



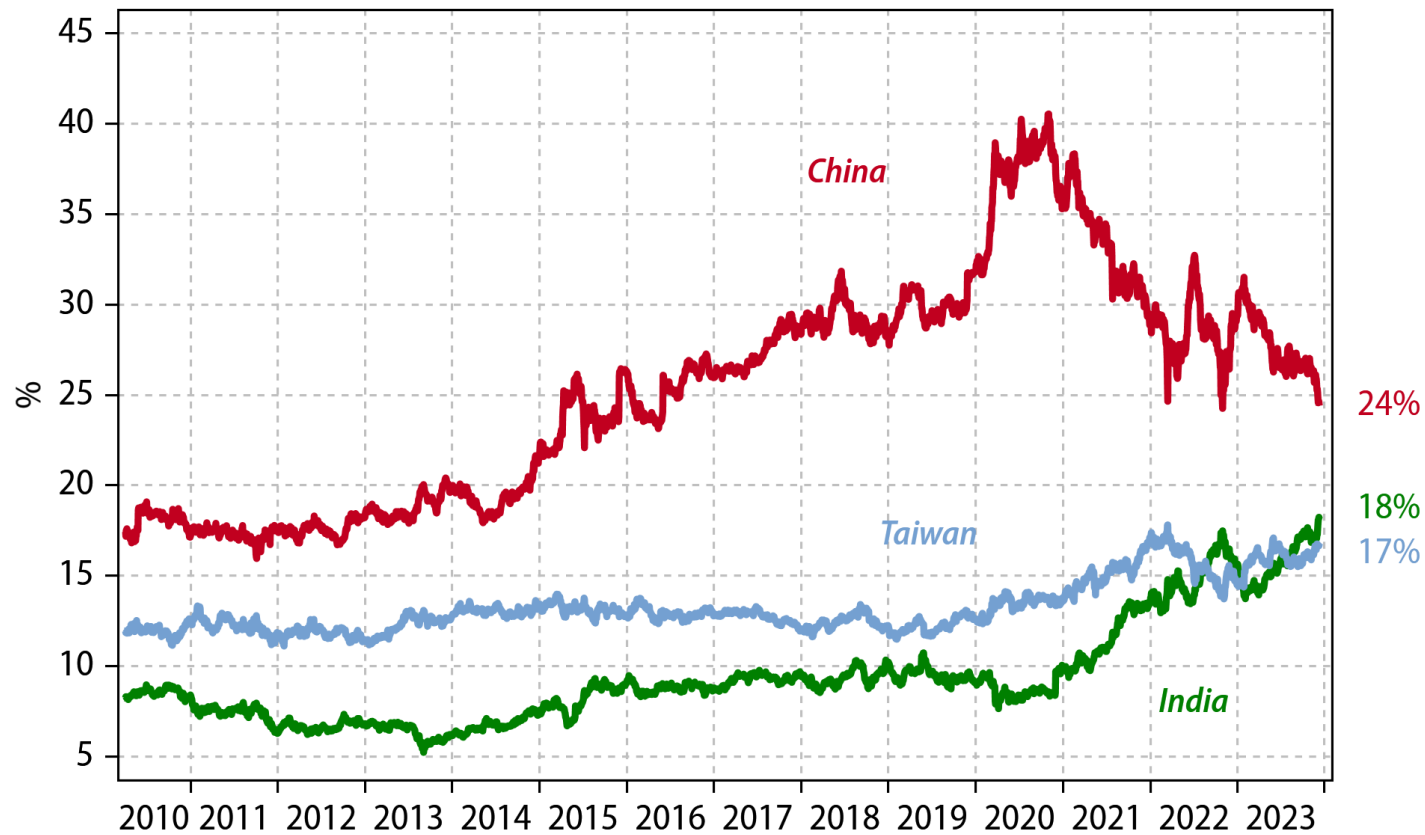
Brave New World

January 13, 2024

Something to keep an eye on

China's weight in the MSCI EM index has slumped; India's has doubled

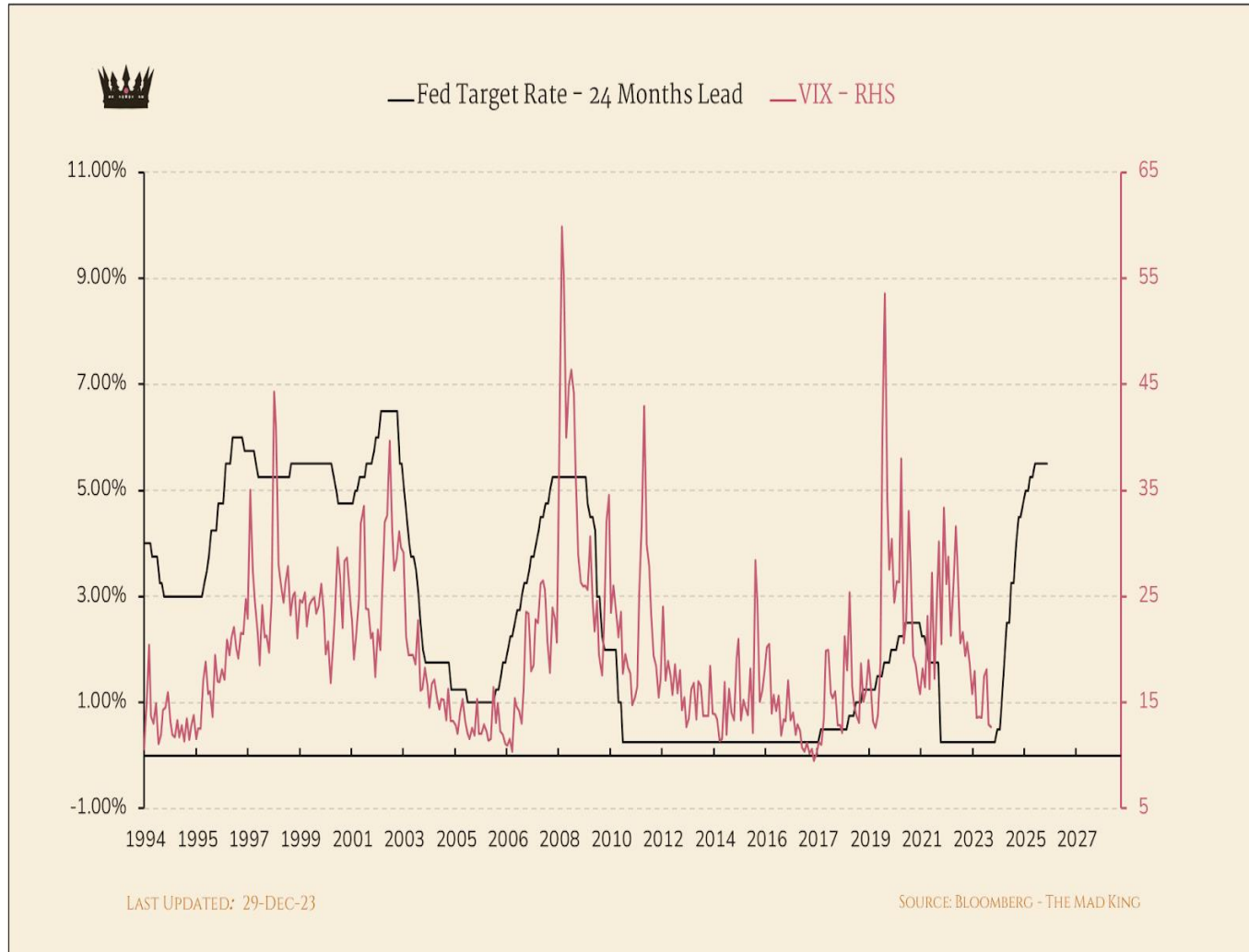
Country weights in MSCI IMI (Large, Mid & Small Cap) Emerging Markets index



Gavekal Research/Macrobond

Chinese stocks now make up 24.7% of the MSCI Emerging Markets index by capitalization, down from 40% three years ago and about the same as late 2015 after the devaluation of the renminbi that August. China remains the biggest single country by market cap in the index, but India's share has about doubled since 2020.

