Market snapshot

Equities - India	Close	Chg .%	CYTD.%
Sensex	73,400	-1.1	1.6
Nifty-50	22,273	-1.1	2.5
Nifty-M 100	49,281	-1.6	6.7
Equities-Global	**Close**	**Chg .%**	**CYTD.%**
S&P 500	5,062	-1.2	6.1
Nasdaq	15,885	-1.8	5.8
FTSE 100	7,966	-0.4	3.0
DAX	18,027	0.5	7.6
Hang Seng	5,856	-0.4	1.5
Nikkei 225	39,233	-0.7	17.2
Commodities	**Close**	**Chg .%**	**CYTD.%**
Brent (US$/Bbl)	91	-3.0	16.6
Gold ($/OZ)	2,383	1.7	15.5
Cu (US$/MT)	9,499	1.8	12.2
Almn (US$/MT)	2,568	4.9	9.5
Currency	**Close**	**Chg .%**	**CYTD.%**
USD/INR	83.5	0.0	0.3
USD/EUR	1.1	-0.2	-3.8
USD/JPY	154.3	0.7	9.4
YIELD (%)	**Close**	**1MChg**	**CYTD chg**
10 Yrs G-Sec	7.2	0.00	0.0
10 Yrs AAA Corp	7.6	-0.01	-0.2
Flows (USD b)	**15-Apr**	**MTD**	**CYTD**
FIIs	-0.4	6.63	1.7
DIIs	0.57	2.12	15.1
Volumes (INRb)	**15-Apr**	**MTD***	**YTD***
Cash	1,136	1078	1180
F&O	2,65,827	3,50,975	3,91,421

Note: Flows, MTD includes provisional numbers.
*Average

Today's top research idea

Cello World: Among the best in industry

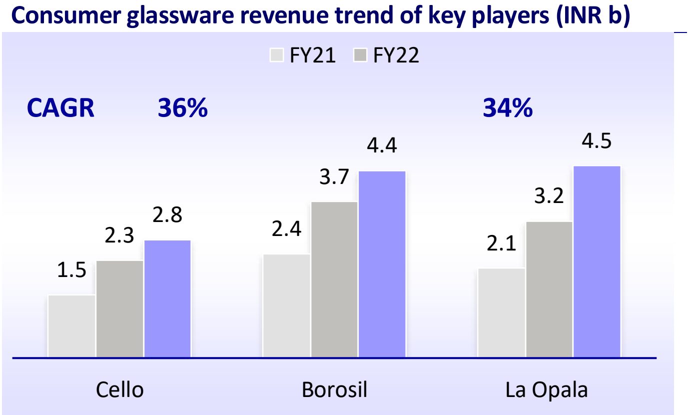
- CELLO is a highly diversified consumerware company and a major player in various business segments. This report focuses on its position in the fast-growing glassware segment. Since entering this market in 2017, CELLO has rapidly expanded, generating INR2.8b in revenue in FY23 against a TAM of INR35b. The segment is expected to drive significant growth (26% CAGR over FY23-26) due to factors such as capacity expansions, increased product variety, and import substitution.
- Opalware and soda lime glassware are the dominant categories within this segment, with CELLO making notable strides, particularly in soda lime glassware where it is the only major player expanding. Although La Opala leads in revenue growth and margins, CELLO is close behind, with plans to narrow the gap further through capacity ramp-up and achieving economies of scale.
- CELLO is currently trading at 34x FY26E EPS with RoE/RoCE of 32%/39% in FY26E. We believe that the company will be able to successfully scale up new businesses and expand SKUs and distribution reach in order to evolve as a leading brand in the respective segments. We reiterate our BUY rating with a TP of INR1,100 (premised on 45x FY26E EPS).

Research covered

Cos/Sector	Key Highlights
Cello World	Among the best in industry
Oil & Gas	Iran-Israel conflict could lead to a supply crunch
India Strategy	Politics: BJP's 2024 manifesto promises policy continuity!
EcoScope	WPI rises to a 3-month high of 0.5% in Mar'24
	Trade deficit narrows in Mar'24

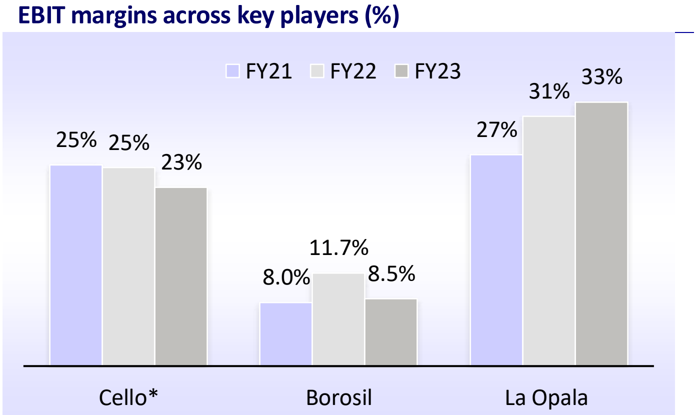
Chart of the Day: Cello World (Among the best in industry)

Consumer glassware revenue trend of key players (INR b)



Source: MOFSL, Company

EBIT margins across key players (%)



Source: MOFSL, Company

Research Team (Gautam.Duggad@MotilalOswal.com)

Kindly click on textbox for the detailed news link

1

Jio Financial, Blackrock ink pact for wealth management and broking business

The entities had announced an agreement in July 2023 to form a 50:50 joint venture with a $150-million investment each to enter the asset management business in India

2

DoT releases application schedule for 2024 spectrum auctions

The last date for submitting bid applications has been moved by 15 days to May 6, as per the notification released by the Department of Telecommunications (DoT) of Monday.

