

BIZ & BEYOND

Breaking News

The Campus Grapevine

- US elections and their impact on Indian equities. Article by Saily Ashok Dalvi

Global Market Watch: A Snapshot in Time

- Sensex:** Down 0.30% at 79,486.32. This indicates a slight decline, suggesting some investors may be selling off shares.
- Nifty50:** Decreased by 0.64% to 24,148.20, following a similar trend as the Sensex.
- S&P 500:** Up 4.66% at 5,995.54, showing strong performance in the U.S. stock market.
- Gold (US\$/OZ):** Down 1.88% at 2,683.89. The drop suggests that investors are moving away from gold as they favor stocks.

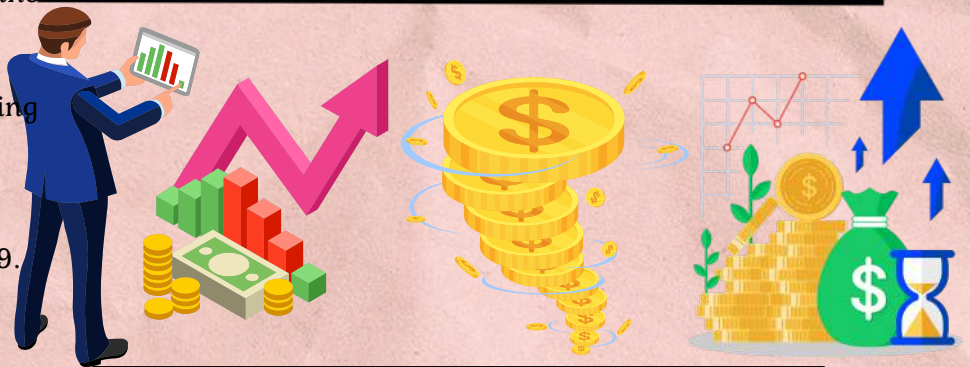
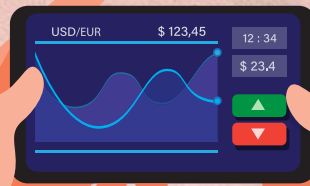
Index	Change
Sensex	79,486.32 ▼ -0.30%
Nifty50	24,148.20 ▼ -0.64%
S&P 500	5,995.54 ▲ 4.66%
NASDAQ	19,286.78 ▲ 5.74%

Currency	Change
JPY/INR	0.56 ▲ 1.82%
EUR/INR	90.46 ▼ -0.70%
USD/INR	84.38 ▲ 0.30%
GBP/INR	109.05 ▲ 0.31%



Commodity	Change
Gold(US\$/OZ)	2,683.89 ▼ -1.88%
Silver(US\$/OZ)	31.30 ▼ -3.45%
WTI Crude Oil	70.38 ▲ 1.28%
Natural Gas	2.66 ▲ 1.14%

Crypto	Change
BTC	76,552.86 ▲ 10.07%
ETH	2,693.20 ▲ 7.15%
USDT	1.00 ▲ 0.00%
BNB	598.20 ▲ 4.35%



Overall, while Indian stock indices are facing minor declines, U.S. markets are thriving, and there is a noticeable shift in investor preference towards equities over commodities like gold and silver, alongside a bullish trend in cryptocurrencies.

FPIs withdraw record Rs 94,000 cr from Indian equities in October



October witnessed a record outflow of Rs 94,000 crore (around \$11.2 billion)

This sharp reversal followed a nine-month high investment in September and was largely driven by elevated Indian stock valuations compared to the more appealing prices of Chinese equities, which have been bolstered by stimulus measures. While FPIs were net buyers for most of 2024, October's exodus dragged their total yearly investment down significantly.



KEY POINTS

- The heavy selling pressure contributed to an 8% drop in benchmark indices, impacting the financial sector particularly hard, although domestic investors have provided some cushion.

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Future FPI flows are expected to depend on global factors like geopolitical events, interest rates, the Chinese economy, and the US election, along with domestic indicators like inflation, corporate earnings, and festive season demand.

