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The Finance Newsletter Of

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U.S. deficit tops $1.8 trillion in 2024 as interest on debt surpasses trillion-dollar mark

India's petroleum and gems exports plunge, electronics and pharma surge in H1, FY25

The financial landscape of India

Fintech's are Using GenAI to Transform Customer Service

INDIAN STOCK MARKET WEEKLY UPDATES

Nifty, Sensex Snap Three-Day Losing Streak but End Week Lower

The stock market posted its third consecutive weekly loss, marking the longest losing streak of 2024, despite a late surge on Friday that helped reduce the week's decline. The benchmark indices, Sensex and Nifty, fell between 0.2% and 0.4% over the week. Financial stocks stood out, with ICICI Bank and HDFC Bank leading the rally, boosting the Nifty Bank index by 2%. However, the broader market remained subdued as several key stocks struggled.

Axis Bank, Wipro, Eicher Motors, ICICI Bank, and Shriram Finance were among the top gainers in the Nifty 50 pack. Axis Bank settled 5.75 percent higher at Rs 1,196.95 per share on the NSE. Infosys, Britannia Industries, and Asian Paints were among the major laggards in the Nifty 50 pack.

Broader markets also witnessed a sharp recovery in October 18 trade with Nifty Midcap 150 closing higher by 0.17 percent at 21,755.65. It snapped its 2-dy losing streak today. While Nifty Small cap 100 rebounded over 400 points to 19,077.80

As foreign investors continue to shift money from India to China leading to a 3.7% slide in Nifty in October, global brokerage firm Macquarie believes that the Chinese trade is a trading call and not an investment bet. Foreign institutional investors have pulled out $8.4 billion so far in October, already set for the highest monthly outflows on record. That after assets under custody of foreign portfolio investors topped $1 trillion, as of September-end.

"It is quite possible that further announcements might propel China's equities, even as structural issues fester. But this is mostly a trading, not an investment call, which still heavily favours India," said Macquarie in its report.

This week, eight out of the 12 sectors on the NSE ended lower and four closed higher. The Nifty Auto declined the most, while the Nifty Bank rose the most.

Axis Bank 1194.8 5.08%	Wipro 550 4.02%	Eicher Motors 4778 3.33%	Shriram Finance 3345.15 2.66%	ICICI Bank 1263.75 2.54%	Hindalco 754 2.61%	HDFC Life 743.9 2.40%
Tata Motors 910.6 2.13%	Grasim 2762.45 2.09%	Tata Steel 155.44 1.99%	NTPC 424.65 1.60%	JSW Steel 993.45 1.42%	SBI 821 1.23%	Sun Pharma 1912.35 1.21%
Adani Ports 1409.4 1.05%	ONGC 284.3 0.96%	Bharat Elec 287.25 0.95%	Trent 7786.1 0.86%	Coal India 490.2 0.67%	Dr Reddys Labs 6747 0.64%	UltraTechCement 11075.05 0.52%
Bharti Airtel 1709.6 0.5%	HDFC Bank 1681.3 0.49%	SBI Life Insura 1710.4 0.49%	TCS 4128.2 0.47%	Bajaj Finserv 1823.65 0.44%	Power Grid Corp 332.3 0.38%	Reliance 2722 0.34%
BPCL 343.45 0.22%	Kotak Mahindra 1868.1 0.22%	Larsen 3578.1 0.22%	TATA Cons. Prod 1092.55 0.22%	Indusind Bank 1346.35 0.07%	M&M 2966.55 0.07%	Hero Motocorp 5220 0.06%
Apollo Hospital 6968.55 -0.01%	Bajaj Finance 6886.65 -0.06%	Adani Enterpris 3008 -0.19%	ITC 487.95 -0.19%	Maruti Suzuki 12116.05 -0.23%	Cipla 1583.65 -0.32%	Bajaj Auto 10065 -0.34%
Tech Mahindra 1682.15 -0.4%	HCL Tech 1859.15 -0.46%	Titan Company 3382.45 -0.61%	HUL 2718.3 -0.74%	Nestle 2347.05 -1.33%	Britannia 5892.4 -1.6%	Asian Paints 2998.3 -1.88%
Infosys 1881.6 -4.4%						

ICICI Lombard Q2 results: Profit jumps 20% YoY to Rs 694 crore

ICICI Lombard on Friday reported 20% growth in its net profit at Rs 694 crore for the second quarter, compared with Rs 577 crore in last year's quarter. The net premium written rose 14% year-on-year to Rs 4835 crore in the September quarter as against Rs 4240 crore posted in the same quarter of last year.

