

India Morning Newsletter

Powered by Reuters News

Thursday, December 12, 2024



India's **consumer price index** data, due later in the day, will be the key focus to gauge the **Reserve Bank of India's** (RBI) policy trajectory. Retail inflation likely fell to 5.53% in November as the arrival of fresh produce to markets moderated vegetable prices, a Reuters poll showed. Inflation breached the RBI's upper tolerance band of 6% in October, driven by soaring vegetable prices. **Domestic markets** were muted in the previous session as investors awaited release of the data.

Meanwhile, the **rupee** weakened to its record low due to a slide in the Chinese **yuan** and heightened **dollar** bids in the non-deliverable forward market. Traders said dollar-selling intervention by RBI helped the currency avert deeper losses. Markets will continue to keep a close eye on the rupee as the **U.S. consumer price index** data came in line with forecasts, pushing the dollar higher. Data showed U.S. consumer prices in November increased by the most in seven months, however, the numbers were broadly in line with market expectations, boosting expectations of a **Federal Reserve** interest rate cut next week. The data boosted **Wall Street**, with the **Nasdaq** rising above the 20,000-point milestone for the first time.

Separately, a banking trade group said offshore investors were set to cut the cash they send to emerging markets by nearly a quarter, as promised policies from U.S. President-elect Donald Trump reverberate through global markets.

FACTORS TO WATCH

- 04:00 pm **CPI Inflation YY** for Nov: Expected 5.53%; Prior 6.21%
- 04:00 pm **Industrial Output YY** for Oct: Expected 3.5%; Prior 3.1%
- 04:00 pm **Cumulative Industrial Output** for Oct: Prior 4.0%
- 04:00 pm **Manufacturing Output** for Oct: Prior 3.9%
- The National Stock Exchange added **Hindustan Copper** to its Futures and Options ban list, while retaining **Granules India, Manappuram Finance, Metropolis Healthcare, PVR Inox** and **RBL Bank**.

STATE OF THE MARKETS

Indian shares are set to open higher, tracking other Asian peers, after in-line U.S. inflation data reinforced expectations of a Federal Reserve rate cut next week.

The supportive outlook on **Indian bonds**, spurred by the appointment of a new Reserve Bank of India governor, will have to contend with local inflation data due later and higher U.S Treasury yields.

The Indian **rupee** is likely to open marginally lower and hover close to its all-time low after U.S. inflation data reinforced hopes of a December rate cut by the Federal Reserve but did little to dent the dollar's stride.

Wall Street's benchmark **S&P 500** index rose on Wednesday and a rally in tech stocks lifted the **Nasdaq** above the 20,000-point milestone for the first time, after a U.S. inflation report boosted expectations of a Federal Reserve interest rate cut.

Asian stocks gained, tracking **Wall Street's** tech-led rally overnight after an in-line reading of U.S. consumer inflation cemented bets for a Federal Reserve interest-rate cut next week.

The **U.S. dollar** traded in a narrow range after hitting a two-week high in the previous session, supported by a rise in U.S. Treasury yields even as market players bet the U.S. Federal Reserve will cut interest rates next week.

U.S. Treasury yields rose on Wednesday as the Treasury Department sold long-dated supply and data showed a widening U.S. budget deficit.

Oil prices were little changed in early Asian trade as forecasts of weak demand and a higher-than-expected rise in U.S. gasoline and distillate inventories stemmed gains from an additional round of European Union sanctions that threatened Russian oil flows.

Gold was slightly lower, but was hovering near a more than two-week peak, supported by increased expectations of an interest rate cut from the Federal Reserve next week after U.S. inflation data came in line with forecast.

Markets	Last	Change	YTD change
GIFT Nifty 50	24,738.50	-0.11%	-
Nifty volatility	13.27	-3.70%	-
Nikkei	39,945.10	1.46%	19.37%
Hang Seng	20,189.11	0.17%	18.43%
S&P 500 e-mini futures	6,084.25	-0.14%	-
CBOE volatility	13.58	-4.23%	-
USD/INR	84.84	0.05%	1.98%
Spot gold	\$2,707.99 /oz	-0.37%	31.29%
Brent crude	\$73.50 /bbl	-0.03%	-4.60%
Indian 10-year bond yield	6.7180%	1.30 bps	-45.80 bps
U.S. 10-year Treasury yield	4.2828%	1.18 bps	42.28 bps

FII & DII Trading Activity in Equities Dec 11	Buy	Sell	Net
Domestic Institutional Investors (DII) in INR	113.96 bln	93.88 bln	20.08 bln
Foreign Institutional Investors (FII) in INR	115.29 bln	125.41 bln	-10.12 bln

(Source: National Stock Exchange of India Ltd.)

INDIA TOP NEWS

India's newly-appointed central bank chief commits to policy continuity

India's newly-appointed central bank governor Sanjay Malhotra on Wednesday said he will look to ensure stability and continuity in policymaking for the benefit of the economy.

Jubilant Bhartia Group to buy 40% stake in Coca-Cola's Indian bottler

Jubilant Bhartia Group said on Wednesday it will buy a 40% stake in Coca-Cola's largest bottler in India, as the Indian conglomerate plans to foray into the country's "high growth" beverage sector.

ReNew Energy offered to be taken private in \$2.82 billion deal

Some of the biggest investors in ReNew Energy Global have offered to take the company private, filings to the U.S. Securities and Exchange Commission (SEC) show, in a proposed deal that values the generator at \$2.82 billion, according to Reuters calculations.

'Chai and samosas': US hotels welcome Indian tourist boom to revive revenue

U.S. hotels and travel companies are aiming to tap a surge in Indian tourists to boost revenue as domestic leisure spending falters and demand from East Asian countries remains below pre-pandemic levels.

GLOBAL TOP STORIES**US consumer prices post largest rise in seven months; rents finally slowing**

U.S. consumer prices increased in November by the most in seven months, but the Federal Reserve was still expected to deliver a third consecutive interest rate cut next week to support a labor market that has been cooling.

ECB to cut rates again and signal further easing as growth falters

The European Central Bank is all but certain to cut interest rates again and signal further easing in 2025 as inflation in the euro zone is nearly back at its target and the economy is faltering.

FBI Director Chris Wray to resign following Trump nomination of Patel

FBI Director Chris Wray will step down from his post early next year, he said on Wednesday, after Republican President-elect Donald Trump signaled his intent to fire the veteran official and replace him with firebrand Kash Patel.

BREAKINGVIEWS**India needs more, not fewer, powerful tycoons**

US charges against Gautam Adani expose the country's reliance on too few industrialists to meet its strategic goals. Rather than prompting a breakup of conglomerates, the saga may nudge the government to share the spoils of the \$4 trln economy with a bigger group of chosen ones.

PICTURE OF THE DAY



Reserve Bank of India (RBI) Governor Sanjay Malhotra pose for a picture as he returns after the press conference in Mumbai, December 11. REUTERS/Hemanshi Kamani

(Compiled by Priyada K S in Bengaluru)

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

To subscribe for the India Morning newsletter [click here](#)

© 2024 London Stock Exchange Group plc. All rights reserved.

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

Please visit: [LSEG](#) for more information

[Privacy Statement](#)