

# India Morning Newsletter

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## Earnings Roundup

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**Federal Reserve Chair Jerome Powell** said on Monday the three U.S. inflation readings over the second quarter of this year "add somewhat to confidence" that the pace of price increases is returning to the Fed's target in a sustainable fashion, bolstering the case for a rate cut in September. Traders await **U.S. June retail sales** data for more evidence of easing consumer demand that may solidify rate cut odds. Meanwhile, **Indian markets** will parse through a raft of earnings even as expectations mount that the government will continue its focus on capex-linked sectors like infrastructure and manufacturing in its budget. **Blue-chip indexes** logged record closing highs, led by gains in state-owned companies. **State Bank of India** jumped 2.65% after raising its marginal cost of lending rate, powering state-owned lenders to a 3% high, in the likelihood that the lender's peers could do the same. As the government began the process of bringing natural gas and aviation turbine fuel under goods and services tax, airline shares and oil and gas index rose. State-run explorer **Oil & Natural Gas Corp** climbed 5%, while **oil and gas index** added 2%. Separately, trading volume in **government bond market** plummeted in the first two weeks of July. Daily average trading volume slipped to **378 billion rupees**, down nearly 40% from the **615 billion rupees** in June, CCIL data showed, ahead of the federal budget announcement next week. In the previous session, government **bond yields** ended steady, and **rupee** ended lower. Later in day, Indian states will look to raise an aggregate **65.9 billion rupees** through a sale of bonds maturing in 10 to 27 years.

### FACTORS TO WATCH

- The National Stock Exchange added **Hindustan Copper** to its Futures & Options ban list, while retaining **Aditya Birla Fashion & Retail**, **Chambal Fertilisers and Chemicals**, **GMR Airports Infrastructure**, **Gujarat Narmada Valley Fertilizers & Chemicals**, **India Cements**, **Indus Towers** and **RBL Bank**.

### STATE OF THE MARKETS

**Indian shares**, trading at record high levels, are set to open little changed, with focus on stock specific reactions to earnings and sectors linked to national budget due on July 23.

**Indian government bond yields** are expected to open barely changed as traders take a pause ahead of fresh triggers in the form of debt supply on Friday and the Federal Budget proposal early next week. The benchmark 10-year yield is likely to move in a 6.96%-7.00% range, after closing at 6.9767% in the previous session.

The **Indian rupee** is expected to open flat amid a decline on Asian peers and expectations that the central bank will not allow the currency to drop to an all-time low. Non-deliverable forwards indicate rupee will open flat from 83.5925 in the previous session.

**Wall Street** closed higher on Monday, building on Friday's rally as increasing expectations of a second Donald Trump presidency in the wake of a failed assassination attempt raised hopes of a looser regulatory environment.

Most **Asian shares** fell as investors pondered the prospect of a Trump victory and what that would mean for China, while the dollar climbed for a second day even though dovish Fed comments fuelled bets of more U.S. rate cuts this year.

The **dollar** hung around five-week lows as comments from Federal Reserve Chair Jerome Powell bolstered the case for a rate cut in September, while cryptocurrencies gained on rising odds of former President Donald Trump getting reelected.

**Longer-dated U.S. Treasury yields** rose on Monday on growing bets of Donald Trump winning the presidential race after surviving an assassination attempt, which analysts say may potentially lead to stronger growth, higher inflation and more government debt.

**Oil** prices edged lower on worries about a slowing Chinese economy crimping demand, though a growing consensus that the U.S. Federal Reserve will begin cutting its key interest rate as soon as September limited declines.

**Gold** prices were steady, buoyed by bets that the Federal Reserve will cut interest rates this year, while focus shifted to U.S. economic data due later in the day for further monetary policy clues.

Markets	Last	Change	YTD change
GIFT Nifty 50	24,637.50	0.08%	-
Nifty volatility	14.19	46.25 bps	-
Nikkei	41,359.32	0.41%	23.59%
Hang Seng	17,785.40	-1.28%	4.33%
S&P 500 e-mini futures	5,692.25	0.16%	-
CBOE volatility	13.12	5.30%	-
USD/INR	83.59	0.07%	0.46%
Spot gold	\$2,427.53 /oz	0.23%	17.69%
Brent crude	\$84.63 /bbl	-0.26%	9.85%
Indian 10-year bond yield	6.9810%	-0.50 bps	-19.50 bps
U.S. 10-year Treasury yield	4.2158%	-1.32 bps	35.58 bps

FII & DII Trading Activity in Equities Jul 15	Buy	Sell	Net
Domestic Institutional Investors (DII) in INR	150.33 bln	153.64 bln	-3.31 bln
Foreign Institutional Investors (FII) in INR	148.57 bln	121.72 bln	26.85 bln

(Source: National Stock Exchange of India Ltd.)

