

# India Morning Newsletter

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## Earnings Roundup

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**U.S. Federal Reserve Chair Jerome Powell** indicated that the central bank could cut interest rates as early as September if the economy follows its expected path, after keeping rates unchanged in July meeting. The latest policy statement reflected positively on the Fed's dual mandate of both taming inflation towards its 2% goal and moderating job gains. Powell's dovish comments and a surge in chip stocks boosted Wall Street, with the **Nasdaq** jumping 2.64% and the **S&P 500** rising 1.58%, their biggest daily percentage gains since February. The sentiment could support stocks in India, where the **Nifty 50** is on the cusp of 25,000 level. Despite some profit booking, the benchmark indexes edged higher in the last session as investors bought any dips. The **Nifty 50** rose 3.46% in July, while the **BSE Sensex** added 2.54%. The more domestically focussed **small- and mid-caps** gained 2.34% and 4.79%, respectively. Meanwhile, the **rupee** had its worst month-on-month performance since March, dropping 0.4% in July en route to an all-time low of 83.7450. The benchmark **10-year yield** dropped eight basis points in the previous month, while yields on the **one- to five-year bonds** fell by a steeper 10-16 bps. The day's earnings reports include two from Adani Group companies -- **Adani Enterprises** and **Adani Ports** -- as well as **ITC**, **Tata Motors** and **Sun Pharma**. **Manufacturing sector** data for July is also due. Elsewhere, **Apple** and **Amazon** earnings will be closely watched as investors monitor Big Tech's spending on artificial intelligence.

### FACTORS TO WATCH

- 10:30 am **July HSBC Manufacturing PMI**: Expected 59.0, Prior 58.5
- The National Stock Exchange added **Granules** to its Futures & Options ban list, while retaining **India Cements**.

### STATE OF THE MARKETS

**Indian shares** are set to hit all-time highs, tracking a global rally after the U.S. Federal Reserve Chair Jerome Powell hinted at a possible interest rate cut in September.

**Indian government bond yields** are set to open lower, tracking a slide in U.S. Treasury yields, as the Federal Reserve hinted at start of rate-easing cycle could start in September. The benchmark 10-year yield is likely to move in the 6.88%-6.93% range, compared with its previous close of 6.9255.

The **Indian rupee** is likely to open mildly stronger tracking gains in most of its Asian peers after Federal Reserve Chair Jerome Powell hinted at the possibility of a rate cut in September, weighing on the dollar and US bond yields. Non-deliverable forwards indicate rupee will open at around 83.69-83.70 to the U.S. dollar compared its close at 83.72 in the previous session.

The **S&P 500** and **Nasdaq** scored their biggest daily percentage gains since Feb. 22 and the Dow rose on Wednesday as chip stocks rallied and the Federal Reserve kept U.S. interest rates unchanged while signaling possible easing in September if inflation cools.

**Asian shares** rallied tracking a huge revival in global tech stocks helped by Meta and Nvidia, while prospects of imminent policy easing in the U.S. boosted global **bonds** and **commodities**.

The **U.S. dollar** was soft after the Federal Reserve opened the door for an interest rate cut in September, helping keep the **yen** pinned near its highest since March in the wake of a hawkish pivot from the Bank of Japan.

**U.S. Treasury yields** were mostly lower on Wednesday, with the benchmark 10-year note yield on track for its biggest drop in two weeks, after the Federal Reserve kept interest rates at their current levels, as was widely expected.

**Oil** prices rose extending strong gains in the previous session after the killing of a Hamas leader in Iran raised the threat of a wider Middle East conflict and on signs of strong oil demand in the U.S.

**Gold** prices hovered near a two-week high as U.S. Federal Reserve Chair Jerome Powell held interest rates steady but opened the door to cutting rates as early as September.

Markets	Last	Change	YTD change
GIFT Nifty 50	25,095.00	0.03%	-
Nifty volatility	13.25	37. bps	-
Nikkei	37,835.28	-3.24%	13.06%
Hang Seng	17,303.93	-0.23%	1.50%
S&P 500 e-mini futures	5,581.75	0.43%	-
CBOE volatility	16.36	-7.52%	-
USD/INR	83.72	-0.01%	0.62%
Spot gold	\$2,448.45 /oz	0.01%	18.71%
Brent crude	\$81.21 /bbl	0.46%	5.41%
Indian 10-year bond yield	6.9240%	-0.70 bps	-25.20 bps
U.S. 10-year Treasury yield	4.0450%	-6.00 bps	18.50 bps

FII & DII Trading Activity in Equities Jul 31	Buy	Sell	Net
Domestic Institutional Investors (DII) in INR	165.93 bln	132.26 bln	33.67 bln
Foreign Institutional Investors (FII) in INR	200.49 bln	235.11 bln	-34.62 bln

(Source: National Stock Exchange of India Ltd.)

## INDIA TOP NEWS

### **India's June infrastructure output rises at slowest pace in nearly two years**

Infrastructure output in June rose 4% year-on-year, its slowest pace in nearly two years, government data showed on Wednesday, with monsoons moderating electricity demand.

### **India's April-June fiscal deficit at 8.1% of 2024/25 target**

Fiscal deficit for the first quarter of the financial year that started in April was 1.36 trillion rupees, or 8.1% of the estimate for the whole year, government data showed on Wednesday.

### **IT services giant Infosys gets \$4 billion tax demand**

IT services company Infosys has received a tax demand of about \$4 billion from the country's tax authority, a tax authority document seen by Reuters showed.

### **Coal India beats Q1 profit estimates on higher volumes, lower costs**

Coal India surged past first-quarter profit estimates on Wednesday, as higher sales volumes and dip in employee costs countered weakness in prices.

