

India Morning Newsletter

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Friday, February 3, 2023

Earnings Roundup

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Adani Group stocks will continue to be keenly watched by investors in India, a day after their losses swelled above \$100 billion. Focus will also be on the **U.S. non-farm payrolls** numbers releasing later in the day, which will round off a busy week marked by policy announcements by central banks, including the half-a-percentage rate hikes by **the European Central Bank** and **the Bank of England** on Thursday. **Services PMI** from India and the U.S. will also be on the economic radar today. Meanwhile, the Indian government is aiming to raise at least 280 billion Indian rupees through the **sale of bonds** on Friday. Quarterly earnings from **State Bank of India**, **ITC** and **InterGlobe Aviation** will also be the focus for domestic traders. On Thursday, **Indian shares** struggled for direction and the **rupee** closed at a more than three-week low, while **government bonds** gave up the day's gains with yields ending higher.

FACTORS TO WATCH

- India's largest lender **State Bank of India** is expected to report a jump in third-quarter profit on strong loan growth and better asset quality.
- **ITC Ltd** is scheduled to announce third quarter results and is expected to report a rise in profit.
- **InterGlobe Aviation** Ltd, the operator of India's top airline **IndiGo**, is expected to report its first profit in a year, boosted by demand for air travel.
- 10:30 am **S&P Global Services PMI** for Jan: Expected 58.1; Prior 58.5

STATE OF THE MARKETS

Indian shares are set to open higher, as global central banks hinted at inflation easing, spurring optimism that the rate hike cycle may be near an end, while the ongoing rout in Adani group stock could cap gains.

Indian government bond yields are expected to trade little changed in the early session, as traders await fresh supply via weekly auction, which includes a new 10-year bond. The benchmark 10-year yield could move in the 7.20%-7.32% range till the auction.

The Indian rupee is likely to open little changed to the U.S. currency in wake of the dollar's recovery and worries

over portfolio outflows. The non-deliverable forwards indicated an opening of around 82.12-82.20 for the rupee versus the dollar compared with 82.1725 in the previous session.

The Nasdaq and S&P 500 ended higher on Thursday and touched roughly five-month highs as a more dovish-than-expected message from Federal Reserve Chair Jerome Powell boosted equities and Meta Platforms shares soared on rigorous cost controls.

Asian shares mostly turned lower and the dollar regained some of its footing, as disappointing earnings from U.S. tech giants undermined sentiment ahead of a key U.S. non-farm payrolls report.

The **euro** and **sterling** slipped against the dollar as markets took a dovish cue from policymakers at the European Central Bank and the Bank of England, who said inflationary pressures in their economies have become more manageable.

U.S. Treasury yields were little changed on Thursday as investors digested a more dovish tone from the Federal Reserve and prepared for a closely watched jobs report on Friday.

Oil prices made modest gains in early trade but were heading for a second straight week of losses, as the market looked for more signs of a strong recovery in fuel demand in China to offset looming slumps in other major economies.

Gold prices ticked up as markets digested recent comments from Federal Reserve Chair Jerome Powell, but the precious metal was headed for its biggest weekly fall since November after a 2% drop in the previous session.

Markets	Last	Change	YTD change
SGX Nifty futures	17,702.50	0.37%	-
Nifty volatility	15.73	-0.06%	-
Nikkei	27,560.47	0.58%	5.62%
Hang Seng	21,615.25	-1.56%	9.27%
S&P 500 e-mini futures	4,170.00	-0.51%	-
CBOE volatility	18.73	4.81%	-
USD/INR	82.17	0.31%	-0.66%
Spot gold	\$1,916.77 /oz	0.23%	5.06%
Brent crude	\$82.34 /bbl	0.21%	-4.16%
Indian 10-year bond yield	7.2960%	0.26 bps	-0.42 bps
U.S. 10-year Treasury yield	3.3745%	-0.69 bps	-11.92 bps

Feb-02	Buy	Sell	Net
Domestic Institutional Investors (DII) in INR	94.71 bln	70.99 bln	23.71 bln
Foreign Institutional Investors (FII) in INR	97.81 bln	128.46 bln	-30.65 bln

(Source: National Stock Exchange of India Ltd.)

INDIA TOP NEWS**EXCLUSIVE-Adani made scheduled U.S. bond payments, to release credit report Friday -sources**

Adani Group entities made scheduled coupon payments on outstanding U.S. dollar-denominated bonds on Thursday, a bondholder and a source with direct knowledge of the Indian conglomerate's strategy told Reuters.

