

India Morning Newsletter

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*The domestic market may continue to show subtle positive momentum as robust institutional flows hint at investors positioning themselves ahead of the Federal Reserve embarking on an easing cycle. While the rate futures market pricing suggests a 50-basis-point rate cut, investors will focus on Jerome Powell's commentary for the near-term trajectory of **Indian IT** and **pharma** equities. In the previous session, the **Nifty** and the **Sensex** traded in a range as investors held a cautious stance, while the **mid-** and **small-cap indexes** continued their sell-off. The **rupee** climbed to its highest level in over a month, lifted by rising expectations of an outsized Fed rate cut, while **government bond yields** rose for the first time in five sessions. The Indian **foreign exchange** and **debt markets** will be shut for a local holiday. Additionally, the scheduled auction of **Treasury bills** has been cancelled.*

FACTORS TO WATCH

• The **National Stock Exchange** added **Biocon** and **Punjab National Bank** to its Futures and Options ban list while retaining **Aarti Industries**, **Balrampur Chini Mills**, **Bandhan Bank**, **Birlasoft**, **Gujarat Narmada Valley Fertilizers & Chemicals**, **Granules**, **Hindustan Copper**, **LIC Housing Finance** and **RBL Bank**.

STATE OF THE MARKETS

Indian shares are set to open little changed, with traders expecting the benchmarks to remain flat ahead of the U.S. Federal Reserve's rate decision and commentary.

U.S. stocks closed nearly unchanged on Tuesday, giving up earlier gains that had vaulted the **S&P 500** and **Dow Industrial Average** to record highs as investors braced for the first Federal Reserve rate cut in 4-1/2 years.

The **dollar** ceded some of its overnight gains while **Asian stocks** put in a mixed display as traders weighed the odds of a super-sized Federal Reserve interest rate cut later in the day.

U.S. Treasury 10-year yields rose from 16-month lows on Tuesday after news that retail sales in the world's largest economy increased unexpectedly last month, suggesting there is no urgency for the Federal Reserve to do a supersized rate cut of 50 basis points.

Oil prices steadied, after rising in the previous two sessions, as investors await the U.S. Federal Reserve's anticipated interest rate cut, with the potential for more violence in the Middle East supporting the market.

Gold prices held steady as market participants braced for an expected Federal Reserve move to cut interest rates for the first time in more than four years.

Markets	Last	Change	YTD change
GIFT Nifty 50	25,468.50	0.18%	-
Nifty volatility	12.59	1.04%	-
Nikkei	36,418.87	0.60%	8.83%
Hang Seng	17,660.02	1.37%	3.59%
S&P 500 e-mini futures	5,646.50	0.13%	-
CBOE volatility	17.61	2.74%	-
Spot gold	\$2,571.14 /oz	0.06%	24.66%
Brent crude	\$73.49 /bbl	-0.28%	-4.61%
U.S. 10-year Treasury yield	3.6419%	-0.01 bps	-21.81 bps

FII & DII Trading Activity in Equities Sep 17	Buy	Sell	Net
Domestic Institutional Investors (DII) in INR	109.60 bln	100.86 bln	8.74 bln
Foreign Institutional Investors (FII) in INR	130.95 bln	126.13 bln	4.83 bln

(Source: National Stock Exchange of India Ltd.)

INDIA TOP NEWS

Air India to spend \$400 mln to revamp interiors of over half its fleet

Air India, owned by the Tata Group, said on Tuesday that it would spend \$400 million to refurbish the interiors of 67 planes, or more than half its fleet, as part of a multi-million dollar transformation of the former state-run carrier.

India's trade deficit widens in August on spike in gold imports, weak exports

India's merchandise trade deficit in August widened to a ten-month high of \$29.65 billion on Tuesday, after gold imports surged while exports fell, dragged down by climbing shipping costs and sluggish global demand.

Hero Future Energies plans to invest \$20 bln in renewables over 6 years

Indian conglomerate Hero Group's power production unit plans to invest \$20 billion over the next six years to scale up its capacity by nearly 16 times, chairman Rahul Munjal told Reuters at an industry event on Tuesday.

Indian lender REC inks renewable energy pacts worth \$13.4 bln

Indian infrastructure lender REC said on Tuesday it has signed pacts worth about \$13.37 billion with renewable energy developers.

Hindalco plans to enter solar module manufacturing, sources say

India's Hindalco Industries plans to start solar modules manufacturing and set up a plant in the western state of Gujarat, two people familiar with the matter told Reuters on Tuesday.

GLOBAL TOP STORIES**Israel planted explosives in Hezbollah's Taiwan-made pagers, say sources**

Israel's Mossad spy agency planted a small amount of explosives inside 5,000 Taiwan-made pagers ordered by Lebanese group Hezbollah months before Tuesday's detonations, a senior Lebanese security source and another source told Reuters.

Japan's exports slow sharply, machinery orders shrink in blow to economic recovery

Japan's export growth slowed sharply in August as shipments to the U.S. dropped for the first time in three years, while machinery orders unexpectedly shrank in July in a worrying sign for an economy struggling to mount a solid recovery.

US decision on Nippon bid for US Steel pushed back until after election

The U.S. national security panel reviewing Nippon Steel's \$14.9 billion bid for U.S. Steel will let the companies refile their application for approval of the deal, a person familiar with the matter said, delaying a decision on the politically sensitive merger until after the presidential election.

SHAREHOLDERS MEETINGS

Finolex Industries Ltd: Annual Shareholders Meeting

Fsn E-Commerce Ventures Ltd: Annual Shareholders Meeting

PB Fintech Ltd: Annual Shareholders Meeting

PICTURE OF THE DAY



Devotees carry idols of the Hindu god Ganesh, the deity of prosperity, for immersion on the last day of the Ganesh Chaturthi festival in Mumbai, September 17. REUTERS/Hemanshi Kamani

(Compiled by Archak Sengupta in Bengaluru)

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