

#### Market data as on Dec 24, 2024

Script	Close	% Chng
 NASDAQ Composite Ind	19,764.89	0.98%
 DOW JONES INDU AVER	42,906.95	0.16%
 S&P 500 INDEX	5,974.07	0.73%
Brent Oil	72.32	-0.13
WTI Oil	69.24	-0.22
US T 10Y	4.589%	5.90 bps
US T 02Y	4.340%	2.10 bps
10Y-02Y	0.249%	
Dollar Index	108.080	0.25%

- During the last week, U.S. market witnessed downward pressure ahead of Fed cut decision. Nasdaq was slid 1.78% , S&P 500 was down 2% and DJI was down 2.25%. Street was expecting 25 bps cut and Fed cut the same 25 bps but the future guidance on rate cut, Fed slower down the pace of cutting rate in addition to that inflation is expected to be higher for the next year. That is the major sentiment which dragged down market after Fed meeting.

#### US News

- The Federal Reserve's (Fed) monetary policy announcement- As expected, the Fed reduced its benchmark interest rate by 25 basis points, bringing the target range to 4.25% to 4.50%. However, it signalled only 2 rate cuts for the next year down from the previous forecast of four rate cuts. The Fed revised its inflation outlook upwards to 2.5% from 2.1%, indicating that inflation may be more persistent than initially expected.
- Powell said he is satisfied with the way 2024 is ending, noting that the US economy is strong, the labour market is in solid shape, and inflation is still down significantly from where it was a year earlier. Economic growth is expected to remain roughly the same as previously forecast next year at 2.1%, up from 2.0% previously.
- New York cocoa futures reached an eight-month high due to hot, dry weather in Ivory Coast, a top cocoa producer. This weather is expected to negatively impact this year's cocoa crop.
- Accenture reported strong first-quarter results, exceeding Wall Street estimates for both revenue and profit. This positive performance is attributed to growing demand for their services related to artificial intelligence (AI), particularly generative AI (Gen AI).
- Walmart has partnered with Chinese delivery firm Meituan to boost its e-commerce business in China. The partnership will allow Walmart to offer its products on Meituan's app, which has hundreds of millions of users. Walmart China has opened 50 Sam's Club stores in China.

- Starbucks India had 457 stores across 70 cities at September-end and the company aims to take it to 1,000 by FY28. However, its loss for the period widened to ₹79.97 crore from ₹24.97 crore in FY23 due to the expansion.
- More than 10000 workers on strike of each Starbucks & Amazon ahead of Christmas and New year celebration due to unresolved issues over wages.

## Crude-

- **Demand Concerns:** Sinopec's annual outlook indicated that China's oil consumption is expected to peak by 2027, primarily due to declining demand for diesel and gasoline. This projection raised concerns about future demand growth, contributing to downward pressure on oil prices.
- **Strengthening U.S. Dollar:** The U.S. Federal Reserve's cautious stance on rate cuts led to a stronger dollar during this period. A robust dollar makes oil more expensive for holders of other currencies, potentially dampening global demand and exerting additional pressure on oil prices.
- **Supply Projections:** J.P. Morgan, forecasted a surplus in the oil market by 2025, driven by growth from non-OPEC+ producers while OPEC output remained stable. Expectations of increased supply relative to demand can lead to anticipatory price adjustments in the market.
- **Geopolitical Developments:** Discussions among G7 countries about tightening the price cap on Russian oil, along with reports of Russia circumventing existing caps using a "shadow fleet" of ships, introduced uncertainties regarding future supply constraints. Such geopolitical factors often contribute to market volatility.
- These elements collectively influenced crude oil price movements during the specified period, reflecting the market's response to evolving demand forecasts, currency valuations, supply expectations, and geopolitical tensions.

