

# PAISA VASOOL

November 2024 Newsletter

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# US: Record Highs

1 US equity markets are creating new highs on back of proposed measures by the president elect Donald Trump. He has promised tax cuts and manufacturing boom which is driving investors back to equity markets in USA.

2 Investors are also withdrawing from emerging market as they find home country more favorable to generate returns. US dollar has strengthened substantially and bond yields have spiked in anticipation.

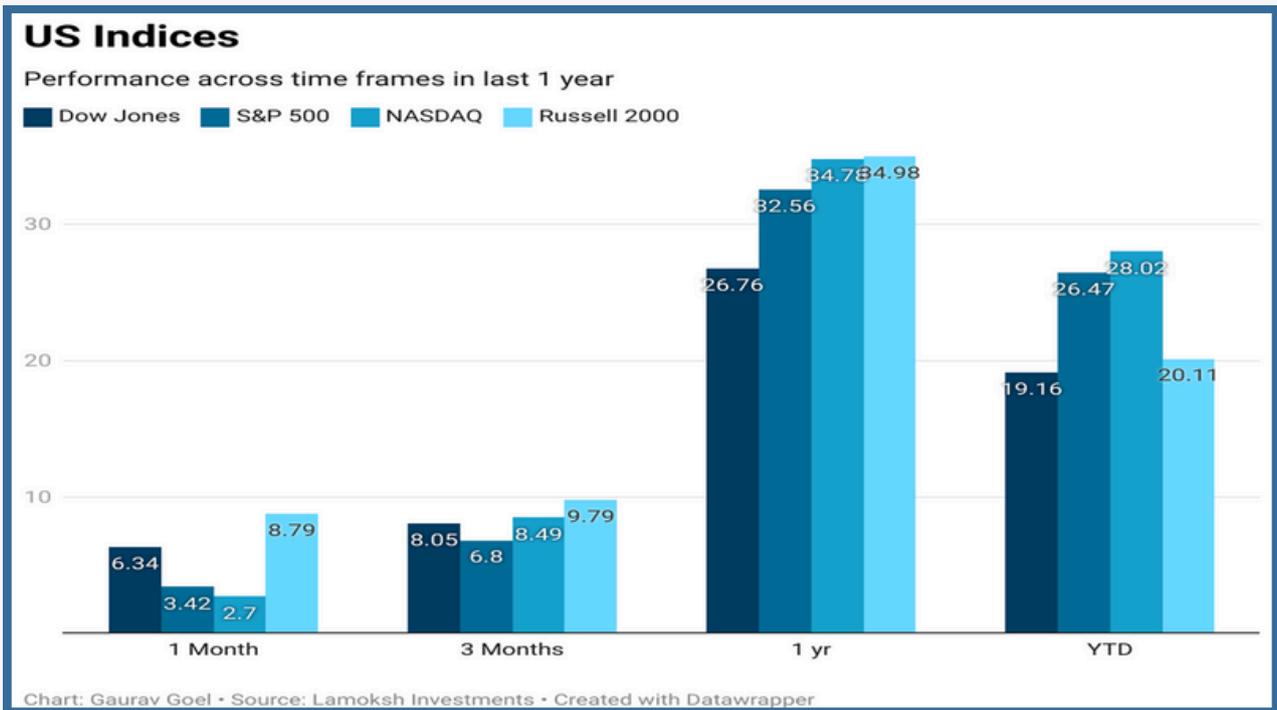
3 Fed Chairperson Jerome Powell said that the strong US economic growth gives policymakers the flexibility to take a careful approach in deciding the interest rate cuts. He also pointed at the resilience of the labor market and noted that inflation is steadily moving towards the Fed's 2% target.

4 S&P Global US composite PMI rose to 55.3 in November 2024 up from 54.1 in October signaling robust expansion in the country's private sector. The annual inflation rate in the US accelerated to 2.6% in October 2024, up from 2.4% in September in line with the market expectations.

