

India Morning Newsletter

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The **Reserve Bank of India** geared up for its monetary policy meeting and the reconfigured rate panel is expected to hold interest rates steady for a 10th consecutive session. Considering the slowdown in Q1 GDP growth, PMI and consumer demand, few investors expect a shift in stance to "neutral". The members could also discuss whether to look at headline or core inflation while deciding on policy guidance. Later in the day, **minutes** from the **Federal Reserve's latest policy meeting** is due for release. Meanwhile, **Wall Street** recovered overnight, boosted by tech stocks and easing **Treasury yields**, while expectations of a 25 bps Fed rate cut in November continued to strengthen. On Tuesday, **Indian equities** recouped from a six-session losing streak on dip-buying, while BJP party's win in Haryana state election also supported investor sentiment. Besides, a lack of fresh details from China on stimulus measures could have also directed foreign inflows to India. **Nifty 50** rose 0.88% and **Sensex** added 0.72%, with **small- and mid-caps** gaining about 2% each. Among individual stocks, **HDFC Bank** and **Reliance Industries** rose about 2% each. Furthermore, **FTSE Russell** announced inclusion of the country's sovereign bonds in its **debt index**, starting September 2025. Looking ahead, the Indian government aims to raise an aggregate of 190 billion rupees through the sale of 91-day, 182-day and 364-day **Treasury bills**.

FACTORS TO WATCH

- 10:00 am **Repo Rate**: Expected 6.50%; Prior 6.50%
- 10:00 am **Reverse Repo Rate**: Prior 3.35%
- 10:00 am **Cash Reserve Ratio**: Expected 4.50%; Prior 4.50%
- 10:00 am **Standing Deposit Facility Rate**: Expected 6.25%; Prior 6.25%
- 10:00 am **Marginal Standing Facility Rate**: Expected 6.75%; Prior 6.75%
- The **National Stock Exchange** added **Steel Authority of India Ltd** to its Futures and Options ban list, while retaining **Bandhan Bank, Birlasoft, Gujarat Narmada Valley Fertilizers & Chemicals Limited, Granules, Hindustan Copper, IDFC First Bank, Manappuram Finance, Punjab National Bank** and **RBL Bank**.

STATE OF THE MARKETS

Indian shares are set to open higher ahead of the Reserve Bank of India's policy meeting, at which the central bank is expected to stand pat on interest rates.

Indian government bond yields are expected to move marginally lower in opening deals, after getting included in yet another global bond index. The downside in yields will however be capped until the Reserve Bank of India's monetary policy decision, due at 10:00 a.m. IST. The **benchmark 10-year bond yield** is likely to move between 6.78% and 6.82% till the central bank decision, compared with its previous close of 6.8077%.

The **Indian rupee** is expected to rise marginally at open in wake of bit of relief for Asian peers and the drop in oil prices, while traders eyed the Reserve Bank of India's policy decision and the minutes of the last Federal Reserve meeting.

Wall Street's benchmarks finished up on Tuesday, recouping some of the previous session's losses, as investors bought back in to technology stocks and investors shifted their focus to upcoming inflation data and the start of third-quarter earnings season.

Chinese shares fell and **commodities** nursed sharp losses as investors tempered enthusiasm for a Chinese economic recovery, while broader markets steadied on expectations that the U.S. economy can avoid recession and support global demand.

The **dollar** drifted sideways, giving some relief to the yen and other major currencies after a sharp rally to a seven-week high last week, as investors paused to assess the interest rate path outlook for the United States.

U.S. Treasury yields were mixed on Tuesday in choppy trading as short-term rates fell, while those on the long end inched higher on factors such as Federal Reserve monetary policy, investor positioning, and economic outlooks affecting market moves.

Oil prices steadied as traders weighed uncertainty surrounding developments in the Middle East conflict against continued bearish fundamentals.

Gold prices edged lower as traders awaited cues on U.S. interest rate policy from the minutes of the Federal Reserve's latest meeting.

Markets	Last	Change	YTD change
GIFT Nifty 50	25,142.50	-0.03%	-
Nifty volatility	14.59	-3.27%	-
Nikkei	39,189.84	0.65%	17.11%
Hang Seng	20,841.31	-0.41%	22.26%
S&P 500 e-mini futures	5,790.00	-0.18%	-
CBOE volatility	21.42	-5.39%	-
USD/INR	83.96	-0.02%	0.91%
Spot gold	\$2,618.63 /oz	-0.13%	26.96%
Brent crude	\$77.35 /bbl	0.22%	0.40%
Indian 10-year bond yield	6.8060%	-4.00 bps	-37.00 bps
U.S. 10-year Treasury yield	4.0080%	-2.70 bps	14.80 bps

FII & DII Trading Activity in Equities Oct 8	Buy	Sell	Net
Domestic Institutional Investors (DII) in INR	194.95 bln	124.94 bln	70.01 bln
Foreign Institutional Investors (FII) in INR	147.74 bln	205.04 bln	-57.30 bln

(Source: National Stock Exchange of India Ltd.)

INDIA TOP NEWS**India, S. Korea bonds to join FTSE Russell government indexes in 2025**

Global index provider FTSE Russell said on Tuesday it would include India's sovereign bonds in its Emerging Markets Government Bond Index from September 2025, after index inclusion by JP Morgan and Bloomberg Index Services, potentially drawing billions of dollars into local bonds.

India's market regulator asks for stricter review of alternate investment fund investors

India's markets regulator on Tuesday asked fund managers of alternate investment funds to exercise stricter due diligence of investors to prevent circumvention of rules, including "evergreening" or masking of stressed loans.

India's Adani Green units plan to raise up to \$1 billion in dollar bonds, bankers say

Four subsidiaries of India's Adani Green Energy plan to raise up to \$1 billion by issuing U.S. dollar-denominated bonds, two merchant bankers involved in the deal said on Tuesday.

China's BYD wants to build cars in India, but has no 'direct' signal of investment rules easing

China's BYD wants to make cars in India but has received no "direct" signal from New Delhi on a possible easing of stringent investment rules for Chinese businesses, a top executive said, as the automaker seeks to expand in a fast-growing market.

India warns Ola Electric on customer service after 10,000 complaints

India's consumer rights agency received unusually high 10,000 complaints against Ola Electric over a year and has sent a notice seeking explanation from the SoftBank-backed e-scooter maker, a top official at the watchdog said on Tuesday.

GLOBAL TOP STORIES**Israel says it has killed slain Hezbollah leader's successors**

Prime Minister Benjamin Netanyahu said on Tuesday Israeli airstrikes had killed two successors to Hezbollah's slain leader, as Israel expanded its ground offensive against the Iran-backed group with a fourth army division deployed into south Lebanon.

US mulling potential breakup in Google search case

The U.S. said in a court filing on Tuesday it was considering asking a judge to force Alphabet's Google to divest parts of its business that helped the Big Tech firm maintain an illegal monopoly in online search.

PREVIEW-US bank profits to shrink on interest income, focus shifts to Fed cuts

JPMorgan Chase and Wells Fargo kick off earnings for the sector on Friday, and investors are expected to focus on the big banks' forecasts for net interest income after strong jobs data fueled uncertainty about the path of future Federal Reserve rate cuts.

PICTURE OF THE DAY



Supporters of the Jammu and Kashmir National Conference party celebrate outside the vote counting centre on the day of the assembly election results, in Srinagar, October 8. REUTERS/Sharafat Ali

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