

# THE \$UPPLY

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## US ECONOMY EXPERIENCES ROBUST GROWTH

A burst of growth put the U.S. economy just a shade below its pre-pandemic size in the first quarter, extending what is shaping up to be a rapid, consumer-driven recovery this year.

Gross domestic product, the broadest measure of goods and services made in the U.S., grew at a 6.4% seasonally adjusted annual rate in January through March, the Commerce Department said Thursday. That left the world's largest economy within 1% of its peak, reached in late 2019, just before the coronavirus pandemic reached the U.S.

Households, many of them vaccinated and armed with hundreds of billions of dollars in federal stimulus money, drove the first-quarter surge in output by shelling out more for cars, bicycles, furniture and other big-ticket goods. The federal government also stepped up spending—on vaccines and aid to businesses.

A host of high-frequency data, including restaurant and air travel bookings, already confirms a rapidly improving economy that has helped drive stock prices to fresh highs.

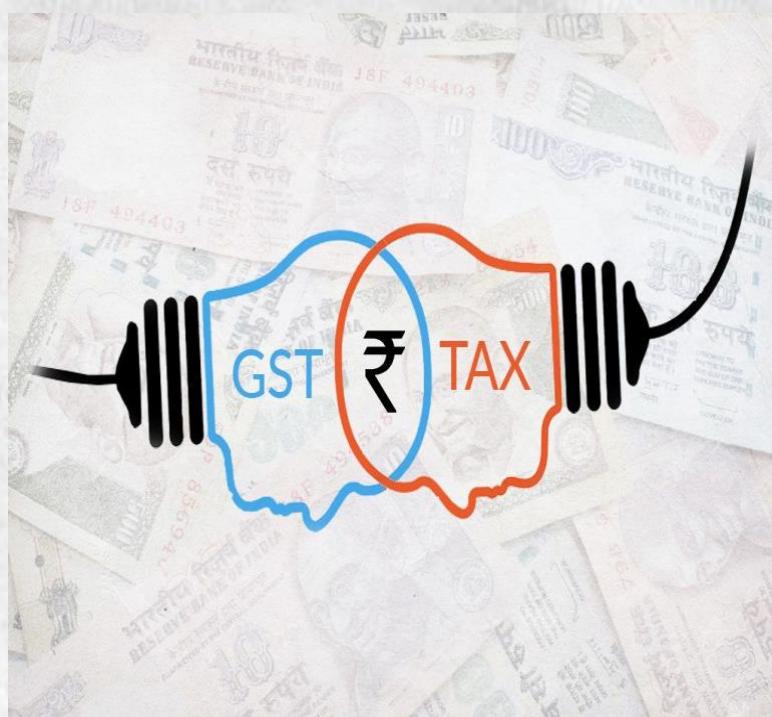
## GST GIVES HOPE OF ECONOMIC RECOVERY

GST collections in April touched a record high of over ₹1.41 lakh crore, indicating sustained economic recovery, the Finance Ministry said on Saturday.

The revenues for the month of April 2021 are 14% higher than ₹1.23 lakh crore collected in March.

During the month, the revenues from domestic transaction (including import of services) are 21% higher over the last month.

“GST revenues have not only crossed the ₹1 lakh crore mark successively for the last seven months but have also shown a steady increase. These are clear indicators of sustained economic recovery during this period. Closer monitoring against fake-billing, deep data analytics using data from multiple sources including GST, income-tax and customs IT systems and effective tax administration have also contributed to the steady increase in tax revenue,” the ministry said.





## WHAT'S UP WITH THE AVIATION INDUSTRY

Jet fuel price on Saturday was hiked by steep 6.7 percent, reversing price cuts of last month, while an increase in petrol and diesel prices may be on the anvil as international prices firmed up.

Aviation turbine fuel (ATF) price was increased by Rs 3,885 per kilolitre (kl), or 6.7 percent, to Rs 61,690.28 per kl in the national capital, according to a price notification of state-owned fuel retailers.

Rates vary from state to state depending on the incidence of local taxes. The increase in price comes after two rounds of reduction last month. Prices were cut by 3 percent on April 1 and then again by Rs 568.88 per kl (1 per cent) on April 16. Meanwhile, petrol and diesel prices remained unchanged for the 16th day on Saturday but oil company officials indicated an increase in rates in near term. Despite the concerns about rising Covid-19 cases in India denting demand, crude oil prices in the international market continue to rise on account of strong US demand recovery and a weak dollar.

It is expected that the crude oil prices in the international market will remain firm in the near future, exerting upward pressure, officials said.



## A BANE FOR CONSTRUCTION

Earthmoving and construction equipment major JCB India on Friday said it will temporarily suspend operations for 10 days across its manufacturing facilities in the wake of the surge in COVID-19 cases.

The company will pause manufacturing operations starting from May 1 across the plants located at Ballabgarh, Jaipur and Pune.

