

Weekly Capsule (Jul 01 – Jul 05) and Impact Analysis

News Announcement	Impact Analysis
<ul style="list-style-type: none"> ➤ A total of 101 stocks on the BSE are now in the Rs1 trillion market cap club 	<ul style="list-style-type: none"> ➤ This was largely on the back of a very strong rally in mid-cap and small cap stocks in the last 4-6 months-time-frame ➤ Some of the companies that entered the league were RVNL, Mazagon Docks, Cummins, Indus Towers, Vodafone, Solar etc
<ul style="list-style-type: none"> ➤ HDFC Bank may look to sell part of its portfolio to address growth challenges 	<ul style="list-style-type: none"> ➤ HDFC Bank's lending book has come under a lot of scrutiny and this sale may reduce the risk resident in its books ➤ RBI has especially been coming down hard on loan quality due to the credit deposit ratio at the highest level in 10 years
<ul style="list-style-type: none"> ➤ Total Defence production in FY24 grows 17% yoy at Rs1.27 trillion 	<ul style="list-style-type: none"> ➤ This is rapid progress on the central government target of touching Rs3 trillion defence production by year 2029 ➤ This is on the back of focus on indigenous defence output as part of the Make in India and Atma Nirbhar mission
<ul style="list-style-type: none"> ➤ June 2024 saw 42 lakh new demat accounts taking the tally to 16 crore 	<ul style="list-style-type: none"> ➤ This is the fourth time monthly demat accounts crossed 40 lakhs, although the June figure is lower than January 2024 ➤ The Sensex has surged from 70,000 to 80,000 post the election outcome, and that has also spurred demat accounts
<ul style="list-style-type: none"> ➤ Karnataka HC restrains Byju's from allotting shares in the second rights 	<ul style="list-style-type: none"> ➤ According to the HC, the allotment of shares will be put on hold till the final order is passed by the NCLT on investor plea ➤ Byju's has argued that this was just an extension of the first rights, but that argument is unlikely to stand legal scrutiny
<ul style="list-style-type: none"> ➤ Raymond has announced demerger of its realty business into Raymond Realty 	<ul style="list-style-type: none"> ➤ The new company, which is about 25-30% of revenues, will also be listed on the bourses as a separate entity ➤ Shareholders of Raymond will get Raymond Realty shares in the ratio of 1:1 and it is expected to unlock value for holders
<ul style="list-style-type: none"> ➤ JSW Energy plans to invest about Rs1.15 trillion over the next 6 years 	<ul style="list-style-type: none"> ➤ This capex will be largely used to transition the company from an energy generation company to energy solutions company ➤ The company will raise its power capacity to 30 GW and later to 40 GWH as part of the Jindal Strategy 2.0 of the group
<ul style="list-style-type: none"> ➤ Government has hinted at further easing of FDI rules in the budget 	<ul style="list-style-type: none"> ➤ This is largely to address the fall in FDI flows into India, and could include raising the equity eligibility limits for sectors ➤ The government may also go slow on tariffs that inflate the cost of capital equipment for foreign investors in India
<ul style="list-style-type: none"> ➤ Most FMCG companies are expecting a revival of rural demand in Q1FY25 	<ul style="list-style-type: none"> ➤ While Marico and Dabur expect mid-single digit growth in volumes, Adani Wilmar expects double-digit volume growth ➤ The growth is likely to be a lot more robust for the modern and ecommerce channels and flat for traditional channels

