

# India Morning Newsletter

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Investor caution may prevail as markets seek to recover from a **global rout** after the unwind of popular trades that have powered much of gains in equity indexes worldwide. A likely rejig in the **yen carry trades**, triggered by **Bank of Japan**'s rate hike last week, has pressured risk assets everywhere as the strengthening of the Japanese currency signal possible end of cheap money. Meanwhile, the **Federal Reserve** officials pushed back on concerns that the latest employment report reflected **recessionary** signs in the U.S. economy. But U.S. central bank officials warned that **rate cuts** are required to avoid a sharp downturn. However, their comments failed to halt selling on **Wall Street**, where both the **S&P 500** and the **Nasdaq** ended 3% lower. Meanwhile, Monday's meltdown meant **Indian shares** logged their steepest drop in two months. As few as four companies of the benchmark **Nifty 50** eked out gains, while **information technology stocks** lost more than 3%. **Christopher Wood**, head of global equity strategy at Jefferies, said the Indian market was more resilient than broader Asian and emerging peers. Meanwhile, the **Indian rupee** is now the worst-performing Asian currency after being the leader in the first half of the year. Later in the day, Indian states will look to raise an aggregate 237 billion rupees through a **sale of bonds** maturing in nine to 35 years. On the earnings front, **TVS Motor** and **Vedanta** are scheduled to report. Shares of **Bharti Airtel** are in focus after the telecom operator beat profit expectations.

## FACTORS TO WATCH

- The **National Stock Exchange** has added **Hindustan Copper** to **Futures and Options ban list**, while retaining **Aditya Birla Capital**, **Birlasoft**, **Chambal Fertilisers and Chemicals**, **GNFC**, **Granules India**, **India Cements**, **IndiaMART InterMESH** and **RBL Bank**.

## STATE OF THE MARKETS

**Indian shares** are set to open higher, following a relief rally in Asian markets as U.S. central bank officials soothed investor nerves after a brutal selloff in the previous session.

**Indian government bond yields** are expected to remain steady in early trading after a rebound in U.S. Treasury yields from their one-year lows. Traders are also awaiting state debt supply.

The **Indian rupee** is expected to open weaker, dropping to an all-time low, amid dollar demand in the non-deliverable forward market and a slight trimming in Federal Reserve rate cut expectations.

**U.S. stocks** ended with steep losses on Monday, leaving the Nasdaq and S&P 500 down at least 3% each as the market extended last week's sell-off amid U.S. recession worries and as Apple shares fell sharply on news that a big investor had cut its stake.

**Japanese stocks** jumped at the open, underpinning a recovery across battered Asian share markets and even triggering circuit breakers in some, after central bank officials said all the right things to soothe investor nerves.

The **U.S. dollar** was nursing steep losses, with the **yen** on the back foot after a sharp rise in the previous session as traders contend with unwinding of popular carry trades and the prospect of deep rate cuts from the Federal Reserve.

**U.S. Treasury yields** rebounded from one-year lows on Monday on greater optimism over the U.S. economy and a closely watched part of the yield curve reinverted, after briefly turning positive for the first time in two years.

**Oil** prices climbed, paring the previous day's loss as concern that an escalating Middle East conflict could hit supplies outweighed fear of a possible U.S. recession that could hurt demand in the world's biggest oil consumer.

**Gold** prices were little changed after U.S. central bank policymakers did their best to reassure markets and highlighted the prospect of a September interest rate cut.

Markets	Last	Change	YTD change
GIFT Nifty 50	24,307.50	0.77%	-
Nifty volatility	20.37	42.23%	-
Nikkei	34,416.32	9.40%	2.85%
Hang Seng	16,723.12	0.15%	-1.90%
S&P 500 e-mini futures	5,287.25	1.34%	-
CBOE volatility	38.57	64.90%	-
USD/INR	83.85	0.11%	0.77%
Spot gold	\$2,406.47 /oz	-0.05%	16.67%
Brent crude	\$77.31 /bbl	1.32%	0.35%
Indian 10-year bond yield	6.8600%	-4.00 bps	-31.60 bps
U.S. 10-year Treasury yield	3.8410%	5.80 bps	-1.90 bps

FII & DII Trading Activity in Equities Aug 5	Buy	Sell	Net
Domestic Institutional Investors (DII) in INR	237.67 bln	146.11 bln	91.56 bln
Foreign Institutional Investors (FII) in INR	127.24 bln	227.98 bln	-100.74 bln

(Source: National Stock Exchange of India Ltd.)