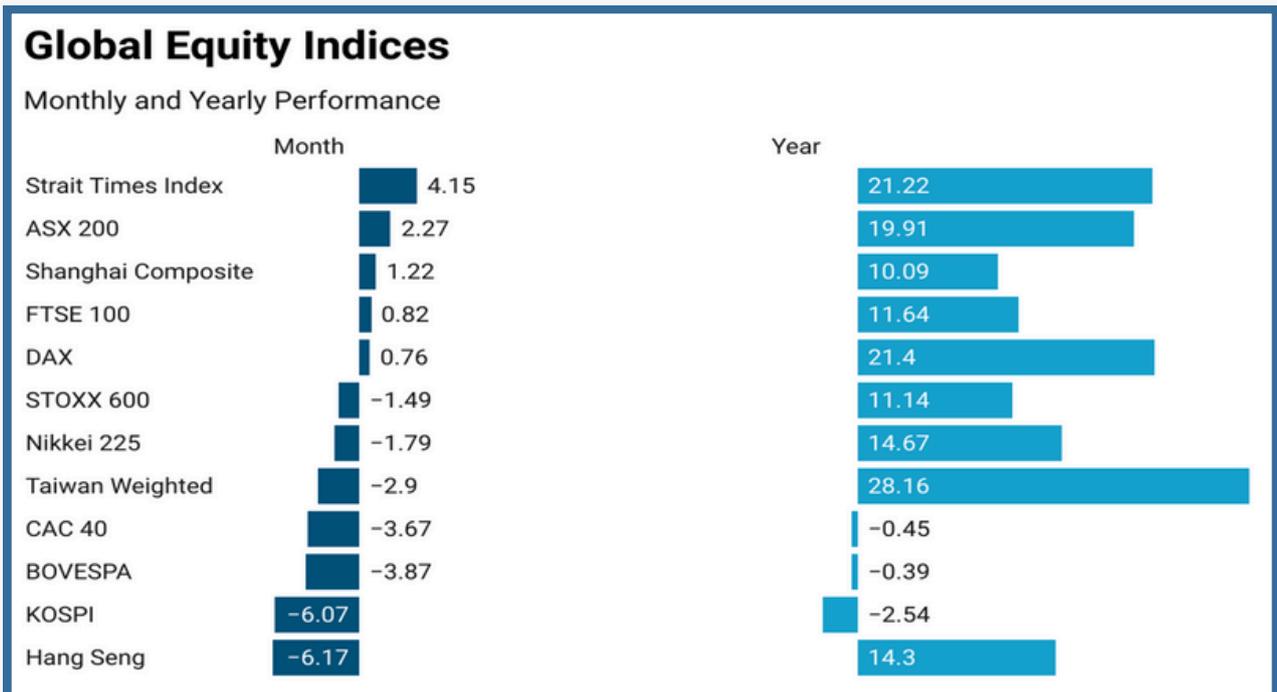
5 China's official non manufacturing PMI stood at 50.0 in November below market expectations of 50.2 which was also October's figure. Caixin General Manufacturing PMI rose to 51.5 in November 2024 from 50.3 in October surpassing market estimates of 50.5.

6 Cryptocurrencies are on steroids. In last 1 month, Bitcoin has risen by 33.18% and 155.59% in last 1 year. Elon Musk, a big supporter of Donald Trump and part of his new administration, is a big advocate of cryptocurrencies and that is fueling growth.

