

India Morning Newsletter

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Tuesday, July 23, 2024

Earnings Roundup

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India's **union budget** announcement by Finance Minister Nirmala Sitharaman in parliament is expected to be at the centre of attention today. Analysts expect the Narendra Modi government to unveil measures to boost jobs and incomes amid uneven economic growth and as food prices continue to surge. The government plans to allocate **11 trillion rupees** on long-term infrastructure projects to push growth and generate jobs. A majority of economists polled by Reuters said the government would retain the fiscal deficit target at **5.1%** of gross domestic product after the Reserve Bank of India transferred a record **2.11 trillion rupees** surplus to the government to allow more room to spend without expanding the deficit. Additionally, the government is also expected to bring in consumption-boosting measures that were missing in the interim budget presented before the elections. In the previous session, Indian shares closed marginally lower, weighed by **Reliance Industries** and **Wipro** after they posted weaker-than-expected quarterly results. Gains in **HDFC Bank**, after it posted quarterly results which beat forecasts on Saturday, capped losses in the benchmark indexes. Markets remained volatile, with the **volatility index** spiking to a six-week high of 15.63 during the session before settling at 15.44. The government's economic survey released on Monday warned of rising risks from a surging equity market, which is paving way for retail investors to venture into risky derivatives trading. Economists say that to discourage such trading, the budget could include measures such as an increase in capital gains tax on equity investments that are held long-term. However, analysts from Morgan Stanley said that such a move could be a major dampener for Indian equities and hit the stock market. Separately, Indian states will look to raise an aggregate **121 billion Indian rupees** through a **sale of bonds** maturing in eight to 30 years.

FACTORS TO WATCH

- The National Stock Exchange added **Chambal Fertilisers and Chemicals, Gujarat Narmada Valley Fertilizers & Chemicals** while retaining **Bandhan Bank, Hindustan Aeronautics, India Cements, Piramal Enterprises, and Steel Authority of India** in its Futures & Options ban list.

STATE OF THE MARKETS

Indian shares will likely open little changed, as investors brace for policy announcements in the union budget due at 11 a.m. IST, which could have a huge bearing on the trajectory of markets.

Indian government bond yields are expected to be barely changed in early trading, as market participants will wait for the federal budget announcement due later in the day for directional triggers. The benchmark 10-year yield is likely to move in a 6.95%-6.97% range till the budget announcement, from its previous close of 6.9633%.

The **Indian rupee**, teetering at an all-time low, is expected to open largely unchanged, with the federal budget dictating the intraday direction. Non-deliverable forwards indicate the rupee will open flat from 83.6575 in the previous session. The rupee on Monday dropped to a lifetime low of 83.6775.

Wall Street's three benchmarks ended higher on Monday as investors returned to megacap growth stocks, helping both the **S&P 500** and **Nasdaq Composite** recover from their worst weekly performance since April.

Asian stocks bounced from one-month lows, with Taiwan's market snapping a five-day losing streak as semiconductor shares took a lead from a Wall Street recovery, while sagging commodity prices weighed on the Aussie dollar.

The **Australian** and **New Zealand dollars** languished near multi-week lows after China's move to cut several key interest rates, while the **U.S. dollar** was little changed as it awaited fresh impetus.

U.S. Treasury yields inched higher on Monday, as markets assessed the uncertainty surrounding the race for the White House after President Joe Biden dropped his bid for reelection.

Oil prices were little changed as investors awaited U.S. crude data for oil inventories.

Gold prices edged higher as the dollar remained subdued, while investors strapped in for U.S. economic data this week for clarity on the timeline for Federal Reserve's interest rate cut.

Markets	Last	Change	YTD change
GIFT Nifty 50	24,553.00	0.03%	-
Nifty volatility	15.44	61.25 bps	-
Nikkei	39,670.75	0.18%	18.55%
Hang Seng	17,590.82	-0.26%	3.19%
S&P 500 e-mini futures	5,604.00	-0.12%	-
CBOE volatility	14.91	-9.75%	-
USD/INR	83.66	-0.01%	0.54%
Spot gold	\$2,401.50 /oz	0.16%	16.43%
Brent crude	\$82.54 /bbl	0.17%	7.14%
Indian 10-year bond yield	6.9670%	0.20 bps	-20.90 bps
U.S. 10-year Treasury yield	4.2428%	-1.72 bps	38.28 bps

FII & DII Trading Activity in Equities Jul 22	Buy	Sell	Net
Domestic Institutional Investors (DII) in INR	135.53 bln	152.05 bln	-16.52 bln
Foreign Institutional Investors (FII) in INR	169.70 bln	135.26 bln	34.44 bln

(Source: National Stock Exchange of India Ltd.)

