

India Morning Newsletter

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Indian equities head into Thursday's session balancing firm domestic momentum against a weaker global backdrop after the **Federal Reserve** signalled a more hawkish policy stance. **Kevin Warsh**, who took over as Fed chief last month, indicated a move away from forward guidance, saying it was not "well suited" to the current economic moment.

The Fed left interest rates **unchanged** at 3.50%–3.75%, but its updated outlook emphasised the need to curb **inflation**, with policymakers signalling higher borrowing costs later this year, weighing on U.S. **equities** while lifting the **dollar** and Treasury **yields**.

Despite the global headwinds, Indian equities have remained resilient. The **Nifty 50** and **BSE Sensex** extended their gains for a fourth consecutive session on Wednesday, marking their longest winning streak in two months. Over the past four sessions, the indices have risen approximately 4%–4.5%.

The rally has been largely supported by a decline in **crude oil** prices following the U.S. and Iran's signing of an interim agreement aimed at ending the conflict, reopening the Strait of Hormuz, and lifting U.S. sanctions on Iran's oil.

Foreign inflows have also underpinned sentiment, with overseas investors buying a net \$2 billion of Indian **government bonds** so far in June, putting the month on track for the strongest inflows in 15 months. At the same time, the **Reserve Bank of India** is not looking to allow direct settlement of government securities through offshore platforms such as Euroclear, according to sources.

Trade developments remain in focus, with **India** and **Britain** set to implement their free trade agreement on July 15, while the **European Union** aims to conclude a separate pact with India by year-end.

Separately, India's **National Stock Exchange** filed draft papers for an initial public offering, and **Reliance Jio** could follow with a \$4 billion listing.

FACTORS TO WATCH

- The National Stock Exchange retained **Kaynes Technology India** in its Futures and Options ban list

STATE OF THE MARKETS

Indian **shares** are set for a flat open as investors weigh the boost from lower oil prices and the U.S. Federal Reserve's decision to hold rates steady against signs that it could still raise borrowing costs later this year.

The Indian **rupee** is set to weaken at open after a hawkish surprise from the U.S. Federal Reserve boosted bets on rate hikes later this year. The rupee is expected to open in the 94.70-94.75 range, per traders, having settled at 94.5250 on Wednesday.

Indian **government bonds** could open the session on a declining bias after the U.S. Federal Reserve turned hawkish, with the majority of members anticipating the start of an interest rate-hiking cycle before the turn of the calendar.

Asian **stocks** were steady and oil prices dipped as investors assessed progress toward ending the war in the Middle East after the presidents of the U.S. and Iran signed an interim peace deal, though uncertainties still hovered.

The **S&P 500** and **Nasdaq** closed down by more than 1% on Wednesday, as traders bet that the Federal Reserve's next move would be a rate hike after new Fed Chair Kevin Warsh highlighted the need to tame inflation and other policy makers projected rising interest rates later this year.

The U.S. **dollar** clung to a more than two-month high as markets ramped up wagers on Federal Reserve rate hikes this year, heaping fresh pressure on the Japanese yen toward intervention territory.

Short-term Treasury **yields** rose to the highest in 16 months on Wednesday after investors took a string of strong economic data, a U.S. Federal Reserve decision to hold interest rates steady and the debut of new central bank Chair Kevin Warsh to demonstrate a likely shift toward tighter policy.

Oil prices fell in early trading after the U.S. and Iran signed an interim agreement that would end the Iran war, reopen the Strait of Hormuz and waive U.S. sanctions on Tehran's oil, resolving the largest energy supply disruption in history.

Gold rose more than 1%, recouping losses from the previous session, as oil prices fell after the U.S. and Iran signed an interim agreement to end their war.

Markets	Last	Change	YTD change
GIFT Nifty futures	24,002.00	-	-
Nifty 50	23,989.15	0.57%	-8.19%
Nifty volatility	13.36	-6.90%	-
Nikkei	69,863.36	0.66%	38.78%
Hang Seng	24,439.57	-0.22%	-4.65%
S&P 500 e-mini futures	7,535.50	0.23%	-
CBOE volatility	16.41	1.30%	-
USD/INR	94.55	-0.17%	5.23%
Spot gold	\$4,339.96 /oz	0.23%	0.60%
Brent crude	\$78.95 /bbl	-0.01%	29.75%
Indian 10-year bond yield	6.8650%	-0.60 bps	27.60 bps
U.S. 10-year Treasury yield	4.4355%	0.75 bps	28.25 bps

FII & DII Trading Activity in Equities Jun 16	Buy	Sell	Net
Domestic Institutional Investors (DII) in INR	111.34 bln	122.86 bln	-11.52 bln
Foreign Institutional Investors (FII) in INR	133.28 bln	129.44 bln	3.84 bln

(Source: National Stock Exchange of India Ltd.)

INDIA TOP NEWS

India's largest bourse NSE files for IPO after years of regulatory delays

The National Stock Exchange of India on Wednesday filed draft papers for an initial public offering, in what will be one of two mega IPOs in the country this year alongside Mukesh Ambani's Reliance Jio.

JLR's profit recovery plan disappoints investors despite US growth push

Jaguar Land Rover will prioritise growth in the U.S. as it seeks to counter weakness in its traditional stronghold of China, but will deliver only a 4% profit margin, it said on Wednesday, sending shares of its Indian parent Tata Motors tumbling.

India's central bank not in favour of offshore settlement for sovereign bonds, sources say

India's central bank is not looking to enable direct settlement of government securities via offshore settlement platforms like Euroclear -- one of the world's largest securities settlement systems -- despite recent tax changes aimed at attracting foreign investors, three sources familiar with the matter said.

Trump, Modi discuss trade, safety of Indian sailors in Gulf region

U.S. President Donald Trump said on Wednesday he had held a "very good" conversation with Indian Prime Minister Narendra Modi during the G7 summit in France and that their two countries were working on trade deals.

UK-India trade deal to start in July after reassurance on steel

A free trade deal between Britain and India will come into force next month after India said its concerns over the UK's forthcoming steel tariff regime, which threatened to delay implementation of the agreement, had been addressed.

GLOBAL TOP STORIES

Warsh kicks off Fed chief era with sweeping review as rates remain unchanged

Federal Reserve Chairman Kevin Warsh opened a new era of U.S. monetary policy on Wednesday, with officials agreeing to leave interest rates unchanged despite inflation stuck well above their target but also launching an ambitious review that could reshape how the central bank makes decisions and communicates with the public.

US and Iran presidents sign ceasefire agreement, but Trump says he could still resume attacks

The U.S. and Iran released the text of an interim agreement their presidents have signed to end their war on Wednesday, with U.S. President Donald Trump threatening to resume attacks and kill Iranian officials if they failed to honour their commitments.

Bank of England on track to hold rates as Iran response eyed

The Bank of England looks on course to keep interest rates unchanged at 3.75% later on Thursday as it assesses what a tentative truce in the Iran war means for inflation.

EX-DIVIDENDS

Tata Technologies Ltd: Final Cash Dividend of gross INR 8.35 to be paid on Jul 02

Tata Technologies Ltd: Special Cash Dividend of gross INR 3.35 to be paid on Jul 02

JSW Infrastructure Ltd: Final Cash Dividend of gross INR 0.9 to be paid on Jun 18

PICTURE OF THE DAY

Fans watch the Group J match between Argentina and Algeria of the 2026 FIFA World Cup on a screen early morning in Kolkata, June 17. REUTERS/Sahiba Chawdhary

(Compiled by Kishan Nair in Bengaluru)

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