

veKLY NEWSWRAP

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ECONOMY

Retail inflation eases, factory output ticks higher in May, boosting Indian economy
Date: 12 June 2024



The Indian economy demonstrated resilience in the early months of FY25, marked by increased factory output and a slight decline in retail inflation. According to the statistics ministry data, retail inflation based on the consumer price index (CPI) decreased to 4.75% in May from 4.83% in April, reaching its lowest point in a year. This moderation was driven by a slower rise in prices of food items such as meat, fish, milk products, vegetables, and spices. Since March, inflation has remained below 5%. Food inflation, which makes up nearly 40% of the overall consumer price basket, rose 8.69% year-on-year in May, compared with 8.70% in April.

Source: Mint

TRADE

High shipping costs dent Vietnam's rice rates; Indian, Thai variants steady

Date: 14 June 2024

The export price of rice from Vietnam dipped slightly due to rising shipping costs, while prices from other major Asian hubs remained steady. Traders reported that Vietnam's 5% broken rice was offered at \$570-\$575 per metric ton, down from \$575-\$580 the previous week. A trader in Ho Chi Minh City noted that increasing shipping costs, both domestically and internationally, are affecting rice shipments. According to government customs data, Vietnam's rice exports in May fell 14.6% from April to 856,000 tons. However, for the first five months of this year, the country's rice exports increased by 11.2% year-on-year to 4.02 million tons.



STEEL

Low domestic demand, Chinese dumping depress steel prices

Date: 14 June 2024

Domestic steel manufacturers are facing a challenging situation with weak local demand and a slowdown in the Chinese real estate sector impacting exports. In fiscal year 2023-24, India's steel exports amounted to ₹98,117 crore, down from ₹1,06,919 crore in FY23. Exports to the UAE in FY24 totaled ₹5,367 crore, a decrease from ₹8,400 crore in FY23. Additionally, Vietnam, which was previously a net importer of Indian steel, has now become a net exporter. The domestic steel market is also experiencing pressure from low import prices, allowing room for increased Chinese imports.



Source: The Economic Times

GREEN ENERGY

India Energy Storage Alliance to bring 'white paper' on sustainable future including renewables

Date: 13 June 2024



The India Energy Storage Alliance (IESA) announced it will release a "white paper" addressing key policy and regulatory challenges for EVs, cleantech, green hydrogen, and battery storage. This paper on a sustainable future, including renewables, will be unveiled at the India Energy Storage Week (IESW) 2024, an international conference and expo in New Delhi from July 1-5. IESA will propose actions to position India as a global cleantech hub. The white paper will be presented to at least seven Union ministries and over 200 global energy leaders from more than 50 countries attending the event.

Source: The Economic Times

HEALTHCARE

'Indian medical device industry is projected to reach \$50 billion by 2030'

Date: 14 June 2024

Thanks to significant technological advancements and increased investments, the Indian medical device industry is poised for a promising future, according to several industry experts. Stakeholders predict that the medical device market will grow exponentially, reaching \$50 billion by 2030 and potentially increasing fivefold to \$250 billion by 2047. Beyond growth projections, recent discussions highlighted industry trends such as the integration of digital health technologies like telehealth, wearables, AI-driven diagnostics, and a growing focus on sustainability within the healthcare sector.



Source: The Economic Times

RBI

Rupee ends nearly flat aided by RBI intervention; logs weekly decline

Date: 7 June 2024



The Indian rupee closed nearly unchanged on Friday, as intervention from the central bank prevented it from hitting a record low, despite a broadly stronger dollar putting pressure on most Asian currencies. The rupee closed at 83.5550 against the U.S. dollar, slightly above the previous session's 83.5425. It was down 0.2% week-on-week. Traders observed state-run banks selling dollars to support the rupee, likely on behalf of the RBI. Regular interventions by the central bank across market segments this week helped the rupee stay above its record low of 83.5750 set in April.

