

## Weekly Capsule (May 27 – May 31) and Impact Analysis

News Announcement	Impact Analysis
➤ Exit polls for the general elections give hints of a third clean sweep for NDA	<ul style="list-style-type: none"> <li>➤ It may be what the markets wanted as the ruling NDA is all set to sweep the 2024 election, possibly, with record vote share</li> <li>➤ The actual results of the polls will only be known on June 04, 2024; but exit polls almost appear to be in sync on outcome</li> </ul>
➤ India reports Q4FY24 GDP growth at 7.6% and FY24 GDP growth at 8.2%	<ul style="list-style-type: none"> <li>➤ The Q4 and FY24 GDP are much higher than projections of the economists as well as of the government itself for FY24</li> <li>➤ While agriculture continued to be tepid in Q4, the turnaround in manufacturing, mining and select services continued</li> </ul>
➤ India flatters the street with 20 bps lower fiscal deficit at 5.6% for FY24	<ul style="list-style-type: none"> <li>➤ This is not just 20 bps lower than the revised estimate of fiscal deficit but 30 bps lower than the original budget estimate</li> <li>➤ This adds more credibility to the government expectations of 5.1% fiscal deficit to GDP ratio for FY25, or even lower</li> </ul>
➤ Some signs of fiscal deficit carry forward to FY25 visible in April	<ul style="list-style-type: none"> <li>➤ As per the April update for FY25 fiscal deficit, it already stands at 12.5% of full year target due to pushing of Q4 deficit to Q1</li> <li>➤ However, the government is likely to further reduce the fiscal deficit target below 5.1% due to the RBI dividend largesse</li> </ul>
➤ The US reports lower Q1 GDP for 2024 at 1.3%, in the second estimate	<ul style="list-style-type: none"> <li>➤ The second estimate of Q1 GDP is nearly 30 bps lower than the first estimate at 1.6% as nominal GDP has clearly slowed</li> <li>➤ The GDP growth had touched 4.9% in Q3-2023 and 3.4% in Q4, so some impact of the Fed tightness is now visible</li> </ul>
➤ US PCE inflation for April 2024 comes in flat at 2.7%, core PCE flat at 2.8%	<ul style="list-style-type: none"> <li>➤ While PCE food inflation was lower in April, the actual pressure came from the energy inflation which spiked sharply</li> <li>➤ However, the CME Fedwatch is enthusiastic that the GDP pressure and the flat inflation will start rate cuts in September</li> </ul>
➤ India core sector growth for April 2024 comes in sequentially higher at 6.2%	<ul style="list-style-type: none"> <li>➤ Out of the 8 core sectors, 7 core sectors reported positive growth with only fertilizers reporting negative growth</li> <li>➤ The growth, as usual, came from electricity, coal, and steel; and surprisingly also got a leg-up from natural gas output</li> </ul>
➤ RBI recently moved 100 tonnes of gold from the UK to its vaults in India	<ul style="list-style-type: none"> <li>➤ Clearly, India is consolidating its reserve position and now wants to take gold more seriously as a reserve component</li> <li>➤ The last time gold was moved, was the other way, when gold was pledged in 1991 for a loan to avert a national crisis</li> </ul>
➤ Monsoon arrives early in Kerala, nearly one day ahead of the schedule	<ul style="list-style-type: none"> <li>➤ The IMD has already predicted normal rainfall this year; which means the range of 96% to 104% of long period average (LPU)</li> <li>➤ An early arrival of monsoon and a good spread is the key to a solid Kharif crop in India, with implications for food inflation</li> </ul>

