

India Morning Newsletter

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Thursday, May 23, 2024



Earnings Roundup

To access, type 'earnings roundup' in the Refinitiv Eikon search bar

Investors may depart from the wait-and-watch mode observed so far this week as they prepare to digest numerous catalysts throughout the day. The **May flash services and composite PMI** data, due later in the day, will provide cues about the economy's health. Additionally, the overnight publication of the **Federal Open Market Committee meeting minutes** could influence U.S. rate-sensitive **domestic IT stocks**, which saw a 0.7% jump in the preceding session. The minutes showed the Fed's response to sticky inflation would "involve maintaining" its policy rate for now but also reflected a discussion of possible further hikes. Meanwhile, the **Nifty Bank index**, which fell in the previous two sessions, is nearing the 50-day moving average level, while **fast-moving consumer goods** added 1.43% in the last session. Separately, **Indian government bond yields** declined on Wednesday, with the **benchmark 10-year yield** closing at a near one-year low after the Reserve Bank of India approved a record surplus transfer to the government. Meanwhile, **Indian FX and debt markets** will remain closed for the day. On the earnings front, fourth-quarter reports from IndiGo-parent **InterGlobe Aviation** and Nifty heavyweight **ITC** are due, while traders ingest after-market earnings of **Nykaa, Gland Pharma, and Jubilant Foodworks**, among others.

FACTORS TO WATCH

- 10:30 am **HSBC Services Flash PMI** for May: Expected 61.1; Prior 60.8
- 10:30 am **HSBC Composite Flash PMI** for May: Expected 61.0; Prior 61.5
- The National Stock Exchange added **Hindustan Copper Ltd** and **Metropolis Healthcare Ltd** in its Futures & Options ban list, while retaining **Aditya Birla Capital Ltd, Balrampur Chini Mills Ltd, Bandhan Bank Ltd, Biocon Ltd, India Cements Ltd, Indian Energy Exchange Ltd, National Aluminium Company Limited, Piramal Enterprises Ltd, Punjab National Bank, Vodafone Idea Ltd** and **Zee Entertainment Enterprises Limited**.

STATE OF THE MARKETS

Indian shares were set for a muted open, after U.S. Federal Reserve's latest policy minutes reflected disappointment in recent inflation data, dampening hopes of an early rate cut.

U.S. stocks fell on Wednesday as investors digested minutes of the Federal Reserve's most recent meeting but Nvidia's shares rose about 6% after the close on the semiconductor bellwether's stronger-than-expected revenue forecast.

Several key Asian share benchmarks fell as markets digested the implications of policymakers in major economies preferring to take patient approach to monetary easing amid sticky inflation.

The **dollar** hovered near a one-week high following its best day this month against its major peers after minutes of the last Federal Reserve meeting revealed a willingness to raise interest rates among some officials.

U.S. Treasury yields rose on Wednesday after minutes from the Federal Reserve's latest policy meeting showed central bank officials were concerned about higher inflation but still had faith price pressures would ease, if slowly.

Oil prices eased for a fourth straight day on worries that U.S. borrowing costs could be hiked again if inflation surged, a move that could hurt oil demand.

Gold prices fell as traders started pulling back their expectations of rate cuts by the U.S. Federal Reserve this year.

Markets	Last	Change	YTD change
GIFT Nifty 50	22,663.50	0.07%	-
Nifty volatility	21.47	-1.57%	-
Nikkei	38,901.48	0.74%	16.25%
Hang Seng	18,791.85	-2.10%	10.23%
S&P 500 e-mini futures	5,345.75	0.33%	-
CBOE volatility	12.29	3.63%	-
Spot gold	\$2,369.77 /oz	-0.36%	14.89%
Brent crude	\$81.34 /bbl	-0.68%	5.58%
U.S. 10-year Treasury yield	4.4218%	0.78 bps	56.18 bps

FII & DII Trading Activity in Equities May 22	Buy	Sell	Net
Domestic Institutional Investors (DII) in INR	134.86 bln	125.24 bln	9.62 bln
Foreign Institutional Investors (FII) in INR	160.61 bln	167.47 bln	-6.86 bln

(Source: National Stock Exchange of India Ltd.)

INDIA TOP NEWS**RBI's record dividend to government may reduce fiscal gap**

The board of India's central bank approved a record surplus transfer of 2.11 trillion rupees to the government for the fiscal year that ended in March, sharply above analysts' and government projections.

Disney strikes deal to sell stake in India's Tata Play, Bloomberg News reports

Walt Disney has struck a deal to sell its stake in Tata Play, valuing Indian conglomerate Tata Group's satellite TV provider at about \$1 billion, Bloomberg News reported on Wednesday, citing people familiar with the matter.

Sun Pharma beats Q4 profit view on strong US, domestic sales

Indian drugmaker Sun Pharmaceutical Industries posted fourth-quarter profit above estimates on Wednesday, helped by strong performance in its key U.S. and domestic markets.

Beauty products retailer Nykaa posts near three-fold jump in Q4 profit

India's FSN E-Commerce Ventures, parent of online beauty products seller Nykaa, reported a nearly three-fold jump in quarterly net profit attributable to shareholders on Wednesday as consumers were drawn to the heavy discounts it offered.

Domino's India franchisee posts Q4 profit rise on one-time gain, store expansion

Jubilant FoodWorks reported a rise in fourth-quarter profit on Wednesday as the Domino's Pizza franchisee benefited from a one-time gain and more stores openings.

GLOBAL TOP STORIES**Nvidia forecasts quarterly revenue above estimates, unveils stock split**

Nvidia forecast quarterly revenue above estimates on Wednesday and announced a stock split, lifting its shares to record-high territory and impressing investors who have tripled the chipmaker's market value in the past year on AI optimism.

Amid doubts, Fed officials kept disinflation faith at last meeting

Federal Reserve officials at their last policy meeting said they still had faith that price pressures would ease at least slowly in coming months, but doubts emerged about whether the current level of interest rates was high enough to guarantee that outcome and "various" officials said they'd be willing to hike borrowing costs again if inflation surged.

Japan's factory activity expands for first time in a year, PMI shows

Japan's factory activity crept into expansion for the first time in a year in May, a business survey showed, as manufacturing gathered pace after months of weakness.

COMPANIES REPORTING RESULTS

Bayer Cropscience Ltd: Q4 earnings release

CESC Ltd: Q4 earnings release

ESAB India Ltd: Q4 earnings release

Finolex Cables Ltd: Q4 earnings release

Fortis Healthcare Ltd: Q4 earnings release

Interglobe Aviation Ltd: Q4 earnings release

Page Industries Ltd: Q4 earnings release

PCBL Ltd: Q4 earnings release

Tata Investment Corporation Ltd: Q4 earnings release

UNO Minda Ltd: Q4 earnings release

Vaibhav Global Ltd: Q4 earnings release

CORPORATE EVENTS

Grasim Industries Ltd: Q4 earnings conference call

Interglobe Aviation Ltd: Q4 earnings conference call

Max Healthcare Institute Ltd: Q4 earnings conference call

Page Industries Ltd: Q4 earnings conference call

PCBL Ltd: Q4 earnings conference call

Petronet LNG Ltd: Q4 earnings conference call

PI Industries Ltd: Q4 earnings conference call

UNO Minda Ltd: Q4 earnings conference call

PICTURE OF THE DAY



A man works to make sandals inside his shop at Jawahar Market in Karnal, Haryana, May 22.
REUTERS/Bhawika Chhabra

(Compiled by Archak Sengupta in Bengaluru)

For questions or comments about this report, contact:
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