**INDIA TOP NEWS****HDFC Life Q1 profit rises 15% on higher demand for market-linked policies**

HDFC Life Insurance posted a 15% rise in first-quarter profit on healthy premium growth on Monday, helped by strong demand for its market-linked products in a booming stock market.

**SpiceJet's fourth-quarter profit jumps on gain from settlement with financing agency**

Budget carrier SpiceJet reported a fourth-quarter profit jump on Monday, following a gain from a settlement with a financing agency and the airline said it was in talks to raise additional funds.

**India implements uniform 5% tax for all aircraft, aircraft engine parts**

India will tax all imports of aircraft components and aircraft engine parts at 5%, the civil aviation minister said on Monday, unifying the tax rate which earlier varied between 5% and 28%.

**RBI says lenders must hear loan defaulters before declaring accounts 'fraud'**

India's central bank on Monday asked lenders to give defaulting borrowers enough time to respond before they are classified as "fraud accounts," following a judgment by the country's top court.

**EXCLUSIVE-India's four-week platinum imports surpass 2023 total as gold shown as platinum**

India's four-week platinum imports from mid June eclipsed 2023's total as bullion dealers exploited a loophole by registering alloys containing around 90% gold as platinum to avoid higher duties, government and industry officials told Reuters.

**GLOBAL TOP STORIES****Trump enlists J.D. Vance for vice president**

Donald Trump chose Ohio U.S. Senator J.D. Vance to be his vice presidential running mate, as the Republican Party officially nominated the former president to run again for the White House on Monday at the start of the party's national convention in Milwaukee.

**Fed's Powell: Latest data 'add somewhat to confidence' inflation is returning to 2%**

Federal Reserve Chair Jerome Powell said on Monday the three U.S. inflation readings over the second quarter of this year "add somewhat to confidence" that the pace of price increases is returning to the Fed's target in a sustainable fashion, remarks that suggest a turn to interest rate cuts may not be far off.

**Goldman Sachs profit tops estimates on robust debt underwriting, fixed-income trading**

Goldman Sachs' profit more than doubled in the second quarter and beat analysts' estimates on strong debt underwriting and fixed-income trading, but slipped from a bumper first quarter when earnings were the highest since 2021.

**COMPANIES REPORTING RESULTS**

**Century Textiles and Industries Ltd:** Q1 earnings release

**Himadri Speciality Chemical Ltd:** Q1 earnings release

**L&T Finance Ltd:** Q1 earnings release

**SHAREHOLDERS MEETINGS**

**Central Bank of India Ltd:** Annual shareholders meeting

**DCM Shriram Ltd:** Annual shareholders meeting

**Persistent Systems Ltd:** Annual shareholders meeting

**Polycab India Ltd:** Annual shareholders meeting

**Tata Power Company Ltd:** Annual shareholders meeting

#### **EX-DIVIDENDS**

**Dr Reddy's Laboratories Ltd:** Final cash dividend of gross INR 40 paid on Aug 02

**IDBI Bank Ltd:** Final cash dividend of gross INR 1.5 paid on Aug 22

**IDFC Ltd:** Interim cash dividend of gross INR 1 paid on Jul 23

**Lupin Ltd:** Final cash dividend of gross INR 8 paid on Sep 01

**Mahindra and Mahindra Financial Services Ltd:** Final cash dividend of gross INR 6.3 paid on Jul 23

**Nestle India Ltd:** Final cash dividend of gross INR 8.5 paid on Aug 06

**Nestle India Ltd:** Interim cash dividend of gross INR 2.75 paid on Aug 06

**Punjab & Sind Bank:** Final cash dividend of gross INR 0.2 paid on Aug 23

*(India Morning Newsletter will not be published on Wednesday, July 17, on account of the Moharram holiday)*

## PICTURE OF THE DAY



*Shi'ite mourners beat their chests during a Muharram procession ahead of Ashura in Srinagar, July 15. REUTERS/Sharafat Ali*

(Compiled by Ashitha Salus in Bengaluru)

For questions or comments about this report, contact:  
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