## INDIA TOP NEWS

### **Adani Energy raises \$1 billion; gets bids from US investors, sovereign wealth funds**

Adani Energy Solutions raised \$1 billion through a share sale, which got bids from U.S. investors and sovereign wealth funds, the power distribution company said on Monday.

### **Inflation target evades India cenbank's rate panel as rejig looms**

The Indian central bank's rate setting panel faces another food-driven spike in inflation as it meets a final time ahead of the exit of the committee's external members in the first of several scheduled key policymaker changes over coming months.

**Bharti Airtel beats Q1 profit estimates**

Bharti Airtel reported first-quarter profit above expectations on Monday as more users paid for faster and higher margin 4G and 5G services.

**ONGC tops first-quarter profit estimates on strong fuel demand**

Oil and Natural Gas Corp (ONGC) beat first-quarter profit estimates on Monday, bolstered by strong domestic fuel demand and higher price realisation.

**E-scooter maker Ola Electric's \$734 million IPO fully subscribed**

Ola Electric's \$734 million initial public offering (IPO) was fully subscribed on the second day of bidding, reaching the target amid a sharp sell-off in global equity markets.

**GLOBAL TOP STORIES****Fed policymakers signal rate cuts ahead, but not recession**

U.S. central bank policymakers pushed back on Monday against the notion that weaker-than-expected July jobs data means the economy is in recessionary freefall, but also warned that the Federal Reserve will need to cut rates to avoid such an outcome.

**Google has an illegal monopoly on search, US judge finds**

A U.S. judge ruled on Monday that Google violated antitrust law, spending billions of dollars to create an illegal monopoly and become the world's default search engine, the first big win for federal authorities taking on Big Tech's market dominance.

**Kamala Harris vice president choice narrows to Walz, Shapiro, sources say**

Democratic presidential candidate Kamala Harris has narrowed her search for a vice presidential running mate to two finalists, Governors Tim Walz of Minnesota and Josh Shapiro of Pennsylvania, three sources with knowledge of the matter said.

**COMPANIES REPORTING RESULTS**

**3M India Ltd:** Q1 earnings release

**Bata India Ltd:** Q1 earnings release

**Blue Star Ltd:** Q1 earnings release

**Bosch Ltd:** Q1 earnings release

**Chambal Fertilisers and Chemicals Ltd:** Q1 earnings release

**Cummins India Ltd:** Q1 earnings release

**EIH Ltd:** Q1 earnings release

**Fortis Healthcare Ltd:** Q1 earnings release

**Gland Pharma Ltd:** Q1 earnings release

**Gujarat Gas Ltd:** Q1 earnings release

**Linde India Ltd:** Q1 earnings release

**Lupin Ltd:** Q1 earnings release

**NCC Ltd:** Q1 earnings release

**PB Fintech Ltd:** Q1 earnings release

**PI Industries Ltd:** Q1 earnings release

**Power Finance Corporation Ltd:** Q1 earnings release

**Shree Cement Ltd:** Q1 earnings release

**Solar Industries India Ltd:** Q1 earnings release

**TVS Motor Company Ltd:** Q1 earnings release

**Vedanta Ltd:** Q1 earnings release

### **CORPORATE EVENTS**

**Gland Pharma Ltd:** Q1 earnings conference call

**NCC Ltd:** Q1 earnings conference call

**Power Finance Corporation Ltd:** Q1 earnings conference call

**Vedanta Ltd:** Q1 earnings conference call

### **SHAREHOLDERS MEETINGS**

**Blue Star Ltd:** Annual shareholders meeting

**Brigade Enterprises Ltd:** Annual shareholders meeting

**Deepak Nitrite Ltd:** Annual shareholders meeting

**Shree Cement Ltd:** Annual shareholders meeting

**TVS Motor Company Ltd:** Annual shareholders meeting

### **EX-DIVIDENDS**

**Grasim Industries Ltd:** Final cash dividend of gross INR 10 paid on Aug 23

**IPCA Laboratories Ltd:** Final cash dividend of gross INR 2 paid on Sep 10

## PICTURE OF THE DAY



Mohammad Maqbool Jan, 54, displays completed papier-mache items at his workshop in Srinagar, August 5. REUTERS/Sharafat Ali

(Compiled by Sameer Kulkarni in Bengaluru)

For questions or comments about this report, contact:  
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