

MASHREQ GLOBAL DIGEST

India

December 8 – December 14



This issue of Market Digest delves into key macroeconomic indicators and recent economic developments in India, along with insights into notable deals and latest financial updates.

Macroeconomic News

India Projected to Grow at 6.6% in FY24-25

India's central bank cut its 2024-25 growth forecast to 6.6%, down from 7.2%, after weaker-than-expected GDP growth of 5.4% in Q2. The RBI held rates at 6.5%, citing inflation concerns, but expects a recovery in the second half, driven by stabilizing industrial activity. Growth projections by others are in the same line, with S&P estimating 6.7% for FY25-26, Fitch forecasting 6.4% due to domestic demand, and Goldman Sachs predicting an average of 6.5% through 2030, emphasizing India's structural strengths. However, Analysts remain cautious amid cooling consumption and sluggish private investment.

Reference: [Financial Times](#), [Business Standard](#), [Fitch Ratings](#), [Goldman Sachs](#)



India's Inflation Eases in November

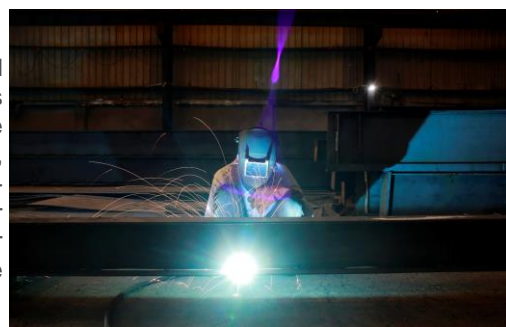
India's retail inflation eased to 5.48% in November, down from 6.21% in October, driven by a moderation in food inflation to 9.04% from 10.87%. The decline was largely attributed to falling vegetable prices. Economists expect further declines in food prices, supported by a favorable monsoon and improved crop production, to bring headline inflation below 5% in December. Core inflation remained steady at around 3.7%. With slowing economic growth and easing inflation, the Reserve Bank of India (RBI) is increasingly expected to implement a 25-basis-point interest rate cut in February.

Reference: [Reuters](#)

India's Industrial Growth Slows to 3.5% in October 2024

India's industrial production expanded by 3.5% in October 2024, as reported by the Ministry of Statistics & Programme Implementation (MoSPI). This marks a slowdown from the 11.9% growth recorded in October 2023. The manufacturing sector grew by 4.1%, a significant drop from last year's 10.6%, while mining and power generation also saw slower growth. In terms of use-based classification, capital goods and consumer non-durables posted lower growth compared to the previous year. The data suggests a broader deceleration in industrial output, reflecting challenges in various sectors of the economy.

Reference: [CNBC](#)



India's FDI Milestone Hits \$1 Trillion

India's foreign direct investment (FDI) inflows have reached a significant milestone of USD 1 trillion since April 2000, boosted by a nearly 26% increase to USD 42.1 billion in the first half of the 2024-25 fiscal year. This growth highlights India's rising appeal as a global investment hub, driven by initiatives like 'Make in India', liberalized policies, and the Goods and Services Tax (GST). Over the last decade, FDI inflows amounted to USD 709.84 billion, making up nearly 69% of the total inflows since 2000. The government's investor-friendly policies, including 100% FDI in most sectors and tax reforms, have further enhanced the country's investment climate.

Reference: [NDTV](#)



Indian Rupee Shows Resilience Amid Challenges

The Indian rupee has remained relatively resilient against a strong U.S. dollar due to active intervention by the Reserve Bank of India (RBI), despite weak economic growth and reduced foreign inflows. On December 13, it closed slightly stronger at 84.7875 per dollar, though it marked its sixth consecutive weekly decline. The RBI's efforts, including dollar sales, have significantly drained forex reserves, now at a five-month low. Concerns about global economic challenges and U.S. monetary policy suggest the rupee may face increased volatility ahead.

Reference: [Reuters](#), [Reuters](#)

India Needs \$2.2 Trillion Investment to Achieve \$7 Trillion Economy by 2030

India will need \$2.2 trillion in infrastructure investments to achieve a \$7 trillion economy by 2030, according to Knight Frank India's report. To meet this goal, India's GDP must grow at 10.1% annually from 2024 to 2030. The report highlights that increasing private sector involvement in infrastructure development is crucial, as government-led investments have strained fiscal deficit targets. Private participation in infrastructure has significantly decreased in recent years, from \$160 billion (46.4% of total investments) between 2009-2013 to just \$39.2 billion (7.2% of total investments) between 2019-2023. The report suggests focusing on sectors like renewable energy, data centers, and logistics to attract private investments, which would help balance fiscal targets and support long-term economic growth.

Reference: [Business Standard](#)

Financial/Technology News

Goldman Sachs Forecasts Modest Growth for Indian Stock Market in 2025

Goldman Sachs Research expects India's stock market to perform well in the medium term but face challenges in the short term due to slowing economic growth, high valuations, and weaker earnings growth. The NIFTY index is forecast to reach 27,000 by the end of 2025. Earnings growth for MSCI India is expected to be 12% in 2024 and 13% in 2025, lower than consensus expectations. Despite high valuations, opportunities exist in sectors like autos, telecom, insurance, real estate, and e-commerce.

