

PAISA VASOOL

August 2024 Newsletter

Gaurav Goel

Let's Begin....



LAMOKSH INVESTMENTS

World This Month



Bounce Back

- ▶ The initial fears gave way to confidence in US economy. US Markets bounced back in style and global markets followed suit. Real GDP grew by 3% in the second quarter of 2024 up from 2.8% in the initial estimate and 1.4% in the first quarter.
- ▶ Fed Chairperson Jerome Powell signaled readiness to cut interest rates in September citing increased downside risks to the labor markets. In a highly anticipated speech at Jackson Hole, Powell stated, “the time has come for the policy to adjust” emphasizing that the direction of rate cut is clear but their timing and pace will depend upon upcoming data and the evolving economic outlook.
- ▶ The US ISM manufacturing PMI edged higher to 47.2 in August missing expectations of 47.5 and reflecting the 21st monthly contraction in US factory activity in the last 22 periods.
- ▶ Exports from Japan rose by 10.3% YoY to a 7 month top of JPY 9619.17 Bn in July 2024, sharply accelerating from a 5.4% growth in the prior month but falling short of market estimates of 11.4%. Japan’s economy expanded 0.8% QoQ in Q2 of 2024 above market forecasts of 0.5% and a reversal from a 0.6% fall in Q1.
- ▶ US market cap stands at 60.5% of the global market cap followed by Japan at 6.2%, UK at 3.7%, China at 2.8%. Indian share stands at 2%.
- ▶ Dollar Index DXY fell by 2.24% and Bitcoin by 8.73% in August. Gold gained by 2.35% and coffee by 7.95% while Soybean fell by 4.86% during the same period. Brent corrected by 4.84% on tapering demand and increased output.