3

Cipla to buy Ivia Beaute's cosmetics and personal care business for Rs 130 crore

Cipla said the transaction is expected to be completed within 60 days from the signing of business transfer agreement or such other date mutually agreed between the parties

4

Power Min asks imported coal-based plants to run at full capacity till Oct 15

The Ministry of Power has instructed all thermal plants using imported coal to operate at full capacity until October 15 to prevent electricity shortages amid surging demand. With the summer season projecting a peak power demand of 260 GW

5

TCS targets to hire around 40,000 freshers in FY25; will honour all offers made

In terms of hiring experienced professionals, TCS will be taking a call on a quarterly basis depending on immediate demand and requirement, CEO and MD K Krithivasan said

6

Philips expands health technology in India with a new R&D centre in Pune

Working on innovative health technologies, the company claims that the new centre will contribute to improving the lives of 2.5 billion people a year by 2030

7

Thermax unveils new water and waste solutions unit; eyes Rs 1000 crore order book this fiscal

Thermax Ltd, an energy and environment solutions provider, is aiming for an over Rs 1000 crore order book in its water and wastewater solutions business this fiscal.

Cello World

BSE SENSEX	S&P CNX
73,400	22,273

Bloomberg	CELLO IN
Equity Shares (m)	212
M.Cap.(INRb)/(USDb)	174.7 / 2.1
52-Week Range (INR)	949 / 711
1, 6, 12 Rel. Per (%)	9/-/-
12M Avg Val (INR M)	572
Free float (%)	21.9

Financials Snapshot (INR b)

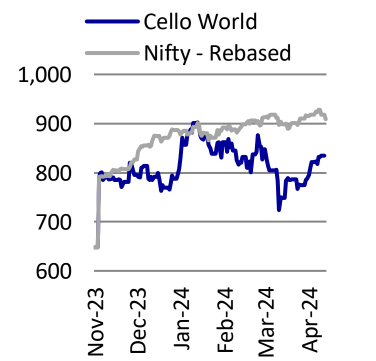
Y/E MARCH	FY24E	FY25E	FY26E
Sales	20.6	24.6	29.2
EBITDA	5.1	6.4	7.8
Adj. PAT	3.3	4.2	5.1
EBITDA Margin (%)	24.8	26	26.7
Cons. Adj. EPS (INR)	15.7	19.6	24.2
EPS Gr. (%)	25.3	25	23.3
BV/Sh. (INR)	32	51.6	75.8
Ratios			
Net D:E	0.1	-0.3	-0.5
RoE (%)	49.1	38.1	31.9
RoCE (%)	44.1	41.2	38.7
Valuations			
P/E (x)	52.4	41.9	34
EV/EBITDA (x)	35	27.1	21.7

Shareholding pattern (%)

As On	Mar-24	Dec-23	Mar-23
Promoter	78.1	78.1	0.0
DII	12.4	12.8	0.0
FII	4.4	3.0	0.0
Others	5.1	6.2	0.0

FII Includes depository receipts

Stock performance (one-year)



CMP: INR823 | **TP: INR1100 (+34%)** | **Buy**

Among the best in industry

Cello World (CELLO) is the most diversified consumerware company and one of the top players in majority of its business segments. In this report, we have analyzed CELLO's position against key players in its fastest-growing business segment, glassware.

- **Since its foray into the consumer glassware segment in 2017, CELLO has quickly scaled up this business to generate revenue of INR2.8b vs. a total addressable market (TAM) of INR35b in FY23. The segment will be a key growth driver (26% CAGR over FY23-26) for the company amid evolving applications, capacity expansions in opalware and soda lime glassware, increase in SKUs, and import substitution.**
- **Under the consumer glassware segment, opalware/soda lime glassware dominate, with TAM of ~INR14b/INR15b. While La Opala dominates the opalware category, CELLO is also catching up with recent capacity expansions in Daman. Moreover, CELLO is the only large branded player that is expanding in soda lime glassware (higher TAM), while other players are expanding in borosilicate glassware (TAM of ~INR4B).**
- **Currently, La Opala dominates in terms of revenue growth (CAGR of 46% over FY21-23) and margins (EBIT margin of 33% in FY23). CELLO is not far behind (36% revenue CAGR; 23% EBIT margins). With a ramp-up of its soda lime glass capacity and achieving economies of scale, CELLO will be able to narrow the gap going ahead.**
- **CELLO is currently trading at 34x FY26E EPS with RoE/RoCE of 32%/39% in FY26E. We believe that the company will be able to successfully scale up new businesses and expand SKUs and distribution reach in order to evolve as a leading brand in the respective segments. We reiterate our BUY rating with a TP of INR1,100 (premised on 45x FY26E EPS).**