<ul style="list-style-type: none"> ➤ India power generation in May 2024 up 15% amidst record power demand 	<ul style="list-style-type: none"> ➤ Total power generation in the month stood at 167.55 billion units compared to 145.61 billion units in the year ago period ➤ Thermal plants (coal-based and gas-based) contributed about 73% of this output, with the balance 27% by all others
<ul style="list-style-type: none"> ➤ Sovereign funds bullish on India, even as FPIs and PE fund stay wary 	<ul style="list-style-type: none"> ➤ The sovereign funds include big fund names like GIC, Singapore, ADIA, Abu Dhabi, and Kuwait Investment Authority ➤ These Sovereign funds are finding India a lot more attractive from a long term perspective as growth transitions
<ul style="list-style-type: none"> ➤ Brent Crude crossed \$87/bbl while WTI crude also settled above \$83/bbl 	<ul style="list-style-type: none"> ➤ The spike in oil prices in the week was largely on the back of a larger than expected drawdown in the US oil reserves ➤ In addition, demand for oil is robust even as Russia plans to sharply cut supplies of crude oil in the second half of 2024
<ul style="list-style-type: none"> ➤ Full budget may not change estimate disinvestment at Rs50,000 crore 	<ul style="list-style-type: none"> ➤ This is largely on the back of the luxury of Rs2.11 trillion dividend paid out by the RBI to the government of India ➤ With government PSUs now a lucrative holding, the budget may instead focus on raising the monetization plan limits
<ul style="list-style-type: none"> ➤ Reliance Jio posts higher adjusted gross revenue (AGR) for Q4 at Rs25,331 crore 	<ul style="list-style-type: none"> ➤ Bharti Airtel was in second place with AGR of Rs20,950 crore in the quarter, but reported a higher growth rate of 13.3% ➤ While Vodafone managed to eke out 2.2% gains in AGR, the PSU players, MTNL and BSNL, reported negative AGR growth
<ul style="list-style-type: none"> ➤ NSE requests SEBI to revisit the NSE IPO which was first filed 7 years ago 	<ul style="list-style-type: none"> ➤ About 5 years back, SEBI had returned the DRHP of NSE, asking them to refile after the colocation issue was resolved ➤ There are a number of marquee investors (domestic banks, LIC and FPIs) who have been waiting for an exit route
<ul style="list-style-type: none"> ➤ Legal experts are of the view that SEBI may have a strong case on Hindenburg 	<ul style="list-style-type: none"> ➤ Earlier, Hindenburg had dismissed SEBI's show cause notice as being biased, although Hindenburg had now shown proof ➤ If the allegations of Hindenburg were unfounded, they can be pulled up under Section 11 for disrupting market functioning
<ul style="list-style-type: none"> ➤ Sensex crosses 80,000 in the week, gaining over 14% since election results 	<ul style="list-style-type: none"> ➤ Sensex had touched a low of around 70,000 on counting day, but has bounced back sharply after Modi 3.0 was formed ➤ The revival was largely led by heavyweight banking and oil & gas, but defence stocks have nearly doubled in a month
<ul style="list-style-type: none"> ➤ FOMC minutes acknowledge falling inflation, but too early for rate cuts 	<ul style="list-style-type: none"> ➤ Despite PCE inflation at 2.6%, fall in GDP growth and balance in the labour markets; FOMC members are wary of rate cuts ➤ The CME Fedwatch the first rate cut to happen in September, but some sections feel there may be no rate cut in 2024
<ul style="list-style-type: none"> ➤ ISMA wants higher export room for sugar due to big surpluses expected 	<ul style="list-style-type: none"> ➤ For SCY 2024-25, the closing stock is expected at 91 lakh tonnes, which is well above the standard 55 lakh tonnes ➤ An export thrust will improve cash flows of sugar mills and also ensure timely payment to the cane producing farmers

<ul style="list-style-type: none"> ➤ India raises Russian June oil imports from 1.7 million bpd to 1.9 million bpd 	<ul style="list-style-type: none"> ➤ Russia alone today accounts for 41% of the overall Indian oil import basket followed by Iraq at 16.3% of the basket ➤ While Saudi Arabia and UAE are at the third and fourth position, the surprise is the US at fifth position in June 2024
<ul style="list-style-type: none"> ➤ HDFC Bank may see a spike in MSCI index weightage on more FPI room 	<ul style="list-style-type: none"> ➤ HDFC Bank's foreign ownership at 54.83% is below the MSCI threshold of 55.5%, so fresh FPI flows can now come in ➤ This also makes a case for doubling the weight of HDFC Bank in the MSCI Index, resulting in a surge of FPI inflows

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