USA: Tall Towers

US Indices

Performance across time frames in last 1 year

■ Dow Jones ■ S&P 500 ■ NASDAQ ■ Russell 2000

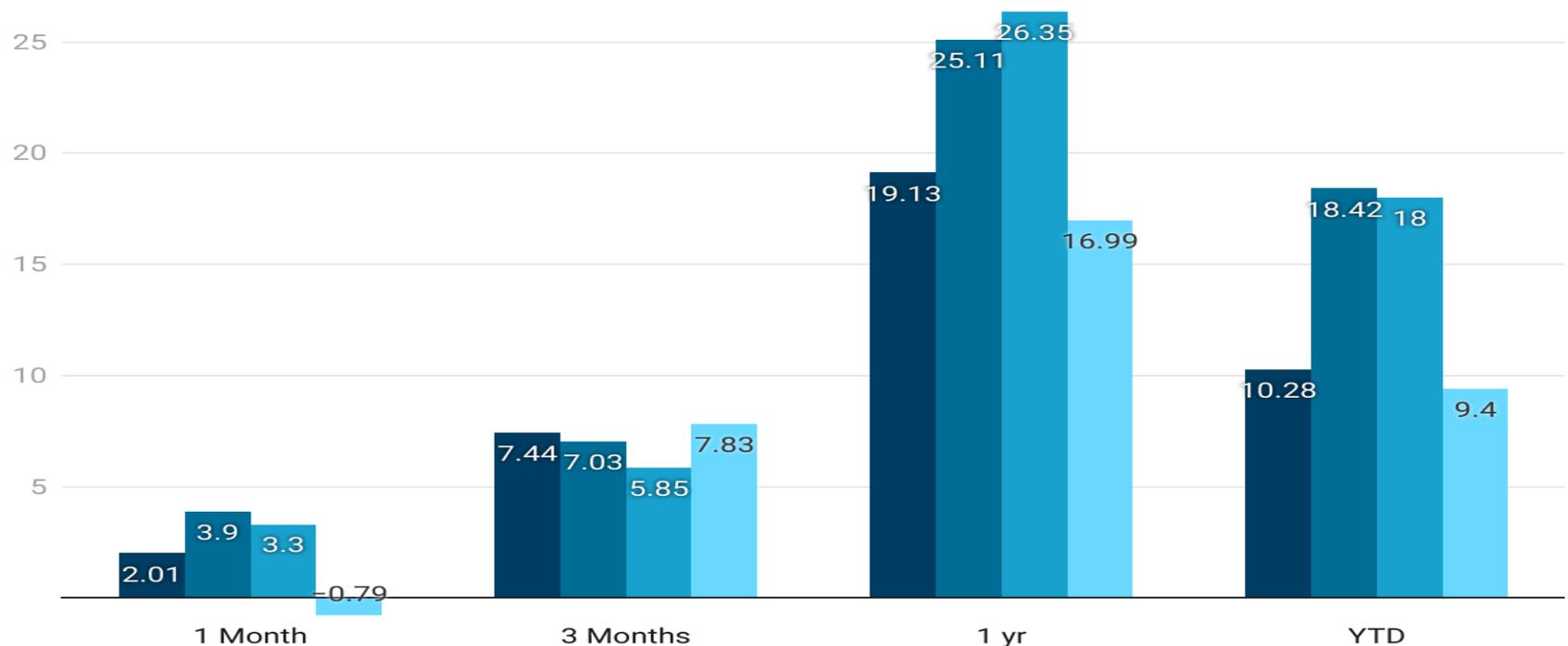


Chart: Gaurav Goel • Source: Lamoksh