FIRST LIGHT

16 April 2024

RESEARCH

BOB ECONOMICS RESEARCH | MONTHLY CHARTBOOK

Domestic resilience continues

BOB ECONOMICS RESEARCH | CURRENCY UPDATE

Fortnightly forex review

BOB ECONOMICS RESEARCH | IMD UPDATE

IMD-Forecast for South West Monsoon

BOB ECONOMICS RESEARCH | TRADE

India's Foreign Trade in FY24

BOB ECONOMICS RESEARCH | WPI

WPI inflation picks up pace

Daily macro indicators

Indicator	11-Apr	12-Apr	Chg (%)
US 10Y yield (%)	4.59	4.52	(6bps)
India 10Y yield (%)	7.11	7.18	7bps
USD/INR	83.19	83.42	(0.3)
Brent Crude (US$/bbl)	89.7	90.5	0.8
Dow	38,459	37,983	(1.2)
Hang Seng	17,095	16,722	(2.2)
Sensex	75,038	74,245	(1.1)
India FII (US$ mn)	**08-Apr**	**10-Apr**	**Chg ($ mn)**
FII-D	66.8	165.4	98.6
FII-E	1,023.4	388.2	(635.2)

Source: Bank of Baroda Economics Research

SUMMARY

INDIA ECONOMICS: MONTHLY CHARTBOOK

Global monetary policy easing cycle is likely to get delayed as the growth and inflation dynamics in US has once again bolstered the case for higher for longer rates. In India as well, the room for rate cuts in Q1FY25 looks limited as domestic growth continues to remain on a strong footing. Both manufacturing and services PMI inched up further in Mar'24. Export growth too has shown revival. Other high-frequency indicators also suggest a steady growth momentum. Forecasts of La-Nina conditions developing during Jun'24, bodes well for expectations of a normal monsoon and also the inflation outlook. This along with recent cuts to LPG and fuel prices will have a positive impact on the trajectory of inflation. Concerns however remain from global geo-political tensions which have been pushing oil prices higher.

Click here for the full report.

BOBCAPS Research
research@bobcaps.in

INDIA ECONOMICS: CURRENCY UPDATE

In Apr'24 so far, INR has depreciated marginally. Most global currencies were under pressure as dollar strength resurfaced led by diminished possibility of a Fed rate cut in Jun'24. Even so, the performance of INR was much better relative to other peers, given that India's macro fundamentals remain fairly robust. Robust FPI inflows in both equity and debt segment further supported INR. However, risk to INR outlook stem from an escalation of tensions between Iran and Israel which can push oil prices higher as well as a further pushback in Fed's anticipated rate cut cycle. We expect INR to trade within a range of 83.40-83.50/$ in the next fortnight, in the absence of any fresh shocks. For the year, we remain positive on INR and foresee a range of 82.5-83.5/$.

Click here for the full report.

INDIA ECONOMICS: IMD UPDATE

IMD its first long range forecast for the year has stated the South-West Monsoon (Jun-Sep) this year is expected to be above normal. The country will witness rainfall at 106% of the LPA (model error of +-5%). The LPA (Long period average) for the whole season over the country is expected to be around 87cm. On weather conditions, IMD stated they expect El Nino conditions moderating over the equatorial pacific region with certain agencies forecasting possible fading of these conditions and turning to neutral ENSO (El Nino Southern Oscillation) conditions. In the latter half of the South west monsoon (Aug-Sep), there is a possibility of the formation of La Nina conditions. These conditions result in cooling of the sea surface temperature and they contribute to higher rainfall. The ENSO conditions occurs in span of 2-7 years and in 3-phases, El Nino, La Nina and Neutral. A strong El Nino condition last occurred in the year 2023.

Click here for the full report.

INDIA ECONOMICS: TRADE

India's external position remained strong with trade deficit narrowing sharply in FY24. Both merchandise and services trade deficit narrowed as imports contracted at a much faster pace than exports. On goods side, green shoots were visible in exports of electronics, pharmaceuticals and engineering goods. Merchandise imports rose at a slower rate, amidst a correction in global commodity prices, especially. On the other hand, gold imports increased at a brisk pace. Overall, we expect CAD at 0.8% of GDP in FY24, with a surplus expected in Q4.

Click here for the full report.

