HSBC upgrades India to overweight; downgrades China to neutral

The upgrade reflects India's relative attractiveness after a multi-year valuation reset and significant underperformance against emerging markets

Potential Dangers

- Prolonged high oil prices may trigger modest earnings downgrades
- Energy costs could weaken domestic demand and pressure the rupee
- Inflation may constrain consumption, particularly in rural areas
- El Niño poses an additional macroeconomic risk

NEW DELHI

HSBC has upgraded Indian equities to overweight from neutral, citing resilient corporate earnings, improving credit growth and more reasonable valuations following a prolonged market correction, while downgrading China to neutral from overweight amid a lack of catalysts for a sustained market re-rating.

The upgrade reflects India's relative attractiveness after a multi-year valuation reset and significant underperformance against emerging markets, HSBC's



Asia-Pacific equity strategy team said in a report authored by Herald van der Linde, the brokerage's Head of Equity Strategy for Asia Pacific. The brokerage expects India's earnings momentum to improve, with the pace of corporate earnings downgrades moderating.

Large-cap valuations, in particular, have become more reasonable, while strong credit growth and policy measures supporting economic growth and the rupee provide additional support. HSBC acknowledged that sustained high energy prices could trigger modest earnings downgrades in the coming quarters. However, it expects these revisions to remain insufficient to materially undermine overall investor sentiment. The brokerage also highlighted India's diversification appeal, particularly as Asian equity markets become increasingly dominated by artificial intelligence-linked stocks. Only 22 per cent of global emerging-market funds are currently overweight India, suggesting scope for positioning to improve, it said.

On sectoral preferences, HSBC favours banks, citing an improved growth outlook, and sees opportunities in industrials, particularly capital goods, cement, ports and electronic manufacturing services.

Within consumption, the brokerage prefers discretionary stocks over staples, with retailers and automobile manufacturers among its preferred segments. It also sees growth opportunities in insurers and hospitals, notwithstanding recent regulatory uncertainty.

HSBC favours banking stocks, citing an improving growth outlook, while identifying opportunities in industrials, particularly capital goods, cement, ports and electronic manufacturing services. In consumption, it prefers discretionary stocks over staples, with retailers and automobile manufacturers among its preferred segments

However, risks remain. While government measures have helped cushion the impact of the energy shock, a prolonged period of elevated oil prices could weigh on domestic demand and put pressure on the rupee. Inflation could also constrain consumption, particularly in rural areas, HSBC said. The brokerage also flagged El Niño as a potential macroeconomic risk.

HSBC downgraded Chinese equities to neutral from overweight, despite relatively low valuations, high shareholder yields and recent policy measures aimed at stabilising capital markets.

The downgrade reflects concerns that these measures may provide a downside cushion but are unlikely to generate the catalysts needed for a sustained re-rating of Chinese equities.

Weak consumer confidence, continued stress in the property market and subdued domestic investment remain constraints on economic growth. Investor appetite has also weakened, as reflected in subdued southbound capital flows and declining margin financing, the report said.

HSBC also sees limited evidence of meaningful near-term policy support capable of driving a fundamental improvement in economic growth.

SIP stoppage ratio jumps above 115% in October

The rise in the ratio came even as monthly SIP contributions remained resilient at over ₹32,000-cr

MUMBAI



THE systematic investment plan (SIP) stoppage ratio rose sharply to about 115.7 per cent in October 2026, reversing five consecutive months of improvement, according to industry data.

The rise in the ratio came even as monthly SIP contributions remained resilient at over Rs 32,000 crore. According to the latest industry data, SIP inflows stood at Rs 32,162 crore in October, marginally lower than the record Rs 32,490 crore recorded in September. During October, around 59 lakh SIP accounts were either discontinued or completed their tenure, while only 51 lakh new SIPs were registered. This implies that for every 100 new SIPs added, nearly 116 SIPs were discontinued or matured, pushing the stoppage ratio above the 100 per cent mark.

