

India Morning Newsletter

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Wednesday, October 30, 2024



US Election 2024

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*Nasdaq's record closing overnight and **Alphabet's** strong results could boost sentiment on Wednesday, as global investors assess quarterly reports from top technology companies during the busiest week for S&P 500 earnings. With a focus on results from five of the "Magnificent Seven" companies in the week, markets now await **Microsoft** and **Meta** earnings, expected later in the day. Domestically, despite record-high prices, **Indian gold buyers** made significant festive purchases on 'Dhanteras', betting on bullion's strength as stock market returns cool off, according to industry officials. Tuesday's trading session saw **Indian shares** ending on a positive note, reversing earlier losses thanks to a 2.1% lift in heavyweight **financials** and **banking stocks**. Meanwhile, **Maruti Suzuki's** 3.8% slide, following its slowest revenue growth in nearly three years, weighed on **auto stocks**, pulling the sector down by 1.6%. Separately, domestic investors are looking forward to results from **Larsen & Toubro**, **Tata Power**, **Dabur India** and **DCM Shriram**. In the forex market, the **rupee** held steady despite pressure on Asian currencies, with support from expectations of central bank intervention to curb depreciation. **Bond yields** dipped slightly as investors took advantage of the **10-year benchmark's** recent climb above 6.85%. Looking ahead, the Indian government plans to raise 190 billion rupees through the sale of **91-day**, **182-day**, and **364-day Treasury bills**.*

FACTORS TO WATCH

- 5:00 pm **M3 Money Supply** for week ending Oct 18: Prior 11.0%
- The **National Stock Exchange** removed **Dixon Technologies** and **Escorts Kubota** from to its Futures and Options ban list, while retaining **IDFC First Bank**, **Indiamart**, **L&T Finance**, **Manappuram**, **Punjab National Bank** and **RBL Bank** on the list.

STATE OF THE MARKETS

Indian shares are set to open flat, with traders expecting caution to prevail due to persistent foreign selling and dull corporate earnings as investors await key U.S. data and outcome of the U.S. presidential election.

Indian government bond yields are expected to be largely unchanged as traders await fresh triggers in a holiday truncated week and before key events. The benchmark 10-year bond yield is likely to move between 6.83% and

6.87%, compared with its previous close of 6.8551%.

The **Indian rupee** will be supported by the dip in U.S. Treasury yields, moderation in equity outflows and a reprieve for Asian peers. The 1-month non-deliverable forward indicated that the rupee will open marginally higher-to-flat to the U.S. dollar from 84.0750 in the previous session.

The **Nasdaq** scored a record closing high and the **S&P 500** rose on Tuesday, while the **Dow** fell as investors digested a host of corporate earnings and awaited Google-parent Alphabet's results that came after the market close.

China and **Hong Kong stocks** opened lower, as investors are still assessing the news of a potential \$1.40 trillion fiscal boost from Beijing, while remaining cautious ahead of U.S. elections next week.

The **dollar** hovered close to a three-month peak in a big week for macroeconomic data that could reveal the path for U.S. monetary policy.

Benchmark 10-year U.S. Treasury yields hit a nearly four-month high on Tuesday on investor wariness to buy the debt before next week's U.S. elections, but dipped later in the day after a strong seven-year note auction.

Oil prices stabilised on industry data showing a surprise drop in U.S. crude and gasoline inventories, following two previous sessions of losses on the prospect of hostilities easing in the Middle East.

Gold touched a record high, with U.S. election jitters supporting bullion prices, while investors await a raft of U.S. economic data that could shed light on the Federal Reserve's interest rate trajectory.

Markets	Last	Change	YTD change
GIFT Nifty 50	24,442.50	-0.02%	-
Nifty volatility	14.52	1.57%	-
Nikkei	39,327.02	1.09%	17.52%
Hang Seng	20,564.46	-0.66%	20.63%
S&P 500 e-mini futures	5,889.75	0.32%	-
CBOE volatility	19.34	-2.32%	-
USD/INR	84.08	0.02%	1.04%
Spot gold	\$2,777.44 /oz	0.08%	34.66%
Brent crude	\$71.44 /bbl	0.45%	-7.27%
Indian 10-year bond yield	6.8470%	-1.40 bps	-
U.S. 10-year Treasury yield	4.2481%	-2.59 bps	38.81 bps

FII & DII Trading Activity in Equities Oct 29	Buy	Sell	Net
Domestic Institutional Investors (DII) in INR	128.24 bln	120.94 bln	7.30 bln
Foreign Institutional Investors (FII) in INR	155.09 bln	160.57 bln	-5.49 bln

(Source: National Stock Exchange of India Ltd.)