INDIA TOP NEWS**Modi faces delicate balancing act in post-election budget**

Indian Prime Minister Narendra Modi's first post-election budget will seek to lay out an economic vision that balances fiscal prudence with the expectations of disgruntled voters and the demands of his coalition partners.

Government somewhat cautious on economic outlook, sees growth of 6.5%-7%

India's government has taken a more cautious stance than private economists on the outlook for growth this fiscal year, predicting the world's fifth-largest economy will expand between 6.5% and 7%.

India sends 100 antitrust queries for Reliance, Disney \$8.5 bln merger, sources say

India's antitrust body has asked Reliance Industries and Walt Disney around 100 questions linked to their \$8.5 billion India media assets merger, including details on sports rights as it heightens its scrutiny of the deal, two sources told Reuters.

EXCLUSIVE-India to seek licences to scout Pacific Ocean for critical minerals

India will apply for licences to explore for deep-sea minerals in the Pacific Ocean as it competes to secure supplies of minerals critical for energy transition technologies, a top government scientist told Reuters.

Inflation targeting framework must be re-examined, government report says

India's monetary policy framework should consider targeting inflation that excludes food, the prices of which are influenced more by supply than demand, the government's 2023/24 economic survey said on Monday.

GLOBAL TOP STORIES**Harris secures delegates needed to become Democratic nominee for president**

U.S. Vice President Kamala Harris secured support from a majority of the Democratic National Convention's delegates on Monday to become the nominee for president, according to sources.

PREVIEW-Alphabet to report double-digit Q2 growth; AI adoption, ballooning costs in focus

Google-parent Alphabet is expected to report a nearly 14% rise in quarterly revenue, its fourth straight quarter of double-digit growth, driven by steady demand for its artificial intelligence-powered cloud computing services and an uptick in the ad market.

PREVIEW-Tesla margins likely dipped in Q2; robotaxi, AI ventures in focus

Tesla's, opens new tab second-quarter margin hit a more than five-year low, the electric vehicle maker is likely to report on Tuesday, and its CEO Elon Musk is expected to double down on the company's robotaxi plans and AI products.

COMPANIES REPORTING RESULTS

DCM Shriram Ltd: Q1 earnings release

Hindustan Unilever Ltd: Q1 earnings release

ICICI Prudential Life Insurance Company Ltd: Q1 earnings release

ICICI Securities Ltd: Q1 earnings release

Kajaria Ceramics Ltd: Q1 earnings release

Schaeffler India Ltd: Q2 earnings release

SRF Ltd: Q1 earnings release

United Spirits Ltd: Q1 earnings release

Zensar Technologies Ltd: Q1 earnings release

CORPORATE EVENTS

Blue Dart Express Ltd: Q1 earnings conference call

Coforge Ltd: Q1 earnings conference call

ICICI Prudential Life Insurance Company Ltd: Q1 earnings conference call

Kajaria Ceramics Ltd: Q1 earnings conference call

Supreme Petrochem Ltd: Q1 earnings conference call

Zensar Technologies Ltd: Q1 earnings conference call

SHAREHOLDERS MEETINGS

Aegis Logistics Ltd: Annual shareholders meeting

Poonawalla Fincorp Ltd: Annual shareholders meeting

EX-DIVIDENDS

Data Patterns (India) Ltd: Final cash dividend of gross INR 6.5 paid on Aug 29

HCL Technologies Ltd: Interim cash dividend of gross INR 12 paid on Aug 01

Rainbow Children's Medicare Ltd: Final cash dividend of gross INR 3 paid on Aug 28

Shree Cement Ltd: Final cash dividend of gross INR 55 paid on Aug 07

Shriram Finance Ltd: Final cash dividend of gross INR 15 paid on Aug 28

Tube Investments of India Ltd: Final cash dividend of gross INR 1.5 paid on Aug 30

PICTURE OF THE DAY



A labourer uses his mobile phone as he rests on a cart loaded with dry fruits at a wholesale market in the old quarters of Delhi, July 22. REUTERS/Priyanshu Singh

(Compiled by Ashitha Salus in Bengaluru)

For questions or comments about this report, contact:
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