

Indian Market

With the 25bps hike in repo rate, RBI is expected to make a long pause till Apr-June 2019, and there would not be any further rate related worries likely, unless INR depreciates beyond 69 level per USD, on higher crude oil price led imports, not supported by robust exports. With subdued July manufacturing PMI, market pace is likely to be decelerated for some time, till the signs of manufacturing activity picks up. RBI points at improving capacity utilization is assuring, but the trend has to be sustained. Hopefully, after a normal monsoon, elevated borrowing activity would foretell of the economic momentum in Aug-Sept. Current macro stats are pointing at private consumption staying solid, while govt spending will pick up as we approach general poll, and the code of conduct sets in. Till writing this note, US indices futures were trading flat to negative, Nikkei 225 was down 0.75%, Hang Seng and China shares down near 2% on fresh trade salvo from Trump administration. SGX Nifty (11346) was barely changed, but slipped 4 points only, as corporate results and management commentary have been encouraging for rest of the year. Expect Nifty to stay mild weak and slip to 11325, a key support. If global market worsens Nifty can slip to 11280 level.

Noted corporate developments

- IDBI Bank: Cabinet approves takeover by LIC
- Hero MotoCorp July two wheeler sales up 9 percent at 6.79 lakh units.
- Eicher Motors: Royal Enfield's July motorcycles sales up 7 percent at 69,063 units.
- Tata Motors July sales up 21 percent at 51,896 units..
- L&T offered to sell L&T Technology Services' 41 lakh shares or 4 percent equity at Rs 1,400 per share.
- Punjab National Bank to consider capital infusion of Rs 2,816 crore by Government of India on Aug. 6.
- Tata Power's June quarter's generation increased to 13,113 MU versus 12,429 MU.
- Gujarat Alkalies and Chemicals PAC plant in Vadodara commences commercial production.
- Excel Crop Care to merge business with Sumitomo Chemicals.
- Hindustan Copper: Government to cut stake to 66.13 percent from 76.05 percent.

Earnings to watch

F&O Segment

- Indiabulls Housing Finance
- Marico
- ONGC
- Marico
- Ramco Cements
- Torrent Pharmaceuticals

Cash Segment

- Akzo Nobel India
- Capital First
- Deepak Nitrite
- GE Power India
- Godrej Properties
- JK Lakshmi Cement
- Mahindra Logistics
- Manpasand Beverages
- MOIL
- Narayana Hrudayalaya
- Pfizer
- Time Technoplast

