

veKLY NEWSWRAP

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ECONOMY

IMF raises India's GDP forecast to 7% for 2024-25

Date: 16 July 2024



The IMF is upgrading its economic outlook this year for China, India and Europe while modestly lowering expectations for the United States and Japan. But it says worldwide progress against accelerating prices has been slowed by stickier-than-expected inflation for services, from airline travel to restaurant meals. Overall, the IMF said that it still expects the world economy to grow a lackluster 3.2% this year, unchanged from its previous forecast in April and down a tick from 3.3% growth in 2023.

Source: The Times of India

India's economy poised for robust growth ahead of annual budget

Date: 17 July 2024

India's economy is expanding at the fastest rate among major emerging economies, and tax receipts are higher, factors that could prompt Finance Minister Nirmala Sitharaman to increase spending in the new 2024/25 budget that will be presented to parliament on July 23. The budget is expected to see an increase in spending on infrastructure and welfare programmes such as rural housing, following bumper dividend payouts from the central bank and increased tax revenue. However, Sitharaman is likely to adhere to the interim budget's fiscal deficit targets.



Source: Reuters

TRADE

India's trade deficit narrows in June; exports fall to 7-month low

Date: 15 July 2024

India's merchandise export growth dropped to 2.6% year-on-year in June from 13.5% in May, reaching a seven-month low of \$35.2 billion amid weak overseas demand. Imports rose by 4.9% to \$56.18 billion, driven by petroleum products, electronics, and metals. The trade deficit narrowed to \$20.98 billion in June from \$22 billion in May but increased from \$19.2 billion last year. Despite geopolitical concerns, Commerce Secretary Sunil Barthwal is optimistic about crossing \$800 billion in exports for the fiscal year.



Source: Business Standard

STEEL

As India surpasses China in steel development, environmental concerns loom large

Date: 19 July 2024



India has surpassed China as the world's leading steel developer, with a pipeline capacity of 258 million tonnes per annum (mtpa), according to Global Energy Monitor. Despite global trends favoring lower-emissions electric arc furnace (EAF) technology, India continues to rely on coal-dependent basic oxygen furnace (BOF) methods for 177 mtpa of its steel capacity. With 84% of planned steel projects yet to start construction, there's potential for India to adopt greener technologies, crucial for reducing emissions and maintaining global competitiveness.

Source: The Economic Times

CEMENT

Cement industry likely to see moderate demand, muted price movement in Q1FY25

Date: 14 July 2024

The cement industry faced a challenging April-June quarter with flat demand and unsuccessful price hikes. Prices dropped 3-4% year-on-year, with East and South regions seeing a 4% decline. Competition, elections, and a heat wave pressured prices. Demand, affected by extreme heat and labor shortages, is expected to recover post-monsoon with potential price hikes of ₹10-45 per bag. Despite a lackluster H1, annual demand is forecasted to grow 8.5-9%, driven by commercial and housing sectors.



Source: The Hindu BusinessLine

AUTOMOBILE

Auto industry needs 200K skilled people by 2030 to meet 30% EV target

Date: 16 July 2024



The Indian automotive industry will need up to 2 lakh skilled workers by 2030 to achieve 30% electric vehicle adoption, requiring a talent investment of ₹13,552 crore, according to the Society of Indian Automobile Manufacturers (SIAM). Specialized skills in battery technology, power electronics, and motor design are crucial. The SIAM EV Skill Gap Study indicates 30,000 EV-ready workers are needed annually. With minimal overlap between ICE and EV competencies, extensive upskilling and reskilling are necessary to meet the demand.

Source: Business Standard

TELECOM

Indian telecom industry awaits the next frontier in communications through policy reforms

Date: 17 July 2024

Over the past decade, India has become the third-largest digital economy globally due to policy reforms in digital connectivity and local manufacturing. The telecom industry has made key policy recommendations to the Ministry of Communications, including reducing the tax burden, redefining gross revenue, exempting service tax on additional liabilities, reducing Customs Duty and prioritizing the 6 GHz spectrum for 5G. The Telecommunications Act 2023 aims to streamline Right of Way (RoW) policies, enhancing network expansion and investment clarity.



