

PAISA VASOOL

January 2025 Newsletter

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Trump Blows The Trumpet

1 Unite States Of America got a new president in Donald Trump and he immediately set the ball rolling on immigration, tariffs, threats of geographical expansion and policy changes through its newly created department of government efficiency. Trump imposed 25% import tariff on neighbors Mexico (paused for one month later) & Canada and 10% on China creating concerns across the globe particularly in the emerging economies. US dollar strengthened against most major currencies and commodities other than precious metals declined.

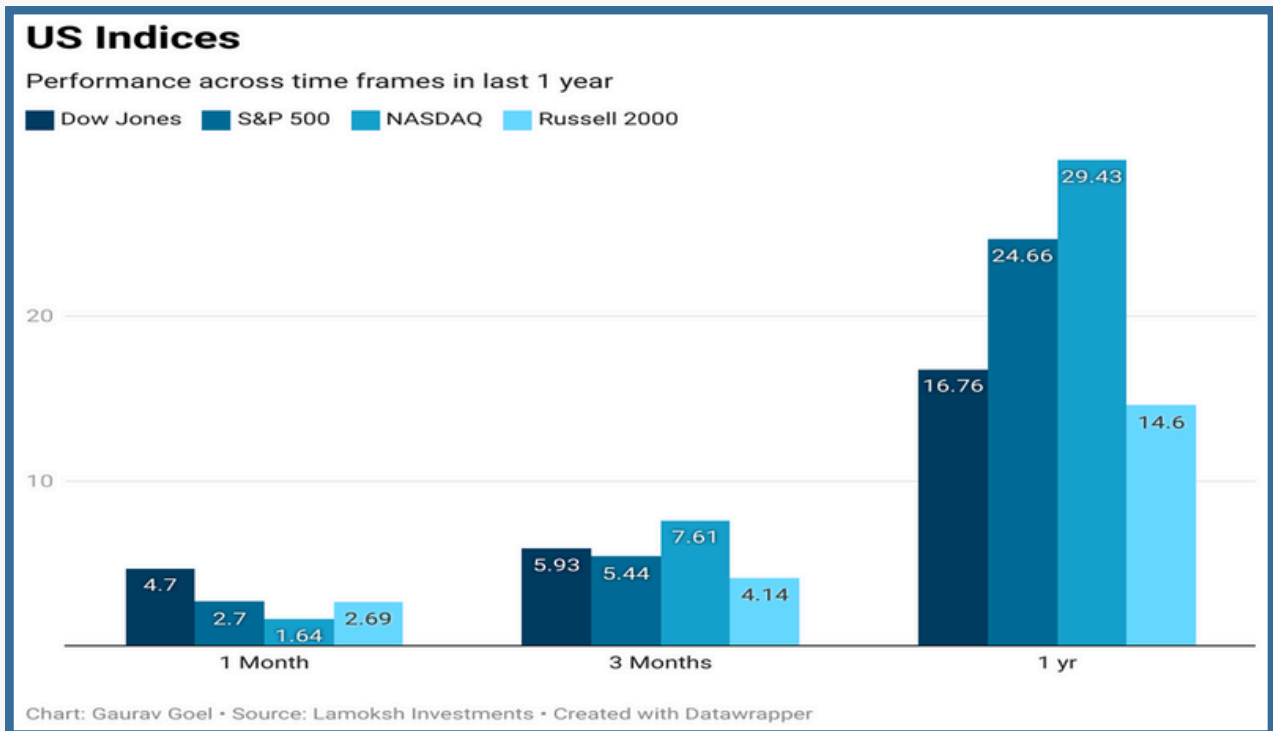
2 The Federal Reserve kept the fund rates steady at 4.25%-4.5% range during its January 2025 meeting in line with the expectations. The central bank paused its rate cutting cycle after three consecutive reductions in 2024 that totaled a full percentage point. Chairman Powell said that Fed is not in a hurry to lower interest rates and that it paused cuts to see further progress on inflation.

3 US trade deficit widened to USD 98.4 Bn vs USD 78.9 Bn month on month and against estimate of USD 93 Bn. US economy expanded and annualized 2.3% in Q4 2024, the slowest growth in three quarters down from 3.1% in Q3 and forecasts of 2.6%.