Market Background

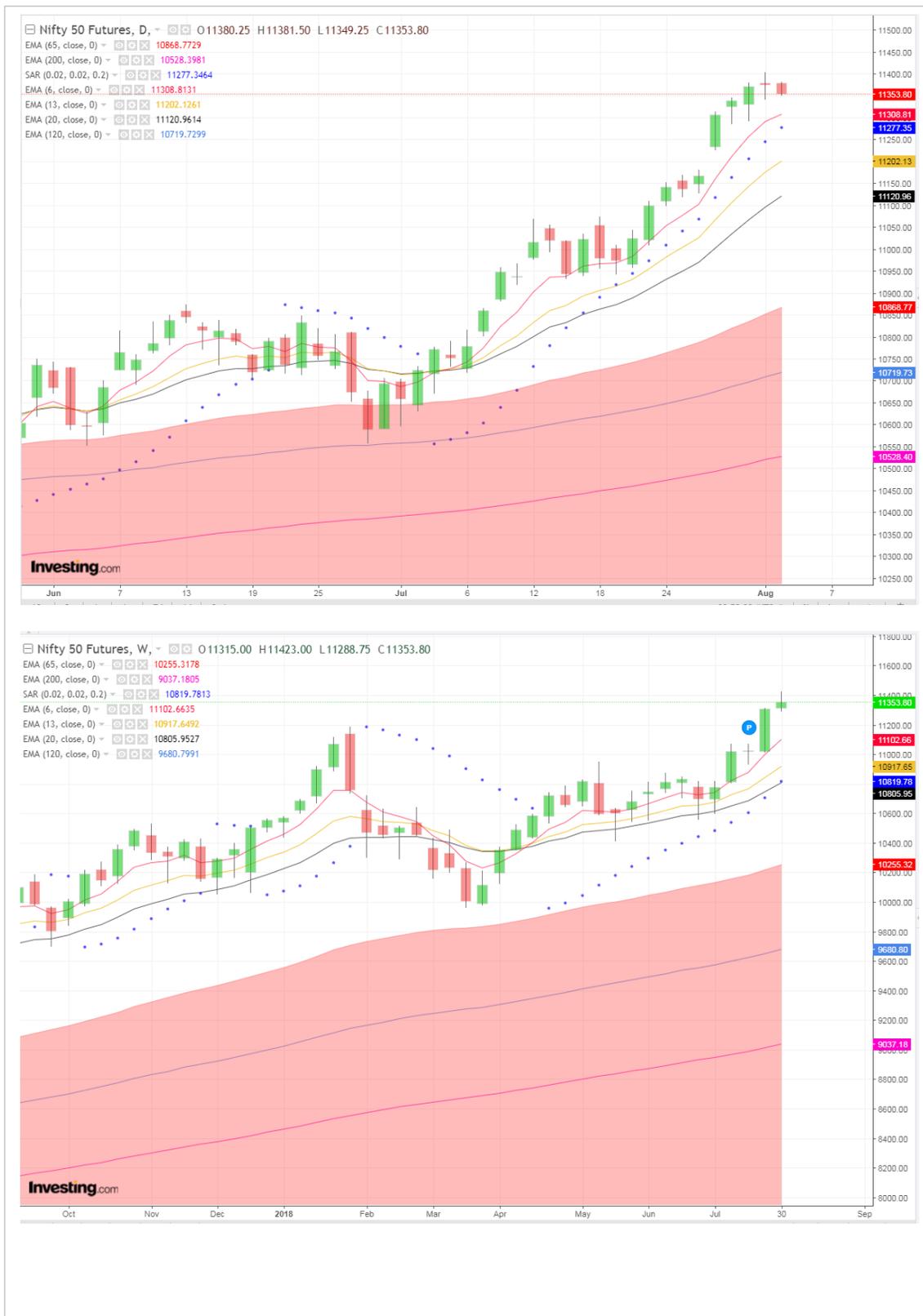
- The U.S. Federal Reserve kept interest rates unchanged on Wednesday but characterized the economy as strong, keeping the central bank on track to increase borrowing costs in September. The Fed's decision left its benchmark overnight lending rate in a range of 1.75 percent to 2.00 percent. The Fed said economic growth has been rising strongly and the job market has continued to strengthen while inflation has remained near the central bank's 2 percent target since its last policy meeting in June, when it raised rates. Wednesday's policy statement made no mention of the administration's protectionist trade policies and maintained that the risks to the outlook were "roughly balanced."
- Dow Jones fell 0.32%, S&P 500 0.1% on losses from industrials on renewed Sino-US trade moves by Trump administration, while Nasdaq gained 0.46% on good quarterly results from Apple



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- On Wednesday, the U.S. administration increased pressure on China for trade concessions by proposing a higher 25 percent tariff on \$200 billion worth of Chinese imports.
- U.S. manufacturing activity slowed in July amid signs that a robust economy and import tariffs were putting pressure on the supply chain, which could hurt production in the long term.
- U.S. bond yields rose, with the benchmark 10-year yields breaking above three percent to 2 1/2-month highs, after the U.S. Treasury said it will boost borrowing in the bond market in the coming quarter. Global bond markets were rattled also by sharp rises in Japanese bond yields since the Bank of Japan loosened its grip on long-term yields on Tuesday. The 10-year Japanese government bond yields rose to 1 1/2-year high of 0.145 percent on Thursday.
- Worries that higher Japanese yields may prompt Japanese investors to repatriate funds hit European bonds, boosting German and French yields to seven-week highs on Wednesday.
- Oil prices bounced back a tad after having fallen to two-week lows on Wednesday on a surprise increase in U.S. crude stockpiles. Brent last seen trading at \$72.78/bbl while WTI at \$67.98/bbl

SGX Nifty: Daily and Weekly Chart



Contact Person Detail

SURYA NARAYAN NAYAK
HEAD-Research & Sales
Email-surya.nayak@kcsecurities.com
Contact No-+9122 - 67236089

KantilalChhaganlal Securities Pvt Ltd
Wilco Center, 'A' Wing, Near Garware House, 8,
Subhash Road, Vile Parle (E), Mumbai 400 057 Tel
No: +91 022-6723 6000/6001 Fax: +91 22 6723 6088

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