

India Morning Newsletter

Powered by Reuters News

Wednesday, July 24, 2024

Earnings Roundup

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

Most analysts believe the **union budget** achieved a balance by increasing spending on jobs and rural development, transferring more funds to states, and narrowing the fiscal deficit to **4.9%**. The near-term sentiment, however, was dampened by a hike in taxes on equity investments, causing the indexes to close lower on Tuesday. Analysts from Edelweiss Mutual Fund expect the changes in the tax regime to have a **short-term negative impact**, but the increase in capital gains will incentivize longer-term investment. Moody's expects aggressive reduction in government debt to benefit the country's sovereign rating profile. India also lowered the tax rate to 35% from 40% on foreign companies with the aim of encouraging more investments. While markets digest the budget fine-print, heavyweights **Axis Bank, Larsen and Toubro** and **SBI Life Insurance Company** are due to report their earnings later in the day. On the economic front, **HSBC flash PMIs for manufacturing and services** are set to release during trading hours. The **Indian rupee** slipped to record lows on Tuesday despite rumours of the RBI's intervention, while **government bond yields** ended flat as the government's reduction in gross borrowing for the current financial year fell short of market expectations. Separately, the Indian government is aiming to raise at least **200 billion Indian rupees** through the **sale of bonds**.

FACTORS TO WATCH

- 10:30 am **HSBC Manufacturing Flash PMI** for July: Expected 58.0; Prior 58.3
- 10:30 am **HSBC Services Flash PMI** for July: Expected 60.7; Prior 60.5
- 10:30 am **HSBC Composite Flash PMI** for July: Expected 60.0; Prior 60.9
- 05:00 pm **M3 Money Supply** for the week ended 12 July: Prior 9.7%
- The National Stock Exchange retained **Gujarat Narmada Valley Fertilizers & Chemicals, India Cements, and Steel Authority of India** in its Futures & Options ban list.

STATE OF THE MARKETS

Indian benchmarks are likely to open lower, with analysts expecting a short-term negative reaction to tax hike on equity trading.

Indian government bond yields are expected to be back in a narrow range trading a day after the federal budget, that

failed to enthruse bond market participants who will fall back on other trigger for strong directional cue. The benchmark 10-year yield is likely to move in a 6.95%-6.98% range, from its previous close of 6.9695%.

The **Indian rupee** is expected to decline more amid an up move on the dollar index and possible slowdown in portfolio flow. Non-deliverable forwards indicate rupee will open at 83.70-83.71 to the U.S. dollar compared with 83.6875 in the previous session.

Wall Street's main indexes ended slightly lower on Tuesday, having given up meager intraday gains in the final minutes of trading, as investors switched their focus to the latest earnings from Alphabet and Tesla.

Asian stocks were subdued after lacklustre earnings from U.S. tech behemoths Tesla and Alphabet dented sentiment, while the yen hit a six-week high ahead of a central bank meeting next week where a rate hike remains on the table.

Commodity currencies touched multi-week lows tracking weakness in Chinese demand, while the **yen** has surged as short-sellers bail out ahead of a central bank meeting.

U.S. Treasury yields fell on Tuesday after a weak housing market report and strong two-year note auction, as investors awaited inflation data later this week.

Falling U.S. crude inventories caused **oil** prices to rebound after several days of decline, while expectations for a nearing ceasefire deal in the Middle East kept prices from continuing to climb.

Gold prices edged higher with investors awaiting U.S. economic data that could influence the Federal Reserve's rate-cut timeline.

Markets	Last	Change	YTD change
GIFT Nifty 50	24,397.50	-0.14%	-
Nifty volatility	12.75	-269 bps	-
Nikkei	39,494.38	-0.25%	18.02%
Hang Seng	17,385.79	-0.48%	1.99%
S&P 500 e-mini futures	5,580.50	-0.33%	-
CBOE volatility	14.72	-1.27%	-
USD/INR	83.69	0.04%	0.58%
Spot gold	\$2,414.88 /oz	0.24%	17.08%
Brent crude	\$81.32 /bbl	0.38%	5.56%
Indian 10-year bond yield	6.9700%	0.30 bps	-
U.S. 10-year Treasury yield	4.2525%	1.35 bps	-

FII & DII Trading Activity in Equities Jul 23	Buy	Sell	Net
Domestic Institutional Investors (DII) in INR	177.99 bln	163.81 bln	14.19 bln
Foreign Institutional Investors (FII) in INR	143.31 bln	173.06 bln	-29.75 bln

(Source: National Stock Exchange of India Ltd.)

INDIA TOP NEWS

Modi sets aside billions for jobs, allies in post-election budget

India's government assigned billions of dollars for job creation and regions run by key coalition partners in a budget aimed at cementing the coalition and winning back voters after Prime Minister Narendra Modi's election setback.

India hikes taxes on equity investments; fund managers see short-term hit

The Indian government raised the tax rate on equity derivatives trades and on capital gains from equity investments on Tuesday, which fund managers said may hurt short-term sentiment in the market but incentivise longer-term investment.

India gives income tax relief to some to stimulate spending

India on Tuesday cut income tax rates for some citizens in an effort to boost consumption as Asia's third-largest economy struggles with uneven growth.