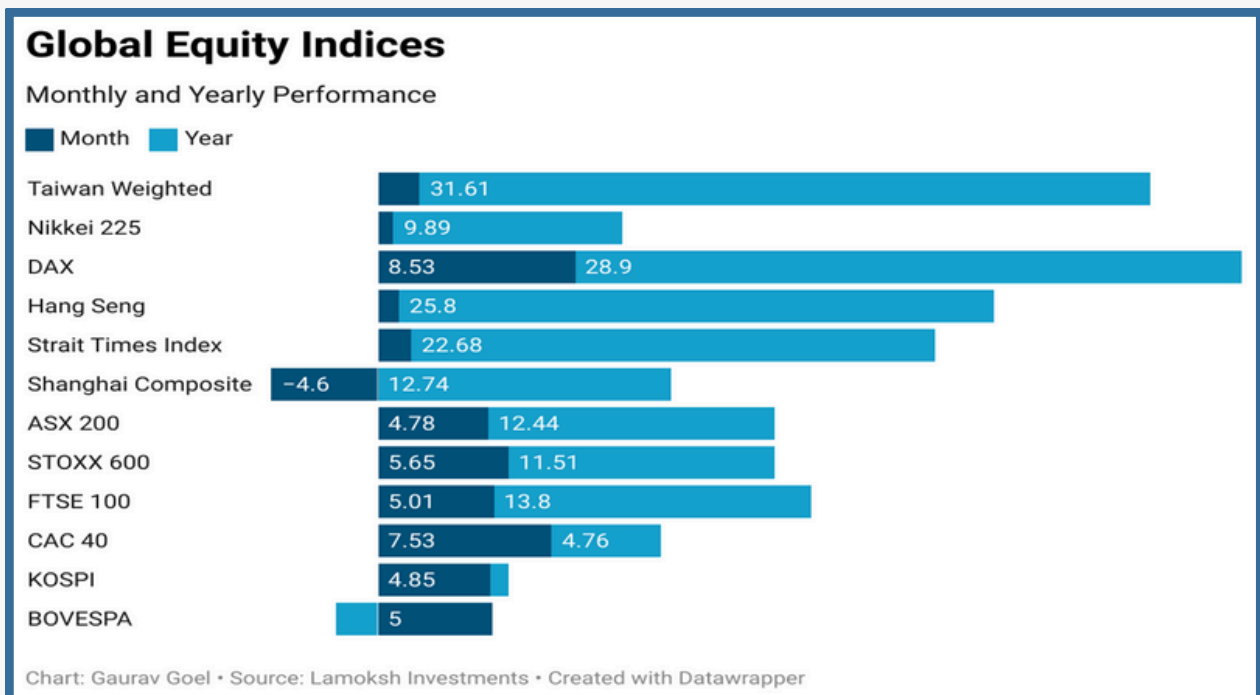
4 European Central Bank lowered its key interest rates by 25bps to 2.9% in January 2025 as expected. Eurozone economy unexpectedly stalled in Q4 2024, marking its weakest performance of the year.

5 US dominance in artificial intelligence has been challenged by a relatively unknown Chinese startup DeepSeek's latest AI model, praised for its cost effectiveness and ability to operate on less-advanced chips, garnered significant attention as its AI assistant overtook ChatGPT.

