INDIAN STOCK MARKET JOURNAL

EMPOWERING TRADERS AND INVESTORS

Stock Market Outlook

Stock To Bet On

REALITIES TO KNOW ABOUT THE SPOT MARKET MYSTERY

HOW US INFLATION IS AFFECTING WORLD

RUPEE DEPRECIATION AND ITS REASONS

ALL ABOUT EMERGING MARKETS

A GRAND NEW ACQUISITION IN THE BUSINESS HISTORY

World's Richest Business Tycoon Elon Musk, Officially Owns Twitter Worth $44 Billion

From The
CEO'S Desk

INDIAN STOCK MARKET JOURNAL

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Dear Readers,

Among many things happening worldwide, a grand new acquisition in business history has occurred as the World's Richest Business Tycoon, Elon Musk, has legitimately acquired Twitter worth $44 Billion. It has further led to the restructurings in the Blue Tick for Twitter users. We hope all the facts linked to this acquisition are resolved peacefully, and its employees are satisfied with the happenings.

This edition of ISMJ has brought you the depreciation in the rupee and its reasons. The edition also discusses how US inflation is affecting the entire world. Also, in the edition, we discussed the spot market mystery realities.

Along with all the topics deemed the future of markets, we also bring you Stock Market Outlook and how Nifty and Bank Nifty are expected to move in the upcoming months. Hope you learn and grow.

We would like to thank you for appreciating our previous editions with your kind words. We would love to have your continuous feedback to improve our work. Please feel free to write to us at support@equitypandit.com.

Happy Investing!

Abhishek Parakh

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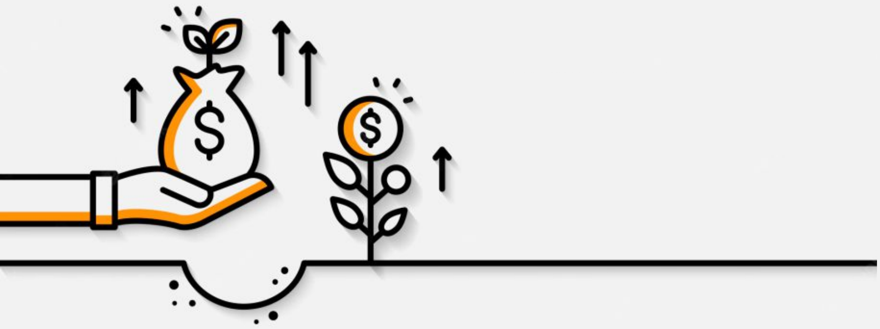
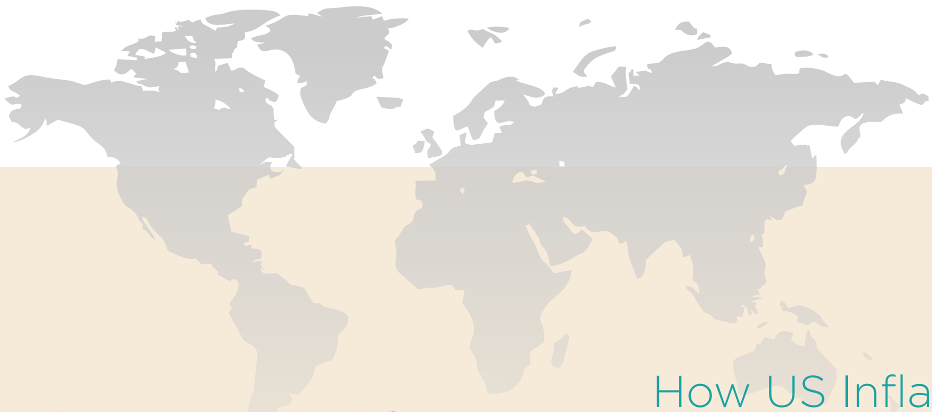
ISMJ NOVEMBER 2022





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ISMJ NOVEMBER 2022

Stock Market Outlook

NIFTY

Buyers pushed the domestic market higher on Friday. The benchmark index Nifty50 hit a fresh 52-week high at 18,362 and closed with a gain of 1.38% weekly. From the last few trading sessions, the market was cautious and was waiting for the US inflation data. The chart also saw a false Trendline breakdown in Thursday's session. On the positive side, the inflation print was better than the expected number, which triggered a rally in equity markets, across the world, including our domestic market.

Given the technical structure of the daily chart, the Nifty index is moving towards the Rising trendline. This Rising trend line begins from the previous swing high near August month, and it joins the subsequent higher tops. Technically, Nifty managed to close above the horizontal resistance of 18,122, which has opened the door for the movement toward all-time high levels. On a current basis, 18500 is an intermediate hurdle. On the downside, 17970 is a key support zone. The daily RSI is 68.20; it has marked a new high, which is bullish. RSI remains neutral and does not show any divergence against the price. The market is not very far from an all-time high. Buying on dips will work well in this market. Hence, we recommend investors build a position in a stock-specific manner.

BANK NIFTY

BANKNIFTY hit an all-time high near the 42345 level on Friday's session. Bank Nifty was consolidating in the 40800-41800 band for many days and has finally given a breakout above the horizontal Trendline. Given the strong global trade setup, Bank Nifty is strongly positive and can continue its upward path. Also, the index is outperforming and respecting its 9-DEMA beautifully. The levels of 42727 are likely to act as immediate resistance points. The supports come in at 41325 and 40800 levels.

ALL ABOUT EMERGING MARKETS

WHAT IS AN EMERGING MARKET?

Emerging markets or emerging economies are markets that have few of the characteristics of a developed market but are not yet fully developed. The emerging market includes markets that in the future may emerge as developed markets or be in the past. It can broadly be classified into 39 economies; based on the factors such as higher per capita income rate, exports of diversified goods and services, and greater integration into the global financial system, the rest of the countries are classified as emerging markets or developing economies.

In Simple Words

Countries with rapid GDP growth and industrialisation, growing per capita income, increasing debt and equity markets liquidity, and established financial system infrastructures fall under the emerging market category.