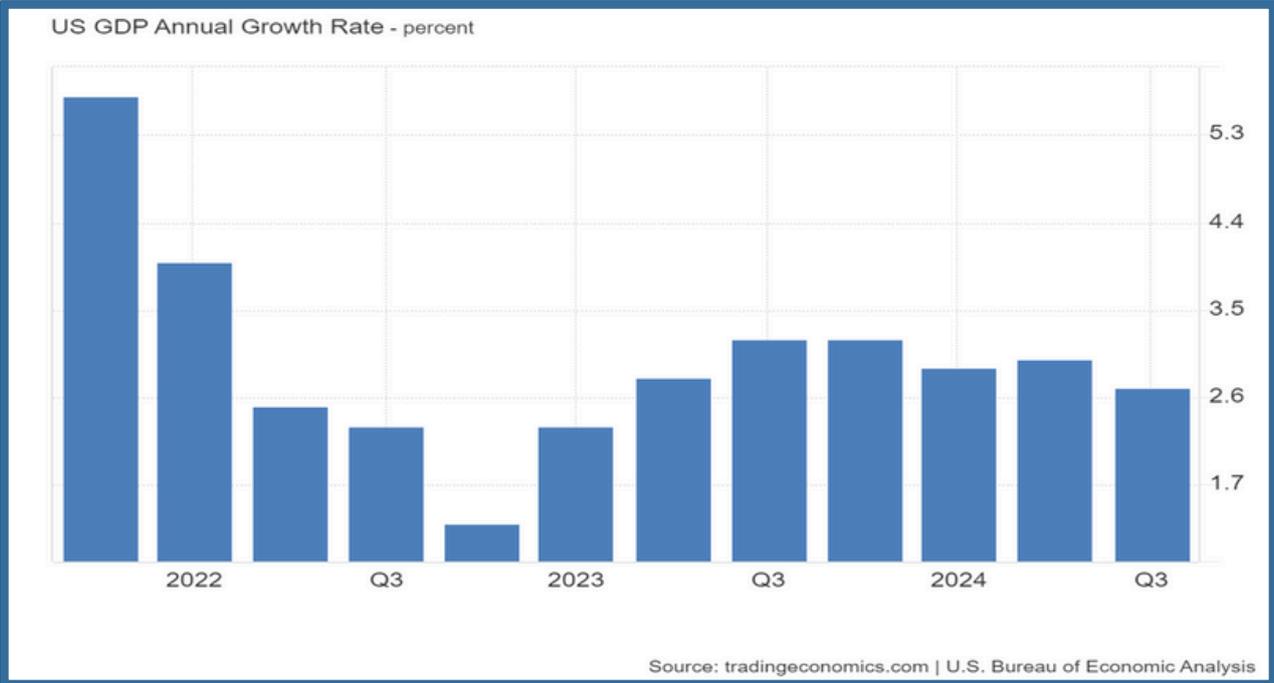
# Shining Bright



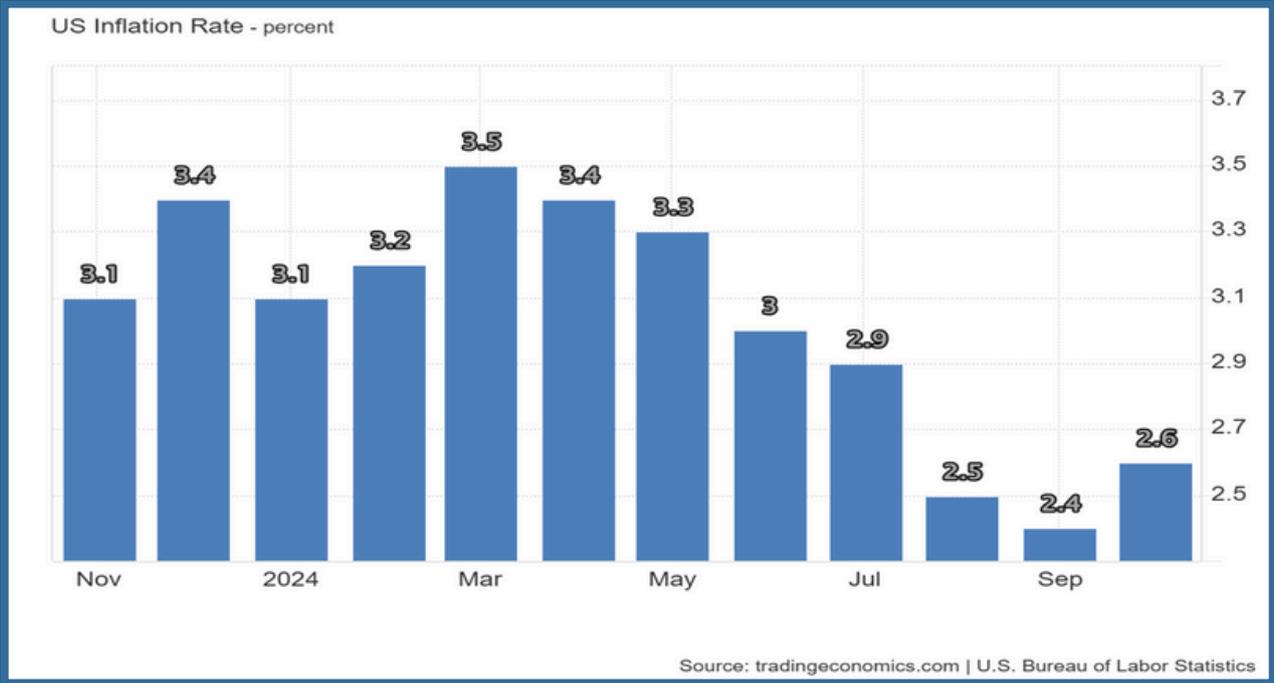
# Global: Uncertain



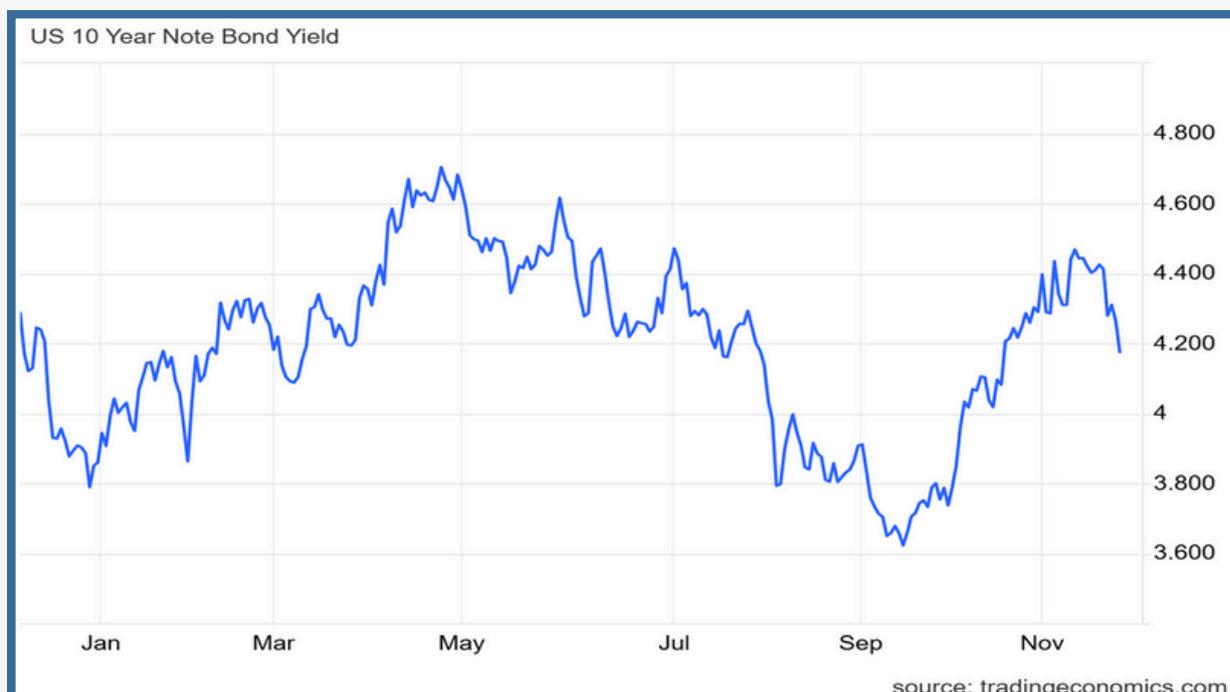
# US GDP Annual Growth Rate



# US Inflation



# US 10 Year Bond Yield-Volatile



## Currencies & Commodities

Commodity	Month	Year	Currency Pair	Description	Month	Year
Coffee	31.30%	66.59%	BTCUSD	BITCOIN	33.18%	155.59%
Palm Oil	6.99%	28.96%	USDRUB	Russian Ruble	9.23%	20.06%
Cotton	1.96%	-9.53%	USDBRL	Brazilian Real	3.63%	21.38%
Soybean	1.33%	-27.36%	DXY	Dollar Index	1.62%	4.34%
Brent	0.30%	-10.18%	USDCNY	Chinese Yuan	1.57%	1.56%
Aluminium	-0.61%	18.60%	USDSGD	Singapore Dollar	1.10%	0.42%
Uranium	-3.25%	-4.85%	USDINR	Indian Rupee	0.59%	1.44%
Coal	-3.99%	8.10%	AUDUSD	Australian Dollar	-0.77%	-1.63%
Gold	-4.58%	30.56%	GBPUSD	British Pound	-2.14%	0.33%
Copper	-5.67%	6.61%	EURUSD	EURO	-2.25%	-3.60%
Sugar	-7.38%	-15.90%	USDJPY	Japanese Yen	-2.37%	1.69%
Silver	-9.28%	21.24%				
Steel	-14.79%	-13.87%				

Commodities

Currencies

# INDIA: Challenges Emerging

- ▶ The Indian GDP expanded by 5.4% from the previous year in the September quarter of 2024, from the 6.7% expansion in the previous period and well below the market expectation of 6.5% increase to record the softest pace of growth since the December quarter of 2022.
- ▶ The slump was largely due to lower output in manufacturing and electricity, water, gas and other utility services. Growth was however steady for tertiary sectors & picked up for the primary sector as the stronger momentum in agriculture, livestock, forestry & fishing offset a drop in construction.
- ▶ November GST collections were up 8.5% at INR 1.82 Lac crore. The Indian government recorded a budget deficit of INR 7.5 trillion in the April- October 2024 period, slightly below INR 8 trillion in the same period of 2023, representing 46.5% of the estimate for the year ending March 2025.
- ▶ Foreign exchange reserves held by the Reserve Bank of India fell to USD 657 bn as of November 22, 2024, the lowest since July, making the eighth consecutive decline since the record high of USD 704 bn in the last week of September this year.
- ▶ Indian Rupee weakened to 84.6 per USD for the first time in its history, extending its November plunge following fresh evidence that the Indian economy is slowing much more than the expected.
- ▶ The second quarter earnings of NIFTY companies grew by just 4% and this was the second straight quarter of growth in low single digit.