Source: The Economic Times

G7 SUMMIT

PM Modi at G7: End monopoly on tech, all should get access

Date: 15 June 2024

At the G7 summit, PM Narendra Modi called for efforts to ensure technology benefits all sections of society, eliminating social inequalities and unleashing individual potential. He emphasized the need to transform technological monopolies into universal access, underpinned by a human-centric approach. Highlighting India's success in using digital technology for public service, Modi referenced India's "AI for All" mission, stressing that AI should promote progress and well-being for everyone. As a founding member of the Global Partnership for AI, India is fostering international collaboration in AI, he noted during the outreach session on AI, Energy, Africa, and the Mediterranean.



Source: The Times of India

News from International Publications

Tory ads warn of 'massive majority' for Starmer as electoral campaign falters

Date: 11 June 2024

The Conservatives have begun warning voters online that Labour could win a landslide general election on July 4, sparking claims that the ruling party is conceding defeat. Tory social media ads since Friday urge voters against choosing the Liberal Democrats and Reform UK, warning that supporting smaller parties could give Labour leader Sir Keir Starmer a "massive majority." One ad suggested that voting Lib Dem or Reform would "hand Keir Starmer a blank cheque" with no accountability. This shift in Tory messaging, amid Prime Minister Rishi Sunak's faltering re-election bid, is also seen in the party's on-the-ground campaigning, according to Conservative figures.



Source: Financial Times

Von der Leyen treads narrow path to secure a second term

Date: 11 June 2024



Ursula von der Leyen became president of the European Commission five years ago with a razor-thin majority of just nine votes. Securing a second term might be even more challenging, relying on tough choices and backroom deals amid the EU's rightward electoral shift. Her centre-right European People's Party won 185 seats in the 720-member assembly, but her centrist allies fared worse, while the hard right increased its share from a fifth to nearly a quarter of seats. "She has options, which is better than only having the hard right to turn to," said Nathalie Tocci, director of the Istituto Affari Internazionali. "But that doesn't mean it will be easy to choose which option works."

Source: Financial Times

News from International Publications

Gains for Meloni strengthens her hand as a power broker

Date: 11 June 2024

Italian Prime Minister Giorgia Meloni hailed her party's gains in the European Parliament elections, strengthening her position in upcoming EU negotiations. With vote counting nearly complete, Meloni's hard-right Brothers of Italy party secured about 28.8% of the vote, consolidating its status as Italy's largest political force. The party first rose to power with 26% of the vote in the 2022 general election. Meloni's strong performance contrasts with the electoral losses of French President Emmanuel Macron and German Chancellor Olaf Scholz, whose three-way coalition suffered a significant defeat by the conservative and far-right opposition.



Source: Financial Times

Right wing scores EY wins, Macron calls snap elections

Date: 10 June 2024



Right-wing parties displayed significant strength in the European Union elections, prompting French President Emmanuel Macron to call national elections and highlighting German Chancellor Olaf Scholz's lagging position behind two rival parties. Initial projections suggest mainstream pro-EU parties will maintain their influence in Brussels. The center-right EU political group, currently leading the bloc, is poised to win the most seats in the European Parliament. This outcome boosts European Commission President Ursula von der Leyen's chances of securing a second term.

Source: The Wall Street Journal

News from International Publications

Modi relies on India's regional 'kingmakers' to retain power

Date: 10 June 2024

Narendra Modi has been sworn in for his third term as Indian Prime Minister, but his tenure could be influenced by two regional politicians who have gained prominence following last week's surprising general election result. The support of N. Chandrababu Naidu, the chief minister-elect of Andhra Pradesh, and Nitish Kumar, the chief minister of Bihar, will be crucial for Modi after his Bharatiya Janata Party (BJP) lost its outright majority in the lower house of parliament. Naidu and Kumar lead the largest parties in Modi's National Democratic Alliance (NDA) after the BJP, making their support essential for Modi to remain in power.