INDIA ECONOMICS: WPI

WPI inflation rose to 0.5% in Mar'24 from 0.2% in Feb'24, bringing the FY24 headline inflation to (-) 0.7% from 9.6% in FY23. Within this, food inflation stood at 3.2%, down from 6.4% in FY23, fuel inflation at (-) 4.4% versus 29.4%, and manufactured product inflation at (-) 1.7% versus 5.7% last year. In Mar'24, the build-up was visible across all three major sub-heads—food, fuel and manufactured products. Food inflation accelerated to 4.6% from 4.1% in Feb'24. Within food, built-up in pressure was on account of cereals (both wheat and paddy), vegetables, fruits and other items. Within cereals, inflation for pulses eased slightly but still remains at elevated levels. Within vegetables, onion and potato inflation inched up sharply.

Click here for the full report.

Domestic resilience continues

Global monetary policy easing cycle is likely to get delayed as the growth and inflation dynamics in US has once again bolstered the case for higher for longer rates. In India as well, the room for rate cuts in Q1FY25 looks limited as domestic growth continues to remain on a strong footing. Both manufacturing and services PMI inched up further in Mar'24. Export growth too has shown revival. Other high-frequency indicators also suggest a steady growth momentum. Forecasts of La-Nina conditions developing during Jun'24, bodes well for expectations of a normal monsoon and also the inflation outlook. This along with recent cuts to LPG and fuel prices will have a positive impact on the trajectory of inflation. Concerns however remain from global geo-political tensions which have been pushing oil prices higher.

Domestic demand signalling mixed trends: Some of the high frequency indicators such as non-oil-non-gold imports, power demand and growth in personal loan segments have exhibited an improvement. Uptick in digital payments, higher manufacturing PMI and strong GST collections too are reflective of similar trends. Consumers continue to remain optimistic (125.2 from 123.1). However, moderation in auto sales, electronic imports and fertilizer sales raises some concerns for domestic demand. The focus this month will shift towards IMD's forecast of South-West Monsoon, given the recent heat wave conditions. Global food prices inched up in Mar'24.

Health of centre's finances: Centre's fiscal deficit ratio (% of GDP, 12MMA) rose to 6.1% as of Feb'24 compared with 5.7% as of Jan'24, on account of pickup in spending. In FYTD24 (Apr'23-Feb'24), centre's overall spending growth rose by 7.3%, from 5.9% as of Jan'24. This was mainly driven by jump in capex (36.5% versus 26.5%). Revenue expenditure growth remained broadly stable (1.3% versus 1.4%). On the other hand, income side noted some slowdown. Centre's net revenue receipts rose by 11.6% compared with 15.5%, growth as of Jan'24. Within this, direct tax collection growth slowed (44.1% versus 48.1%), while indirect tax collection improved (5.1% versus 4.9%). Within direct taxes, both income and corporate receipts eased.

Yield got some momentum post policy: India's 10Y yield after losing steam in the past three months supported by buoyant FPI debt flows, has gathered some momentum in Apr'24. Notably, the timing also coincided with RBI's post policy. Broadly the policy remained dovish especially the inflation projections for FY25. However, market participants also sensed some bit of uncertainty regarding evolution of food inflation trajectory. In Apr'24, high frequency food price data have risen. Apart from this, even rate cut expectations by Fed have been pushed back with CME Fed watch tool paring down the probability of the same to a considerable extent. All these have impacted movement of India's 10Y yield. Even the 3-month OIS which is trading at 6.75% also posed some kind of sentiment-driven pressure on sovereign 10Y security.

INR under pressure: After appreciating for 3-straight months, INR came under pressure in Mar'24 and depreciated by 0.6%. Strong dollar demand due to fiscal year end and an uptick in oil prices weighed on the INR which depreciated to a record-low during the course of the month. This was notwithstanding buoyant FPI inflows. While INR did recoup some losses in Apr'24, it has once again come under pressure amidst expectations that the Fed rate cycle maybe pushed back. Apart from this, INR also faces risks from geo-political tensions which are pushing up both oil prices and the dollar.

