

India Morning Newsletter

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Earnings Roundup

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Indian markets might feel an impact of a slump in **Wall Street** and other stock markets as lacklustre earnings from **Tesla**, Google parent **Alphabet** and **European luxury brands** raise doubts about lofty valuations. The tech-heavy **Nasdaq** plunged 3.6% and the **S&P 500** fell 2.3%, skidding into multi-week lows. The **pan-European index** closed 0.54% lower, as downbeat performance in the world's biggest luxury group **LVMH** weighed on the retail sector. **Domestic markets** closed lower in the previous session, dented by banking, financials and private bank indexes falling in the range of 0.6% to 1%. This was on likely selling by foreign investors, who have higher ownership in the sector than other segments, two analysts said. **Axis Bank** could be on the radar after the lender reported smaller-than-expected profit on Wednesday. **SBI Life Insurance Company** and **Larsen and Toubro**, other Nifty 50 constituents, reported first-quarter profit above estimates after market close. Sentiment still remains sour two days after the government raised the tax on gains from equity investments. "The tax hikes have overshadowed the positives from the budget," Harish Krishnan, co-chief investment officer and head of equity at Aditya Birla Sun Life Asset Management Company said. On Thursday, markets will brace for corporate earnings from **Tech Mahindra**, **Nestle India** and **PNB Housing Finance**. Expiry of July series derivative contracts may add to the elevated volatility. Later in the day, the U.S. will release its advance estimate of **second-quarter gross domestic product**. Meanwhile, the **rupee** weakened to an all-time low as likely outflows from local equities weighed on the currency, although the pressure was eased by the Reserve Bank of India's intervention.

FACTORS TO WATCH

- The National Stock Exchange added **Vodafone Idea** while retaining **India Cements** in its Futures & Options ban list. **Gujarat Narmada Valley Fertilizers & Chemicals** and **Steel Authority of India** were removed.

STATE OF THE MARKETS

Indian shares are set to open lower, with sentiment sour after government's tax hikes on equity investment gains and derivating trading, while Larsen and Toubro, Axis Bank will be in focus post quarterly earnings.

Indian government bond yields are expected to be in a narrow range, as traders continue to look forward to fresh

triggers, in a week when the federal budget failed to enthruse traders to bet on any direction. The benchmark 10-year yield is likely to move in the 6.95%-6.98% range, compared with its previous close of 6.9634%.

The **Indian rupee** is expected to decline to a lifetime low at open on weak risk appetite and a drop in most Asian peers. Non-deliverable forwards indicate rupee will open at 83.74-83.75 to the U.S. dollar, slipping past the previous all-time low of 83.72 and compared with 83.7175 on Wednesday.

The **S&P 500** and **Nasdaq** ended at multi-week lows on Wednesday, with the S&P snapping one of its longest streaks without a daily decline of more than 2%, as lackluster Alphabet and Tesla earnings undermined investor confidence in megacap names.

Asian shares were hammered as a slump in global tech stocks sent investors fleeing into less risky assets, including short-dated bonds, the yen and Swiss franc.

The **yen** drew support from unwinding carry trades ahead of next week's Bank of Japan policy meeting and as a rotation out of megacap growth stocks dampened risk appetite broadly and provided some safe haven bids.

Yields on shorter-dated U.S. Treasuries fell on Wednesday but rose on longer durations as investors digested a flurry of economic data to gauge the health of the economy.

Oil prices eased as concerns over weak demand in China, the world's largest crude importer, and expectations of a nearing ceasefire deal in the Middle East overcame gains in the previous session after draws in U.S. inventories.

Gold prices fell nearly 1%, as investors booked profits ahead of U.S. economic data that could offer more cues on when the central bank will cut interest rates this year and by how much.

| Markets | Last | Change | YTD change |
|-----------------------------|----------------|-----------|------------|
| GIFT Nifty 50 | 24,180.00 | -0.27% | - |
| Nifty volatility | 11.76 | -99 bps | - |
| Nikkei | 38,058.41 | -2.80% | 13.73% |
| Hang Seng | 17,130.41 | -1.04% | 0.49% |
| S&P 500 e-mini futures | 5,482.00 | 0.18% | - |
| CBOE volatility | 18.04 | 22.55% | - |
| USD/INR | 83.72 | 0.04% | 0.61% |
| Spot gold | \$2,378.19 /oz | -0.81% | 15.30% |
| Brent crude | \$81.23 /bbl | -0.59% | 5.44% |
| Indian 10-year bond yield | 6.9640% | -0.60 bps | -21.20 bps |
| U.S. 10-year Treasury yield | 4.2642% | -2.18 bps | 40.42 bps |

| FII & DII Trading Activity in Equities Jul 24 | Buy | Sell | Net |
|---|------------|------------|------------|
| Domestic Institutional Investors (DII) in INR | 177.87 bln | 146.50 bln | 31.37 bln |
| Foreign Institutional Investors (FII) in INR | 161.22 bln | 212.53 bln | -51.31 bln |

(Source: National Stock Exchange of India Ltd.)