Source: Financial Times

PM's third term begins amid fears over economic reforms

Date: 6 June 2024



Thousands of dignitaries attended the swearing-in of Narendra Modi for a historic third term as India's Prime Minister, including regional leaders like Bangladesh's Sheikh Hasina, Indian billionaires Gautam Adani and Mukesh Ambani, and Bollywood stars. Modi bowed as the crowd chanted his name before he took the oath of office. He is the first Indian leader since independence premier Jawaharlal Nehru to secure a third consecutive term. However, the Bharatiya Janata Party's loss of its outright majority is the biggest setback of Modi's decade in power, prompting him to make unusually conciliatory remarks about governing through consensus.

Source: Financial Times

News from International Publications

U.S. plans task force to take on illegal e-cigarettes

Date: 11 June 2024

Both big tobacco companies and their critics share a concern: the proliferation of illegal fruit-flavored disposable vapes, particularly popular among teenagers, in the U.S. market. They argue that federal regulators haven't adequately addressed this issue. In response, the Food and Drug Administration (FDA) and Justice Department have announced increased enforcement efforts, forming a multiagency task force to combat the illegal distribution and sale of e-cigarettes. These disposable vaping devices, many unauthorized by the FDA, constitute over 30% of U.S. e-cigarette sales in tracked stores, with a significant portion imported from China. Despite FDA orders to cease sales, Breeze Pro and Elfbar remain the top two disposable e-cigarette brands in the U.S.



Source: The Wall Street Journal

Fresh blow for Sunak's campaign as growth stalls

Date: 13 June 2024



UK economic growth came to a halt in April, dealing a setback to Prime Minister Rishi Sunak's election campaign revival efforts. Data from the Office for National Statistics showed zero growth for the month, contrasting with the 0.4% expansion in March. This slowdown was stark compared to the 0.6% growth in the previous quarter, which marked the end of last year's technical recession. Nonetheless, GDP for the three months leading up to April was 0.7% higher compared to the preceding three-month period.

Source: Financial Times

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News from International Publications

Inflation spooks public, keeps Fed on guard

Date: 10 June 2024

Inflation remains above the Federal Reserve's 2% target, a situation that might be tolerable if it weren't for the general disdain towards inflation. Fed policymakers are expected to keep the benchmark federal-funds rate steady, which is at its highest level in over two decades, largely due to inflation concerns. The Commerce Department's preferred measure of consumer prices rose 2.7% from a year ago in April, an improvement from April 2023's 4.4% rise but still falls short of investor expectations at the year's start, when they anticipated Fed rate cuts. Pre-pandemic, high inflation would have been seen as a less pressing issue by many economists.



Source: The Wall Street Journal

Apple unveils plans to bring AI to iPhone

Date: 11 June 2024



Apple has entered the artificial intelligence competition, revealing plans to introduce a more personalized AI experience to its 2.2 billion device users. This includes collaborating with OpenAI, the creator of ChatGPT, for its "Apple Intelligence" system. This new AI system offers a glimpse into what many see as the ultimate goal of AI—a voice assistant equipped with enough user data to effectively assist with various tasks. Apple's partnership with OpenAI enables new AI functionalities like handling complex queries and composing messages, capabilities beyond what Apple's existing AI can manage.

Source: The Wall Street Journal

News from International Publications

IMF urges Washington to tackle its ballooning debt burden

Date: 10 June 2024

The IMF's second-in-command has urged the US to address its growing fiscal burden, stating that the robust growth of the world's largest economy provides "ample" room to curb spending and increase taxes. Gita Gopinath, the fund's first deputy managing director, emphasized the need for advanced economies to "invest in fiscal consolidation" and develop plans to reduce debt levels to pre-pandemic figures. "For the US, we see ample ground for them to reduce the size of their fiscal deficits, also given the strength of the US economy," she told the Financial Times in an interview. These warnings come amid concerns from economists and investors that years of fiscal profligacy by both Democrats and Republicans are creating future economic risks for the US.



Source: Financial Times