

# India Morning Newsletter

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The **Nifty Bank index**, just a few points short of its all-time high, is likely to attract attention in Friday's session after a six-day winning streak that saw it gain over 2,000 points. For the week so far, it has risen more than 2%, building on last week's 2.5% increase. In contrast, the benchmark **Nifty 50 index** retreated from its record levels on profit-taking on Thursday. Additionally, the **mid- and small-cap indexes** have declined for three consecutive days, as substantial buying from both domestic and foreign institutional investors has pushed valuations into overbought territory. This week, the **mid-cap index** has fallen 1.1%, the **small-cap index** nearly 2%, and the **PSE index** is down 2.5%, on track for its third straight weekly decline. The **Nifty**, however, is up 0.2% for this week and needs to close above 25,356 to secure weekly gains. Meanwhile, the **rupee** reached a two-month high, while the **government bond yields** fell, with the **10-year benchmark yield** hitting its lowest in 31 months. On **Wall Street**, there was a delayed positive response to the Fed's rate cut, with the **Dow** closing above 42,000 for the first time and the **S&P 500** hitting a record closing high.

## FACTORS TO WATCH

- 5 PM **Bank Loan Growth** for the week ended 6 Sep: Prior 13.6%
- 5 PM **Deposit Growth** for the week ended 6 Sep: Prior 10.8%
- 5 PM **FX Reserves** for the week ended 13 Sept: Prior \$689.24 bln
- The National Stock Exchange added **Chambal Fertilisers and Chemicals, National Aluminium Company** and **Steel Authority of India** to its Futures and Options ban list, while retaining, **Aarti Industries, Biocon, Birlasoft, Gujarat Narmada Valley Fertilizers & Chemicals, Granules, LIC Housing Finance, Oracle Financial Services Software, Punjab National Bank** and **RBL Bank**. **Balrampur Chini Mills** was removed from the list.

## STATE OF THE MARKETS

**Indian shares** are set to open higher, after an outsized interest rate in the U.S. and anticipation of soft landing in the world's largest economy boosted risk appetite and aided investor sentiment.

**Indian government bond yields** are expected to open largely unchanged, as focus would shift to fresh debt supply including the benchmark bond, while broader sentiment remained positive after the an oversized interest rate cut in the United States. The benchmark 10-year yield is likely to move between 6.74% and 6.77% till the debt auction, compared with its previous close of 6.7577%.

The **Indian rupee** is expected to open higher and add to its weekly advance, boosted by the healthy risk appetite and bets that U.S. Federal Reserve will push borrowing cost further lower.

The **S&P 500** surged to a record high close on Thursday, the day after the Federal Reserve cut interest rates by 50 basis points and indicated more rate cuts were on the horizon.

**Asian shares** extended their rally, bathing in the afterglow of an outsized interest rate cut in the United States, while the yen was jittery ahead of a monetary policy decision in Japan as traders look for clues about future tightening.

The **yen** remained under pressure as investors wagered the Bank of Japan would wrap up a policy meeting sounding cautious on further tightening, while the U.S. dollar had its own problems as markets priced in more rapid U.S. rate cuts.

**U.S. Treasury yields** advanced on Thursday, in line with gains in stocks, as better-than-expected jobless claims data further stoked global risk appetite, a day after the Federal Reserve announced a jumbo interest rate cut.

**Oil** prices edged lower but were on track to end higher for a second straight week following a large cut in U.S. interest rates and declining global stockpiles.

**Gold** prices steadied near record highs and were poised for a weekly gain, as markets adjusted to the U.S. Federal Reserve's recent super-sized interest rate reduction and signs that further cuts were on the horizon.

| Markets                     | Last           | Change    | YTD change |
|-----------------------------|----------------|-----------|------------|
| GIFT Nifty 50               | 25,536.50      | -0.11%    | -          |
| Nifty volatility            | 12.47          | -6.75%    | -          |
| Nikkei                      | 37,920.42      | 2.06%     | 13.32%     |
| Hang Seng                   | 18,237.42      | 1.24%     | 6.98%      |
| S&P 500 e-mini futures      | 5,771.25       | -0.12%    | -          |
| CBOE volatility             | 16.33          | -10.42%   | -          |
| USD/INR                     | 83.68          | -0.08%    | 0.57%      |
| Spot gold                   | \$2,589.37 /oz | 0.11%     | 25.54%     |
| Brent crude                 | \$74.53 /bbl   | -0.47%    | -3.26%     |
| Indian 10-year bond yield   | 6.7580%        | -2.10 bps | -41.80 bps |
| U.S. 10-year Treasury yield | 3.7094%        | -3.06 bps | -15.06 bps |

