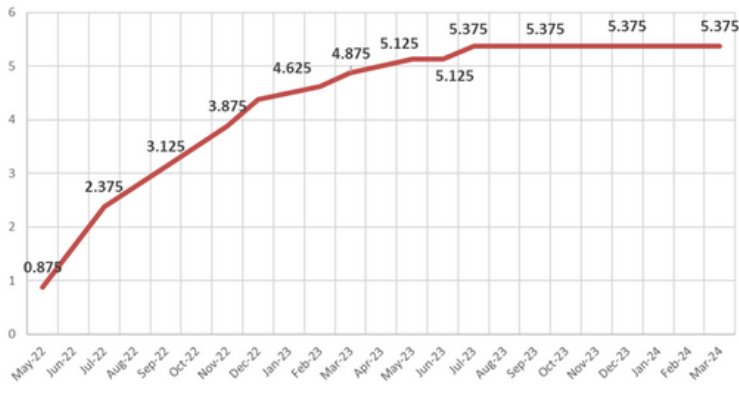


# NEWSLETTER

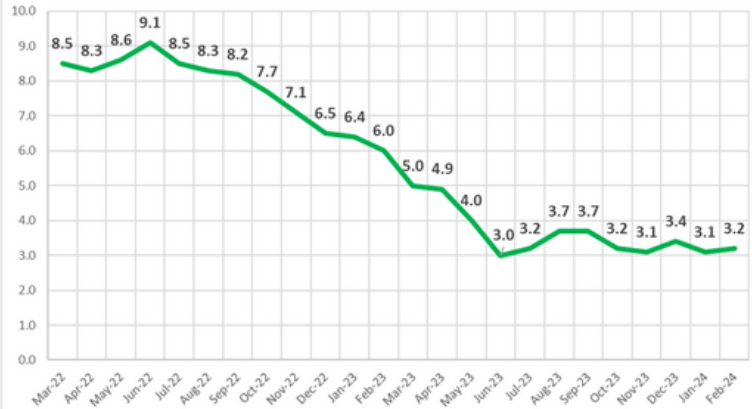
## " WILL IT LAND? THE US ECONOMIC TIGHTROPE WALK SINCE 2022"

2-Yr US Interest rates



Source: LSEG

2-Yr US Consumer Price Index



### Current Scenario of US Economy:

In 2022, the US faced high inflation, likely due to a combination of factors like supply chain disruptions, strong post-pandemic demand and government stimulus programs. This wind-swept purchasing power and exposed economic stability.

### The Federal Reserve took a two-pronged approach:

- Raising Interest Rates:** Starting in mid-2022, the Fed began raising interest rates. This made borrowing more expensive, discouraging excessive spending and investment, and ultimately cooling demand, which was considered an overcautious approach.
- Quantitative Tightening:** The Fed also embarked on quantitative tightening, a process of reducing its holdings of government bonds and mortgage-backed securities. This aimed to tighten the money supply and further dampen inflationary pressures. The effect was seen in slow down in capital market and long winter in investment world.

### The Potential Outcome:

These actions certainly contributed to a slowdown in economic growth. However, the hope was that by curbing inflation, the Fed could create a more stable foundation for future growth.

### Signs of Progress (as of March 2024):

**Inflation Decrease:** While not at the Fed's target of 2% yet, inflation has reportedly shown a significant decline from its peak 9.1% in 2022. This shows the Fed's actions might be taking effect.

**Economic Growth:** The economy may be showing signs of slowing but has seemingly avoided a recession so far. This suggests a potential "soft landing" where inflation is controlled without a severe economic downturn.

**Uncertainties Remain:** It's unclear how long it will take for inflation to reach the Fed's target. The pace of future rate hikes and the effectiveness of quantitative tightening are still being debated. External factors like geopolitical tensions and global supply chain issues can still impact inflation and economic growth.

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## " WILL IT LAND? THE US ECONOMIC TIGHTROPE WALK SINCE 2022"

Long Term Outlook	Q1 2024	Q2 2024	Q3 2024	Q4 2024	Q1 2025	Q2 2025
CPI QUARTERLY % CHG Y/Y	3.10%	2.90%	2.60%	2.50%	2.30%	2.30%
U.S. FED FUNDS RATE		5.13%	4.88%	4.38%	4.13%	3.88%

Source: LSEG

### Long Term Outlook

The long-term outlook depends on various factors, some within US control and others external. While the Fed's actions have addressed the immediate inflation concerns, long-term economic health hinges on addressing structural issues like debt and inequality, alongside navigating the global economic landscape.

#### Positive Outlook:

**Controlled Inflation:** If the Fed successfully reduces inflation to a stable level around 2%, it would create a more predictable economic environment. This could encourage businesses to invest more and consumers to spend with confidence, fostering long-term growth.

**Improved Productivity:** Measures taken alongside monetary policy, like investments in infrastructure and education, could boost productivity and economic output in the long run.

#### Challenges:

**Debt Levels:** High national debt can limit the government's ability to respond to future economic downturns. Long-term solutions might involve finding sustainable ways to manage debt.

**Inequality:** Inflation can disproportionately affect low-income earners. Long-term policies might be needed to address income inequality and ensure economic growth benefits everyone.











**External Factors:** The US economy is interconnected with the global economy. Geopolitical tensions, trade wars, or global recessions can significantly impact the long-term outlook.

The US economic turnaround in 2022-2024 is a story still in progress. The Fed's actions on interest rates and quantitative tightening likely played a role in curbing inflation. **Overall, the long-term quantitative outlook hinges on the Fed's ability to manage inflation and the influence of external factors. The next few years will be crucial in determining the US economy's trajectory.**

### Our recent blogs

- Navigating the Future: A Deep Dive into the Transformative Landscape of the US Manufacturing Industry in 2024
- A Look at Pharma's Tech-Driven Transformation in 2024

## Month in review

Date		Company Name	Report name	CMP	TP	Rating
Mar-26		Alphabet Inc	The Convergence: AI, Cloud & Subscriptions	150.07	168	BUY
Mar-26		Microsoft Corporation	AI-powered cloud soars & Activision boosts Xbox	421.41	464	BUY
Mar-11		Nike Inc.	Sustainable and profitable long-term growth	98.31	108	BUY
Mar-12		Lululemon Athletica Inc.	New launches creating growth	448.54	495	BUY
Mar-07		Eli Lilly	Eli Lilly Delivers Strong	779.77	873	BUY
Mar-27		Abbott Laboratories	A Resilient Healthcare Play - R&D, Diversification.	130	111.51	BUY
Mar-11		Lam Research Corporation	Strategic alignment and growth initiatives	981.53	1070	HOLD
Mar-19		Advanced Micro Devices	Can MI300 accelerators fuel growth for AMD?	190.65	104	HOLD
Mar-25		Check Point Software	Driving growth through innovation and execution	164.17	181	BUY
Mar-07		Fortinet Inc	Moving ahead with strong customer base and AI spread	69.95	78	BUY

## Up coming coverage

	Company Name	CMP
	Cognizant	73.29
	HubSpot Inc	626.56
	Home Depot, Inc	383.60
	eBay Inc	52.78
	Teva Pharmaceuticals	14.11
	Stryker Corp	357.87
	NVIDIA Corp	903.56
	Cisco	49.91
	Radware Ltd	18.72
	Rapid7 Inc	49.04

## Sector report - March 2024

- Unveiling the LLM Landscape 2024: Vol 1 - A Comprehensive Industry Report
- Semiconductors: Fueled by AI, driving the future 2024 - AI revs the engine of semiconductors
- Medical Devices: That Feels Human 2024 - Bridging the gap between tech and well-being


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