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Markets Eye Modi's UK Visit, Infosys Earnings, and Key Global Data in Pivotal Trading Week

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A crucial week lies ahead for global markets, with investors watching a series of developments that could sway sentiment. From Prime Minister Narendra Modi's visit to the United Kingdom to major economic indicators and earnings reports, the next few days are poised to bring clarity, or volatility, to an already cautious investment landscape.

Modi's UK visit is expected to headline the week, with hopes high that it could result in finalising the long-anticipated India–UK Free Trade Agreement (FTA). Modi's UK visit on 23–24 July is expected to headline the week, with the signing of the long-anticipated India–UK Free Trade Agreement (FTA) likely to occur during his trip. The potential deal would mark a significant milestone in economic cooperation between the two countries, boosting trade volumes and investment flows. The potential deal, finalised in principle on 6 May, aims to eliminate tariffs on nearly 99% of Indian exports and reduce duties on British goods, potentially doubling bilateral trade to \$120 billion by 2030. The visit is also likely to include high-level meetings focusing on strategic ties, technology, and defence cooperation, areas both nations are keen to strengthen post-Brexit.

Meanwhile, domestic and global financial markets will closely follow earnings reports from Indian tech giant Infosys Limited. Domestic markets will closely follow Infosys's Q1 earnings, expected on Thursday, as they serve as a bellwether for India's IT sector. The company's first-quarter results are seen as a bellwether for the broader IT sector, particularly given recent concerns about global demand and client spending. A robust performance could reassure investors and lift overall market sentiment.

Several important macroeconomic updates are also due this week. On the Indian front, the Purchasing Managers' Index (PMI) for manufacturing, compiled by S&P Global and Nikkei, will be released on Thursday. On Thursday, S&P Global and Nikkei will release India's manufacturing PMI, a leading indicator of industrial activity amid shifting global demand. The index is a leading indicator of business activity and could offer insight into industrial resilience amid shifting global demand.

Globally, all eyes will be on the United States and Europe. In the US, investors will dissect comments from Federal Reserve (Fed) Chair Jerome Powell during his scheduled speech on Tuesday. Coupled with the upcoming release of the Consumer Price Index (CPI) and retail sales data, these announcements could influence expectations around further interest rate decisions by the Fed. In the US, investors will scrutinise Fed Chair Powell's speech on Tuesday, alongside CPI, retail sales, jobless claims and flash PMIs this week—key data that may influence rate expectations. The European Central Bank (ECB) will also announce its latest rate decision, which could impact the euro and investor appetite in the region. The European Central Bank (ECB) will also announce its latest rate decision this week, potentially influencing the euro and regional market sentiment.

Adding to the activity, initial public offering (IPO) interest continues to simmer, particularly in India. A number of companies are lining up to test the waters, betting on improved liquidity and investor optimism driven by recent equity market highs. Meanwhile in India, IPO activity is heating up as several firms prepare to debut, buoyed by improved liquidity and investor optimism following equity market highs.

Taken together, this week presents a convergence of diplomatic, corporate, and economic developments that could shape market direction in the short term. With trade deals, monetary policy, and earnings all in focus, investors should prepare for heightened market movement and potential new opportunities.