

India Morning Newsletter

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Monday, August 12, 2024



After a turbulent week for **global markets**, focus now shifts to inflation numbers, starting with India on Monday. According to a Reuters poll, **inflation** likely eased in July to below the **Reserve Bank of India's** 4% target for the first time in nearly five years. Later in the week, **U.S. producer prices** on Tuesday and **consumer price data** to be released on Wednesday, could be watched keenly after **Federal Reserve** policymakers expressed confidence that inflation was cooling enough to allow rate cuts, bolstering expectations of a big Fed rate cut next month. India's benchmarks, the **Nifty 50** and **Sensex** lost about 1.5% each the previous week, their steepest weekly drop since the end of May. In the holiday truncated week, the **Indian rupee** and **government bonds** will likely rely on inflation data in U.S. Separately, market sentiment is likely to be weighed down by a **Hindenburg Research** report which alleged that the head of **SEBI**, Madhabi Puri Buch, previously held investments in offshore funds also used by the **Adani Group**. Buch said the report's allegations were baseless. Among stocks to watch, **ITI** and **Vodafone Idea** are among the companies reporting their results today.

FACTORS TO WATCH

- 5:30 pm **CPI Inflation** yy for July: Expected 3.65%, Prior 5.08%
- 5:30 pm **Industrial Output** yy June: Expected 5.5%, Prior 5.9%
- 5:30 pm **Cumulative Industrial Output** for June: Prior 5.4%
- 5:30 pm **Manufacturing Output** for June: Prior 4.6%
- The **National Stock Exchange** has added **Bandhan Bank**, **Biocon**, **Granules India** and **SAIL**, while retaining **Aditya Birla Capital**, **Aditya Birla Fashion & Retail**, **Birlasoft**, **GNFC**, **Hindustan Copper**, **India Cements**, **IndiaMART InterMESH**, **LIC Housing Finance**, **Manappuram Finance**, **Punjab National Bank** and **RBL Bank**.

STATE OF THE MARKETS

Indian shares are likely to open flat, with the Securities and Exchange Board of India (SEBI) asking investors to remain calm following short-seller Hindenburg Research's allegations against the head of the country's markets regulator.

Indian **government bond yields** are expected to be largely unchanged at the start of the week, as market participants await local inflation data later in the day and inflation print in world's largest economy on Wednesday.

The **Indian rupee** is likely to open the week little changed amid the mostly rangebound Asian peers and a central bank that for now is defending a psychologically important level.

The **S&P 500** ended higher on Friday and was little changed for the week after regaining almost all of its losses since Monday's steep dive that was prompted by fears of a recession and unwinding of a global yen-funded carry trade.

Asian stocks got the week off to a quiet start as a holiday in Japan removed one source of recent volatility, and investors hunkered down for major U.S. and Chinese economic data for an update on global growth prospects.

The **yen** was a tad softer against the dollar in trading thinned by a Japanese holiday, with market participants still ambivalent about the odds of a big Fed rate cut next month.

Longer-dated **U.S. Treasury yields** fell on Friday after a volatile week driven by concerns about the U.S. economic outlook, while investors turned to key inflation data next week for fresh clues on the potential size of an expected September rate cut.

Oil rose, holding on to most of last week's more than 3% gains, supported by geopolitical tensions and better economic data.

Gold prices remained weak with investors awaiting key U.S. inflation data due later this week to gauge the size of the Federal Reserve's likely interest rate cut next month.

Markets	Last	Change	YTD change
GIFT Nifty 50	24,400.00	0.07%	-
Nifty volatility	15.34	-7.63%	-
Hang Seng	17,123.52	0.19%	0.45%
S&P 500 e-mini futures	5,373.25	0.06%	-
CBOE volatility	20.37	-14.38%	-
USD/INR	83.96	-0.01%	0.90%
Spot gold	\$2,426.59 /oz	-0.18%	17.65%
Brent crude	\$79.82 /bbl	0.20%	3.61%
Indian 10-year bond yield	6.8800%	0.30 bps	-29.60 bps
U.S. 10-year Treasury yield	3.9398%	-0.22 bps	7.98 bps

FII & DII Trading Activity in Equities Aug 9	Buy	Sell	Net
Domestic Institutional Investors (DII) in INR	151.91 bln	112.11 bln	39.80 bln
Foreign Institutional Investors (FII) in INR	124.55 bln	120.48 bln	4.07 bln

(Source: National Stock Exchange of India Ltd.)

