

Weekly Capsule (Nov 11 – Nov 15) and Impact Analysis

News Announcement	Impact Analysis
➤ IIP growth for September 2024 turns around from negative to +3.09%	<ul style="list-style-type: none"> ➤ The IIP bounce was partially led by the base effect, but partly also because manufacturing showed a sharp bounce ➤ While mining and electricity output turned from negative to positive in September, manufacturing was up 290 bps at 3.9%
➤ CPI inflation in India surges to 6.21% in October 2024 as food prices spike	<ul style="list-style-type: none"> ➤ Apart from food inflation jumping to 10.87% in October, even core inflation was 20 bps higher at 3.7% on West Asia worries ➤ With the sudden spike in inflation, any December rate cut is now almost ruled out; with cuts possible only in Feb-25
➤ Equity funds see record ₹41,887 crore of inflows as folios touched 21.65 crore	<ul style="list-style-type: none"> ➤ The equity flows were led by a combination of NFOs and SIPs scaling to a record high of ₹25,323 crore in October 2024 ➤ While debt funds, hybrid funds and passive funds also saw robust inflows, the market correction led to flat AUM
➤ US consumer inflation for October 2024 up by 20 bps at 2.6% on energy spike	<ul style="list-style-type: none"> ➤ Interestingly, food inflation was 20 bps lower in October while core inflation was flat; but energy inflation hardened 190 bps ➤ With the spike in CPI inflation the Fed is likely to go slow on rate cuts in 2025, after completing 100 bps in year 2024
➤ Wholesale inflation hardens to 2.36% in August 2024 as primary basket surges	<ul style="list-style-type: none"> ➤ While the food basket went into double figures, even the heavyweight manufacturing inflation surged to 1.5% ➤ This spike in WPI inflation is indicative of likely pressure on the input costs of Indian corporates, with pressure on profitability
➤ India merchandise trade deficit widens to \$27.14 billion in October 2024	<ul style="list-style-type: none"> ➤ Despite an increase in the services surplus, India closed Oct-24 with overall deficit of \$10.12 billion as West Asia pinches ➤ While there was a spike in oil imports in October, the good news was spike in exports of electronic and electrical goods
➤ Direct payout of securities likely to finally commence from the next week	<ul style="list-style-type: none"> ➤ It is finally happening a month after schedule wherein the stocks and funds will directly go from clearing to customer ➤ Apart from reducing the chances of broker misuse of shares and funds, it also makes shares available by 2 pm on T+1
➤ Forex reserves fell sharply to \$675.65 Billion, falling \$35 billion in 6 weeks	<ul style="list-style-type: none"> ➤ The sharp fall in the forex reserves can be attributed to a mix of FPI selling and RBI intervention by selling dollars ➤ India's forex reserves had touched \$710 billion, but RBI has been forced to defend the rupee by selling dollars in spot
➤ India Inc capex slows to Rs9.4 trillion in FY24, as per Care Ratings	<ul style="list-style-type: none"> ➤ This is marginally lower than FY23 with capex focused on oil & gas, petrochemicals, power, telecom, automobiles, and steel ➤ However, non-ferrous metals, retail, and healthcare saw a sharp slowdown in capex during the previous fiscal year

<ul style="list-style-type: none"> ➤ SEBI study points to alarming trends in royalty payments to parent companies 	<ul style="list-style-type: none"> ➤ According to SEBI, in 25% of the listed companies, more than 20% of the net profits was paid out as royalties to parent ➤ Many proxy advisors have cautioned in the past that the royalty payments often do no sync with profit impact
<ul style="list-style-type: none"> ➤ A total of 45 new stocks will be added to the F&O list from November 29 	<ul style="list-style-type: none"> ➤ Some of these inclusions in F&O were long overdue like LIC, Jio Financial, Avenue Supermarts, Adani Green Energy etc ➤ However, a number of other digital players like Paytm, Nykaa, and PB Fintech are also being added to make the list broader
<ul style="list-style-type: none"> ➤ Nifty and Sensex have now fallen a full 10% from their peaks in late Sep-24 	<ul style="list-style-type: none"> ➤ Selling was triggered by FPIs shifting their positions from India to China amidst steep India valuations and weak earnings ➤ Nifty has already fallen from a high of 26,277 in late September to the current level of around 23,500 this week
<ul style="list-style-type: none"> ➤ Sugar output down 44% in early 2024-25 sugar season amidst late crushing 	<ul style="list-style-type: none"> ➤ The sugar output in the first 6 weeks at 7.10 lakh tonnes is sharply lower than the last year figure of 12.70 lakh tonnes ➤ Among the top-3 states, Maharashtra is yet to start the crushing of sugar, while output has been lower in Karnataka
<ul style="list-style-type: none"> ➤ FPIs sell over \$15 billion in Indian equities since the start of October 2024 	<ul style="list-style-type: none"> ➤ This has been one of the quickest bout of selling and this selling is despite the strong response to big IPOs in India ➤ The big trade in emerging markets is to sell India and buy China to leverage on the Chinese fiscal stimulus plan
<ul style="list-style-type: none"> ➤ Jefferies lowers earnings estimates for nearly 63% of the companies after Q2 	<ul style="list-style-type: none"> ➤ There are concerns that companies may find it tougher to negotiate higher input costs and rising interest costs ➤ Jefferies is also of the view that the return of Trump and the start of tariff barriers is likely to be negative for Indian stocks
<ul style="list-style-type: none"> ➤ Net direct tax collections surge till November 10, 2024 by 15.4% 	<ul style="list-style-type: none"> ➤ Direct tax flows have been robust across personal taxes, corporate taxes and also securities transaction taxes ➤ The robust net tax collections this year is a signal that India Inc is doing good, also that fiscal deficit should be in control
<ul style="list-style-type: none"> ➤ SBI Research cautions that rupee could weaken by another 10% from here 	<ul style="list-style-type: none"> ➤ This weakness is likely to be driven by dollar strength as Trump focuses largely on an America First economic policy ➤ SBI also believes that as Trump hikes global tariffs, a lot of it could eventually translate into imported inflation for India
<ul style="list-style-type: none"> ➤ RBI and Vistara merger to be finally effective from the current week 	<ul style="list-style-type: none"> ➤ With Vistara being officially phased out, the entire group's full service airlines will operate under the banner of Air India ➤ Singapore Airlines will continue to be a shareholder in Air India, although their stake will be down from 49% to 25.1%
<ul style="list-style-type: none"> ➤ NTPC Green Energy Rs10,000 crore IPO to open next week I Rs102-Rs108 band 	<ul style="list-style-type: none"> ➤ The company plans to raise close to 40% of the IPO size through allocation to anchors worth Rs3,960 crore ➤ The company has reserved 75% of the shares for QIBs, 10% for retail investors and the balance 15% for HNI / NII investors

<ul style="list-style-type: none"> ➤ JP Morgan to set up unit in GIFT City to developed complex derivative products 	<ul style="list-style-type: none"> ➤ Apart from using these strategies for GIFT City trading, JP Morgan also plans to use these in Hong Kong and London ➤ If the initiative of JPM is successful, then it is likely to entice a large number of such global banks to also try similar ventures
<ul style="list-style-type: none"> ➤ Gold prices fall to 8-week low, correcting from \$2,750/oz to \$2,550/oz 	<ul style="list-style-type: none"> ➤ One reason being touted is the surge in interest in Bitcoin, which is nearing \$100,000 and has similar scarcity properties ➤ Fundamentally, if rate cuts slowdown, it could keep the opportunity cost of holding gold at an elevated level

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