KEY CRITERIA OF AN EMERGING MARKET

- Countries that are not fully industralised yet.
- Countries with a higher unemployment rate and poverty.
- Countries that have the potential to be developed countries.
- Reflects the characteristics of a developed market but does not meet the standards to be considered a developed market.

INDIA AS AN EMERGING COUNTRY

India holds good ranks among the well-known emerging markets in contemporary global economies. The Emerging market is a tool to evaluate a country's socio-economic scenario regarding market growth and industrialisation. According to a recent survey, there are 28 emerging markets across the globe, of which India stands to affirm second place. India is developing at a rapid pace, and the recent economic development has had a positive impact on various sectors. India has witnessed significant development --in the agricultural, industrial, and service sectors and today the service sector contributes around 54 % of the annual GDP.

Due to increased demand, reputed companies are investing in the Indian market, and the foreign institutional investments (FII) amount has reached around the USD 10 billion mark. There has been an increase of around 85.1 % from USD 25.1 billion to USD 46.5 billion from FDI. These Foreign investments cast a favourable effect on the emerging market In India.

CHARACTERISTICS OF EMERGING MARKETS

Attractive Markets

Emerging economies are full of natural resources like raw materials, land, valuable minerals, Petrol & Oil, natural gases, etc., most of which are unexploited. However, these countries are densely populated. Therefore, they draw businesses by offering these natural resources and low-cost labor. The companies then provide employment opportunities and capital for the country.

Higher Economic Growth

With maximum efficiency and increased economic activity, emerging countries often generate higher income. Due to this, most of the developing economies indicate positive growth in Gross Domestic Product. Further, these countries have a moderate per capita income, lower than developed countries and higher than under-developed countries. Henceforth, these economies are among the rapid-growing economies.

International Trade

Utilising the generous amount of natural resources, the developing countries engage in commerce, and IT, exchanging resources, knowledge, and capital. However, these countries tend to be export-oriented and maintain a good trade balance. Higher exports indicate positive capital inflow, whereas higher imports mean capital outflow.

Moderate to High-Risk Markets

It is crucial to remember the levels of risk associated with such markets. These markets can be highly volatile, as they are just on the way to development. Therefore, a foreign Investor must become acquainted with these countries' market behaviour, trends, and economic conditions before investing in them.

Good Investment Options

Owing to these factors and the scope of these countries' economic activities, they give better returns on investment. Moreover, even businesses profit from cheap resources and labor, and incentives. Because of this, most foreign investors find emerging nations an opportunity to generate profit.

Rapid Economic Growth

One way to characterise an emerging market is to examine its past and recent monetary data or the percentage increase in its gross domestic product (GDP). Experts consider emerging markets when they experience or surpass at least 3% in GDP growth but do not meet the growth standard of Developed Countries.

WHAT IS THE PURPOSE OF EMERGING MARKETS?

Emerging and developing economies account for around 60 per cent of global GDP, up against just under half a decade ago. They contributed up to 80% of global growth since the 2008 financial crisis, assisting in safer guarding jobs in advanced economies. Emerging markets have played an important role in the reduction of global poverty. Over the past three decades, China has uplifted more than 600 million people out of poverty.

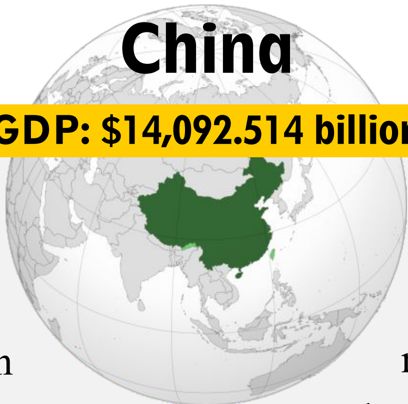
Emerging and developing economies provide shelter to 85 per cent of the world's population. These 85 per cent matter to the global economy —because of strong linkages through economics, finance, geopolitics, trade, and personal connections.

Moreover, they remove the barriers to competition, cut red tape, enhance labour mobility, and invest more in education and research. This will unleash entrepreneurial energy and help attract private investment in ideas that are innovative, surprising, and advantageous.

TOP 5 EMERGING MARKETS GLOBALLY

China

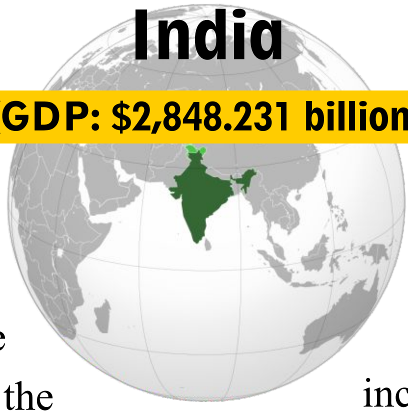
(GDP: $14,092.514 billion)



Although China is the second largest economy in the world, Yet China has been considered an EM economy for over 25 years. During the late nineties and early twenties, the Chinese economy was flourishing. Still, over the last decade, it has experienced an economic slowdown due to a rise in the state sector and mounting financial risk. In 2017, China's growth saw an upsurge of up to 6.9 % as the demand for Chinese products increased domestically and globally. But in 2018, China's growth was because of Beijing's financial deleveraging policies.

India

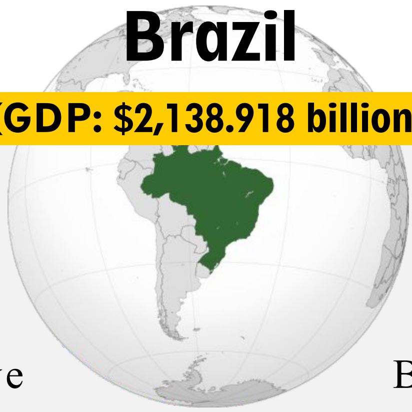
(GDP: $2,848.231 billion)



India is the third-largest emerging economy and the seventh-largest economy in the world. India's economic development began in the 1990s when the government introduced new economic policies to boost market competition, per capita income, and the standard of living. By 2015, the Indian Economy grew by 7.2%, faster than other emerging markets.

