

# India Morning Newsletter

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**Indian markets** sustained their upward momentum on Thursday, with the **benchmark Nifty 50** and **BSE Sensex** extending their record high streak for a sixth consecutive session. Gains were driven by automakers, supported by hopes of clean energy incentives in Karnataka, alongside a 2.1% surge in **metal stocks**, which tracked the global rise in metal prices. The recent U.S. Federal Reserve rate cut has also fuelled optimism for increased foreign inflows, propelling the **Nifty 50** and **BSE Sensex** up 3.3% and 3.5%, respectively, so far this week. Global markets have also experienced strong gains with **Shanghai's blue-chip index** up 10.8% this week, heading for its best weekly performance in a decade after China signalled plans for additional spending to support economic growth. In the U.S., the **S&P 500** closed at a record level, fuelled by stronger-than-expected jobless claims data, which eased concerns about the labour market. The **final U.S. GDP** reading confirmed a solid 3% growth in the second quarter, further supporting market optimism. **Micron's** nearly 16% surge, following a raised revenue outlook, also lifted the **tech sector**. Investors now anxiously await the Fed's preferred measure of inflation - **Personal Consumption Expenditures (PCE) price index** due later in the day. In the currency markets, the **Indian rupee** weakened despite a rise in most **Asian currencies**, as importer demand for **dollars** overshadowed other factors. **Indian government bond yields** fell, with the **10-year benchmark yield** hitting its lowest point in 2-1/2 years. The government reaffirmed its commitment to stick to its borrowing target for the fiscal year, planning to raise ₹6.61 trillion through bond sales between October and March. While some selling pressure is expected after markets were anticipating a reduction in borrowing, analysts believe that any rise in the 10-year bond yield will likely remain contained. During the day, the Indian government aims to raise at least 340 billion rupees through the **sale of bonds**.

## STATE OF THE MARKETS

**Indian shares** are set to open at fresh highs, extending its rally on upbeat hopes of higher foreign inflows, while investors will also watch out for domestic IT stocks after U.S. bellwether Accenture posted a profit beat.

**Indian government bond yields** are expected to marginally reverse their recent fall in early trade, after the government kept borrowing for the October-March period in line with budget estimates, with no major tweaks in issuance pattern. Traders will also focus on fresh debt supply, while remaining cautious after rise in U.S. Treasury yields. The **benchmark 10-year yield** is likely to move between 6.72% and 6.75% till the debt auction, compared with its previous close of 6.7178%, which was the lowest since Feb. 21, 2022.

The **Indian rupee** is likely to open flat-to-slightly-lower on Friday as traders gauge the pullback in odds of another 50-basis-point rate cut by the U.S. Federal Reserve, while recent gains in the yuan are expected to keep Asian currencies well supported.

The **S&P 500** scored a record closing high and the **Dow** and **Nasdaq** rose on Thursday, as Micron Technology shares rallied and a strong U.S. jobless claims report eased labor market concerns.

**Chinese stocks** are headed for the best week since 2008 as Beijing rolled out a huge stimulus package to revive the economy, lifting Asian shares to 2-1/2-year highs, while a sharp fall in oil prices bodes well for disinflation globally.

The **dollar** wobbled, poised for a fourth straight week of declines as investors weighed U.S. data to gauge the pace of interest rate cuts, while China's spree of stimulus measures kept risk-sensitive currencies aloft.

**U.S. Treasury yields** rose on Thursday after strong data, including an unexpected drop in jobless claims, led traders to cut bets that the Federal Reserve will make another 50-basis point cut at its November meeting.

**Oil** prices fell for a third day, on course to end the week lower, as investors focused on expectations of higher supplies from Libya and the broader OPEC+ group of oil exporters.

**Gold** held its ground after hitting a record high in the previous session on mounting expectations of another big U.S. interest rate cut this year, while market participants awaited a key inflation report for further direction.

