

# India Morning Newsletter

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As **domestic stock markets** maintained a series of consecutive gains on Tuesday, the day ahead might be one of caution, with traders awaiting an expected vote on a bipartisan deal to lift the \$31.4 trillion **U.S. debt ceiling**. **Wall Street** wasn't too kind either, citing the progress of the deal and its consequences, ending nearly muted overnight. Although, domestic **IT stocks** may reflect differently as **Nvidia** briefly touched the 1 trillion valuation mark last night, lifting the **Nasdaq** but only so much. On the home turf, traders will keenly eye India's first quarter **GDP** data, which is expected to show the economy grew by 5% in the quarter, accelerating from 4.4% in the previous quarter. In addition, the **government of India** will aim to raise an aggregate of 320 billion rupees through the **auction** of 91-day, 182-day and 364-day **Treasury bills** in the day. On the global economic side, **U.S. job openings** numbers would be in focus later in the day. Meanwhile, **China's factory activity** contracted faster than expected in May, while **non-manufacturing activity** expanded at a slower pace in the same month. Separately, in the previous session, the **Indian rupee** was down, and the **Indian government bond yields** ended marginally lower.

## FACTORS TO WATCH

- **Indian economy** is expected to expand 5.0% year-on-year in March quarter, compared to 4.4% in the previous quarter, helped by a pick up in the urban consumer spending and higher government spending on infrastructure projects. Economists predicted the economic growth could slow to 6.0% in the current financial year, starting April, from estimated 7% in the previous year, hit by global slowdown. The **GDP** data is scheduled to be released at 5:30 pm.
- 3:30 pm **Federal Fiscal Deficit** for March: Prior 14,538.62 bln INR
- 5:00 pm **M3 Money Supply** for the week ended May 19: Prior 9.7%
- 5:30 pm **Infrastructure Output** YY for April: Prior 3.60%

## STATE OF THE MARKETS

**Indian shares** are set to open lower, after hitting fresh five-month highs for three consecutive sessions, on caution ahead of U.S. Congress' approval to the debt deal and concerns over China's economic recovery.

**Indian government bond yields** are likely to open marginally lower, with U.S. yields easing from their recent highs. The 10-year benchmark 7.26% 2033 bond yield is expected to be in the 6.98% to 7.03% range, after closing at 7.0102% in the previous session.

The bias on the **Indian rupee** is seen on the downside, on the back of another leg lower for the Chinese yuan. Non-deliverable forwards indicate rupee will open slightly weaker to the U.S. dollar, compared to 82.71 in the previous session.

**Stocks on Wall Street** closed mixed on Tuesday, pressured by worries about U.S. lawmakers opposed to a deal to raise the \$31.4 trillion debt ceiling, but supported by another surge in Nvidia shares that briefly lifted the chipmaker into the rare club of companies valued at \$1 trillion.

**Asia's stock markets** slid toward a second month of losses in a row, and even the glittering **Nikkei** paused, as weak Chinese factory activity fed growing doubts about the post-pandemic recovery in the world's second biggest economy.

The **dollar** languished below the psychological 140 yen level after getting knocked back from a six-month high after Japanese officials met on Tuesday to discuss their currency.

The **benchmark U.S. 10-year Treasury yield** declined on Tuesday as a deal to raise the U.S. debt ceiling and avoid potential default reassured investors.

**Oil** prices edged down after steep losses in the prior session, as market participants awaited an expected vote on a bipartisan deal to lift the \$31.4 trillion U.S. debt ceiling.

**Gold** prices headed for their first monthly fall in three, as expectations that the Federal Reserve will likely raise interest rates further and optimism over the U.S. debt deal diminished bullion's status as a safe haven.