The ratio increased by nearly 37 percentage points from September, when 49.68 lakh SIPs were discontinued or completed against 63.26 lakh new SIP registrations, resulting in a stoppage ratio of 78.5 per cent. Industry data showed that new SIP registrations fell by about 19.4 per cent month-on-month in October, while the number of discontinued or completed

Around 59 lakh SIPs were discontinued or completed their tenure in October, compared with 51 lakh new registrations. The stoppage ratio surged to 115.69% from 78.53% in September, marking a month-on-month increase of 37.16 percentage points. Fresh registrations declined 19.4%, while discontinuations and maturities increased 18.8%

SIPs rose by nearly 18.8 per cent. The combination of weaker registrations and a rise in closures or maturity-led exits led to the sharp increase in the stoppage ratio. The latest reading marks a significant reversal from the trend seen over the previous five months.

The SIP stoppage ratio had steadily declined from 101.14 per cent in April to 95.46 per cent in May, 91.23 per cent in June, 81.87 per cent in July, 81.05 per cent in August, and 78.53 per cent in September.

October's estimated ratio of 115.69 per cent is the highest recorded in the seven-month period -- indicating that SIP discontinuations and tenure completions outpaced fresh registrations after months of gradual improvement. However, market participants cautioned that the stoppage ratio should not be viewed in isolation. The discontinued SIP count also includes investment plans that have reached their scheduled maturity and does not necessarily represent investors exiting the market prematurely. They noted that metrics such as overall SIP contributions, the number of active SIP accounts and contributing investors provide a more comprehensive picture of retail participation through the SIP route.

Crude oil futures rise nearly half a per cent



NEW DELHI: Crude oil futures rose by Rs 38 to Rs 8,134 per barrel, tracking positive global trends amid lingering geopolitical uncertainties and increased investor bets. On the Multi Commodity Exchange (MCX), the crude oil contract for November delivery appreciated 0.47 per cent in a business turnover of 9,629 lots. The December contract also advanced Rs 33, or 0.41 per cent, to Rs 8,057 per barrel on the commodities bourse. Analysts attributed the uptick to fresh bets by participants and firm global trends. In international markets, West Texas Intermediate (WTI) advanced 1 per cent to $86.92 per barrel on the New York Mercantile Exchange (NYMEX). The January contract of global oil benchmark Brent gained $1.02, or 1.11 per cent, to $92.51 per barrel on the Intercontinental Exchange (ICE). According to brokerage firm Kotak Neo, crude oil futures were trading around 1 per cent higher in global markets as uncertainty continued over Iran's demand for relief from US sanctions and the naval blockade before agreeing to peace talks.

Gold futures rise nearly 1% on firm trend

GOLD prices rose nearly 1 per cent to Rs 1.41 lakh per 10 grams in futures trade, tracking firm trends in the international markets. On the Multi Commodity Exchange, the yellow metal contract for December delivery climbed Rs 1,025, or 0.73 per cent, to Rs 1,41,550 per 10 grams in a business turnover of 16,203 lots. The contract closed at Rs 1,40,525 per 10 grams on Tuesday. Commodities markets were closed on Tuesday in the morning session on account of Diwali-Balipratipada. In global markets, Comex gold futures for December delivery rose $34, or nearly 1 per cent, to $4,064.20 per ounce in New York.

Silver futures climb on positive cues

SILVER prices climbed nearly 3 per cent to Rs 1.87 lakh per kilogram in futures trade amid a strong demand in global markets. The white metal futures for December delivery jumped Rs 4,863, or 2.66 per cent, to Rs 1,87,439 per kg in a business turnover of 16,315 lots. In overseas trade, Comex silver futures for December contract also advanced by $1.83, or 3.56 per cent, to $53.05 per ounce.

AI chip optimism propels global markets despite Wall St retreat

US bourses backtracked on growing concerns over persistent inflation, rising Treasury yields and stretched technology valuations

HONG KONG



WORLD shares were mostly higher Wednesday after a retreat on Wall Street as US inflation rose higher than expected in October, while US futures edged higher and oil prices rose.

In early European trading, Germany's DAX rose 1 per cent to 26,621.01 after inflation fell to 2.8 per cent in October from a year earlier, according to the federal statistics office on Wednesday. The CAC 40 in Paris picked up 0.6 per cent to 8,331.94. Britain's FTSE 100 added 0.7 per cent to 10,825.97.