Brazil

(GDP: $2,138.918 billion)



Brazil's economy had displayed an impressive growth rate, but from 2010 onwards, problems arose, raising questions about the country's economic future. Most of the market was concerned about the country's government instability. But when the new President, Jair Bolsonaro, assumed office, he introduced multiple economic policies of cutting spending and reducing taxes that were well-received by financial markets. The Brazilian real gained 10% against the dollar ahead of his inauguration.

Russia

(GDP: $1,719.900 billion)

Regarding GDP, Russia is the 12th largest economy in the world, although its growth rate was negative for most of the 1990s due to USSR-era sanctions. From 1999 to 2008, the country's GDP grew by at least 4.7% each year.

In 2014, issues arose over Russia's reliance on oil exports in the face of the international sanctions that followed the Russian military intervention in Ukraine. But efforts made later ensured financial stability. In 2021, Russia witnessed its best Gross Domestic Product growth since 2008, posting a 4.7% growth rate. But for the ongoing year, the expected GDP growth rate is -6%.

Mexico

(GDP: $1,212.831 billion)

Mexico has quickly become one of the most known emerging markets among investors. The country is the second largest economy in Latin America after Brazil and the 13th largest economy globally. Although the country's growth slowed during the global recession, its year-over-year GDP picked up in 2016 and continued to increase till 2018 – from USD 1.07 trillion in 2016 to almost USD 1.2 trillion in 2018.

Mexico's economy is heavily dependent on exports to the US, which implies that the price of its domestic stock market and currency – the peso – is closely linked with the US dollar. But despite falls in the price of resources and volatility across global markets, the predictions for the country remain positive. Even Mexico's GDP is expected to continue rising at an average of 2.5% in 2019.

During the COVID-19 pandemic, Emerging Market Economies (EMEs) and lower-income developing economies faced extreme vulnerability. Many EMEs have a weak public health system, poor and financially vulnerable populations, limited monetary, inadequate social safety net, and high exposure to global trade and commodity prices. Moreover, Emerging economies suffer from precarious access to international capital markets.

Amid deteriorating growth prospects, Emerging markets are expected to continue grappling with skyrocketing inflation and more costly borrowing terms. To cope with Skyrocketing inflation and borrowing costs, policies in these economies require careful calibration, credible frameworks, and clear communication. Both advanced and emerging market countries must complete and implement the global regulatory reform agenda—which is essential to create a more resilient global financial system.

How US Inflation Is Affecting World

What Is Inflation?

In economics, inflation refers to a general rise in the prices of goods and services across the economy over time, eroding purchasing power for both businesses and consumers. In general terms, the dollar (or whatever currency one uses for purchases) will not go as far today as it did yesterday. To understand the effects of inflation, let's take an example, in 1980, Amul milk cost Rs 8 per litre; by 2022, it has climbed to Rs 63. Inflation has no bondage to price hikes for any single item or service; It refers to a rise in cost throughout a sector such as automotive or retailer – and, ultimately, a country's economy.

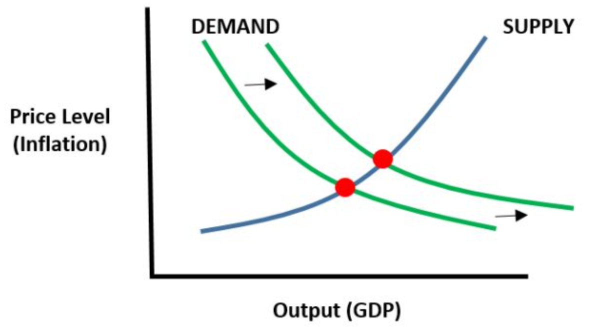
In a country with a healthy economy, yearly inflation is generally around 2 or 3% points, which indicates pricing stability; when it is within the range, it positively affects the economy.

What Causes Inflation?

According to John Tylor, an economist in Stanford, Inflation rises when the Federal Reserve sets too low of an interest rate or when the money supply growth increases too rapidly. There are various driving forces behind inflation:

Demand-Pull And Cost-Pull Inflation

When there's an increase in aggregate demand for goods is called demand-pull, and when inflation occurs because of a decline in the aggregated supply of goods or services due to an external factor called cost-pull inflation.



Devaluation

Devaluation is when a currency loses its value against other countries' currencies. Devaluation makes imports more expensive and causes inflation.

Raising Wages

According to some economists, raised wages can cause inflation as companies raise their goods and service costs to pay their employees higher wages.

Effects Of Us Inflation On Emerging Nations

As consumers from the US to Britain feel the pinch of the record high inflation in decades, rising energy and food costs are also squeezing household budgets in emerging economies. Last Month, US annual inflation clocked its highest rate in 40 years, whereas Inflation in the UK breached a 30-year high of 5.5%.

By increasing interest rates, the Federal Reserve's determined to crush inflation, and these raised interest rates are inflicting profound pain on other countries. Pushing

up prices, ballooning the size of debt payments, and increasing the recession risks.

Underdeveloped countries often have no option but to pay back loans in dollars, regardless of the exchange rate when they first borrowed the money. Spiraling the US interest rate might set off a crisis in emerging nations. In African countries like Nigeria and Somalia, where the risk of starvation is already dangling, the strong dollar is pushing the price of imported food, medicine, and fuel. The strong dollar is nudging debt-ridden Egypt, Argentina, and Kenya closer to default and threatening to discourage foreign investment in emerging markets like India and South Korea. According to the International Monetary Fund, around 40 per cent of the world's transactions are done in dollars.

US Dollar Dominance

The dollar has reached a decades-long high compared to other countries currency values, like the Japanese yen. The euro, used by 19 European countries, reached 1-to-1 parity with the dollar in June for the first time since 2002. The dollar beats other currencies, including the South Korean won, the Brazilian real, and the Tunisian dinar.

Increased interest rates are pumping up the values of the dollar — the go-to currency for much of the world's import and export— and causing economic turmoil in rich and poor nations.

Hiking interest rates make the dollar more attractive to investors by ensuring better and more profitable returns. That, in turn, means that investors are investing less in emerging markets, which puts further strains on those economies.