Consumer glassware to be a key growth driver

- The consumerware segment accounted for 66% of revenue in FY23, split between consumer houseware (77%) and consumer glassware (23%).
- The segment saw a strong 33% revenue CAGR during FY21-23, driven by both sub-segments (glassware and houseware). The consumer glassware segment is likely to outpace the houseware segment with a ~26% CAGR over FY23-26, led by strong demand tailwinds and capacity expansions.
- Since entering the consumer glassware segment in 2017, CELLO has rapidly scaled up this business to ~INR2.8b. Currently, the majority of CELLO's consumer glassware revenue comes from opalware (84% in FY23) and the remaining from other glassware types (soda lime, borosilicate glassware, and porcelain).
- CELLO established a 15,000MT plant in Daman for opalware production, which has now been expanded to 25,000MT. It also imports and sells soda lime and borosilicate glassware in India to diversify its offerings.

- The consumer glassware segment comprises subcategories, like opalware, soda lime glass and borosilicate glass, distinguished by their raw materials and production methods. The market is fragmented with many unorganized players and is also heavily dependent on imports due to weak domestic demand (until now), operational challenges, and high capital intensity.
- In CY21, the Indian consumer glassware market imported products worth INR11b, of which glassware products constituted ~77%, followed by opalware (15%) and melamine (8%).
- With increasing demand, evolving product applications and import replacement opportunities, branded glassware companies, like CELLO, La Opala, and Borosil, are expanding their capacities in India.
- Currently, opalware dominates in terms of domestic capacity. However, the next major leg of expansion is happening in soda lime and borosilicate glassware.
- CELLO/Borosil recently commissioned a soda lime/borosilicate plant in Rajasthan (20,000MT/9,100MT) in Mar'24. La Opala plans to invest in greenfield borosilicate glassware plants.
- These expansions in glassware subcategories signify a strategic shift toward domestic manufacturing to meet growing demand and reduce dependence on imports (current glassware import in India is ~INR8.4b).

Glassware industry dynamics and CELLO's place in it

- La Opala leads the opalware market with a 36% market share in FY23, driven by its early market entry, wide product range, and substantial capacity (36,000MT). In contrast, CELLO and Borosil operate under a single brand in the mass market segment.
- La Opala is expected to maintain its lead with its high gross margins and product diversity. CELLO is positioned to excel in the soda lime glassware market with its large manufacturing facility in India (only major player), while Borosil and La Opala focus on borosilicate glassware capacity for different applications.
- In FY23, the glassware market stood at ~INR35b — opalware (INR14b), glassware (INR19b), and porcelain (INR2b). The glassware market is split between soda lime glassware (~INR15b) and borosilicate glassware (INR4b).
- CELLO has entered soda lime glassware (larger TAM) by setting up capacity in Rajasthan (20,000MT). As the only large branded player in this fragmented market, CELLO is poised to capitalize on the growing preference for branded products. Additionally, the production cost of soda lime glassware is lower than that of borosilicate glassware, enhancing the economic feasibility of CELLO's expansion into this segment.
- CELLO is expected to see faster growth in soda lime glassware due to its larger TAM, which is projected to see a 15% CAGR over FY23-27 vs. borosilicate's 10% CAGR.
- We believe CELLO is likely to achieve a breakeven earlier due to higher demand and lower manufacturing costs for soda lime glassware, although borosilicate glassware may yield higher margins in the long term due to premium pricing and niche applications.