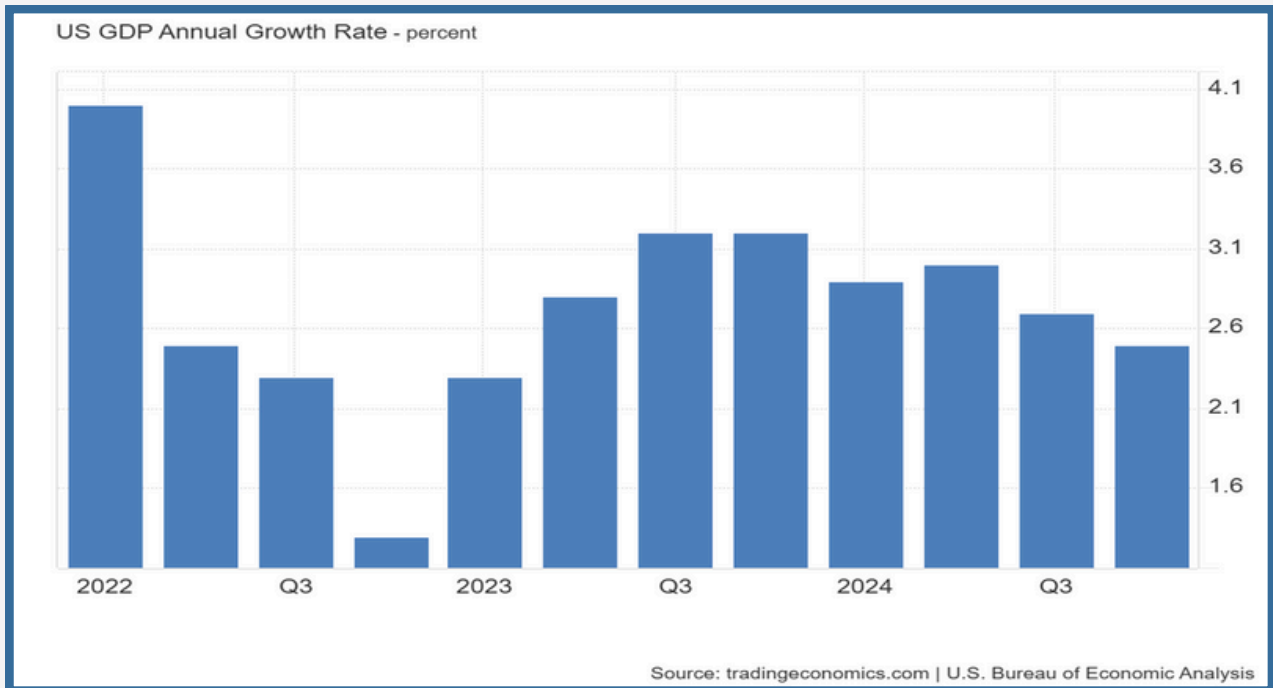
US Markets Strong



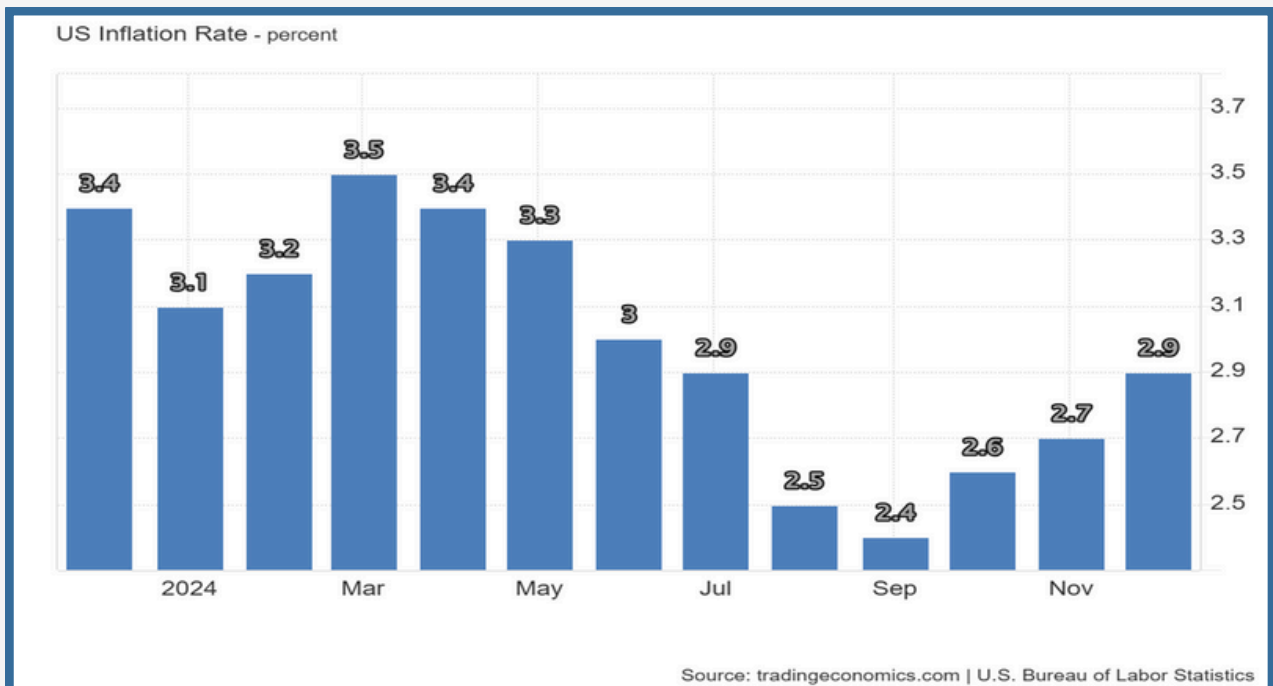
Emerging Markets Struggle



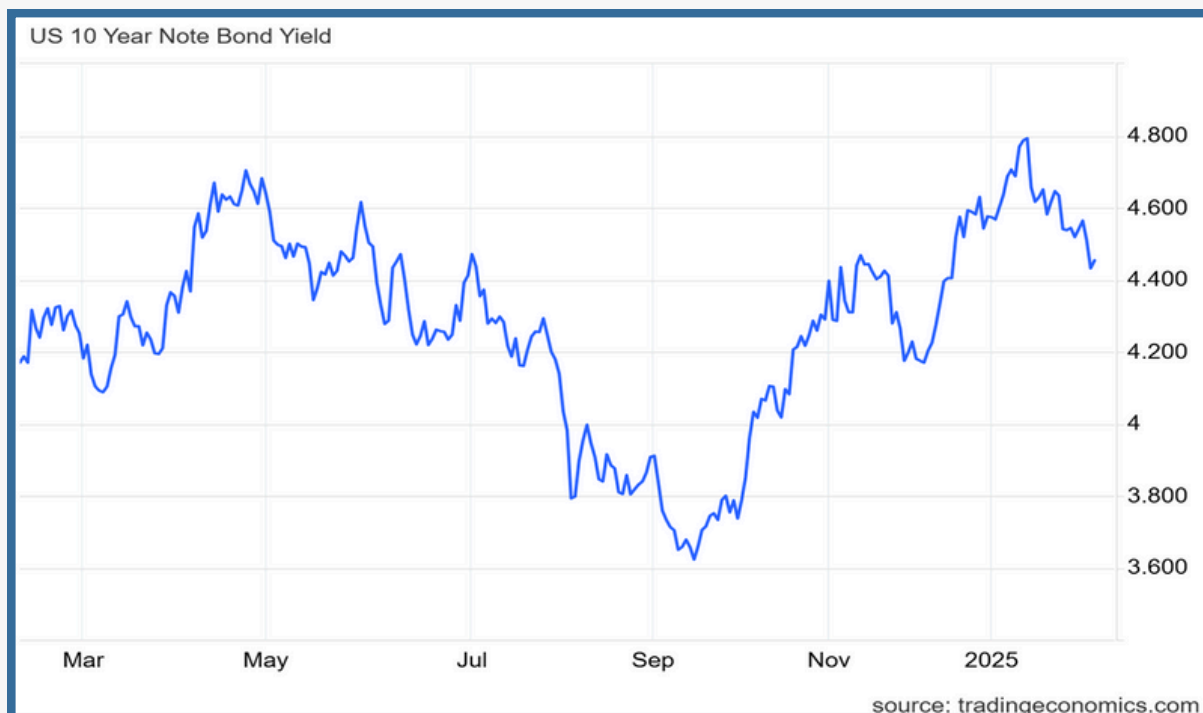
US GDP Annual Growth Rate



US Inflation Inched Up



US 10 Year Bond Yield-Volatile



Currencies & Commodities

Commodity	Month	Year	Currency Pair	Description	Month	Year
Coffee	17.71%	94.47%	BTCUSD	BITCOIN	8.28%	137.47%
Copper	6.62%	10.35%	EURUSD	EURO	0.96%	-4.66%
Silver	5.91%	35.11%	USDINR	Indian Rupee	0.86%	4.52%
Gold	5.22%	36.12%	AUDUSD	Australian Dollar	0.30%	-5.31%
Soybeaan	4.25%	-14.15%	GBPUSD	British Pound	0.14%	-2.71%
Aluminium	2.62%	15.50%	USDCNY	Chinese Yuan	-0.25%	1.88%
Sugar	0.51%	-17.71%	DXY	Dollar Index	-0.82%	5.29%
Steel	0.24%	-16.35%	USDSGD	Singapore Dollar	-0.94%	1.62%
Brent	-0.34%	-3.49%	USDJPY	Japanese Yen	-1.50%	5.96%
Palm Oil	-3.47%	13.97%	USDBRL	Brazilian Real	-6.13%	18.83%
Cottton	-3.63%	-23.81%	USDRUB	Russian Ruble	-13.15%	9.02%
Uranium	-4.36%	-32.69%				
Coal	-6.67%	0.34%				

Commodities

Currencies

INDIA: Boost To Consumption

- ▶ Finance Minister (FM) Nirmala Sitharaman presented a fairly balanced union budget 25-26. She remained committed to the fiscal consolidation path while providing relief to the middle class in form of tax cuts.
- ▶ As per the budget, there will be no tax liability for income up Rs 12 lacs. Government will forego about Rs 1 Lac Cr of revenue. This is likely to increase consumption thereby creating demand in the sluggish Indian economy.
- ▶ FM set a 4.4% fiscal deficit target for the FY 26 while forecasting a 4.8% target for the current FY. The economic survey highlighted India's GDP to grow between 6.3%-6.8 for the current FY. She has thereby managed to strike a fine balance between growth and deficit as India is likely to be amongst the very few countries in the world to achieve high GDP growth rate while keeping deficits in check,
- ▶ The Reserve Bank of India (RBI) lowered its key repo rate by 25bps to 6.25% marking the first rate cut since May 2020 during the February meeting. This move comes amid a recent slowdown in economic growth and global trade uncertainty, as widely expected.
- ▶ FII have been relentlessly selling in India since September 2024. Total selling till date since 27th September is Rs 2,83, 274 Cr. In January 2025, they sold Rs 87,373 Cr. However, their selling is due to global strategy shift as first they found better valuations in China and now more attractive investment options in US. They now own 16.9% in NSE listed companies, lowest in 12 years.
- ▶ Apr-Dec fiscal deficit is at 9.14 Lac Cr vs 9.92 lac Cr YoY or 56.7% of 16.13 lac crore target for FY 25. The numbers reflect a sense of urgency in capex expenditure compared to the previous quarter in order to meet annual targets.