Navi FinServ

RBI allows home loan disbursements sanctioned before Oct 20: Navi Finserv

The Reserve Bank of India has permitted Navi Finserv to resume disbursing scheduled home loans sanctioned prior to October 20. This decision comes as a relief to homebuyers waiting for their loans amid earlier restrictions imposed due to supervisory concerns. Similar restrictions were placed on three other NBFCs



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Castrol India appoints Kedar Lele as Managing Director

Kedar Lele has been appointed as the new Managing Director of Castrol India Ltd, effective November 1, succeeding Sandeep Sangwan. Lele brings extensive experience from his tenure at Hindustan Unilever Ltd, where he last served as Executive Director for Sales and Customer Development, South Asia.

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Maruti targets 2x exports by end of decade



Maruti Suzuki India Ltd (MSIL) has set an ambitious target of exporting 850,000 vehicles annually by 2030-31, nearly tripling its 2023-24 export volume. This strategy, fueled by the company's upcoming EV lineup, builds on a record-breaking export performance in October, where shipments surged 51% year-on-year.

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MSIL views exports as vital for driving global competitiveness and bolstering its brand image, both domestically and internationally. The company is diversifying its export portfolio across 17 models and 100 countries, mitigating risks from regional instability, and focusing on key markets like Latin America, the UAE, and South Africa while expanding into new territories. To support this ambitious growth, MSIL is investing in enhanced logistics infrastructure, particularly railway transport, and emphasizing technological advancements and quality improvements.



The success of its export strategy is considered crucial for maintaining MSIL's leading position in the competitive Indian automotive market.

India makes formal bid to host 2036 Olympics

India makes formal bid to host 2036 Olympics

The Indian Olympic Association (IOA) has formally expressed its interest in hosting the 2036 Olympics and Paralympics in New Delhi by submitting a Letter of Intent to the International Olympic Committee (IOC). This action follows initial discussions with the IOC's Future Host Commission in August and aligns with Prime Minister Narendra Modi's stated goal of bringing the Games to India. However, the IOA is currently facing internal conflicts and challenges, including recent athlete protests, which could complicate the bid process.



The IOC's decision will depend on various factors, such as infrastructure, financial stability, and the ability to host a sustainable event. While India pursues its 2036 bid, Los Angeles is set to host the 2028 Summer Olympics, and Brisbane will host the 2032 Games.

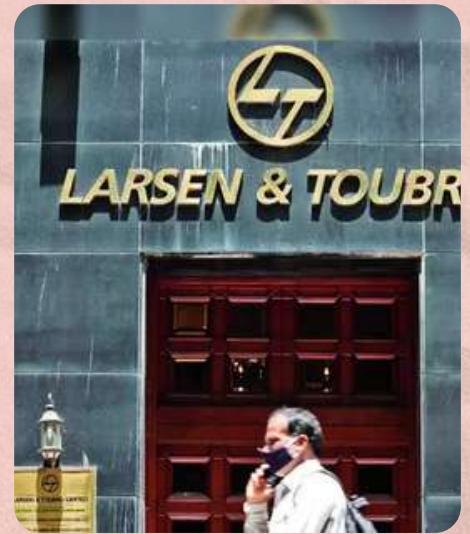
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Challenges to India's

L&T eyes aerospace expansion to ride India's \$44 billion private space market push

Larsen & Toubro is expanding its aerospace division to strengthen its role in India's growing private space sector. This follows the government's effort to open the industry to private firms. The company plans to leverage its long-standing relationship with ISRO for manufacturing launch vehicles and aims to tap into the future demand for commercial satellite launches.



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MCG Giant Filters Non-Core Businesses

> HUL had launched Pureit in Chennai in **2004** before introducing it nationally in **2008**, the same year when AO Smith became the first US **water heater co** to enter Indian market

> Pureit posted a turnover of **₹293cr** in FY24 — less than **1%** of HUL's total turnover

> The deal is **positive for HUL**, given that water purification biz is hypercompetitive, analysts said



AO Smith completes acquisition of Pureit Business from HUL

A. O. Smith Corporation has completed its acquisition of HUL's water purification business Pureit. This move aligns with A. O. Smith's strategy to expand its water treatment product portfolio and distribution. Pureit's water purification solutions are available in various countries including India, Bangladesh, Sri Lanka, Vietnam, and Mexico.