INDIA TOP NEWS**India to move away from fiscal deficit targeting after 2025-26, government official says**

India plans to move away from targeting a particular level of fiscal deficit after 2025-26, a senior finance ministry official said on Wednesday.

India likely to ease curbs on some Chinese investments, sources say

India is likely to ease restrictions on Chinese investment in non-sensitive sectors like solar panels and battery manufacturing where New Delhi lacks expertise and which hinders domestic manufacturing, two government sources said.

Axis Bank misses Q1 profit view on higher provisions

Axis Bank, India's fourth-largest private bank by market capitalisation, reported a smaller-than-expected first-quarter profit on Wednesday as it set aside more funds for potential bad loans amid a deterioration in asset quality.

Larsen and Toubro beats Q1 earnings estimates on order execution

Larsen and Toubro reported first-quarter profit and revenue above estimates on Wednesday, cushioned by earnings from previously-commissioned projects.

Reliance gets US nod to import oil from Venezuela, source says

Reliance Industries has received approval from the United States to resume importing oil from Venezuela despite Washington's sanctions, a source familiar with the matter said on Wednesday.

GLOBAL TOP STORIES**Biden says he bowed out to unite nation, as Trump attacks Harris**

President Joe Biden on Wednesday said dropping out of the race for the presidency and endorsing his vice president, Kamala Harris, as the Democratic candidate was the best way to unite the country, despite his ambition to win a second term.

EXCLUSIVE-BOJ to weigh rate hike next week, detail plan to halve bond buying, sources say

The Bank of Japan is likely to debate whether to raise interest rates when it meets next week and unveil a plan to roughly halve bond purchases in coming years, sources said, signalling its resolve to steadily unwind its massive monetary stimulus.

Netanyahu sketches vague outline for post-war Gaza

Israeli Prime Minister Benjamin Netanyahu sketched a vague outline of a plan for a "deradicalized" post-war Gaza in a speech to Congress on Wednesday and touted a potential future alliance between Israel and America's Arab allies.

COMPANIES REPORTING RESULTS

Adani Energy Solutions Ltd: Q1 earnings release

Adani Green Energy Ltd: Q1 earnings release

Ashok Leyland Ltd: Q1 earnings release

AU Small Finance Bank Ltd: Q1 earnings release

Canara Bank Ltd: Q1 earnings release

Chalet Hotels Ltd: Q1 earnings release

Chennai Petroleum Corporation Ltd: Q1 earnings release

Cyient Ltd: Q1 earnings release

DLF Ltd: Q1 earnings release
Jupiter Wagons Ltd: Q1 earnings release
Jyothy Labs Ltd: Q1 earnings release
Laurus Labs Ltd: Q1 earnings release
Mahanagar Gas Ltd: Q1 earnings release
Motilal Oswal Financial Services Ltd: Q1 earnings release
Mphasis Ltd: Q1 earnings release
Nestle India Ltd: Q1 earnings release
PNB Housing Finance Ltd: Q1 earnings release
Praj Industries Ltd: Q1 earnings release
Tech Mahindra Ltd: Q1 earnings release
United Breweries Ltd: Q1 earnings release
UTI Asset Management Company Ltd: Q1 earnings release
Westlife Foodworld Ltd: Q1 earnings release

CORPORATE EVENTS

Adani Energy Solutions Ltd: Q1 earnings conference call
AU Small Finance Bank Ltd: Q1 earnings conference call
Cyient Ltd: Q1 earnings conference call
DCM Shriram Ltd: Q1 earnings conference call
Hitachi Energy India Ltd: Q1 earnings conference call
Jyothy Labs Ltd: Q1 earnings conference call
Laurus Labs Ltd: Q1 earnings conference call
PNB Housing Finance Ltd: Q1 earnings conference call
Praj Industries Ltd: Q1 earnings conference call
Syngene International Ltd: Q1 earnings conference call
Tech Mahindra Ltd: Q1 earnings conference call
V Guard Industries Ltd: Q1 earnings conference call
Westlife Foodworld Ltd: Q1 earnings conference call

SHAREHOLDERS MEETINGS

Apollo Tyres Ltd: Annual shareholders meeting
Ashok Leyland Ltd: Annual shareholders meeting
HDFC Asset Management Company Ltd: Annual shareholders meeting
Mphasis Ltd: Annual shareholders meeting
Oracle Financial Services Software Ltd: Annual shareholders meeting

EX-DIVIDENDS

Akzo Nobel India Ltd: Final cash dividend of gross INR 25 paid on Aug 26
MRF Ltd: Final cash dividend of gross INR 194 paid on Aug 23
Radico Khaitan Ltd: Final cash dividend of gross INR 3 paid on Sep 05
United Breweries Ltd: Final cash dividend of gross INR 10 paid on Aug 30
V Guard Industries Ltd: Final cash dividend of gross INR 1.4 paid on Aug 30

PICTURE OF THE DAY



A farm labourer holds rice sapling as he prepares to plant them in a field on the outskirts of Ahmedabad, July 22. REUTERS/Amit Dave

(Compiled by Ashitha Salus in Bengaluru)

For questions or comments about this report, contact:
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