

MORNING NEWS CALL

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INDIA EDITION

Monday, June 3, 2019

FACTORS TO WATCH

LIVECHAT-FX WEEK AHEAD

FX Buzz analyst **Jeremy Boulton** analyses G7 currencies. To join the conversation, [click here](#)

INDIA TOP NEWS

[India plays down Trump decision to remove U.S. trade privileges](#)

The Indian government said on Saturday it will continue to seek to build strong economic ties with the United States despite a decision by U.S. President Donald Trump to end preferential trade treatment for India from June 5.

[Collapsed Jet Airways' ex-partners, rivals scramble to fill India capacity void](#)

Former partners and rivals of Jet Airways are launching replacement routes and looking for new codeshare partners as they scramble to fill a lucrative gap left by the collapse of the India's once-largest international airline.

[IndiGo close to new engine deal, may drop Pratt for CFM](#)

India's biggest airline, IndiGo, is close to a decision on engines that could mark a dramatic shift away from Pratt & Whitney towards its French-American rival CFM but a final decision is only expected later in June, according to three people aware of the matter.

[SpiceJet examines taking over widebody jets previously operated by Jet](#)

Indian budget airline SpiceJet is examining the prospect of taking over widebody jets previously operated by Jet Airways, but initial studies show they need significant maintenance work, its chairman said on Saturday.

[Indian growth rate drops behind China to lowest in more than four years](#)

India's economy grew at its slowest pace in more than four years in the January-March period, falling behind China's pace for the first time in nearly two years and raising the prospect of fiscal stimulus and a rate cut.

[India to see 'big-bang' reforms in Modi's second term, says govt think tank](#)

In the first 100 days of Indian Prime Minister Narendra Modi's second term, 'big-bang' economic reforms that should please foreign investors are likely to be pursued, according to a top official at the government's main think tank.

GLOBAL TOP STORIES

[Mexico and U.S. gear up for tariff talks as Trump doubles down on threat](#)

Mexican and U.S. officials were preparing on Sunday for upcoming talks aimed at averting a major trade clash after U.S. President Donald Trump vowed to impose punitive tariffs on all Mexican goods in an intensifying dispute over migration.

[China May factory activity grows at steady pace but recovery still patchy -Caixin PMI](#)

China's factory activity expanded at a steady but modest pace in May, as export orders bounced from a contraction, a private business survey showed, but the overall economic picture was mixed as output growth slipped and factory prices stalled.

[FCA discusses improved Renault merger bid to win French backing](#)

Fiat Chrysler is discussing a Renault special dividend and stronger job guarantees in a bid to persuade the French government to back its proposed merger between the carmakers, sources close to the discussions said.

STATE OF THE MARKETS

SGX Nifty nearest-month futures were 0.3% higher at 11,966.00. – NewsRise

The Indian **rupee** is expected to open higher against the dollar after Brent crude fell to its lowest in 11 months. Tepid risk appetite and weak India economic data, however, are expected to keep the rupee's advance in check, a dealer said. – NewsRise

Indian **government bonds** are likely to rise in early trade as economic growth in the last fiscal year slowed to a five-year low, raising

bets of monetary easing this week. The yield on the benchmark 7.26% bond maturing in 2029 is likely to trade in a range of 7.00%-7.05% today. – NewsRise

U.S. stocks dropped on Friday, as the S&P 500 closed out the month with its biggest May slump since 2010, after President Donald Trump's surprise threat of tariffs on Mexico fueled fears that a trade war on multiple fronts could lead to a recession.

U.S. stock futures and **Asian share** markets slipped on worries intensifying Sino-U.S. tensions and Washington's new tariff threats against Mexico could tip the global economy into a recession.

The **yen** brushed a more than four-month high against the **U.S. dollar** as U.S. President Donald Trump's hard stance on trade broadened to countries beyond China, forcing investors to safe-haven assets, including government bonds.

Benchmark U.S. Treasury yields tumbled to 20-month lows on Friday after U.S. President Donald Trump said the United States would impose a tariff on Mexican goods, sparking broad risk aversion.

Oil prices fell more than 1%, extending losses of over 3% from Friday, when crude markets racked up their biggest monthly losses in six months amid stalling demand and as trade wars fanned fears of a global economic slowdown.

Gold prices rose to their highest in more than two months, with investors seeking refuge in safe-haven assets as heightened Sino-U.S. trade tensions and Washington's threat of tariffs on Mexico stoked worries of a global recession.

	CLOSE	FII INVESTMENTS	EQUITIES	DEBT
PNDF spot	69.79/69.82	May 31	\$97.22 mln	\$221.31 mln
10-yr bond yield	7.03%	Month-to-date	\$1.28 bln	\$426.26 mln
		Year-to-date	\$11.05 bln	-\$2.13 bln

PICTURE OF THE DAY



A worker sleeps underneath an embroidery machine at a workshop in Mumbai, India, May 31. REUTERS/Francis Mascarenhas

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(Compiled by Sourav Bose in Bengaluru)

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