

THE COMSOC GAZETTE



OCTOBER 2024

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FINANCE AND INVESTMENT

STOCK MARKET

STARTUPS

ECONOMY

GEO POLITICS

SCIENCE AND TECH

COMSOG GENIE

THE COMMERCE SOCIETY, SRCC



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01 SEBI INCREASES POSITION LIMITS FOR INDEX FUTURES AND OPTIONS

India's market regulator, SEBI, raised the position limits for trading members in index futures and options contracts to ₹7,500 crore or 15% of total open interest (OI), up from ₹500 crore, significantly expanding market participation potential. This applies to both client and proprietary trades, encouraging more liquidity-driven strategies. SEBI clarified that limits apply separately for index futures and options. The change takes immediate effect, while a new, more comprehensive monitoring system, based on total market OI from the previous day, will be implemented from April 1, 2025. SEBI noted that passive breaches of limits due to a fall in OI will not incur penalties, providing flexibility for traders during volatile conditions.



02 BITCOIN SURGES PAST \$67,000 AMID U.S. STOCK RALLY

Bitcoin soared over \$67,000 for the first time since July, driven by renewed optimism in stocks and increasing investor appetite for riskier assets. The cryptocurrency rose by as much as 3%, reaching a high of \$67,878 before stabilising around \$65,790

after an initial surge. Analysts attribute this rise to factors like improving market conditions, geopolitical shifts, and fresh capital inflows from institutional investors. Furthermore, ongoing inflation concerns and global economic uncertainty have also contributed to Bitcoin's attractiveness as a hedge. Despite the recent surge, Bitcoin's lack of significant volatility, with price fluctuations below 5% for 34 consecutive sessions, has frustrated some short-term traders, especially during its traditionally strong October, dubbed "Uptober."



03 RBI RATE CUT HOPES DIMINISH AMID HIGHER INFLATION

India's retail inflation for September hit a nine-month high of 5.49%, driven by rising food prices. This has cast doubt on market expectations of a December rate cut by the Reserve Bank of India (RBI), with some economists now forecasting a cut in the first half of 2025. While some still hold hope for a December cut, the CPI data complicates the outlook. Experts recommend investors focus on sectors less affected by inflation, like banking, IT, consumer staples, and healthcare. Despite uncertainty, many believe food prices will ease, and inflation will return to the RBI's target zone.

01 FIIS INCREASE SHORT POSITIONS IN INDEX FUTURES AS MARKETS EYE RECOVERY

Foreign Institutional Investors (FIIs) have significantly increased short positions in index futures, with shorts now constituting 64.1% of their portfolio, the highest since June 2024. Despite Friday's market fizzling, 34% of NSE500 stocks remain above their 20-day simple moving average, up from 27.9% a week ago, signalling potential recovery. The Nifty may face resistance around 24,900 but could rally towards 25,390 or 25,770 in a positive scenario. Sector-wise, FMCG stocks remain weak, while IT stocks like TCS, HCL Tech, and LTIM could lead a rebound as over 60% trade above key moving averages. Additionally, FIIs may shift their focus toward banking stocks, expecting a near-term correction.



02 HYUNDAI MOTORS IPO SUBSCRIBED 18% ON FIRST DAY OF BIDDING

Hyundai Motors' initial public offering (IPO) saw only 18% subscription on its underwhelming opening day, with retail investors leading at 26%. Non-institutional investors subscribed to 13%, while qualified institutional buyers (QIBs) accounted for just 5%, indicating tepid interest

from larger investors. The IPO, which aims to raise ₹27,870.16 crore, offers a price range between ₹1,865 and ₹1,960 per share. The issue consists entirely of an offer for sale by Hyundai Motor Global, with proceeds earmarked for critical research and development initiatives. Shares are trading at a ₹58 premium in the grey market, signalling cautious optimism amid overall uncertainty.

03 WALL STREET STOCKS MIXED AS INVESTORS DIGEST EARNINGS

Wall Street saw mixed trading on Tuesday as cautious investors reacted to disappointing earnings reports from major companies. The Dow Jones fell sharply by 222.22 points, while the S&P 500 and Nasdaq posted slight gains. Bank of America and Goldman Sachs stocks rose over 1% on strong quarterly earnings, while Citigroup shares fell 1.5%. Tech stocks remained relatively flat amid investor uncertainty. Walgreens Boots Alliance surged 10.7%, and Wolfspeed jumped 35.8% after securing additional funding news. UnitedHealth Group dropped 9.5%, despite better-than-expected results. Oil prices tumbled over 4%, with Brent crude settling at \$74.17 per barrel. Meanwhile, gold held steady as the US dollar remained resiliently strong.