Source: The Hindu

HEALTHCARE

Pharma and healthcare sector seals \$4.1 bn deals in Q2 2024

Date: 16 July 2024



In Q2CY24, India's pharmaceutical and healthcare sector saw a surge, securing 55 deals worth \$4.1 billion, a 49% increase year-on-year, according to Grant Thornton Bharat. Deal values jumped 57% from the previous year and eight times from the previous quarter. Average deal size rose from \$9.7 million in Q1CY24 to \$74 million. Major deals included Dr. Reddy's \$633 million acquisition of Northstar Switzerland SARL and KKR Asian Fund IV's \$843 million acquisition of Healthium MedTech. Healthtech led in deal volumes, while pharma and biotech dominated deal values.

Source: Business Standard

REAL-ESTATE

Luxury housing sales increase by 27% in the Jan-June period in 2024; Delhi-NCR tops list

Date: 18 July 2024

In the first half of 2024, over 8,500 luxury housing units were sold in India, a 27% increase from the same period last year, with Delhi-NCR, Mumbai, and Hyderabad accounting for 84% of sales for units priced above ₹4 crore. The rise in demand is driven by affluent buyers seeking better amenities and spacious living, along with increased interest from NRIs and investors. A total of 156,000 units were sold, and 153,000 new units launched across all categories. Mumbai, Pune, and Bengaluru led residential sales, capturing a 63% share.



Source: Hindustan Times

ELECTRONICS

India to ramp up electronics sector to \$500 billion, 6 million jobs on the horizon: NITI Aayog

Date: 19 July 2024



NITI Aayog aims to make India a global electronics manufacturing hub, targeting \$500 billion by 2030 and creating six million jobs. Their report, "Electronics: Powering India's Participation in Global Value Chains," highlights the sector's rapid growth from \$48 billion in FY17 to \$155 billion in FY23. Despite representing 75% of India's electronics exports, the global market share is under 1%. The roadmap emphasises strengthening local manufacturing, boosting exports, and increasing domestic value addition, driven by policy support and industry innovations.

Source: The Economic Times

News from International Publications

Trump's choice of Vance as deputy fuels European fears for security ties

Date: 17 July 2024

Donald Trump's selection of JD Vance as his running mate has intensified European fears of weakened transatlantic security, higher tariffs, and reduced US support for Ukraine. Vance, an isolationist, dismisses American security guarantees and opposes aid for Ukraine. European officials worry Trump will impose tariffs harmful to the EU economy and undermine NATO. Vance's stance on Ukraine aligns with Russia's demands. If elected, Trump plans to demand peace talks, causing further concern among US allies.



Source: Financial Times

Labour to take bulk of committee chair roles

Date: 17 July 2024



Labour is poised to secure about two-thirds of elected committee chairs in parliament following their general election victory, significantly reducing Conservative representation. Labour is expected to chair up to 19 of 27 select committees, a sharp increase from their previous nine. The Conservatives' share will drop to around five chairs, while the Liberal Democrats, now the third-largest party, will chair three committees. The Scottish National Party will lose their two chairs. Key positions like the Treasury and public accounts committees will be highly sought after, with several prominent Labour and Conservative MPs expected to vie for these roles.

Source: Financial Times

News from International Publications

EU accused of using wrong deforestation data to ban imports

Date: 17 July 2024

Australia and Brazil are challenging Brussels' use of outdated data for a new EU law banning imports from deforested land. The law, effective December 31, aims to curb deforestation by restricting imports of products like palm oil and coffee linked to cleared land. Critics argue that the EU's maps, which differ from current national data, could wrongly target exempt areas. Australia and Brazil are calling for a delay until proper compliance guidelines are issued and national authorities are established. The EU has not yet agreed to this delay.