Investments • Created with Datawrapper



Global: Good Going

Global Equity Indices

Performance Chart of 1 month and 1 year

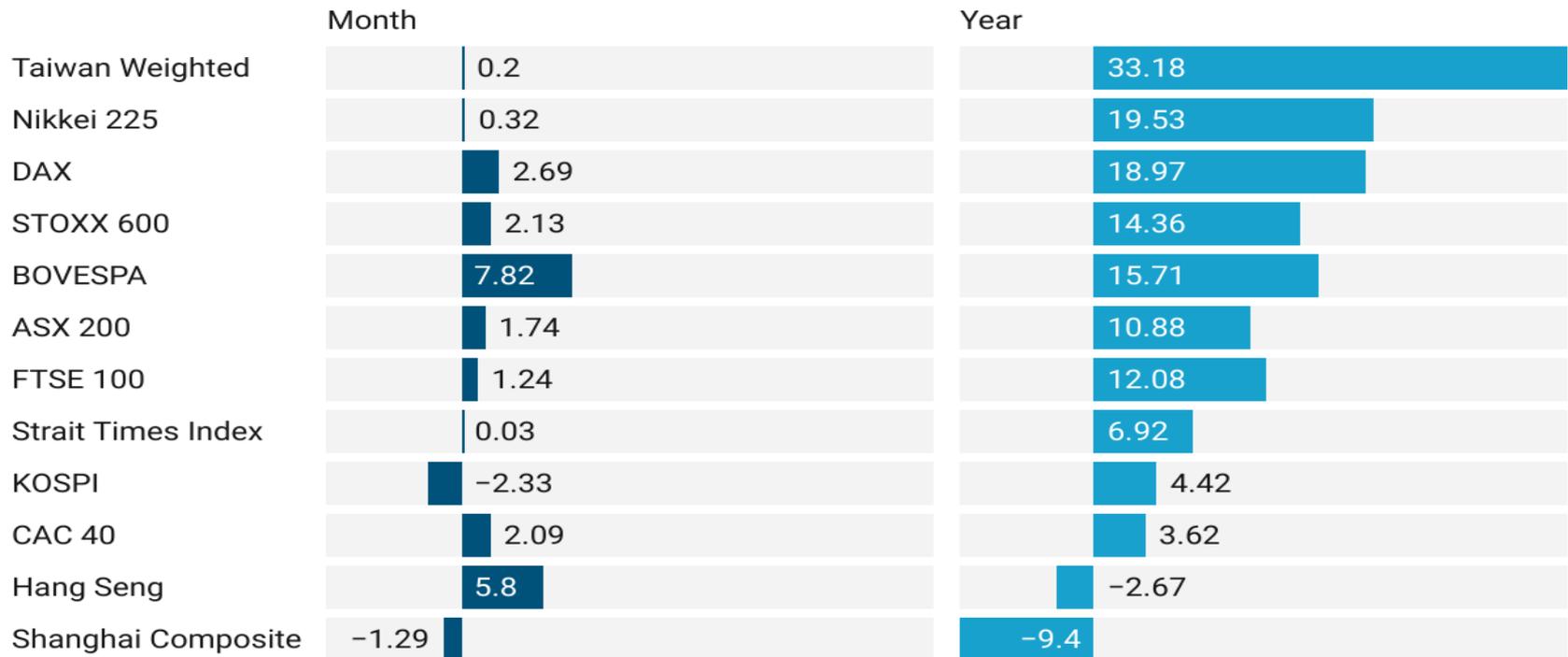
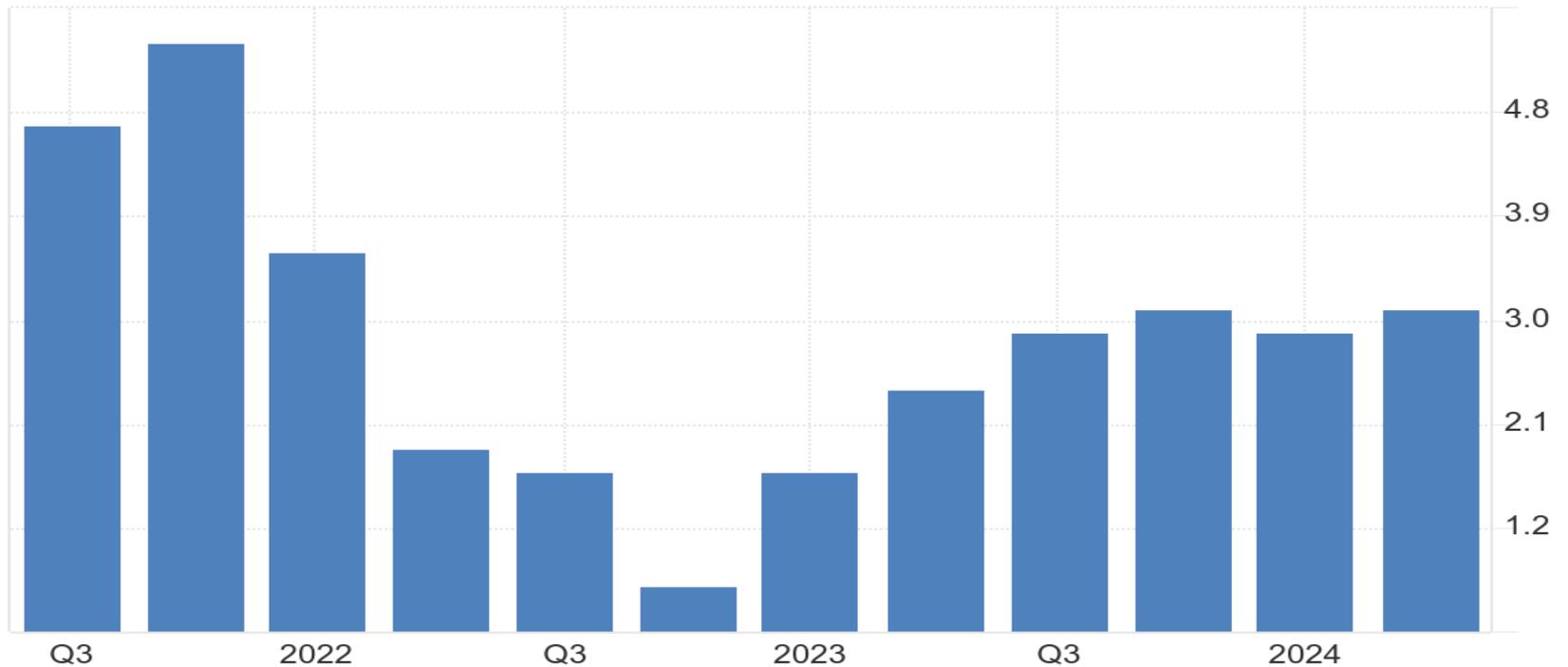


