

# India Morning Newsletter

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Monday, October 14, 2024

## Earnings Roundup

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The week kick-starts with a bustling day for Indian markets, as key events are expected to set the tone. All eyes will be on **Reliance Industries** as the Indian conglomerate is poised to announce its quarterly results, a crucial indicator of the broader market's performance. Investors will also be closely watching India's **retail inflation data**, expected to have risen to 5.04% in September, surpassing the Reserve Bank of India's 4% target for the first time since July. Additionally, **wholesale price data** will be under scrutiny for further insights into inflation trends. In a separate development, **Hyundai India** will begin accepting orders for its \$3.3 billion initial public offering in Mumbai, which will be the country's largest share offering and the world's second-largest IPO in 2024, adding to the excitement of an eventful week for Indian markets. **Indian benchmarks** registered both daily and weekly losses on Friday, weighed down by foreign outflows, weakening corporate earnings, and geopolitical uncertainties stemming from the Middle East. The **Indian rupee**, which fell below 84 against the dollar for the first time, is likely to remain under pressure this week. Traders are watching how much further the central bank may allow the currency to decline, while **bond yields** will take cues from the U.S. markets. Foreign investors pulled \$7.8 billion from Indian equities over nine sessions, redirecting flows toward China following its recent stimulus measures. On Saturday, China pledged to "significantly increase" debt to revive its slowing economy but left investors guessing about the overall size of the stimulus package, a critical detail in determining the longevity of its recent stock market rally. Global markets, meanwhile, will focus on **corporate earnings** and **U.S. retail sales data** due later in the week, which could provide insights into consumer strength and influence the Federal Reserve's rate decision in November.

### FACTORS TO WATCH

- 12:00 pm **WPI Inflation YY** for Sept: Expected 1.92%; Prior 1.31%
- 12:00 pm **WPI Food Index** for Sept: Prior 3.26%
- 12:00 pm **WPI Food Articles YY** for Set: Prior 3.11%
- 12:00 pm **WPI Fuel YY** for Sept: Prior -0.67%
- 12:00 pm **WPI Manufacturing Inflation** for Sept: Prior 1.22%
- 05:30 pm **CPI Inflation YY** for Sept: Expected 5.04%; Prior 3.65%
- The **National Stock Exchange** retained **Chambal Fertilisers** and **Chemicals Ltd, Gujarat Narmada Valley**

**Fertilizers & Chemicals Ltd, Granules, Hindustan Copper, IDFC First Bank, Manappuram Finance, Punjab National Bank, RBL Bank and Steel Authority of India Ltd** on its Futures and Options ban list. **Bandhan Bank, Birlasoft and Tata Chemicals Ltd** were removed from the list.

## STATE OF THE MARKETS

**Indian shares** are likely to open higher ahead of earnings reports from Reliance Industries and HCL Tech, with the domestic inflation print also on the radar for clues on a possible interest rate cut.

**Indian government bond yields** are expected to move marginally lower in early trading, as the central bank did not sell a larger quantum of bonds, while U.S. peers remain largely unchanged. The benchmark 10-year bond yield is likely to move between 6.76% and 6.80%, compared with its previous close of 6.7914%.

The **Indian rupee** is likely to begin the week on the defensive after it weakened past an important level on Friday and amid a buoyant U.S. dollar. The 1-month non-deliverable forward indicated that the rupee will open at near 84.08 to the U.S. dollar compared with 84.06 in the previous session. The local currency on Friday dipped past 84, a level which India's central bank was defending over the last two months.

The **S&P 500** and the **Dow** scored record closing highs on Friday, with the big boosts from financial stocks after banks reported strong quarterly results while the latest inflation data fueled expectations for a U.S. Federal Reserve rate cut in November.

**Asian stocks** hardly budged in early holiday-thinned trade, with investors nervous as to how markets in mainland China would react to government economic stimulus promises over the weekend which, though broad, were light on detail.

The **dollar** extended its gains in early trades in Asia as a holiday in Japan sapped liquidity, leaving China's somewhat disappointing weekend stimulus announcements the focus of market attention.

**U.S. Treasury yields** slipped on Friday after an unchanged producer prices data reading that was trending lower and a consumer-sentiment report maintained chances of an interest-rate cut by the Federal Reserve at next month's monetary-policy meeting.