Fleeing FIIs

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

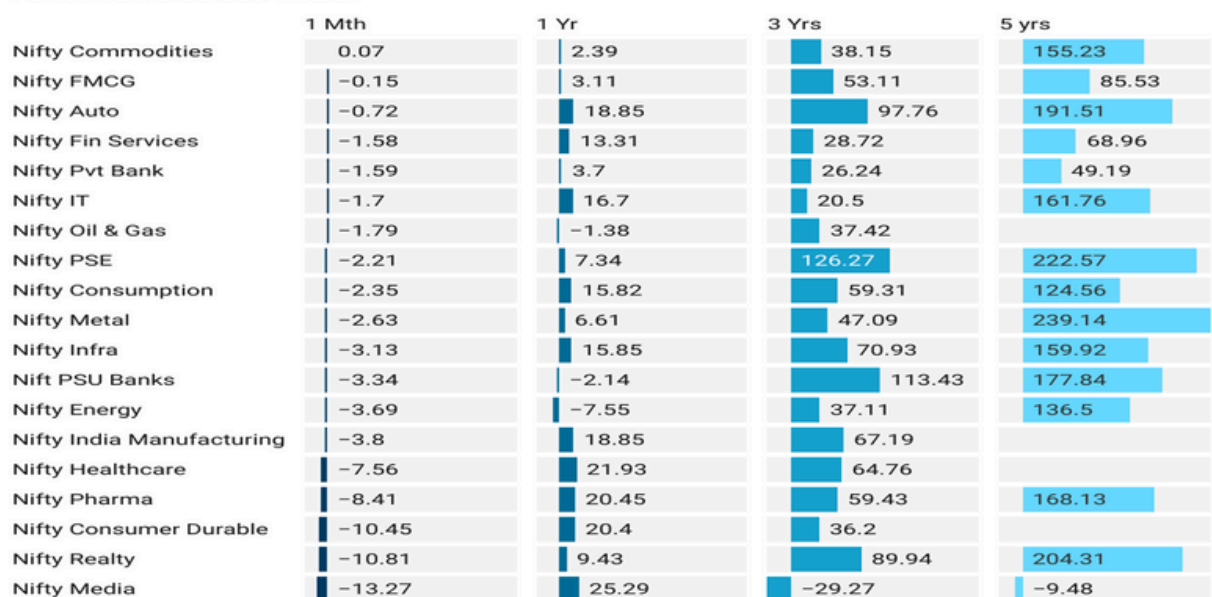


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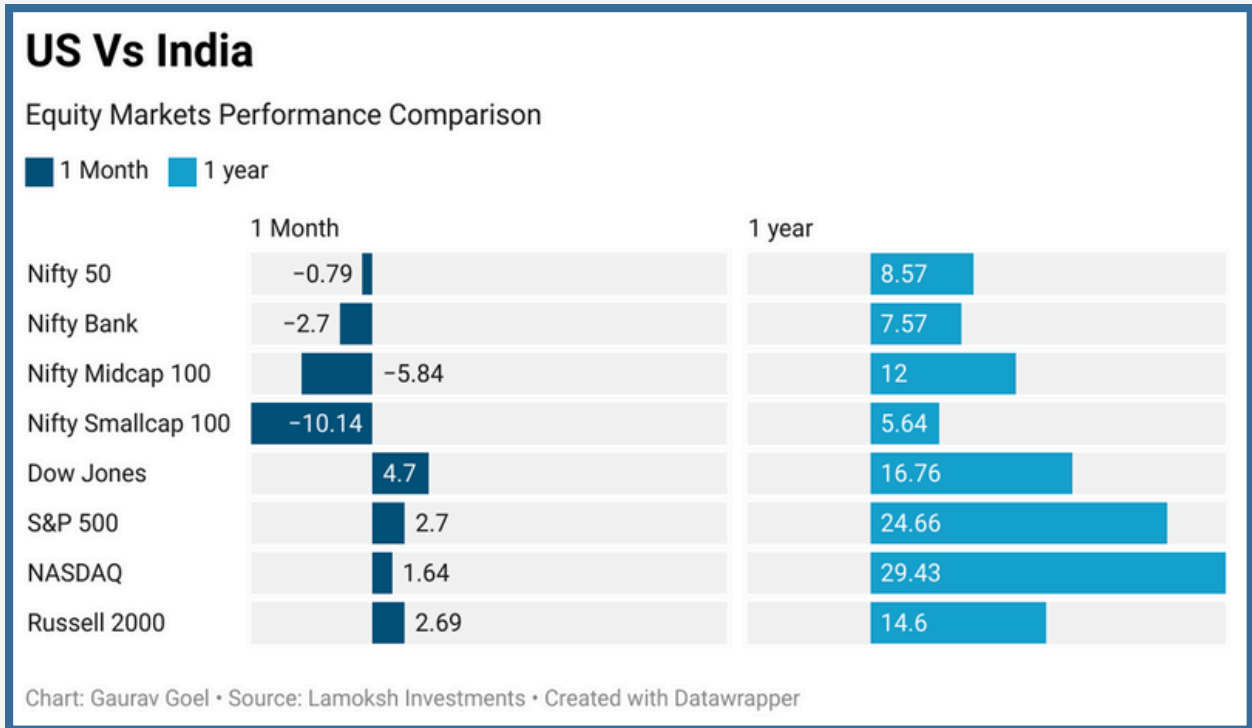
Index Valuations

