

Weekly Capsule (Apr 22 – Apr 26) and Impact Analysis

News Announcement	Impact Analysis
<ul style="list-style-type: none"> ➤ First advance estimate of US Q1 2024 GDP comes in sharply lower at 1.6% 	<ul style="list-style-type: none"> ➤ While the impact on the nominal GDP growth was just about 40 bps, the sharp fall of 180 bps was due to high inflation ➤ It may be recollected that the US had reported 3.4% GDP growth in Q4-2023 and 4.9% GDP growth in Q3-2023
<ul style="list-style-type: none"> ➤ US PCE inflation for March 2024 comes in 20 bps higher than February at 2.7% 	<ul style="list-style-type: none"> ➤ While core PCE inflation was flat at 2.8%, there was a visible spike in food PCE and energy PCE inflation in March 2024 ➤ With the latest spike in PCE inflation in March 2024, the CME Fedwatch is not expecting just one rate cut in 2024
<ul style="list-style-type: none"> ➤ Vodafone FPO sallies through with 6.36 times subscription for the issue 	<ul style="list-style-type: none"> ➤ While the retail portion was partially undersubscribed, QIB subscriptions and HNI / NII subscriptions were very robust ➤ Ahead of its Rs18,000 crore IPO, Vodafone Idea had raised close to Rs5,400 crore from the institutional investors
<ul style="list-style-type: none"> ➤ Delhi HC asks DGCA to deregister Go First aircraft in the next 5 days 	<ul style="list-style-type: none"> ➤ This will give respite to lessors as now Go First has to return all the 54 aircraft to the lessors, something they were demanding ➤ The court has also restrained the airline and its reps from accessing, flying, or using the aircraft in any manner
<ul style="list-style-type: none"> ➤ RBI lays norms for voluntary conversion of SFBs into universal banks 	<ul style="list-style-type: none"> ➤ For that, the SFBs will have to adhere to the minimum RBI requirements with respect to paid up capital and net worth ➤ Such SFBs must be listed entities with 5-year good track record and gross NPAs under 3% and net NPAs under 1%
<ul style="list-style-type: none"> ➤ Maruti Suzuki earmarks Rs10,000 crore for capital expenditure in FY25 	<ul style="list-style-type: none"> ➤ This capex will be for new product launches and for capacity expansions and the capex for FY25 is 47% higher than FY24 ➤ It currently produces 23.5 lakh cars across Gurugram, Manesar and Gujarat; and plans to touch 40 lakh cars capacity in future
<ul style="list-style-type: none"> ➤ Reliance Retail has now grown bigger than ITC, HUL, D-Mart, TCPL combined 	<ul style="list-style-type: none"> ➤ For FY24, Reliance Retail reported net sales of Rs3 trillion and had a market valuation implied at close to \$100 billion ➤ In terms of market cap, the valuation of Reliance Retail is equal to HUL and ITC, but debt component is not known
<ul style="list-style-type: none"> ➤ Shriram Finance reports 49% growth in net profits in Q4FY24 at Rs1,946 crore 	<ul style="list-style-type: none"> ➤ Total revenues for the fourth quarter were also higher by 22.3% higher on a yoy basis at Rs9,484 crore; NII up 20% yoy ➤ On a yoy basis, Shriram Finance also reported 21.1% growth in AUM at Rs2.25 trillion and paid dividend of Rs45/share
<ul style="list-style-type: none"> ➤ Sandur Manganese to buy out Arjas Steel for consideration of Rs3,000 crore 	<ul style="list-style-type: none"> ➤ This will be purchased from ADV Partners, the Asia focused private equity fund, taking in 81% in an all-cash deal ➤ This move is in line with recent plans of Sandur Manganese to foray into manufacture of special steels and value-adds

