

India Morning Newsletter

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Indian markets are set to react to **Federal Reserve's quarter-point interest rate cut** on Friday, with indications of future cuts boosting an already buoyant **U.S. equity market** in the wake of Donald Trump's win in the presidential election. **Asian markets**, however, are navigating mixed signals, weighing the boost from increased demand and Wall Street's strength against the risks of a stronger dollar and rising U.S. bond yields. Separately, with the **China's National People's Congress Standing Committee meeting** concluding later in the day, global investors are on the lookout for any stimulus surprises. On the foreign policy front, U.S.-India trade relationship could be poised for a change, with India willing to offer easier market access to U.S. firms if reciprocated by President-elect Trump, according to sources. In the previous session, domestic markets experienced a pullback amid profit booking and worries over foreign investors pulling out a record \$11.2 billion last month and another \$1.26 billion this month are creating jitters. **Hindalco** led the continuing trend of disappointing earnings, sliding 8.5% after its U.S. unit, Novelis, reported lower profits. On a brighter note, **India's weightage on the MSCI Global Standard Index** could increase to 20% with the inclusion of five new Indian companies, according to brokerage Nuvama. Key earnings from **LIC, SBI, and Tata Motors** are due later in the day, keeping investors on edge. Meanwhile on Thursday, the **Indian government bond yields** were little changed, and the **rupee** yet again fell to a record low, hurt by outflows from local equities. Separately, the Indian government is aiming to raise 220 billion rupees through the **sale of bonds**.

FACTORS TO WATCH

- The National Stock Exchange added **Aditya Birla Fashion & Retail** and **Granules India** to its Futures and Options ban list.

STATE OF THE MARKETS

Indian stocks are poised to open higher, following the U.S. Federal Reserve's widely anticipated decision to cut interest rates by 25 basis points.

Indian government bond yields are expected to trend lower in opening deals, tracking a similar move in U.S. yields after the Federal Reserve eased rates as expected and the commentary was largely seen as neutral. The benchmark 10-year bond yield is likely to move between 6.75% and 6.79%, compared with Thursday's close of 6.7931%. The most liquid 7.10% 2034 bond ended at 6.82382% yield in the previous session.

The Indian rupee will be helped by the U.S. dollar reversing a large part of the rally spurred by Donald Trump's win in the U.S. presidential election and the drop in U.S. Treasury yields. The 1-month non-deliverable forward indicated that the rupee will open marginally higher, compared with 84.3725 in the previous session. The currency slipped to a lifetime low of 84.3775 on Thursday.

U.S. stocks closed higher, after the Federal Reserve announced a cut of 25 basis points in interest rates, extending a sharp rally sparked by Donald Trump's return as U.S. president.

Asian stocks rose broadly, tracking Wall Street's overnight rise to fresh record highs, as investors reacted to the Federal Reserve's message of continued interest rate cuts even with expectations for big fiscal spending under incoming President Donald Trump.

The **dollar** took a breather, on track to cap off a wild week with a slight gain as markets weighed the impact of Donald Trump's impending return to the White House and what that would mean for the U.S. economy and its rate outlook.

U.S. Treasury yields dropped across the board in volatile trading, after the Federal Reserve cut interest rates by 25 basis points, as widely expected, amid a cooling labor market, while noting that economic growth remained solid.

Oil prices fell slightly as the risk that a hurricane in the Gulf of Mexico will affect U.S. oil and gas output declined while the market continues to weigh how President-elect Donald Trump's policies might affect supplies.

Gold prices struggled to make any headway, despite Federal Reserve's widely anticipated quarter-point rate cut.

Markets	Last	Change	YTD change
GIFT Nifty 50	24,286.00	-0.23%	0.00%
Nifty volatility	14.94	-10.47%	-
Nikkei	39,419.24	0.10%	17.80%
Hang Seng	21,132.30	0.85%	23.96%
S&P 500 e-mini futures	6,004.50	0.01%	-
CBOE volatility	15.20	-6.58%	0.02%
USD/INR	84.37	0.00%	1.40%
Spot gold	\$2,699.46 /oz	-0.28%	30.88%
Brent crude	\$75.35 /bbl	-0.37%	-2.19%
Indian 10-year bond yield	6.7960%	-0.10 bps	-38.00 bps
U.S. 10-year Treasury yield	4.3355%	4.45 bps	47.55 bps

FII & DII Trading Activity in Equities Nov 7	Buy	Sell	Net
Domestic Institutional Investors (DII) in INR	113.74 bln	95.88 bln	17.87 bln
Foreign Institutional Investors (FII) in INR	117.36 bln	166.25 bln	-48.89 bln

(Source: National Stock Exchange of India Ltd.)

