



DECEMBER 23, 2024

# THE FINANCIAL BREW

## INDIAN MACRO NEWS :

### India's Trade deficit widens for the month of Nov



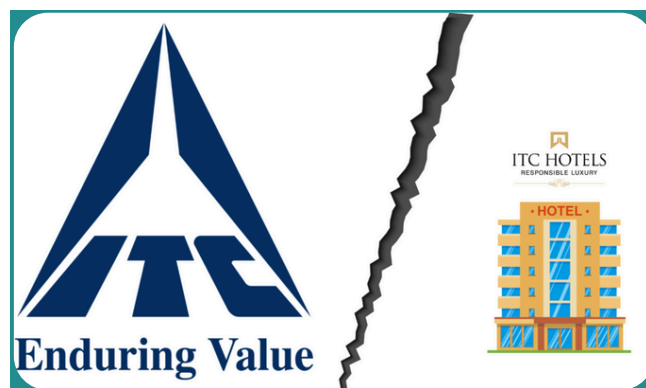
India's trade deficit hit an all-time high of \$37.84 Billion. According to the data released by ministry of commerce imports rose by 27% (YoY) to a record high of \$69.55 Billion largely due to high inbound shipments of vegetable oil, silver and fertiliser, at the same time India's exports contracted by 4.85 percent (YoY) to \$32.11Billion. During the same period India's Gold imports also reached a record high of \$14.86 Billion which is a four-fold jump from previous year's \$3.44Billion. Trade deficit from April to November widened to \$202.42 Billion from \$170.98 Billion during the same period last year.

## India's 55th GST Council Meet



The GST meet which is held quarterly occurred on Saturday. The council has announced the following changes: The council increased the GST on all used car vehicles from 12% to 18%. For popcorn different rates are 5% for unpackaged popcorn with salt and spices, 12% for prepackaged and 18% for caramel packaged popcorns. The council also clarified that there will be no GST charged on gift vouchers. GST rate reduced to 12% for AAC blocks containing more than 50% fly ash and other important points that were discussed but were deferred included lowering GST on insurance and health premiums, reducing GST charge on food delivery apps and ATF.

## ITC Hotels demerger from ITC



On 4 th October NCLT sanctioned and approved the demerger and the record date for the same is 6 th Jan'2025. The swap ratio is 1:10. The major reason for the demerger of hotel segment from the conglomerate was to unlock operational efficiency and enhance shareholder value. The top line of hotel segment grew by 15% compared to FY23 and has grown 17% (QoQ) and the ROCE for the hotel segment was only 10% for FY24 and in the range of 3 to 5% on a quarterly basis lowest in all segments of ITC, high capex has been allocated and the hotel segment is not generating meaningful returns. The demerger may help in improving the ROCE due to operational efficiency and proper management

## Indian Automobile sector



India's Automotive sector only sold 4% more vehicles and generated a 7% more revenue for the first 11 months compared to last year for the same period. The auto sector has been struggling which was visible with lower demand, higher discounts by dealerships and lower inventory turnover

Company	2023 (Jan-Nov)		2024 (Jan-Nov)		Change in Volume (%)	Change in Revenue (%)
	Volume	Revenue (incentive adjusted), in ₹ cr	Volume	Revenue (incentive adjusted), in ₹ cr		
Maruti Suzuki	16,02,890	1,30,170	16,25,308	1,35,518	1.4	4.1
Hyundai	5,59,328	64,389	5,63,216	65,190	0.7	1.2
Tata	5,07,400	53,016	5,18,252	55,872	2.1	5.4
Mahindra	3,97,705	61,244	4,87,035	74,868	22.5	22.2
Toyota	1,97,903	43,707	2,72,540	57,083	37.7	30.6
BYD	2,497	818	3,012	1,123	20.6	37.2
Force Motors	147	22	340	58	131.3	162.5
<b>Total</b>	<b>32,67,870</b>	<b>3,53,366</b>	<b>34,69,703</b>	<b>3,89,713</b>	<b>6.2</b>	<b>10.3</b>

(Source: Jato Dynamics)