### **Adani Power Q1 profit more than halves as fuel costs bite**

Thermal power producer Adani Power reported a 55.3% drop in first-quarter profit on Wednesday, as higher fuel costs ate into heatwave-driven demand surge.

## GLOBAL TOP STORIES

### **Fed's Powell puts September rate cut on table as US inflation cools**

Federal Reserve Chair Jerome Powell said on Wednesday interest rates could be cut as soon as September if the U.S. economy follows its expected path, putting the central bank near the end of a more than two-year battle against inflation but square in the middle of the nation's presidential election campaign.

### **Facebook parent Meta sees strong global ad sales while keeping AI costs in check**

Meta Platforms beat market expectations for second-quarter revenue on Wednesday and issued a rosy sales forecast for the third quarter, signaling that robust digital-ad spending on its social media platforms can cover the cost of its artificial-intelligence investments.

### **Nvidia shares surge 13%, lift market value a record \$330 billion**

Nvidia added about \$330 billion in stock market value on Wednesday, a record one-day gain for any company on Wall Street after Microsoft and Advanced Micro Devices reignited the AI rally.

## COLUMN

### **India relied on coal and gas power to cope with heatwave: Kemp**

India ramped up coal-fired and gas-fired generation to meet record load during the prolonged heatwave in May and June, underscoring the electricity system's continuing reliance on fossil fuels despite rapid growth in renewables.

**COMPANIES REPORTING RESULTS**

**Adani Enterprises Ltd:** Q1 earnings release  
**Adani Ports and Special Economic Zone Ltd:** Q1 earnings release  
**Aditya Birla Capital Ltd:** Q1 earnings release  
**Akzo Nobel India Ltd:** Q1 earnings release  
**Alkyl Amines Chemicals Ltd:** Q1 earnings release  
**Aptus Value Housing Finance India Ltd:** Q1 earnings release  
**Dabur India Ltd:** Q1 earnings release  
**Emami Ltd:** Q1 earnings release  
**Escorts Kubota Ltd:** Q1 earnings release  
**G R Infraprojects Ltd:** Q1 earnings release  
**Godrej Agrovet Ltd:** Q1 earnings release  
**Great Eastern Shipping Company Ltd:** Q1 earnings release  
**ITC Ltd:** Q1 earnings release  
**Kalyan Jewellers India Ltd:** Q1 earnings release  
**KSB Ltd:** Q2 earnings release  
**Max Healthcare Institute Ltd:** Q1 earnings release  
**Sun Pharmaceutical Industries Ltd:** Q1 earnings release  
**Tata Motors Ltd:** Q1 earnings release  
**Thermax Limited:** Q1 earnings release  
**Tube Investments of India Ltd:** Q1 earnings release  
**Zomato Ltd:** Q1 earnings release

**CORPORATE EVENTS**

**Action Construction Equipment Ltd:** Q1 earnings conference call  
**Aditya Birla Capital Ltd:** Q1 earnings conference call  
**Aster DM Healthcare Ltd:** Q1 earnings conference call  
**Dabur India Ltd:** Q1 earnings conference call  
**Deepak Fertilisers and Petrochemicals Corp Ltd:** Q1 earnings conference call  
**Elgi Equipments Ltd:** Q1 earnings conference call  
**Emami Ltd:** Q1 earnings conference call  
**Escorts Kubota Ltd:** Q1 earnings conference call  
**Five-Star Business Finance Ltd:** Q1 earnings conference call  
**Great Eastern Shipping Company Ltd:** Q1 earnings conference call  
**JK Lakshmi Cement Ltd:** Q1 earnings conference call  
**Kalyan Jewellers India Ltd:** Q1 earnings conference call  
**Lakshmi Machine Works Ltd:** Q1 earnings conference call  
**Phoenix Mills Ltd:** Q1 earnings conference call  
**REC Limited:** Q1 earnings conference call  
**Redington Ltd:** Q1 earnings conference call  
**RITES Ltd:** Q1 earnings conference call  
**Sun Pharmaceutical Industries Ltd:** Q1 earnings conference call  
**Tata Motors Ltd:** Q1 earnings conference call  
**Tata Steel Ltd:** Q1 earnings conference call

**Vardhman Textiles Ltd:** Q1 earnings conference call

**Whirlpool of India Ltd:** Q1 earnings conference call

**Zomato Ltd:** Q1 earnings conference call

### SHAREHOLDERS MEETINGS

**Akzo Nobel India Ltd:** Annual shareholders meeting

**Godrej Agrovet Ltd:** Annual shareholders meeting

**Navin Fluorine International Ltd:** Annual shareholders meeting

**Tube Investments of India Ltd:** Annual shareholders meeting

**V Guard Industries Ltd:** Annual shareholders meeting

### EX-DIVIDENDS

**Aditya Birla Sun Life Amc Ltd:** Final cash dividend of gross INR 13.5 paid on Sep 06

**Bayer Cropscience Ltd:** Final cash dividend of gross INR 35 paid on Aug 28

**Cipla Ltd:** Final cash dividend of gross USD 0.138685 going ex on Aug 01

**Hero MotoCorp Ltd:** Final cash dividend of gross INR 40 paid on Sep 11

**Oberoi Realty Ltd:** Interim cash dividend of gross INR 2 paid on Aug 12



## PICTURE OF THE DAY



A man pulls a cart packed with goods as he wades through the rain on a street in Kolkata, July 31. REUTERS/Sahiba Chawdhary

(Compiled by Ashitha Salus in Bengaluru)

For questions or comments about this report, contact:  
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