Index	Fall from 52 Wk Peak	EPS	PE	PB	Valuation Verdict
Nifty 50	-10.33%	1098.50	21.45	3.50	Neutral
Nifty Bank	-8.78%	3753.80	13.24	2.20	Undervalued
Nifty Midcap 100	-11.22%	1403.50	38.54	4.90	Very Expensive
Nifty Smallcap 100	-13.58%	563.70	3.80	3.90	Expensive

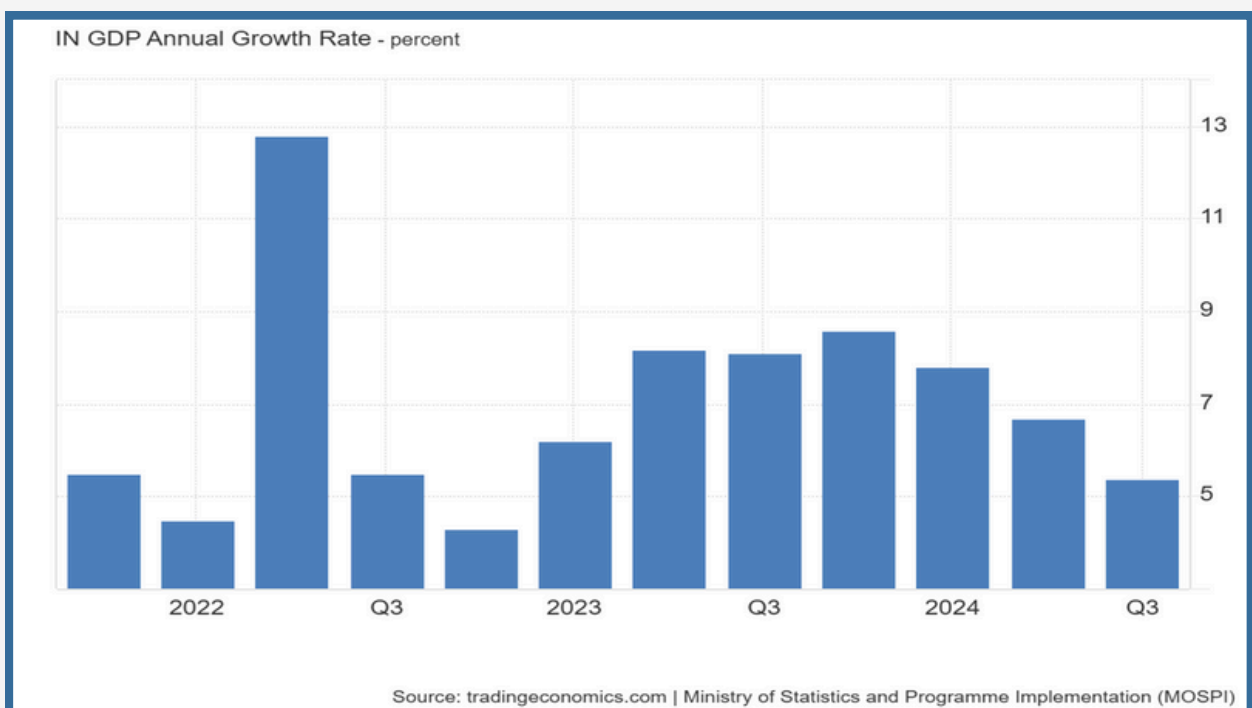
Index Forward Valuations

Index	1 Yr Fwd EPS	1 Yr Fwd PE	2 Yr Fwd EPS	2Yr Fwd PE	Valuation Verdict
Nifty 50	1263.3	18.7	1452.8	16.2	Neutral
Nifty Bank	4316.9	11.5	4964.4	10.0	Undervalued
Nifty Midcap 100	1614.0	33.5	1856.1	29.1	Expensive
Nifty Smallcap 100	648.3	26.3	745.5	22.9	Overvalued