Chart: Gaurav Goel • Source: Lamoksh Investments • Created with Datawrapper



US GDP Annual Growth Rate

US GDP Annual Growth Rate - percent

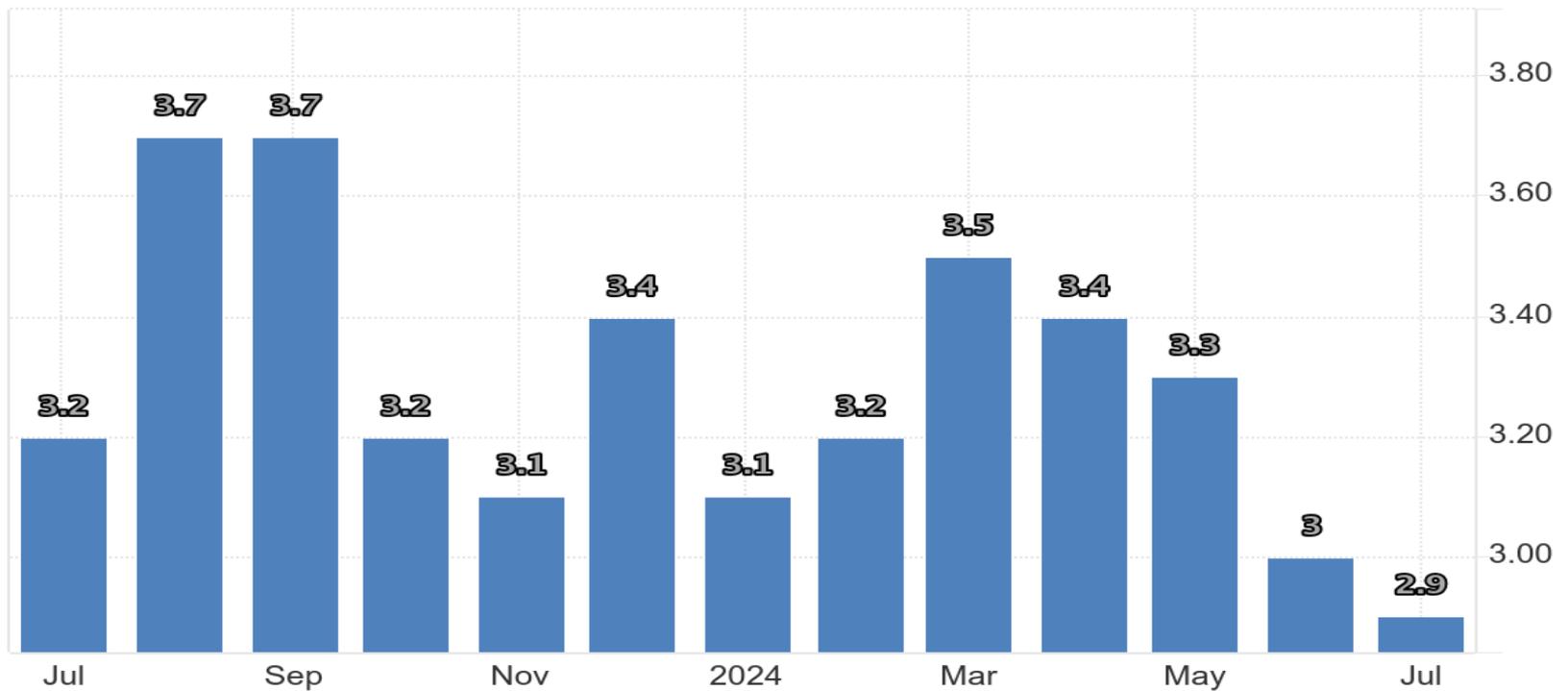


Source: tradingeconomics.com | U.S. Bureau of Economic Analysis



US Inflation

US Inflation Rate - percent



Source: tradingeconomics.com | U.S. Bureau of Labor Statistics



Deceleration

US 10 Year Note Bond Yield



source: tradingeconomics.com



Currencies & Commodities

Commodity	Month	Year
Coffee	7.90%	60.72%
Uranium	-6.16%	30.45%
Gold	2.35%	29.04%
Silver	-0.65%	18.09%
Aluminium	7.09%	11.10%
Copper	-0.57%	9.45%
Palm Oil	1.77%	-1.53%
Coal	2.61%	-7.85%
Brent	-4.84%	-10.79%
Wheat	0.85%	-11.67%
Steel	6.56%	-15.90%
Cotton	4.46%	-22.25%
Soybean	-4.86%	-28.40%

Commodities

Currency Pair	Description	Month	Year
BTCUSD	BITCOIN	-8.73%	127.08%
GBPUSD	British Pound	2.13%	3.58%
EURUSD	EURO	2.06%	1.90%
USDINR	Indian Rupee	0.18%	1.42%
USDBRL	Brazilian Real	-0.82%	13.27%
USDCNY	Chinese Yuan	-1.90%	-2.57%
USDSGD	Singapore Dollar	-2.24%	-3.32%
DXY	Dollar Index	-2.24%	-1.82%
AUDUSD	Australian Dollar	3.31%	4.35%
USDRUB	Russian Ruble	6.65%	-4.45%
USDJPY	Japanese Yen	-2.42%	0.43%

