

India Morning Newsletter

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Stepping into the second half of 2024, markets this week will focus on the final **HSBC manufacturing and services PMI** numbers, June **auto sales** data, the progress of monsoon and company updates ahead of June-quarter corporate earnings. Three companies are scheduled to launch their **initial public offerings**, providing the only interest in a light week for corporate news. India's **benchmark equity indexes** came off record highs in the previous session, but ended the month with their best gain this year boosted by Prime Minister Narendra Modi's return to power and on foreign inflows. The **Nifty 50** and **Sensex** rose 6.6% and 6.9%, respectively, in June. Adding to this, foreign portfolio investors bought 188 billion rupees of shares in the month until June 27, on course to snap a two-month selling streak. On Friday, index heavyweight **Reliance Industries** climbed 2.3% to a record high after its telecom unit raised prices. The **rupee** rose slightly, while **government bonds** were unable to gain meaningfully after underwhelming inflows following the inclusion of the country's sovereign debt in a widely-tracked JPMorgan debt index. On the global front, investors' focus will switch to U.S. jobs data, with **non-farm payrolls**, **JOLTs job openings** data and **ADP private payrolls** in the pipeline. **ISM data on U.S. manufacturing and services activity** in June, due later in the day, will also be closely watched. Federal Reserve Chairman **Jerome Powell's** speech and the release of **Federal Open Market Committee meeting minutes** on Tuesday are likely to additionally influence market sentiment.

FACTORS TO WATCH

- 10.30 pm **HSBC Manufacturing PMI** for June: Expected 58.0; Prior 58.5
- The National Stock Exchange added **India Cements** and **Indus Tower** to its Futures & Options ban list.

STATE OF THE MARKETS

Indian shares are expected to start the week on a muted note as investors await fresh triggers and as the benchmark indexes could see profit booking near record high levels.

Indian government bond yields are expected to open higher at the start of second quarter of the fiscal as U.S. yields accelerate their upward momentum, which could put some selling pressure on local papers. The benchmark 10-year yield is likely to move in the 6.99%-7.04% range, following its previous close of 7.0095%. The yield rose 4 basis points last week, but posted its third consecutive quarterly fall.

The **Indian rupee** is expected to open largely unchanged amid mixed Asian peers, ahead of key U.S. data later this week. Non-deliverable forwards indicate the rupee will open barely changed from 83.3825 in the previous session.

U.S. stocks ended weaker on Friday after an early rally fizzled as investors digested in-line inflation data and weighed political uncertainty after the U.S. presidential debate.

Asian stocks were subdued as traders pondered the U.S. rates outlook, while the euro edged higher after the far-right won a smaller share of the vote in the first round of France's shock snap election than some polls had projected.

The **euro** rose after the first round of France's snap election put the far-right in pole position, though by a smaller margin than projected, while a downgrade to Japan's first-quarter growth figures knocked the **yen** lower.

Treasury yields reversed earlier declines to trade higher on Friday as uncertainty around the U.S. presidential election as well as the imminent French legislative elections offset an earlier confidence boost from a slowdown in U.S. inflation.

Oil prices edged up in early trade, supported by forecasts of a supply deficit stemming from peak summer fuel consumption and OPEC+ cuts in the third quarter, although global economic headwinds and rising non-OPEC+ output capped gains.

Gold prices held steady in early Asian hours, buoyed by data that showed inflation in the U.S. subsided, boosting hopes that the Federal Reserve will start cutting interest rates this year.

Markets	Last	Change	YTD change
GIFT Nifty 50	24,125.00	-0.05%	-
Nifty volatility	13.80	-35 bps	-
Nikkei	39,707.07	0.31%	18.66%
Hang Seng	17,718.61	0.01%	3.94%
S&P 500 e-mini futures	5,536.00	0.26%	-
CBOE volatility	12.44	1.63%	-
USD/INR	83.38	-0.09%	0.21%
Spot gold	\$2,326.31 /oz	0.03%	12.79%
Brent crude	\$85.30 /bbl	0.35%	10.72%
Indian 10-year bond yield	7.0080%	0.80 bps	-16.80 bps
U.S. 10-year Treasury yield	4.3941%	5.11 bps	53.41 bps

FII & DII Trading Activity in Equities Jun 28	Buy	Sell	Net
Domestic Institutional Investors (DII) in INR	209.73 bln	143.15 bln	66.58 bln
Foreign Institutional Investors (FII) in INR	206.06 bln	206.29 bln	-0.23 bln

INDIA TOP NEWS

India steel, trade ministries in talks over rising Chinese imports, says source

India's steel and trade ministries are in talks over rising imports, particularly cheap Chinese goods, a government source with direct knowledge of the matter said on Saturday, amid persistent calls for higher tariffs from top producers.

India opposition asks Modi government to question Foxconn hiring practices

India's opposition Congress urged Prime Minister Narendra Modi's government on Saturday to question Foxconn about its hiring practices after Reuters reported that the Apple supplier rejects married women from iPhone assembly jobs in the country.

Ola Electric working to build solid-state batteries, chairman says

India's Ola Electric is working to build solid-state batteries and expects its vehicles to be powered by its own cells next year, the founder and chairman of the SoftBank Group-backed electric scooter maker said on Saturday.

Jio, Bharti Airtel, Vodafone Idea hike call tariffs for first time in three years

Reliance's Jio, Bharti Airtel and Vodafone Idea, India's three largest telecom operators, raised their tariffs for the first time in three years, aiming to begin recouping the billions poured into 5G technology over two years.

India's fiscal deficit in April-May at \$6.1 bln

India's fiscal deficit for the first two months of the current financial year that started April 1 stood at \$6.07 billion, or 3% of the estimate for the whole year, government data showed on Friday.

GLOBAL TOP STORIES**Far right wins first round in France election, run-off horsetrading begins**

Marine Le Pen's far-right National Rally (RN) party scored historic gains to win the first round of France's parliamentary election on Sunday, exit polls showed, but the final result will depend on days of horsetrading before next week's run-off.

China's factory activity rises at fastest pace in over 3 years, Caixin PMI shows

China's manufacturing activity grew at the fastest pace in more than three years due to production gains, even as demand growth slowed, a private sector survey showed, indicating the health of the sector remained robust.

Israeli tanks advance into areas in north and south Gaza

Israeli forces advanced further on Sunday into the Shejaia neighbourhood of northern Gaza and also pushed deeper into western and central Rafah in the south, killing at least six Palestinians and destroying several homes, residents said.

SHAREHOLDERS MEETINGS

Cyient Ltd: Annual Shareholders Meeting

EX-DIVIDENDS

Tata Communications Ltd: Final Cash Dividend of gross INR 16.7 paid on Jul 18

PICTURE OF THE DAY



India's Kuldeep Yadav lifts the trophy as they celebrate after winning the T20 World Cup against South Africa at Kensington Oval, Bridgetown, Barbados, June 29. REUTERS/Ash Allen

(Compiled by xxx in Bengaluru)

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