Markets	Last	Change	YTD change
SGX Nifty futures	18,675.50	-0.29%	-
Nifty volatility	12.01	-0.02%	-
Nikkei	31,092.11	-0.75%	19.15%
Hang Seng	18,269.12	-1.76%	-7.65%
S&P 500 e-mini futures	4,210.25	-0.11%	-
CBOE volatility	17.46	0.00%	-
USD/INR	82.71	0.10%	-0.01%
Spot gold	\$1,954.89 /oz	-0.22%	7.15%
Brent crude	\$73.46 /bbl	-0.11%	-14.49%
Indian 10-year bond yield	7.0110%	-0.19 bps	-4.31 bps
U.S. 10-year Treasury yield	3.6808%	-0.41 bps	-3.92 bps

FII & DII Trading Activity in Equities May 30	Buy	Sell	Net
Domestic Institutional Investors (DII) in INR	59.37 bln	63.76 bln	-4.39 bln
Foreign Institutional Investors (FII) in INR	97.89 bln	77.04 bln	20.86 bln

(Source: National Stock Exchange of India Ltd.)

**INDIA TOP NEWS****• Indian regulators step up scrutiny ahead of review by global money laundering watchdog - sources**

India's top financial regulators are asking entities from mutual funds to brokers to banks to tighten their supervision and have also added fresh regulations as they prepare for a review by the global money-laundering watchdog, according to three sources.

**• Top shipper of Russian oil secures Indian cover as Western certifiers exit**

An Indian agency has stepped in to provide safety certification for most of Gatik Ship Management's fleet, a major carrier of Russian oil to India, after Lloyd's Register and the American Bureau of Shipping (ABS) withdrew classification for many of its vessels, records show.

**• India to lure manufacturers with electronics repair pilot project**

India will start a pilot project this week to establish itself as an electronics repair hub by relaxing cumbersome import-export rules, a move that could draw tech majors such as Flex to expand such operations in the country.

**• India poised to deny funding for Vedanta-Foxconn chip venture - Bloomberg News**

The Indian government is poised to deny crucial funding for Anil Agarwal's chip venture, Bloomberg News reported on Tuesday, a setback to the billionaire's ambition to build India's 'own Silicon Valley.'

**• Mankind Pharma posts 43% jump in Q4 profit in first results since listing**

India's Mankind Pharma on Tuesday reported a 43.4% surge in fourth-quarter profit in the Manforce condom-maker's first earnings as a listed company, helped by lower input costs.

**GLOBAL TOP STORIES****• US House poised to vote on urgently needed debt ceiling suspension**

Legislation brokered by President Joe Biden and House Speaker Kevin McCarthy to lift the \$31.4 trillion U.S. debt ceiling and achieve new federal spending cuts passed an important hurdle late on Tuesday, advancing to the full House of Representatives for debate and an expected vote on passage on Wednesday.

**• China's factory activity falls faster than expected on weak demand**

China's factory activity contracted faster than expected in May on weakening demand, heaping pressure on policy-makers to shore up a patchy economic recovery.

**• Nvidia briefly joins \$1 trillion valuation club**

Nvidia Corp briefly joined an elite club of U.S. companies sporting a \$1 trillion market value on Tuesday, as investors piled into the chipmaker that has quickly become one of the biggest winners of the AI boom.

**PREVIEW****India's economy likely gained pace in March quarter**

India is set to release data on Wednesday that is expected to show the economy grew by 5% in the January-March quarter from a year earlier, accelerating from 4.4% in the previous quarter due to steady urban demand and government spending.

**COMPANIES REPORTING RESULTS**

**Home First Finance Company India Ltd:** Q4 2023 earnings release

**CORPORATE EVENTS**

**Apollo Hospitals Enterprise Ltd:** Q4 2023 earnings conference call

**Avanti Feeds Ltd:** Q4 2023 earnings conference call

**KRBL Ltd:** Q4 2023 earnings conference call

**Prestige Estates Projects Ltd:** Q4 2023 earnings conference call

**V Guard Industries Ltd:** Q4 2023 earnings conference call

**Welspun Corp Ltd:** Q4 2023 earnings conference call

**SHAREHOLDERS MEETINGS**

**Rossari Biotech Ltd:** Annual shareholders meeting

**EX-DIVIDENDS**

**State Bank of India:** Final cash dividend of gross INR 11.3 paid on June 14



## PICTURE OF THE DAY



A person is seen inside an IndiGo airlines ticketing office at Chhatrapati Shivaji International airport in Mumbai, May 30. REUTERS/Francis Mascarenhas

(Compiled by Ankita Yadav in Bengaluru)

For questions or comments about this report, contact:  
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