Note: The source for all exhibits is 'CEIC and Bank of Baroda' unless otherwise specified

Economics Research Department
chief.economist@bankofbaroda.com

CURRENCY UPDATE

15 April 2024

Fortnightly forex review

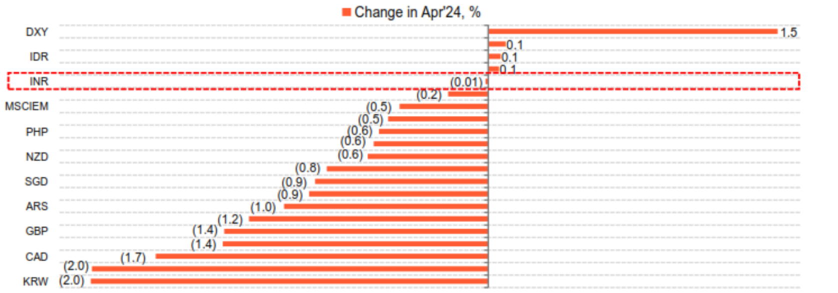
Aditi Gupta
Economist

In Apr'24 so far, INR has depreciated marginally. Most global currencies were under pressure as dollar strength resurfaced led by diminished possibility of a Fed rate cut in Jun'24. Even so, the performance of INR was much better relative to other peers, given that India's macro fundamentals remain fairly robust. Robust FPI inflows in both equity and debt segment further supported INR. However, risk to INR outlook stem from an escalation of tensions between Iran and Israel which can push oil prices higher as well as a further pushback in Fed's anticipated rate cut cycle. We expect INR to trade within a range of 83.40-83.50/$ in the next fortnight, in the absence of any fresh shocks. For the year, we remain positive on INR and foresee a range of 82.5-83.5/$.

Movement in global currencies in Apr'24

Major global currencies were weaker against the dollar in Apr'24. DXY index, which is a proxy for dollar, surged by 1.5% in Apr'24. The rally in the dollar was brought about by a belief that the Fed rate cut cycle, which was widely expected to start from Jun'24, is likely to be delayed. The same was reaffirmed by macro data from the US which showed continued stickiness in US inflation. CPI inflation in the US accelerated to 3.5% in Mar'24, from 3.2% in Feb'24. On the other hand, labor market conditions were also buoyant. Additions to non-farm payrolls was much higher than expected at 303,000 in Mar'24 (est. 200,000), with wage growth remaining largely steady at over 4%. Several Fed officials also alluded to the possibility of lower quantum of rate cuts in 2024, even as the Fed dot plot had predicted the possibility of 3 rate cuts this year. Increased tensions in the Middle-East have further fueled the demand for dollar due to its safe-haven appeal.

Figure 1: Movement in global currencies in Apr'24



Source: Bloomberg, Bank of Baroda Research | Note: Data as of 12 Apr 2024 | Figures in brackets indicate depreciation against the dollar

Most global currencies were lower, weighed down by the resurgence in dollar strength. EUR depreciated by 1.4% as ECB indicated that rate cuts are likely to start by Jun'24. Easing inflation in the region supports this view.

IMD UPDATE

15 April 2024

IMD-Forecast for South West Monsoon

Jahnavi Prabhakar
Economist

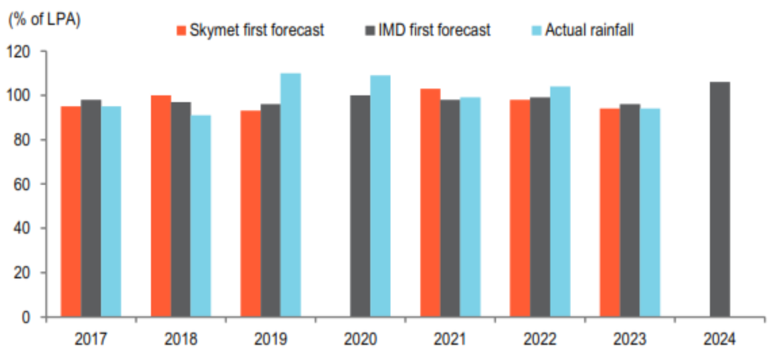
IMD its first long range forecast for the year has stated the South-West Monsoon (Jun-Sep) this year is expected to be above normal. The country will witness rainfall at 106% of the LPA (model error of +-5%). The LPA (Long period average) for the whole season over the country is expected to be around 87cm. On weather conditions, IMD stated they expect El Nino conditions moderating over the equatorial pacific region with certain agencies forecasting possible fading of these conditions and turning to neutral ENSO (El Nino Southern Oscillation) conditions. In the latter half of the South west monsoon (Aug-Sep), there is a possibility of the formation of La Nina conditions. These conditions result in cooling of the sea surface temperature and they contribute to higher rainfall. The ENSO conditions occurs in span of 2-7 years and in 3-phases, El Nino, La Nina and Neutral. A strong El Nino condition last occurred in the year 2023.