01 NVIDIA'S CHIPS TIP THE SCALE?

The shares of Nvidia soared to new heights on Monday (October 14), with a closing price of \$138.07, edging the AI chipmaker to surpass Apple and become the most valuable company in the world. The Santa Clara-based giant has enjoyed an exponential rise due to a growing appetite for its AI chips, owing to the cutthroat rivalry among tech firms like Google, Microsoft, and Amazon. Analysts believe this trend will continue as competition intensifies.



Nvidia, Apple, and Microsoft collectively account for around a fifth of the S&P 500, underscoring their significant economic influence in the markets. An AI boom is also forecast to propel Taiwan Semiconductor Manufacturing Co.'s highly profitable results for the firm that manufactures chips for Nvidia. The chips will be released and will show a remarkable 40% profit increase this week. This year, analysts project Nvidia's sales to jump by an impressive 100% to \$126 billion, highlighting the company's dominance in the industry.

02 IS OLA DRIVING TOWARDS FAILURE?

Ola Electric has involved EY India to manage a 'service transformation' owing to the flap of customer complaints, service issues, and slump in sales. The global consulting firm, EY is also expected to support the electric two-wheeler manufacturer in several areas regarding the services but mainly concentrate on improving the service delivery process and managing effective stock levels. Close to a dozen of the executive team members from EY have moved with Ola for the duration of the first three-month project, which may be expanded. The importance of the undertaking is such that Bhavish Aggarwal is closely looking into the matter.

Ola has come under increasing fire and it has worse statistics than that 80000 complaints per month and the CCPA sending a show cause notice for breaching consumer rights in some way or another. The company intends to increase its network of service centers from 400 to 1000 by the end of the year. Experts, however, believe that tackling existing issues through better service, rather than simply adding more service centers, is the effective solution for these fundamental problems.



01 DONALD TRUMP-ED BY THE US DOLLAR

As voters are making their last-minute choices in their favorite candidate just a month away from the general elections in the USA, investors are looking into what a second Donald Trump presidency would mean for the financial markets. In the betting market, the Republican frontrunner has gathered some momentum managing to outrun Democrat Kamala Harris, and in full-on campaign mode, Trump has started to attack the strength of the US dollar, claiming that it is detrimental to American jobs and exportation. Yet, his strategies to combat it are still rather nebulous.

Trump's vision on the economy has become more radical over the years, since his last term in office such proposals called for enormous tariffs, enormous cuts to the taxes, and an apparent challenge to the independence of the Federal Reserve. However, one of his perennial points voicing a concern that the US dollar is high — is based on some economic foundation. The trade-weighted index of the dollar adjusted for inflation has gone up by 20-30 percent over the previous ten years, and even the IMF provides estimates that the US dollar was overvalued by around 5-10% last year with another 2-3% increase projected for 2024.

While economists agree with Trump in that the strength of the dollar affects the ability of the US to export and its manufacturing jobs, even more, concerning is how he hopes to solve the problem.

This is because any major measures to intervene and manage currency exchanges or rates would affect the system that supports the rest of the financial systems in the US, which is what makes investors unsure of the implications of his ideas.

02 IS THERE A GREAT WALL IN CHINA'S ECONOMY CURRENTLY?

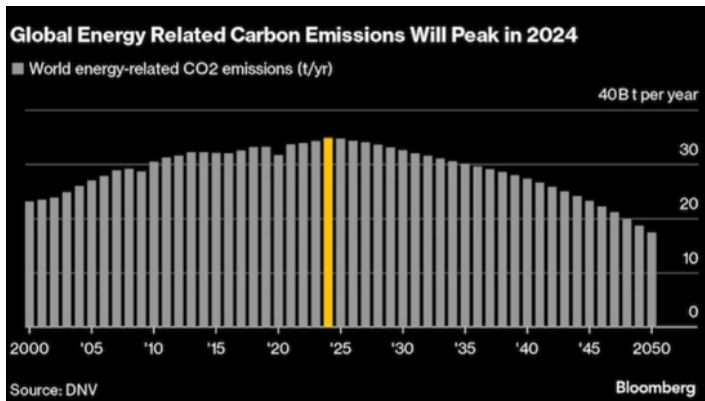
The Chinese finance minister, Lan Fo'an, stated that there is space for economic stimulation but did not go ahead to specify any plans. At a news conference, Lan said the government would be able to issue more debt and expand the budget deficit but did not elaborate any further, causing confusion among investors and analysts.