Currencies



INDIA: High Valuations

- ▶ August was an underwhelming month for Indian equities in comparison to other markets on back higher equity valuations. The fear of possible recession in US spooked Indian equities initially in the month. Rebound happened but it was not as strong as global markets.
- ▶ Most sectors performed poorly in August barring defensives like Pharma, Consumption and IT.
- ▶ Broader markets particularly the midcap index is trading at a PE multiple of 44.21X and PB multiple of 5.2X on a trailing basis which is on the higher side. Even the small caps are trading at high multiples. Safety margins have reduced considerably.
- ▶ August manufacturing PMI stood at 57.5 vs 57.0 MoM whereas services PMI stood at 60.9 vs 60.4 in July. Total Auto Sales were up 9% at 76755 units vs 70368 units YoY. August gross GST collection was up 10% at 1.74 lac Cr vs 1.59 Lac Cr in the previous year.
- ▶ Q1 FY25 GDP growth was at 6.7% vs 8.2% YoY and 7.8% QoQ while GVA was at 6.8%. Vs 6.3% July eight core industrial growth stood at 6.1% vs 5.1% MoM.
- ▶ India's forex reserves jumped by USD 7.02 bn to hit an time high of od USD 681.69 bn as of August 23, 2024. Yet Rupee depreciated against US dollar by 0.18% despite DXY index falling by 2.24%.
- ▶ RBI Governor Shaktikanta Das was rated A+ in Global Central Bank report card for the second consecutive year.

Underperformance

Indian Benchmark Indices

Performance Chart Across Multiple Tenors

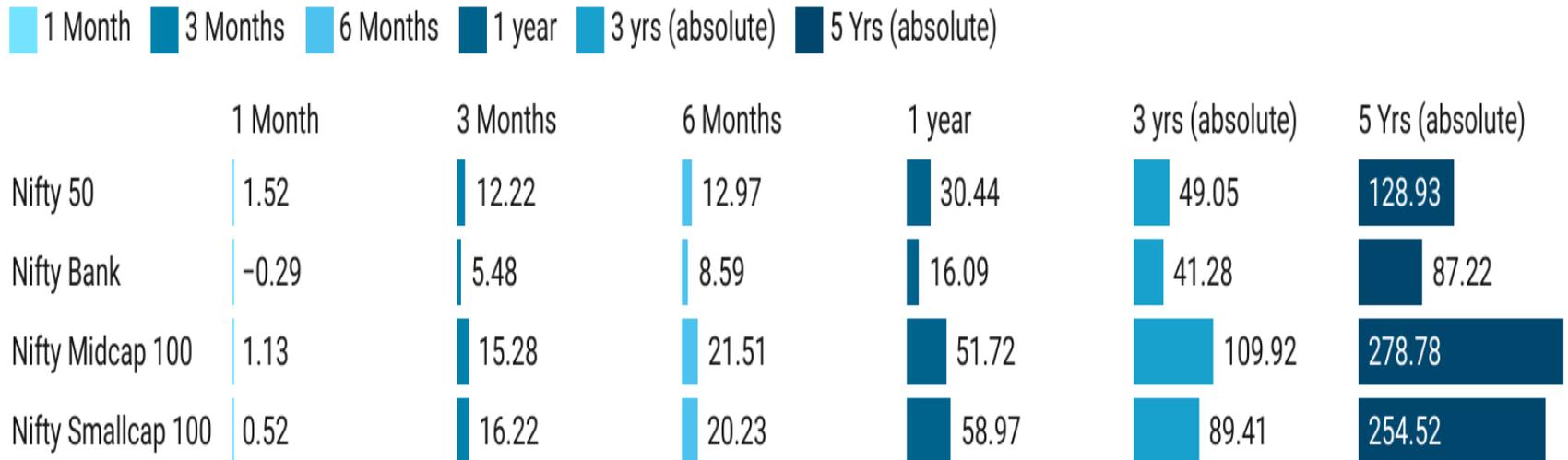


Chart: LaMoksh Investments • Source: Gaurav Goel • Created with Datawrapper



Sectoral Performance

Sectoral Indices

Performance chart across multiple tenors



Chart: Gaurav Goel • Source: Lamoksh Investments • Created with Datawrapper



Index Valuations

Index	Fall from 52 Wk Peak	EPS	PE	PB	Valuation Verdict
Nifty 50	-0.13%	1075.20	23.47	4.30	Slightly Expensive
Nifty Bank	-4.12%	3446.40	14.90	2.90	Cheap
Nifty Midcap 100	-0.31%	1341.00	44.21	5.20	Very Expensive
Nifty Smallcap 100	-0.68%	637.60	30.28	4.50	Expensive



Index Forward Valuations

Index	1 Yr Fwd EPS	1 Yr Fwd PE	2 Yr Fwd EPS	2Yr Fwd PE	Valuation Verdict
Nifty 50	1236.5	20.4	1422.0	17.7	Neutral
Nifty Bank	3963.4	13.0	4557.9	11.3	Undervalued
Nifty Midcap 100	1542.2	38.4	1773.5	33.4	Very Expensive
Nifty Smallcap 100	733.2	26.3	843.2	22.9	Expensive