Currently, there are neutral IOD conditions forming over the Indian Ocean and there is likelihood of this conditions turning positive in the later part of the monsoon.

In terms of spatial distribution, regions such as North West, Eastern and North Eastern regions are expected to witness below normal rainfall while other regions continue to record above normal rainfall across the country..

Out of the last 8-years, this is the first time in 2024, IMD has forecasted for above normal rainfall (104-110% of LPA) in its first forecast. In the year 2022, the country actually witnessed above normal rainfall, against the expectation of normal rainfall. Last year in 2023, in line with expectations the country actually witnessed normal rainfall at 94% of LPA.

Fig 1: Rainfall over the years



Source: IMD, Skymet, Bank of Baroda Research

TRADE

15 April 2024

India's Foreign Trade in FY24

Aditi Gupta
Economist

India's external position remained strong with trade deficit narrowing sharply in FY24. Both merchandise and services trade deficit narrowed as imports contracted at a much faster pace than exports. On goods side, green shoots were visible in exports of electronics, pharmaceuticals and engineering goods. Merchandise imports rose at a slower rate, amidst a correction in global commodity prices, especially. On the other hand, gold imports increased at a brisk pace. Overall, we expect CAD at 0.8% of GDP in FY24, with a surplus expected in Q4.

In FY25, with a recovery in external demand both services and goods exports are expected to pick up. Imports too are likely to increase as domestic demand becomes broader based and private investment also improves. Even so, CAD is expected to rise only marginally to 1% of GDP in FY25 which will be funded by a robust capital account surplus.

India's trade in Mar'24: India's exports declined by 0.7% in Mar'24, after exhibiting positive growth in the last two months. Imports declined at a much faster pace of 6% compared with a growth of 12.2% in Feb'24. This was led by lower non-oil-non-gold imports. As a result, trade deficit in Mar'24 narrowed to US$ 15.6bn from US$ 18.7bn in Feb'24.

Export growth in FY24: In FY24, exports declined by 3.1% compared with an increase of 6.9% in FY23. Amongst major commodities, exports of oil which accounted for ~17% of total exports declined the most by 14.1% compared with an increase of 44.5% last year. This can be attributable to lower oil prices which declined by 13.7% in the same period. Exports of gems and jewellery were also lower by 13.8%, following up on a decline of 2.9% last year. Lower discretionary spending amidst weakness in growth in major markets could explain the decline. Exports of chemicals was also lower by 3.3%. On the positive side, exports of engineering goods, which have the highest share in India's export basket, rebounded and rose by 2.3%, after declining by 4.6% in FY23. Even pharmaceuticals exports showed improvement and rose by 9.7%. Electronic exports continued to post impressive double-digit growth.

Goods import: India's imports declined by 5.4% following an increase of 16.8% in FY23. The decline can be attributed to lower oil imports which declined by 14.1% in FY24, supported by lower oil prices. On the other hand, gold imports surged by 30.1% in FY24, compared with a decline of 24.2% in FY23 as it became an attractive investment option. Interestingly, gold prices were up by 10.1% in FY24.

WPI

15 April 2024

WPI inflation picks up pace

Sonal Badhan
Economist

WPI inflation rose to 0.5% in Mar'24 from 0.2% in Feb'24, bringing the FY24 headline inflation to (-) 0.7% from 9.6% in FY23. Within this, food inflation stood at 3.2%, down from 6.4% in FY23, fuel inflation at (-) 4.4% versus 29.4%, and manufactured product inflation at (-) 1.7% versus 5.7% last year. In Mar'24, the build-up was visible across all three major sub-heads—food, fuel and manufactured products. Food inflation accelerated to 4.6% from 4.1% in Feb'24. Within food, built-up in pressure was on account of cereals (both wheat and paddy), vegetables, fruits and other items. Within cereals, inflation for pulses eased slightly but still remains at elevated levels. Within vegetables, onion and potato inflation inched up sharply.

Fuel & power inflation fell at a slower pace, owing to jump in electricity price index, and slower rate of deflation in mineral oil index. Manufactured inflation also picked up, led by increase in basic metals. International commodity prices are showing signs of increased pressure. Going ahead, continued escalation in international crude oil prices, heat wave conditions impacting electricity demand and vegetable inflation, remain key causes of concern.

