

India Morning Newsletter

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Markets are likely to tread cautiously ahead of **Nvidia's** quarterly earnings. The chipmaker, who has become the poster child for the artificial intelligence boom, is expected to report that its revenue more than doubled in the second quarter. However, the AI-fueled rally in **U.S. stocks** could be in danger if the company's forecast falls short of Wall Street expectations. Nvidia makes up almost 5% of the **S&P 500** earnings contribution. Meanwhile, **Indian shares** were flat in the previous session as gains in financials offset a drop in energy and consumer stocks. Analysts say that domestic inflows have far exceeded foreign outflows, leading to strong liquidity in the market. The liquidity surplus has lent resilience to markets and overpowered the selling pressure despite high valuations. Stretched valuations has also led to foreign investors unloading expensive stocks and pumping money into initial public offerings as they seek cheaper exposure to the market. Separately, the Indian government aims to raise an aggregate of 200 billion rupees through the sale of 91-, 182- and 364-day **Treasury bills** later in the day.

FACTORS TO WATCH

- The **National Stock Exchange** has added **Hindustan Copper** to its **Futures and Options ban list**, while retaining **Balrampur Chini Mills**, **Birlasoft**, **India Cements**. **Aarti Industries**, **Aditya Birla Fashion & Retail**, **Chambal Fertilisers**, **Indian Energy Exchange** and **RBL Bank** were removed from the list.

STATE OF THE MARKETS

Indian shares, trading near record high levels, are set to open little changed, with traders expecting further profit booking ahead of key macroeconomic data due later in the week.

Indian government bond yields are expected to open largely unchanged, as traders eye strong fresh triggers for any directional move, while U.S. yields have also consolidated around current levels.

The **Indian rupee** is expected to open marginally lower in wake of a decline in other Asian currencies and is likely to hold a narrow range amid central bank intervention.

The **S&P 500** ended higher on Tuesday and the **Dow Jones** notched a record-high close ahead of a much-anticipated quarterly report from Nvidia and economic data expected later in the week that could give clues about the path of interest rate cuts.

Global stocks were poised near record highs, with the next move riding on results at chipmaking market darling Nvidia, while sterling notched a 2-1/2 year high as traders bet that Britain will lag the U.S. in cutting interest rates.

The **U.S. dollar** held near its lowest level in more than a year against a basket of peers, with **sterling** trading just off multi-year highs, as markets focused on clues to the size of a widely expected U.S. interest rate cut next month.

U.S. Treasury longer-dated yields edged higher on Tuesday, as investors assessed the likelihood that the U.S. economy will be able to avoid a recession, while a two-year note auction showed better than expected demand.

Oil rebounded after a sharp drop in the previous session ended a three-day streak of gains as investors have whipsawed between concerns about potential supply losses from Libya and the Middle East and worries about global fuel demand.

Gold prices fell, but held near a record high hit last week on prospects of imminent U.S. rate cuts and safe-haven demand fueled by the Middle East crisis.

Markets	Last	Change	YTD change
GIFT Nifty 50	24,992.50	-0.06%	-
Nifty volatility	13.63	-1.18%	-
Nikkei	38,266.01	-0.06%	14.35%
Hang Seng	17,796.59	-0.44%	4.39%
S&P 500 e-mini futures	5,638.00	-0.12%	-
CBOE volatility	15.43	-4.46%	-
USD/INR	83.93	0.03%	0.86%
Spot gold	\$2,516.09 /oz	-0.34%	21.99%
Brent crude	\$79.80 /bbl	0.31%	3.58%
Indian 10-year bond yield	6.8610%	1.00 bps	-31.50 bps
U.S. 10-year Treasury yield	3.8273%	-0.57 bps	-3.27 bps

FII & DII Trading Activity in Equities Aug 27	Buy	Sell	Net
Domestic Institutional Investors (DII) in INR	121.60 bln	127.64 bln	-6.04 bln
Foreign Institutional Investors (FII) in INR	150.02 bln	134.98 bln	15.04 bln

(Source: National Stock Exchange of India Ltd.)

INDIA TOP NEWS

NSE applies for no-objection with markets regulator for public offer, sources say

The National Stock Exchange of India (NSE) on Tuesday restarted the process of its long-pending public offer, according to two sources with direct knowledge of the matter, which, if approved, could be one of the largest IPOs in the country.

Indian solar panels face US scrutiny for possible links to China forced labor

U.S. Customs and Border Protection has detained nearly \$43 million in shipments of electronics equipment from India since October under a 2022 law banning goods made with forced labor, according to agency data, representing a new focus for the trade enforcement agency.

Indian port workers call off strike, agree new wage deal

Nearly 20,000 workers across major Indian ports, who had threatened to go on an indefinite strike from Wednesday, called off their walkout late on Tuesday, after agreeing to a new five-year deal.

Bharti Airtel announces content partnership with Apple

Bharti Airtel has partnered with Apple to bring exclusive offers for Apple Music and Apple TV+ to customers in India later this year, the telecom company said on Tuesday.

General Atlantic, Prosus ask India top court to hear their concerns in Byju's insolvency

Foreign investors in Byju's, including General Atlantic, have urged India's Supreme Court to hear their concerns as judges decide on the future of the insolvent education tech firm, a legal filing shows.

GLOBAL TOP STORIES**Nvidia results could spur record \$300 billion swing in shares, options show**

Traders in the U.S. equity options market are expecting Nvidia's upcoming earnings report to spark a more than \$300 billion swing in the shares of the world's most dominant artificial intelligence chipmaker.

Donald Trump faces revised US indictment in election subversion case

Donald Trump faced a revised federal indictment on Tuesday accusing him of illegally trying to overturn his 2020 election loss, with prosecutors narrowing their approach after a U.S. Supreme Court ruling that former presidents have broad immunity from criminal prosecution.

Israel frees hostage in Gaza, battles Hamas, as displaced families seek safety

Palestinians displaced by fighting in the Gaza Strip crowded onto the seashore as Israeli forces continued to battle Hamas fighters in central and southern areas, freeing one hostage in an operation in the south of the enclave on Tuesday.

GRAPHIC**Foreign investors ditch India's pricey stocks, opt for new issues**

Foreign investors are unloading their holdings of expensive Indian stocks and turning instead to new listings in primary markets as they seek cheaper exposure to the market and better returns.

COMPANIES REPORTING RESULTS

Procter & Gamble Health Ltd: Q1 earnings release

SHAREHOLDERS MEETINGS

Gail (India) Ltd: Annual shareholders meeting

Hatsun Agro Product Ltd: Annual shareholders meeting

Info Edge (India) Ltd: Annual shareholders meeting

Maharashtra Seamless Ltd: Annual shareholders meeting

NHPC Ltd: Annual shareholders meeting

PCBL Ltd: Annual shareholders meeting

Pfizer Ltd: Annual shareholders meeting

Vodafone Idea Ltd: Annual shareholders meeting

Zomato Ltd: Annual shareholders meeting

EX-DIVIDENDS

Asahi India Glass Ltd: Final cash dividend of gross INR 2 paid on Sep 10

Hindustan Zinc Ltd: Interim cash dividend of gross INR 19 paid on Sep 19

PICTURE OF THE DAY



Devotees form a human pyramid to break a clay pot containing curd during the celebrations to mark the Hindu festival of Janmashtami in Mumbai, August 27. REUTERS/Hemanshi Kamani

(Compiled by Priyada K S in Bengaluru)

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