US Inflation Effects On India

Impact On Investment Portfolio

Long-term inflation has caused a recession in the US. Striving to bring down inflation, the US Federal Reserve is looking to introduce new monetary policies and increase interest rates. Stock market investors react strongly to changes in key interest rates.

Consequently, Indian investors can expect modification in their investment portfolio. Growth stocks are affected by the changes in interest rates as their fund managers use a discounted cash flow model to assign values to these stocks.

Fund managers tend to assign a lesser value to growth stocks as interest rates increase.

Cost Of Goods

Price hikes of goods in the US market results in a rise in the prices of these goods imported by India. Apart from commodities like pulses and edible oils, Petroleum and crude oil prices are also affected by US inflation. A hike in the price of energy is a matter of concern for the government as India is a net importer of crude oil and has to pay huge expenses for buying it.

Investors Pull Out

With the rise in interest rates, investors will start pulling out their invested amount from riskier investments like equities, foreign markets, and commodities.

A flight of foreign portfolio investors (FPIs) from the equity and bond markets could further weaken the Indian currency even as the dollar gets stronger with the rate hikes.

- High inflation will lead to higher imported inflation, meaning that everything that Indian imports will become expensive.
- Advanced Economies might force their central banks to abandon their loose monetary policy.
- Emerged nations, especially the US, would introduce a tight money policy that involves increasing interest rates to restrict emerging countries from borrowing loans and stimulate savings.
- Additionally, the Increased Inflation rate might affect Indian firms, who are inclined to shift abroad as they find it costlier to do so.

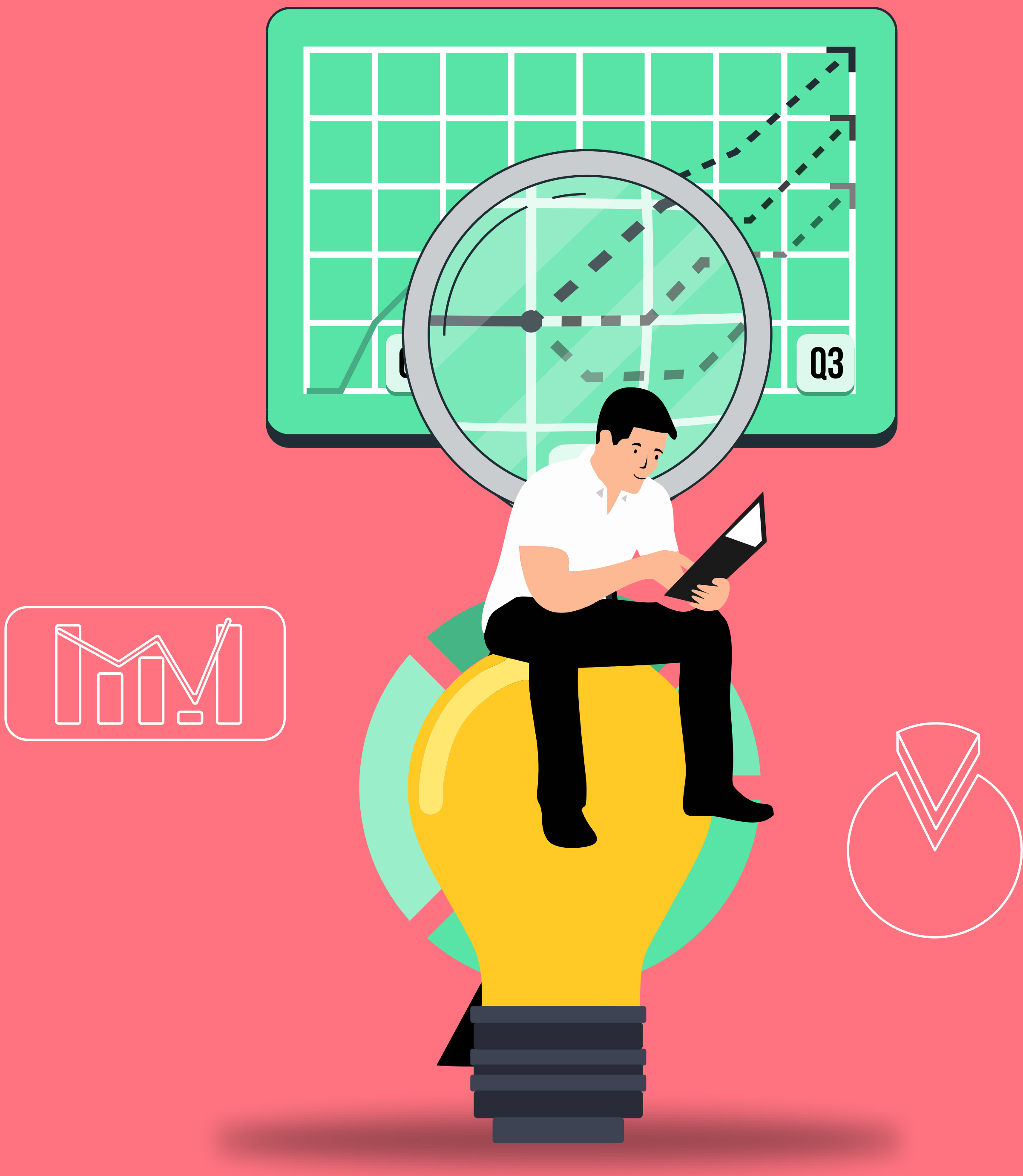
In just a matter of time, inflation can cause a dollar to be worth less than it used to be, sinking all consumers' purchasing power. Consequently, it is required to earn more capital to maintain the same standard of living.

Some government and monetary policies can also result in either demand-pull or cost-push inflation. It can increase demand when the government issues tax subsidies for numerous products. In case demand is higher than supply, costs could rise. Moreover, stringent building regulations and rent stabilization policies could inadvertently surge prices and form an inflationary environment by passing those costs to people or artificially reducing the housing supply.

REALITIES TO KNOW

About The

Spot Market Mystery



What Does It Mean?