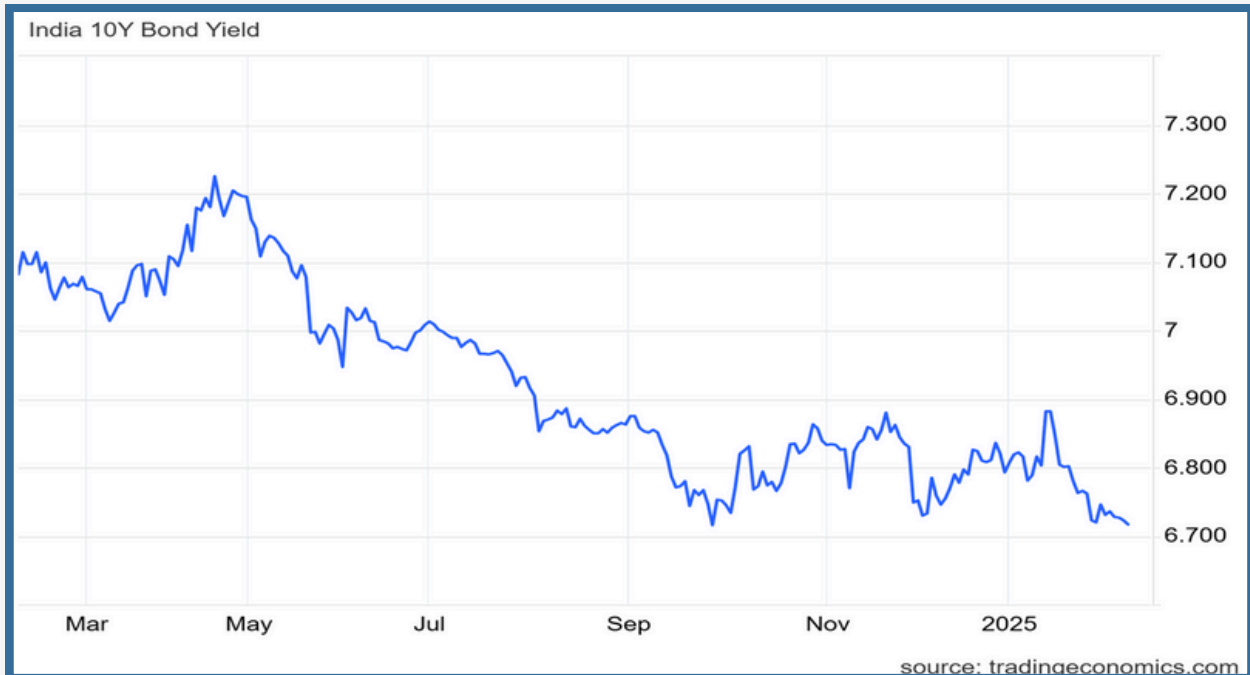
USA Soaring High



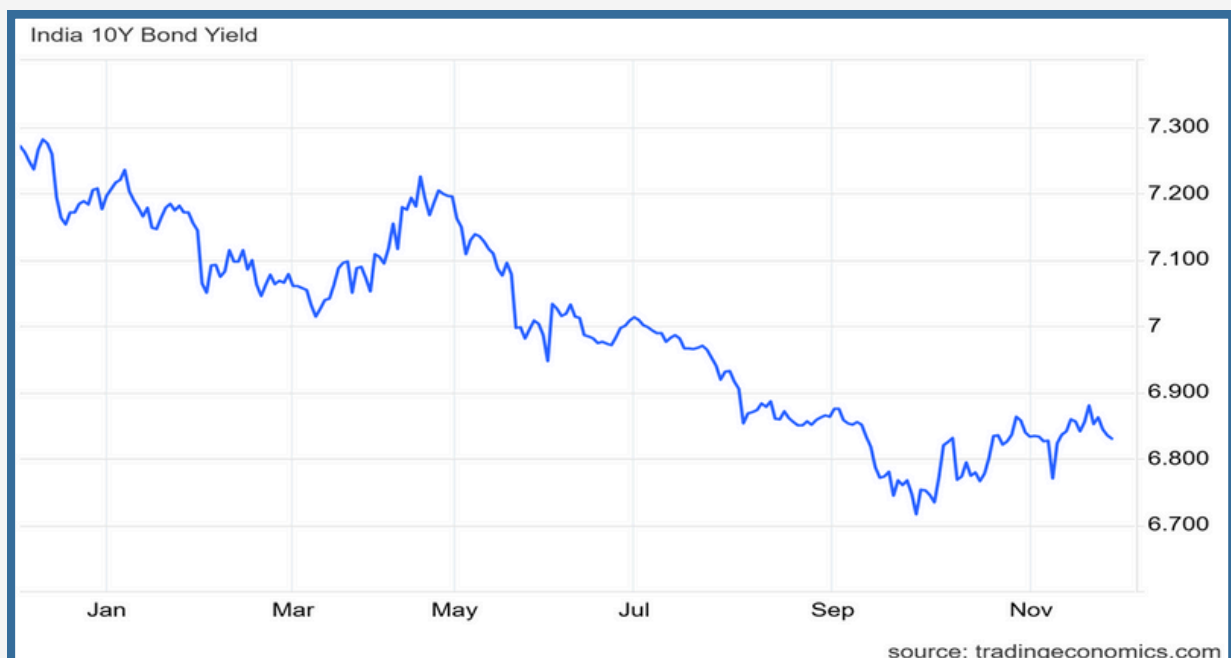
Indian GDP: Surprising Slowdown



Indian Inflation: Jump Up



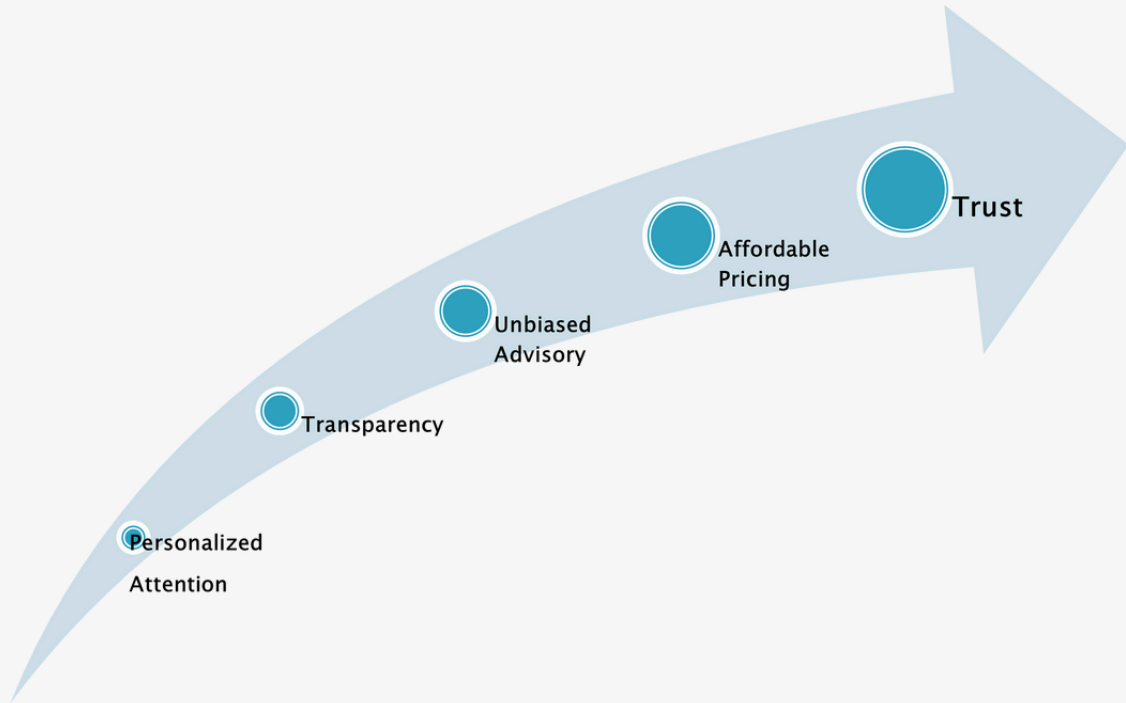
India: 10 Yr G Sec Yield Falling



Crystal Ball

- ▶ Coronation of Donald Trump as the new president has ushered in a wave of nationalism across US. He has embarked on a mission to make America great again. The initial acceptance among citizens of US and global leaders will eventually give way to scepticism and fear as time flies. His unpredictable decision making and transactional attitude will lead to resentment and isolation.
- ▶ The tariff war between US and China will escalate as none of the two superpowers is likely to bow down under pressure. US will impose trade tariffs on China but they will be smaller and gradual to be matched equally by China. Other nations will largely fall in line and escape severe Trump sanctions.
- ▶ India will be a big beneficiary under the new regime as skilful negotiations and personal chemistry between Modi and Trump will result in a partnership that will greatly benefit India.
- ▶ Struggling Indian economy, boosted by Governments efforts to lift consumption will give way to growth momentum over a period of time. The process will be gradual and economic pain would be visible in short term.
- ▶ Indian stock markets will be range bound in the calendar year 2025. Fleeing FII investors will return back with vigour once valuations become reasonable and inherent strength of Indian economy becomes visible. In long run Indian economy will outperform all other major economies and investors in equity markets in India will benefit immensely.
- ▶ Gold and Silver will have a good year as central banks will continue to add them to their balance sheet as a substitute to US dollar. Crypto currencies will have a great time in next few months only to peter down subsequently.

Our Commitment



Philosophies & Quotes

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

- Warren Buffet

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

- Charlie Munger

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

- Sir John Templeton

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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