Among the leading players across categories

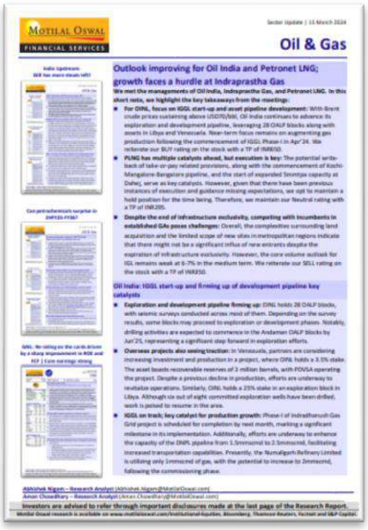
- In terms of financial performance, CELLO, a diversified consumerware company, compares favorably to its closest peer, Hamilton Houseware (Milton).
- The company posted a higher revenue CAGR of ~31% over FY21-FY23 vs. Milton's 28%. Additionally, CELLO boasts superior EBITDA margins of ~23% in FY23 vs. Milton’s 16%. CELLO's success is attributed to its higher proportion of in-house manufacturing (~80%), leading to greater manufacturing efficiencies and diversification into higher-margin businesses like writing instruments and consumer glassware.
- Under the consumer glassware category, Borosil and La Opala are the closest peers. La Opala predominantly generates revenue from consumer glassware, while CELLO and Borosil have relatively smaller revenue share from this segment (15%/59% respectively). Lower share for Cello is due to its recent entry in 2017. However, CELLO has shown impressive growth, registering a 36% revenue CAGR over FY21-23.
- Opalware is a key revenue contributor for all key consumer glassware companies and CELLO is expected to sustain a healthy 15% revenue CAGR in the opalware segment over FY23-26.
- La Opala leads the consumer glassware segment with the highest EBIT margins (~33% in FY23), followed by CELLO (~23%) and Borosil (~8.5%). La Opala's strong margins are mainly driven by a focused product portfolio, diverse SKUs, and in-house manufacturing, while CELLO's diversified portfolio moderates its margins (houseware is a relatively a low-margin segment). Borosil's lower margins are a result of its reliance on imports and third-party manufacturers for a significant portion of its revenue.
- CELLO aims to improve margins to 26% by FY26 by leveraging economies of scale and efficiencies from the ramp-up in its soda lime glass capacity.

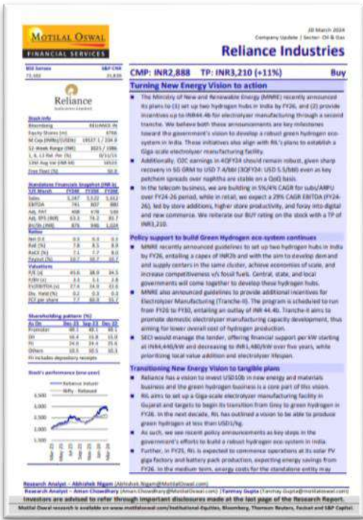
Valuation and view

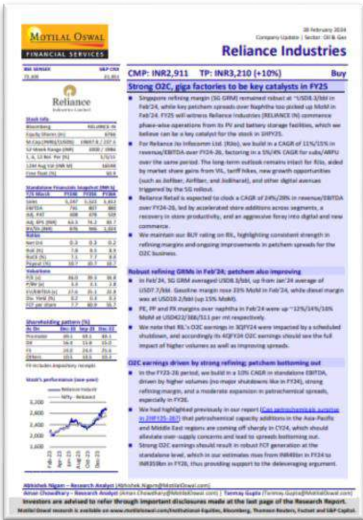
- CELLO has been one of the leading players across its product categories, boasting a strong brand reputation and distribution reach. With its strong manufacturing background and brand equity, CELLO has been able to quickly scale up new businesses and compete with market leaders.
- The consumer glassware segment will be a key growth segment for the company and we believe CELLO will be able to surpass the market leader in the segment on back of operationalization of its new glassware capacity.
- We estimate CELLO to deliver a CAGR of 18%/23%/25% in revenue/EBITDA/adj. PAT over FY23-26.
- CELLO is currently trading at 34x FY26E EPS with RoE/RoCE of 32%/39% in FY26E. We reiterate our BUY rating with a TP of INR1,100 (premised on 45x FY26E EPS).

Oil & Gas

Our previous oil & gas reports







Iran-Israel conflict could lead to a supply crunch…

…resulting in elevated oil, refining GRMs, and spot LNG prices

- **The conflict intensifies:** The clash between Iran and Israel escalated significantly over the weekend, as Iran launched drone and rocket attacks on Israel. This conflict has, in turn, led to the expectation that crude oil, refining GRMs, and spot LNG prices could scale new highs in the near term. While **our base case scenario remains that de-escalation efforts will likely control the crisis,** in this note, we examine the implications for commodities and stocks if the crisis escalates further.
- **The Strait of Hormuz (SoH) remains critical for oil, refined products, and LNG:** About 15/6mnbopd of crude oil/refined products flow through the SoH (i.e., 15% and 8% of global crude and refined product consumption, respectively), which Iran has threatened to block. Further, we note that ~20% of the global LNG trade moves via SoH, including almost all LNG exports from Qatar and the UAE.
- **Three key implications in the event of SoH blockade:** 1) if Iran successfully enforces a complete or partial blockade of the SoH, we anticipate materially higher crude oil prices, refining GRM, and spot LNG prices; 2) while alternative routes do exist, they may only be able to accommodate a fraction (~7-8mnbopd of crude oil/refined products) of the volume currently passing through the SoH (~21mnbopd), and that too at elevated freight costs; 3) while investors focus on oil, **we believe that spot LNG prices will witness even sharper escalation if the SoH is closed due to the absence of alternative routes.**

All about the SoH

- The SoH is a narrow sea passage between Oman and Iran. It is ~40km wide at the narrowest point, with 2km of navigable channels for incoming and outgoing ships. It is the key route through which crude oil is exported by Saudi Arabia (~6.3mnbopd), the UAE, Kuwait, Qatar, Iraq (3.3mnbopd) and Iran (1.3mnbopd).
- Oil flow via the SoH was 21mnbopd or 21% of global oil consumption in CY22. Of this, ~15mnbopd was crude oil & condensate, while ~6mnbopd was refined products.
- We further note that ~20% of global LNG trade moves through SoH, including almost all LNG exports from Qatar and the UAE. Unlike oil, for which alternative routes via the Red Sea are available, no alternative routes are available for LNG.