The future for the S&P 500 rose 0.6 per cent and that for the Dow Jones Industrial Average gained 0.2 per cent. In Asia, Taiwan led the regional markets as its benchmark Taiex rose 3.6 per cent. Taiwan Semiconductor Manufacturing Co., or TSMC, climbed 3.1 per cent after the AI chipmaker reported its October revenue was nearly sixfold higher than a year earlier, showing that demand for AI chips remains solid.

TSMC's board also approved up to $1 billion in investment in Anthropic and OpenAI, according to a company statement Tuesday. Japan's benchmark Nikkei 225 advanced 1.3 per cent to 61,248.59. SoftBank Group's shares pared losses to close 0.4 per cent lower as the investment giant reported a quarterly net loss of 1.1 trillion yen (USD 7 billion) on Tuesday after markets closed.

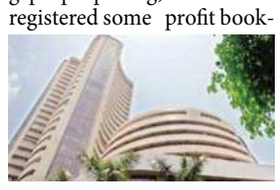
South Korea's Kospi was up 2.4 per cent to 5,365.75. Chipmaker Samsung Electronics gained 3.4 per cent and SK Hynix jumped 5.4 per cent.

Short-term market texture is positive

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MUMBAI

THE benchmark indices witnessed some profit booking at higher levels. The Sensex was up by 773 points. Among sectors, the PSU Bank index outperformed, rallying 2.95 per cent, whereas the Realty and IT indices witnessed intraday profit booking at higher levels.

Technically, after a strong gap-up opening, the market registered some profit booking at higher levels. On the ," says Shrikant Chouhan, Head - Equity Research, Kotak Neo. On daily charts, it formed a red candle, but on the intraday charts, it is still holding a higher-bottom formation, which supports the uptrend.



"We are of the view that the short-term texture of the market is still positive, but we could see a quick intraday dip if the market slips below 81,500," says Shrikant Chouhan, Head - Equity Research, Kotak Neo. Below this level, the intraday correction could continue to 81,300-81,000. On the flip side, above 82,000, the rally could continue to 82,300-82,500.

IIFL Finance shares surge over 6% after ₹6K-cr fundraise

NEW DELHI



SHARES of non-banking financial company IIFL Finance on Wednesday jumped over 6 per cent after the firm announced a Rs 6,414-crore capital raise through a preferential issue, with global investment firm Blackstone set to invest Rs 5,000 crore to drive the next phase of growth.

The stock surged 6.30 per cent to Rs 666.10 on the BSE. During the day, it jumped 10.85 per cent to Rs 694.65. On the NSE, the stock climbed 6.25 per cent to end at Rs 666.25. The fundraise also includes an investment of Rs 1,264 crore by the company's promoters, Nirmal Jain and R Venkataraman, through preferential allotment of warrants, while Anchorage Capital will invest Rs 150 crore through a primary equity investment.

The proposed transaction is subject to customary regulatory and shareholder approvals, IIFL Finance said in a regulatory filing on Tuesday.

SNVA Traveltech files updated IPO papers

BIZZ BUZZ BUREAU
HYDERABAD

SNVA Traveltech Ltd, operator of online travel platform Travomint, has filed its Updated Draft Red Herring Prospectus-I (UDRHP-I) for a proposed initial public offering comprising an offer for sale (OFS) of up to 12.75 crore equity shares.



Promoters Alok Kumar Singh and Vivek Kumar Singh will each offload up to 6.38 crore shares. The company confidentially filed its draft papers with Sebi on March 29 and received regulatory approval on August 6. Equirus Capital and Anand Rathi Advisors are the book-running lead managers.

Established in 2017, SNVA Traveltech operates an asset-light online travel agency offering flight, hotel and ancillary travel bookings through its Travomint website and mobile application. Its services include airport transfers, travel insurance, car rentals and holiday packages across domestic and international routes.

