

Midnight News Update – Dec 20th 2024

A day after the Fed cut rates by 25 bps and guided for just 2 rate cuts in 2025; the US GDP for Q3-2024 came in sharply better than expected. The first and second estimate of US GDP had pegged the Q3 GDP growth at 2.8%, but the final estimate has raised the estimate to 3.1%; much better than expected. This has been largely triggered by spike in consumer spending, despite higher inflation impact. Even exports were better than expected. This is also 10 bps better than Q2. This justifies slowing of rate cuts by US Fed.

SEBI has introduced new measures to curb misleading investment return claims. SEBI announced the launch of the Past Risk and Return Verification Agency (PARRVA), which will verify the risk-return metrics offered by investment advisors and research analysts. Even algorithm trading platforms will be under this ambit. Any competitive claim like top-ranked, best performing etc must be mandatorily verified. PARRVA validation will be similar to the ISI certification of quality. Agency will need more time to be functional.

Experts feel that the narrowing of the yield spread between US 10-year and India 10-year could impact FPI flows into India. The India 10-year bond yields currently trade at 6.78% while the US 10-year bond yields trade at 4.54%. The current spread is at a 20-year low and is likely to gradually favour the US markets over the volatile emerging markets. This is likely to trigger FPI outflows from Indian debt as the FPIs may not find it lucrative to hold on to EM debt with a small spread advantage. FPIs have been sellers in debt.

IOCL will invest up to ₹21,000 crore in its Bihar refinery expansion and in gas projects. Its Barauni refinery is expanding capacity from 6 MTPA to 9 MTPA, while an additional ₹16,000 crore will be spent on a petrochemicals plant. It also plans to set up a city gas distribution (CGD) network across Bihar. It will be investing an additional ₹5,600 crore in setting up a network to retail CNG to automobiles. IOC set up the Barauni refinery over 60 years back in 1964. IOCL will set up 2 lakh tonnes per annum polypropylene plant.



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The Food Secretary has clarified that once the domestic demand for sugar is met, then the government will focus on ethanol applications and only after that it will look to export sugar. India is expected to have a surplus of nearly 1 lakh tonnes for FY25. For the sugar year (October to September) of 2024-25, the sugar consumption is estimate at 29 million tonnes while 4 million tonnes will be diverted to production of ethanol. The year had opened with an opening stock of 7.9 million tonnes, so it would be comfortable.

Ventive Hospitality, the operator of select franchises of JW Marriott and Hilton in India and the Maldives, plans to open its ₹1,600 crore IPO on Friday, December 20, 2024. On 19-Dec, a day ahead of the IPO, the company has raised ₹720 crore via an anchor placement, accounting for 45% of the IPO size. The entire IPO is a fresh issue only with a price band of ₹610-₹643 per share. A total of 1.11 crore shares were placed with anchors at the upper band price of ₹643 per share with marquee investors including FPIs and MFs.

Bharti Airtel has prepaid ₹3,626 crore and has now cleared all its spectrum dues as of year 2016. It had cleared all dues from 2012 to 2015, earlier this year. In 2024 alone, Bharti Airtel has prepaid ₹28,320 crore in spectrum liabilities to the DOT. Bharti Airtel, not surprisingly, has been one of the big value creators in the stock market in the last one year. The telecom reforms package of 2021 had allowed the interest to be converted into equity, but only VI opted for that arrangement. Bharti Airtel already has the best ARPUs.

JSW Infra has just unveiled its aggressive ₹30,000 crore capex plan. The company, which is the second largest port operator in India after Adani Ports SEZ, plans to boost its cargo handling capacity to 400 metric tonnes per annum (MTPA) by the year 2030. This will include 3 greenfield projects and 3 brownfield ones. It has been diversifying away from its reliance on JSW group as its share of third party cargo has gone up from 5% in 2019 to 48% as of date. It also plans to cut greenhouse gases an become net neutral by 2050.



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