

veKLY NEWSWRAP

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ELECTION

Celebration At BJP Headquarters As NDA Preps For 3rd Term, INDIA Shines

Date: 04 June 2024



The BJP-led NDA won 292 seats, defeating the Opposition alliance, INDIA, which secured 232 seats. Despite the BJP's stronghold in Uttar Pradesh, the INDIA bloc posed a formidable challenge. The Lok Sabha election contest between the BJP and the INDIA bloc mirrors a broader ideological struggle. Poll experts had forecasted a third term for PM Narendra Modi, but the INDIA bloc's strong performance defied expectations. Prime Minister Narendra Modi spearheaded the BJP's campaign, participating in over 200 public events, including rallies and roadshows.

Source: NDTV

65.79% turnout in 2024 Lok Sabha polls, says Election Commission

Date: 7 June 2024

The recently concluded Lok Sabha election saw a voter turnout of 65.79%, according to the Election Commission of India on Thursday. This is slightly lower than the 67.40% turnout in the 2019 election. The Commission noted that the final figures for 2024 might change as postal ballots are not yet included. Chief Election Commissioner Rajiv Kumar stated earlier this week that 64.2 crore voters had cast their votes in this election. Lakshadweep recorded the highest turnout at 84%, followed by Assam at 81%. The lowest turnout was in Bihar at 56.19%, with Uttar Pradesh (56.92%) and Mizoram (56.87%) also recording low turnouts.



Source: The Hindu

ECONOMY

New govt to inherit strong economy, focus on making India developed nation by 2047
Date: 4 June 2024



India's record-breaking economic growth rate, combined with robust tax revenues, a rapidly expanding digital and financial infrastructure, and a strong manufacturing sector, will provide the new government with a solid foundation for implementing next-generation reforms that could make the country a developed nation by 2047. However, the new government will need to address issues like unemployment and rural distress, which significantly influenced voting patterns in states like Uttar Pradesh, while also keeping inflation in check. Given that no party, including the BJP, has a clear majority on its own, challenging reforms such as large-scale privatization and labor law changes may be delayed.

Source: The Economic Times

TRADE

India and Oman Close to Signing a Free Trade Deal
Date: 7 June 2024

India and Oman are on the verge of finalizing a trade agreement, with negotiations complete and the signing expected after India's new central government is formed. The Comprehensive Economic Partnership Agreement (CEPA) aims to facilitate market access between the two countries, promising significant economic benefits. It will boost Indian exports to Oman by eliminating duties on products like petroleum, textiles, electronics, pharmaceuticals, machinery, and iron and steel. This is strategically important for India due to Oman's proximity to the Strait of Hormuz, a crucial oil transit point, and its large Indian expatriate population.



Source: The Financial Express

STEEL

India's steel ministry against import curbs on key raw material

Date: 6 June 2024



India's Ministry of Steel opposes capping imports of low ash metallurgical coke, a key steelmaking ingredient, despite local producers' complaints about rising imports since 2019-20. The Directorate General of Trade Remedies (DGTR) had recommended a cap of 2.85 million metric tons for one year. The final decision rests with the commerce ministry. The steel ministry opposes restricting imports due to strong domestic demand and concerns over the quality of local production, as indicated by the source and note reviewed by Reuters. China, Indonesia, and Poland are the top suppliers of metallurgical coke to India.

Source: The Economic Times

GREEN ENERGY

Coal and renewables to drive \$360 billion investment in India's power sector over next seven years: Moody's

Date: 6 June 2024

India's power sector is poised for substantial investment, particularly in renewable energy and electricity transmission projects. According to Moody's Ratings, approximately \$190 billion to \$215 billion will be required for renewable energy capacity by 2030. Additionally, another \$150 billion to \$170 billion will be needed to bolster electricity transmission and distribution infrastructure. India aims to achieve 500GW of renewable energy capacity by 2030, which will necessitate an annual capacity addition of around 44GW. "Power sector investments will be driven by renewable energy and transmission projects," said Moody's, highlighting the significant capital needed to meet these ambitious targets.



Source: The Economic Times

PHARMACEUTICAL

Pharma industry raises concerns over new Schedule M's impact on cosmetic manufacturing

Date: 6 June 2024



The pharmaceutical industry, represented by the Federation of Pharma Enterprises (FoPE), has raised significant concerns about the government's newly introduced Schedule M, which bans the production of any products other than drugs in units licensed for drug manufacturing. FoPE argues that establishing separate plants for cosmetic manufacturing is financially unfeasible for medium and small-scale enterprises. They are requesting permission to produce cosmetics in areas designated for topical products such as creams and lotions.

