

WEEKLY WRAP

Issue 22

BRICKWORK RESEARCH

7 April 2025

Weekly Wrap

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India Economic News

- India's commerce ministry is assessing the impact of the U.S. 26% reciprocal tariffs on imports. While the tariffs are considered a challenge, the government sees it as a mixed situation rather than a setback
- India holds the fourth-largest foreign exchange reserves at USD 658.8 billion said Hon'ble Finance Minister Ms. Nirmala Sitharaman. Despite global uncertainties, the Indian rupee has seen the least depreciation among major Asian currencies
- According to Moody's Ratings India's growth of 6.5 percent this fiscal year will be the highest among both advanced and emerging G-20 countries
- Hon'ble Union Commerce and Industry Minister Piyush Goyal is expected to meet with exporters on Wednesday, April 9, to assess the challenges Indian traders will face due to the 26% reciprocal tariffs imposed by the Trump administration
- Fitch projects India's economy will grow at 6.5% in FY26, with a slight slowdown to 6.3% in FY27. The agency highlights India's relative protection from U.S. trade policies, owing to low external demand
- U.S. reciprocal tariff policy mainly focuses on merchandise trade, reciprocal tariffs are not applied to the India's services sector

Global Economic News

- China announced it would impose a reciprocal 34% tariff on all U.S. imports starting April 10, fulfilling its pledge to retaliate after U.S. President Donald Trump intensified the global trade conflict
- US President Donald Trump's new, extensive tariffs on imports have caused global upheaval, with China, the EU, and Japan cautioning of possible retaliation. Analysts predict a lasting economic impact, as industries prepare for increased costs and a potential intensification of the trade war
- Mark Zandi, Chief Economist at Moody's, warned that the sweeping reciprocal tariffs announced by US President Donald Trump could push the American economy into recession and drag the global economy down as well
- International Monetary Fund's Managing Director Ms. Kristalina Georgieva stated that US tariffs pose a major risk to the global economic outlook
- Economists estimate that the world could face economic losses exceeding \$1.4 trillion if a trade war between the US and its trading partners reignites in 2025

| Equity Markets | Last | 1 Week | YTD |
|----------------------|------------|---------|---------|
| Nifty | 21,956.10 | -4.14% | -7.41% |
| Sensex | 72,402.46 | -3.93% | -7.62% |
| Dow Jones | 38,314.86 | -7.86% | -9.94% |
| S&P 500 | 5,074.08 | -9.58% | -13.73% |
| Nasdaq | 15,602.03 | -9.81% | -19.18% |
| FTSE 100 | 8,054.98 | -6.97% | -2.48% |
| Nikkei 225 | 33,836.34 | -12.69% | -19.97% |
| Shanghai | 3,123.25 | -6.55% | -4.23% |
| CAC 40 | 7,274.95 | -8.10% | -1.61% |
| DAX | 20,641.72 | -8.10% | -4.06% |
| Commodities | Last | 1 Week | YTD |
| Gold | \$3,045.74 | 0.34% | 15.09% |
| Silver | \$33.14 | -1.95% | 12.72% |
| Crude Oil WTI | \$71.87 | 2.96% | -2.60% |
| Currency | Last | 1 Week | YTD |
| USD / INR | 85.50 | 0.01% | -0.15% |
| EUR / INR | 94.10 | 0.47% | 6.34% |
| Government Bond | Last | 1 Week | Y-o-Y |
| India 10 Year G-Bond | 6.58 | 1.97% | -9.23% |

*YTD – Indicates % gain/loss as of year to date

Central Bank and Regulatory Updates

- RBI has announced an OMO to inject ₹80,000 crore into the banking system
- Poonam Gupta has been appointed as the Deputy Governor of the RBI for a three-year term, leveraging her extensive background in economics and academia
- Bajaj Finance gets a 'letter of displeasure' from the RBI regarding lapses in its credit card business
- RBI Deputy Governor Swaminathan Janakiraman has urged NBFCs to avoid taking risks beyond their capacity to absorb, while ensuring fairness in lending and recovery practices
- RBI is anticipated to lower key interest rates by up to 25 basis points in this week's upcoming monetary policy, backed by lower inflation and an accommodative stance
- Commercial banks deposited ₹4.13 trillion with the RBI under the Standing Deposit Facility (SDF), marking the highest amount parked in the SDF since its inception in April 2022

Sectoral News

- India's \$280 billion software services sector is expected to be negatively impacted by the Trump administration's imposition of reciprocal tariffs. The anticipated inflationary pressures on U.S. companies could slow down the rate of discretionary technology adoption
- The Indian toy industry is finding opportunities in response to U.S. tariff hikes on China, Vietnam, and other competitors. Domestic companies are expanding and forming global joint ventures, while early U.S.-India trade agreements and supportive state policies foster growth
- U.S. imposes a 27% tariff on gem and jewelry exports, putting thousands of jobs at risk. With the U.S. being a key export market, the tariffs are expected to significantly impact demand
- The U.S. has granted an exemption for Indian steel and aluminum from additional reciprocal tariffs, alleviating concerns for India's metal industry. However, a 10% tariff on all imports will be implemented starting April 5, 2025
- Trump administration exempted the pharmaceutical sector from reciprocal tariffs

| Economic Indicators | Last | Previous |
|---|---------------|---------------|
| GDP Annual Growth Rate* | 6.5% | 9.2% |
| Unemployment Rate | 8.2% | 8.3% |
| Interest Rate | 6.25% | 6.5% |
| Government Debt to GDP | 81.59% | 82.49% |
| Consumer Confidence | 93.7 | 94.0 |
| Business Confidence | 120.00 | 120.30 |
| HSBC India Mfg PMI (Mar) | 58.1 | 56.3 |
| HSBC India Services PMI (Mar) | 58.5 | 59 |
| FX Reserves, USD Billion | 658.80 | 654.27 |
| Bank Deposit Growth | 10.3% | 10.2% |
| GST Collections (₹ Trillion) (March) | 1.96 | 1.84 |
| Infra Output (YoY) (Feb) | 2.9% | 5.1% |
| Trade Balance (Q4) USD Billion | -79.20B | -75.30B |
| WPI Food (YoY) (Feb) | 3.38% | 5.88% |
| WPI Fuel (YoY) (Feb) | -0.71% | -2.78% |
| WPI Inflation (YoY) (Feb) | 2.38% | 2.31% |
| WPI Mfg Inflation (YoY) (Feb) | 2.86% | 2.51% |
| CPI Inflation (YoY) (Feb) | 3.61% | 4.26% |
| Industrial Production (YoY) (Jan) | 5.00% | 3.5% |

*GDP Estimates

* Views are personal

Authors

Manasvi Joshi, Research Analyst

Abhishek Das, Senior Research Analyst

Girish Basantani, Senior Research Analyst

Vikrant Chaturvedi, Senior Manager – Research

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