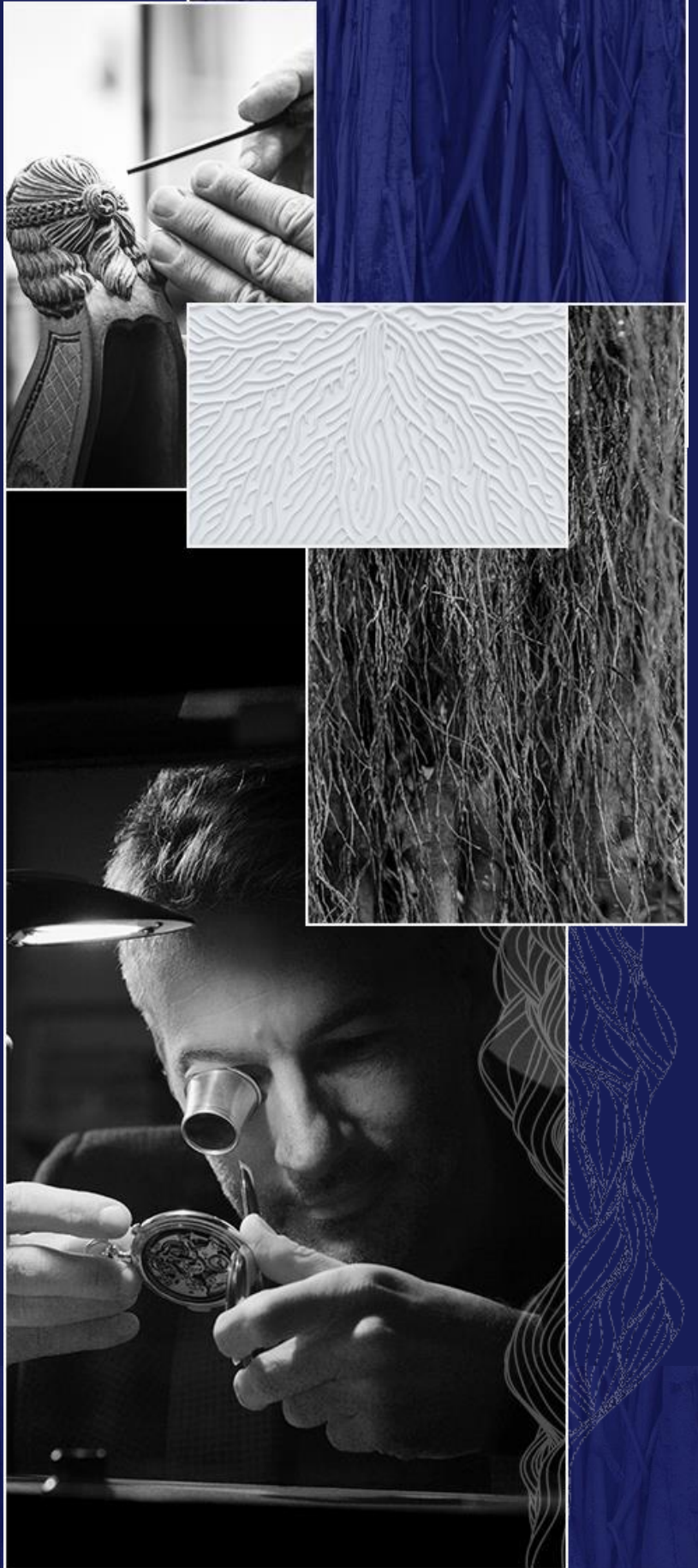


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**NEWSLETTER
September 2024**





Indian - Market Outlook

As autumn casts its vibrant hues and we step into the year's final quarter, the global economic landscape evolves in ways that defy expectations. Not long ago, the focus was firmly on India, with many expecting a surge in FPI flows. But China's unexpected stimulus announcement has swiftly redirected global attention and capital, leaving many scrambling to make sense of the shift. It's almost ironic—what would have been truly insightful was predicting this pivot before it unfolded.

We see China as a distinct market; when opportunities are scarce elsewhere, investments often pivot to China, prioritizing immediate gains over long-term strategies, where the shift is driven more by necessity than choice.

