

India Morning Newsletter

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US Election 2024

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Indian markets are poised for a sharp weekly drop, with the **Nifty 50** down about 2% this week and over 7% since the record high it hit on September 27. Thursday's losses marked the fourth consecutive session of decline, driven by **Hindustan Unilever's** 5.8% slide after reporting quarterly earnings below estimates, putting pressure on consumer stocks. Persistent foreign outflows also weighed on the market sentiment. Investors will now turn their attention to the earnings reports from **Bank of Baroda**, **Bharat Petroleum**, **Hindustan Petroleum** and **JSW Steel**. Post-market earnings reports from **ITC** and **IndusInd Bank** could also likely influence trading. In global markets, **Tesla's** rally drove the **Nasdaq** and **S&P 500** higher, while easing **Treasury yields** improved sentiment. Meanwhile, **Krishna Srinivasan**, the director of the IMF's Asia and Pacific Department, highlighted that most Asian central banks could cut rates, as the U.S. easing cycle reduces currency risks. However, the senior IMF official added that risks to Asia's economic outlook were tilted to the downside on tentative signs that global demand could weaken. On a positive note, a survey by the German Chambers of Commerce Abroad identified India as a key destination for future German investments, with more than half of the German firms in the country planning to increase investments in the coming year. Furthermore, the **Indian rupee** ended Thursday relatively unchanged, held in check by outflows from local equities, while the **government bond yields** also remained flat in subdued trading. Separately, the Indian government is aiming to raise 320 billion rupees through the **sale of bonds**.

FACTORS TO WATCH

- 5:00 pm **FX Reserves** for the week ending Oct 18: Prior \$690.43 bln
- The **National Stock Exchange** added **Escorts Kubota** to its Futures and Options ban list and retained **Aarti Industries**, **Bandhan Bank**, **Indian Energy Exchange**, **Indiamart**, **Manappuram**, **NMDC**, **PEL** and **RBL Bank** on the list. **Birlasoft** and **Gujarat Narmada Valley Fertilizers & Chemicals** were removed from the list.

STATE OF THE MARKETS

Indian shares are likely to open slightly higher after a four-day slide on lacklustre earnings and persistent foreign outflows, while private lender IndusInd Bank and consumer major ITC will be in focus following disappointing quarterly results.

Indian government bond yields are expected to be largely unchanged in early trade, as market participants await fresh supply through a weekly debt auction of central government securities. The benchmark 10-year bond yield is likely to move between 6.80% and 6.84% till the debt auction, compared with its previous close of 6.8204%, a trader with a private bank said.

The **Indian rupee** on the last day of the week, in which it has held a narrow 3 paisa range and dropped to a lifetime low, will be helped by a softer dollar and pegged back by outflows. The 1-month non-deliverable forward indicated that the rupee will open nearly unchanged against 84.0775 in the previous session.

The **Nasdaq** and the **S&P 500** gained on Thursday, driven by Tesla's positive earnings forecast and a decline in Treasury yields from a three-month high, which buoyed market sentiment despite declines from some corporate results.

Asian stocks were mixed, with some markets tracking Wall Street gains from overnight, while Japan's **Nikkei** struggled after the yen rebounded strongly from a three-week trough to the dollar.

The **yen** languished near a three-month trough and was headed for a fourth straight weekly loss, ahead of an election in Japan over the weekend that is likely to complicate the Bank of Japan's (BOJ) policy normalisation plans.

Benchmark U.S. 10-year Treasury yields fell from a three-month high on Thursday after reaching levels that drew buying interest, though the market is expected to remain under pressure ahead of next week's jobs report for October and the November U.S. elections.

Oil prices rose and are on track for a weekly gain of more than 1%, as tensions in the world's top oil-producing region, the Middle East, and a restart in Gaza ceasefire talks in the coming days kept traders on edge.

Gold prices eased but was on track for a weekly gain, as investors sought the safe-haven metal amid rising geopolitical tensions, while palladium was poised for its strongest week in more than a month.

Markets	Last	Change	YTD change
GIFT Nifty 50	24,447.00	-0.03%	-
Nifty volatility	13.97	-4.46%	-
Nikkei	37,764.04	-0.99%	12.85%
Hang Seng	20,583.42	0.46%	20.74%
S&P 500 e-mini futures	5,852.25	0.06%	-
CBOE volatility	19.08	-0.83%	-
USD/INR	84.08	0.02%	1.05%
Spot gold	\$2,728.82 /oz	-0.25%	32.30%
Brent crude	\$74.56 /bbl	0.24%	-3.22%
Indian 10-year bond yield	6.8220%	0.40 bps	-35.40 bps
U.S. 10-year Treasury yield	4.1958%	-0.62 bps	33.58 bps

FII & DII Trading Activity in Equities Oct 24	Buy	Sell	Net
Domestic Institutional Investors (DII) in INR	138.28 bln	102.07 bln	36.20 bln
Foreign Institutional Investors (FII) in INR	125.37 bln	176.00 bln	-50.62 bln

(Source: National Stock Exchange of India Ltd.)