**Oil** prices fell by more than \$1 a barrel, losing over 1.5% in early trading, after disappointing Chinese inflation data and a lack of clarity on Beijing's economic stimulus plans stoked fears about demand.

**Gold** prices drifted lower as the U.S. dollar strengthened, while market participants awaited fresh cues on the Federal Reserve's monetary policy path.

Markets	Last	Change	YTD change
GIFT Nifty 50	25,067.50	-0.27%	-
Nifty volatility	13.22	-2.04%	-
Nikkei	39,605.80	0.57%	18.35%
Hang Seng	20,728.61	-2.46%	21.59%
S&P 500 e-mini futures	5,852.75	-0.12%	-
CBOE volatility	20.46	-2.25%	-
USD/INR	84.06	0.11%	1.02%
Spot gold	\$2,646.88 /oz	-0.34%	28.33%
Brent crude	\$77.75 /bbl	-1.63%	0.92%
Indian 10-year bond yield	6.7880%	1.20 bps	-38.80 bps
U.S. 10-year Treasury yield	4.0963%	0.23 bps	23.63 bps

FII & DII Trading Activity in Equities Oct 11	Buy	Sell	Net
Domestic Institutional Investors (DII) in INR	119.07 bln	81.76 bln	37.31 bln
Foreign Institutional Investors (FII) in INR	62.20 bln	103.82 bln	-41.63 bln

(Source: National Stock Exchange of India Ltd.)

## INDIA TOP NEWS

### **Hyundai India starts \$3.3 billion IPO in country's largest ever share sale**

Hyundai India will start taking orders for its \$3.3 billion initial public offering in Mumbai, the company said in regulatory filings, a deal that will be the country's largest ever share offering and world's second biggest IPO in 2024.

### **India's industrial output contracts for first time in nearly 2 years**

India's industrial output contracted for the first time in nearly two years, partly hurt by weak mining activity and lower electricity generation, government data showed on Friday.

### **Ambani's Reliance lobbies India on satellite spectrum in new face-off with Musk**

Indian billionaire Mukesh Ambani's Reliance has argued that the telecom regulator incorrectly concluded that home satellite broadband spectrum should be allocated and not auctioned, a letter seen by Reuters shows, intensifying a face-off with Elon Musk's Starlink.

### **Star Health says it received \$68,000 ransom demand after data leak**

Star Health, India's biggest health insurer, on Saturday said it had received a ransom demand of \$68,000 from a cyberhacker in connection with a leak of customer data and medical records.

### **India's trade minister says 'irrational' EU standards, unfair rules hurt ties**

India's trade minister said on Friday the European Union's "irrational standards" are hurting business ties and additional tariffs on select imports would force India to retaliate, in his sharpest criticism of the bloc's policies amid trade pact talks.

**GLOBAL TOP STORIES****UN says Israeli tanks burst into peacekeeper base, Israel gives different account**

The United Nations said on Sunday Israeli tanks had burst through the gates of a base of its peacekeeping force in southern Lebanon, the latest accusation of Israeli violations and attacks denounced by its own allies.

**China's deflationary pressures build in Sept, consumer inflation cools**

China's consumer inflation unexpectedly eased in September, while producer price deflation deepened, heightening pressure on Beijing to roll out more stimulus measures quickly to revive flagging demand and shaky economic activity.

**China starts new round of war games near Taiwan, offers no end date**

China's military started a new round of war games near Taiwan, saying it was a warning to the "separatist acts of Taiwan independence forces", and offered no date for when they may conclude, drawing condemnation from Taipei's government.

**COMPANIES REPORTING RESULTS**

**HCL Technologies Ltd:** Q2 Earnings Release

**Reliance Industries Ltd:** Q2 Earnings Release

**CORPORATE EVENTS**

**HCL Technologies Ltd:** Q2 Earnings Call

## PICTURE OF THE DAY



A man dressed as the demon-king Ravana reacts during Dussehra or Vijayadashami festival celebrations in Ahmedabad, October 12. REUTERS/Amit Dave

(Compiled by Kumar Satyam in Bengaluru)

For questions or comments about this report, contact:  
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