

Weekly Capsule (Aug 26 – Aug 30) and Impact Analysis

News Announcement	Impact Analysis
<ul style="list-style-type: none"> ➤ India Q1FY25 GDP comes in sharply lower at 6.7%, against 7.8% in Q4FY24 	<ul style="list-style-type: none"> ➤ The lower GDP was triggered by a slowdown in the real GVA and GDP growth in agriculture and in financial services ➤ Manufacturing was higher yoy, but the nominal GDP growth in Q1FY25 at 9.7% was higher than 8.5% in first quarter of FY24
<ul style="list-style-type: none"> ➤ Core sector growth for July 2024 came in sharply higher at 6.12% levels 	<ul style="list-style-type: none"> ➤ While June core sector growth got upgraded by 115 bps, the real story was the sharp growth in refining, steel, and power ➤ While oil extraction and natural gas saw contraction in July 2024, most of the heavyweight sectors showed robust growth
<ul style="list-style-type: none"> ➤ After 4 months of FY25, India fiscal deficit update was 17.2% of full year 	<ul style="list-style-type: none"> ➤ This month, the calculation of fiscal deficit percentage is done on reduced fiscal deficit target of Rs16.13 Trillion for FY25 ➤ This gives the hope that for FY25, the government will not only meet reduced 4.9% fiscal deficit target, but even better it
<ul style="list-style-type: none"> ➤ US Q2 GDP growth second estimate was further upgraded by 20 bps to 3.0% 	<ul style="list-style-type: none"> ➤ It may be recollected that the GDP growth in the first advance estimate had already doubled sequentially from 1.4% to 2.8% ➤ This upgrade to GDP comes from a combination of higher than expected nominal GDP growth and lower inflation reading
<ul style="list-style-type: none"> ➤ PCE inflation in the US for July 2024 came in absolutely flat at 2.5% 	<ul style="list-style-type: none"> ➤ While food inflation and core sector inflation were flat over the previous month, energy inflation eased by 10 bps in July ➤ This steady level of PCE inflation, averaging 2.58% in the last 9 months, gives ample room for rate cuts by Fed in September
<ul style="list-style-type: none"> ➤ The forty seventh AGM of Reliance Industries was conducted in the week 	<ul style="list-style-type: none"> ➤ Among big announcements, Reliance Industries announced a 1:1 bonus to shareholders, the first bonus since year 2017 ➤ In terms of outlook, Mukesh Ambani expressed tremendous optimism on the new energy business matching O2C in size
<ul style="list-style-type: none"> ➤ The ratio of net SIP to gross SIP flows has been consistently falling for 3 years 	<ul style="list-style-type: none"> ➤ The net SIP to gross SIP ratio stood at 53.78% in fiscal year FY23, but fell sharply to 44.16% in fiscal year FY24 ➤ However, in the first 4 months of FY25, the ratio of net SIPs to gross SIPs has fallen further to a level of just 41.25%
<ul style="list-style-type: none"> ➤ SEBI revises eligibility norms for entry and exit of F&O stocks from the list 	<ul style="list-style-type: none"> ➤ The idea of this new norms is that only high quality stocks trade in the F&O market with sufficient cash market liquidity ➤ The median quarter sigma order size and the market wide position limit (MWPL) have been increased by three-fold
<ul style="list-style-type: none"> ➤ IMD has reported that August 2024 rainfall was 16% above the normal 	<ul style="list-style-type: none"> ➤ In fact, rainfall in the critical North West region of India has been at 253.9 mm, which is the highest level since 2001 ➤ Overall rainfall till date, this monsoon season, is 7% above the long period average, with September also likely to do better