Can commodity flows continue through the alternative routes?

- Both Saudi Arabia and the UAE have alternative export routes, which avoid the SoH. Saudi Arabia has the East-West pipeline with a capacity of ~7mnbopd according to the IEA. However, this pipeline opens up into the Red Sea, where traffic flow has already been disrupted due to attacks by Houthi rebels.
- The UAE has onshore oil fields linked with Fujairah export terminal with a capacity of 1.5mnbopd; however, of this, ~30-40% capacity is already being utilized as per the IEA.

What is the risk to Iran's crude oil exports?

- Iran currently exports around 1.5mnbopd of crude oil with China being the biggest customer. The IEA estimates that Iran's oil production would rise by 280kbopd in CY24. Should the crisis intensify, we now believe this additional supply growth could be at risk.

Will OPEC+ step in and raise production?

- We believe the motivation for OPEC+ to raise production remains strong. In a bid to balance the oil markets, OPEC's supply has been declining. The supply dropped by more than 1.5mnbopd to 41.7mnbopd in Mar'24 from 43.2mnbopd in Sep'23.
- However, OPEC+ has been losing market share. We note that in Mar'24, the IEA raised its global oil supply guidance by 0.8mnbopd to 102.9mnbopd, even as it adjusted the production guidance of OPEC+ downwards.
- According to the EIA's Apr'24 update, the US oil production is set to rise to 13.2/13.7mnbopd in CY24/25 from 12.9mnbopd in CY23. In key markets, such as India, the US has been gaining market share at the expense of other producers.
- The IEA forecasts non-OPEC production growth at 1.6mnbopd in CY24. This is almost in line with the EIA's production growth guidance of 1.5mnbopd from mainly the US, Canada, Guyana and Brazil. As such, we believe OPEC+ could feel the pressure to gain market share and use this opportunity to end the current production curbs.

Which importer countries are the most dependent on product flow via SoH?

- The IEA estimates that ~80% of crude oil exported via the SoH route flows through to Asia with China, India, and Japan being the top destinations.
- About 80% of LNG being transported via the SoH is intended for Asian markets, and an estimated 25% of all of Asia's LNG imports in CY23 were delivered via the SoH route.
- In CY23, China, India, and Korea were the top LNG import markets, which were dependent on LNG trade flows via the SoH.

Headwinds for OMCs/CGDs; outlook mixed for GAIL

- Overall, we see elevated crude/refined product prices as negative for integrated margins of oil marketing companies (HPCL>BPCL>IOCL). Every INR1 change in gross marketing margin impacts consolidated EBITDA of HPCL/BPCL/IOCL by 25%/22%/23% for FY25.
- High spot LNG prices could potentially dent the volume and margin outlook for gas utilities (GAIL/ PLNG) and the CGD sector (GUJGA, IGL, MAHGL) respectively.
- RELIANCE could be a beneficiary of elevated GRMs, while high crude prices bring limited earnings surprises for ONGC and OINL, given their net realization remains capped at ~USD75/bbl.

India Strategy

Politics: BJP's 2024 manifesto promises policy continuity!

Prime Minister Narendra Modi unveiled the Sankalpa Patra (Manifesto) of the Bhartiya Janata Party (BJP), titled "Modi ki Guarantee 2024" for the 2024 Loksabha Elections. As per various opinion polls, the BJP is expected to retain power for the third consecutive term with a full majority. In this note we look at the key sector-wise takeaways from the manifesto that promises policy continuity with an overarching aim of making India the world's third-largest economy without taking eyes off macroeconomic balance or succumbing to the lures of competitive populism. The manifesto reflects the confidence of the current dispensation to return to power and thus refrains from any meaningful freebies, which would have extracted a fiscal cost.

Capex, manufacturing and infra push to continue

Prime Minister Narendra Modi-led BJP in its 2024 manifesto emphasized policy continuity, better execution and widening the scope of existing priorities (Housing, Ayushman Bharat, Physical and Digital Infrastructure), along with some big-bang political agenda, such as Uniform Civil Code, Implementation of Citizenship Amendment Act and One Nation, One Election. The manifesto focuses on broad-based development through various government programs and initiatives that will have socio-economic impacts. Infrastructure development (Roads, Railways, Airports, Metros, Inland Waterways, Shipping), manufacturing (developing India as Global Manufacturing Hub) and capex will remain the key priorities.

