



September 04, 2023



## News Wrap

- Is US slowing down? Perspective of soft landing
- Sputtering Europe and jittery China add bull case for US stocks
- Can Alphabet achieve a \$2 trillion valuation by the year 2024?
- Tesla stock: a possible return to \$300 in sight?
- Apple surpasses market gains in recent performance.
- Rupee to remain range bound until major triggers shows up

| Global Indices | 31-08-2023 | 15-08-2023 | % chg |
|----------------|------------|------------|-------|
| Dow Jones      | 34,721.91  | 34,946.39  | -0.64 |
| S&P 500        | 4,507.66   | 4,437.86   | 1.57  |
| Nasdaq 100     | 15,501.07  | 15,037.65  | 3.08  |
| Dollar Index   | 103.62     | 103.21     | 0.40  |
| Rupee spot     | 82.79      | 82.96      | -0.20 |

Source: Bloomberg

## Performance of leading US Equity Stocks (NYSE) (\$)

|           | Last Price | 1 Day %chg | 15 Day %chg | 1 Month %chg | 1 Year %chg | 2 Year %chg |
|-----------|------------|------------|-------------|--------------|-------------|-------------|
| Apple     | 187.87     | 0.12       | 4.69        | -3.95        | 18.94       | 23.19       |
| Amazon    | 138.01     | 2.18       | -1.82       | 4.80         | 7.97        | -20.66      |
| Alphabet  | 136.17     | 0.21       | 3.69        | 3.51         | 24.08       | -6.23       |
| Tesla     | 258.08     | 0.46       | 7.64        | -1.15        | -6.88       | 5.47        |
| Meta      | 295.89     | 0.27       | -3.36       | -8.31        | 78.94       | -22.55      |
| Microsoft | 327.76     | -0.31      | 1.15        | -2.55        | 25.87       | 8.59        |
| Netflix   | 433.68     | -0.23      | 1.38        | -1.13        | 88.52       | -25.49      |
| Walmart   | 162.61     | 0.87       | 1.63        | 2.20         | 20.92       | 10.04       |

Source: Bloomberg, Last price as on 31<sup>st</sup> August, 2023



## Briefings

### Is US slowing down? Perspective of Soft landing

The US PCE came in as per consensus and confirmed a trend of moderating inflation. US yields continued their decline from the recent peak, helping put pressure on the Dollar. Risk appetite is steady in global markets for now. Remaining uncertainty is likely to keep investors guessing on the Fed's next move and keep market price action choppy. By the time of the November FOMC meeting, the economy will have shown clear signs of slowing, leading the Fed to finally put an end to its sharpest rate-hike cycle since the 1980s. However, the month of September tends to be good for the dollar and the usual explanation is that risk aversion tends to rear its ugly head and this is boosting demand for the high-yielding, safe-haven king of G-10 FX.

### Sputtering Europe and jittery china add bull case for US stocks

Europe's stagflation crisis and a property downturn in China are flashing a familiar message: for equity investors, there is no real alternative to the US stock market. With four months left of 2023, returns on the S&P 500 boast about an eight percentage-point lead over the Stoxx Europe 600. The index is on course for its eighth year of outperformance in the past decade, as the artificial intelligence buzz overshadows economic recession fears and pricey valuations. What's more, the Federal Reserve's policy-tightening has cooled inflation while managing to keep the economy growing at just over 2%. Thus, US stocks are the place to be.

### Can Alphabet achieve a \$2 trillion valuation by the year 2024?

Alphabet's advertising revenue, representing 78% of its total, slowed in Q2 2023 due to reduced business ad spending. However, a projected 11% revenue growth in 2024 hints at recovery. Operating expenses were effectively managed despite workforce growth, resulting in a 12% increase in operating profit. To reach a \$2 trillion valuation, Alphabet aims for an 18% growth rate. Google Cloud, currently third in market share, stands to benefit from the growing AI and cloud computing market, projected to reach \$2.4 trillion by 2030 from \$678 billion. Google Cloud's 2023 profitability growth is expected to positively impact Alphabet's earnings per share, enhancing its valuation without overvaluation.



## Tesla Stock: A Possible Return to \$300 in Sight

Tesla shareholders are familiar with its stock's volatility, which hit a peak of \$410 before falling along with tech stocks in 2022. However, it rebounded in 2023, almost reaching \$300 in July. After a brief dip to around \$215, it's now up over 10% in a week.

With rising interest rates in 2022 affecting growth stocks, Tesla differs due to its strong cash position, holding over \$23 billion in cash and minimal debt, making it less vulnerable to rate hikes. Tesla's unique position in the electric vehicle and clean energy sectors, along with its strong cash reserves and minimal debt, sets it apart from traditional tech stocks. This financial strength insulates it from potential earnings impacts due to rising interest rates, making it an attractive investment option.

## Apple Surpasses Market Gains in Recent Performance

Apple (AAPL) closed at \$189.46 on 1<sup>st</sup> September 2023, was up 0.85% from the previous day, outpacing the S&P 500's 0.18% gain. Over the past month, Apple's stock declined 1.73%, slightly underperforming the Computer and Technology sector (-1.62%) and the S&P 500 (-1.63%). Investors are closely monitoring Apple as it approaches its next earnings release, with positive estimate revisions reflecting optimism about the company's prospects. Apple's robust ecosystem, encompassing services, wearable's, and software, remains a key driver of its revenue growth and market resilience."