Rupee may hit 100/$ mark by June 2027

Underlying fundamentals are expected to outweigh recent currency momentum

NEW DELHI



The report flagged sizeable external liabilities, noting that the RBI has around $200 billion in short foreign exchange positions maturing beyond one year, including $150 billion in the three-to-five-year bucket

THE Indian rupee could reach 100 against the US dollar by June 2027 despite recent stability, a report said on Wednesday, adding that slowdown in the global artificial intelligence investment cycle and a reversal of recent foreign portfolio investor outflows could redirect global financial savings towards India. Potential shift in global capital flows could potentially bring the financeable current account deficit (CAD) back to 0.8 per cent of GDP, the report from Axis Bank Research said.

India's foreign exchange reserve adequacy remains low across both traditional measures and the IMF's Assessing Reserve Adequacy (ARA) metric, indicating the need to rebuild buffers.

The report's forecast of INR trajectory underpins prediction that underlying fundamentals are expected to outweigh recent currency momentum. The report also pointed to sizeable external liabilities as a concern. It noted that the Reserve Bank of India holds significant short foreign exchange positions, with approximately $200 billion in maturities exceeding one year, including around $150 billion in the three-to-five-year maturity bucket.

Declining global savings and rising government debt amid geopolitical conflicts could constrain capital flows into Indian assets. The rupee's depreciation despite a low current account deficit also suggests that falling crude prices alone may not reverse the currency's weakness

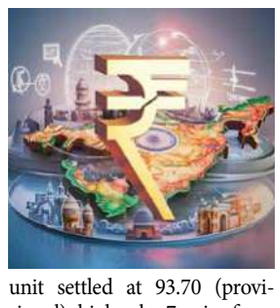
A decline in global savings, alongside rising government debt amid geopolitical conflicts, could limit the availability of capital seeking investment opportunities in Indian assets. The report highlighted that the rupee began losing value even when the current account deficit was low, suggesting that a decline in crude prices alone may not meaningfully alter the currency outlook.

"Continued squeezing of global savings owing to fading of the peace dividend also limits availability of savings to chase India assets," the report noted. Another report said that India's economy is likely to maintain strong growth momentum in the Q2 FY27 despite global uncertainties, with gross domestic product likely to expand by around 7.8 per cent, supported by resilient domestic demand, corporate performance and strong credit growth.

Positive domestic cues lifts rupee

The local unit rises 7ps to settle at 93.70/$; expect it to trade with a positive bias

MUMBAI



THE rupee gained 7 paise to close at 93.70 against the US dollar, driven by domestic market strength and foreign capital inflows, alongside potential support from declining global crude oil prices. Forex traders said the Indian rupee gained as domestic markets rose to an eight-month high amid FPI inflows and easing crude oil prices. However, a strong dollar and a surge in US Treasury yields capped sharp gains. The dollar strengthened on hotter-than-expected CPI inflation in the US, raising odds of a rate hike by the Fed in December. At the interbank foreign exchange market, the rupee opened at 93.71 against the US dollar.

During intra-day trade, the rupee witnessed a high of 93.63 and a low of 93.88 against the American currency. The local unit settled at 93.70 (provisional), higher by 7 paise from its previous close. On Tuesday, domestic equity, currency and debt markets were closed on account of 'Diwali Balipratipada'. On Monday, the rupee appreciated 21 paise to 93.77 against the US dollar.

"We expect the rupee to trade with a positive bias on strength in domestic markets and foreign inflows. Falling global crude oil prices may also support the rupee. However, strength in the greenback and surge in US Treasury yields amid better-than-expected inflation and jobs data may cap sharp upside in the rupee," said Anuj Choudhary, Research Analyst, Mirae Asset Sharekhan. US banks will remain closed on Wednesday for the Veterans Day holiday. USDINR spot price is expected to trade in a range of 93.40 to 93.95, Choudhary added.

Meanwhile, the dollar index, which gauges the greenback's strength against a basket of six currencies, was at 102.50, higher by 0.27 per cent. Foreign institutional investors (FIIs) purchased equities worth Rs 7,212.22 crore on Monday, according to exchange data. Driven by the AI-led sell-off in global markets, strong domestic earnings growth and attractive large-cap valuations, foreign investors turned net buyers of Indian equities in November, infusing Rs 53,739 crore in the first nine days after two consecutive months of outflows.