<ul style="list-style-type: none"> ➤ Effective October 2024, FPIs will get the funds on trade settlement day itself 	<ul style="list-style-type: none"> ➤ For this a key role has to be provided by the custodians, who have to provide the data on transactions only after T+1 day ➤ As a result, currently, the FPIs can only access their funds on T+2 date or after that, despite India moving to T+1 settlement
<ul style="list-style-type: none"> ➤ FPIs stay net buyers up to a modest Rs7,320 crore in August 2024 	<ul style="list-style-type: none"> ➤ This takes the total investments by the FPIs in Indian equities to Rs42,886 for first 8 months of 2024, lower than last year ➤ However, the net buying in August is higher than the net FPI equity buying figure in the months of June and July 2024
<ul style="list-style-type: none"> ➤ HDFC Bank will sell Rs10,000 crore of loans to plug its current funding gaps 	<ul style="list-style-type: none"> ➤ HDFC Bank will monetize these loans through the issue of pass through certificates (PTC), privately placed with mutual funds ➤ These pass through certificates will be securitized by a pool of HDFC car loans and will offer a robust yield of 8.3% to 8.5%
<ul style="list-style-type: none"> ➤ The mega Rs6,560 crore IPO of Bajaj Housing opens on September 09th 	<ul style="list-style-type: none"> ➤ The IPO by the subsidiary of Bajaj Finance, will have a fresh issue component of Rs3,560 crore and OFS of Rs3,000 crore ➤ The anchor placement of shares will happen on September 06, 2024, while IPO will close for subscription on September 11
<ul style="list-style-type: none"> ➤ A record number of 30 sovereign gold bond (SGB) issues up for redemption 	<ul style="list-style-type: none"> ➤ All these are premature redemptions as they have completed 5 years and are eligible to offer on the redemption window ➤ However, investors redeeming now will have to pay capital gains tax at 12.5% flat, without any indexation benefits
<ul style="list-style-type: none"> ➤ Moody's upgrades India growth target, while Fitch affirms BBB- rating bracket 	<ul style="list-style-type: none"> ➤ The 40 bps upgrade of growth by Moody's from 6.8% to 7.2% is on revival in the capex cycle and boost to rural demand ➤ Moody's and Fitch also pointed out to other positives like controlled fiscal deficit and demographic dividends
<ul style="list-style-type: none"> ➤ Vodafone Idea CEO rules out any debt reduction plans for the time being 	<ul style="list-style-type: none"> ➤ Akshay Moondra thinks debt reduction should start when EBITDA exceeds interest costs and the annual capex costs ➤ In the latest quarter, its interest cost at Rs5,262 crore was still higher than the EBITDA level of a mere Rs4,205 crore
<ul style="list-style-type: none"> ➤ China may be planning shifting large parts of its \$2 trillion of dollar funds 	<ul style="list-style-type: none"> ➤ China has been indicating that it wants to repatriate massive dollar funds held abroad back into China to fund its growth ➤ Forex experts confess that such a move could bring about a massive tumult in the global currency and money markets
<ul style="list-style-type: none"> ➤ SEBI has again underlined the need for secondary markets to move to ASBA 	<ul style="list-style-type: none"> ➤ The ASBA system in vogue in IPOs, debits funds to the bank account only at the time of the transaction settlement ➤ Brokers have been protesting against this move as it is likely to force brokers to hike client charges as they lose the float
<ul style="list-style-type: none"> ➤ Bharti Airtel winds up Wynk, enters into content deal with Apple 	<ul style="list-style-type: none"> ➤ For Bharti Airtel it is a conscious move away from its content related diversification and focus on telecom and digital only ➤ The deal with Apple will offer users of Bharti Airtel services, exclusive access to the content of Apple TV and Apple Music

<ul style="list-style-type: none">➤ New SBI Managing Director, C S Shetty, to focus on expanding retail deposits	<ul style="list-style-type: none">➤ Most banks have seen the cost of funds rising as there has been an increasing dependence on CDs to raise funds➤ To avoid the risk of maturity mismatch, RBI and the Finance Minister urged banks to focus purely on retail deposit growth
<ul style="list-style-type: none">➤ Hindustan Unilever receives CBDT notice for non-deduction of TDS	<ul style="list-style-type: none">➤ This pertains to the Rs3,045 crore deal with GSB India to take over their health and nutrition brands where no TDS was cut➤ However, HUL is of the view that there are enough precedents favour the HUL action and expects limited financial impact

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