Volatility - Long



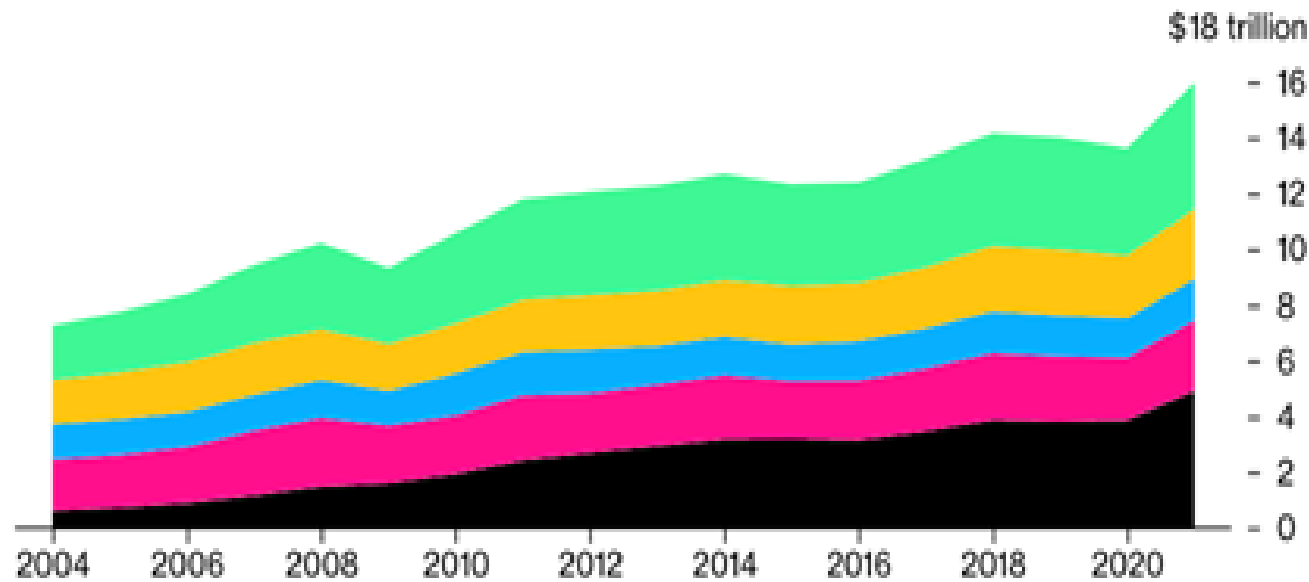
Should a market correction occur, we can anticipate a resurgence in volatility. This would be due largely to the impact of high yields on the economy, which typically has a two-year delay. If historical patterns are any indication, the year 2024 could be marked by significant volatility.