India scraps 'angel tax'; startup investors rejoice

India abolished a tax it had imposed on investors pumping money into its startups on Tuesday, in a move that is expected to spur innovation and boost funding for fledgling companies in Asia's No.3 economy.

EXCLUSIVE-New Delhi city rejects Pernod liquor licence appeal, document shows

Pernod Ricard's latest attempt to obtain a licence to sell alcohol in India's capital has been rejected, with New Delhi authorities citing investigations into suspected violations of the city's liquor policy, an excise department order shows.

GLOBAL TOP STORIES

Tesla profit margins worst in five years as price cuts, incentives weigh

Tesla on Tuesday reported its lowest profit margin in more than five years and missed Wall Street earnings targets in the second quarter, as the electric vehicle maker cut prices to revive demand while it increased spending on AI projects.

Google parent Alphabet beats Q2 revenue, profit estimates on strong ads, cloud

Alphabet beat second-quarter revenue and profit estimates on Tuesday, driven by a rise in digital advertising sales and healthy demand for its cloud computing services, but flagged that capital expenses would remain high for the year.

Harris bashes Trump over 'fear and hate,' promises compassion in debut rally

U.S. Vice President Kamala Harris assailed Donald Trump on Tuesday at her first campaign rally since replacing President Joe Biden as the Democratic presidential candidate, while a Reuters/Ipsos opinion poll showed her taking a marginal lead over her Republican rival.

ANALYSIS

Budget reflects new power realities of Modi's fickle coalition

For a politician not known to easily make concessions, Indian Prime Minister Narendra Modi's budget on Tuesday was a successful early test of his ability to run a fickle coalition after a shock poll result last month, but it came at a cost.

COMPANIES REPORTING RESULTS

Axis Bank Ltd: Q1 earnings release

Bajaj Finserv Ltd: Q1 earnings release

Bajaj Holdings and Investment Ltd: Q1 earnings release

CG Power and Industrial Solutions Ltd: Q1 earnings release

Federal Bank Ltd: Q1 earnings release

HFCL Ltd: Q1 earnings release
Hitachi Energy India Ltd: Q1 earnings release
Indian Energy Exchange Ltd: Q1 earnings release
Indraprastha Gas Ltd: Q1 earnings release
KPIT Technologies Ltd: Q1 earnings release
Larsen and Toubro Ltd: Q1 earnings release
Oracle Financial Services Software Ltd: Q1 earnings release
Petronet LNG Ltd: Q1 earnings release
Ramkrishna Forgings Ltd: Q1 earnings release
SBI Life Insurance Company Ltd: Q1 earnings release
Syngene International Ltd: Q1 earnings release
Tata Teleservices (Maharashtra) Ltd: Q1 earnings release
Trident Ltd: Q1 earnings release
V Guard Industries Ltd: Q1 earnings release

CORPORATE EVENTS

Axis Bank Ltd: Q1 earnings conference call
CG Power and Industrial Solutions Ltd: Q1 earnings conference call
Federal Bank Ltd: Q1 earnings conference call
KPIT Technologies Ltd: Q1 earnings conference call
Larsen and Toubro Ltd: Q1 earnings conference call
Petronet LNG Ltd: Q1 earnings conference call
Poly Medicure Ltd: Q1 earnings conference call
Ramkrishna Forgings Ltd: Q1 earnings conference call
SBI Life Insurance Company Ltd: Q1 earnings conference call
Schaeffler India Ltd: Q2 earnings conference call
SRF Ltd: Q1 earnings conference call
Suzlon Energy Ltd: Q1 earnings conference call
United Spirits Ltd: Q1 earnings conference call

SHAREHOLDERS MEETINGS

Bajaj Finserv Ltd: Annual shareholders meeting
Punjab & Sind Bank: Annual shareholders meeting
Syngene International Ltd: Annual shareholders meeting

EX-DIVIDENDS

Elgi Equipments Ltd: Final cash dividend of gross INR 2 paid on Aug 29
Fortis Healthcare Ltd: Final cash dividend of gross INR 1 paid on Aug 31
Hatsun Agro Product Ltd: Interim cash dividend of gross INR 6 paid on Aug 14
Honeywell Automation India Ltd: Final cash dividend of gross INR 100 paid on Aug 16
Lakshmi Machine Works Ltd: Final cash dividend of gross INR 75 paid on Aug 14
Pidilite Industries Ltd: Final cash dividend of gross INR 16 paid on Aug 14

PICTURE OF THE DAY



India's Finance Minister Nirmala Sitharaman holds up a folder with the Government of India's logo as she leaves her office to present the union budget in the parliament in New Delhi, July 23. REUTERS/Altaf Hussain

(Compiled by Ashitha Salus in Bengaluru)

For questions or comments about this report, contact:
reuters.marketwatch@thomsonreuters.com

To subscribe for the India Morning newsletter [click here](#)

© 2024 London Stock Exchange Group plc. All rights reserved.

LSEG
10 Paternoster Square, London, EC4M 7LS, United Kingdom

Please visit: [LSEG](#) for more information

[Privacy Statement](#)