Motilal Oswal stock zooms 109% within 3 months; market cap tops Rs 62,000 cr

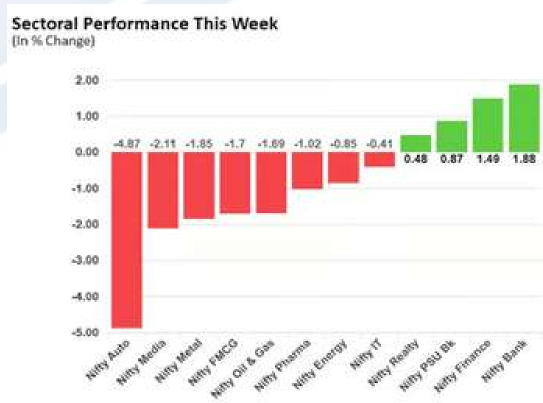
Shares of Motilal Oswal Financial Services (MOFSL) hit a new high of Rs 1,063.40, soaring 14 percent on the BSE in Friday's intra-day trade amid heavy volumes on expectations of healthy earnings. The market price of this stock broking & allied services company has doubled or zoomed 109 percent in less than three months from a level of Rs 508.65 on July 23, 2024. Thus far in the calendar year 2024, it has skyrocketed 238 percent, as against a 12.5 percent rise in the BSE Sensex.

Infosys share price slips 4.5% despite raising FY25 guidance

Share of information technology (IT) giant Infosys slipped up to 4.50 percent to hit an intraday low of Rs 1,880.80 per share on Friday, October 18. 2024. The fall in the share price came after the management revised its revenue guidance for FY25 to 3.75 percent-4.5 percent (vs 3-4 percent earlier), indicating a muted quarter-on-quarter growth for the second half of the year.

Zomato share price drops 5% on BSE

Zomato share price fell 5.4 per cent to Rs 256 per share on the BSE. At 12:43 PM, Zomato shares were trading 4 percent lower at Rs 259.6 per share as against the BSE Sensex's 0.33 percent rise.The drop in Zomato's share price came even as the company announced its fundraising plan on Thursday, October 18



U.S. DEFICIT TOPS $1.8 TRILLION IN 2024 AS INTEREST ON DEBT SURPASSES TRILLION-DOLLAR MARK

The Biden administration rang up a budget deficit topping $1.8 trillion in fiscal 2024, up more than 8% from the previous year and the third highest on record, the Treasury Department said Friday.
Even with a modest surplus in September, the shortfall totalled $1.833 trillion, $138 billion higher than a year ago. The only years the U.S. has seen a great deficit were 2020 and 2021 when the government poured trillions into spending associated with the Covid-19 pandemic.

The deficit came despite record receipts of $4.9 trillion, which fell well short of outlays of $6.75 trillion.
Government debt has swelled to $35.7 trillion, an increase of $2.3 trillion from the end of fiscal 2023.
One aggravating factor for the debt and deficit picture has been high interest rates from the Federal Reserve's series of hikes to fight inflation.

Interest expense for the year totalled $1.16 trillion, the first time that figure has topped the trillion-dollar level. Net of interest earned on the government's investments, the total was a record $882 billion, the third-largest outlay in the budget, outstripping all other items except Social Security and health care.

The average interest rate on all the government debt was 3.32% for 2024, up from 2.97% the previous year, a Treasury official said.
The government did run a surplus in September of $64.3 billion, the product in part of calendar effects that pushed benefit payments into August, which saw a $380 billion deficit, the biggest month of the year.

As a share of the total U.S. economy, the deficit is running above 6%, unusual historically during an expansion and well above the 3.7% historical average over the past 50 years, according to the Congressional Budget Office.
The **CBO expects** deficits to continue to rise, hitting $2.8 trillion by 2034. On the debt side, the office expects it to rise from the current level near 100% of GDP to 122% in 2034.

INDIA'S PETROLEUM AND GEMS EXPORTS PLUNGE, ELECTRONICS AND PHARMA SURGE IN H1, FY25

New Delhi: India's traditionally strong petroleum, gems and jewellery exports fell steeply in the first half of this fiscal year, hurt by slow growth in developed countries, although pharmaceutical, electronics and engineering goods bucked the trend. While global trade remained subdued, the World Trade Organization expects it to recover gradually, and these sectors are expected to drive India's exports during the ongoing fiscal. Overall, India's merchandise exports rose to $213.22 billion during the first half of FY25, up 1% from $211.08 billion a year earlier, the government said on Wednesday.