China moving up the Value Chain - good news for Indian Manufacturing

Factory to the World

China's share of the value added of industrial output has surged

■ China ■ European Union ■ Japan & South Korea ■ United States ■ ROW



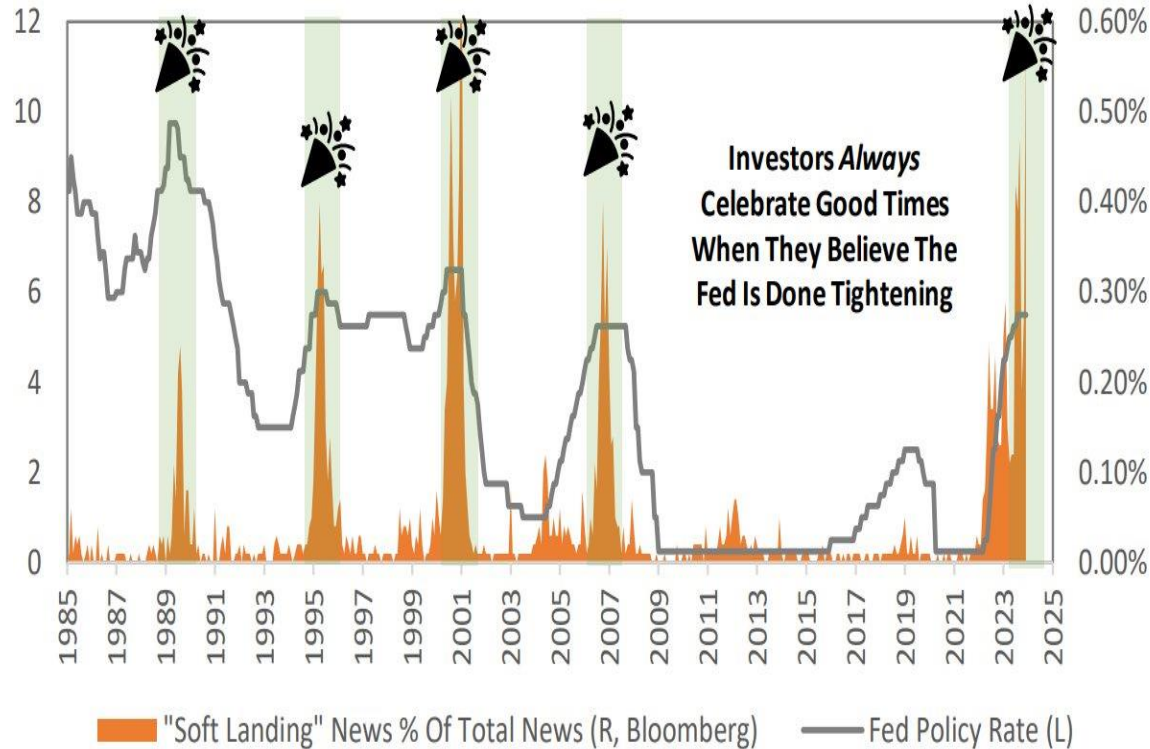
Source: World Bank

Chinese manufacturing has moved up the value chain. This might not be good news for China because it could increase the risk of trade war.

Bloomberg

Soft landing is a consensus...

Soft Landing News & Fed Policy Rate



Fed Pivot	Outcome
Oct-79	Hard Landing
Mar-80	Hard Landing
Dec-80	Hard Landing
Jun-84	Soft Landing
Mar-89	Hard Landing
Jan-95	Soft Landing
May-00	Hard Landing
Jun-06	Hard Landing
Nov-18	Soft Landing
Oct-23	?

*Fed Pivot Is The Date The 2 Yr Yield Peaked

Soft landing becoming the consensus as the Fed pauses are totally normal.

The job market (initial claims) will determine the path from here; so far #jobmarket is holding up.

