

WEEKLY WRAP

Issue 11

BRICKWORK RESEARCH

20 January 2025

Weekly Wrap

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India Economic News

- According to a World Bank report, India's fiscal deficit is expected to decrease, driven by higher tax revenues, indicating an improved fiscal position. With a projected GDP growth of 6.7% for FY26 and FY27, the services and manufacturing sectors are set to experience continued expansion. However, concerns persist regarding the government's debt-to-GDP ratios and elevated borrowing costs
- The latest economic outlook report from the FICCI states that in 2025-26, the government's emphasis on capital expenditure is expected to be a major driver of growth in India's GDP. Additionally, rising consumer spending will further contribute to the country's economic expansion
- The government reported a 15.88% increase in net direct tax collection to approximately ₹16.90 lakh crore as of January 12th in the current financial year. Mop-up from net non-corporate taxes stood at over ₹8.74 lakh crore since April 2024
- A survey by the Confederation of Indian Industry (CII) shows a favorable economic climate for private investments in India, with 75% of companies believing it's conducive despite geopolitical challenges and supply chain disruptions

Global Economic News

- China's economy grew by 5% last year, meeting the government's target, but the growth was uneven. Many people have voiced concerns about declining living standards, as Beijing faces challenges in translating its industrial and export gains into benefits for consumers
- Germany's economy contracted for the second year in a row in 2024, with cautious consumer spending and increased competition from China impacting the country's traditional export markets, especially in cars and industrial machinery. GDP declined by 0.2% in 2024, following a 0.3% drop in 2023
- The World Bank has issued a warning about the potential impact of proposed U.S. tariffs, indicating that global economic growth could be slowed if other countries respond with retaliatory tariffs. 10% across-the-board tariffs could lower global growth from the projected 2.7% in 2025 by an additional 0.3 percentage points. Additionally, such retaliatory measures could lead to a 0.9% reduction in the U.S. growth forecast of 2.3% for 2025

Equity Markets	Last	1 Week	YTD
Nifty	23,203.20	-1.0%	-1.9%
Sensex	76,619.33	-1.0%	-1.9%
Dow Jones	43,487.83	3.7%	2.3%
S&P 500	5,996.66	2.8%	2.0%
Nasdaq	19,627.01	2.8%	1.7%
FTSE 100	8,505.22	3.1%	3.0
Nikkei 225	38,451.46	-1.9%	-1.0%
Shanghai	3,241.82	2.3%	-0.2%
CAC 40	7,709.75	3.7%	4.3
DAX	20,903.39	7.9%	3.0
Commodities	Last	1 Week	YTD
Gold	\$2,689.2	1.05%	2.9%
Silver	\$30.2	-0.24%	2.0%
Crude Oil WTI	\$79.57	5.9%	12.8%
Currency	Last	1 Week	YTD
USD / INR	86.57	0.5%	1.2%
EUR / INR	89.21	1.1%	0.7%
Government Bond	Last	1 Week	1 Year
India 10 Year G-Bond	6.77%	0.1%	0.2%

Central Bank and Regulatory Updates

- RBI has announced that it will hold daily variable rate repo (VRR) auctions on all working days in Mumbai until further notice. The auctions, designed to alleviate the current liquidity constraints in the banking system with a notified amount of Rupees 50,000 crore
- Federal Reserve Governor Christopher Waller stated that inflation is likely to continue easing, which could allow the U.S. central bank to lower interest rates sooner and more rapidly than previously expected. His comments challenged recent market predictions of a more gradual pace for Fed rate cuts
- India's economic growth is expected to recover due to stronger domestic demand, consumer resilience, and improved agricultural prospects, as per the RBI's January bulletin.
- India's economic growth is expected to recover due to a strengthening domestic demand and a surge in rural demand, bolstered by improved agricultural prospects, the RBI bulletin observes
- RBI bulletin indicates that headline inflation eased for the second consecutive month in December, but food inflation remains persistent, requiring careful monitoring of second-order effects.

Sectoral News

- During the inauguration of the Bharat Mobility Global Expo 2025, Prime Minister Narendra Modi highlighted that India's automobile sector is undergoing an extraordinary transformation, fueled by the aspirations of the people and the energy of the youth. He also noted that in the past year, the Indian auto industry has experienced a growth of nearly 12%
- India's medical device industry, valued at USD 12 billion in 2023-24, has grown at a CAGR of 15% over the past three years and is expected to reach USD 50 billion by 2025. The sector has become a hub for innovation, drawing seed and venture capital investment
- Commerce and Industry Minister Piyush Goyal announced that the National Turmeric Board will promote exports and double production to 20 lakh tonnes within five years. The board will focus on research and development of new products, leveraging traditional knowledge for value-added turmeric products
- India's sugar production decreased 13.62% to 130.55 lakh tonne in the 2024-25 marketing season, compared to 151.20 lakh tonne a year ago, according to sugar cooperative body NFCSFL

Economic Indicators	Last	Previous
GDP Annual Growth Rate*	6.4%	8.2%
Unemployment Rate	8%	8.7%
Interest Rate	6.5%	6.5%
Government Debt to GDP	81.59%	82.49%
Consumer Confidence	94	94.7
Business Confidence	119	127
HSBC India Mfg PMI (Dec)	56.4	56.5
HSBC India Services PMI (Dec)	59.3	58.4
FX Reserves, USD Billion	634.59	640.28
Bank Deposit Growth	9.8%	11.5%
GST Collections (₹ Trillion) (Dec)	1.77	1.82
Infra Output (YoY) (Nov)	4.30%	3.70%
Trade Balance (Dec) USD Billion	-21.94	-37.84
WPI Food (YoY) (Dec)	8.47%	8.63%
WPI Fuel (YoY) (Dec)	-3.79%	-5.83%
WPI Inflation (YoY) (Dec)	2.37%	1.89%
WPI Mfg Inflation (YoY) (Dec)	2.14%	2.00%
CPI Inflation (YoY) (Dec)	5.22%	5.48%
Industrial Production (YoY) (Nov)	5.20%	3.70%

*GDP Estimates

* Views are personal

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