Engineering goods, with about a 25% share in the export basket, grew 5.27% annually in value to $56.24 billion during H1, according to data from the ministry of commerce & industry. The export of electronic goods rose 19.74% annually to $15.64 billion, while shipments of drugs and pharmaceutical products rose 7.99% to $14.43 billion. Organic and inorganic chemicals exports rose 4.57% to $14.11 billion. "India has made a mark in terms of its engineering products, which is almost a quarter of all the exports. So that is growing well. Organic and inorganic chemicals are growing well," commerce secretary Sunil Barthwal said recently. "Merchandise exports are one sector which has been impacted globally, However, India is doing much better than the global average."

India's trade in 2024 was influenced by global events: Houthi attacks on ships on the Red Sea that led to higher freight rates and disrupted supply chains; higher crude oil prices on account of the continuing Russia-Ukraine war; US-China trade tensions that led to more expensive value chains, and the EU's proposed carbon tax and forest regulations.

A slowdown in global growth, especially in the developed economies, further impacted exports. As a result, some traditionally strong export sectors have suffered. Exports of gems and jewellery fell 10.89% to $13.92 billion, while exports of petroleum products fell 12.48% to $36.54 billion during H1.

In April, the WTO forecast a recovery in global merchandise trade in 2024, following a weak 2023 marked by inflation and high energy prices. The WTO expects trade volumes to grow by 2.6% in 2024 and 3.3% in 2025, though geopolitical risks remain.

India's major export destinations during H1 included the US, the UAE, the Netherlands, the UK and China.

"While India's trade deficit in goods narrowed to a five-month low in September 2024, the trade deficit for April-September 2024-25 surged by over 24%, rising from $44.18 billion to $54.83 billion," said Manoranjan Sharma, chief economist at Infomerics Ratings and former chief economist at Canara Bank. "The evolving external sector situation needs to be monitored on a constant real-time basis and mid-course corrections effected, as and when needed."

THE FINANCIAL LANDSCAPE OF INDIA

The financial landscape of India in 2024 is witnessing significant changes, driven by macroeconomic developments, technological innovations, and evolving government policies. As the country continues its recovery from the global economic disruptions of previous years, several key trends are shaping the national financial sector. These trends include the rise of digital finance, shifting regulatory frameworks, sustainable finance, and growing participation in stock markets by retail investors.

1. Rise of Digital Finance

One of the most prominent trends in Indian finance is the increasing penetration of digital financial services. The growth of fintech companies, digital payment platforms, and mobile banking has accelerated during the pandemic and continues to gain momentum. The Unified Payments Interface (UPI), which saw massive adoption due to its ease of use, has transformed the payment ecosystem. By 2024, UPI transactions have crossed 10 billion monthly, illustrating the shift from cash-based to digital transactions.

Furthermore, India's digital lending ecosystem is expanding rapidly. New players, such as fintech startups, are offering innovative financial products and micro-lending services, particularly for small businesses and individuals underserved by traditional banking. The government's support for Digital India and measures like the Account Aggregator framework are further promoting the ease of accessing credit and financial products digitally.

2. Evolving Regulatory Frameworks

Regulatory changes are another crucial factor influencing Indian finance in 2024. The Reserve Bank of India (RBI) has been proactive in modernizing regulations, especially concerning digital finance and cryptocurrencies. While the RBI maintains a cautious stance toward the legalization of cryptocurrencies, it has introduced the Digital Rupee, India's Central Bank Digital Currency (CBDC). This initiative aims to streamline payments, reduce transaction costs, and increase financial inclusion.

Additionally, new regulations are being introduced to ensure the safety of digital transactions. The RBI has enforced stricter data security norms and encouraged banks to improve cybersecurity, aiming to protect consumers in the rapidly digitizing financial environment.

3. Sustainable Finance and Green Bonds

India's growing focus on sustainable finance is also shaping the finance industry. The push towards achieving the country's net-zero carbon emissions target by 2070 has driven the demand for green finance. . In 2024, green bonds are seeing increased interest from both domestic and international investors. The issuance of green bonds, intended to fund projects that have positive environmental and climate benefits, is playing a pivotal role in financing India's renewable energy, waste management, and sustainable agriculture initiatives.