## Rupee to remain range bound until major triggers shows up

USDINR is slowly getting settled in its range, and the fall in US yields is helping the Rupee towards neutral outlook. While weak economic data could help in tempering down the yields, a slowdown could put pressure on fiscal borrowing requirements of the US government and generate an upward pressure on the yield curve. Unless the Fed steps in to monetize the deficit yet again, there is a natural tendency for the yields to move higher.

The next 2-3 months are going to be critical for the medium-term outlook for USDINR, as signs of slowdown might pick up pace, and lead to withdrawal of risk appetite, putting pressure on EM assets including the Rupee. USD INR is biding time before the next move and the previous range below 83 is again solidifying for now. The China-related concerns have not created any flutters in global markets as yet.



## Key economic indicators to watch out

| Economic Calendar |       |                           |          |          |
|-------------------|-------|---------------------------|----------|----------|
| Date              | Time  | Event                     | Forecast | Previous |
| 09-05-2023        | 19:30 | Durable Goods Orders      | --       | -5.20%   |
| 09-06-2023        | 16:30 | MBA Mortgage Applications | --       | 2.30%    |
| 09-06-2023        | 18:00 | Trade Balance             | -\$67.5b | -\$65.5b |
| 09-07-2023        | 18:00 | Initial Jobless Claims    | --       | 228k     |
| 09-13-2023        | 18:00 | CPI MoM                   | 0.60%    | 0.20%    |
| 09-13-2023        | 18:00 | CPI YoY                   | --       | 3.20%    |
| 09-14-2023        | 18:00 | Initial Jobless Claims    | --       | -        |
| 09-14-2023        | 18:00 | Retail Sales Advance MoM  | 0.10%    | 0.70%    |
| 09-15-2023        | 19:30 | U. of Mich. Sentiment     | --       | 69.5     |

The update and data points are compiled from Bloomberg , NSE IFSC website along with other media reports

\* In the form of Un-sponsored Depository Receipts



## NSE IFSC Receipts - Top 50 US Stocks\*

| NAME                            | Close Price as on 31-08-2023 |
|---------------------------------|------------------------------|
| DR REDDY                        | 67.85                        |
| APPLE                           | 7.51                         |
| ABBVIE INC                      | 6.43                         |
| ABBOTT LABORATORIES             | 4.33                         |
| ADOBE INC                       | 10.3                         |
| AMAZON                          | 13.43                        |
| BROADCOM INC                    | 18.13                        |
| BANK OF AMERICA CORPORATION     | 6.22                         |
| BERKSHIRE HATHAWAY INC NEW      | 6.98                         |
| COMCAST CORPORATION             | 9.07                         |
| COSTCO WHOLESALE CORPOARTION    | 11.16                        |
| SALESFORCECOM INC               | 9.18                         |
| CISCO SYSTEMS INC               | 11.33                        |
| CHEVRON CORPORATION             | 6.24                         |
| DANAHER CORPORATION             | 10.34                        |
| WALT DISNEY COMPANY             | 3.47                         |
| META PLATFORMS INC              | 5.91                         |
| ALPHABET INC                    | 13.31                        |
| HOME DEPOT INC                  | 6.67                         |
| INTEL CORPORATION               | 6.67                         |
| JOHNSON & JOHNSON               | 6.58                         |
| JP MORGAN CHASE & COMPANY       | 6.03                         |
| COCA-COLA COMPANY               | 12.07                        |
| ELI LILLY AND COMPANY           | 13.22                        |
| LOWE'S COMPANIES INC            | 9.05                         |
| MASTERCARD INCORPORATED         | 7.89                         |
| MCDONALD'S CORPORATION          | 11.27                        |
| MERCK & COMPANY INC             | 21.77                        |
| MORGAN STANLEY                  | 3.55                         |
| MICROSOFT CORPORATION           | 6.55                         |
| NETFLIX                         | 8.68                         |
| NIKE                            | 4                            |
| NVIDIA CORPORATION              | 17.35                        |
| ORACLE CORPOARTION              | 20.09                        |
| PEPSICO INC                     | 7.25                         |
| PFIZER INC                      | 7.78                         |
| PROCTER & GAMBLE COMPANY        | 6.05                         |
| PHILIP MORRIS INTERNATIONAL INC | 3.9                          |
| PAYPAL HOLDINGS INC             | 2.52                         |
| QUALCOMM INCORPORATED           | 4.61                         |
| CHARLES SCHWAB                  | 11.74                        |
| AT&T INC                        | 2.86                         |
| THERMO FISHER SCIENTIFIC INC    | 10.46                        |
| TESLA                           | 2.39                         |
| TEXAS INSTRUMENTS INCORPORATED  | 7.04                         |
| UNITEDHEALTH GROUP INCORPORATED | 9.63                         |
| VISA INC                        | 9.69                         |
| VERIZON COMMUNICATIONS INC      | 7.17                         |
| WELLS FARGO & COMPANY           | 7.61                         |
| WALMART INC                     | 5.93                         |
| EXXON MOBIL CORPORATION         | 21.44                        |

\*Un-sponsored Depository Receipts

Data Sourced from NSE IFSC website- Bhavcopy

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