

# WEEKLY WRAP

Issue 13

**BRICKWORK RESEARCH**

**3 February 2025**

# Weekly Wrap

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## India Economic News

- India's economic survey forecasts GDP growth rate of 6.3-6.8 percent for 2025-26, driven by a robust external account, strategic fiscal consolidation, and steady private consumption. It also emphasized that domestic growth drivers will play a more significant role than external factors in the coming years for India's economy
- India's Union budget 2025-26 offers tax relief to the middle class to encourage spending and stimulate growth. With income tax rates reduced, the world's fifth-largest economy aims to boost domestic demand and drive economic expansion
- India secured investment commitments exceeding Rs 20 lakh crore at the World Economic Forum Annual Meeting, with Maharashtra being the top beneficiary. The investments were primarily focused on green energy and technology development. Indian Chief Ministers and Union Ministers represented the country, highlighting its economic potential, while global companies explored potential partnerships with Indian firms

## Global Economic News

- US President Donald Trump has fulfilled his pledge of protectionist trade policies by imposing a 25 percent tariff on Canada and Mexico, and 10 percent on China. This move has sparked a new trade conflict with America's top three trade partners, who are also the biggest contributors to its nearly \$1 trillion trade deficit
- The US economy continues to expand at a strong pace, with President Trump pledging to lower prices. GDP increased by 2.3% in the last quarter of 2024, a slowdown from the 3.1% growth rate in the previous quarter
- Europe's economy stalled at the close of last year, with Germany, once a key growth driver, struggling through the second consecutive year of declining output, officials reported Thursday. According to EU statistics agency Eurostat, the eurozone's GDP showed no growth, remaining flat in the final quarter of 2024

Equity Markets	Last	1 Week	YTD
Nifty	23,275.10	-0.99%	-2.02%
Sensex	76,900.85	-0.78%	-2.11%
Dow Jones	44,544.66	0.27%	4.70%
S&P 500	6,040.53	-1.00%	2.70%
Nasdaq	19,623.27	-1.66%	1.65%
FTSE 100	8,673.96	2.02%	5.01%
Nikkei 225	38,492.00	-2.73%	-2.17%
Shanghai	3,252.63	0.70%	-0.37%
CAC 40	7,950.17	0.28%	7.53
DAX	21,732.05	2.83%	-0.37
Commodities	Last	1 Week	YTD
Gold	\$2,770	0.96%	4.67%
Silver	\$30.80	0.61%	4.76%
Crude Oil WTI	\$73.51	-2.93%	-0.38%
Currency	Last	1 Week	YTD
USD / INR	87.17	0.73%	1.60%
EUR / INR	89.83	0.18%	1.51%
Government Bond	Last	1 Week	1 Year
India 10 Year G-Bond	6.79	1.57%	-5.11%

\*YTD – Indicates % gain/loss as of today

## Central Bank and Regulatory Updates

- The RBI has unveiled measures to inject more than 1.5 lakh crore into the money markets to tackle liquidity shortages. The strategy includes buybacks of government bonds, a long-term repo auction, and a dollar-rupee swap auction
- The RBI Governor has called on banks to strengthen their systems to prevent digital frauds. While discussing IT risk management and cybersecurity, he emphasized the need for banks to improve oversight of third-party service providers to mitigate risks arising from them
- The Federal Reserve has decided to pause its rate-cutting efforts, indicating no immediate plans for further reductions as it navigates challenges posed by inflation concerns and President Donald Trump's economic policies. By keeping rates steady at 4.25% to 4.5%, the Fed appears to be adopting a wait-and-see approach, closely watching how inflation evolves
- China's central bank carried out 14-day reverse repos at an interest rate of 1.65% to inject liquidity into the market and bolster confidence. The move infused approximately \$20.84 billion into the market

## Sectoral News

- India's semiconductor market is projected to grow from \$52 billion in 2024 to \$103.4 billion by 2030, as per the India Electronics and Semiconductor Association. Key sectors driving this growth include mobile handsets, IT, telecommunications, consumer electronics, automotive, aerospace, and defense, with mobile handsets, IT, and industrial applications contributing nearly 70% of the revenue
- India's tourism industry has made a strong comeback, returning to its pre-pandemic contribution of 5% to the GDP in FY23, as noted in the Economic Survey 2024-25 presented by Finance Minister Nirmala Sitharaman. The sector also became a key job creator, generating 7.6 crore jobs in FY23
- India's food services market is poised for significant growth, with projections indicating it could reach \$144-152 billion by 2030, according to a report by Redseer Strategy Consultants. Currently valued at \$80 billion, the sector is expected to grow at a CAGR of 10-11% over the next six years
- HSBC forecasts India's two-wheeler industry to grow in the high-single digits by FY26. Over the past decade, the sector's CAGR has been under 3%, trailing other auto segments, the rural and export markets are showing signs of recovery

Economic Indicators	Last	Previous
GDP Annual Growth Rate*	6.8%	8.2%
Unemployment Rate	8.3%	8.0%
Interest Rate	6.5%	6.5%
Government Debt to GDP	81.59%	82.49%
Consumer Confidence	94	94.7
Business Confidence	119	127
<b>HSBC India Mfg PMI (Jan)</b>	<b>57.7</b>	<b>56.4</b>
HSBC India Services PMI (Jan)	56.8	59.3
<b>FX Reserves, USD Billion</b>	<b>629.56</b>	<b>623.98</b>
<b>Bank Deposit Growth</b>	<b>10.8%</b>	<b>9.8%</b>
<b>GST Collections (₹ Trillion) (Jan)</b>	<b>1.96</b>	<b>1.77</b>
<b>Infra Output (YoY) (Dec)</b>	<b>4.00%</b>	<b>4.40%</b>
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)	5.2%	3.7%

\*GDP Estimates

\* Views are personal

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