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Yet another ARC to shut shop, this time an Aditya Birla joint venture

Aditya Birla Asset Reconstruction Company

Aditya Birla Asset Reconstruction Company is winding down its operations in India, joining other fund-backed ARCs exiting due to challenges in the sector. The decline in non-performing loans and preference for government-backed NARCL's terms have contributed to this trend, highlighting shifting investor interests.

Going Out of Business

ARC LICENSING TRENDS

SEVEN ARC licences issued by RBI in 2016, **5 in 2018**

ONLY 2 new licences were granted in the last six years – **NARCL** and **Shriram Finance**

THE NET worth requirement is **₹300 crore** from 2022

AFTER THE increase in net-worth requirement from **₹2 cr** in 2016 to **₹100 crore** in 2017, licences have slowed down



GLOBAL FUND-BACKED ARCS' ENTRIES AND EXITS

2018: FIVE MAJOR GLOBAL-BACKED ARCS LAUNCHED IN INDIA:

- Arcion Revitalisation (Apollo Global/ICICI Bank)
- India Resurgent Fund (JV between Bain Capital and Piramal)
- Lone Star India

EXITS:

- Lone Star: Licence surrendered in December 2022
- Arcion: Licence surrendered in August 2023
- Other fund-backed ARCs are inactive, indicating a lack of sustained viability in the sector

SHIFT FROM ARC OWNERSHIP TO SR INVESTMENT

2017: Investment in ARC equity stood at around **₹500 crore**



2024: Investment in SR (Security Receipt) transactions soared to **₹30,000 crore**

INVESTORS SHOW interest in SR transactions (single trades) over ARC ownership, reflecting a preference for liquidity and lower commitment

DEAL FLOW AND ASSET MANAGEMENT TRENDS

RECENT QUARTERS show a decline in new distressed asset acquisition deals by ARCs. Redemptions are outpacing issuances, leading to negative AUM growth

SR ISSUANCES VS. REDEMPTIONS

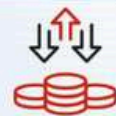
Q1 FY25: Issuances at **₹3,600 crore**, Redemptions at **₹6,310 crore**



Q2 FY25: Issuances at **₹4,700 crore**, Redemptions at **₹6,852 crore**

TOTAL ACQUISITIONS AND DECLINING AUM

Overall ARC Acquisitions: Over **₹10 lakh crore** in distressed assets



Declining AUM due to higher redemption rates, increased net worth have reduced the attractiveness of the sector

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Nissan to axe 9,000 jobs, cut production on weak China, US sales



Struggling with slumping sales in China and the US, Nissan Motor Co. announced a major restructuring plan involving 9,000 job cuts and a 20% reduction in global production capacity.

The automaker aims to cut costs by \$2.6 billion this fiscal year, having misjudged the rapid growth of the hybrid vehicle market in the US and facing fierce competition from domestic EV makers in China. The restructuring also includes executive pay cuts, shortened vehicle development timelines, increased collaboration with partners, and the sale of up to 10% of its Mitsubishi Motors stake. These drastic measures reflect the severity of Nissan's challenges and the company's urgent need to address its declining performance in crucial markets.



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RBI actions this week



Date	Action	Details
October 30, 2024	Conducted a review of the monetary policy framework	Emphasized the importance of liquidity management and strategies for controlling inflation.
October 31, 2024	Issued notification on UPI123PAY	Launched a new feature to enhance digital payment accessibility for users without smartphones.