# Underperformance

## Indian Benchmark Indices

Performance Chart Across Multiple Tenors

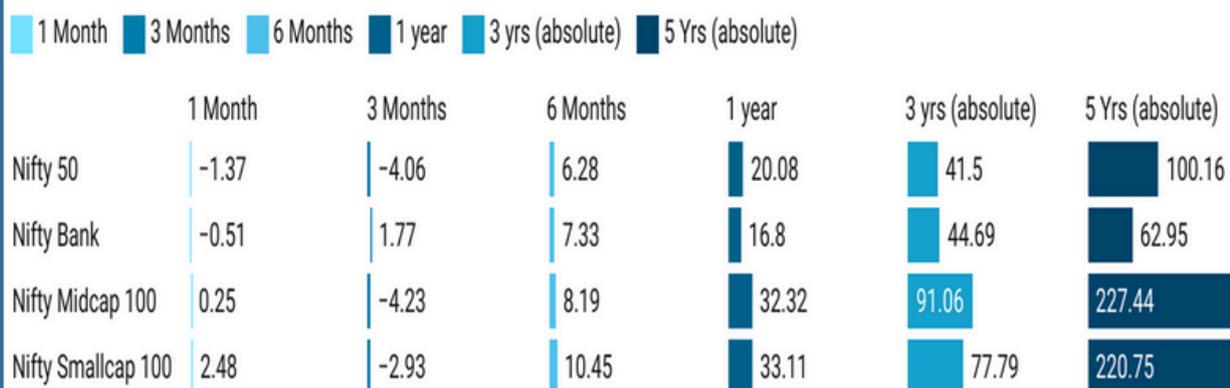


Chart: LaMoksh Investments • Source: Gaurav Goel • Created with Datawrapper

# Sectoral performance

## Indian Equity: Sectoral Indices

Performance across Tenors

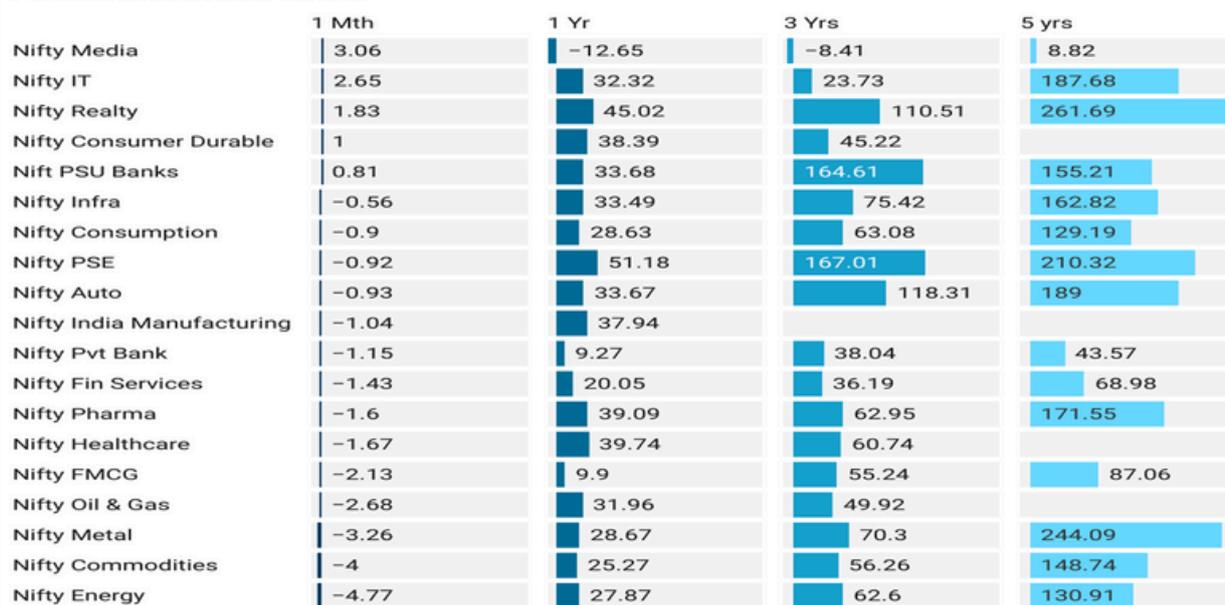


Chart: Gaurav Goel • Source: Lamoksh Investments • Created with Datawrapper

# Index Valuations

Index	Fall from 52 Wk Peak	EPS	PE	PB	Valuation Verdict
<b>Nifty 50</b>	-8.17%	1086.50	22.21	3.60	Slightly Expensive
<b>Nifty Bank</b>	-4.43%	3671.10	14.18	2.30	Cheap
<b>Nifty Midcap 100</b>	-7.44%	1365.40	41.30	5.10	Very Expensive
<b>Nifty Smallcap 100</b>	-5.04%	540.00	34.54	4.10	Expensive

# Index Forward Valuations

Index	1 Yr Fwd EPS	1 Yr Fwd PE	2 Yr Fwd EPS	2Yr Fwd PE	Valuation Verdict
<b>Nifty 50</b>	1249.5	19.3	1436.9	16.8	Neutral
<b>Nifty Bank</b>	4221.8	12.3	4855.0	10.7	Cheap
<b>Nifty Midcap 100</b>	1570.2	35.9	1805.7	31.2	Expensive
<b>Nifty Smallcap 100</b>	621.0	30.0	714.2	26.1	Slightly Expensive