Notably, despite attempts to increase pensions and provide other forms of assistance, the Chinese economy remains stagnant, characterized by a lack of consumer spending and a continuous falling property market. The optimism surrounding a substantive economic stimulus package was misplaced and Lan spoke of only band-aid interventions which included the provision of additional scholarships, arrangement for more bank bond issuance, and assisting already strained local governments.

Investors expected a more comprehensive approach but at the moment the government is concentrating on accelerating the execution of existing measures.

01 WHY IS RENEWABLE GROWTH NOT GROWING?

A fresh analysis from DNV, Norway's business risk consultant, says that world carbon emissions may have reached their peak, however, the transition to green energy remains inadequate to achieve the Paris Agreement objectives. DNV's Chief Executive Officer, Remi Eriksen, has further warned that the forecasted 19% reduction in the price of solar panels and batteries by 2030, does not correlate with prospects for a meaningful reduction in global emissions.



The study states that solar energy will be the largest contributor towards 80% of renewable growth globally before the year 2030, while total renewable capacity is projected to only grow 2.2 times within that period, an underachievement of the threefold increase proposed at COP28. Improvements in energy efficiency are also lagging, progressing at only 50% of the pace forecasted by the United Nations.

Also, DNV adjusted downward its 2050 horizons for wind energy generation capacity by 18%. The reasons include high costs of financing as well as disruptions in the supply chain. As the decade

wears on, it is increasingly clear that the need to quicken the pace of movement to renewable energy sources is more than it was before.

02 MANUFACTURING ECONOMIC GROWTH

This year witnessed optimistic indicators of recovery within the global manufacturing sector fuelling expectations of increased economic activities around the world. The key players in the production networks have increased their output, and this could mean an improving economic environment.

The report by the Institute for Supply Management (ISM) points out the first growth in production by the US manufacturing sector since the year 2022. Though many traders believe this may postpone the plans of the Federal Reserve to ease monetary policy, the wider effects of this trend are encouraging. The increased manufacturing activities in Asia, especially, bode well for the prospects of globalization.

Another purchasing manufacturer index by China also rose with the factory activity expanding in production for the fifth month now. For the second largest economy in the world, such positive growth of the manufacturing figures comes as a great relief even with other difficulties such as a failing property sector and low consumer confidence.

Japan and Taiwan both enjoyed a strong month of manufacturing, while South Korea's slump was more than compensated by a massive 36% surge in chip exports. Overall, such trends signal a healthier outlook for global manufacturing.

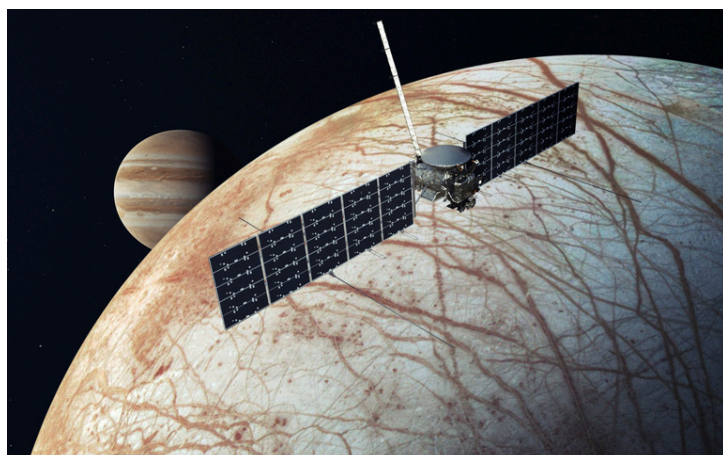
01 MALE MICE USE FEMALES TO DEESCALATE AGGRESSION, STUDY FINDS

A new study from the University of Delaware reveals that male mice use a "bait-and-switch" tactic to deescalate aggression by diverting aggressive males' attention toward female mice. The research, led by Joshua Neunuebel and published in **PLOS Biology**, employed machine learning to analyse over 3,000 altercations between male mice. When confronted, male mice often approached a female, successfully diffusing the aggressor's focus and reducing the likelihood of a fight. This deescalation strategy highlights how social hierarchies and conflict resolution operate in mice, with potential insights for studying other species' behaviour.