India 'fairly' confident of cutting fiscal deficit to 4.5% of GDP in 3 years -official

India is 'fairly' confident it can meet its target to cut its fiscal deficit by nearly 200 basis points to 4.5% of GDP in the next three years, assuming there is no major global economic shock, a top government official told Reuters on Thursday.

India rupee expected to fare better in 2023 – chief economic adviser

The Indian rupee is expected to be under far less pressure than it was in 2022, as a global economic slowdown will mean a potentially weaker dollar and lower commodity prices which would lead to lower imports, the country's chief economic adviser said on Thursday.

Crompton's misses Q3 profit view as inflation dents demand

Household appliance maker Crompton Greaves Consumer Electricals reported a bigger-than-expected 43% slump in third-quarter profit on Thursday, hit by muted demand for its fans and LED lighting products and soaring costs.

Coromandel International Q3 profit beats view on robust demand

Agricultural chemicals maker Coromandel International reported a better-than-expected rise in third-quarter profit on Thursday, as demand for its products was bolstered by healthy sowing, above average monsoon and firm crop prices.

GLOBAL TOP STORIES**Apple forecasts another drop in revenue, proclaims iPhone production problems over**

Apple Inc on Thursday forecast that revenue would fall for a second quarter in a row but that iPhone sales were likely to improve as production had returned to normal in China after COVID-related shutdowns.

China Jan services activity expands for first time in five months - Caixin PMI

China's services activity in January expanded for the first time in five months as spending and travel got a boost from the lifting of stringent COVID-19 curbs, sending business confidence to near 12-year highs, a private sector survey showed on Friday.

Alphabet disappoints on sales as ad business slips after pandemic run-up

Alphabet Inc on Thursday posted fourth-quarter profit and sales short of Wall Street expectations as Google's advertising clients pulled back spending from a period of pandemic-led excess.

COLUMN**Adani Group threatens, but Hindenburg Research rarely sued in U.S.**

In the midst of a market rout last week that stripped Indian conglomerate Adani Group of \$65 billion in market capitalization, Adani announced that it was contemplating "remedial and punitive action" against Hindenburg Research, the short seller whose scathing Jan. 24 report sparked the sell-off. If Adani is talking about a lawsuit in the U.S., I'll believe it when I see it. Based on my search of federal district court and New York State Supreme

Court records – and despite some tough talk from Hindenburg targets such as Nikola Inc — it appears that only two of the 20 or so companies that Hindenburg has attacked in research reports issued since 2017 have actually sued the short seller for defamation.

COMPANIES REPORTING RESULTS

Bank of Baroda Ltd: Q3 2023 earnings release

Divi's Laboratories Ltd: Q3 2023 earnings release

Interglobe Aviation Ltd: Q3 2023 earnings release

ITC Ltd: Q3 2023 earnings release

Kansai Nerolac Paints Ltd: Q3 2023 earnings release

Mahindra and Mahindra Financial Services Ltd: Q3 2023 earnings release

Marico Ltd: Q3 2023 earnings release

State Bank of India: Q3 2023 earnings release

Sumitomo Chemical India Ltd: Q3 2023 earnings release

Tata Power Company Ltd: Q3 2023 earnings release

Tube Investments of India Ltd: Q3 2023 earnings release

Zydu Lifesciences Ltd: Q3 2023 earnings release

CORPORATE EVENTS

Bank of Baroda Ltd: Q3 2023 earnings conference call

Crompton Greaves Consumer Electricals Ltd: Q3 2023 earnings conference call

Divi's Laboratories Ltd: Q3 2023 earnings conference call

Interglobe Aviation Ltd: Q3 2023 earnings conference call

Mahindra and Mahindra Financial Services Ltd: Q3 2023 earnings conference call

Marico Ltd: Q3 2023 earnings conference call

Max Healthcare Institute Ltd: Q3 2023 earnings conference call

State Bank of India: Q3 2023 earnings conference call

Tata Consumer Products Ltd: Q3 2023 earnings conference call

Tata Power Company Ltd: Q3 2023 earnings conference call

Zydu Lifesciences Ltd: Q3 2023 earnings conference call

EX-DIVIDENDS

Coforge Ltd: Interim cash dividend of gross INR 19 paid on Feb 19

NTPC Ltd: Interim cash dividend of gross INR 4.25 paid on Feb 24

Torrent Pharmaceuticals Ltd: Interim cash dividend of gross INR 14 paid on Feb 14

Vedanta Ltd: Interim cash dividend of gross INR 12.5 paid on Feb 26

PICTURE OF THE DAY



Traffic moves past the logo of the Adani Group installed at a roundabout on the ring road in Ahmedabad, February 2. REUTERS/Amit Dave

(Compiled by Aishwarya Upadhye in Bengaluru)

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