# Advantage USA

## US Vs India

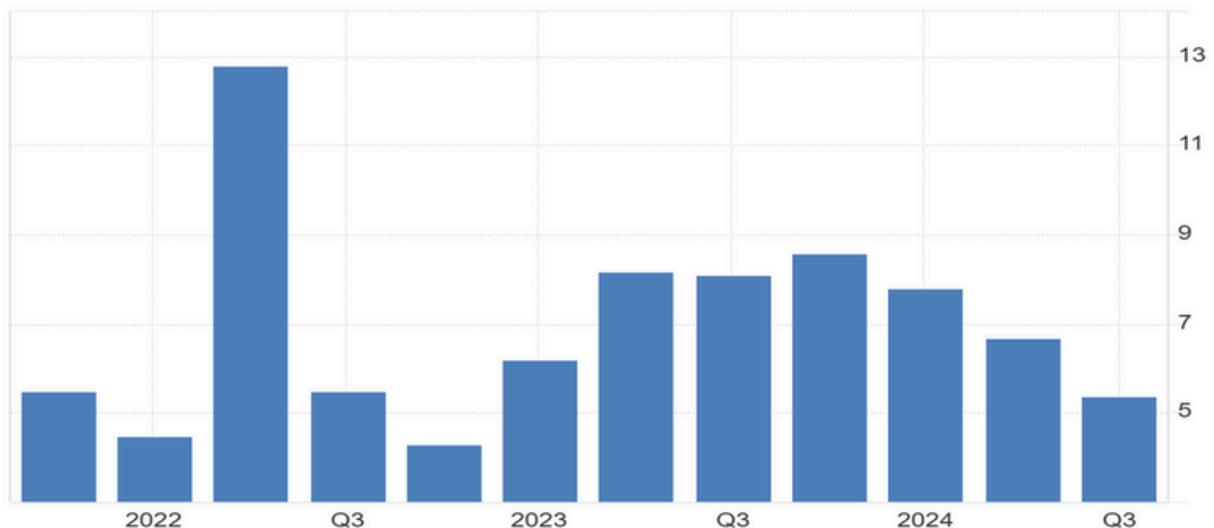
Benchmark Equity Indices Comparison



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

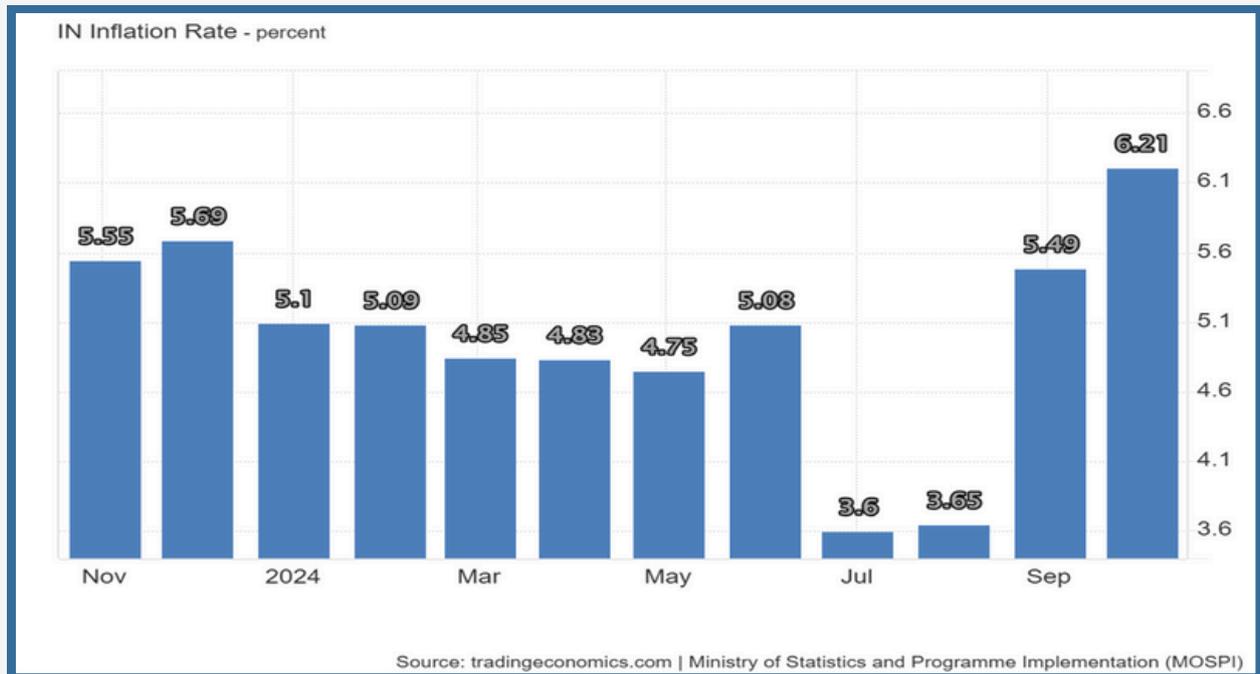