The Indian government has also launched several policy measures to incentivize sustainable finance. For instance, the creation of a dedicated Green Finance Committee aims to facilitate investments in environmentally sustainable projects.

4. Retail Investors in Stock Markets

Finally, Indian stock markets are seeing a surge in participation from retail investors. Platforms like Zerodha and Groww have made investing in stocks and mutual funds more accessible. In 2024, retail investors constitute a significant portion of market turnover, with many taking advantage of digital trading platforms, low commissions, and improved financial literacy. The democratization of stock market investing is a notable trend, with younger investors entering the markets in large numbers, diversifying portfolios, and exploring new asset classes such as exchange-traded funds (ETFs).

FINTECH'S ARE USING GENAI TO TRANSFORM CUSTOMER SERVICE

The financial technology (fintech) sector is undergoing a rapid transformation driven by advancements in artificial intelligence (AI). Among these innovations, Generative AI (GenAI) is emerging as a key disruptor, reshaping customer interactions and operations across the industry. Goldman Sachs projects that AI adoption could boost global GDP by 7%, or $7 trillion, over the next decade. In this competitive landscape, offering a seamless digital experience is critical, and GenAI is helping fintech companies gain an edge over traditional banks by redefining customer service.

GenAI is enhancing customer engagement by powering smart chat interfaces that deliver instant, accurate, and personalised responses. Unlike traditional chatbots that rely on pre-programmed answers, GenAI-powered interfaces continuously learn from previous interactions and use real-time customer data to provide context-rich assistance. This allows fintech's to engage with users more meaningfully, improving both customer satisfaction and service efficiency.

Fintech firms are also leveraging GenAI to offer accessible, real-time financial advisory services. By analysing customers' financial data and identifying patterns, GenAI can generate actionable insights, empowering individuals to make informed decisions. Many financial institutions are adopting this technology to reduce the workload on wealth advisors, enabling them to focus on complex financial planning while automating routine advisory tasks.

In the realm of marketing, GenAI is helping fintech companies personalise communications with customers. By tailoring offers to align with specific financial needs, fintech's can connect with niche customer groups and build stronger relationships. This targeted approach fills gaps left by traditional financial services and allows fintech's to position themselves as specialised providers.

Another key area where GenAI is making an impact is in security. With growing concerns about online fraud, customers prefer the technology-driven security measures offered by fintech platforms. GenAI's advanced algorithms enable real-time detection of anomalies and fraudulent activities, ensuring that customer data remains secure. This not only builds trust but also strengthens fintech companies' reputations for safeguarding financial transactions.

GenAI is also transforming credit risk assessments by enhancing traditional AI techniques. In the early stages, it identifies customers likely to miss payments and those who may self-correct without collection efforts. For later stages, it provides payment forecasts and loss predictions based on delinquency stages and recovery patterns, allowing fintech's to manage credit risks more effectively.

While GenAI offers immense potential, the companies that will truly thrive are those that can integrate it responsibly. With new regulations surrounding AI, particularly in the highly regulated finance industry, fintech's must navigate compliance challenges while continuing to innovate. Successfully balancing these factors will be essential for sustaining growth and maintaining customer trust in an increasingly dynamic environment.

GenAI is not just making online chats more real—it is transforming the entire customer experience. As fintech companies continue to harness the power of AI, we can expect more personalised, secure, and intelligent financial services, setting new benchmarks for customer satisfaction and operational efficiency.

Riddles of the week

1. The more I’m avoided, the more I weigh; settle with me, before the day. What am I?
2. To hold me is wise, they often surmise, in me your future often lies. What am I?
3. I reign where eagles dare not perch, amidst bulls and bears I embark on a search. What am I?
4. Appearing rich I may let you feel, but I'm just a number that can steal. What am I?
5. A measure of worth, dark or mirth, in me you'll find a company's birth. What am I?
6. I'm there when you buy, trade, or fix, a small fraction, for your tricks. What am I?
7. Beyond savings, throw me in the mix, for a chance to multiply quick. What am I?
8. My balance can bring you joy or sorrow; look after me, I'm tomorrow. What am I?
9. I come forth from your labor each year, yet part of me to the government, I shall steer. What am I?
10. Nothing ventured, nothing gained; with me in hand, the world's attained. What am I?

What's your Score?

KNOW THE FACTS

(Previous riddle soulutions)

- Money
- Insurance
- A budget
- Financial literacy
- A sinking fund
- Financial planning
- Automatic payments
- Tax deductions
- A balance transfer
- A free trade