Food inflation continues to accelerate:

Headline WPI inflation accelerated to 0.5% in Mar'24 from 0.2% in Feb'24, but came in lower than our estimate of 1.5%. This was primarily due to pick up seen in food inflation which inched up by 4.6% in Mar'24, versus 4.1% in Feb'24. Inflation increased the most in case of food grains (10.5% in Mar'24 versus 8.7% in Feb'24) and was sticky in case of vegetables (19.5% versus 19.8%). Amongst food grains, inflation for pulses registered only marginal easing in Mar'24 but still remains at elevated levels (17.2% versus 18.5%). On the other hand, cereal inflation has come under pressure (9% versus 6.6%) with inflation for wheat jumping the most (7.4% versus 2.3%), followed by paddy (11.7% versus 10.3%). On a global level, World Bank's pink sheet data reveals that wheat prices continue to decelerate but at a slower pace (-23.1% versus -25.8%). Paddy prices are relatively more stable on the higher end (29.2% versus 29.7%). Domestically, stickiness in vegetable inflation is another cause of concern, with inflation for basic items like potato (53% versus 15.3%) and onion (57% versus 29.2%) rising sharply. Fruit inflation decelerated at a slower pace (-2.9% versus -4%).

NOT FOR DISTRIBUTION, DIRECTLY OR INDIRECTLY, IN OR INTO THE UNITED STATES OF AMERICA ("US") OR IN OR INTO ANY OTHER JURISDICTION IF SUCH AN ACTION IS PROHIBITED BY APPLICABLE LAW.

Disclaimer

Name of the Research Entity: **BOB Capital Markets Limited**
Registered office Address: **1704, B Wing, Parinee Crescenzo, G Block, BKC, Bandra East, Mumbai 400051**
SEBI Research Analyst Registration No: **INH000000040 valid till 03 February 2025**
Brand Name: **BOBCAPS**
Trade Name: **www.barodaetrade.com**
CIN: **U65999MH1996GOI098009**

Logo:

Investments in securities market are subject to market risks. Read all the related documents carefully before investing.
Registration granted by SEBI and certification from NISM in no way guarantee performance of the intermediary or provide any assurance of returns to investors.

Recommendation scale: Recommendations and Absolute returns (%) over 12 months

BUY – Expected return >+15%

HOLD – Expected return from -6% to +15%

SELL – Expected return <-6%

Note: Recommendation structure changed with effect from 21 June 2021

Our recommendation scale does not factor in short-term stock price volatility related to market fluctuations. Thus, our recommendations may not always be strictly in line with the recommendation scale as shown above.

Analyst certification

Each of the analysts mentioned in this research report certify, with respect to the sections of the report for which they are responsible, that (1) all of the views expressed in this report accurately reflect his/her personal views about the subject company or companies and its or their securities, and (2) no part of his/her compensation was, is, or will be, directly or indirectly, related to the specific recommendation(s) or view(s) in this report. Analysts are not registered as research analysts by FINRA and are not associated persons of BOB Capital Markets Limited (BOBCAPS).

Important disclosures

This product is a compilation of previously published research notes. To view the complete report along with the associated Analyst certifications and Company-specific disclosures, please click on the hyperlink accompanying each excerpt.

General disclaimers

BOBCAPS is engaged in the business of Stock Broking and Investment Banking. BOBCAPS is a member of the National Stock Exchange of India Limited and BSE Limited and is also a SEBI-registered Category I Merchant Banker. BOBCAPS is a wholly owned subsidiary of Bank of Baroda which has its various subsidiaries engaged in the businesses of stock broking, lending, asset management, life insurance, health insurance and wealth management, among others.

BOBCAPS's activities have neither been suspended nor has it defaulted with any stock exchange authority with whom it has been registered in the last five years. BOBCAPS has not been debarred from doing business by any stock exchange or SEBI or any other authority. No disciplinary action has been taken by any regulatory authority against BOBCAPS affecting its equity research analysis activities.

BOBCAPS is also a SEBI-registered intermediary for the broking business having SEBI Single Registration Certificate No.: INZ000159332 dated 20 November 2017.