## Indian GDP: Surprising Slowdown

IN GDP Annual Growth Rate - percent

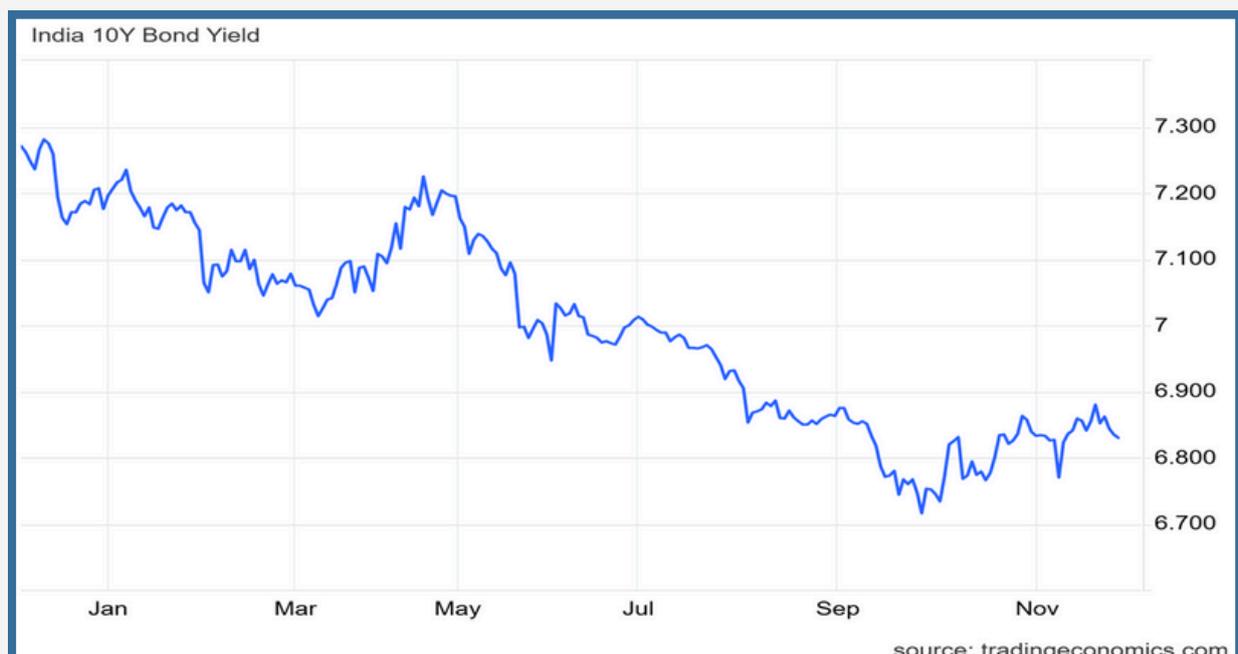


Source: [tradingeconomics.com](https://tradingeconomics.com) | Ministry of Statistics and Programme Implementation (MOSPI)