INDIA TOP NEWS

Swiggy cuts valuation target for IPO to \$12.5 billion-13.5 billion, sources say

Indian food delivery giant Swiggy is internally aiming for a company valuation of \$12.5 billion-13.5 billion for its upcoming IPO, cutting its target by 10-16% due to market volatility, two people with direct knowledge said on Thursday.

ITC misses profit estimates on higher costs, subdued demand

Indian tobacco-to-hotels conglomerate ITC missed second-quarter profit estimates on Thursday, hit by higher costs of raw materials and a broader slowdown in demand for consumer goods.

IndusInd Bank posts unexpected Q2 profit drop as microfinance stress bites

IndusInd bank reported an unexpected drop in second-quarter profit on Thursday due to stress in microfinance loans, which led to higher provisions, lower asset quality and narrow lending margins.

Agriculture "most problematic" area in India-EU free trade talks, German minister says

Agriculture is the "most problematic" area in talks to secure a free trade deal between India and the European Union, German Economy Minister Robert Habeck said on Thursday, suggesting that it would be better to focus on the industrial sector first.

PNB Housing Finance posts Q2 profit rise on strong demand for home loans

India's PNB Housing Finance reported a near 23% rise in second-quarter profit on Thursday, helped by a strong demand for home loans.

GLOBAL TOP STORIES

Tesla rallies most in over a decade on Musk's bold EV forecast

Tesla shares closed up nearly 22% on Thursday - their biggest single-day gain in over a decade - as CEO Elon Musk's bold forecast of surging sales reassured investors he was still looking to grow its core business of selling electric cars.

At star-studded Georgia rally, Harris and Obama push early voting in tight race

Democratic presidential candidate Kamala Harris basked in the support of rock legend Bruce Springsteen, entertainer Tyler Perry and former President Barack Obama on Thursday at a rally that drew thousands in the battleground state of Georgia.

US warns against protracted Israeli campaign in Lebanon, Gaza ceasefire efforts renewed

The United States does not want a protracted Israeli campaign in Lebanon, U.S. Secretary of State Antony Blinken said on Thursday, as efforts got underway to hold fresh talks over a ceasefire and hostage deal in Gaza.

COMPANIES REPORTING RESULTS

Aegis Logistics Ltd: Q2 earnings release

Atul Ltd: Q2 earnings release

Bank of Baroda Ltd: Q2 earnings release

Bharat Petroleum Corporation Ltd: Q2 earnings release

Cholamandalam Investment and Finance Company Ltd: Q2 earnings release

DLF Ltd: Q2 earnings release

Hindustan Petroleum Corp Ltd: Q2 earnings release

IDBI Bank Ltd: Q2 earnings release

Inox Wind Ltd: Q2 earnings release

Interglobe Aviation Ltd: Q2 earnings release

JSW Steel Ltd: Q2 earnings release

NLC India Ltd: Q2 earnings release

Poonawalla Fincorp Ltd: Q2 earnings release

Torrent Pharmaceuticals Ltd: Q2 earnings release

CORPORATE EVENTS

Bank of Baroda Ltd: Q2 earnings conference call

CIE Automotive India Ltd: Q2 earnings conference call

Coromandel International Ltd: Q2 earnings conference call

CreditAccess Grameen Ltd: Q2 earnings conference call

Inox Wind Ltd: Q2 earnings conference call

Interglobe Aviation Ltd: Q2 earnings conference call

JSW Steel Ltd: Q2 earnings conference call

Lloyds Metals and Energy Ltd: Q2 earnings conference call

Poonawalla Fincorp Ltd: Q2 earnings conference call

Torrent Pharmaceuticals Ltd: Q2 earnings conference call

EX-DIVIDENDS

Dalmia Bharat Ltd: Interim Cash Dividend of gross INR 4

PICTURE OF THE DAY



Fishermen attempt to bring their boat back to shore during high tide before Cyclone Dana makes landfall in Bhadrak district in the eastern state of Odisha, October 24. REUTERS/Stringer

(Compiled by Kumar Satyam in Bengaluru)

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