Source: Financial Times

IMF warns of 'bumps' in inflation battle

Date: 17 July 2024



The IMF's chief economist, Pierre-Olivier Gourinchas, warned that persistent high services prices might impede progress in controlling inflation, potentially delaying rate cuts. The IMF's updated World Economic Outlook highlights risks from escalating trade tensions, which could drive up the cost of imports and keep inflation above the 2% target until late 2025. While central banks, including the Fed and ECB, are considering easing policies, the IMF cautions that elevated inflation might lead to prolonged high interest rates and increased economic risks.

Source: Financial Times

News from International Publications

Pound climbs as inflation holds steady

Date: 18 July 2024

The pound reached a one-year high against the dollar after UK inflation for June came in at 2%, slightly above the 1.9% forecast. This led traders to reduce expectations for a Bank of England rate cut in August. Despite hitting the BoE's inflation target, persistent high services inflation at 5.7% may delay rate cuts. With core inflation steady at 3.5% and mixed economic signals, the Bank of England is likely to proceed cautiously, potentially waiting until September for any rate reduction.



Source: Financial Times

Faster rollout of renewables urged to hit climate goal

Date: 18 July 2024



The UK risks missing its 2030 greenhouse gas emissions target unless it accelerates renewable energy deployment, mandates nearly all new cars to be electric, and installs heat pumps in 10% of homes, according to the Climate Change Committee (CCC). The CCC's annual report reveals that only a third of the required emission reductions have credible plans. The UK aims to cut emissions by 68% by 2030 and reach net zero by 2050. Despite a 4% drop in emissions in 2023, further efforts are needed.

Source: Financial Times

News from International Publications

Starmer to host delayed EU leaders' summit

Date: 15 July 2024

Sir Keir Starmer is preparing for a key appearance on the world stage by hosting the European Political Community (EPC) summit at Blenheim Palace, aiming to improve post-Brexit UK-EU relations. The summit, initiated by French President Emmanuel Macron and previously supported by Liz Truss, presents an opportunity for Starmer to advance UK-EU security cooperation and address trade and regulatory issues. Despite challenges, including the EU's resistance to "cherry-picking" benefits, Starmer plans to use security and climate initiatives to strengthen ties.



Source: Financial Times

Vance, a Onetime Critic of Trump, Is Selected as His Running Mate

Date: 16 July 2024



Former President Donald J. Trump has chosen Senator J.D. Vance of Ohio as his running mate, hoping to inject fresh energy into the Republican ticket. Vance, a political newcomer who entered the Senate last year, was once a Trump critic but won his endorsement in 2022 by embracing Trump's politics and election lies. Announced on Trump's social media platform during the Republican National Convention, Vance's selection follows an assassination attempt on Trump, highlighting the importance of his potential successor.

Source: The New York Times

News from International Publications

An eruption of political violence

Date: 15 July 2024

At 6:10 p.m., shots were fired at a rally in Butler, PA, wounding former President Donald Trump. Bloodied, he ducked for cover as Secret Service agents surrounded him. After the shooter was killed, Trump defiantly shouted "Fight!" to the crowd. This marked the first assassination attempt on a former president in over four decades, intensifying an already volatile campaign. Trump was treated and declared "fine," but one spectator was killed and two others critically wounded. The attack's motive is still under investigation.



Source: The New York Times

Trump Assassination Attempt Probed

Date: 15 July 2024



At Bethel Park High School's 2022 graduation, Thomas Matthew Crooks received faint applause compared to his classmates. Crooks, the man accused of attempting to assassinate former President Donald Trump, was a quiet student who took advanced classes and was sometimes bullied. He wasn't vocal about his political views and had few friends. Classmates recalled him dressing in camouflage or hunting attire and interacting awkwardly. "If someone would say something to his face, he would just kind of stare at them," said Julianna Grooms.

Source: The Wall Street Journal