BOBCAPS prohibits its analysts, persons reporting to analysts, and members of their households from maintaining a financial interest in the securities or derivatives of any companies that the analysts cover. Additionally, BOBCAPS prohibits its analysts and persons reporting to analysts from serving as an officer, director, or advisory board member of any companies that the analysts cover.

Our salespeople, traders, and other professionals may provide oral or written market commentary or trading strategies to our clients that reflect opinions contrary to the opinions expressed herein, and our proprietary trading and investing businesses may make investment decisions that are inconsistent with the recommendations expressed herein. In reviewing these materials, you should be aware that any or all of the foregoing, among other things, may give rise to real or potential conflicts of interest. Additionally, other important information regarding our relationships with the company or companies that are the subject of this material is provided herein.

This material should not be construed as an offer to sell or the solicitation of an offer to buy any security in any jurisdiction We are not soliciting any action based on this material. It is for the general information of BOBCAPS's clients. It does not constitute a personal recommendation or take into account the particular investment objectives, financial situations, or needs of individual clients. Before acting on any advice or recommendation in this material, clients should consider whether it is suitable for their particular circumstances and, if necessary, seek professional advice. BOBCAPS research reports follow rules laid down by Securities and Exchange Board of India and individuals employed as research analysts are separate from other employees who are performing sales trading, dealing, corporate finance advisory or any other activity that may affect the independence of its research reports.

The price and value of the investments referred to in this material and the income from them may go down as well as up, and investors may realize losses on any investments. Past performance is not a guide for future performance, future returns are not guaranteed and a loss of original capital may occur. BOBCAPS does not provide tax advice to its clients, and all investors are strongly advised to consult with their tax advisers regarding any potential investment in certain transactions — including those involving futures, options, and other derivatives as well as non-investment-grade securities — that give rise to substantial risk and are not suitable for all investors. The material is based on information that we consider reliable, but we do not represent that it is accurate or complete, and it should not be relied on as such. Opinions expressed are our current opinions as of the date appearing on this material only. We endeavour to update on a reasonable basis the information discussed in this material, but regulatory, compliance, or other reasons may prevent us from doing so.

We and our affiliates, officers, directors, and employees, including persons involved in the preparation or issuance of this material, may from time to time have "long" or "short" positions in, act as principal in, and buy or sell the securities or derivatives thereof of companies mentioned herein and may from time to time add to or dispose of any such securities (or investment). We and our affiliates may assume an underwriting commitment in the securities of companies discussed in this document (or in related investments), may sell them to or buy them from customers on a principal basis, and may also perform or seek to perform investment banking or advisory services for or relating to these companies and may also be represented in the supervisory board or any other committee of these companies.

For the purpose of calculating whether BOBCAPS and its affiliates hold, beneficially own, or control, including the right to vote for directors, one per cent or more of the equity shares of the subject company, the holdings of the issuer of the research report is also included.

BOBCAPS and its non-US affiliates may, to the extent permissible under applicable laws, have acted on or used this research to the extent that it relates to non-US issuers, prior to or immediately following its publication. Foreign currency denominated securities are subject to fluctuations in exchange rates that could have an adverse effect on the value or price of or income derived from the investment. In addition, investors in securities such as ADRs, the value of which are influenced by foreign currencies, effectively assume currency risk. In addition, options involve risks and are not suitable for all investors. Please ensure that you have read and understood the Risk disclosure document before entering into any derivative transactions.

No part of this material may be (1) copied, photocopied, or duplicated in any form by any means or (2) redistributed without BOBCAPS's prior written consent.

Other disclosures

BOBCAPS does not have any financial interest in the subject company. BOBCAPS does not have actual/beneficial ownership of one per cent or more securities in the subject company at the end of the month immediately preceding the date of publication of this report.

BOBCAPS is not engaged in any market making activities for the subject company.

BOBCAPS or its associates may have material conflict of interest at the time of publication of this research report.

BOBCAPS's associates may have financial interest in the subject company. BOBCAPS's associates may hold actual / beneficial ownership of one per cent or more securities in the subject company at the end of the month immediately preceding the date of publication of this report.

BOBCAPS or its associates may have managed or co-managed a public offering of securities for the subject company or may have been mandated by the subject company for any other assignment in the past 12 months.

BOBCAPS may have received compensation from the subject company in the past 12 months. BOBCAPS may from time to time solicit or perform investment banking services for the subject company. BOBCAPS or its associates may have received compensation from the subject company in the past 12 months for services in respect of managing or co-managing public offerings, corporate finance, investment banking or merchant banking, brokerage services or other advisory services in a merger or specific transaction. BOBCAPS or its associates may have received compensation for products or services other than investment banking or merchant banking or brokerage services from the subject company in the past 12 months.

