

Weekly Capsule (Sep 16 – Sep 20) and Impact Analysis

News Announcement	Impact Analysis
<ul style="list-style-type: none"> ➤ WPI inflation for August tones down to 1.31%, against 2.04% in July 2024 	<ul style="list-style-type: none"> ➤ The WPI inflation has now tapered a full 212 basis points from the June peak level of 3.43%, hinting at tapering input costs ➤ The fall was across the board on a yoy basis, including food inflation, primary inflation, oil inflation, but flat core inflation
<ul style="list-style-type: none"> ➤ Merchandise trade deficit for August 2024 widens to \$29.7 billion 	<ul style="list-style-type: none"> ➤ The spike in the merchandise trade deficit came largely from a spike in gold imports to an unprecedented high of \$10 billion ➤ China, Russia, and the United Arab Emirates are the 3 nations with whom India runs the biggest merchandise trade deficit
<ul style="list-style-type: none"> ➤ Services trade surplus for August 2024 was slightly higher at \$14.99 billion 	<ul style="list-style-type: none"> ➤ Services exports were not able to sustain the pace of growth due to limited tech spending globally amid growth worries ➤ However, the overall deficit in August 2024 spiked 41% to \$14.66 billion hinting at sharply higher current account deficit
<ul style="list-style-type: none"> ➤ In a surprise move, the FOMC cuts benchmark rates by 50 basis points 	<ul style="list-style-type: none"> ➤ This is sharply higher than the consensus 25 bps rate cuts and hints at growth worries and an intent to front load rate cuts ➤ The Fed has also hinted at an aggressive glide path which will cut rates by another 50 bps in 2024 and 250 bps by Jun-2026
<ul style="list-style-type: none"> ➤ Fed quarterly projects cuts inflation forecast, raises unemployment ratio 	<ul style="list-style-type: none"> ➤ There is not much change in growth, but unemployment was upped to 4.4% for 2024 and PCE inflation cut to 2.3% ➤ As a result, the Fed has hinted at aggressive front loading of rate cuts touching 200 bps by end of 2025
<ul style="list-style-type: none"> ➤ Michelle Bowman offers first dissent vote at FOMC after 19 years 	<ul style="list-style-type: none"> ➤ Bowman became the first governor since Marc Olsen in 2005 to officially dissent on the decision to cut rates by 50 bps ➤ Michelle Bowman wanted the Fed to restrict itself to just 25 bps rate cut to underline that inflation was still an issue
<ul style="list-style-type: none"> ➤ BHEL gets Rs6,100 crore power project order from state owned NTPC Ltd 	<ul style="list-style-type: none"> ➤ The order is for EPC of 1X800 MW Sipat Supercritical Thermal Power Project (Stage III) in the state of Chhattisgarh ➤ While NTPC has a strong green energy franchise, it is also not overlooking thermal power expansion to meet power demand
<ul style="list-style-type: none"> ➤ Schloss Bangalore, operator of Leela Hotels, files for Rs5,000 crore IPO 	<ul style="list-style-type: none"> ➤ The fresh issue portion will be worth Rs3,000 crore while the balance Rs2,000 crore will be by way of offer for sale (OFS) ➤ Out of the Rs3,000 fresh funds raised, the company plans to use nearly Rs2,700 crore for prepayment of high cost debt
<ul style="list-style-type: none"> ➤ Passive giant, Vanguard, invests Rs1,000 crore across 7 Indian firms 	<ul style="list-style-type: none"> ➤ The Vanguard buy list included Arvind Fashions, Concord Bio, Marksans Pharma, Sansera, VA Tech Wabag, Genus Power etc ➤ Vanguard is predominantly specialized in passive funds and it normally changes allocation based on index weight changes

