

## MIDNIGHT NEWS UPDATE - 31st Oct 2019

- The benchmark Sensex scaled the 40,000 mark for the third time in six months even as global Indices wary ahead of Fed announcement. After a gap of nearly 4 months, the Sensex once again scaled the 40,000 mark on the back of hopes that the government may look to scrap DDT and revamp the LTCG tax. PSU banks were among the major gainers. Global markets were circumspect on the back of unfavourable A/D ratios as the indices braced up for a Fed announcement. CME Fedwatch had predicted a 25 bps rate cut and the Fed eventually ended up cutting rates by 25 bps to (1.50% - 1.75%)
- The stressed telcos have asked the government to take a more pragmatic stand on the AGR issue. Both, Bharti and Vodafone have called for relief to the stressed telecom industry. Under pressure from the Rs.92,000 crore payment demand approved by the Supreme Court, Bharti Airtel and Vodafone Idea have called for a more balanced approach to the AGR issue. The two telcos have called for a waiver of the interest and penalty component out of Rs.92,000 crore. In addition, they have also asked for a 10-year time period to pay the principal component of AGC. Government may look to relent to demands.
- After months of playing around with words and living in denial, the Boeing CEO admitted that there were faults in 737 MAX safety systems. In a way, this admission was triggered by the Indigo Airbus order. A day after Indigo had placed an order for 300 Airbus aircraft, the Boeing CEO admitted that the 737 MAX safety systems had some serious flaws. After a couple of casualties on the 737 MAX, the Indian government put a ban on the use of 737 in India, negatively impacting Indian aviation companies. The Indigo order has forced Boeing to admit to the fault; something they were wary about initially.
- US economic growth slows to 1.9% in the September 2019 quarter. While this growth rate is higher than the figures put out by consensus estimates, it is lower than the 2% growth recorded in the June quarter. The slowdown in growth was a clear outcome of the ongoing US-China trade war. On the positive side, this lower growth could provide an opportunity to the FOMC to continue with its dovish stance and continue to cut rates further from here. Eventually, the Fed did end up cut the Fed rates by 25 basis points on Wednesday but has clarified that further rate cuts will only be in the event of fall in growth.
- Brent crude retraced to the \$61/bbl mark. The crude prices have been fairly volatile in the last few days but the oil prices did come under pressure on Wednesday. The larger than expected stockpiles in the US raised concerns of oversupply in the oil market. Oil markets also reacted to fears that the US-China trade deal may be delayed and Russia could stay away from further supply cuts as part of OPEC+. In a bid for oil security for India, Saudi Aramco will store 4.6 million barrels at India's Padur facility. This was one of the key items of discussion with Prince Salman of KSA during Modi's visit to Saudi Arabia. India will lease 25% of the capacity of its Padur facility near Mangalore to Saudi Aramco. This move will strengthen and deepen India's trade links with Saudi Arabia and at the same time also ensure oil security for India.
- According to a Scripbox survey, mutual funds have emerged as a preferred choice of investment among women. According to the survey, Indian women were extremely conservative in their investment choices. Close to 58% of the respondents preferred to park their money in bank FDs or in PPF. While only 6% said they would prefer to invest in gold, a healthy 15% of the women respondents preferred mutual funds. The survey sample included 400 women of which 54% were millennials. Of course, the entry into mutual funds is a recent phenomenon and it is to be seen what happens during cycles.

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