On the social front, the BJP plans to continue to provide free ration for the next five years under PMGKAY, double the limit of Mudra loans to INR2m and expand the scope of Ayushman Bharat to cover senior citizens. Interestingly, it also mentions the "Neo Middle Class" population and emphasizes providing them with quality healthcare and education, along with fulfilling their dream of owning a home. Key economic proposals include the focus on building India as a key manufacturing hub (Electronics, Defense, Aviation, Railways, Renewable Energy), strengthening digital and physical infrastructure, and empowering MSMEs. Providing piped natural gas connections to all major cities and towns is outlined as another priority.

India in a mini-Goldilocks!

India is in a mini-Goldilocks set-up, with solid macro (GDP, inflation, CAD, stable currency) and resilient micros (Corporate earnings). Moreover, the expectations of political continuity with an acceleration in policy momentum (as promised in the BJP manifesto) in the potential third term of the BJP under PM Modi augur well for markets for the short to medium term, in our view. The Nifty is trading well within its long-period average P/E of ~20x FY25E EPS. We continue to stay OW on domestic cyclicals, e.g., BFSI, Industrials, Real Estate and Consumer Discretionary, and maintain UW on IT with Equal Weight on Healthcare, Automobile, Metals, O&G and Telecom.

MOFSL Top Ideas:
Large caps: ICICI Bank, SBI, L&T, TITAN, ITC, HCL Tech, Coal India, M&M, Zomato, and Hindalco. **Mid-caps**: Indian Hotels, Godrej Properties, Global Health, PNB Housing, KOEL, Cello World, Sobha, Lemon Tree Hotel, KEI Industries & JK Cement.

WPI rises to a 3-month high of 0.5% in Mar'24

Mainly led by an increase in food inflation

- The Wholesale Price Index (WPI)-based inflation went up to a three-month high of 0.5% in Mar'24 (vs. 0.2% in Feb'24). Sequentially, WPI increased 0.4% in Mar'24 vs. a flat growth in Feb'24. The number was in line with the Bloomberg consensus of 0.6% and our forecast of 0.5%. This implies that WPI contracted 0.7% YoY in FY24. *(Exhibit 1)*
- The acceleration in WPI was primarily due to higher food inflation (4.7% YoY in Mar'24 vs. 4.1% in Feb'24) and higher prices of fuel & power items (-0.8% YoY in Mar'24 vs. -1.6% in Feb'24). WPI, excluding food, contracted 1.1% in Mar'24 vs. a contraction of 1.4% in Feb'24. *(Exhibit 2)*
- Within food, prices of primary food articles increased 6.8% in Mar'24 vs. 7% in Feb'24, while prices of manufactured food products grew 0.7% in Mar'24 vs. a fall of 1.1% in Feb'24. Within fuel & power items, prices of electricity rose at a 10-month high rate of 6.4% in Mar'24 vs. 3.5% in Feb'24. On the other hand, inflation in primary articles remained steady at 4.5% YoY in Mar'24.
- WPI for non-food manufacturing products continued to contract for the 13th month in a row, down 1.2% YoY in Mar'24 (vs. a fall of 1.3% in Feb'24). Prices of textiles, paper products, chemical products, basic chemicals, fertilizers, fabricated metal products and basic metals contracted during the month.
- Details suggest that the acceleration in WPI was broad-based. Agro inflation stood at 4.6% in Mar'24 vs. 4.2% in Feb'24. However, agro input inflation contracted 1.2% YoY in Mar'24 vs. a contraction of 3.4% YoY in Feb'24. Consequently, agricultural terms of trade grew at a decent but lower pace of 5.9% in Mar'24 (vs. 7.9% in Feb'24) *(Exhibit 4).* Prices of imported items declined 2.4% in Mar'24 vs. a 2.8% fall in Feb'24. Additionally, non-agro domestic inflation stood at a 10-month high of 1.3% YoY in Mar'24 vs. 1% YoY in Feb'24. *(Exhibit 3)*
- We expect WPI inflation to go up in the coming months with the fading of a supportive base. The recent increase in global commodity prices, particularly driven by higher crude prices and rising industrial metal prices, is likely to add upward pressures on WPI.