<ul style="list-style-type: none"> ➤ India's household debt touches a new peak of 39.1% of full year GDP 	<ul style="list-style-type: none"> ➤ Surprisingly, while home loans have shown strong growth, the real thrust has come from car loans and consumption loans ➤ The irony is that during this same period, corporate debt has just about climbed by 6% and is around 42% of GDP
<ul style="list-style-type: none"> ➤ India FY24 GDP growth could have a lot to thank the GDP deflator for 	<ul style="list-style-type: none"> ➤ For FY24, India is expected to report 9.1% nominal GDP growth and 7.6% real growing, implying 1.5% GDP deflator ➤ GDP deflator has 65:35 weights for WPI and CPI inflation and it is here that the -0.70% WPI inflation for FY24 has helped
<ul style="list-style-type: none"> ➤ Government of India likely to put big focus on export related infrastructure 	<ul style="list-style-type: none"> ➤ The exercise is on to identify infrastructure gaps to be able to touch merchandise export target of \$1 trillion by 2030 ➤ This calls for investments in roads, railways, and ports to be able to handle another 2,000 million tonnes goods movement
<ul style="list-style-type: none"> ➤ CRISIL expects vegetable prices to stay elevated for the time being 	<ul style="list-style-type: none"> ➤ According to CRISIL, the prolonged heat wave till June could delay the onset of monsoons and impact sowing once again ➤ Also, the pressure is likely to come from vegetables basket once again in CPI, which also has a very high weightage
<ul style="list-style-type: none"> ➤ RBI issues draft guidelines for loan web aggregators on the internet 	<ul style="list-style-type: none"> ➤ These loan service providers (LSPs) offer services like customer acquisition, underwriting and loan recovery ➤ The condition is that the LSP must disclose the loan details of all available borrowers to enable a smart customer decision
<ul style="list-style-type: none"> ➤ Swiggy gets shareholder approval for its proposed Rs10,414 IPO fund raising 	<ul style="list-style-type: none"> ➤ This will include Rs3,750 crore by way of fresh issue and Rs6,664 crore by way of an offer for sale (OFS) for exit ➤ Swiggy IPO DRHP is yet to be filed, but the going price in informal markets is at around 20% discount to last valuation
<ul style="list-style-type: none"> ➤ Hindustan Unilever to put its focus largely on just six beauty product areas 	<ul style="list-style-type: none"> ➤ The idea here is to enable HUL to move up the value chain of beauty products, where higher margins are assured ➤ This focus area will encompass a wide array of marquee brands like Ponds, Lakme, Dove, Vaseline; and a few more
<ul style="list-style-type: none"> ➤ Tesla plans auto manufacturing plant in India and in Mexico by year 2025 	<ul style="list-style-type: none"> ➤ Its current capacity is 3 million units across its 4 plants, but with the 50% output spike in 2024, it will be at full capacity ➤ The capacity expansion in India and Mexico is timed to sync with this full capacity target and in line with India EV policy
<ul style="list-style-type: none"> ➤ RBI bars Kotak Bank from issuing fresh credit cards and onboarding customers 	<ul style="list-style-type: none"> ➤ Kotak Bank had failed to plug gaps in the online banking system and this was after several warnings by the RBI ➤ This ban will be valid till the RBI conducts a re-examination of its IT systems and is convinced about its robustness
<ul style="list-style-type: none"> ➤ Jio reported higher ARPU of Rs182 in the fourth quarter, but long way to go 	<ul style="list-style-type: none"> ➤ At this rate, Jio is expected to touch ARPU of Rs235 by FY27 as nearly 28% of its data traffic is currently free of cost ➤ However, by FY27, Bharti Airtel is expected to boost its ARPU up to Rs286, so the wide ARPU edge of Airtel will remain

<ul style="list-style-type: none">➤ VIX (volatility index) crashes sharply during the week to 10.2 levels	<ul style="list-style-type: none">➤ The VIX or fear index fell by over 20% on Monday, which is surprising as the election outcomes are yet to be announced➤ VIX is implied risk in options prices and could also be a contra signal since it could be a sign of heavy call writing happening
<ul style="list-style-type: none">➤ Reliance Industries reported 1.8% fall in net profits at Rs18,951 crore in Q4	<ul style="list-style-type: none">➤ Revenues were up 11.1% in the fourth quarter at Rs2.37 trillion with robust growth across digital, retail and O2C➤ While operating profits were robust across the 3 businesses, the pressure came from higher tax impact in Q4FY24

Disclaimer: The content of this newsletter published by HPMG Shares and Securities Private Limited (Weekly Capsule) are not intended to serve as a professional advice or guidance and the newsletter takes no responsibility or liability, express or implied whatsoever for any investment decision made or taken by readers of this newsletter based on its content thereof. The readers of this newsletter should exercise due caution and/or seek independent professional advice before entering into any commercial or business relationship or making any investment decision or entering into any financial obligation based on any information, statement or opinion which is contained, provided or expressed in this newsletter.