A spot market is a platform wherein financial instruments are replaced for instant delivery, like commodities, currencies, and securities. Here, Delivery refers to the means of cash exchange needed for the financial tool. In judgment, a futures contract is centred on the underlying asset delivery at a future date. Over-The-Counter (OTC) markets and their exchanges may offer spot trading or futures trading. The spot market is also identified as the 'cash market' or 'physical market' because cash payments are handled instantly, having a physical exchange of assets.

In the spot market, delivery and cash payment usually take place on the spot, i.e. at a minute. Though, in most systematised markets, a settlement that's the transfer of cash and physical delivery of the commodity generally takes two working days, i.e., T+2. Despite the T+2 settlement date, the agreement between the buyer and seller is completed on the spot at the principal price and prevailing quantity.

It contrasts with forwarding and futures markets, where parties agree to trade at the underlying asset's forward/future price, and delivery is also likely in the future. Therefore, as disparate to the spot markets, futures markets make a contract, but the settlement is estimated in the future. Spot markets exist wherever there is an infrastructure to transmit such a trade.

Assets Traded On Spot Markets

Financial instruments traded on spot markets include equity, fixed-income instruments like bonds, treasury bills, and foreign exchange. Commodities also control spot markets for trading energy, metals, agriculture, and livestock. Spot markets also trade in perishable and non-perishable products.

The foreign exchange market, wherein the traders exchange various currencies, is the largest spot market universal, having a daily turnover exceeding $6 trillion, making it the world's most energetically traded asset.

Commodities are unvarying for efficient trading on the spot markets. Crude oil is considered to be the most traded commodity. Recently, technology, as in bandwidth and mobile minutes, has been featured in spot markets with goods.

Understanding Spot Price

The contemporary price of a financial instrument is entitled the spot price. It is the price at which an instrument is sold or bought straightaway. Buyers and sellers make the spot price by stationing their buy and sell commands. In the liquid markets, the spot price may alter in seconds as orders get filled, and new ones grab the bazaar.

Types of Spot Market

1 Market Exchanges

In a systematised market exchange, buyers and sellers meet to bid-off financial tools and commodities offered. Trading can be supported on an E-trading platform or a trading floor. Electronic trading platforms made trading well-organised, wherein the prices are resolute rapidly, specifying many trades in some exchanges.

Exchanges contract in numerous financial instruments and commodities, or they may carve a niche on exact types of assets.

Trading is finished through brokers of the exchange who disguised market makers. Assets traded on exchanges are standardised as per the exchange standard. There will likely be the least contract prices for traded assets or specific quantities and values. Prices are set through many buyers' bids and sellers' offers. Spot prices can change every minute or even every millisecond.

Popular exchanges are the New York Stock Exchange (NYSE), typically trading stocks, and the Chicago Mercantile Exchange Group, which trades mostly in commodities and bids trading in options and futures.

2 Spot Market and Over-The-Counter

Trades occurring directly between buyers and sellers are called Over-the-Counter (OTC). A federal exchange does not simplify these trades. The world's largest OTC market is the foreign exchange

market, estimating daily average turnover of $5 trillion.

In an OTC transaction, the price can be either based on a spot or a future price/date. In an OTC transaction, the terms are not necessarily homogeneous and, therefore, may be subject to the preference of the buyer or seller. As with the exchanges, OTC stock transactions are typically spotted trades, while futures or forward transactions are habitually not spotted.

Faces of Spot Markets

Convinced features are associated with these spot markets. Here're the most apparent:

- Transactions are stabled at the ruling price identified as spot price or spot rate.
- Delivery of the asset takes place straightaway or otherwise at T+2.
- Transfer of funds is prompt; otherwise, settlement can be at T+2.

Rewards of Spot Markets

- Spot markets simplify trading in an obvious environment, wherein the transactions befall at usual prices that are civic information and are acknowledged to all the parties. Essentially, it is easier to accomplish spot market contracts.
- Traders in the spot markets can hold and treasure a better deal if they ain't satisfied with recent prices and terms.
- Trades are done and concluded on the spot.
- There may be no tiniest capital requirements in spot market transactions associated with some contracts on the futures market having minimum investment amounts for a single contract.

Drawbacks of Spot Markets

- Due to the instability of some financial instruments and commodities, investors can be bought on the spot at inflated prices before assets research their "true price." Hence, trading on the spot market can have major risks, especially for volatile assets.
- There may be no alternative if a party notices some loopholes in the trade after the spot market transaction is settled.
- There is usually a lack of scheduling in the spot trades, as contrasting to forwards and futures trading, where parties approve on settlement and delivery at a future date.
- The spot market isn't flexible in terms of timing, as parties will need to handle the physical delivery on the spot.
- The interest rate spot market is affected by counterparty evasion risk.
- Currency trading in the spot markets is disposed to counterparty risk due to the affluence of the market maker.

Handling Risk in the Spot Markets

1 Understanding the Market

Traders and investors are essential to apprehend the spot market wherein they intend to transact. It means sympathetic to the demand and supply function, price discovery mechanism, trading terms, and jargon of the spot market. In addition, the traders need to be acquainted with the other market participants' nature and the regulatory arrangement of a spot market exchange.

In OTC spot markets, participants should estimate the counterparty to diminish the counterparty's default risk. By understanding the technicalities of the market, it is easier to alleviate the spot risks that may emerge.

2 Advance a Trading Strategy

It is critical for parties that trade in the spot market to implement a trading strategy before they plump to transact. Traders should regulate their entry and exit points on explicit assets before a situation is opened.

The use of price limits and price floors, along with the ability to perceive risk on a trade or counterparty directly, are other strategies to be employed. Expanding stops and limits will allow a trader to be more efficient in deciding whether to proceed with a trade, hold and wait or unfasten the trade. Various helpful stops and limits are as follows.

- **LIMIT ORDER**

Finales your position once the price fissures your chosen level.

- **NORMAL STOP**

The position is closed mechanically if the market moves unfavourably against your position.