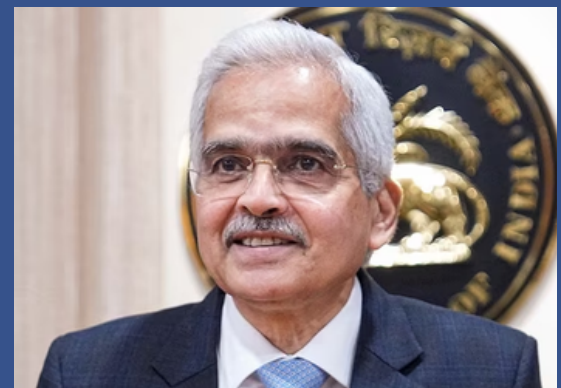
Source: The Economic Times

RBI

RBI MPC Meet 2024 Highlights: Repo rate unchanged, Real GDP growth at 7.2%

Date: 7 June 2024

The Reserve Bank of India (RBI) Governor Shaktikanta Das announced the decisions of the Monetary Policy Committee (MPC). As anticipated, India's central bank has left its benchmark interest rate unchanged, maintaining its focus on inflation amidst policy uncertainty following an unexpected election result. This decision comes against the backdrop of persistent food inflation, with urban areas experiencing a 1.03% rise and rural areas a 0.59% increase in April, resulting in a national food inflation increase of 0.74%. Despite these inflationary pressures, the decision reflects the robust growth momentum in the economy, as retail inflation hit an 11-month low of 4.83% in April 2024.



Source: Hindustan Times

News from International Publications

Indian voters deliver shock to Modi after ruling BJP fails to win majority

Date: 5 June 2024

Narendra Modi's Bharatiya Janata Party (BJP) lost its parliamentary majority in a surprising election result last night, forcing India's prime minister to rely on smaller allies to secure a historic third term. Share prices in Mumbai slumped after vote counts showed the BJP and its National Democratic Alliance (NDA) allies performing much worse than expected. The BJP was on track to take about 240 of the 543 seats in India's lower house, falling short of the outright majority it achieved in the previous two general elections. With its NDA allies, the ruling party was ahead in 292 seats. Modi had set a target of 400 seats for the alliance but brushed aside the setback.



Source: Financial Times

Modi declares win but faces setback

Date: 5 June 2024



Prime Minister Narendra Modi of India is set to retain power for a third term despite a significant setback as votes denied him an outright majority in an election marked by high unemployment and inflation. Modi and his Bharatiya Janata Party will now need to rely on coalition allies to reach the 272-seat majority threshold in the lower house of Parliament to form a government. This is the first election since 2014, when Modi first became prime minister, that the BJP has not secured an absolute majority on its own.

Source: The Wall Street Journal

News from International Publications

Sheinbaum's landslide victory sends Mexican peso and stocks tumbling

Date: 4 June 2024

Ruling party candidate Claudia Sheinbaum is set to become Mexico's first female leader after a decisive victory, though her win has unsettled some investors who sold the peso fearing radical changes. Sheinbaum, a left-wing former mayor of Mexico City, won by over 30 percentage points against Xochitl Galvez of the center-right opposition. She campaigned on continuing the pro-worker policies of her ally, President Andres Manuel Lopez Obrador. However, upon taking office on October 1, she will face challenges including high murder rates, strained public finances, and following one of Mexico's most charismatic and successful leaders.

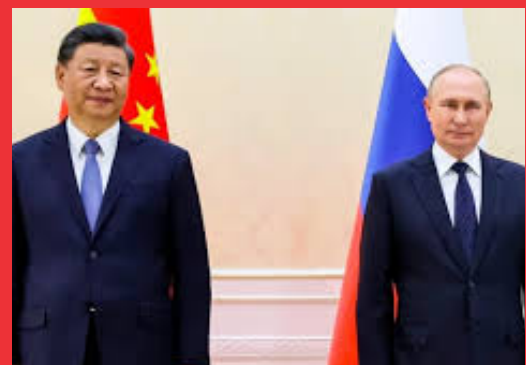


Source: Financial Times

Russia-China gas pipeline deal stalls as Beijing plays hardball over prices

Date: 3 June 2024

Russia's efforts to finalize a significant gas pipeline deal with China have stalled due to what Moscow perceives as Beijing's unreasonable demands regarding price and supply levels, according to three informed sources. Beijing's firm stance on the Power of Siberia 2 pipeline highlights how Russia's invasion of Ukraine has rendered President Vladimir Putin increasingly reliant on Chinese leader Xi Jinping for economic support. The sources indicated that China has requested to pay prices similar to Russia's heavily subsidized domestic rates and has only committed to purchasing a small fraction of the pipeline's planned annual capacity of 50 billion cubic meters.