# Indian Inflation: Jump Up



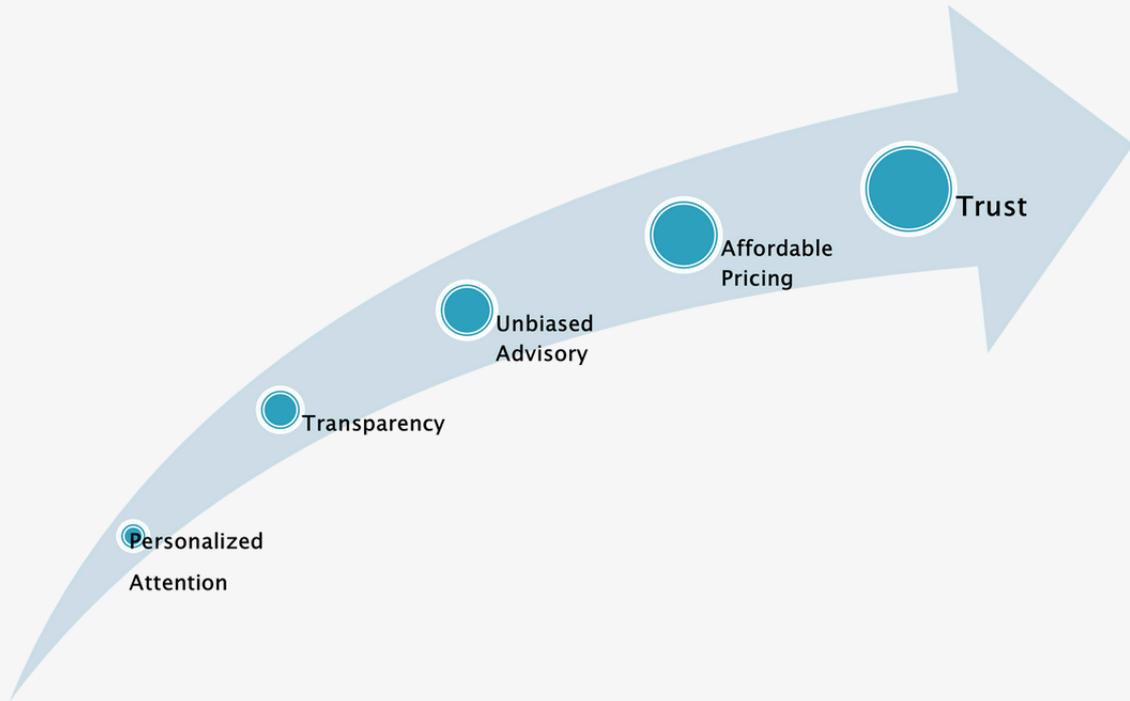
# India: 10 Yr G Sec Yield Falling



# Crystal Ball

- ▶ Indian economy has slowed down substantially to 5.4% in the second quarter of this financial year. However we expect that this has bottomed out and we may see a good growth revival in the remaining 2 quarters. However we trim overall growth forecast to 6.5% in FY 2024-25.
- ▶ The biggest contributor in this slowdown has been the lukewarm government capital expenditure. General elections and delayed rainfall in most parts of India have been a major reason for this slowdown. However, we feel that H2 will see Government capex increasing with vengeance and coming close to meeting its eventual budget targets.
- ▶ In the upcoming monetary policy committee meeting in December, repo rate will remain unchanged while there will be a cut in cash reserve requirement.
- ▶ President elect Donald Trump is busy finalizing his future administration and it appears he is keen on implementing the promises he made during the election campaign. However, it would be extremely difficult to act upon as it would eventually be counter productive to American economy itself.
- ▶ US Fed will find it difficult to cut interest rates as fast as it was hoping to do earlier. Trump's policies are likely to be inflationary and challenge Fed in its decision making.
- ▶ China will use foreign exchange as a major retaliatory tool in case of a trade war with US in order to reduce the impact of tariffs on imports from China. It would also be forced to dump excess manufacturing across the globe thereby putting pressure on commodity prices.

# Our Commitment



## Philosophies & Quotes

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

- Warren Buffet

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

- Sir John Templeton

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

- Charlie Munger

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

- Warren Buffet

# 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.
- SEBI RIA Registration Number:INA100014426

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