

# WEEKLY WRAP

Issue 07

**BRICKWORK RESEARCH**

**23 December 2024**

# Weekly Wrap

23 December 2024

## India Economic News

- Fitch Ratings has revised India's GDP growth forecast for 2024-25 down to 6.4% from 7%, in line with the RBI projection. While recent indicators have been mixed, Fitch remains optimistic
- WPI based inflation in November 2024 dropped to a three-month low of 1.89%, down from 2.36% in October. This decline in was primarily driven by lower prices of food items
- India's merchandise trade deficit reached a record USD 37.84 billion in November, driven by a rise in gold imports and a decline in exports due to falling crude oil prices
- Switzerland has withdrawn India's most-favored-nation status under their tax treaty, but Indian officials say the trade impact will be minimal. This move raises concerns about potential effects on the USD 100 billion investment commitment from EFTA nations to India over 15 years

## Global Economic News

- Russian President Vladimir Putin stated that the BRICS countries are actively developing new tools to promote economic growth and reshape the global economic structure
- European Central Bank Chief Economist Philip Lane stated that higher U.S. import tariffs on European goods would slow economic growth in the Eurozone, although the impact on inflation remains uncertain
- U.S. monthly inflation eased in November, following minimal improvement in recent months. The personal consumption expenditures price index increased by 0.1% last month, after a 0.2% rise in October. Investor confidence was also boosted when Congress passed spending legislation early Saturday, preventing a U.S. government shutdown
- Donald Trump reiterated his criticism of India's high tariffs on U.S. goods, warning of possible reciprocal actions. He singled out India and Brazil as examples of countries with excessive tariffs, suggesting potential trade tensions

Equity Markets	Last	1 Week	YTD
Nifty	23,587.50	-4.8	10.48%
Dow Jones	42,840.26	-2.25	13.70%
S&P 500	5,930.85	-2.36%	24.34%
Nasdaq	19,553.28	-3.02%	30.26%
FTSE 100	8,084.61	-2.60%	4.70%
Nikkei 225	39,017.6	-0.08%	13.66%
Shanghai	3,381.75	-0.15%	15.45%
Commodities	Last	1 Week	YTD
Gold	\$2,627.0	-2.05%	29.05%
Silver	\$29.9	-5.21%	24.22%
Crude Oil WTI	\$69.58	-3.00%	-6.00%
Currency	Last	1 Week	YTD
USD / INR	84.96	-0.12%	1.45%
EUR / INR	88.33	-0.42%	-0.13%
Government Bond	Last	1 Week	1 Year
India 10 Year G-Bond	6.89	1.47%	-5.54%

## Central Bank and Regulatory Updates

- The US Federal Reserve has reduced its benchmark interest rate by 0.25% to 4.25-4.50% for the third consecutive meeting and is anticipating two rate cuts in 2025
- Sweden's central bank lowered its key interest rate by 0.25 percentage points to 2.50%. However, following five rate cuts this year, it indicated the need for a more cautious stance as it moves into 2025
- The RBI commended states for reducing fiscal deficits but stressed the need to follow the 'golden rule' of financing current expenses with current revenue. It also urged the rationalization of subsidies and cash transfers and advocated for outcome-based budgeting to improve resource allocation and development
- According to RBI, a staggering 2,664 corporations have been identified as willful defaulters, these defaulters collectively owed Rupees 1.96 lakh crore to the banking system as of March 2024, raising concerns about the financial stability of India's corporate sector and potential risks to the banking system

## Sectoral News

- Union Minister Jitendra Singh has stated that the Indian space economy, which currently accounts for 8% to 9% of the global space economy, is expected to triple in the next 10 years
- K.V. Kamath stated that in order for the Indian economy to reach an USD 8 trillion size in the next 5 to 6 years, it will require significantly larger banks, and the existing ones will need to undergo substantial expansion
- India's tech sector is set to grow to USD 350 billion by 2030, up from USD 254 billion in 2023-2024, according to Rajesh Nambiar, President of Nasscom. This growth reflects a CAGR of 6.4%
- Indian government and the Asian Development Bank signed a significant USD 350 mn policy-based loan as part of the second sub programme of the Strengthening Multimodal and Integrated Logistics Ecosystem initiative. This agreement marks a crucial step in transforming India's logistics sector
- India's tourism and hospitality sector is set to create 6.1 million new jobs by 2034, with spending expected to grow 1.2 times. This growth emphasizes the sector's key role in driving employment and economic activity

Economic Indicators	Last	Previous
GDP Annual Growth Rate	5.4%	6.7%
Unemployment Rate	8%	8.7%
Interest Rate	6.50%	6.50%
Government Debt to GDP	81.59%	82.49%
Consumer Confidence	94	94.7
Business Confidence	119	127
<b>HSBC India Mfg PMI (Dec)</b>	<b>57.4</b>	<b>56.5</b>
<b>HSBC India Services PMI (Dec)</b>	<b>60.8</b>	<b>58.4</b>
<b>FX Reserves, USD Billion</b>	<b>652.87</b>	<b>654.86</b>
Bank Deposit Growth	10.70%	11.20%
GST Collections (₹ Trillion) (Nov)	1.82	1.87
Infra Output (YoY) (Oct)	3.10%	2.00%
<b>Trade Balance (Nov) USD Billion</b>	<b>-37.84</b>	<b>-27.10</b>
<b>WPI Food (YoY) (Nov)</b>	<b>8.92%</b>	<b>11.59%</b>
<b>WPI Fuel (YoY) (Nov)</b>	<b>-5.83%</b>	<b>-5.79%</b>
<b>WPI Inflation (YoY) (Nov)</b>	<b>1.89%</b>	<b>2.36%</b>
<b>WPI Mfg Inflation (YoY) (Nov)</b>	<b>2.00%</b>	<b>1.50%</b>
CPI Inflation (YoY) (Nov)	5.48%	6.21%
Industrial Production (YoY) (Oct)	3.5%	3.10%
Mfg Output (MoM) (Sep)	4.10%	3.90%

\* Views are personal

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