- **GUARANTEED STOP**

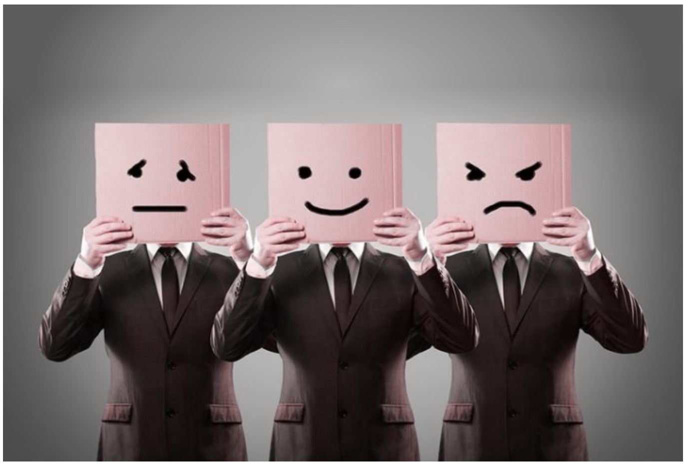
Closes position accurately at the specified price, eradicating the risk of slippage.

- **TRAILING STOP**

Monitors a constructive price undertaking and closes if the price begins to move in contradiction with the target position.

3 Accomplish Emotions

The unpredictability of the financial markets can distress emotions when trading is done in the spot markets. Therefore, it is significant to achieve these emotions to safeguard a fruitful trade. Examples of emotions that can be obstructed by trading include fear, doubt, greed, anxiety, and temptation. Such emotions can cloud verdicts and compromise judgment-making, resulting in an opposing trade outcome.



4 Being Up-To-Date On Contemporary Events and News

It is also critical to be up-to-date with current news, trends, and happenings on concerns that affect the commodities traded on the spot markets, principally where an investor is planning to trade.

Paying attention to market sentiment, keeping in touch with economic and financial news, and paying attention to political and regulatory notices are all key matters for a nominee in the spot market. Any news affecting the price of the target asset should be deliberated when making a spot trade judgment.

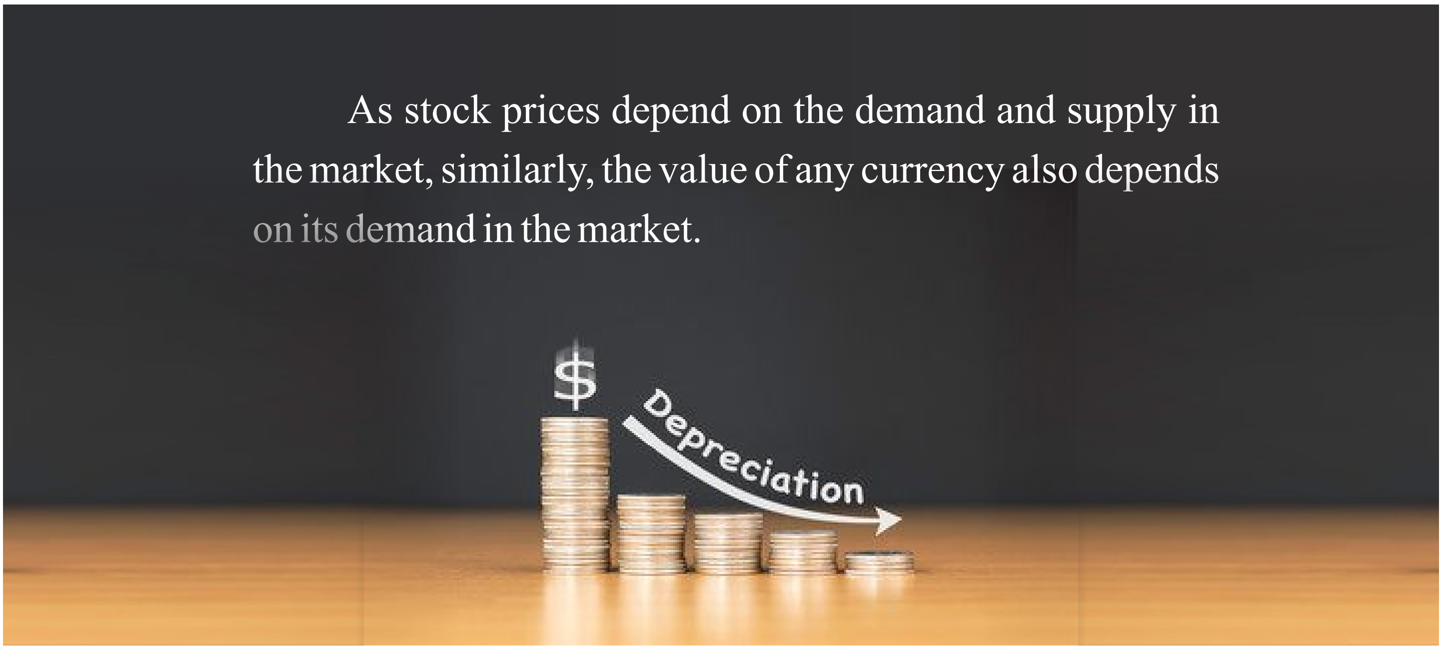
Consider An Example!

Let's say an accessible furniture store in Germany bids a 30% discount to all international customers who pay within five commercial days after placing an order.

An individual, who operates an online furniture business in the United States, understands the offer and decides to purchase $10,000 worth of tables from the virtual store. Since she needs to buy Euros for immediate delivery and is happy with the current EUR or USD exchange rate of 1.1233, she performs a foreign exchange transaction at the spot price to purchase the equivalent of $10,000 in euros, which results out to be €8,902.34 ($10,000/1.1233). The spot transaction has a settlement date of T+2, so she receives her Euros in two days and settles her account to get the 30% discount.

Lastly, the realities of the spot market have now been cleared. One must understand and acknowledge all the minute details for better investment in futures or commodities. Make sure to keep a focused eye on forex transactions to avoid any related mistakes. Enhance your Investment Alternatives!

Rupee Depreciation And Its Reasons



What are Appreciation and Depreciation?

When the demand for any currency increases, then its value also increases. This is called Appreciation. When the demand for any currency decreases, then its value also decreases. This is called depreciation.

