

India Morning Newsletter

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Earnings Roundup

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Traders are on track to end the week on a limp note as election-related anxiety continues to impede market sentiment. Both the **Nifty** and the **Sensex** experienced significant declines in the previous session, with the Nifty dropping 2.3% so far over the week. Similarly, the **Nifty Bank index** dropped 3%, set to register its weakest weekly showing since January. Foreign institutional investors remained substantial sellers, with net outflows reaching approximately 195 billion rupees for the week. Consequently, the **volatility index** climbed for the eleventh consecutive session, reaching 18.20, its highest level since October 2022. However, the **Indian rupee** and **government bond yields** maintained some stability on Thursday. Meanwhile, traders will keep an eye on the release of March **industrial output** data, which is expected to reveal a 5.1% growth, providing fresh insights into the health of the Indian economy in the backdrop of ongoing elections and mixed earnings season. On the earnings front, **Tata Motors**, **Cipla**, and **Eicher Motors** are due to report today. Separately, the **Indian government** is aiming to raise at least **200 billion rupees** through the **sale of bonds**.

FACTORS TO WATCH

- 5:30 pm **Industrial Output** yy for March: Expected 5.1%; Prior 5.7%
- 5:30 pm **Cumulative Industrial Output** for March: Prior 5.9%
- 5:30 pm **Manufacturing Output** for March: Prior 5.0%
- The National Stock Exchange retained **Aditya Birla Fashion and Retail Ltd**, **Balrampur Chini Mills Ltd**, **Canara Bank Ltd**, **GMR Airports Infrastructure Ltd**, **Piramal Enterprises Ltd**, **Punjab National Bank**, **Steel Authority of India Ltd**, **Vodafone Idea Ltd** and **Zee Entertainment Enterprises Limited** in its Futures & Options ban list.

STATE OF THE MARKETS

Indian shares are set to open higher, after dropping the most in three months in the previous session, while other Asian peers gained after weekly U.S. jobless claims aided hopes of interest rate cuts.

Indian government bond yields are expected to be a little lower, tracking U.S. peers, with focus now turning to the weekly debt auction. The **benchmark 10-year yield** is likely to move in a 7.10%-7.15% range, following its previous close of 7.1321%.

The **Indian rupee** will be aided by the drop in U.S. Treasury yields on indications the U.S. labor market is cooling, but it will have to contend with dollar outflows spurred by worries over the election results. Non-deliverable forwards indicate rupee will open at 83.48-83.50 to the U.S. dollar compared with a close of 83.5025 in the previous session.

The **Dow Jones Industrial Average** closed higher on Thursday, the seventh straight daily advance for the benchmark, as all three major U.S. indexes gained after weekly jobless claims data offered fresh hope for interest-rate cuts.

Asian stocks rose, on course for a third week of gains, while the **dollar** was on the back foot as fresh signs of an easing U.S. labour market stoked optimism around interest rate cuts this year ahead of next week's crucial inflation data.

The **U.S. dollar** had a soft tone after losing ground overnight to the **euro** and **sterling** on the back of U.S. data showing further signs of a cooling labour market and hence higher odds of Fed rate cuts this year.

Treasury yields slipped on Thursday amid relief that all \$125 billion in new note and bond supply this week was absorbed smoothly, allowing traders to focus on pivotal inflation reports for the Federal Reserve's higher-for-longer rate strategy.

Oil prices rose, continuing upwards trend on the signs of improving economy in China and as negotiations to halt hostilities in the stand-off between Israel and Hamas yielded no results.

Gold prices ticked up and were on track for a weekly gain, as recent economic data prompted traders to raise bets of an interest rate cut from the Federal Reserve later this year.