Reference: [Goldman Sachs](#)

Rise every day

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India Appoints New Central Bank Governor

Sanjay Malhotra took over as India's central bank governor this week, succeeding Shaktikanta Das, who retired as central bank governor after an extended six-year term. His appointment comes at a critical time for India's economy, as he faces the challenge of balancing inflation control with economic growth. Drawing on his experience as Revenue Secretary, Malhotra is expected to steer the Reserve Bank of India's monetary policy to address these pressing economic priorities.

Reference: [CNBC](#)

India's Space Economy Set to Triple in Next 10 Years

The Indian space economy, currently contributing 8-9% to the global space sector, is expected to grow threefold in the next 10 years, according to Union Minister Jitendra Singh. He highlighted India's growing global competitiveness in space exploration, with 432 satellites launched so far, including 397 since 2014. Singh announced plans for India's own space station by 2035 and emphasized the need to explore untapped space, marine, and Himalayan resources to drive future economic growth.

Reference: [Economic Times](#)

Projects/Deals

Russia and India Strike Historic \$13 Billion Energy Deal

Rosneft, Russia's state oil company, has agreed to supply Reliance, India's private refiner, with nearly 500,000 barrels per day of crude oil, marking the largest ever energy deal between India and Russia, valued at approximately \$13 billion annually. This 10-year agreement will strengthen the energy relationship between the two countries amidst Western sanctions on Russia. India benefits from cheaper Russian oil, which is priced \$3 to \$4 per barrel lower than alternatives. Pricing and volumes will be reviewed annually. This agreement cements Russia's position as a major oil supplier to India, competing with Middle Eastern producers.



Reference: [Reuters](#)

India-UK Free Trade Talks to Resume by January End

India and the UK will resume negotiations for a free trade agreement (FTA) by the end of January 2025, after two years of start-stop talks. Both countries seek to enhance cooperation in security, education, technology, and climate change. The FTA talks, which began in 2022, have faced delays due to changes in UK leadership. Key issues to resolve include economic offenders, migration, and mobility. India seeks greater access for IT and healthcare professionals, while the UK requests duty concessions on goods like chocolates, lamb meat, and electric vehicles.

Reference: [CNBC](#)



India, Iran, Armenia Discuss Connectivity and Trade in Trilateral Talks

India, Iran, and Armenia held trilateral consultations in New Delhi to enhance cooperation in connectivity, trade, tourism, and cultural exchanges. The discussions focused on regional developments, strengthening ties under the International North-South Transport Corridor, and the role of Chabahar Port. Armenia also presented its "Crossroads of Peace" transport project, which aims to improve connectivity between Armenia, Azerbaijan, Georgia, Iran, and Turkey. The three countries committed to continued collaboration and plan to hold the next round of consultations in Iran.

Reference: [Zawya](#)

Markets

Market Dashboard

- U.S. stocks had mixed results for the week ending December 13, 2024. The S&P 500 and Dow posted losses, while the Nasdaq gained, closing above 20,000. Broadcom surged 24% after forecasting strong AI-driven sales, pushing its market cap above \$1 trillion. Tesla hit a record high, but UnitedHealth dropped over 15% following the CEO's fatal shooting. Investors are awaiting the Federal Reserve's policy meeting, with uncertainty about future rate cuts.
- Bitcoin ETFs saw over \$4 billion in inflows between December 2-12, driven by strong demand as Bitcoin surpassed \$100,000. BlackRock and Fidelity were key contributors to the total, with consistent inflows exceeding \$100 million. Trump's plans for crypto under his potential new administration continue to fuel optimism.
- Gold prices dipped on December 13, after reaching a five-week high earlier in the week, but remain on track for a weekly rise due to expectations of a potential U.S. Federal Reserve rate cut next week. Analysts anticipate some unwinding toward the year-end, though they expect gold to continue rising in the long term, supported by easing monetary policies and central bank buying.
- Oil prices rose 2% on December 13, reaching a three-week high, driven by expectations of tighter sanctions on Russia and Iran, China's economic stimulus, and potential U.S. and European interest rate cuts. Brent crude closed at \$74.49, while WTI settled at \$71.29. The EU imposed new sanctions on Russia, and China's oil imports are expected to remain strong. The IEA raised its 2025 oil demand growth forecast, and investors are betting on U.S. rate cuts to boost oil demand.
- The euro fell after the European Central Bank's decision to cut interest rates by 25 basis points. This move indicated continued accommodative monetary policy, which tends to weaken the euro.

Indicators	6-Dec-24	13-Dec-24	% Change
S&P 500	6,090.27	6,051.09	-0.64%
Bitcoin	99,920.71	101,459.26	1.54%
Gold	2,632.91	2,648.39	0.59%
Crude Oil	71.12	74.49	4.74%
EUR/USD	1.0586	1.0474	-1.06%