INDIA TOP NEWS

India raids offices of sellers using Amazon, Flipkart platforms, sources say

India's financial crime agency has raided offices of some sellers operating Amazon and Walmart-owned Flipkart in an investigation into alleged violations of foreign investment rules, three government sources said on Thursday.

India cenbank sees European proposal for oversight of clearing corp as 'extra jurisdictional', official says

India's central bank continues to be in talks with the European Securities and Markets Authority (ESMA) but views

the latter's proposal for supervisory and auditing powers over domestic clearing corporations as "extra jurisdictional", an official said on Thursday.

Reliance Power to legally challenge Indian clean energy agency's ban

Reliance Power said on Thursday that it will legally challenge a three-year ban by the country's top renewable energy agency from participating in its clean energy project tenders.

India says Mercedes improved pollution management at plant after failing checks

Mercedes-Benz has improved wastewater and air pollution management at its only car factory in India after officials detected environment law lapses in recent inspections, government documents show.

India's Embassy REIT names Ritwik Bhattacharjee as interim CEO after regulatory action

Embassy Office Parks, India's largest real estate investment trust (REIT), on Thursday named Ritwik Bhattacharjee as interim CEO with immediate effect, days after the country's markets regulator directed to suspend its former chief.

GLOBAL TOP STORIES

Fed's Powell flags careful, patient approach after rate cut

The Federal Reserve cut interest rates by a quarter of a percentage point on Thursday as its policymakers began taking stock of what could become a more complex economic landscape when President-elect Donald Trump takes office next year.

Trump picks Susie Wiles as his White House chief of staff

President-elect Donald Trump on Thursday announced that Susie Wiles, one of his two campaign managers, will be his White House chief of staff, entrusting a top position to a political operative who helped the Republican win election.

Wall Street cheers Trump's return, with some trepidation

Wall Street executives cheered the prospect of business-friendly regulations and a burst of deals as they analyzed the implications of Donald Trump's reelection, although some felt uneasy about his unpredictability.

COMPANIES REPORTING RESULTS

Action Construction Equipment Ltd: Q2 Earnings Release

Cholamandalam Financial Holdings Ltd: Q2 Earnings Release

Fortis Healthcare Ltd: Q2 Earnings Release

Info Edge (India) Ltd: Q2 Earnings Release

Jupiter Wagons Ltd: Q2 Earnings Release

Life Insurance Corporation of India: Q2 Earnings Release

MRF Ltd: Q2 Earnings Release

Power Finance Corporation Ltd: Q2 Earnings Release

State Bank of India: Q2 Earnings Release

Tata Motors Ltd: Q2 Earnings Release

Vedanta Ltd: Q2 Earnings Release

Welspun Corp Ltd: Q2 Earnings Release

Whirlpool of India Ltd: Q2 Earnings Release

ZF Commercial Vehicle Control Systems India Ltd: Q2 Earnings Release

CORPORATE EVENTS

Aditya Birla Fashion and Retail Ltd: Q2 Earnings Conference Call

Cholamandalam Financial Holdings Ltd: Q2 Earnings Conference Call

Cummins India Ltd: Q2 Earnings Conference Call

Emami Ltd: Q2 Earnings Conference Call

Fortis Healthcare Ltd: Q2 Earnings Conference Call

Kansai Nerolac Paints Ltd: Q2 Earnings Conference Call

Life Insurance Corporation of India: Q2 Earnings Conference Call

Lupin Ltd: Q2 Earnings Conference Call

NHPC Ltd: Q2 Earnings Conference Call

Power Finance Corporation Ltd: Q2 Earnings Conference Call

Power Grid Corporation of India Ltd: Q2 Earnings Conference Call

State Bank of India: Q2 Earnings Conference Call

Tata Motors Ltd: Q2 Earnings Conference Call

Vedanta Ltd: Q2 Earnings Conference Call

SHAREHOLDERS MEETINGS

ITI Ltd: Annual Shareholders Meeting

EX-DIVIDENDS

Computer Age Management Services Ltd: Interim Cash Dividend of gross INR 14.5

Dabur India Ltd: Interim Cash Dividend of gross INR 2.75

IRB Infrastructure Developers Ltd: Interim Cash Dividend of gross INR 0.1

Petronet LNG Ltd: Interim Cash Dividend of gross INR 7

REC Limited: Interim Cash Dividend of gross INR 4

Zee Entertainment Enterprises Ltd: Final Cash Dividend of gross INR 1

PICTURE OF THE DAY



A Hindu devotee lies on a road as she worships the Sun god during the religious festival of Chhath Puja in Kolkata, November 7. REUTERS/Sahiba Chawdhary

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For questions or comments about this report, contact:
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