US Vs Indian Equity markets

US Vs India

Comparison of Benchmark Indices

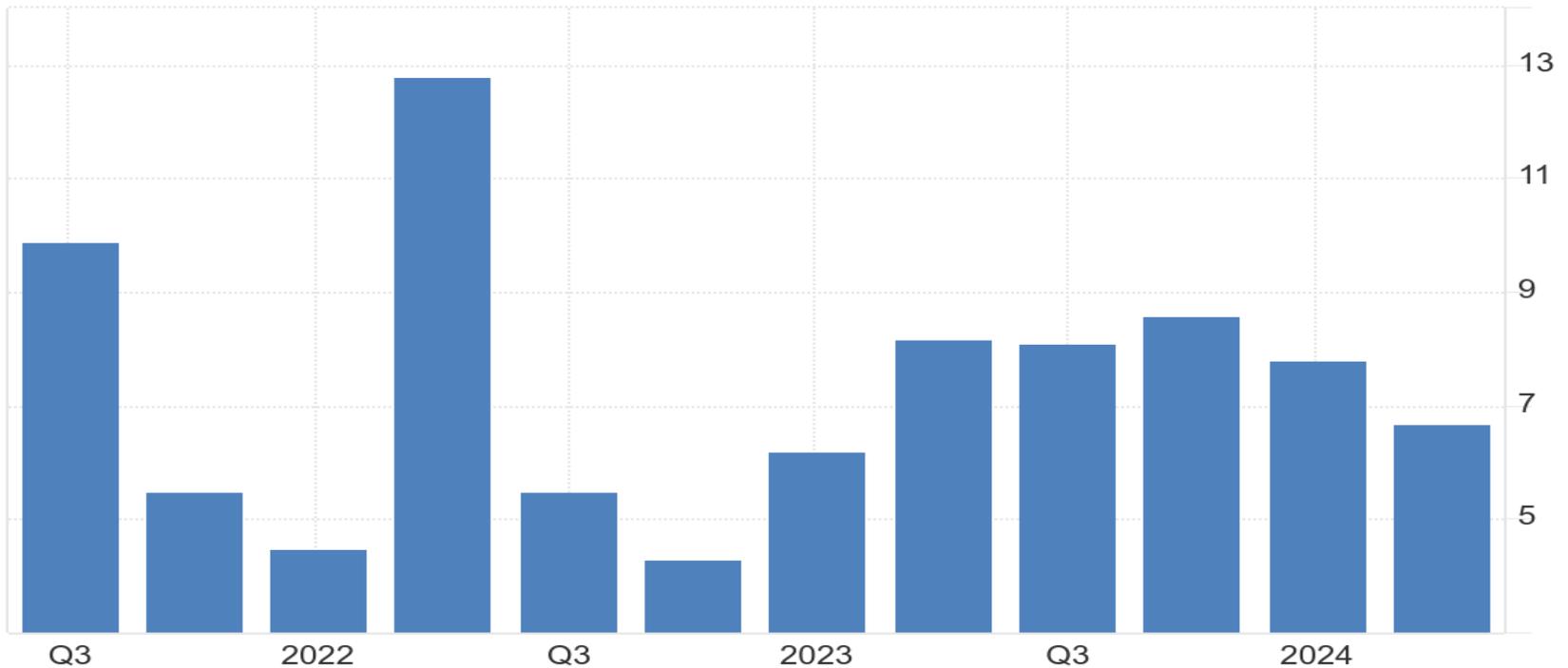


Chart: Gaurav Goel • Source: Lamoksh Investments • Created with Datawrapper



India GDP Yearly Growth Chart

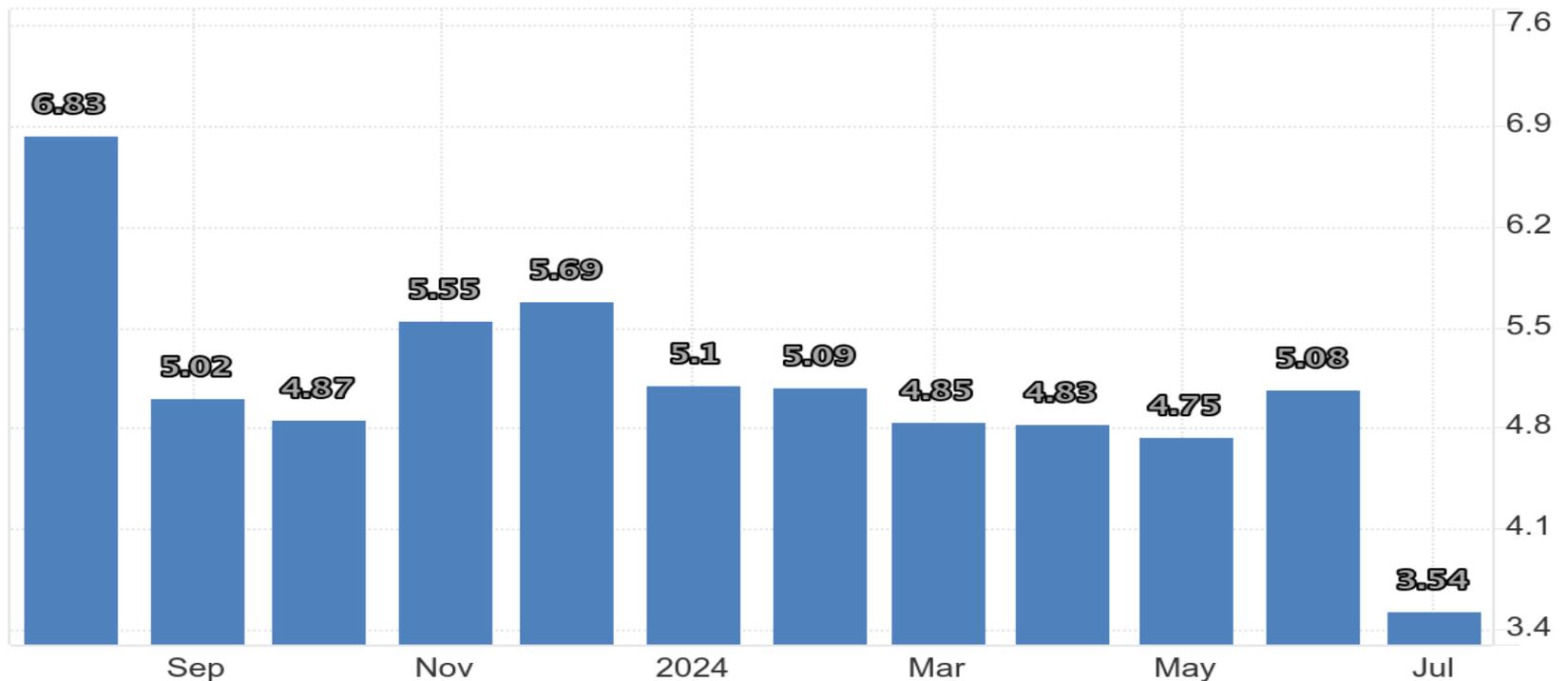
IN GDP Annual Growth Rate - percent



Source: tradingeconomics.com | Ministry of Statistics and Programme Implementation (MOSPI)

Indian Inflation: Declining On A High Base

IN Inflation Rate - percent



Source: tradingeconomics.com | Ministry of Statistics and Programme Implementation (MOSPI)

India 10 Year G-Sec Yield Curve

India 10Y Bond Yield



source: tradingeconomics.com



Crystal Ball

- ▶ Indian equities have done very well in last 5 years. However, the valuations are expensive compared to peer countries especially in the broader markets. As a result, the margin of safety has reduced considerably. We expect Indian markets are likely to remain rangebound till earnings catch up and bring valuations down. Financial remain the most attractive amongst the sectors.
- ▶ This is a good time to revisit the portfolios. Cut the crap and switch to quality stocks. Check the equity allocation percentage in your portfolio and if it has crossed the upper limit then shave off the excess. The opportunities to make money in short term have reduced substantially. Markets still look good from long term investing landscape.
- ▶ While there are lot of companies hitting the IPO market, investors need to be selective. Invest only in good companies coming at reasonable valuations. More caution is advised in the SME space which has become extremely frothy.
- ▶ We expect US fed to start cutting interest rates from September. We expect 3 rate cut in this calendar year. Global markets will follow suit.
- ▶ Amongst global stock markets, we like US markets. Lower interest rates will lift equity markets further. Money will flow into emerging markets and India could potentially be a big beneficiary.
- ▶ Japanese equities are going through a roller coaster journey. Japanese government has now got into the act. Chinese stocks remain lacklustre. We remain negative on Chinese economy,