<ul style="list-style-type: none"> ➤ Board of Mankind Pharma approves fund raising of Rs10,000 crore via NCDs 	<ul style="list-style-type: none"> ➤ The funding will be a mix of NCDs at short end commercial paper (CPs) and will entirely be on a private placement basis ➤ Mankind Pharma had been listed only last year and it is among the largest pharma companies in India today
<ul style="list-style-type: none"> ➤ SEBI allows mutual funds to trade in credit default swaps (CDS) for liquidity 	<ul style="list-style-type: none"> ➤ A purchase of CDS is like buying protection or insurance against a likely default by the issuer of debt in India ➤ This will not only help manage the risk of the debt portfolio, but also help to improve the liquidity in market at macro level
<ul style="list-style-type: none"> ➤ HDFC Bank board approves proposed IPO of its subsidiary, HDB financial 	<ul style="list-style-type: none"> ➤ The total IPO will comprise of a fresh issue of Rs2,500 crore plus an offer for sale by the parent company, HDFC Bank ➤ This is just the first step and now the IPO also needs approval from SEBI, the stock exchanges, and other regulatory bodies
<ul style="list-style-type: none"> ➤ RBI lifts gold loan ban on IIFL Finance, SEBI imposes ban on Axis Capital 	<ul style="list-style-type: none"> ➤ Gold loans at IIFL Finance had been banned by the RBI over alleged lapses pertaining to the assaying and valuation of gold ➤ In the case of Axis Capital, it was a case of an underwriting deal that was effectively a guarantee scheme
<ul style="list-style-type: none"> ➤ ED restores assets worth Rs14,120 crore to creditors of Kingfisher airlines 	<ul style="list-style-type: none"> ➤ The restitution of assets confiscated by the ED would be able to meet bank obligations, subject to value realized ➤ Currently, India is also negotiating with the UK government to get Vijay Mallya extradited, but not much headway was made
<ul style="list-style-type: none"> ➤ Supreme Court denies any relief to telecom companies on AGR charges 	<ul style="list-style-type: none"> ➤ This is likely to hit Bharti Airtel and Vodafone Idea, although the latter is likely to take a bigger hit due to its funds crunch ➤ The Supreme Court has reiterated its 2019 order and denied any benefits for arithmetical errors, so full dues to be paid
<ul style="list-style-type: none"> ➤ NTPC Green, the arm of NTPC, files DRHP with SEBI for Rs10,000 crore IPO 	<ul style="list-style-type: none"> ➤ The entire IPO will be by way of a fresh issue to bankroll its green energy plans and no offer for sale portion ➤ If the listing goes through, NTPC Green will become the first pure green energy company to be listed in India
<ul style="list-style-type: none"> ➤ India net direct tax collections surge by 16.1% in FY25 to Rs9.95 trillion 	<ul style="list-style-type: none"> ➤ Personal income tax flows were up by over 19% while the flow of corporate taxes in FY25 were up over 10% in the year ➤ Flows from securities transaction tax (STT) have already crossed Rs26,100 crore in less than 6 months of the year
<ul style="list-style-type: none"> ➤ ICRA report says that chunk of thematic funds underperform their indices 	<ul style="list-style-type: none"> ➤ With nearly 43% of the sectoral and thematic funds doing worse than the index, it does raise questions for investors ➤ This is more so considering the fact that the thematic funds have seen best flows and lead in AUM among equity funds
<ul style="list-style-type: none"> ➤ AWS and Vodafone Idea stop offering services to Byju's over unpaid dues 	<ul style="list-style-type: none"> ➤ While AWS offers cloud services to Byju's, it relies on the all India telecom network services of Vodafone Idea ➤ While AWS and Vodafone have not commented, Byju's has denied the report and said that they had shift to Google Cloud

<ul style="list-style-type: none">➤ Hindalco Ltd to start manufacturing solar modules in state of Gujarat	<ul style="list-style-type: none">➤ Hindalco has already identified the location and the land for the project and is awaiting final approval from the Board➤ This will mark the first foray of Hindalco into the green energy segment, where many others have already surged ahead
<ul style="list-style-type: none">➤ SEBI squeezes bonus share credit deadline to T+3 days from T+15 days	<ul style="list-style-type: none">➤ That means, on the third working day after the bonus record date, the shares will be credited to the demat account➤ This compression from 15 days to 3 days will ensure that shares don't get locked up are available immediately

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