The growth in volume based on body type has been due to the growth in MPV (18.8%), Minivan (34%) and SUV (12.9%) at the same time hatchbacks (-16%), sedans (9.7%) and micro cars (-14.1) have contributed negatively

Body Type	2023 (Jan-Nov)		2024 (Jan-Nov)		Change in Volume (%)	Change in Revenue (%)
	Volume	Revenue (incentive adjusted), in ₹ cr	Volume	Revenue (incentive adjusted), in ₹ cr		
Sport Utility Vehicle	18,53,702	2,75,150	21,55,783	3,10,593	16.3	12.9
Hatchback	10,42,082	78,189	8,75,597	65,673	-16.0	-16.0
MPV	3,71,023	35,912	4,37,327	42,670	17.9	18.8
Sedan	3,70,917	45,623	3,28,180	41,189	-11.5	-9.7
Micro Car	1,31,108	6,601	1,09,624	5,672	-16.4	-14.1
Minivan	82,674	20,553	1,02,024	27,534	23.4	34.0
Convertible	271	290	193	229	-28.8	-21.2
Coupe	100	146	107	159	7.0	9.0
<b>Overall</b>	<b>38,51,877</b>	<b>4,62,465</b>	<b>40,08,835</b>	<b>4,93,717</b>	<b>4.1</b>	<b>6.8</b>

(Source: Jato Dynamics)

# Fed cuts interest rates by 25 bps



In the 12 months through November, the CPI climbed 2.7% after increasing 2.6% in October, and a 0.3% rise MoM. The US Federal Reserve cut interest rates by 25bps and brought the target range to 4.25% and 4.5%. Also, the fed signalled a more cautious approach for 2025. The earlier expectation of four rate cuts were revised to only two rate cuts in 2025. The impact of this decision was seen worldwide as major indices fell significantly. S&P 500 & Dow Jones fell by 2% and 2.25% respectively. Nifty 50 fell by 4.77% and BSE Sensex fell by 4.98%.

# Japan's CPI number for November



**Japan's Headline inflation climbed to 2.9% in November, up from 2.3% in the previous month. The core inflation rate rose to 2.7% and beat the estimates of 2.6%. Food prices increased by 4.8% from a year earlier in November 2024, following a 3.5% rise in the previous month. The Bank of Japan has maintained its status quo and kept the interest rates unchanged at 0.25% with possible further rate hikes based on inflation, employment and wages data.**

COMMODITY PRICES



International gold prices decreased by 0.94% to close at \$2,622.45/Oz



International silver prices decreased by 3.47% to close at \$29.48/Oz



International crude oil prices decreased by 1.93% to close at \$72.52/bl

Indian Equity Benchmarks			
INDEX	20-Dec-24	13-Dec-24	Change%
SENSEX	78,041	82,133	-4.98%
NIFTY 50	23,587	24,768	-4.77%
NIFTY Bank	50,759	53,584	-5.27%
NIFTY IT	43,771	45,996	-4.84%
NIFTY Mid Cap 150	21,050	21,748	-3.21%
NIFTY Small Cap 250	17,693	18,264	-3.12%
US 10 Yr. bond yield	4.53	4.39	14bps
India 10 Yr. bond yield	6.79	6.72	7bps
INR/USD	84.92	84.82	-0.20%

Latest Indian Economic Numbers			
Name	Value	Name	Value
Nominal GDP- Q2FY25	Rs 76.60 lakh crore	Nominal GDP- Q1FY25	Rs 77.31 lakh crore
CPI (Nov'24)	5.48%	CPI (Oct'24)	6.21%
WPI (Oct'24)	2.36%	WPI (Sep'24)	1.84%
Mfg. PMI (Nov'24)	57.3	Mfg. PMI (Oct'24)	57.4
FII Net Outflow – Week ended 20 <sup>th</sup> Dec		INR 15,828. Cr	
DII Net Inflow – Week ended 20 <sup>th</sup> Dec		INR 11,873 Cr	
India Fx Reserves – Week ended 20 <sup>th</sup> Dec		\$652.87bn	\$654.86bn (13 <sup>th</sup> Dec)