Markets	Last	Change	YTD change
GIFT Nifty 50	22,140.00	0.06%	-
Nifty volatility	18.20	6.56%	-
Nikkei	38,354.93	0.74%	14.61%
Hang Seng	18,667.27	0.70%	9.50%
S&P 500 e-mini futures	5,242.00	0.06%	-
CBOE volatility	12.69	-2.38%	-
USD/INR	83.50	-0.02%	0.35%
Spot gold	\$2,351.01 /oz	0.22%	13.98%
Brent crude	\$84.23 /bbl	0.42%	9.33%
Indian 10-year bond yield	7.1350%	-0.30 bps	-4.10 bps
U.S. 10-year Treasury yield	4.4551%	-3.69 bps	59.51 bps

FII & DII Trading Activity in Equities May 9	Buy	Sell	Net
Domestic Institutional Investors (DII) in INR	163.51 bln	107.09 bln	56.43 bln
Foreign Institutional Investors (FII) in INR	113.53 bln	183.48 bln	-69.95 bln

(Source: National Stock Exchange of India Ltd.)

INDIA TOP NEWS

India projects biggest power shortfall in 14 years in June

India is projecting its biggest power shortfall in 14 years in June after a slump in hydropower generation, its government told Reuters, and is racing to avoid outages by deferring planned plant maintenance and re-opening idled units.

Bharat Petroleum misses Q4 profit view on lower marketing margins, higher costs

Bharat Petroleum posted a smaller-than-expected fourth-quarter profit on Thursday, hurt by lower marketing margins and higher raw material costs.

India considers incentives for lithium processing, sources say

India is considering offering incentives to encourage private companies to set up lithium processing facilities, as New Delhi tries to develop its nascent lithium mining and boost supplies of the EV battery metal, three government sources said.

Escorts Kubota posts Q4 profit rise on lower costs

Tractor maker Escorts Kubota reported a 30.5% rise in fourth-quarter profit on Thursday, as a fall in costs offset lower demand.

Drugmaker Abbott India posts Q4 profit rise on higher sales

Drugmaker Abbott India reported a 24% rise in fourth-quarter profit on Thursday, as strong sales outpaced the impact of government pricing caps on certain medicines.

GLOBAL TOP STORIES

Israel strikes eastern Rafah as ceasefire talks end with no deal

Israeli forces bombarded areas of Rafah on Thursday, Palestinian residents said, as Prime Minister Benjamin Netanyahu dismissed U.S. President Joe Biden's threat to withhold weapons from Israel if it assaults the southern Gaza city.

Biden set to impose tariffs on China strategic sectors, source says

U.S. President Joe Biden is set to announce new China tariffs as soon as next week targeting strategic sectors, according to a person familiar with the matter.

Japan's consumer spending extends declines as outlook weakens

Japan's consumer spending fell for the 13th straight month in March, creating challenges for policymakers who are seeking to drive stronger real wage growth, a prerequisite for additional central bank rate hikes.

COMPANIES REPORTING RESULTS

Aarti Industries Ltd: Q4 earnings release
ABB India Ltd: Q4 earnings release
Bank of Baroda Ltd: Q4 earnings release
Bank of India Ltd: Q4 earnings release
Cholamandalam Financial Holdings Ltd: Q4 earnings release
Cipla Ltd: FY earnings release
Eicher Motors Ltd: Q4 earnings release
Kalyan Jewellers India Ltd: Q4 earnings release
Polycab India Ltd: Q4 earnings release
Punjab & Sind Bank: Q4 earnings release
Tata Motors Ltd: Q4 earnings release
Union Bank of India Ltd: Q4 earnings release

CORPORATE EVENTS

Bank of Baroda Ltd: Q4 earnings conference call
Cipla Ltd: FY earnings conference call
Kalyan Jewellers India Ltd: Q4 earnings conference call
Polycab India Ltd: Q4 earnings conference call
Relaxo Footwears Ltd: Q4 earnings conference call
Tata Motors Ltd: Q4 earnings conference call
Timken India Ltd: Q4 earnings conference call

EX-DIVIDENDS

Bank of Maharashtra Ltd: Final cash dividend of gross INR 1.4
HDFC Bank Ltd: Final Cash Dividend of gross INR 19.5
UCO Bank: Final Cash Dividend of gross INR 0.28

PICTURE OF THE DAY



People on their scooters pass under a water sprinkler on a hot summer day in Ahmedabad, May 9. REUTERS/
Amit Dave

(Compiled by Archak Sengupta in Bengaluru)

For questions or comments about this report, contact:
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