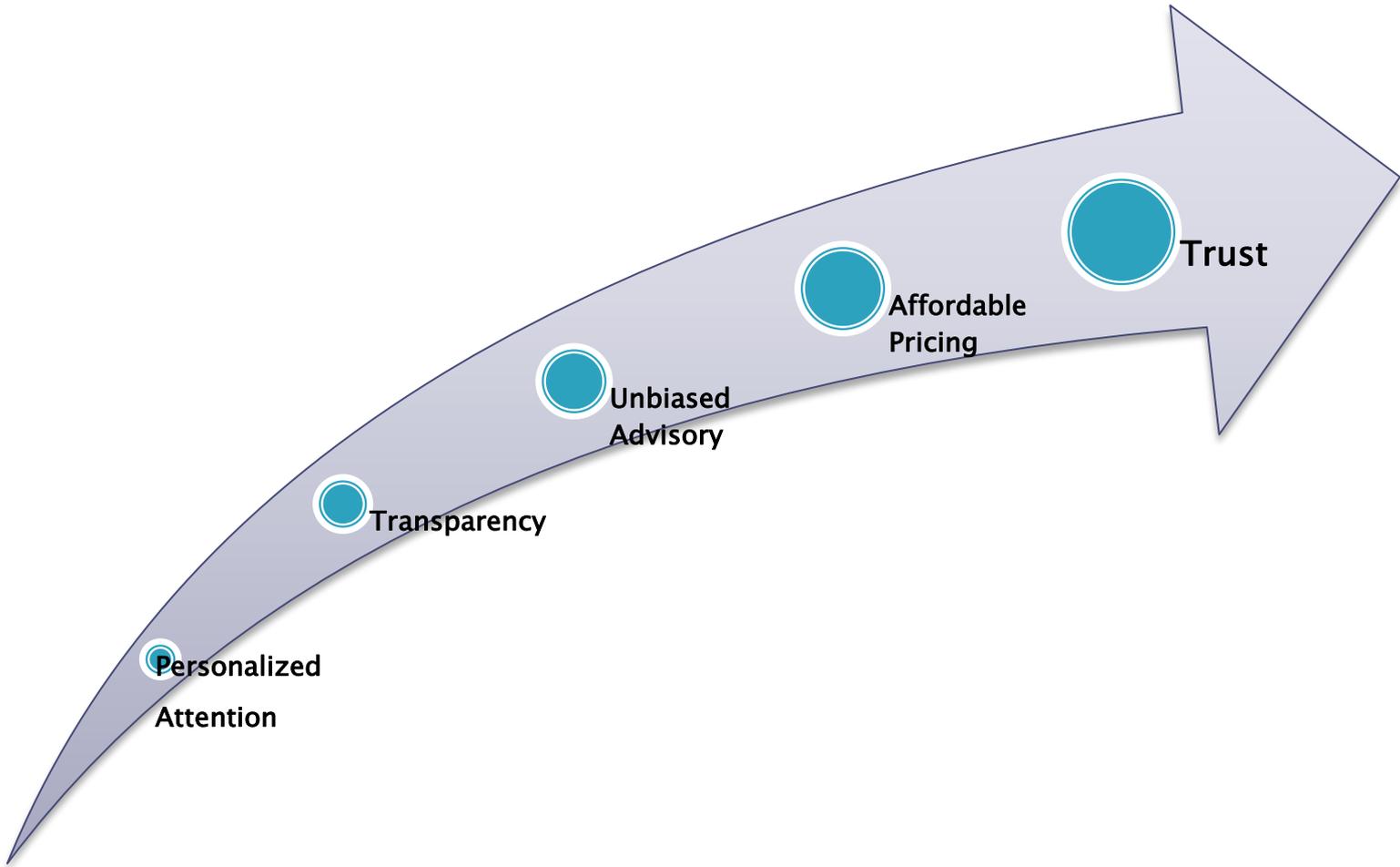
Portfolio Strategies & Performance- Pls Visit

<https://lamokshinvestments.smallcase.com>

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Our Commitment



Philosophy in Quotes

Warren Buffet:

Someone's sitting in the shade today because someone planted a tree a long time ago.

Sir John Templeton:

The four most famous words in investing are: this time it's different.

Charlie Munger:

The big money is not in the buying & the selling....but in the waiting!

Warren Buffet:

It's only when the tide goes out that you discover who's been swimming naked.



Yours Truly

- ▶ Around 2 decades of domestic and international experience in the financial sector.
- ▶ Worked with Barclays Wealth, IIFL Wealth and ICICI Bank Private Banking.
- ▶ Post Graduate Degree in International Business from IIFT, New Delhi.
- ▶ Certified NISM Series X-A and X-B Investment Adviser Examination.
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