## Global News

- China plans to increase its budget deficit to a record 4% of GDP in 2025, up from the initial 3% target for 2024. This decision, agreed upon by Chinese leaders, aims to maintain an economic growth target of around 5% and counter the potential impact of increased US tariffs under a possible Trump administration.
- China's home prices saw their sharpest yearly decline since 2015 in October, but the rate of decline slowed, suggesting a potential market stabilisation. Consumer spending in China is still improving, even though the overall economic growth of the country is slowing down.
- China's capital markets outflow reached a record high of \$45.7 billion in November, according to official data tracking cross-border payments.
- Honda Motor Co. and Nissan Motor Co. are exploring a potential merger, which would create a singular rival to Toyota Motor Corp. The transaction could also be expanded to include Mitsubishi Motors Corp. A deal would effectively consolidate the Japanese auto industry into two main camps: One controlled by Honda, Nissan and Mitsubishi and another consisting of Toyota group companies.
- UK inflation rose to an 8-month high in November, but the increase in service prices offered a sigh of relief for the Bank of England. The inflation rate rose to 11.1% in November from 10.7% in October, driven by rising food and energy prices. However, the increase in core inflation, which excludes volatile food and energy prices, moderated slightly to 6.3% from 6.6% in October. The Bank of England is expected to raise interest rates again in December to combat inflation.
- Asia's largest economy China accounts for more than half of global coal consumption, thermal coal prices in China has dropped around 9% since the end of September, demand for the fossil fuel would typically rise as the approach of winter boosted power demand.

## India

### Market data as on Dec 24

Script	Close	% Chng
 NIFTY 50	23,753.45	0.70%
 NIFTY BANK	51,317.60	1.10%
 BSE 500 INDEX	35,231.44	0.43%
BSE Midcap	46,274.00	0.10%
BSE Small Cap	54,817.00	-0.60%
Nifty Micro 250	25,000.00	-0.89%
Gold	76,100.00	-0.42%
 USD/INR	85.0700	14.80 paisa
IN Gsec 10Y	6.776%	-1.50 bps
IN Gsec 02Y	6.767%	4.50 bps

- Last week Nifty 50 was slid close to 5% and broader index 4.5% down. FII sold around 15800 Cr. and DII bought around 11800 Cr. Retail selling also dragged down small & Mid cap index around 3%.
- For the short term Indian economy is in cyclical slow-down, one can notice inflationary pressure on FMCG essentials, PV sales down 14% in Nov and 2W sales also expected to be 19% YoY in Dec. That is hammering the market in short term.
- The Reserve Bank of India (RBI) has advised state governments to control subsidies and focus on building critical infrastructure. While states have generally maintained their fiscal deficit within 3% of GDP, the RBI's report highlights concerns about rising subsidies (especially farm loan waivers and cash transfers), the financial health of electricity distribution companies, and the impact of centrally sponsored schemes on state finances.
- Nitin Gadkari projects the Indian EV market to reach ₹20 lakh crore by 2030, creating around 50 million jobs. He highlighted that 40% of India's air pollution comes from the transport sector and emphasized the need to reduce fossil fuel imports.
- The Indian Ministry of Mines has directed the GSI to conduct further exploration of lithium reserves in the Reasi district of Jammu and Kashmir. India is heavily reliant on lithium imports, and this initiative aims to secure domestic supplies to support its shift towards green energy and reduce its carbon footprint. The Ministry is also working on a National Critical Minerals Mission to secure overseas lithium supplies and develop processing capacities.
- India's sugar production has decreased by 17% to 61.39 lakh tonnes by mid-December compared to 74.05 lakh tonnes during the same period last year. This decline is mainly attributed to delayed sugarcane crushing in Maharashtra and Karnataka, by 15-20 days and 7-12 days respectively, and a drop in output in Maharashtra.
- India's gold imports reached a record high of \$14.86 billion in November, a four-fold increase from \$3.44 billion in November 2023. This surge significantly widened the country's trade deficit to \$37.84 billion. Although, there is error in data compilation according to Comm Ministry.