Today the global economy stands at a crossroads defined by the normalization of inflation and the loosening of monetary policy. With the US Federal Reserve's recent interest rate cut and China's larger-than-expected stimulus, major economies are uniting in a concerted effort to foster GDP growth and navigate the complexities of today's market landscape. Concurrently, oil prices have stabilized as traders evaluate the shifting risks tied to the ongoing crisis in the Middle East.

In India, SEBI has taken decisive action to tighten F&O rules in order to temper the frenzy in the derivatives market, coinciding with increased excitement in the primary market. Additionally, the Indian 10-year yield has exhibited notable volatility over the past three months, fluctuating between 7.1% and 6.70%, influenced by the US Federal Reserve's decisions and ongoing geopolitical concerns.

Market Watch									
Indian Equities	Sep-24	1 Month	1 Year	3 Year	Currency	Sep-24	1 Month	1 Year	3 Year
Nifty 50	25,796	2.1%	31.4%	47.2%	USD/INR	83.81	0.1%	-0.8%	-13.0%
S&P BSE Sensex	84,201	2.0%	27.9%	43.3%	EUR/INR	93.34	0.5%	7.1%	8.6%
S&P BSE Midcap	49,346	0.6%	52.6%	95.6%	GBP/INR	112.10	1.6%	11.5%	11.6%
S&P BSE Smallcap	57,384	2.9%	52.8%	103.4%	INR/JPY	1.72	-1.5%	-4.3%	15.1%
Global Equities	Economic Data (Abs)								
Dow Jones (US)	42,330	1.9%	26.6%	23.3%	10-year Ind G Sec	6.8%	6.9%	7.2%	6.2%
Nasdaq (US)	18,189	2.7%	36.7%	24.9%	CPI Inflation Ind	3.7%	3.5%	6.8%	5.3%
FTSE 100 (UK)	8,237	-1.5%	9.7%	17.2%	WPI Inflation Ind	1.3%	2.0%	0.5%	10.7%
Nikkei 225 (Japan)	38,651	-0.1%	21.7%	34.3%	US Dollar Index (DXY)	100.9	-0.8%	-5.7%	7.2%
Hang Seng (HK)	21,134	19.5%	18.7%	-14.0%	CBOE VIX	16.7	7.6%	-5.0%	-20.9%
Commodity	GDP Overview			Actual Forecast Previous			-		
Gold USD	2,644.1	5.8%	44.7%	50.2%	Indian GDP YoY	6.7%	6.9%	7.8%	
Silver USD	31.4	10.3%	49.2%	39.6%	US GDP QoQ	3.0%	2.8%	1.6%	
Brent Oil USD	71.8	-7.4%	-20.8%	-9.4%	China GDP YoY	4.7%	5.1%	5.3%	

Source: investing.com

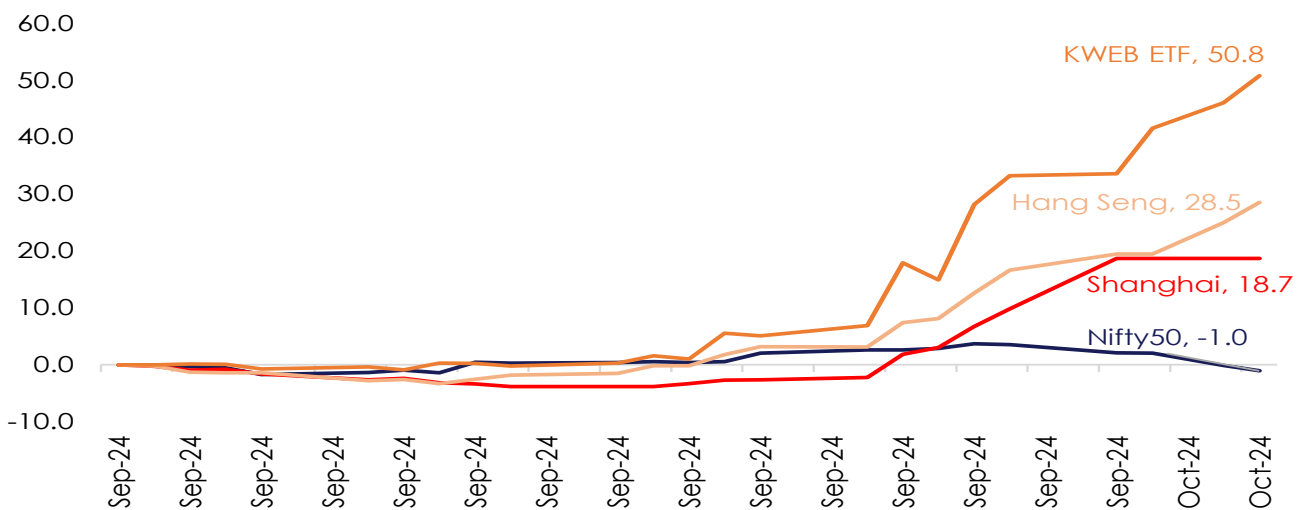
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Policy Shifts in China: Unpacking the Economic Stimulus