02 NASA'S EUROPA CLIPPER LAUNCHES: A NEW ERA IN THE SEARCH FOR LIFE ON JUPITER'S ICY MOON

NASA's Europa Clipper has successfully launched on a SpaceX Falcon Heavy rocket, beginning its journey to explore Jupiter's moon, Europa, which is believed to harbour a subsurface ocean. Scheduled to start science flybys in 2031, the spacecraft is equipped with advanced instruments, including ice-penetrating radar and thermal sensors, to investigate Europa's icy shell and potential water eruptions. This mission represents a significant milestone in solar system

exploration, with over 4,000 contributors involved since its approval in 2015. As the spacecraft embarks on its mission, scientists hope to uncover vital information about the moon and the possibility of extraterrestrial life.



03 CHINESE RESEARCHERS SYNTHESIZE NOVEL PLUTONIUM ISOTOPE, PLUTONIUM-227

Scientists from the Chinese Academy of Sciences (CAS) have successfully synthesized plutonium-227, a new isotope marking a major advancement in nuclear physics. Using a fusion evaporation reaction, the team from the Institute of Modern Physics (IMP) achieved the first-ever creation of this neutron-deficient isotope. The research, published in **Physical Review C**, measured plutonium-227's alpha-particle energy and half-life, which align with known plutonium isotopes. This breakthrough is part of ongoing efforts to explore shell closures in heavy elements, with future plans to investigate lighter plutonium isotopes for deeper insights into nuclear stability.

MOVIE RECOMMENDATION

WALL STREET (1987)

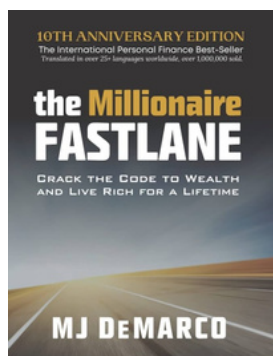
Embark on a journey into the heart of Wall Street's intrigue with the cinematic masterpiece "Wall Street" (1987). Directed by the visionary Oliver Stone, this financial thriller takes you behind the glossy façade of the financial district, where fortunes are made and lost in the blink of an eye. As the narrative unfolds, it unveils a world of cutthroat ambition, where the line between right and wrong blurs amid the relentless pursuit of wealth.. "Wall Street" is not just a movie; it's an enthralling exploration of power, greed, and the price one pays for playing the game.



BOOK RECOMMENDATION

THE MILLIONAIRE FASTLANE

"The Millionaire Fastlane," written by M. J. DeMarco, is a compelling guide that challenges conventional beliefs about wealth creation. Drawing on real-world examples and personal experiences, the book provides actionable insights on how to break free from financial mediocrity and accelerate wealth-building. A must-read for those seeking unconventional and impactful strategies to achieve financial prosperity.



PODCAST RECOMMENDATION

AFFORD ANYTHING

"Afford Anything" by Paula Pant is a must-listen podcast for anyone seeking financial empowerment and freedom. With a focus on the concept that you can afford anything but not everything, Paula Pant explores the intersection of money, work, and life. Tune in to "Afford Anything" for a refreshing perspective on personal finance and intentional living.

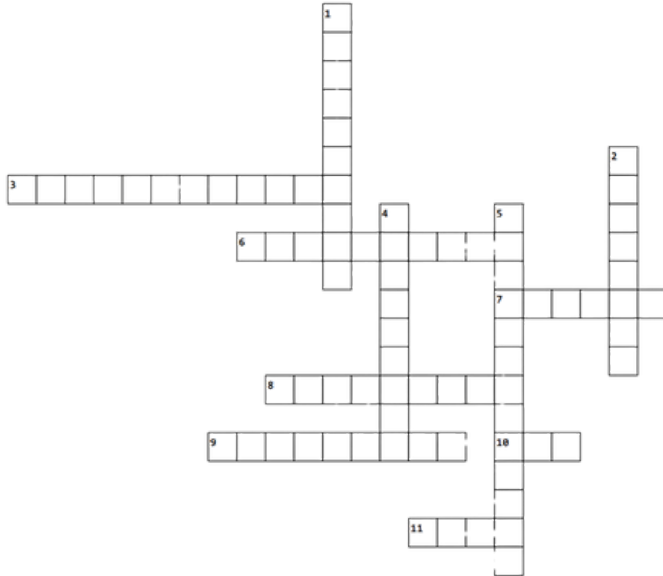


STOCK PICKS

BAJAJ FINANCE

Bajaj Finance's share price fell over 1% on Tuesday and has decreased more than 6% in the past month. Despite negative returns this year, analysts expect an upward trend based on the company's robust fundamentals. Axis Securities has given the stock a 'Buy' rating, setting a target price of ₹8,030, indicating an 11% potential upside within six to nine months. While the rural B2C segment has faced challenges, growth in rural B2B remains strong, positioning Bajaj Finance for healthy AUM growth of 26-28% in FY25.

