing out OPEC oil in the market
➤ CII urges the government to go slow on controlling fiscal deficit too rapidly	<ul style="list-style-type: none"> ➤ Essentially, with growth faltering, the CII wants the centre to keep the option of a higher fiscal deficit open to boost growth ➤ However, the government has been keen to cut the fiscal deficit and it is unlikely that they would relent on this issue
➤ November turned out to be a very bad month for passenger cars, falling 14%	<ul style="list-style-type: none"> ➤ Ironically, this comes at a time when 2-wheelers are growing 16% and tractors demand is growing by 29.9%, as per FADA ➤ The fall in the sales of passenger cars was much steeper at -33.4% on a sequential basis, despite festive discounts
➤ Sanjay Malhotra, former revenue secretary, takes over as RBI governor	<ul style="list-style-type: none"> ➤ Malhotra comes with wide bureaucratic experience, but it is not known if this has anything to do with rate cut decision ➤ Shaktikanta Das hangs his boots after a creditable 6 years, when he battled successfully against COVID and inflation
➤ Amazon India also plans to join the quick commerce bandwagon soon	<ul style="list-style-type: none"> ➤ The quick delivery will be optional and it will be charged, but they hope to take on Swiggy, Zomato and Flipkart in the space ➤ The 15-minute delivery pilot will start in Bengaluru, and will be gradually extended to other urban centres shortly
➤ Equity funds saw net inflows of ₹35,944 crore in November, 14% lower	<ul style="list-style-type: none"> ➤ The sharp fall came largely in thematic funds, although the NFOs were also lower but the SIP flows were almost flat ➤ While SIP flows fell marginally for first time since June 2023, it can be attributed to three fewer working days in November

➤ Shriram Finance sells 84.44% stake in Shriram Housing for ₹3,929 crore	➤ The entire stake sale has been made to private equity player, Warburg Pincus, as Shriram will focus on core lending only ➤ The requisite approvals from regulators have already been secured and the entire deal is likely to be completed shortly
➤ Nitin Gadkari admits to 419 out of 952 infra projects facing time overruns	➤ This can be attributed to land acquisition, statutory clearance, encroachments, poor contractor performance etc ➤ While time overruns have been quantified, the minister did not speak anything about the cost implications of the same

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