

# India Morning Newsletter

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**Indian markets** are likely to cheer **Federal Reserve Chair Jerome Powell's** latest remarks at the **Jackson Hole conference**, where he endorsed an imminent start to interest rate cuts. He also expressed confidence that inflation in the U.S. was sustainably returning to the 2% target. Focus now turns towards the **PCE price index data**, the Fed's preferred gauge, due on Friday. **Inflation data** from the euro zone and India's **GDP report** are also on the economic calendar this week. All eyes are also on the latest quarterly earnings from **Nvidia** on Wednesday, as market participants look to gauge whether companies will continue to invest heavily in artificial intelligence. Nvidia's shares are up some 150% year-to-date, accounting for around a quarter of the S&P 500's 17% year-to-date gain. Going into the day, **domestic equities**, which recorded a seventh straight session of gains on Friday, are likely to mirror gains in other Asian peers and a rally in Wall Street in the previous trading session. Elsewhere, **oil prices** are closely watched on worries that an escalation of the Middle East conflict could disrupt regional supplies.

## FACTORS TO WATCH

• The **National Stock Exchange** has added **Balrampur Chini Mills** to its Futures and Options ban list, while retaining **Aarti Industries, Aditya Birla Fashion & Retail, Birlasoft, Chambal Fertilisers, Gujarat Narmada Valley Fertilizers & Chemicals, Granules India, Hindustan Copper, Indian Energy Exchange, India Cements, National Aluminium, RBL Bank** and **Sun TV Network**. **LIC Housing Finance** and **Piramal Enterprises** were removed from the list.

## STATE OF THE MARKETS

**Indian shares** are set to open higher, mirroring other Asian peers after U.S. Federal Reserve Chair Jerome Powell signalled that interest rate cuts are imminent.

**Indian government bond yields** are expected to trend lower at the start of the week, as U.S. yields fell after Federal Reserve Chair confirmed that the central bank will start cutting interest rates from next month.

The **Indian rupee** is expected to rise after Federal Reserve confirmed a September rate cut, spurring a further drop in the dollar.

**U.S. stocks** rallied on Friday as dovish remarks from U.S. Federal Reserve Chair Jerome Powell solidified expectations that the central bank will cut its key policy rate in September.

**Asian shares** crept cautiously higher, while the dollar and bond yields were on the wane ahead of inflation data that investors hope will pave the way for rate cuts in the United States and Europe.

The **yen** rose to a three-week high against the **dollar** as Federal Reserve Chair Jerome Powell's emphatic dovish shift contrasted sharply with Bank of Japan chief Kazuo Ueda's steadfastly hawkish tone.

**U.S. Treasury yields** sank across the board on Friday after Federal Reserve Chair Jerome Powell, in prepared remarks, delivered his strongest signal yet that interest rates are coming down most likely at the next policy meeting in September.

**Oil** prices extended gains on fears a major spillover in fighting from the Gaza conflict into the Middle East could disrupt regional oil supplies, while imminent U.S. interest rate cuts lifted the global economic and fuel demand outlook.

**Gold** prices ticked up, extending gains from the last session as Federal Reserve Chair Jerome Powell's dovish remarks solidified expectations of an interest rate cut next month.

| Markets                     | Last           | Change    | YTD change |
|-----------------------------|----------------|-----------|------------|
| GIFT Nifty 50               | 24,914.00      | -0.02%    | -          |
| Nifty volatility            | 13.55          | 4.25%     | -          |
| Nikkei                      | 37,963.00      | -1.05%    | 13.44%     |
| Hang Seng                   | 17,795.25      | 1.04%     | 4.39%      |
| S&P 500 e-mini futures      | 5,652.50       | 0.00%     | -          |
| CBOE volatility             | 15.86          | -9.63%    | -          |
| USD/INR                     | 83.89          | -0.07%    | 0.82%      |
| Spot gold                   | \$2,514.99 /oz | 0.19%     | 21.93%     |
| Brent crude                 | \$79.56 /bbl   | 0.68%     | 3.27%      |
| Indian 10-year bond yield   | 6.8590%        | 0.70 bps  | -31.70 bps |
| U.S. 10-year Treasury yield | 3.7839%        | -2.31 bps | -7.61 bps  |

| FII & DII Trading Activity in Equities Aug 23 | Buy        | Sell       | Net       |
|---|------------|------------|-----------|
| Domestic Institutional Investors (DII) in INR | 133.41 bln | 104.45 bln | 28.96 bln |
| Foreign Institutional Investors (FII) in INR  | 167.76 bln | 148.31 bln | 19.44 bln |

(Source: National Stock Exchange of India Ltd.)

## INDIA TOP NEWS

### **India should retain headline inflation as target, external rate panel members say**

Headline inflation impacts Indians directly and should be retained as the target for monetary policy rather than switching to core inflation, external members of the central bank's rate panel told Reuters.

### **Billionaire Adani's Mumbai slum revamp struggles to secure land in potential setback**

A joint-venture led by billionaire Gautam Adani is struggling to secure land to rehabilitate poor residents of one of Asia's largest slums in Mumbai, a government official said, posing a fresh challenge for the ambitious reconstruction plan.

**Swiggy targets \$15 billion valuation in India IPO, sources say**

SoftBank-backed Indian food delivery giant Swiggy is targeting a valuation of around \$15 billion for its upcoming stock market offering to raise \$1-1.2 billion, three people familiar with the matter said.

**Cognizant sues software rival Infosys over trade secrets**

Software provider Cognizant TriZetto sued Indian tech company Infosys in Texas federal court on Friday, accusing Infosys of stealing trade secrets related to its healthcare insurance software.

**India's silver imports to double on demand for solar, investment**

India's silver imports are on course to nearly double this year due to rising demand from solar panel and electronics makers, and as investors bet the metal will give better returns than gold, leading importers said on Friday.

**GLOBAL TOP STORIES****Israel and Hezbollah in major missile exchange as escalation fears grow**

Hezbollah launched hundreds of rockets and drones at Israel early on Sunday, as Israel's military said it struck Lebanon with around 100 jets to thwart a larger attack, in one of the biggest clashes in more than 10 months of border warfare.

**No agreement in Gaza ceasefire talks in Cairo; process to continue, sources say**

There was no agreement on Sunday in the Gaza ceasefire talks that took place in Cairo, with neither Hamas nor Israel agreeing to several compromises presented by mediators, two Egyptian security sources said, casting doubt on the chances of success in the latest U.S.-backed effort to end the 10-month old war.

**Fed's Powell, in policy shift, says 'time has come' to cut rates**

Federal Reserve Chair Jerome Powell on Friday endorsed an imminent start to interest rate cuts, saying further cooling in the job market would be unwelcome and expressing confidence that inflation is within reach of the U.S. central bank's 2% target.

**SHAREHOLDERS MEETINGS**

**SBI Life Insurance Company Ltd:** Annual shareholders meeting

**EX-DIVIDENDS**

**Manappuram Finance Ltd:** Interim cash dividend of gross INR 1 paid on Sep 11

## PICTURE OF THE DAY



*India's Prime Minister Narendra Modi and Ukraine's President Volodymyr Zelenskyy shake hands before commemorating children killed during Russia's attack on Ukraine, in Kyiv, Ukraine August 23. Ukrainian Presidential Press Service/ Handout via REUTERS*

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For questions or comments about this report, contact:  
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