If we apply this to the Indian Rupee, we will find that the rupee is depreciating. The purchasing power of the Indian Rupees keeps falling. In fact, it has been depreciating over the last four years. The current rate is 1$= 82.47 Indian Rupees, and as per the predictions and market trend, it might depreciate further. So far this year, the Indian Rupees have depreciated more than 7% against the US dollar. During 2021-22, as the trade deficit widens, the current account balance recorded a deficit of 1.2% of GDP (Source: RBI). India faces a trade deficit (When the import of goods and services is more than the export of the same), due to which the rupee has gradually depreciated.

Let us discuss the reason for the depreciation of the Indian Rupee.

Reason for Depreciation in Indian Rupee

Balance Of Trade

When foreign investors or overseas companies invest in India, or when they purchase any goods or services from India, they have to pay in Indian currency, for which they have to first convert their currency into rupees. This increases the demand for rupees, which in turn increases its value. Hence, increasing foreign investment leads to demand for the Indian rupee.

But as we import more than export, when we import something like crude oil and gold from overseas, we have to pay in dollars. The US dollar is the de-facto global currency acceptable for all international trades. In such cases, we convert rupees into dollars to make payments. This leads to an increase in demand for the dollar. Hence its value increases against the Indian Rupees.

Foreign Investors Withdrawing Money from Indian Market

The US federal bank increased the interest rates amid the Russian-Ukraine war, due to which investors are now shifting towards the US. They find their investment safer and growing as compared to the Indian market. When foreign investors redeem their investments in India, they withdraw their money in Indian currency. But they have to convert their withdrawn money into Dollars, and for this, they purchase dollars in exchange for rupees. As a result, the demand for dollars increases, and the rupee decreases.

Crude Oil Prices

Due to the Russian-Ukraine war, crude oil prices have spiked significantly. India imports crude oil. It is one of the main buyers in the oil market. Purchasing Crude oil means transacting in the international market and making payments in an international currency: the dollar. This, again, increases the demand for the dollar. Hence, its value increases, and the rupee weakens against the dollar.

Inflation

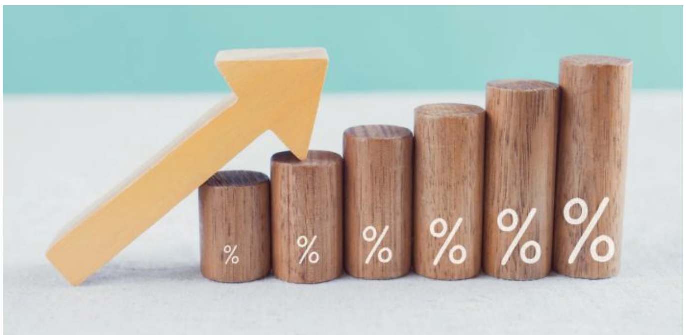
The ongoing war between Russia and Ukraine increases the prices of many natural resources India imports. For example, if crude oil price increases, then the prices of machinery, equipment, petrol, diesel, mechanical appliances etc., will also increase. Similarly, India imports tons of gold, so if gold prices increase in the international market, all payments will be made in the dollar. If the rupee weakens, all these prices will increase, causing inflation.

How Does Rupee Depreciation Affect Our Budget?

Inflation

As discussed above, if payment is made in the dollar while transacting in the international market, this will decrease the purchasing power of the rupee, leading to inflation. Even the cost of travel and study in foreign will increase. If we take the current rate, then to purchase one dollar, we have to spend 82.47 rupees. This will shake our budget.

Increase In Interest Rates



RBI will increase the repo rate to control the economy's inflation. This, in turn, will increase the borrowing cost of banks. Now, banks will pass on this burden to their account holders through an increase in the interest rate on loans.

Investment Portfolio Will Shake

When foreign investors start exiting the Indian market, this will lead to a sharp fall. There will be doubts and depression in the market. In such a case, many of the portfolios will collapse.

How To Deal With Rupee Depreciation?

There are two ways to deal with rupee depreciation:

- Diversification of Portfolio
- International Investment

Companies like IT, Pharma, and FMCG have substantial dealing and earrings in foreign currency. Thus, by investing in the stocks of such companies, profitability can be ensured. Diversification also helps to diversify the risk. Similarly, investing in international funds will give returns in foreign currency, the dollar. Even if the rupees fall, the return and gain on such funds are fixed.

A Grand New Acquisition In The Business History!

World's Richest Business Tycoon Elon Musk, Officially Owns Twitter Worth $44 Billion

Twitter, a microblogging and social networking service, is owned by an American Company, Twitter, Inc., wherein the users post and interrelate with memoranda known as "TWEETS". Registered users can post, like, and retweet tweets, but unregistered users only have a partial facility to read public tweets. By 2012, 100 million users posted 340 million tweets daily, and the service fingered an average of 1.6 billion pursuit queries daily. Later in 2013, it was one of the ten most-visited websites, described as "The SMS of the Internet". By 2019, Twitter had gathered 330 million plus monthly dynamic users.

A THROWBACK OF THE ACQUISITION!

On Thursday, i.e. 14th April, World's Richest Businessman, Elon Musk, pronounced an offer to buy Twitter for $54.20 per share. Besides, on 25th April, Twitter accepted the deal. By the 8th of July, Musk wanted out. Currently, on 27th October, considering all accounts, the Grand New Owner of Twitter is Elon Musk. This is a mammoth story having a lot of fast-moving parts to it. It's also a story that will likely stretch out over the upcoming few months or maybe even longer. So, let us understand the actual deal between Elon Musk and Parag Agrawal.

Musk, Ostensibly Ready To Pay Fully And Buy Twitter

On 4th October, Musk sent an alternative offer letter to buy Twitter at the original price, i.e. $54.20 per share. This simply meant that after a huge chaos, Musk was alacrity to just give up and proceed with the acquisition. The new offer timing is strange, but the fact that Musk never offered a 'big-but-not-as-big' number to try and resolve the deal once. It came just before Musk was scheduled to be overthrown and after a slew of humiliating texts between Elon Musk and his billionaire friends came out. Twitter's share price approximately pointed to the news. Eventually, the judge paused the chronicles, giving Twitter and Elon Musk until 5 PM ET on 28th October 28th for a deal based on their unusual agreement.

