HPMG
GROWING TOGETHER

DAILY MORNING NEWS UPDATE

(News update at midnight for: Jan 13th 2025)

Editor – T S Harihar

Midnight News Update – Jan 13th 2025

Market cap of five of the top 10 companies by market cap saw depletion in value by ₹1.86 trillion in the previous week ended January 10, 2025. Among the 5 major value losers, HDFC Bank lost ₹70,479 crore, ITC Ltd ₹46,481 crore, SBI ₹44,935 crore, Reliance Industries ₹12,179 crore, and ICICI Bank ₹11,878 crore. Among major gainers; the IT rally had TCS ₹60,179 crore, HCL Tech ₹13,121 crore, and Infosys ₹11,792 crore. Other gainers adding MCAP were Bharti Airtel ₹8,999 crore and Hindustan Unilever ₹8,564 crore.

To hit Russian oil exports further, the US has decided to make it tougher for India and China to import oil from Russia. These may force Indian and Chinese refiners to cut output in future. The US Treasury has extended the sanctions to the top Russian oil producers as well as to a total of 183 carrier that transported Russian oil in the past. The sanctioned liners handled over 40% of Russian oil exports last year. With the liners being sanctioned, the impact will be immediate and India and China may have to depend on OPEC.

The FPI selling spate of the last quarter of 2024 appears to be continuing in January 2025 also. In the first 8 trading days of January, FPIs were net sellers to the tune of ₹22,194 crore in Indian equities. This was on the back of expectations of weak earnings and the recent crash in the Indian rupee. High inflation is one more reasons that has triggered FPI selling in recent months. In January, FPIs have been net sellers in debt also. Also, the bond yields have been rising in the US and that is now making US debt more attractive.

At a time when their star CEO, Neville Noronha, has stepped down; the quarterly numbers of D-Mart does look to be OK. Net profits were up 4.8% at ₹723 crore. Revenue from operations were up 17.7% at ₹15,973 crore. However, PAT margins took a hit, falling from 5.1% to 4.5% on a yoy basis. Same store growth of legacy stores has been quite strong. Its online ordering service D-Mart Ready has grown 21.5% in the first nine months of FY25. D-Mart admitted that their home delivery business had bettered their point of sale.

In its latest report, Nomura Research has pegged several FMCG stocks like Hindustan Unilever, ITC, and Marico as its top favourites. Despite concerns over urban demand and rising input costs, Nomura has been expecting a sharp price based recovery in these stocks. However, volume growth is likely to remain tepid. Nomura is of the view that higher inflation will put pressure on middle class budgets, so the volume growth will remain under pressure. Nomura expects limited margin expansions in a fight for market share.

Over the weekend, the US jobs data that was announced by the US Bureau of Labour Statistics (BLS), showed 2,56,000 jobs added in the month, while the unemployment ratio fell further to 4.1% in Dec-24. The unemployment is closely tracked as it has a strong bearing on the Fed interest decision. The bond yields in the US surged in the aftermath of the jobs data as it clearly indicates that hard landing may not really be a concern any longer for the US economy. In year 2024, the US economy added 2.2 million jobs.

Amidst rising oil prices, persistent FPI outflows, strength in the US dollar and deliberate Yuan weakening by China; the Indian rupee has taken a knock as it went beyond ₹86/$. With the US dollar index now at above 109 levels, the fall has been much quicker than imagined. That is one of factors keeping FPIs off the Indian market. RBI did intervene to defend the rupee by selling spot dollars, but that did not make much of a difference. With lower unemployment and higher inflation, the Fed is unlikely to cut rates too much.

A day ahead of its IPO opening, Laxmi Dental has raised ₹314 from anchor investors. The IPO of Laxmi Dental opens on Monday, January 13, 2024. Among the major global investors who participated in the anchor portion were Nomura, Goldman Sachs, Natixis, Al Mehwar, and Abu Dhabi Investment Authority (ADIA). The total anchor allocation was of 73.39 lakh shares in the price band of ₹407 to ₹428 per share. Net proceeds of the IPO will be used for repayment of debt, investment in subsidiary, and for capex spend.

Disclaimer: The content of this newsletter published by HPMG Shares and Securities Private Limited (Mid Night News Update) 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.