Source: Financial Times

News from International Publications

Chinese EV makers report strong sales for last month

Date: 4 June 2024

Shares of Chinese electric vehicle makers surged after some reported record sales in May, fueling hopes for more price cuts as companies compete to expand market share. BYD, which surpassed Tesla late last year to become the world's largest EV maker, saw its Hong Kong-listed shares rise by 5.0% on Monday. The company maintained its leading position in China, selling over 300,000 units for the third consecutive month in May. Shanghai-listed shares of NIO and Geely Automobile increased by 4% and 3.5%, respectively, after both companies set sales records in May.



Source: The Wall Street Journal

ECB expected to shrug off inflation rise and cut rates

Date: 3 June 2024



The European Central Bank has pledged to adopt a data-dependent approach to monetary policy. Yet, on Thursday, it appears almost certain to overlook the recent rise in Eurozone inflation and proceed with cutting rates. This decision seems inevitable after many ECB policymakers signaled that the bank was on track to become the first major central bank to lower borrowing costs since the significant price surge began three years ago. Greg Fuzesi, an economist at JPMorgan, described the anticipated 0.25 percentage point cut in the ECB's 1 percent deposit rate as "somewhat rushed and odd," adding that "the cost of waiting until September appears low, while the benefit of gaining more clarity on the inflation outlook appears high."

Source: Financial Times

News from International Publications

Registrations of China-made EVs leap in EU and UK ahead of tariff threat

Date: 5 June 2024

Registrations of Chinese-made electric vehicles in Europe increased by 23% between January and April compared to the previous year, despite potential higher tariffs on battery-powered car imports from China. According to Schmidt Automotive Research, 119,300 Chinese-made EVs were registered in Western Europe, including the UK, in the first four months of 2024. These vehicles accounted for one in five EVs imported into the region. Matthias Schmidt, founder of the firm, stated, "Carmakers keep churning out vehicles from China as it gives the best opportunity to make a profit on an electric vehicle at the moment."



Source: Financial Times

IEA says renewables plans will miss 2030 goal

Date: 5 June 2024



The world's clean energy plans still fall nearly a third short of meeting the renewable energy goal for 2030 agreed upon at last year's UN climate talks, the International Energy Agency has warned. As delegates from nearly 200 countries convene in Bonn this week, discussions will focus on a new climate finance deal and upgraded national pledges to cut greenhouse gas emissions. Negotiations will center on ensuring the implementation of plans agreed at COP28 in Dubai, including the goal of tripling global renewable energy generation capacity to at least 11,000 gigawatts by 2030.

Source: Financial Times

News from International Publications

UN head warns of 'highway to climate hell'

Date: 6 June 2024

The UN Secretary-General stated that the world needed "an exit ramp off the highway to climate hell," as the latest data revealed record global temperatures for the 12th consecutive month in May. António Guterres emphasized that the fight to limit global temperature rise "will be won or lost" this decade, under the current political leadership. He reiterated his criticism of the fossil fuel industry for its role in climate change, calling for a ban on advertising by oil, gas, and coal companies similar to that imposed on tobacco. He described their ad campaigns as "Mad Men fueling the madness."



Source: Financial Times

Canada becomes first G7 country to cut interest rates

Date: 6 June 2024



Canada's central bank has slashed its primary interest rate, becoming the first G7 nation to ease monetary policy in the current cycle. The Bank of Canada reduced its policy rate to 4.75% yesterday, having maintained it at 5% since July. According to a Reuters poll, traders had estimated an 84% probability of a rate cut in June. Canada's economy has weakened in recent months, with first-quarter GDP growth at 1.7%, below the expected 2.2%, and an April unemployment rate of 6.1%, the highest in over two years. Headline inflation stood at 2.7% year-on-year in April.

Source: Financial Times