China joined the chorus line of policy easing by announcing an extensive support package aimed at bolstering the economy. This initiative includes measures to enhance bank lending to consumers and a reduction in key short-term interest rates.

The resurgence of the Chinese market, driven by these stimulus measures, has resulted in a remarkable recovery of the CSI 300 index, signifying a substantial turnaround for the Asian powerhouse's market position.



Data source www.investing.com

A Bold Stimulus Package

- Larger-than-usual cuts to reserve requirement ratios (RRR) and policy interest rates, with potential for more RRR reductions by year-end.
- Lower mortgage rates for existing home loans and reduced down payments for second homes.
- Increased funding for banks converting excess housing into affordable units.
- New monetary tools allowing institutional investors to borrow using ETFs as collateral.
- Refinancing loans for banks supporting companies buying back their shares, aimed at boosting stock market confidence.

In Our View, Although Indian markets may appear pricier compared to their Chinese counterparts, the recent outperformance of Chinese equities aligns with our earlier insights. While short-term trends currently favour China, the medium-to-long-term outlook suggests that India is well-positioned to reclaim its competitive edge.

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Crude Oil Outlook: Will Prices Surge?

Despite efforts to combat climate change, global demand for crude oil is set to hit a record 103.6 million barrels per day, with prices currently hovering around \$75 per barrel.

Oil Prices in Flux

- **Rising Demand:** The world's growing reliance on oil is keeping upward pressure on supply.
- **Geopolitical Tensions:** Instability in oil-rich regions like the Middle East poses risks of supply disruptions.
- **U.S. Policy:** The U.S. government is working to keep gas prices low for consumers, especially ahead of elections.

Crude oil is increasingly recognized as a political commodity, with a diminishing connection to supply and demand. Current prices below \$75 appear to be artificially suppressed by election-driven policies, and we anticipate that post-US-elections market shifts could drive prices higher.

The iPhone 16 Launch: A Testament to Apple's Premium Pricing Strategy

With the iPhone 16 launch in India, Apple reaffirms its status as a global powerhouse through innovation, design, and a premium pricing strategy.

- **Desirability vs. Affordability** In a saturated market, the iPhone 16 exemplifies that desirability outweighs affordability.
- **Cultivating Desire and Prestige** Each iPhone launch underscores Apple's intentional pricing strategy, cultivating desire, prestige, and unwavering loyalty.
- **Attracting Early Adopters Through Skim Pricing** Apple's mastery of skim pricing attracts early adopters, sustaining demand while gradually welcoming a broader audience.

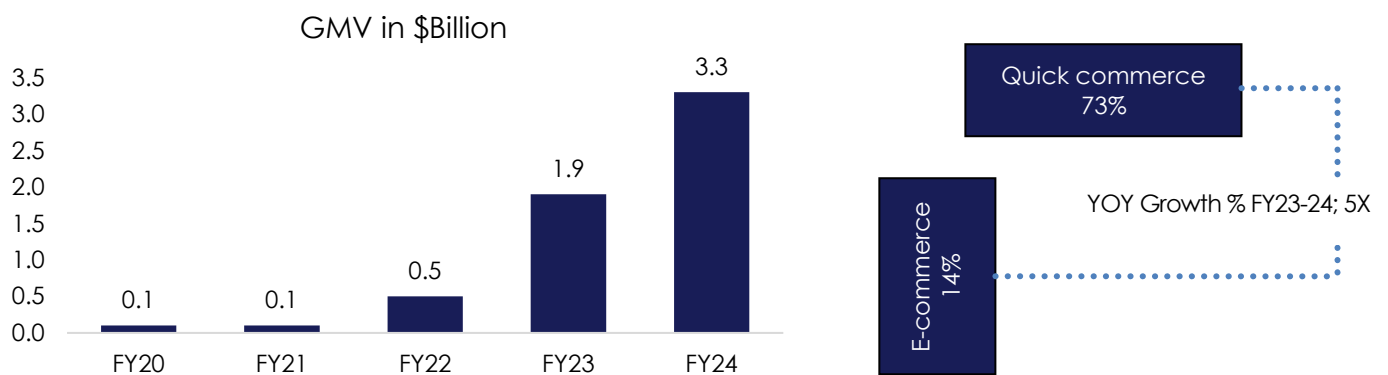
Lessons in Marketing: True value lies in the belief that brands should never compete on price. Instead, they should embody quality and innovation, convincing customers to invest in excellence.