CROSSWORD



ACROSS

3. A person who sets up a business(es), taking on the financial risks in hope of profit (1 word)
6. A person who is the exclusive owner of a business. they are entitled to keep all profits for themselves after tax has been paid, but has unlimited liability (2 words)
7. Value is the share price of a share when it is floated on the secondary market (2 words)
8. The availability of liquid assets to a market or company (1 word)
9. You can earn an income from shares by either selling stock, or receiving (1 word, plural)
10. The Australian share market (abbreviated)
11. Compensation for work, typically paid hourly or weekly (1 word)

DOWN

1. A market with a decline and a drop in share prices and demand (2 words)
2. The name for the Hong Kong stockmarket index (2 words)
4. The 4 P's of marketing include price, placement, product and (1 word)
5. The market where the initial shares of a public company are first floated (2 words)

ANSWERS IN THE NEXT EDITION

Answers of the previous edition

Across

2. Deficit
4. Capitalism
6. Consumer
8. Price
10. Market

Down

1. ROI
3. Inflation
5. Matching Principles
7. Profit or Return
9. M2

VOCABULARY

1. **Matrix**- an enclosure within which something originates or develops
2. **Xenophobia**- a fear of foreigners or strangers
3. **Benign**- kind in disposition or manner
4. **Ineluctable**- impossible to avoid or evade
5. **Beacon**- a fire that can be seen from a distance
6. **Impetuous**- characterized by undue haste and lack of thought
7. **Vexation** - anger produced by some irritation
8. **Benevolent**- showing or motivated by sympathy and understanding

JARGONS DECODED

Micro-Moments

Micro-moments are instances when consumers turn to their devices for quick answers, decisions, or purchases. These moments are often spontaneous and driven by specific needs, such as "I want to know," "I want to go," "I want to buy." Brands that are able to capture these micro-moments by providing relevant content or services can drive conversions and customer loyalty in the highly competitive digital landscape.

Ethical Commerce

Ethical commerce refers to businesses prioritizing sustainable practices, fair trade, and social responsibility throughout their operations. This includes sourcing eco-friendly materials, ensuring ethical labor practices, and minimizing environmental impact. Consumers are increasingly gravitating toward brands that demonstrate ethical values, and businesses adopting ethical commerce can enhance their brand reputation and attract a socially conscious customer base.

MYTH BUSTERS

Outsourcing always saves money

Outsourcing is often seen as a way to cut costs, but it does not always lead to savings or efficiency. Poorly managed outsourcing can result in quality control issues, delays, communication challenges, and hidden costs. It's essential to carefully evaluate outsourcing decisions based on strategic alignment and skills required. Sometimes, investing in internal capabilities can yield better results than outsourcing certain operations.

Brick-and-mortar stores are dead

While e-commerce has significantly grown, brick-and-mortar stores are far from dead. In fact, many consumers still prefer in-person shopping experiences, particularly for items where they want to touch, feel, or try out products. Physical stores also serve as brand hubs, offering immersive experiences and building stronger customer relationships. The future of retail may involve a hybrid approach, blending online and offline shopping through omnichannel strategies.

FORTUNE'S FABLES

CHOBANI

Chobani, founded by Hamdi Ulukaya, has revolutionised the yogurt industry with its focus on quality and accessibility. Launching with a mission to bring authentic Greek yogurt to the American market, Chobani faced significant obstacles, including fierce competition and scepticism from industry leaders. Despite these challenges, Ulukaya's dedication to his vision and commitment to using only natural ingredients propelled the brand to success. Chobani's emphasis on community and fair labour practices, including providing good wages and benefits to employees, resonated with consumers who value ethical business practices. Today, Chobani is a leading name in yogurt, known for its innovation and commitment to quality. The brand's rise reflects not only its ability to disrupt a market but also its dedication to creating a positive impact through sustainable practices and community engagement. Chobani's journey exemplifies the power of perseverance and integrity in building a successful, values-driven company.



Be clearly aware of the stars and
infinity on high. Then life seems almost
enchanted after all.

— Vincent Van Gogh

Thank you for reading!

Hope you enjoyed the content.
Stay tuned for the next edition!

