

WEEKLY WRAP

Issue 17

BRICKWORK RESEARCH

3 March 2025

Weekly Wrap

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India Economic News

- India's GDP growth increased to 6.2% in Q3 FY25, up from 5.6% (revised from 5.4%) in the previous quarter, driven by stronger rural consumption following a favorable monsoon and increased government spending. However, this growth is still lower than the 8.6% seen in the same quarter last year, and concerns about trade risks from potential tariffs under Trump continue to weigh on the outlook
- The World Bank expressed strong confidence in India's economic prospects, despite a slight slowdown in growth, encouraging investors to focus on the South Asian economy. "We are not concerned about India's growth right now. We are very optimistic about India and will continue to be," said Auguste Tano Kouame, the World Bank's Country Director for India
- According to a recent report by the Indian Council of Research on International Economic Relations, India has become the third-largest digital economy in the world, following the US and China, and is now competing for global dominance in artificial intelligence
- Prime Minister Narendra Modi and European Commission President Ursula von der Leyen aim to finalize a free trade agreement by year-end, while also enhancing the India-EU strategic partnership in defense, security, and critical technology

Global Economic News

- US economy grew at a solid annual rate of 2.3 percent in the final three months of 2024, driven by a surge in year-end consumer spending, according to government data. However, the outlook for 2025 is more uncertain, with President Donald Trump's trade wars, reductions in the federal workforce
- China's factory activity showed signs of resilience as the Caixin manufacturing purchasing managers index increased to 50.8 in February, up from 50.1 the previous month. This exceeded the economists' median forecast of 50.4
- The Trump administration has taken major steps to limit Chinese investment in critical American industries, intensifying tensions between the two economic powerhouses. In a recent memorandum, President Donald Trump instructed the Committee on Foreign Investment in the US to implement stricter restrictions on Chinese investments in technology, energy, and other strategic sectors
- Germany, once Europe's economic powerhouse, is experiencing a troubling slowdown, with its GDP contracting by 0.2% in 2024 for the second consecutive year. Once known for industrial strength and fiscal discipline, its economy now faces urgent challenges requiring innovative solutions

Equity Markets	Last	1 Week	YTD
Nifty	22,082.25	-0.19%	-7.13%
Sensex	72,969.48	-0.31%	-7.15%
Dow Jones	43,840.91	0.95%	3.05%
S&P 500	5,954.50	-0.97%	1.24%
Nasdaq	18,854.08	-3.43%	-2.34%
FTSE 100	8,809.74	1.58%	6.65%
Nikkei 225	37,678.50	1.41%	-3.93%
Shanghai	3,322.48	-0.40%	2.14%
CAC 40	8,111.63	-0.53%	9.71%
DAX	22,551.43	0.85%	2.14%
Commodities	Last	1 Week	YTD
Gold	\$2,896.3	-1.02%	9.45%
Silver	\$31.80	-2.81%	8.16%
Crude Oil WTI	\$71.06	-1.44%	-3.70%
Currency	Last	1 Week	YTD
USD / INR	87.28	-0.20%	1.81%
EUR / INR	90.92	0.20%	2.75%
Government Bond	Last	1 Week	1 Year
India 10 Year G-Bond	6.84	1.84%	-4.82%

*YTD – Indicates % gain/loss as of today

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Central Bank and Regulatory Updates

- The government has appointed Tuhin Kanta Pandey, the Finance and Revenue Secretary, as the new chairman of SEBI. The Odisha-cadre IAS officer will succeed Madhabi Puri Buch, who has completed her three-year tenure
- The RBI has relaxed its stringent loan rules for small borrowers and non-bank lenders as the economy shows signs of slowing down. It has lowered the risk weight requirement for banks on consumer microfinance loans by 25 percentage points, bringing it down to 100%
- Economists anticipate that the RBI will persist with its monetary policy easing following the release of the minutes from the RBI Monetary Policy Committee meeting in February. While the extent of the easing is expected to be modest, a reduction in the key lending rate is likely in the April meeting
- RBI conducted a large \$10 billion three-year dollar/rupee swap auction to inject lasting rupee liquidity into the banking system
- RBI has issued a draft circular aimed at instructing banks not to impose foreclosure or pre-payment charges on floating rate term loans taken by individual borrowers for purposes other than business

Sectoral News

- India's fast-growing digital financial sector is creating both opportunities and risks, with increasing unsecured debt and speculative trading presenting new challenges for the financial system, warned M. Rajeshwar Rao, Deputy Governor of the RBI. Rao highlighted concerns about unregulated borrowing and speculative investments that could expose individuals and institutions to greater vulnerability
- India's IT sector is projected to experience faster growth this fiscal year, fueled by engineering research and development and the increasing number of global capacity centers. Nasscom anticipates that the sector's revenue will rise by 5.1% to reach \$282.6 billion in fiscal 2025, up from 4% growth in the previous fiscal year, with revenues expected to surpass \$300 billion in fiscal 2026
- CII has unveiled a plan to transform India into a global logistics hub, calling for a collective effort from stakeholders to generate numerous opportunities across industries and regions, the initiative will provide aspirational career paths, professional development, and leadership prospects as India strengthens its role as a major player in the global logistics sector

Economic Indicators	Last	Previous
GDP Annual Growth Rate*	6.5%	9.2%
Unemployment Rate	8.3%	8.0%
Interest Rate	6.25%	6.5%
Government Debt to GDP	81.59%	82.49%
Consumer Confidence	93.7	94.0
Business Confidence	120	119
HSBC India Mfg PMI (Feb)	56.3	57.7
HSBC India Services PMI (Feb)	61.1	56.5
FX Reserves, USD Billion	640.48	635.72
Bank Deposit Growth	10.6%	10.3%
GST Collections (₹ Trillion) (Feb)	1.84	1.96
Infra Output (YoY) (Jan)	4.60%	4.00%
Trade Balance (Jan) USD Billion	-22.99	-21.94
WPI Food (YoY) (Jan)	5.88%	8.47%
WPI Fuel (YoY) (Jan)	-2.78%	-3.79%
WPI Inflation (YoY) (Jan)	2.31%	2.37%
WPI Mfg Inflation (YoY) (Jan)	2.51%	2.14%
CPI Inflation (YoY) (Jan)	4.31%	5.22%
Industrial Production (YoY) (Dec)	3.2%	5.0%

*GDP Estimates

* Views are personal

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