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Quick Commerce: India's Instant Retail Revolution

India's quick commerce (Q-commerce) industry is set to soar, reaching \$3.34 billion by 2024 and projected to grow to \$9.95 billion by 2029. With urbanization and rising disposable incomes, demand for rapid, on-demand shopping has skyrocketed, particularly among Gen Z and millennials in metro cities.



While Q-commerce thrives on rapid adoption, its sustainability hinges on infrastructure, regulation, and socio-economic dynamics, not just cheap labour or investor backing.

The Big Question: Despite their e-commerce dominance, Amazon and Flipkart have struggled with Q-commerce, with Flipkart discontinuing quick delivery services and JioMart pivoting to 30-minute deliveries, while Amazon focuses on broad selection and fast, reliable service.

A Disruptive Retail Model: Q-commerce isn't just about speed; it's reshaping retail by leveraging real-time data and optimizing the value chain, giving platforms a significant edge over traditional retailers. Dark stores have evolved from stocking 2,000-4,000 SKUs to over 6,000, highlighting the industry's expanding inventory.

Key Impacts of Q-commerce Growth

- o Retail Disruption: Q-commerce will challenge brick-and-mortar stores, reducing foot traffic and diminishing demand for physical retail spaces.
- o Urban Strain: As delivery personnel flood the streets, urban infrastructure will face greater traffic congestion and pollution, echoing challenges seen in China.

Quick commerce is poised to redefine how India shops, but its growth comes with challenges that will shape the future of retail.

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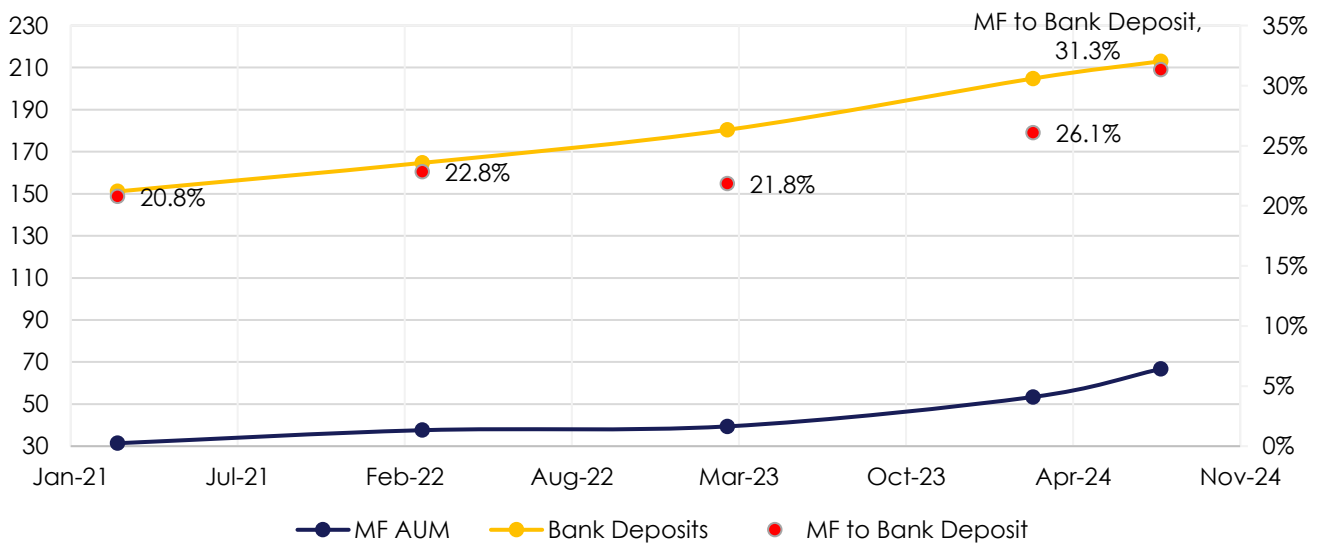
Banks Rushing for QIP

The cumulative size of these upcoming QIPs is being projected to possibly be in excess of Rs 30,000 crore. So far in 2024 (till August), a total of Rs 64,924.05 crore has already been raised by companies across various sectors.

