

India Morning Newsletter

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Thursday, September 19, 2024



The **Federal Reserve's** easing cycle, marked by a bumper 50-basis-point interest rate reduction, is likely to boost sentiment in Indian markets. Global markets got a lift after Fed Chair **Jerome Powell** said he saw no signs of a recession, citing solid growth, lower inflation and "a labor market that's still at very solid levels". Markets are now fully pricing in a cut of at least 25 basis points at the central bank's next meeting in November, with a roughly 40% chance for another 50 basis point cut. Separately, analysts pointed out that India's growing weight in MSCI indexes will attract more inflows into the market after India pipped China for first time ever in a key MSCI equities index. The previous session saw **Indian shares** pulling back from record highs, with **IT stocks** being the major drag. The **Nifty IT index** witnessed its largest single-day decline in nearly two months. On the other hand, the **Nifty Bank** finished strong, gaining more than 1,600 points in the last five trading sessions. **Wall Street**, however, ended with modest losses following the Fed decision.

FACTORS TO WATCH

- The National Stock Exchange added **Oracle Financial Services Software** to its Futures and Options ban list while retaining **Aarti Industries, Balrampur Chini Mills, Biocon, Birlasoft, Gujarat Narmada Valley Fertilizers & Chemicals, Granules, LIC Housing Finance, Punjab National Bank** and **RBL Bank**. **Hindustan Copper** was removed from the list.

STATE OF THE MARKETS

Indian shares are set to open slightly higher, with analysts benchmarks to rise through the session after U.S. Federal Reserve began its easing cycle with a large 50 basis point rate cut.

Indian government bond yields are expected to open marginally higher, as U.S. Treasury yields reversed some of their recent declines after the Federal Reserve slashed rates by a larger magnitude than expected. The benchmark 10-year yield is likely to move between 6.75% and 6.81%, compared with its previous close of 6.7808%.

The **Indian rupee's** recovery will have to contend with a broadly higher U.S. dollar despite the Federal Reserve delivering a 50-basis-point rate cut.

U.S. stocks closed with modest losses on Wednesday, well off their intraday highs, after the Federal Reserve cut interest rates by 50 basis points, the high side of estimates for its first cut in more than four years.

The **dollar** bounced, **long-dated bond yields** were up and **Asian stocks** mostly rose after the U.S. Federal Reserve began its easing cycle with a large rate cut, though it tempered that with a balanced outlook as it seeks to keep the economy ticking over.

The **U.S. Treasury yield curve** on Wednesday touched its steepest level since July 2022 after the Federal Reserve cut interest rates by 50 basis points, a larger-than-usual rate reduction as the central bank grappled with a weakening labor market.

Oil prices fell after a larger-than-expected Federal Reserve interest rate cut sparked concerns about the U.S. economy.

Gold struggled for momentum as market participants digested Federal Reserve Chair Jerome Powell's comments after the U.S. central bank delivered a super-sized rate cut.

Markets	Last	Change	YTD change
GIFT Nifty 50	25,425.00	0.28%	-
Nifty volatility	13.37	6.22%	-
Nikkei	37,284.27	2.49%	11.42%
Hang Seng	17,718.27	0.33%	3.94%
S&P 500 e-mini futures	5,714.25	0.60%	-
CBOE volatility	18.23	3.52%	-
USD/INR	83.75	-0.16%	0.65%
Spot gold	\$2,559.82 /oz	0.04%	24.11%
Brent crude	\$73.24 /bbl	-0.56%	-4.93%
Indian 10-year bond yield	6.7790%	1.70 bps	-39.70 bps
U.S. 10-year Treasury yield	3.7320%	4.50 bps	-12.80 bps

FII & DII Trading Activity in Equities Sep 18	Buy	Sell	Net
Domestic Institutional Investors (DII) in INR	117.95 bln	116.42 bln	1.52 bln
Foreign Institutional Investors (FII) in INR	116.54 bln	105.00 bln	11.54 bln

(Source: National Stock Exchange of India Ltd.)

INDIA TOP NEWS

India's cabinet accepts recommendation to hold simultaneous national, state elections

India's cabinet has accepted a recommendation to hold simultaneous elections to state assemblies and the national parliament, the information minister said on Wednesday, a move pushed by Prime Minister Narendra Modi to improve governance.

State-run NTPC's green energy arm files for \$1.2 bln India IPO

India's NTPC Green Energy filed draft papers for a \$1.19 billion initial public offering on Wednesday, as it looks to cash in on the country's renewables expansion plans and a red-hot equities market.

Indian govt plans to sell 7% stake in renewable energy lender IREDA

The Indian government aims to sell a 7% stake in the Indian Renewable Energy Development Agency (IREDA) via an institutional share sale, the renewables lender said on Wednesday.

GLOBAL TOP STORIES**Fed unveils oversized rate cut as it gains 'greater confidence' about inflation**

The U.S. central bank on Wednesday kicked off an anticipated series of interest rate cuts with a larger-than-usual half-percentage-point reduction that Federal Reserve Chair Jerome Powell said was meant to show policymakers' commitment to sustaining a low unemployment rate now that inflation has eased.

Hezbollah devices explode again in Lebanon, raising fears of wider Israel conflict

Hand-held radios used by armed group Hezbollah detonated on Wednesday across Lebanon's south in the country's deadliest day since cross-border fighting erupted between the militants and Israel nearly a year ago, stoking tensions after similar explosions of the group's pagers the day before.

Bank of England set to hold rates with bond sales in spotlight

The Bank of England looks set to keep interest rates on hold on Thursday as it awaits signs that inflation risks are quashed, putting the focus instead on a decision about bond sales that could feed into Finance Minister Rachel Reeves' first budget.

SHAREHOLDERS MEETINGS

Aditya Birla Fashion and Retail Ltd: Annual Shareholders Meeting

Capri Global Capital Ltd: Annual Shareholders Meeting

eClerx Services Limited: Annual Shareholders Meeting

Garware Technical Fibres Ltd: Annual Shareholders Meeting

ICICI Securities Ltd: Annual Shareholders Meeting

Vardhman Textiles Ltd: Annual Shareholders Meeting

EX-DIVIDENDS

APL Apollo Tubes Ltd: Final cash dividend of gross INR 5.5 paid on Oct 26

Hindustan Copper Ltd: Final cash dividend of gross INR 0.92 paid on Oct 26

Multi Commodity Exchange of India Ltd: Final cash dividend of gross INR 7.64 paid on Oct 24

Olectra Greentech Ltd: Final cash dividend of gross INR 0.4 paid on Oct 26

Swan Energy Ltd: Final cash dividend of gross INR 0.1 paid on Oct 26

PICTURE OF THE DAY



People queue to vote at a polling station, during the first phase of assembly election, in south Kashmir's Kokernag, September 18. REUTERS/Sharafat Ali

(Compiled by Archak Sengupta in Bengaluru)

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