

India Morning Newsletter

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Indian equities could test new peaks following another record-breaking session on Thursday, with the Sensex closing above the 80,000 mark for the first time. The return of **foreign institutional investors (FII)** to the domestic market and growing expectations of a U.S. rate cut in September continue to bolster sentiment, with the Nifty set to notch its fifth consecutive week of gains. Data on Thursday showed that foreign portfolio investors (FPI) broke a two-month selling streak in India's financial sector, turning net buyers in June and scaling a six-month high. **HDFC**, along with other banking stocks, may be in focus after lenders reported their quarterly business updates. Among individual stocks, **Lupin** gained about 8%, after a double upgrade by Kotak, citing robust earnings outlook. Meanwhile, **Indian government bond yields** held steady in the previous session, bouncing back from initial dips, as traders awaited a fresh supply of debt, while the **rupee** edged up, but local dollar demand capped gains. Later in the day, the **Indian government** aims to raise at least **280 billion rupees** through **bond sales**. U.S. markets were closed on Thursday for the Independence Day holiday. Globally, investors will now closely watch the **U.S. nonfarm payrolls** data along with **UK's election results**.

FACTORS TO WATCH

- 5:00 pm **FX Reserves for the week ended 28 June**: Prior \$653.71 bln
- The National Stock Exchange added **Aditya Birla Fashion & Retail**, **Bandhan Bank** and **Piramal Enterprises** to its Futures & Options ban list, while retaining **Hindustan Copper** and **India Cements**.

STATE OF THE MARKETS

Indian shares are set to open marginally higher, in the absence of cues from Wall Street, while the country's top private lender HDFC Bank will be in focus after its quarterly update.

Indian government bond yields are expected to open barely changed, as market participants await fresh supply through weekly debt auction, as well as crucial U.S. jobs data later in the day. The benchmark 10-year yield is likely to move in the 6.99%-7.03% range, following its previous close of 6.9994%.

The **Indian rupee** is expected to largely perform well in wake of the dollar's decline before a jobs report that is likely to hold cues on whether the Federal Reserve will cut interest rates later this year. Non-deliverable forwards indicate rupee will open at higher to flat to the U.S. dollar from 83.4925 in the previous session.

Asian share markets scaled new highs as investors sized up U.S. rate cuts for September and the mood was upbeat, while the euro hit a three-week peak ahead of French elections.

The **U.S. dollar** was hovering near three-week lows ahead of payrolls data that will likely influence the outlook for rates, while the pound was firm as the Labour party looked set to win a massive majority in the UK general election.

Oil prices were little changed in Asian trade but were on track for a fourth straight week of gains and holding near their highest levels since late April on hopes of strong summer fuel demand and some supply concerns.

Gold prices edged up and were set for a second straight weekly gain, while traders awaited U.S. employment data to gauge the trajectory of the Federal Reserve's potential interest rate cuts.

Markets	Last	Change	YTD change
GIFT Nifty 50	24,352.00	-0.03%	-
Nifty volatility	12.86	-35 bps	-
Nikkei	40,948.45	0.09%	22.37%
Hang Seng	17,973.55	-0.30%	5.43%
S&P 500 e-mini futures	5,591.25	0.02%	-
CBOE volatility	12.26	1.41%	-
USD/INR	83.49	-0.04%	0.34%
Spot gold	\$2,359.79 /oz	0.16%	14.41%
Brent crude	\$87.23 /bbl	-0.23%	13.23%
Indian 10-year bond yield	6.9980%	-0.30 bps	-17.80 bps
U.S. 10-year Treasury yield	4.3685%	2.15 bps	50.85 bps

FII & DII Trading Activity in Equities Jul 4	Buy	Sell	Net
Domestic Institutional Investors (DII) in INR	113.03 bln	136.79 bln	-23.75 bln
Foreign Institutional Investors (FII) in INR	138.37 bln	112.61 bln	25.76 bln

INDIA TOP NEWS

Not politics, not interest rates: India's surging economy at risk from water

India has suffered from water shortages for decades, but crises are coming around with increasing frequency. This year, for example, the summer has been one of the hottest on record and the crunch has worsened with rivers and lakes drying up and the water table falling.

Weak Chinese demand dents India's diamond exports, industry seeks support

India's cut and polished diamond exports have been faltering due to weak demand from the key market, China, and they are unlikely to stabilize unless the government provides support to the industry, the head of a leading trade body said on Thursday.

Russian armour-piercing tank rounds to be made in India, Rostec says

Russia's vast state-owned Rostec corporation said on Thursday that its weapons export unit had organised the production in India of armour-piercing rounds for Russian-made battle tanks.

GLOBAL TOP STORIES

UK's Labour set to sweep into power with huge majority, exit poll shows

Keir Starmer will be Britain's next prime minister with his Labour Party set to win a massive majority in a parliamentary election, an exit poll on Thursday indicated, forecasting Rishi Sunak's Conservatives would suffer historic losses.

Samsung flags better-than-expected profit rise as AI boom lifts chip prices

Samsung Electronics estimated a more than 15-fold rise in its second-quarter operating profit, as rebounding semiconductor prices driven by the artificial intelligence boom lifted earnings from a low base a year ago.

Japan May household spending unexpectedly falls, clouds economic outlook

Japanese household spending unexpectedly fell in May, government data showed, as higher prices continued to squeeze consumers' purchasing power, further threatening the fragile economy.

SHAREHOLDERS MEETINGS

Devyani International Ltd: Annual shareholders meeting

EX-DIVIDENDS

3M India Ltd: Final cash dividend of gross INR 160 paid on Sep 06

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Apollo Tyres Ltd: Final cash dividend of gross INR 6 paid on Aug 24

Astrazeneca Pharma India Ltd: Final cash dividend of gross INR 24 paid on Sep 06

Balkrishna Industries Ltd: Final cash dividend of gross INR 4 paid on Jul 19

Bharat Forge Ltd: Final cash dividend of gross INR 6.5 paid on Aug 14

Biocon Ltd: Final cash dividend of gross INR 0.5 paid on Sep 06

Escorts Kubota Ltd: Final cash dividend of gross INR 18 paid on Aug 17

Mahindra and Mahindra Ltd: Final cash dividend of gross INR 21.1 paid on Jul 31

Navin Fluorine International Ltd: Final cash dividend of gross INR 7 paid on Aug 07

Piramal Enterprises Ltd: PIRA.NS Final cash dividend of gross INR 10 paid on Jul 08

Redington Ltd: Final cash dividend of gross INR 6.2 paid on Aug 29

Thermax Limited: Final cash dividend of gross INR 12 going ex on Jul 05

PICTURE OF THE DAY



Fans crowd around a bus as Indian cricket team members take part in a parade to celebrate winning the ICC men's T20 World Cup, in Mumbai, India, July 4. REUTERS/Hemanshi Kamani

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