Musk's Texts Revealed, Learnt about How the Deal Fell Apart

Jack Dorsey, Joe Rogan, Larry Ellison, Jason Calacanis, and Musk texted several people regarding the Twitter deal. Thus, those messages revealed and gave us insight into how the deal came organised and fell apart. Stuff got particularly chaotic when Twitter CEO Parag Agrawal asked Musk to end tweeting damaging company-related things. Musk decided not to link the board, launching his strategy to acquire it privately. Everybody was falling over themselves to render money to Musk to make it happen. The texts are weird and hysterical and very much worth reading.

Musk Delayed the Trial Again, but It Unworked

Musk's lawyers sent three letters to Twitter bidding to dismiss his agreement to buy the company. This time, they cited Twitter's multimillion-dollar compensation payment to Zatko, mentioning it violated the merger agreement and the purpose of the deal. In early September, Delaware Chancellor Kathaleen McCormick said that Musk could include Zatko's dues in its case but repudiated yet another effort to delay the trial. "I am convinced that even four weeks' interruption would risk further harm to Twitter to justify," McCormick said.

He Tried Using the Twitter Whistleblower to Relief the Deal

Musk and his team tried to use Zatko's exposures about Twitter as a casual way to maybe get out of the deal. His lawyers filed a new "Termination Letter" with the SEC on 29th August, which cites Zatko's demonstration as evidence that Twitter deceived Musk in the parties' merger agreement. Musk claims that Twitter's assertion in the merger agreement had not misled the SEC is untrue. Twitter retorted, saying that they hadn't breached any agreement.

Musk Reverted Plan, Traded Another $6.9 Billion in Tesla Shares

The bankrolling edifice of Musk's Twitter acquisition shifted over time. Still, even after promising in April, "No further TSLA sales deliberate after today," Musk sold one vast batch of his shares. "In the event that Twitter militaries this deal to close and some equity partners don't come through," he tweeted soon after, "it is vital to avoid a substitute sale of Tesla stock."

The Trial Begins On 17th October

Musk's side required more time, and the trial would start next year in February 2023. Twitter sought it to flinch as soon as possible.
Chancellor McCormick, who will supervise the trial, said the trial would start on 17th October and last for five days. Of course, the two sides don't relax, which remains anyone's conjecture.

Twitter Accused Elon Musk of Losing Their Money

Twitter seems to be feeling the Musk Effect when it reported earnings in July; the company said its income fell for a variety of macroeconomic explanations but also because of the "Ambiguity related to the unresolved acquisition of Twitter by an associate of Elon Musk."

One thing Twitter wouldn't give Musk recognition for? Its employer growth. The service reported 237 million plus daily users, higher than 229 million in the last quarter.
That, of course, was because of the "Constant Product Improvements."

Elon Musk's Case Claiming Twitter Stanched Fraud

Understanding a 162-page legal filing deepens the weeds of bot measurement dealings is worth understanding. But this case has been filled with peculiarly spicy legal fighting, much of which was written to be read by a wide range of spectators. It's a good anecdote.

Twitter Litigated Musk for an Attempt to Abandon Deal

As soon as Musk cleared his purposes to get out of purchasing Twitter, Twitter filed a lawsuit that said, "You agreed to pay $44 billion for Twitter, intending to get all $44 billion for our shareholders. Twitter filed its suit in the Delaware Court of Chancery, which directly became the most sensational judicial system nobody had ever heard of. It depicts Musk going out of his way to make an unforeseen and remarkably generous offer to Twitter, only to almost instantly turn around and twitch, toying with the company, having the idea of vacating their agreement.

Musk Legitimately Tried To Bail on Buying Twitter

Weeks after declaring his intention to buy Twitter, Musk tried to exclude as it claimed he was dismissing the deal because Twitter was in "material breach" of their contract, making "false and misleading" reports during negotiations. In particular, Musk was anxious about the fake or spam accounts on Twitter and Twitter's unwillingness to attest to its research.

Musk Exposed To Clash Twitter Deal, 'Breach' Of Agreement

Musk's legal team made its first official menace to exclude from the acquisition. In a legal filing, they claimed Twitter botched to provide info on the service's spam bot problem to Musk, entitling them to receive information amid the deal agreement.

Musk, "The Deal Cannot Continue"

"My offer was based on Twitter's SEC filings being precise," Musk tweeted, referencing Twitter's oft-cited number, less than 5% of the Twitter accounts were fake or spam. "Yesterday, Twitter's CEO publicly refused to show the resilience of <5%. This deal cannot move forward until he does." Thus, Musk decided he wanted to be out of the acquisition.

Twitter CEO Parag Agrawal Pushed Froze Hiring

Parag Agrawal, the company's still-new CEO, fired some of his top executives, including Consumer Product Leader Kayvon Beykpour and Bruce Falck, the General Manager of Revenue, along with the head of product for its business purpose. "The urgencies and decisions we make at present will not only strengthen the navigation through this time," the CEO said to Twitter's staff.

Musk To Officially Acquire Twitter For $44 Billion

On 25th April, Twitter's Board of Directors accepted Musk's offer of $54.20 per share, or $44 billion, for owning the company. After the completion of the transaction, Twitter will become a private company. Musk started to line up financing for the deal by selling 9.6 million of his Tesla shares to vacant about $8.4 billion.

Best And Final Deal For Elon Musk

In his opening bombardment, Musk claimed his bid to buy Twitter was exactly that. He offered Twitter's shareholders a fair premium, i.e. $43 billion for a company with a $37 billion market capitalisation. Musk said Twitter must go private to change, including an edit feature, an open-source algorithm, less moderation, and a higher bar for removing offending tweets. Musk had terminated Twitter Chief Executive Officer Parag Agrawal, Chief Financial Officer Ned Segal and Legal Affairs and Policy Chief Vijaya Gadde, as per the media report.

Stock To Bet On

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Reliance Industries Limited

Aditya Birla Capital
Financial Services Company

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