"Due to an increase in the infection rate around us, the health and safety of our colleagues and their families have become even more important. We have decided to pause manufacturing operations for 10 days, starting on May 1, 2021. "This is a precautionary measure and applies to all our manufacturing locations at Ballabgarh, Pune and Jaipur," JCB India CEO and managing director Deepak Shetty said in a statement.

With the surge of cases in the second wave of the pandemic, Shetty said it is important to break the chain of the infection. Most of our employees in our offices are already working from home and this temporary pause of manufacturing activities will further help in lowering the active number of cases in and around our manufacturing facilities," he added. Stating that sufficient inventory levels have been built to support the demand for its products during this period, Shetty said, "We do not foresee any challenges in the availability of JCB products for our customers in India or for our export markets".



## KNOWLEDGE IS POWER

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### **INSUFFICIENCY OF JOBS FOR YOUNG WORKERS IN MEXICO**

Though Mexico's economy is expected to grow 5 percent this year, after contracting a whopping 8.2 percent in 2020, according to the International Monetary Fund, the recovery is not happening fast enough for the nation's struggling youths. Over half of all job losses in Mexico in the 10 months ending December 2020 were suffered by young people under the age of 29, according to the Mexican Institute of Social Security. Mexico's struggles reflect a broader regional problem. One in every six young people aged 18 to 29 in Latin America and the Caribbean has left work since the pandemic began, a recent study by Canadian charity Cuso found. Unlike other Latin American governments, the administration of President Andres Manuel Lopez Obrador (also known as AMLO) did not step up with a big government-funded stimulus package to help businesses and households weather the pandemic and recover from its ravages. Instead, AMLO's government provided only very limited assistance to workers and small businesses. While that has helped keep Mexico's debt in check, the economic scarring from the pandemic runs deep and the recovery is slow.

### **AMAZON AND ITS HUGE PROFITS**

With the pandemic shifting sales online and consumers flush with stimulus checks, Amazon on Thursday reported \$108.5 billion in sales in the first three months of the year, up 44 percent from a year earlier. It also posted \$8.1 billion in profit, an increase of 220 percent from the same period last year.

The first-quarter results surpassed Wall Street's expectations. Shares were up as much as 5 percent in aftermarket trading.

The most profitable parts of Amazon's retail business boomed. Revenue from merchants listing items on its website and using its warehouses was up 64 percent, to \$23.7 billion. Its "other" business segment, which is largely its lucrative advertising business, increased 77 percent, to almost \$7 billion.

Amazon previously disclosed that 200 million people pay for Prime memberships, and subscription revenue for that service and others reached almost \$7.6 billion in the quarter. In addition to paying Amazon \$119 a year or \$12.99 a month for free shipping and other perks, households with Prime memberships typically spend \$3,000 a year on Amazon, more than twice what households without the membership spend, according to Morgan Stanley. The high volume of orders during the pandemic has let Amazon operate more efficiently.





## BYJU'S - INDIA'S MOST VALUABLE STARTUP

Byju's, India's online education pioneer, is raising about \$150 million from UBS Group AG at a valuation of about \$16.5 billion, multiple people familiar with the deal said. The funding will make it India's most-valuable startup. An entity that is part of UBS Asset Management is making the investment. It is in discussions to invest additional money, which would take its total investment in Byju's to about \$300 million, the people said, who asked not be identified as the negotiations are private. The startup could rope in another backer to take the fresh funding to \$400 million, one of the people said. Byju's recently raised about \$1 billion from Facebook Inc co-founder Eduardo Saverin's B Capital Group as well as Baron Funds and XN, Bloomberg News reported earlier this month citing a person familiar. India's startup industry has been birthing unicorns, private companies valued at \$1 billion or more, at a breathless pace. The UBS investment will take the valuation of Byju's past digital payments startup Paytm, which was last valued at \$16 billion.



## BERKSHIRE'S MORE CAUTIOUS APPROACH

Warren Buffett's capital-deployment machine pulled back on several fronts at the start of the year as the billionaire took a more cautious stance on stocks.

Berkshire Hathaway Inc.'s net stock sales in the first quarter were the second-highest in almost five years and the conglomerate, where the billionaire is chief executive officer, slowed its buyback pace, according to a regulatory filing Saturday. That helped push Berkshire's cash pile up 5.2% from three months earlier to a near-record \$145.4 billion at the end of March.

Buffett has struggled in recent years to keep up with Berkshire's ever-gushing cash flow. That's led him to repurchase significant amounts of Berkshire stock, pulling a lever for capital deployment that he had previously avoided in favor of big acquisitions or stock purchases. He set a record in the third quarter of last year, snapping up \$9 billion of stocks, but slowed that pace during the first quarter with repurchases of \$6.6 billion.

Still, Berkshire's businesses pulled off a strong quarter, with earnings reaching the second-highest level in data going back to 2010. Operating profit of about \$7.02 billion was only surpassed by the third quarter of 2019. The gains were partly fueled by the firm's insurers and its group of manufacturers, servicing businesses and retailers.