| FII & DII Trading Activity in Equities Sep 19 | Buy        | Sell       | Net        |
|---|------------|------------|------------|
| Domestic Institutional Investors (DII) in INR | 162.35 bln | 142.22 bln | 20.13 bln  |
| Foreign Institutional Investors (FII) in INR  | 178.52 bln | 204.00 bln | -25.48 bln |

(Source: National Stock Exchange of India Ltd.)

## INDIA TOP NEWS

### **HDFC Bank to close \$1 billion loan sale this month, sources say**

HDFC Bank hopes to complete a planned sale of loans worth more than \$1.08 billion - its largest to date - by the end of September, three sources aware of the matter said on Thursday.

**IIFL Finance says RBI lifts curbs on its gold loan business**

IIFL Finance, said on Thursday that India's central bank has lifted the restrictions on the company's gold loan business, in what would be the removal of a key overhang on the lender.

**India markets regulator bars Axis Capital from acting as banker for new debt issues**

India's markets regulator on Thursday barred investment bank Axis Capital from acting as a merchant banker for new debt issues for allegedly violating rules, according to an interim order on the regulator's website.

**Anti-money laundering watchdog urges India to speed up prosecutions**

The global anti-money laundering watchdog Financial Action Task Force (FATF) urged India on Thursday to speed up its prosecutions in financial fraud cases.

**India probing EY's 'work environment' after death of young employee**

India is investigating the work environment at Big Four accounting firm EY, the labour minister said on Thursday, after the death of a 26-year-old associate worker was blamed on stress by her mother who demanded accountability.

**GLOBAL TOP STORIES****Israel unleashes heavy strikes on Lebanon as US, UK urge restraint**

Israeli warplanes carried out late on Thursday their most intense strikes on southern Lebanon in nearly a year of war, heightening the conflict between Israel and Lebanese armed group Hezbollah amid calls for restraint.

**China unexpectedly leaves lending rates steady; markets expect cuts soon**

China unexpectedly left benchmark lending rates unchanged at the monthly fixing, confounding market expectations that were primed for a move after the Federal Reserve delivered an outsized interest rate cut earlier this week.

**Nike veteran Hill to replace Donahoe as CEO; shares jump**

Nike said on Thursday that former senior executive Elliott Hill will rejoin the company to succeed John Donahoe as president and CEO, as the sportswear giant shakes up its leadership amid efforts to revive sales and battle rising competition.

**BREAKINGVIEWS****India's open for business push has local quirks**

Prime Minister Narendra Modi has spent much of the past decade lowering barriers to foreign investment in India. Yet a growing list of firms including BlackRock, BMW and Shein are expanding in the country in partnership with local tycoons. It tightens the grip powerful families have on the world's fifth-largest economy, and sets them up as future global rivals to those knocking on their door.

**SHAREHOLDERS MEETINGS**

**BEML Ltd:** Annual Shareholders Meeting

**Gujarat Narmada Valley Fertilizers & Chemicals Ltd:** Annual Shareholders Meeting

**Mastek Ltd:** Annual Shareholders Meeting

**Max Healthcare Institute Ltd:** Annual Shareholders Meeting

**Sun Tv Network Ltd:** Annual Shareholders Meeting

### EX-DIVIDENDS

**National Aluminium Co Ltd:** Final cash dividend of gross INR 2 paid on Sep 27

**RITES Ltd:** Final cash dividend of gross INR 5 paid on Oct 12

**Sammaan Capital Ltd:** Final cash dividend of gross INR 2 paid on Oct 27

**Tamilnad Mercantile Bank Ltd:** Final cash dividend of gross INR 10 paid on Sep 28

### PICTURE OF THE DAY



*Bharatiya Janata Party's supporters react as they listen to Prime Minister Narendra Modi during his election campaign rally in Sher e Kashmir Stadium in Srinagar, September 19, 2024. REUTERS/Sharafat Ali*

(Compiled by Archak Sengupta in Bengaluru)

For questions or comments about this report, contact:  
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