

# India Morning Newsletter

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Ahead of India's second-quarter **GDP** data on Friday, investors are likely to track the fallout from bribery allegations against **Adani Group** founder **Gautam Adani** and fresh tariff pledges by U.S. President-elect **Donald Trump**. According to a Reuters poll, India's **equities market** is expected to take time to recover from their recent sell-off as they remain overvalued. Analysts say elevated valuations and slower growth alongside a challenging external environment will exert downward pressure on India's still-highly valued stock market. Adani's indictment is expected to put more pressure on the market. However, the Adani Group's market value, which tumbled about \$34 billion after the news, recouped about \$14 billion in the previous session after its subsidiary, **Adani Green**, clarified key officials were not charged under the U.S. Foreign Corrupt Practices Act. Shares of **Adani Enterprises** and **Adani Ports** climbed 11.5% and 6.3%, respectively, to top the list of **Nifty** gainers.

Meanwhile, the scope for interest rate cuts from the **Federal Reserve** next year narrowed after data showed U.S. consumer spending increased slightly more than expected in October. Wall Street closed lower, with the **Nasdaq** leading declines, as technology stocks slumped on Thanksgiving eve. **U.S. Treasury yields** dropped as investors analysed the economic data coming from the world's largest economy and elsewhere. Domestically, analysts expect the **10-year yield** to keep swinging between 6.80% and 6.87% until the Monetary Policy Committee meeting next week.

## STATE OF THE MARKETS

**Indian shares** are set to open little changed, tracking other Asian peers on worries over incoming U.S. administration's policies, and as uncertainty over rate cut trajectory resurfaced.

**Indian government bond yields** are expected to nudge lower at open on back of the decline in U.S. rates despite Federal Reserve's preferred inflation gauge indicating a cautious approach to cutting borrowing cost.

The **Indian rupee** is expected to open flat-to-slightly higher supported by a pullback in dollar index fueled by the dip in US bond yields.

**Wall Street's main indexes** closed lower on Wednesday, with the **Nasdaq** leading declines, as technology stocks slumped on Thanksgiving eve on worries the Federal Reserve may be cautious about rate cuts after stubbornly strong U.S. inflation data.

Most **Asian shares** were subdued and the dollar was on the defensive after U.S. data showed progress in lowering inflation had stalled even as the economy remained resilient, raising doubts over the path the Federal Reserve could take next year.

The **euro** clung to its sharpest rise in four months following hawkish remarks from a central bank policymaker,

while the yen powered toward its strongest week in three months on growing bets Japan could hike interest rates in December.

**U.S. Treasury yields** dropped on Wednesday as investors piled into U.S. government bonds following weak consumer sentiment surveys in Europe, while U.S. inflation concerns took a temporary backseat as data came in line with estimates.

**Oil** prices edged lower after a surprise jump in U.S. gasoline stocks ahead of the Thanksgiving holiday flared demand concerns in the top motor fuel consuming nation.

**Gold** prices fell as investors digested a flurry of economic data in the previous session and evaluated the possibility of a tariff war sparked by U.S. President-elect Donald Trump's policies.

Markets	Last	Change	YTD change
GIFT Nifty 50	24,318.00	-0.03%	-
Nifty volatility	14.63	-4.44%	-
Nikkei	38,287.92	0.40%	14.41%
Hang Seng	19,404.09	-1.02%	13.82%
S&P 500 e-mini futures	6,022.75	0.13%	-
CBOE volatility	14.10	0.00%	-
USD/INR	84.41	0.11%	1.47%
Spot gold	\$2,629.24 /oz	-0.24%	27.47%
Brent crude	\$72.80 /bbl	-0.04%	-5.50%
Indian 10-year bond yield	6.8120%	-1.50 bps	-36.40 bps
U.S. 10-year Treasury yield	4.2614%	-4.06 bps	40.14 bps

  

FII & DII Trading Activity in Equities Nov 27	Buy	Sell	Net
Domestic Institutional Investors (DII) in INR	102.30 bln	89.28 bln	13.02 bln
Foreign Institutional Investors (FII) in INR	130.27 bln	130.19 bln	0.08 bln

(Source: National Stock Exchange of India Ltd.)

## INDIA TOP NEWS

### **India suspends parliament again in dispute over U.S. action on Adani**

India's lower house of parliament suspended proceedings for a second day on Wednesday after disruptions by lawmakers demanding a discussion of the U.S. indictment of billionaire Gautam Adani, while stocks of his group's companies clawed back some losses.

### **NTPC Green Energy jumps 14% in trading debut, valuing company at \$12 billion**

Shares of India's NTPC Green Energy, the renewable energy arm of power producer NTPC, jumped as much as 14% in their trading debut on Wednesday, as investors bet on the country's growing clean energy needs.

**Mahindra bets on premium electric SUVs to boost market share**

Indian automaker Mahindra & Mahindra has launched a new range of electric vehicles as the country's no. 2 SUV maker by volume looks to boost its market share by entering segments dominated by rivals Hyundai Motor and Toyota.

**India govt says low steel prices will hurt capacity creation**

India's goals for boosting steel production capacity will be adversely impacted by low prices stemming from dumping in the international market, the federal Ministry of Steel said on Wednesday.

**Welspun One raises Mumbai warehouse investment to meet cargo demand**

Welspun One said on Wednesday it will invest an additional \$237.3 million to expand its Mumbai warehouse, aiming to capitalize on strong cargo movement as more companies set up manufacturing bases in the country.

**GLOBAL TOP STORIES****Mexico warns Trump tariffs would kill 400,000 US jobs, threatens retaliation**

Mexican President Claudia Sheinbaum said on Wednesday Mexico would retaliate if U.S. President-elect Donald Trump followed through with his proposed 25% across-the-board tariff, a move her government warned could kill 400,000 U.S. jobs and drive up prices for U.S. consumers.

**Microsoft faces wide-ranging US antitrust probe**

The U.S. Federal Trade Commission has opened a broad antitrust investigation into Microsoft, including of its software licensing and cloud computing businesses, a source familiar with the matter said on Wednesday.

**Trump taps retired General Keith Kellogg for Ukraine envoy role**

Donald Trump has tapped Keith Kellogg, a retired lieutenant general who presented him with a plan to end the war in Ukraine, to serve as a special envoy for the conflict, the president-elect wrote on Truth Social on Wednesday.

**ANALYSIS****Adani allegations shine spotlight on India's clean energy conundrum**

Bribery allegations against Adani Group founder Gautam Adani have highlighted the growing problem India's renewable energy developers face in finding buyers for the power they generate.

**EX-DIVIDENDS**

**Bayer Cropscience Ltd:** Interim Cash Dividend of gross INR 90 paid on Dec 11

**Procter & Gamble Health Ltd:** Final Cash Dividend of gross INR 60 paid on Dec 20

## PICTURE OF THE DAY



A boy plays badminton during sunset in Kolkata, November 27. REUTERS/Sahiba Chawdhary

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For questions or comments about this report, contact:  
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