Other disclaimers

BOBCAPS and MAYBANK (as defined below) make no representation or warranty, express or implied, as to the accuracy or completeness of any information obtained from third parties and expressly disclaim the merchantability, suitability, quality and fitness of this report. The information in this report has not been independently verified, is provided on an "as is" basis, should not be relied on by you in connection with any contract or commitment, and should not be used as a substitute for enquiries, procedures and advice which ought to be undertaken by you. This report also does not constitute an offer or solicitation to buy or sell any securities referred to herein and you should not construe this report as investment advice. All opinions and estimates contained in this report constitute BOBCAPS's judgment as of the date of this report and are subject to change without notice, and there is no obligation on BOBCAPS or MAYBANK to update this report upon issuance. This report and the information contained herein may not be reproduced, redistributed, disseminated or copied by any means without the prior consent of BOBCAPS and MAYBANK.

To the full extent permitted by law neither BOBCAPS, MAYBANK nor any of their respective affiliates, nor any other person, accepts any liability howsoever arising, whether in contract, tort, negligence, strict liability or any other basis, including without limitation, direct or indirect, special, incidental, consequential or punitive damages arising from any use of this report or the information contained herein. By accepting this report, you agree and undertake to fully indemnify and hold harmless BOBCAPS and MAYBANK from and against claims, charges, actions, proceedings, losses, liabilities, damages, expenses and demands (collectively, the "**Losses**") which BOBCAPS and/or MAYBANK may incur or suffer in any jurisdiction including but not limited to those Losses incurred by BOBCAPS and/or MAYBANK as a result of any proceedings or actions brought against them by any regulators and/or authorities, and which in any case are directly or indirectly occasioned by or result from or are attributable to anything done or omitted in relation to or arising from or in connection with this report.

Distribution into the United Kingdom ("UK"):

This research report will only be distributed in the United Kingdom, in accordance with the applicable laws and regulations of the UK, by Maybank Securities (London) Ltd ("**MSL**") who is authorised and regulated by the Financial Conduct Authority ("FCA") in the United Kingdom (MSL and its affiliates are collectively referred to as **"MAYBANK**"). BOBCAPS is not authorized to directly distribute this research report in the UK.

This report has not been prepared by BOBCAPS in accordance with the UK's legal and regulatory requirements.

This research report is for distribution only to, and is solely directed at, selected persons on the basis that those persons: (a) are eligible counterparties and professional clients of MAYBANK as selected by MAYBANK solely at its discretion; (b) have professional experience in matters relating to investments falling within Article 19(5) of the Financial Services and Markets Act 2000 (Financial Promotion) Order 2005, as amended from time to time (the "Order"), or (c) fall within Article 49(2)(a) to (d) (high net worth companies, unincorporated associations, etc. as mentioned in the stated Article) of the Order; (all such persons together being referred to as "relevant persons").

This research report is directed only at relevant persons and must not be acted on or relied on by any persons who are not relevant persons. Any investment or investment activity to which this material relates is available only to relevant persons and will be engaged in only with relevant persons.

The relevant person as recipient of this research report is not permitted to reproduce, change, remove, pass on, distribute or disseminate the data or make it available to third parties without the written permission of BOBCAPS or MAYBANK. Any decision taken by the relevant person(s) pursuant to the research report shall be solely at their costs and consequences and BOBCAPS and MAYBANK shall not have any liability of whatsoever nature in this regard.

No distribution into the US:

This report will not be distributed in the US and no US person may rely on this communication.

Other jurisdictions:

This report has been prepared in accordance with SEBI (Research Analysts) Regulations and not in accordance with local regulatory requirements of any other jurisdiction. In any other jurisdictions, this report is only for distribution (subject to applicable legal or regulatory restrictions) to professional, institutional or sophisticated investors as defined in the laws and regulations of such jurisdictions by Maybank Securities Pte Ltd. (Singapore) and / or by any broker-dealer affiliate or such other affiliate as determined by Malayan Banking Berhad.

If the recipient of this report is not as specified above, then it should not act upon this report and return the same to the sender.

By accepting this report, you agree to be bound by the foregoing limitations.