Year	No of issues	Amount (INR Crore)
2018	25	16,587
2019	11	35,238
2020	25	80,816
2021	35	41,997
2022	14	11,743
2023	45	52,350
2024 (Aug)	58	64,924

Is tapping the QIP route necessary right now, considering that public sector banks are performing well with no stress on capital adequacy ratios, and rushing this exercise may not be required?

Bank Deposits Vs MF Assets (Rs. Tn.)



Source <https://primedatabase.com/>

FOMO in IPO market; companies in rush, but investors must exercise caution. It seems that once in every 8-10 years, an inexhaustible bull run grips the Indian stock market that offers even the reckless an opportunity to make pots of money.

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WCA Outlook Equities

Global Perspective: On the global front, the ongoing strength of U.S. economic data provides a positive outlook. Additionally, geopolitical tensions, particularly in the Middle East, remain contained, offering relief to global markets.

Regulatory Landscape: SEBI's recent tightening of F&O rules is a crucial measure for ensuring market stability. This move reaffirms our assessment that regulatory and domestic macro risks are the primary challenges facing the market this year.

Market Health: The recent correction in Indian benchmark is a healthy adjustment, creating strategic buying opportunities. As long as key support levels—namely the lows of Budget Day and election counting Day—remain intact, the market outlook remains constructive.

Investment Strategy: We firmly advocate for the "DIP & SIP" (Systematic Investment Plan) strategy, which allows investors to capitalize on market volatility while positioning for long-term growth.

WCA Outlook Fixed Income

Over the last month, the impact of easing global yields, supported by steady FPI demand led to a parallel move in the sovereign curve. Swaps continued to track global factors, with a steepening trend with the curve shifting lower about 14- 18 bps. A softer CPI print in line with estimates, a still cautious RBI minutes and a pickup in corporate bond issuances were the other notable points. Banking system credit- deposit growth mismatch continues to put a floor on money market rates and the short end of the bond curve.

Name	Last	1 Week	1 Month	YTD	1 Year	3 Years
India 3-Month	6.621	2.7%	-0.3%	-4.0%	-3.8%	91.4%
India 1-Year	6.692	1.2%	-0.6%	-5.9%	-9.0%	64.6%
India 2-Year	6.655	0.0%	-1.3%	-6.0%	-9.4%	41.3%
India 3-Year	6.810	2.2%	1.2%	-3.9%	-7.3%	36.6%
India 5-Year	6.862	2.9%	1.6%	-2.9%	-7.2%	18.2%
India 10-Year	6.951	3.0%	1.5%	-3.1%	-5.3%	10.1%
India 30-Year	7.102	2.8%	1.4%	-4.1%	-5.8%	0.7%
United States 3-Month	4.654	0.7%	-8.1%	-12.9%	-15.5%	9039.2%
United States 1-Year	4.248	5.5%	2.6%	-11.0%	-21.8%	4417.0%
United States 2-Year	3.947	8.2%	7.8%	-7.2%	-22.4%	1133.0%
United States 3-Year	3.854	8.4%	8.7%	-3.8%	-21.1%	563.8%
United States 5-Year	3.821	7.1%	8.8%	-0.6%	-19.6%	261.5%
United States 10-Year	3.987	5.2%	7.3%	3.1%	-15.7%	147.2%
United States 30-Year	4.247	3.0%	5.0%	5.7%	-14.4%	96.1%

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How can Wodehouse Capital Advisors help?

Wodehouse Capital Advisors has extensive network and prior experience across each of the service vertical



Family Office Services

- Investment Management
- Succession Planning
- Real Estate Advisory
- Business Consulting
- India Entry Strategy



Merger & Acquisitions

- Buy Side Representation
- Sell Side Representation
- Bolt- On- Acquisitions



Debt

- Structured Finance
- Refinancing
- Additional Funds for Set-up



Equity

- Growth Capital
- Strategic Capital

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