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US elections and their impact on Indian equities

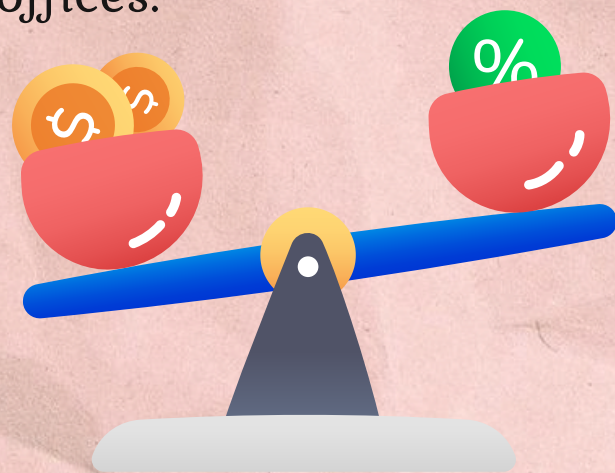
Article by Saily Ashok Dalvi

MBA FinTech-DB 2023-25 Batch

Introduction

The US Election System is a complex process involving national and state-level processes. It involves primaries or caucuses in each state to allow voters to choose their preferred candidate for the general election. The winner is determined by the "winner-take-all" system, with the candidate with the most votes winning the entire state's electoral votes or the seat. The President is chosen by the Electoral College, not by popular vote.

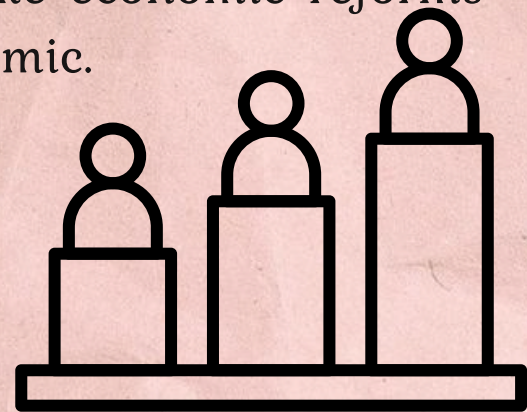
The House of Representatives is elected every two years, representing individual congressional districts within each state. Senators are elected every six years, with two senators representing each state. Each state also holds elections for governor, state legislature, and local offices.



US elections and their impact on Indian equities

US Elections and Their Impact on Indian Equities: A Tale of Two Eras

The US Presidential elections have a profound impact on global markets, including Indian equities. While the effects are multifaceted and dependent on specific circumstances, the recent past reveals clear patterns. In 2016, Donald Trump's surprise victory sparked market volatility due to uncertainty surrounding his policies on trade and immigration. The Indian Rupee weakened, affecting export-oriented businesses, and sectors like IT and pharmaceuticals faced potential changes in US visa regimes and trade policies. Despite initial uncertainty, India ultimately benefited from the US economic growth under Trump, leading to increased foreign investment. However, the 2020 election, held amidst the COVID-19 pandemic, saw a more nuanced impact. While the pandemic's recessionary pressures dominated, political polarization and uncertainty contributed to a sense of unease. While some sectors like IT thrived, others like tourism suffered, highlighting the sectoral divergence caused by the pandemic. The Indian market, like many emerging markets, increasingly focused on domestic factors like economic reforms and the government's response to the pandemic.



US elections and their impact on Indian equities

These past elections demonstrate that US elections impact Indian equities in conjunction with global economic and geopolitical factors. Specific policies and rhetoric of US candidates have a significant impact on certain sectors, as seen in the 2016 impact on the IT and pharmaceutical sectors. However, the Indian equity market is increasingly resilient, demonstrating its ability to navigate global uncertainties. This resilience stems from a focus on domestic factors and the strong fundamentals of the Indian economy, providing a buffer against external shocks. The upcoming US elections will likely bring new challenges and opportunities, and understanding these historical trends will be crucial for investors to make informed decisions.



US elections and their impact on Indian equities

According to Media Report: What will be the current impact of US election on Indian Equities

Donald Trump's possible return to the US presidency could positively impact Indian sectors such as automotive, energy and metals, with a largely neutral outlook expected for the pharmaceutical industry, as per Business Standard.

