

India Morning Newsletter

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Friday, October 11, 2024

Earnings Roundup

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Following a surprisingly sticky **U.S. inflation** data on Thursday, global investors are expected to shift their attention to the U.S. third-quarter earnings, with major **Wall Street banks** set to release their results later in the day. Domestic traders will digest the results from IT giant **Tata Consultancy Services**, which kicked off the earnings season on a downbeat note, reporting a lower-than-expected profit due to weakness in the North American market. **Indian shares** pared gains to end marginally higher in the previous session, with the **IT index** dropping 1.25% after rising for four straight sessions. **Tech Mahindra** and **Infosys** were among the top **Nifty 50** losers, declining 3% and 2%, respectively. Despite the overall positive outlook for Indian markets, moderating earnings growth could weigh on inflated valuations and temper investor expectations. Meanwhile, the **National Stock Exchange** of India confirmed it would retain weekly derivative contracts tied to the benchmark Nifty 50, following tighter regulations imposed by the country's market watchdog. In the U.S., **Wall Street** closed lower on Thursday, as higher-than-expected **inflation** and **unemployment claims** stoked concerns about the health of the economy and future interest rate decisions. The **U.S. producer price index** and **India's industrial output** data will also be in focus during the day. On Saturday, the limelight will be on **China's** finance ministry, which will detail plans on **fiscal stimulus** to boost the economy. On a separate note, the **Indian rupee** ended flat, supported by RBI intervention amid **dollar** demand and weak Asian currencies, while **Indian government bond yields** ended largely unchanged after a choppy session. Separately, the Indian government is aiming to raise at least 290 billion rupees through the **sale of bonds**.

FACTORS TO WATCH

- 05:00 pm **FX Reserves** for the week ending 4 Oct: Prior \$704.89 bln
- 05:30 pm **Industrial Output YY** for Aug: Expected 1.2%; Prior 4.8%
- 05:30 pm **Cumulative Industrial Output** for Aug: Prior 5.2%
- 05:30 pm **Manufacturing Output** for Aug: Prior 4.6%
- The **National Stock Exchange** added **Chambal Fertilisers and Chemicals 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**, **RBL Bank**, **Steel Authority of India Ltd** and **Tata Chemicals Ltd**.

STATE OF THE MARKETS

Indian shares are set to open marginally higher, with focus on IT stocks after Tata Consultancy Services' profit miss in September quarter.

Indian government bond yields are expected to move marginally higher in early trading, as U.S. yields rose further, while traders await fresh debt supply through a weekly auction. The benchmark 10-year bond yield is likely to move between 6.76% and 6.780%, compared with its previous close of 6.7775%.

The **Indian rupee** is likely to open nearly flat and hold a narrow range through the day after the U.S. inflation data did not have much of an impact on the Federal Reserve's near-term interest rate outlook. The 1-month non-deliverable forward indicated that the rupee will open barely changed from 83.9675 in the previous session.

Wall Street's main indexes closed lower on Thursday as investors looked to higher-than-expected inflation and unemployment claims for indications on the health of the U.S. economy and the path for interest rates.

Asian shares were headed for the first weekly loss in five as the stunning rally in Chinese shares took a breather, although all eyes are on the details of the much-anticipated fiscal stimulus from Beijing this weekend.

The **U.S. dollar** fell from two-month highs hit overnight versus its major peers after signs of weakness in the labour market boosted the case for quicker Federal Reserve rate cuts.

U.S. Treasury yields were mixed on Thursday in volatile trading, with short-end rates lower and those on long-dated maturities higher, after data showed an increase in weekly jobless claims and an annual rise in inflation that was the lowest since February 2021.

Oil eased after a rally the previous day, but prices remained set for a second straight weekly gain as investors weighed the impact of hurricane damage on U.S. demand against any broad supply disruption if Israel attacks Iranian oil sites.

Markets	Last	Change	YTD change
GIFT Nifty 50	25,086.00	0.11%	-
Nifty volatility	13.50	-4.44%	-
Nikkei	39,627.33	0.63%	18.42%
Hang Seng	21,251.98	2.98%	24.66%
S&P 500 e-mini futures	5,833.75	0.08%	-
CBOE volatility	20.93	0.34%	-
USD/INR	83.97	0.01%	0.91%
Spot gold	\$2,636.00 /oz	0.25%	27.80%
Brent crude	\$78.95 /bbl	-0.57%	2.48%
Indian 10-year bond yield	6.7760%	1.00 bps	-40.00 bps
U.S. 10-year Treasury yield	4.0648%	-2.92 bps	20.48 bps

FII & DII Trading Activity in Equities Oct 10	Buy	Sell	Net
Domestic Institutional Investors (DII) in INR	133.01 bln	94.23 bln	38.78 bln
Foreign Institutional Investors (FII) in INR	165.14 bln	214.41 bln	-49.27 bln

(Source: National Stock Exchange of India Ltd.)

INDIA TOP NEWS

India's TCS misses Q2 profit estimates on North America weakness

Tata Consultancy Services on Thursday kicked off the earnings season for Indian IT majors on a glum note after it reported a lower-than-expected quarterly profit on weakness in its key North American market.

India's NSE to retain Nifty 50-linked weekly options after new derivatives rules

The National Stock Exchange of India said on Thursday it will retain weekly derivative contracts linked to the benchmark Nifty 50 index, after the country's markets regulator announced tighter rules for equity derivatives.

Air India buys 85 Airbus jets, eyes more Boeings, sources say

Air India has continued a dramatic bid to recapture a place among top carriers by placing a new order for 85 Airbus jets and now eyes more Boeings on top of an historic purchase of almost 500 jets from the two planemakers, industry sources said.

India cenbank asks asset reconstruction firms to standardise credit bureau reporting

India's central bank on Thursday directed asset reconstruction companies to establish a standard operating procedure for providing information to credit bureaus, in a move to harmonise loan data submission norms for ARCs with those governing financial institutions.

India cenbank approves veteran Partha Pratim Sengupta to head Bandhan Bank

India's central bank has approved the appointment of veteran banker Partha Pratim Sengupta as chief executive officer and managing director of Bandhan Bank, the private lender said in a filing on Thursday.

GLOBAL TOP STORIES

US consumer prices rise on food; Hurricane Helene muddies labor market picture

U.S. consumer prices rose slightly more than expected in September amid higher food costs, but the annual increase in inflation was the smallest in more than 3-1/2 years, keeping the Federal Reserve on track to cut interest rates again next month.

Hurricane Milton leaves at least 10 dead, millions without power in Florida

Hurricane Milton plowed into the Atlantic Ocean on Thursday after cutting a destructive path across Florida that spawned tornados, killed at least 10 people and left millions without power, but the storm did not trigger the catastrophic surge of seawater that was feared.

Senior Hezbollah official survives Israeli assassination attempt, sources say

A senior Hezbollah official eluded an Israeli assassination attempt on Thursday in Beirut, three security sources said, as Israeli strikes there killed 22 people and the U.N. said its peacekeepers in southern Lebanon were in growing danger.

EX-DIVIDENDS

Coforge Ltd: Interim Cash Dividend of gross INR 19

PICTURE OF THE DAY



An artist gets ready backstage to perform "Ram Leela", an ancient Hindu epic of Lord Rama told through dance drama, during Navratri festival celebrations in New Delhi, October 10. REUTERS/Priyanshu Singh

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