Source: Michael Kantro

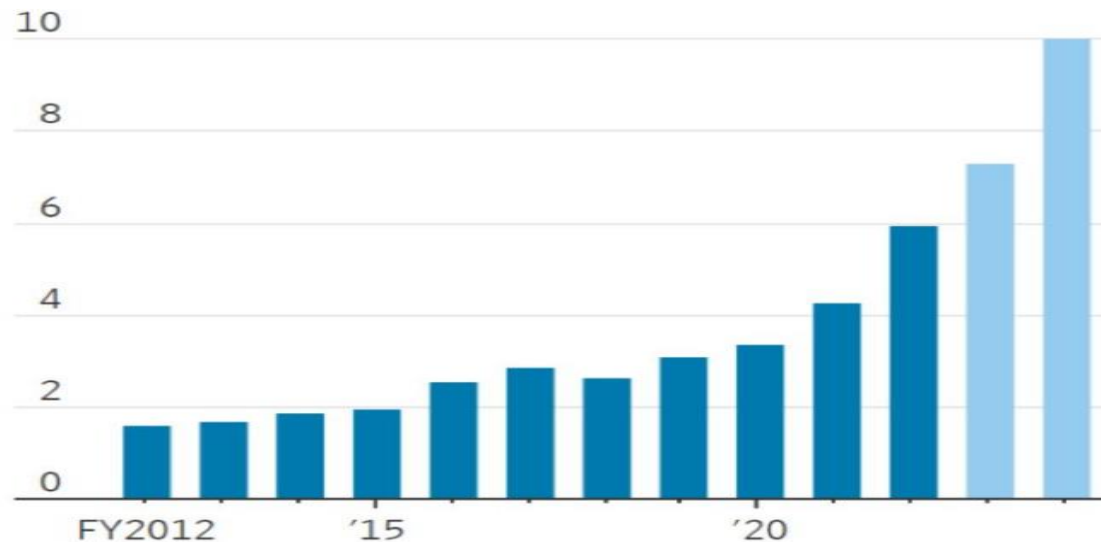
India Building boom

Building Boom

Investment in infrastructure has risen sharply in India as the government seeks to boost the economy.

Capital expenditure

12 trillion Indian rupees



Note: FY2023 and 24 are budget estimates. All other years are actual spending. 1 trillion rupees=\$12 billion
Source: CEIC; Indian Ministry of Finance

India moving from Digital Infra to Physical Infra build. Digital Infra allowed India to leapfrog Manufacturing directly to Services, and created an IT and Services boom. With Physical Infra push, India is headed for a Manufacturing boom.

FOLLOW US

You can also subscribe to our **WEEKLY UPDATES**
[Insights – PINETREE MACRO](#)

Website: [PINETREE MACRO – Offshore Investments](#)

I can be reached at:

Ritesh Jain

Twitter: [@riteshmjn](#)

LinkedIn: [The Power of Visual Charts](#)

Disclaimer

Pine Tree Macro Pvt Ltd (“Pine Tree”): This information provided is for the exclusive and confidential use of the addressee only. Any distribution, use or reproduction of this information without the prior written permission of Pine Tree is strictly prohibited. The information and any material provided in this document or in any communication containing a link to Pine Tree’s website is not intended for distribution to, or use by, any person or entity in any jurisdiction or country where such distribution or use would be contrary to law or regulation or which would subject Pine Tree to any registration requirement within such jurisdiction or country. Neither the information, nor any material or opinion contained in this document constitutes a solicitation or offer by Pine Tree or its, directors and employees to buy or sell any securities, futures, options or other financial instruments or provide any investment advice or service. We do not represent that the information and any material provided on this website is accurate or complete. Pine Tree makes every effort to use reliable, comprehensive information; but makes no representations or warranties, express or implied or assumes any liability for the accuracy, completeness, or usefulness of any information contained in this document. All investments are subject to market risks. In no event will Pine Tree or its directors and employees be liable for any damages including without limitation direct or indirect, special, incidental, or consequential damages, losses or expenses arising out of and in connection with this website, or in connection with any failure of performance, error, omission, interruption, defect, delay in operation or transmission, computer virus or system failure.

Anantam International SPC Fund (“Fund”) & Aparna Investment Management (“Manager”): This report does not constitute an offer to sell, nor a solicitation of an offer to buy, interests in Anantam International SPC Fund and is not intended to create any rights or obligations

Aparna Investment Management shall not accept any liability if this report is used for an alternative purpose from which it is intended, nor to any third party in respect of this report. While all reasonable care has been taken in preparing this report, no responsibility and liability is acceptable for errors of fact or for any opinion expressed herein

The Anantam International SPC Fund and/or any of its officers, directors, personnel and employees shall not be held liable and responsible for any loss, damage of any nature, including but not limited to direct, indirect, incidental, punitive, special, exemplary, consequential, as also any loss of profit, revenue in any way arising from or in connection with the use of this statement in any manner whatsoever.

Past performance is not indicative of future results. The Anantam International SPC Fund does not provide any assurances as to the reliability of such information and you should not rely on this information when making an investment decision.

Opinions, projections and estimates contained in this report are subject to change without prior notice.