The US, which accounts for roughly 18% of India's merchandise exports, is a major market for Indian goods, particularly electronics, gemstones, pharmaceuticals, nuclear reactors, and petroleum products. Additional, though smaller, exports include iron, steel, automobiles, and textiles.

India also stands out as a significant exporter of services to the US, especially in IT and professional services. Both the Trump and Biden administrations have seen notable rallies in US and Indian equity markets.

During Trump's first term, the S&P 500 and NASDAQ grew by 70.2% and 142.9%, respectively, while under Biden, they rose by 50.8% and 36.8%.

In India, the Sensex and Nifty gained 82.3% and 73.6% under Trump and continued their upward trend with gains of 59% and 64.5% during Biden's administration, according to Business Standard, citing Bloomberg data.

In a recent note, Phillip Capital analysts Anjali Verma and Navaneeth Vijayan suggested that a potential presidency under Kamala Harris would bring continuity to the economy and asset markets, Business Standard said.

US elections and their impact on Indian equities

According to HSBC, a Democratic clean sweep could bring about corporate tax hikes and stricter antitrust laws, which might put pressure on US equities.

Additionally, uncertainty regarding big tech and AI regulations could impact market sentiment. Alastair Pinder, HSBC's head EM and Global Equity Strategist, mentioned that a divided Congress could increase uncertainty around tax policies.

A Trump victory with a split Congress could lead to heightened trade tensions, potentially affecting global equities.

Conversely, a Trump presidency could introduce tariff challenges for India as part of a domestic focus, primarily directed at China, but likely affecting Indian trade as well.

Despite potential short-term fluctuations in the Indian stock markets due to the US election results, the medium- to long-term trajectory of Indian equities is expected to depend primarily on domestic factors.

On the international front, much will depend on the US Federal Reserve's decisions regarding interest rates, which will influence global capital flows and investment sentiment.

US elections and their impact on Indian equities

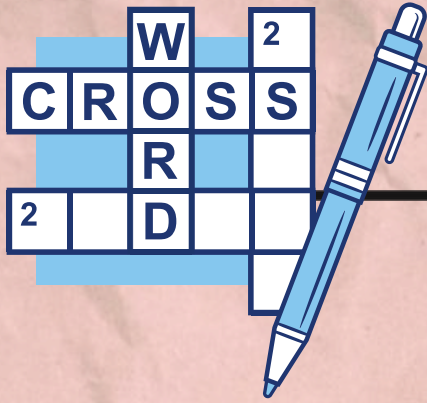
Conclusion

Looking ahead, India's medium to long-term equity trajectory will largely be driven by domestic factors like regulatory policies, inflation, interest rates, economic growth, and corporate earnings. Local investor behavior will also play a significant role. Internationally, the US Federal Reserve's interest rate decisions will influence global capital flows and sentiment. While a Trump presidency could introduce trade challenges for India, the overall impact of the US election on Indian equities is likely to be less pronounced than in the past, with domestic factors taking center stage. Investors should remain vigilant, monitoring both US and Indian market developments to make informed decisions. Ultimately, the future of Indian equities will depend on its own strength and ability to navigate both domestic and global headwinds.