Exhibit 1: WPI stood at 0.5% YoY in Mar'24 vs. 0.2% in Feb'24

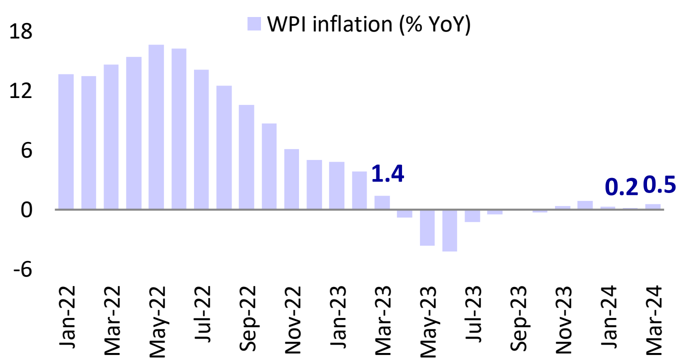


Exhibit 2: Food inflation at 4.7% in Mar'24 vs. 4.2% in Feb'24

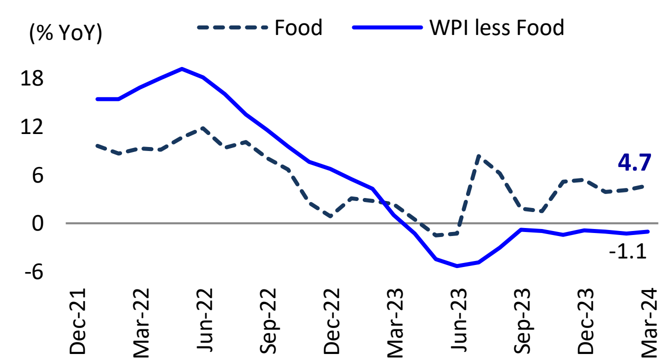
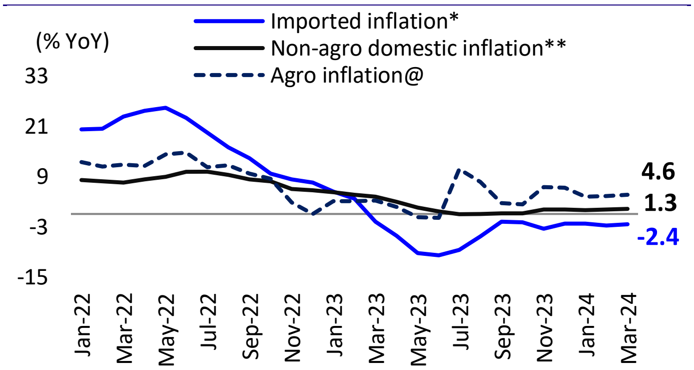
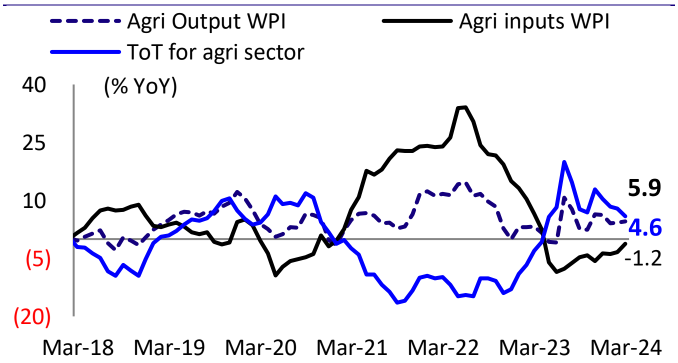


Exhibit 3: Agro inflation came in higher at 4.6% in Mar'24 vs. 4.2% in Feb'24



*Constituting ~41.8% weightage in the WPI basket; **Constituting ~38.8% weightage in WPI basket @Constituting ~19.4% weightage in WPI basket

Exhibit 4: Terms of trade for agri sector grew 5.9% in Mar'24 vs. 7.9% in Feb'24



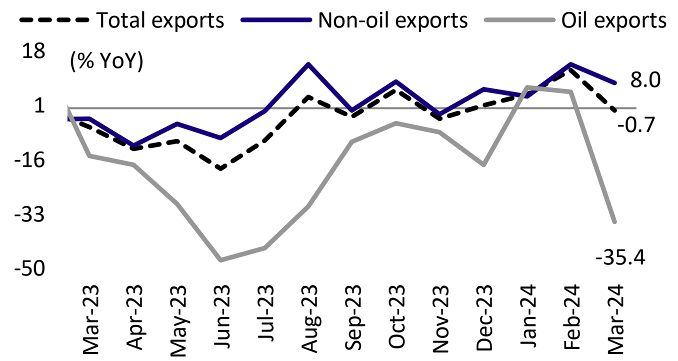
Source: Office of Economic Adviser, MOFSL