Markets	Last	Change	YTD change
GIFT Nifty 50	26,341.50	-0.13%	-
Nifty volatility	12.00	-5.81%	-
Nikkei	38,952.88	0.07%	16.40%
Hang Seng	20,420.50	2.49%	19.79%
S&P 500 e-mini futures	5,798.50	-0.10%	-
CBOE volatility	15.37	-0.26%	-
USD/INR	83.64	0.06%	0.52%
Spot gold	\$2,669.00 /oz	-0.04%	29.40%
Brent crude	\$71.23 /bbl	-0.52%	-7.54%
Indian 10-year bond yield	6.7180%	-2.00 bps	-45.80 bps
U.S. 10-year Treasury yield	3.7905%	0.15 bps	-6.95 bps

FII & DII Trading Activity in Equities Sep 26	Buy	Sell	Net
Domestic Institutional Investors (DII) in INR	154.61 bln	130.56 bln	24.05 bln
Foreign Institutional Investors (FII) in INR	264.21 bln	257.91 bln	6.30 bln

(Source: National Stock Exchange of India Ltd.)

## INDIA TOP NEWS

### **India sees food inflation easing, low oil prices a 'bright spot'**

India expects food inflation to ease in the absence of climatic shocks, and low oil prices will be a "bright spot for the economy", the government's monthly economic report said on Thursday.

**Swiggy files for \$1.25 billion IPO in India's booming stock market**

SoftBank-backed Swiggy filed papers on Thursday for an initial public offering, which a source said would be worth \$1.25 billion, as the food delivery firm looks to tap a booming stock market in one of India's biggest listings this year.

**India maintains Oct-March borrowing via bonds at budgeted 6.61 trillion rupees**

India's government will stick to its budgeted borrowing plan for the current financial year and sell bonds worth 6.61 trillion rupees from October through March, it said on Thursday.

**India flags quality issues with some widely used antacids and paracetamol**

India's drug regulator has found more than 50 drugs, including some batches of widely used antacids and paracetamol, to be substandard or fake, according to government documents.

**India's Ola Electric to boost sales and servicing; aims to add 10,000 partners by 2025**

India's Ola Electric Mobility is bolstering its sales and services operations and plans to add 10,000 partners by the end of 2025, the company said on Thursday, as it looks to strengthen its network after facing heat over unsatisfactory servicing.

**GLOBAL TOP STORIES****Japan's LDP picks new leader to replace outgoing PM Kishida**

Japan's ruling party will hold one of the most unpredictable leadership contests in decades on Friday, a race that could result in Japan's youngest or first female premier, or see a popular veteran succeed in his fifth and final leadership bid.

**China cuts banks' reserve ratio as economic growth sputters**

China's central bank said it would cut the amount of cash that banks must hold as reserves by 50 basis points, the second reduction this year aimed at bolstering faltering economic growth.

**India cuts target for fast-track sex crime courts as states fall short**

The Indian government has slashed its goal to create thousands of new tribunals to try sex crimes speedily after states like West Bengal, where the recent brutal rape-homicide of a doctor shook the nation, fell far short of targets, according to three federal government officials and an internal document seen by Reuters.

**FOCUS****Outdated fleet and seats, supply woes hobble Air India's turnaround**

Two years after Tata Group took control of Air India in a \$2.4 billion deal, re-kitting an ageing fleet amid parts shortages and persistent flight delays stand in the way of the former state-owned carrier's intent to become "a world class airline".

**SHAREHOLDERS MEETINGS**

**Campus Activewear Ltd:** Annual Shareholders Meeting

**Gujarat Fluorochemicals Ltd:** Annual Shareholders Meeting

**Gujarat Mineral Development Corporation Ltd:** Annual Shareholders Meeting

**Indraprastha Gas Ltd:** Annual Shareholders Meeting  
**Inox Wind Ltd:** Annual Shareholders Meeting  
**KIOCL Ltd:** Annual Shareholders Meeting  
**MMTC Ltd:** Annual Shareholders Meeting  
**National Aluminium Co Ltd:** Annual Shareholders Meeting  
**RHI Magnesita India Ltd:** Annual Shareholders Meeting  
**Sammaan Capital Ltd:** Annual Shareholders Meeting

## PICTURE OF THE DAY



Members of the Wahab Shah Dance Company perform during a folk art performance in the inaugural of the World Cultural Festival in Karachi, Pakistan, September 26. REUTERS/Akhtar Soomro

(Compiled by Shreya Sabharwal in Bengaluru)

For questions or comments about this report, contact:  
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