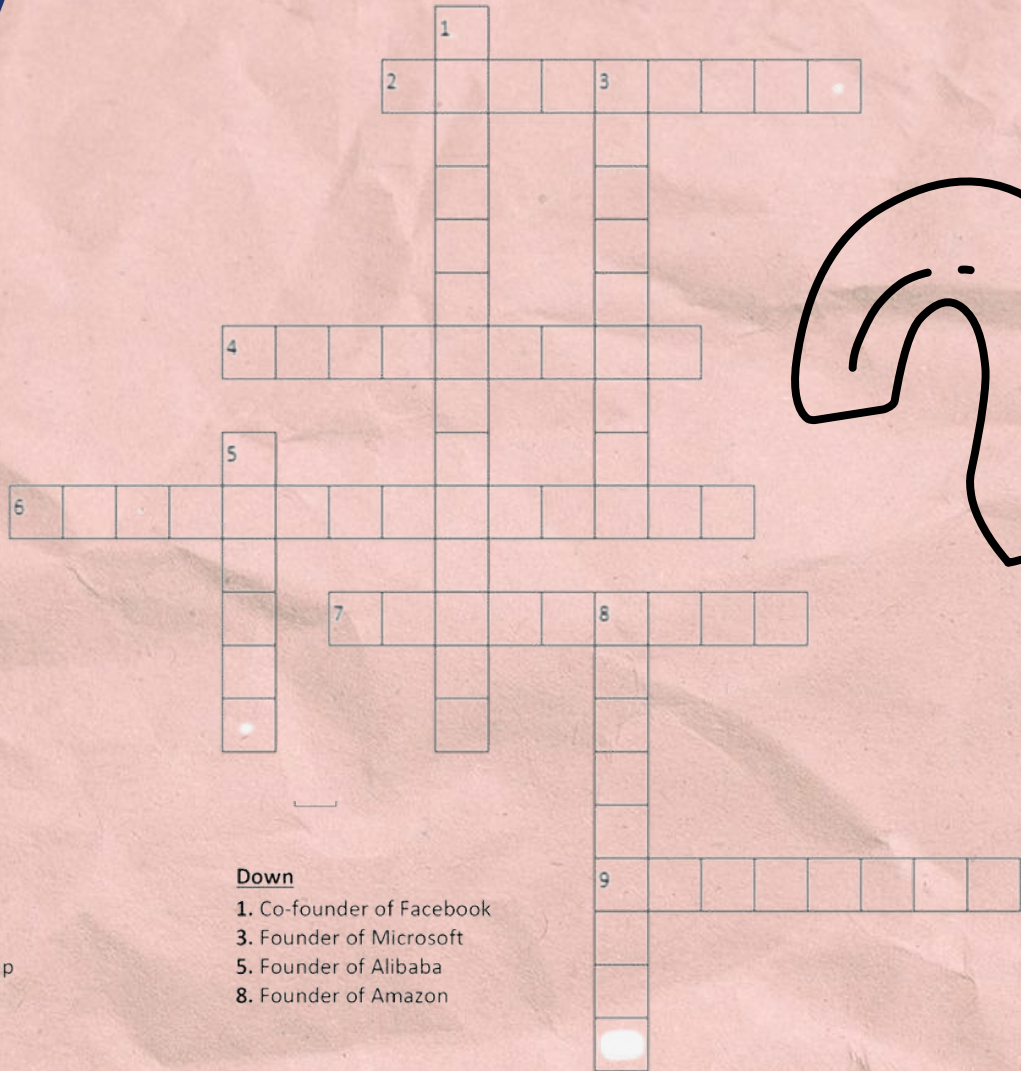
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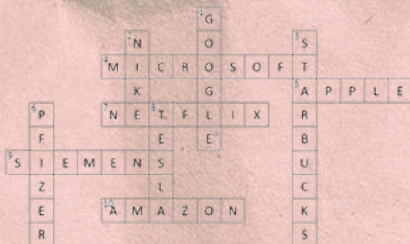
2. Founder of Spanx
4. "Shark Tank" investor
6. Founder of Virgin Group
7. Co-founder of Apple
9. CEO of Tesla

Down

1. Co-founder of Facebook
3. Founder of Microsoft
5. Founder of Alibaba
8. Founder of Amazon

Submit the solution

Spoiler Alert: Crossword Solution
Inside (Issue 8)



Across

2. Software giant known for Windows (MICROSOFT)
4. Smartphone manufacturer based in Cupertino (APPLE)
6. Entertainment streaming service with a red "N" logo (NETFLIX)
7. German engineering and technology company specializing in industrial automation (SIEMENS)
9. Giant online retailer founded by Jeff Bezos (AMAZON)

Down

1. Search engine giant, also a verb (GOOGLE)
3. Sportswear giant with a swoosh logo (NIKE)
5. Coffeehouse chain with a green mermaid logo (STARBUCKS)
8. Pharmaceutical giant that developed Lipitor (PFIZER)
10. Electric car manufacturer led by Elon Musk (TESLA)



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