<ul style="list-style-type: none"> <li>➤ IIFL Samastha Finance to raise Rs1,000 crore via the issue of secured bonds</li> </ul>	<ul style="list-style-type: none"> <li>➤ IIFL Samastha is a microfinance NBFC and the issue has a base size of Rs200 crore with a greenshoe option of Rs800 crore</li> <li>➤ The peak interest rate offered is of 10.5% on 60-month tenure, which is among the best in class that one can expect</li> </ul>
<ul style="list-style-type: none"> <li>➤ SEBI has asked the top 100 listed Indian firms to verify rumours in 24 hours</li> </ul>	<ul style="list-style-type: none"> <li>➤ The company in question has to explicitly confirm or deny the rumour and it applies to 250 companies from December 2024</li> <li>➤ SEBI has been trying to curb the tendency by companies and the media to influence stock prices with ambiguous language</li> </ul>
<ul style="list-style-type: none"> <li>➤ Foreign investors turned extremely bearish ahead of election outcome</li> </ul>	<ul style="list-style-type: none"> <li>➤ FPI caution is normally visible from the put protection that these FPIs buy and index long short ratio is down sharply</li> <li>➤ This could also mean that after the exit polls, there could be a rush to cover these shorts pushing up the markets further</li> </ul>
<ul style="list-style-type: none"> <li>➤ GST collections soar to Rs1.73 trillion in May 2024 and Rs3.83 trillion in FY25</li> </ul>	<ul style="list-style-type: none"> <li>➤ The GST collection data is a high frequency indicator and it is currently in sync with the big GDP growth expected</li> <li>➤ FY25 GST collections in the first 2 months are a full 11.3% higher on a yoy basis, with similar growth in net GST too</li> </ul>
<ul style="list-style-type: none"> <li>➤ Board of Canara Bank approves IPO of its insurance subsidiary this fiscal</li> </ul>	<ul style="list-style-type: none"> <li>➤ The parent will dilute 14.5% stake in Canara HSBC Life Insurance via IPO, and final RBI and SBI approvals are awaited</li> <li>➤ Canara Bank plans to list both its subsidiaries viz., Canara Robeco AMC and Canara HSBC Life Insurance in FY25</li> </ul>
<ul style="list-style-type: none"> <li>➤ Indian companies report lower dividend payout ratio in FY24</li> </ul>	<ul style="list-style-type: none"> <li>➤ For the 2,400 companies that declared results, dividend payout ratio stands at a 5 year low of 34.83% only</li> <li>➤ For the Nifty 50 basket, the dividend payout ratio has fallen sharply from 42.5% in FY23 to 37.1% in financial year FY24</li> </ul>
<ul style="list-style-type: none"> <li>➤ NSE launched the first electrical vehicle (EV) index with 2018 as base year</li> </ul>	<ul style="list-style-type: none"> <li>➤ The base value will be Rs1,000 and it is likely to facilitate the creation of passive index products on the EV theme in India</li> <li>➤ The index covers the entire EV ecosystem from batteries, to infrastructure, EV manufacturing and allied services</li> </ul>
<ul style="list-style-type: none"> <li>➤ NTPC Green Energy planning its Rs8,000 crore IPO in fiscal year FY25</li> </ul>	<ul style="list-style-type: none"> <li>➤ The IPO is likely to hit the market in the second half of FY25 and is likely to substantially be an offer for sale of NTPC stake</li> <li>➤ NGEL is already driving most of the market cap accretion in NTPC and the stake sale is likely to be a good value booster</li> </ul>
<ul style="list-style-type: none"> <li>➤ S&amp;P upgraded India's credit outlook from stable to positive on macros</li> </ul>	<ul style="list-style-type: none"> <li>➤ While the rating itself remains static at BBB, the indications are clear that India is on course for a rating upgrade</li> <li>➤ In the last 3 years, India has not only increased its GDP growth, but also controlled its fiscal deficit at a fast clip</li> </ul>
<ul style="list-style-type: none"> <li>➤ Paytm denies that it is selling a stake in the company to the Adani group</li> </ul>	<ul style="list-style-type: none"> <li>➤ Both the Adani group and Paytm have denied reports of a likely stake sale, although it seems to be one option for Paytm</li> <li>➤ Vijay Shekhar Sharma's 10% stake in Paytm is worth Rs4,200 crore and he would be keen to protect it the best way</li> </ul>

<ul style="list-style-type: none"> <li>➤ RBI comes down heavily on ECL Finance and Edelweiss ARC for major lapses</li> </ul>	<ul style="list-style-type: none"> <li>➤ The RBI has imposed business restrictions on both companies, especially structured transactions by ECL Finance</li> <li>➤ RBI concern was that ECL Finance was helping to evergreen loans through creative structured deals for its clients</li> </ul>
<ul style="list-style-type: none"> <li>➤ Hindalco, parent of Novelis, will garner \$945 million from its US based IPO</li> </ul>	<ul style="list-style-type: none"> <li>➤ The IPO is priced at \$18 to \$21 and values Novelis at \$12.6 billion, allowing Novelis to list on New York Stock Exchange</li> <li>➤ Hindalco had acquired Novelis in the year 2007 at a valuation of \$6 billion and aluminium may be entering an up-cycle</li> </ul>

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