INDIA TOP NEWS

India markets regulator asks investors to remain calm on Hindenburg allegations against chief

India's markets regulator on Sunday asked investors to remain calm and exercise due diligence before reacting to reports such as that by US-based shortseller Hindenburg Research.

Indian steelmakers seek to soften proposed import curbs on key raw material

Indian steelmakers want the government to soften proposed import restrictions on metallurgical coke, a key ingredient in steelmaking, saying the curbs will hit steel mills' capacity expansion, a letter from the Indian Steel Association, seen by Reuters on Friday, said.

EXCLUSIVE-Mahindra seeks nod for \$3 billion Shaanxi JV, sources say

Automaker Mahindra & Mahindra and China's Shaanxi Automobile Group have agreed to set up a \$3 billion joint venture to build a car manufacturing plant in India and are awaiting New Delhi's approval, sources told Reuters.

Berger Paints India beats Q1 profit estimates on lower taxes

Berger Paints India reported first quarter profit above estimates on Friday, helped by lower tax expenses.

Byju's US lenders appeal insolvency-quashing order before India's top court

Some overseas lenders to India's Byju's have appealed to the country's apex court opposing a verdict that had quashed insolvency proceedings against the embattled education startup.

GLOBAL TOP STORIES**Zelenskiy says Ukraine's shock Kursk attack to pressure Russia and 'restore justice'**

President Volodymyr Zelenskiy said Ukraine had launched an incursion into Russian territory to "restore justice" and pressure Moscow's forces, in his first acknowledgement of Kyiv's surprise offensive into the western Kursk region.

Republican VP nominee Vance backs 'political' decision-making on Fed policies

Republican U.S. vice presidential candidate JD Vance on Sunday said he supports Donald Trump's call for presidents to have a say in Federal Reserve Board policy-making, including interest-rate moves, saying those should be "political" decisions.

Israel orders more Gaza evacuations after school shelter attack kills scores

Israel expanded evacuation orders in Khan Younis in the southern Gaza Strip overnight, forcing tens of thousands of Palestinian residents and displaced families to leave in the dark as explosions from tank shelling reverberated around them.

COMPANIES REPORTING RESULTS

AIA Engineering Ltd: Q1 earnings release

Hindustan Copper Ltd: Q1 earnings release

Housing and Urban Development Corporation Ltd: Q1 earnings release

ITI Ltd: Q1 earnings release

Natco Pharma Ltd: Q1 earnings release

National Aluminium Co Ltd: Q1 earnings release

NMDC Ltd: Q1 earnings release

Vodafone Idea Ltd: Q1 earnings release

CORPORATE EVENTS

Aarti Industries Ltd: Q1 earnings conference call

AIA Engineering Ltd: Q1 earnings conference call

APL Apollo Tubes Ltd: Q1 earnings conference call

Aurobindo Pharma Ltd: Q1 earnings conference call

Cholamandalam Financial Holdings Ltd: Q1 earnings conference call

General Insurance Corporation of India: Q1 earnings conference call

Rail Vikas Nigam Ltd: Q1 earnings conference call

SHAREHOLDERS MEETINGS

Berger Paints India Ltd: Annual shareholders meeting

Divi's Laboratories Ltd: Annual shareholders meeting

Hero MotoCorp Ltd: Annual shareholders meeting

Linde India Ltd: Annual shareholders meeting

PNB Housing Finance Ltd: Annual shareholders meeting

EX-DIVIDENDS

Computer Age Management Services Ltd: Interim cash dividend of gross INR 11 paid on Aug 30

ICICI Bank Ltd: Final cash dividend of gross INR 10 paid on Sep 28

NHPC Ltd: Final cash dividend of gross INR 0.5 paid on Sep 27

UPL Ltd: Final cash dividend of gross INR 1 paid on Sep 26

PICTURE OF THE DAY



Flagbearers Manu Bhaker and Sreejesh Parattu Raveendran of India during the closing ceremony of Paris 2024 Olympics at Stade de France, Saint-Denis, France, August 11. REUTERS/Albert Gea

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