Trade deficit narrows in Mar'24

Imports fell faster than exports

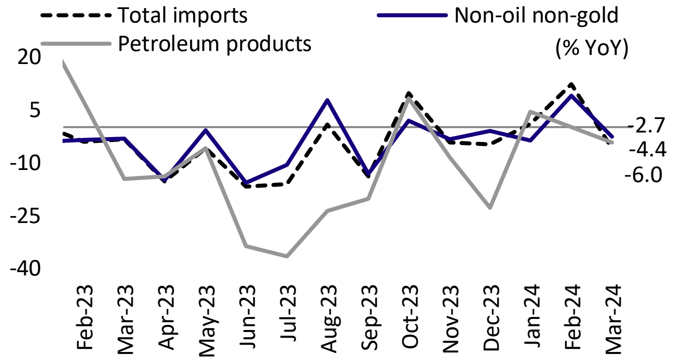
- **Merchandise exports contracted by 0.7% YoY in Mar'24 (vs. +11.8% in Feb'24 and -5.9% in Mar'23) as oil exports slumped to eight-month low. Merchandise exports stood at USD41.7b in Mar'24 vs. USD41.4b in Feb'24 and USD41.9b in Mar'23. (Exhibit 1)**
- **Oil exports stood at an eight-month low of USD5.4b in Mar'24 (-35.3% YoY) vs. USD8.2b in Feb'24 and USD8.3b in Mar'23. On the other hand, non-oil exports accelerated sharply to an all-time high of USD36.3b (8% YoY) in Mar'24 vs. USD33.6b (-3.3% YoY) in Mar'23.**
- **Exports declined 3.1% (USD437.1b) in FY24 vs. a growth of 6.9% (USD451.1.1b) in FY23. Average monthly exports stood at USD36.4b in FY24 vs. USD37.6b in FY23.**
- **Merchandise imports stood at USD57.2b in Mar'24 (-6% YoY, lowest in six months) vs. USD60.1b (12.2% YoY) in Feb'24 and USD60.9b in Mar'23 (-3.4% YoY). The contraction in imports in Mar'24 was broad-based. Oil imports stood at USD17.2b (-4.4% YoY) in Mar'24 vs. USD18b (-14.8% YoY) in Mar'23. At the same time, gold imports plunged to a 14-month low of USD1.5b in Mar'24 (-53.6% YoY) vs. USD6.2b in Feb'24 and USD3.3b in Mar'23. *(Exhibit 2)***
- **Non-oil non-gold imports stood at USD38.5b in Mar'24 (-2.7% YoY) vs. USD37b in Feb'24 (8.8% YoY) and USD40b in Mar'23 (-3.2% YoY).**
- **In FY24, total merchandise imports stood at USD677.2b (-5.4% YoY) vs. USD716b (16.8% YoY) in FY23. Lower imports in FY24 were mainly due to lower imports of petroleum products (USD180.5b in FY24 vs. USD209.4b in FY23). Non-oil-non-gold imports stood at USD451.2b in FY24 (-4.3% YoY) vs. USD471.5b in FY23 (16.4% YoY). On the other hand, gold imports increased to USD45.5b in FY24 (30.1% YoY) from USD35b (-24.1% YoY) in FY23.**
- **Consequently, the merchandise trade deficit narrowed to USD16b in Mar'24 (vs. USD18.7b in Feb'24 and USD19b in Mar'23), led by a lower non-oil deficit. The oil deficit hit an all-time high of USD11.8b in Mar'24 (vs. USD8.6b in Feb'24 and USD9.7b in Mar'23). The merchandise trade deficit for Mar'24 was much lower than the market consensus of USD19b.**
- **In FY24, the merchandise trade deficit narrowed to USD240.2b (or 6.8% of GDP) from USD264.9b in FY23 (or 7.8% of GDP) as imports fell faster than exports. *(Exhibits 3,4)***

Exhibit 1: Exports contracted 0.7% YoY in Mar'24



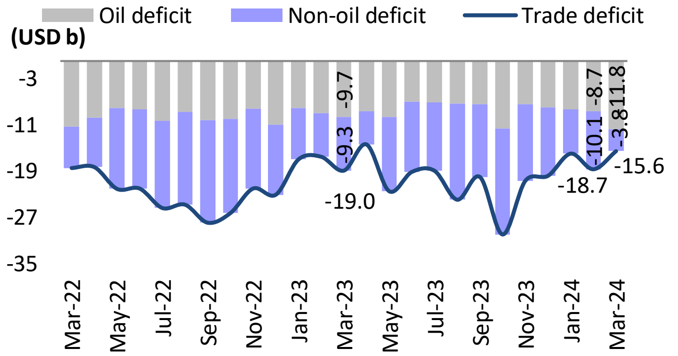
Source: Ministry of Commerce and Industry, MOFSL

Exhibit 2: Imports contracted 6% YoY in Mar'24



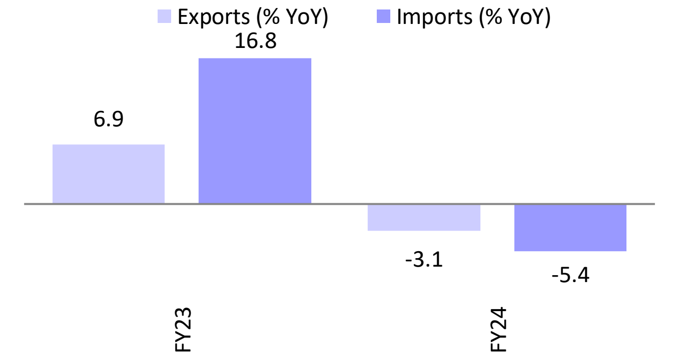
Source: Ministry of Commerce and Industry, MOFSL

Exhibit 3: Trade deficit narrowed to USD16b in Mar'24



Source: Ministry of Commerce and Industry, MOFSL

Exhibit 4: Imports contracted faster than exports in FY24



Source: Ministry of Commerce and Industry, MOFSL

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- Own a competitive spectrum portfolio

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