

India Morning Newsletter

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Indian equity benchmark indexes turned positive for the month and the **Nifty 50** hit the 25,000 mark for the second time as **IT stocks** drove markets to near a record high in the previous session. Analysts expect the momentum in the equities to remain positive as a potential **Federal Reserve** rate cut next month would encourage foreign portfolio investments and improve overall market sentiment. However, risk appetite remains weak heading into the trading day after **Wall Street** was weighed down by **Nvidia** overnight, as investors worry that anything short of a stellar revenue forecast from the chip giant could shatter the rally in AI-related stocks. Meanwhile, **oil** prices gained further as production cuts in Libya added to supply concerns on reports of escalating conflict in the Middle East. Later in the day, Indian states will look to raise an aggregate of 362.5 billion rupees through the sale of **bonds** maturing in five to 35 years.

FACTORS TO WATCH

- The **National Stock Exchange** has retained **Aarti Industries, Aditya Birla Fashion & Retail, Balrampur Chini Mills, Birlasoft, Chambal Fertilisers, Indian Energy Exchange, India Cements** and **RBL Bank** in its **Futures and Options** ban list. **Gujarat Narmada Valley Fertilizers & Chemicals, Granules India, Hindustan Copper, National Aluminium** and **Sun TV Network** were removed from the list.

STATE OF THE MARKETS

Indian shares are likely to open little changed with traders expecting profit booking as the benchmark indexes hover near record highs, while a global rally on U.S. rate cut hopes paused.

Indian government bond yields may open a tad higher, as traders brace for higher-than-expected supply from Indian states later in the day, while U.S. Treasury yields remaining largely unchanged.

The **Indian rupee** is expected to largely struggle amid a decline in Asian currencies, weak risk and a move higher in oil prices.

The **S&P 500** finished lower on Monday, with AI heavyweight Nvidia dipping ahead of its quarterly report this week, while investors awaited inflation data for clues about the path of interest-rate cuts by the Federal Reserve.

Asian stocks fell as investors pondered looming U.S. interest rate cuts and awaited earnings from AI darling Nvidia, while rising tensions in the Middle East and supply concerns checked risk sentiment and lifted oil prices.

The **dollar** edged higher and major currencies traded sideways as lingering concerns over tensions in the Middle East partially offset investors' optimism for imminent U.S. interest rate cuts.

U.S. Treasury yields saw modest changes on Monday, after economic data signaled a cooling in business

spending, but moves were limited as investors digested a steep drop on Friday after the Federal Reserve signaled it was ready to cut interest rates.

Oil prices paused their recent advances, receding in Asian trading after surging more than 7% in the previous three sessions on supply concerns prompted by fears of a wider Middle East conflict and the shutdown of Libyan oil fields.

Gold prices edged lower following a slight recovery in the dollar, although losses were capped by investor optimism for imminent U.S. interest rate cuts and fears of a wider Middle East conflict.

Markets	Last	Change	YTD change
GIFT Nifty 50	25,026.50	-0.03%	-
Nifty volatility	13.80	1.79%	-
Nikkei	38,028.02	-0.22%	13.64%
Hang Seng	17,717.14	-0.46%	3.93%
S&P 500 e-mini futures	5,630.75	-0.11%	-
CBOE volatility	16.15	1.83%	-
USD/INR	83.90	0.01%	0.83%
Spot gold	\$2,506.82 /oz	-0.40%	21.54%
Brent crude	\$81.13 /bbl	-0.37%	5.31%
Indian 10-year bond yield	6.8510%	-0.80 bps	-32.50 bps
U.S. 10-year Treasury yield	3.8141%	-0.39 bps	-4.59 bps

FII & DII Trading Activity in Equities Aug 26	Buy	Sell	Net
Domestic Institutional Investors (DII) in INR	130.45 bln	111.75 bln	18.70 bln
Foreign Institutional Investors (FII) in INR	127.49 bln	122.66 bln	4.83 bln

(Source: National Stock Exchange of India Ltd.)

INDIA TOP NEWS

India markets regulator pull up Paytm founder, director on IPO breaches, Moneycontrol reports

India's markets regulator has issued show-cause notices to Paytm founder Vijay Shekhar Sharma and other board members who held roles during the firm's November 2021 IPO over alleged misrepresentation of facts, Moneycontrol reported on Monday.

UltraTech Cement raises \$500 million via sustainability-linked financing

UltraTech Cement said on Monday it has raised \$500 million through a sustainability-linked loan with contributions from six banks.

Biden, Modi discuss Ukraine war after PM's visit, situation in Bangladesh

U.S. President Joe Biden and Indian Prime Minister Narendra Modi on Monday discussed the Russia-Ukraine war following Modi's visit to Ukraine, along with the situation in Bangladesh where protests led to the ousting of former leader Sheikh Hasina earlier this month.

Indian rupee likely to miss Fed pivot-fueled emerging market rally

An expected U.S. interest rate cut next month is unlikely to help the overvalued Indian rupee, even as its emerging market peers gain, bankers said.

India to launch platform for rural, small business lending, cenbank governor says

India will launch a platform to transfer credit to small and rural borrowers, catering to the large unmet demand across various sectors, especially agricultural and small companies, the governor of the Reserve Bank of India (RBI) said on Monday.

GLOBAL TOP STORIES**EXCLUSIVE-Top US general says risk of broader war eases a bit after Israel-Hezbollah exchange**

The near-term risk of a broader war in the Middle East has eased somewhat after Israel and Lebanon's Hezbollah exchanged fire without further escalation but Iran still poses a significant danger as it weighs a strike on Israel, America's top general said on Monday.

Canada to impose 100% tariff on Chinese EVs, including Teslas

Canada, following the lead of the United States and European Union, said on Monday it will impose a 100% tariff on imports of Chinese electric vehicles and announced a 25% tariff on imported steel and aluminum from China.

Edgar Bronfman drops Paramount bid, clearing path for Skydance deal

Media veteran Edgar Bronfman Jr on Monday withdrew from the race to bid for Paramount Global, clearing the way for Skydance Media to take control of Shari Redstone's media empire.

BREAKINGVIEWS**KKR bank sale will gauge India's fee-paying power**

The sponsor is looking for a buyer for Avendus, an investment bank rising up league tables and advising on hot deals, possibly including Swiggy's \$1.2 bln IPO. It's a good time to push a sale of the tech sector's banker of choice after an earlier attempt to offload it stalled.

SHAREHOLDERS MEETINGS

Action Construction Equipment Ltd: Annual shareholders meeting

Apar Industries Ltd: Annual shareholders meeting

Chambal Fertilisers and Chemicals Ltd: Annual shareholders meeting

Emami Ltd: Annual shareholders meeting

Indusind Bank Ltd: Annual shareholders meeting

KPIT Technologies Ltd: Annual shareholders meeting

Maruti Suzuki India Ltd: Annual shareholders meeting

PI Industries Ltd: Annual shareholders meeting

Ratnamani Metals and Tubes Ltd: Annual shareholders meeting

UNO Minda Ltd: Annual shareholders meeting

UPL Ltd: Annual shareholders meeting

PICTURE OF THE DAY



A view shows a partially submerged school and madrasa premises amid severe flooding in the Fazilpur area of Feni, Bangladesh, August 26. REUTERS/Mohammad Ponir Hossain

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For questions or comments about this report, contact:
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