INDIA TOP NEWS

Adani Enterprises posts Q2 profit surge on renewable energy demand

Adani Enterprises reported a more than seven-fold surge in second-quarter profit on Tuesday, as higher demand in its renewable energy division overshadowed weakness in the mainstay coal trading segment.

Canada alleges Indian minister Amit Shah behind plot to target Sikh separatists

The Canadian government alleged on Tuesday that Indian Minister of Home Affairs Amit Shah, a close ally of Hindu nationalist Prime Minister Narendra Modi, was behind the plots to target Sikh separatists on Canadian soil.

India's festive gold buying spree continues, defying record price

Indian buyers of gold brushed off record high prices and made purchases for the Dhanteras and Diwali festivals starting on Tuesday, hoping bullion would continue to rally and deliver promising returns amid a cooling stock market, industry officials told Reuters.

SBI Card posts Q2 profit drop as bad loan provisions rise

India's SBI Cards and Payment Services reported a 33% drop in second-quarter profit on Tuesday, as bad loans write-offs and provisions rose.

Marico beats Q2 profit estimates on price hikes

Indian consumer goods maker Marico reported second-quarter profit well above market estimates on Tuesday, propped up by price hikes undertaken to offset higher raw material prices.

GLOBAL TOP STORIES

Alphabet's AI investments boost cloud sales, lifts maturing ad business

Google parent Alphabet said on Tuesday its AI investments were "paying off" as it reported a 35% surge in its cloud business and U.S. election-related spending lifted YouTube ad sales in the third quarter.

Harris warns of dangers of another Trump presidency in speech at January 6 site

Democrat Kamala Harris warned tens of thousands of people gathered in Washington at her biggest rally that her Republican opponent Donald Trump was seeking unchecked power as their tightening race for the presidency entered its final week.

EU slaps tariffs on Chinese EVs, risking Beijing backlash

The European Union has decided to increase tariffs on Chinese-built electric vehicles to as much as 45.3% at the end of its highest profile trade investigation that has divided Europe and prompted retaliation from Beijing.

ANALYSIS**Investors take cover in Asia ahead of US election**

Investors are selling yen and taking shelter in cash, India, pockets of China's markets and Singapore dollars ahead of a U.S. election that could shake out global money and trade flows.

COMPANIES REPORTING RESULTS

AIA Engineering Ltd: Q2 earnings release

Dabur India Ltd: Q2 earnings release

DCM Shriram Ltd: Q2 earnings release

KIOCL Ltd: Q2 earnings release

Larsen and Toubro Ltd: Q2 earnings release

Procter & Gamble Hygiene and Health Care Ltd: Q2 earnings release

Tata Power Company Ltd: Q2 earnings release

CORPORATE EVENTS

AIA Engineering Ltd: Q2 earnings conference call

Apar Industries Ltd: Q2 earnings conference call

Capri Global Capital Ltd: Q2 earnings conference call

Dabur India Ltd: Q2 earnings conference call

Deepak Fertilisers and Petrochemicals Corp Ltd: Q2 earnings conference call

Engineers India Ltd: Q2 earnings conference call

Larsen and Toubro Ltd: Q2 earnings conference call

Tata Power Company Ltd: Q2 earnings conference call

EX-DIVIDENDS

Supreme Industries Ltd: Interim Cash Dividend of gross INR 10

PICTURE OF THE DAY



Supporters of Democratic presidential nominee U.S. Vice President Kamala Harris gather ahead of a rally on the National Mall one week before the Nov. 5 U.S. presidential election, in Washington, U.S., October 29. REUTERS/Carlos Barria

(Compiled by Kumar Satyam in Bengaluru)

For questions or comments about this report, contact:
reuters.marketwatch@thomsonreuters.com

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LSEG
10 Paternoster Square, London, EC4M 7LS, United Kingdom

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