

# India Morning Newsletter

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India's second-quarter **GDP** data is likely to take the centre-stage today. The economy is expected to have grown at the slowest pace in 18 months in the September quarter, hindered by weak urban consumption due to rising food prices. A Reuters poll projected annual GDP growth of 6.5% for the quarter, below the central bank's estimate of 7%. Concerns are rising that the economic slowdown is impacting corporate earnings, as top Indian companies reported their worst quarterly performance in more than four years for the July-September period. Stock markets have started showing cracks due to signs of economic slowdown and a lacklustre earnings season. The **benchmarks** saw their steepest declines in nearly two months in the previous session, with analysts attributing the drop mainly to the expiry pressure of the current month's futures and options contracts. Investors are likely to keep a close watch on the **financial sector** after bankers said Indian lenders, including **State Bank of India**, were reviewing their exposure to **Adani Group** and examining whether they need to tighten due diligence when offering new loans to them. Separately, the **Indian government** aims to raise 300 billion rupees through the **sale of bonds**.

## FACTORS TO WATCH

- 03:30 pm **Fed Fiscal Deficit** for Oct: Prior 4,745.20 bln INR
- 04:00 pm **GDP Quarterly** YY for Q2: Expected: 6.5%; Prior:6.7%

## STATE OF THE MARKETS

**Indian shares** are anticipated to recover following Thursday's significant decline, the largest recorded in almost two months.

**Indian government bond yields** are expected to be largely unchanged in early deals as market participants await debt supply as well as a key economic growth data which could act as a major directional trigger.

The **Indian rupee** is likely to hold near to its all-time low amid concerns over portfolio outflows overriding the recovery in Asian peers.

**Asian shares** slipped while the yen was aiming for its best week in four months as strong local inflation data had traders favouring an imminent rate hike from the Bank of Japan.

The **yen** jumped as much as 1% to a six-week high at 150 per **dollar**, after faster than expected inflation in Tokyo supported bets for a Bank of Japan interest rate hike next month.

**Oil** prices were mixed as markets shrugged off a potential renewal of supply risk as Israel and Hezbollah traded accusations of ceasefire violations, and as a delay to an OPEC+ meeting left investors awaiting a decision on its output policy.

**Gold** prices rose but was poised for a weekly decline as markets awaited next week's key U.S. economic data which are expected to shape the Federal Reserve's monetary policy outlook and influence bullion demand.

Markets	Last	Change	YTD change
GIFT Nifty 50	24,139.00	-0.05%	-
Nifty volatility	15.21	3.97%	-
Nikkei	38,157.56	-0.50%	14.03%
Hang Seng	19,356.51	-0.05%	13.55%
S&P 500 e-mini futures	6,031.25	0.27%	-
CBOE volatility	13.90	-1.42%	-
USD/INR	84.48	0.05%	1.56%
Spot gold	\$2,656.55 /oz	0.59%	28.80%
Brent crude	\$73.17 /bbl	-0.15%	-5.02%
Indian 10-year bond yield	6.8050%	-0.70 bps	-37.10 bps
U.S. 10-year Treasury yield	4.2479%	0.59 bps	38.79 bps

FII & DII Trading Activity in Equities Nov 28	Buy	Sell	Net
Domestic Institutional Investors (DII) in INR	176.85 bln	89.67 bln	87.18 bln
Foreign Institutional Investors (FII) in INR	107.96 bln	225.52 bln	-117.56 bln

(Source: National Stock Exchange of India Ltd.)

## INDIA TOP NEWS

### **India's September quarter GDP growth likely slowed on weak urban spending**

India's economy is expected to have slowed in the July-September quarter, growing at the slowest pace in 18 months, weighed down by weak urban consumption following a rise in food prices despite an increase in government spending.

### **Indian banks review Adani exposure in wake of US bribery allegations**

Indian banks are reviewing their Adani exposure and whether they need to tighten due diligence, eight bankers said on Thursday, after the group's billionaire founder Gautam Adani was indicted by U.S. authorities over an alleged \$265 million bribery scheme.

### **India competition watchdog to investigate Google's gaming app policy**

India's competition watchdog on Thursday ordered a probe into Google's restrictive policies for real-money games on its platform, following a complaint by online gaming platform WinZO that called it discriminatory.

### **Ex-chief minister of Andhra Pradesh denies bribery allegations, Adani link in solar deal**

The former chief minister of India's Andhra Pradesh state refuted on Thursday bribery allegations and any involvement by the Adani Group in the state government's purchase of solar power while he was in power.

**India, Mongolia in talks for preliminary mining pact, India**

India is in talks with Mongolia to set up a preliminary pact that will focus on mineral shipments between the two Asian nations, an Indian government source with direct knowledge of the developments said on Thursday.

**GLOBAL TOP STORIES****Israel and Hezbollah trade accusations of ceasefire violations**

The Israeli military said its air force struck a facility used by Hezbollah to store mid-range rockets in southern Lebanon on Thursday, after both sides accused each other of breaching a ceasefire that aims to halt over a year of fighting.

**Biden says he hopes Trump rethinks tariffs on Mexico and Canada**

U.S. President Joe Biden on Thursday said he hoped President-elect Donald Trump would rethink his plan to impose tariffs on Mexico and Canada, saying it could "screw up" relationships with close allies.

**Russia hits Ukrainian energy facilities, Kyiv sees 'despicable escalation'**

Russia unleashed on Thursday its second big attack on Ukraine's energy infrastructure this month, triggering deep power cuts across the country. President Vladimir Putin said Moscow had struck in response to Ukraine's strikes on Russian territory with U.S. medium-range ATACMS missiles.

**ANALYSIS****Adani wipeout hurts but won't derail foreign investor faith in India**

Worries of a wider spillover from bribery charges against the Adani Group will hurt sentiment in India but not the long-term outlook, global investors say, as they wager one of the world's best-performing markets will get back on track next year.

**EX-DIVIDENDS**

**Godfrey Phillips India Ltd:** Interim Cash Dividend of gross INR 35 paid on Dec 19

**National Aluminium Co Ltd:** Interim Cash Dividend of gross INR 4 paid on Dec 11

## PICTURE OF THE DAY



Hindu activists try to break a police barricade as they participate in a protest demanding the release of the Bangladeshi jailed Hindu monk leader Chinmoy Krishna Das Brahmachari, in Kolkata, November 28. REUTERS/Sahiba Chawdhary

(Compiled by Priyada K S in Bengaluru)

For questions or comments about this report, contact:  
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