

India Morning Newsletter

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Indian investors are likely to remain cautious ahead of the crucial **U.S. inflation report** for August, which could influence the **Federal Reserve's** upcoming **interest rate decision**. Additionally, the **U.S. presidential debate** may add another layer of uncertainty for global markets, with investors watching closely for any fiscal policy signals that could affect the world's largest economy. **Indian shares** ended higher in the previous session, led by gains in IT and pharma stocks, with investors favouring defensive sectors. Analysts note that while surplus liquidity in the markets supports buying on dips, a clearer direction for Indian equities will likely emerge only after the U.S. inflation figures and Fed policy meeting next week. In the Indian currency market, the **rupee** ended slightly weaker, while domestic **bonds** saw lackluster trading. Separately, the Indian government plans to raise an aggregate of 200 billion rupees through the sale of 91-day, 182-day and 364-day **Treasury bills**.

FACTORS TO WATCH

- The **National Stock Exchange** retained **Aditya Birla Fashion and Retail**, **Balrampur Chini Mills**, **Bandhan Bank**, **Biocon**, **Chambal Fertilisers and Chemicals**, **Hindustan Copper** and **RBL Bank** in its **Futures and Options ban list**.

STATE OF THE MARKETS

Indian shares are likely to open flat, in sync with other Asian peers, ahead of key U.S. inflation data that could influence the quantum of the Federal Reserve's expected rate cut this month.

Indian government bond yields are likely to remain steady in opening trade with market participants awaiting the U.S. inflation prints for clarity on rate cuts from the Federal Reserve. The benchmark 10-year yield is likely to move between 6.84% and 6.88%, compared with its previous close of 6.8510%.

The **Indian rupee** is likely to open slightly higher, helped by the decline on the dollar amid focus on the U.S. presidential debate and inflation data.

Wall Street's benchmark S&P 500 index closed up 0.5% on Tuesday but concerns about slowing economic growth stunted gains and the **Dow** dipped as bank stocks sank after warnings of current-quarter weakness while energy shares tumbled.

Asian stocks wobbled as investors gear up for U.S. inflation data and an eagerly awaited U.S. presidential debate, while oil prices loitered around three-year lows on concerns over a weak demand outlook.

The safe-haven **yen** hit its highest since the start of the year against the **dollar** as U.S. presidential contenders Kamala Harris and Donald Trump kicked off their first debate, with candidates neck-and-neck ahead of the November poll.

U.S. Treasury yields declined on Tuesday on economic worries, ahead of a key U.S. presidential candidates' debate and before Wednesday's release of inflation data, which could fuel speculation on the size of the Federal Reserve's first interest rate cut.

Crude prices bounced as concerns about Tropical Storm Francine disrupting supply of oil outweighed worries about demand.

Gold prices were steady, as investors awaited upcoming key U.S. inflation data for hints on the depth of interest rate cuts expected from the Federal Reserve next week.

Markets	Last	Change	YTD change
GIFT Nifty 50	25,085.50	-0.09%	-
Nifty volatility	13.36	-6.16%	-
Nikkei	35,893.09	-0.74%	7.26%
Hang Seng	17,024.53	-1.22%	-0.13%
S&P 500 e-mini futures	5,484.50	-0.35%	-
CBOE volatility	19.08	-1.90%	-
USD/INR	83.98	0.02%	0.92%
Spot gold	\$2,517.67 /oz	0.06%	22.06%
Brent crude	\$69.58 /bbl	0.56%	-9.68%
Indian 10-year bond yield	6.8510%	-0.30 bps	-32.50 bps
U.S. 10-year Treasury yield	3.6311%	-1.29 bps	-22.89 bps

FII & DII Trading Activity in Equities Sep 10	Buy	Sell	Net
Domestic Institutional Investors (DII) in INR	121.54 bln	124.29 bln	-2.75 bln
Foreign Institutional Investors (FII) in INR	167.72 bln	145.63 bln	22.08 bln

(Source: National Stock Exchange of India Ltd.)

INDIA TOP NEWS

Reliance Retail ties up with Israeli innerwear maker Delta Galil for India expansion

Reliance Retail said on Tuesday it was partnering with Israeli innerwear maker Delta Galil, marking the latest push by billionaire Mukesh Ambani's retail business into India's fast-growing apparel market.

Mahindra, Dr Reddy's deny conflict in payments to India regulatory chief's husband

Indian automaker Mahindra & Mahindra and pharmaceutical company Dr Reddy's Laboratories said on Tuesday they had paid the husband of a senior regulatory official for work when she held the second highest office at the country's market regulator, but denied any conflict of interest.

India's mutual fund assets rise to record high in August; thematic funds lead equity inflows

India's total mutual fund assets jumped to an all-time high of 66.7 trillion rupees, as of August-end, adding about 16 trillion rupees in 2024.

Investors want India to sell short tenor, floating rate bonds in H2, bankers say

Investors want the Indian federal government to sell more short-term and green bonds while resuming floating rate bond auctions, six bankers said on Tuesday.

Indian foreign minister Jaishankar says "not closed to business from China"

India is not "closed to business from China", but the issue is in which sectors the country does business with Beijing and on what terms, foreign minister Subrahmanyam Jaishankar said in Berlin on Tuesday.

GLOBAL TOP STORIES**Harris goes on offense against Trump in combative debate**

Democratic Vice President Kamala Harris put Republican Donald Trump on the defensive at a combative presidential debate with a stream of attacks on abortion limits, his fitness for office and his myriad legal woes, as both candidates sought a campaign-altering moment in their closely fought election.

OPEC again lowers 2024, 2025 global oil demand growth view

OPEC on Tuesday cut its forecast for global oil demand growth in 2024 reflecting data received so far this year and also trimmed its expectation for next year, marking the producer group's second consecutive downward revision.

Fed's Barr unveils sweeping bank capital plan changes after pushback, delays

The Federal Reserve's regulatory chief on Tuesday outlined a plan to raise big banks' capital by 9%, significantly easing an earlier proposal after intense Wall Street opposition but disappointing bank investors and some critics of the rule.

SHAREHOLDERS MEETINGS

Engineers India Ltd: Annual Shareholders Meeting

KEI Industries Ltd: Annual Shareholders Meeting

Prince Pipes and Fittings Ltd: Annual Shareholders Meeting

Westlife Foodworld Ltd: Annual Shareholders Meeting

EX-DIVIDENDS

Finolex Industries Ltd: Final Cash Dividend of gross INR 2.5 paid on Oct 18

General Insurance Corporation of India: Final Cash Dividend of gross INR 10 going ex on Sep 11

PICTURE OF THE DAY



A police officer fires a tear smoke shell to disperse demonstrators during a protest march by the students demanding an end to the latest spurt of ethnic violence, in Imphal, Manipur, September 10. REUTERS/Stringer

(Compiled by Shreya Sabharwal in Bengaluru)

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