

# India Morning Newsletter

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Holidays in Asia make for a quiet start to what is expected to be a busy week ahead. However, thin liquidity could heighten volatility on the back of any market-moving catalysts, adding an extra layer of uncertainty as traders brace for the **U.S. Federal Reserve's** decision on **rate cuts**. As the Fed takes center-stage this week, global traders are holding their breath, poised for what many believe will mark the beginning of a long-awaited easing cycle. The burning question is no longer "if" but "how much?" A bold 50-basis-points (bps) rate cut could ignite optimism, while a cautious 25bps move may trigger disappointment on **Wall Street** and ripple through **Treasuries**. Also in the spotlight will be the Fed's updated economic projections and rate outlook, as its decision sets the tone for global financial markets. Meanwhile, the **Bank of Japan** and the **Bank of England** are expected to stand pat in their respective meetings also scheduled later this week. Closer to home, **Indian markets** wrapped up their best week since June, with attention now shifting to the highly anticipated listing of **Bajaj Housing Finance**, which saw overwhelming demand, with bids 64 times the shares on offer - making it 2024's hottest IPO so far. The **rupee** gained 0.1% last week, marking its strongest weekly performance since late June, as **Asian currencies** benefited from a softer **dollar**. **Indian bond yields** dropped, with the **10-year benchmark yield** hitting its lowest point since March 2022, marking the biggest weekly drop in four months.

## FACTORS TO WATCH

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

## STATE OF THE MARKETS

**Indian shares** are set to open higher, with traders expecting the quantum of the U.S. Federal Reserve rate cut to influence market trajectory as a deeper reduction could attract more foreign inflows.

**Indian government bond yields** are expected to open lower at the start of the week that would see the Federal Reserve announcing its monetary policy decision, with the odds tilting in favour of a bigger interest rate cut. The benchmark 10-year yield is likely to move between 6.77% and 6.80%, compared with its previous close of 6.7904%, the lowest since March 30, 2022.

The **Indian rupee** is expected to receive a boost from the increasing probability that the U.S. Federal Reserve will deliver a 50 basis points rate cut in the week.

**Wall Street's main indexes** closed higher on Friday as investors honed in on the chance of a bigger interest rate cut by the Federal Reserve next week, with rate-sensitive small cap stocks outperforming.

**Asian stocks** made a cautious start in a week that is almost certain to see the start of an easing cycle in the United States with the only question mark being the size of the cut, with markets split on the chance of an outsized move.

The **yen** lounged around its highest levels for the year in trading thinned by a holiday in Japan, as market participants vacillated over the expected size of the Federal Reserve's almost-certain rate cut later this week.

**U.S. Treasury yields** moved lower on Friday as the possibility of a supersized interest rate cut by the Federal Reserve next week gained ground again.

**Oil** prices edged up in early trade amid expectations of a U.S. interest rate cut this week, though gains were capped by U.S. supply resumption following Hurricane Francine and weaker China data.

**Gold** prices inch higher, supported by a weaker **dollar** and on the prospect of a more aggressive rate reduction by the U.S. Federal Reserve at its upcoming policy meeting.

Markets	Last	Change	YTD change
GIFT Nifty 50	25,439.50	0.09%	-
Nifty volatility	12.55	-4.80%	-
S&P 500 e-mini futures	5,632.00	0.04%	-
CBOE volatility	16.56	-2.99%	-
USD/INR	83.89	-0.09%	0.82%
Spot gold	\$2,584.10 /oz	0.30%	25.28%
Brent crude	\$71.86 /bbl	0.35%	-6.72%
Indian 10-year bond yield	6.7920%	-1.90 bps	-38.40 bps
U.S. 10-year Treasury yield	3.6570%	0.80 bps	-20.30 bps

FII & DII Trading Activity in Equities Sep 13	Buy	Sell	Net
Domestic Institutional Investors (DII) in INR	111.56 bln	86.24 bln	25.32 bln
Foreign Institutional Investors (FII) in INR	159.83 bln	136.18 bln	23.65 bln

(Source: National Stock Exchange of India Ltd.)

## INDIA TOP NEWS

### **EXCLUSIVE-India accuses Samsung, Xiaomi of colluding with Amazon, Flipkart**

Samsung, Xiaomi and other smartphone companies colluded with Amazon and Walmart's Flipkart to exclusively launch products on the e-commerce firms' Indian websites in breach of antitrust laws, according to regulatory reports seen by Reuters.

### **India market regulator dismisses charges against NSE in 2019 co-location case**

India's market regulator on Friday dismissed charges of market violations against the National Stock Exchange of India and seven others in a 2019 case, bringing the country's largest stock exchange one step closer to its public listing.

**Mahindra & Mahindra Financial to expand mortgage business**

India's Mahindra & Mahindra Financial Services said on Friday it will expand its mortgage loan business to further strengthen its presence in the financial services sector.

**India removes floor price for basmati rice exports to claw back global share**

India removed a floor price for basmati rice exports on Friday, according to a government order, to help farmers struggling with debt and higher costs boost overseas sales of the premium grade just weeks ahead of the arrival of the new-season crop.

**Adani Power wins joint bid for 25-year power deal to supply Maharashtra state**

Adani Power and Adani Green Energy have won a combined bid to supply 6,600 MW of renewable and thermal power to Maharashtra state for 25 years, the companies said in a joint statement.

**GLOBAL TOP STORIES****Trump safe after new assassination attempt, suspect arrested**

Republican presidential candidate Donald Trump was safe on Sunday after the Secret Service foiled what the FBI called an apparent assassination attempt while he was golfing on his course in West Palm Beach, Florida.

**US locks in steep China tariff hikes, some industries warn of disruptions**

The Biden administration on Friday locked in steep tariff hikes on Chinese imports, including a 100% duty on electric vehicles, to boost protections for strategic industries from China's state-driven industrial practices.

**BoE rate cut helps boost UK housing market but concerns remain, Rightmove says**

Britain's housing market recovered momentum in September, as the Bank of England's first interest rate cut in more than three years and greater political certainty after July 4's election boosted activity, property website Rightmove said on Monday.

**SHAREHOLDERS MEETINGS**

**GMR Airports Ltd:** Annual Shareholders Meeting

**Jindal Worldwide Ltd:** Annual Shareholders Meeting

**Qess Corp Ltd:** Annual Shareholders Meeting

## PICTURE OF THE DAY



Students demonstrate moves after a two-day self-defence training camp organised by Akhil Bharatiya Vidyarthi Parishad (ABVP) and Vidyarthi Vikash following the rape and murder of a trainee medic, inside the premises of R G Kar Medical College and Hospital, in Kolkata, September 15. REUTERS/Sahiba Chawdhary

(Compiled by Shreya Sabharwal in Bengaluru)

For questions or comments about this report, contact:  
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