

21 February 2025

Key International events:

According to the US Federal Reserve, **Industrial Production in the US climbed by 0.5% MoM in January 2025 after jumping by an upwardly revised 1.0% MoM in December 2024**. Economists had expected it to rise by 0.3% MoM compared to the 0.9% advance originally reported for the previous month.

US President Donald Trump has announced a new trade policy under which the United States will impose tariffs that match those of other countries. **According to Trump, the US will charge a reciprocal tariff based on what other nations charge US, no more, no less**. Countries using a VAT system, which he considers more punitive than traditional tariffs, will be treated similarly.

According to the minutes of the US Federal Reserve's latest monetary policy meeting, officials want to see further progress on inflation before they consider resuming lowering interest rates. The minutes of the meeting also reiterated Fed's "careful approach" in considering additional adjustments to the stance of monetary policy, given the high degree of uncertainty.

As per data from the US Commerce Department, **housing starts in the US plunged by 9.8% MoM to an annual rate of 1.37 mn in January 2025, after soaring by 16.1% MoM to an upwardly revised rate of 1.52 mn in December 2024**. Economists had expected housing starts to fall by 6.6% MoM to an annual rate of 1.40 mn in January 2025.

According to data from the European Commission, **the Eurozone consumer confidence strengthened for a second straight month as the flash Consumer Confidence Index rose to -13.6 in February 2025 from -14.2 recorded in January 2025**. Economists had expected the Consumer confidence Index to improve to -14.0.

As per data from Eurostat, **the Euro area trade surplus decreased to EUR 15.5 bn in December 2024 from EUR 16.0 bn in November 2024**. Exports logged an increase of 3.1% YoY, in contrast to the 1.4% YoY fall in November 2024. At the same time, imports climbed 3.8% YoY, reversing a 0.7% YoY drop.

As per the flash estimate from Eurostat, the Euro area economy expanded after an upward revision, but the growth was still meager and overall employment logged only a marginal increase. **The Euro area GDP grew by revised 0.1% QoQ in Q4 CY24 as against initial estimates of a flat growth**. On a yearly basis, GDP growth held steady at 0.9% YoY in Q4 CY24, as initially estimated.

According to the Japanese Cabinet Office, **Japan's GDP expanded a seasonally adjusted 0.7% QoQ in Q4 CY24, beating forecasts for an increase of 0.3% QoQ, and was up from the upwardly revised 0.4% QoQ gain in Q3 CY24**. GDP was up 2.8% YoY, exceeding expectations for an increase of 2.0% YoY.

According to the Japanese Ministry of Economy, Trade, and Industry, **Japan's industrial production fell by a seasonally adjusted 0.2% MoM in December 2024, slower than the 2.2% MoM fall in November 2024**. On a yearly basis, the decline in industrial production was 1.6% YoY, compared to a 2.7% YoY fall a month ago.

According to the China's State Administration of Foreign Exchange, **Net FDI into China dropped by USD 168 bn in 2024, the biggest capital flight in data going back to 1990**. Foreign investment into China has slumped in recent years after hitting a historical high of USD 344 bn in 2021.

The People's Bank of China left its one-year loan prime rate unchanged at 3.10%. Likewise, the five-year LPR, the benchmark for mortgage rates, was retained at 3.60%. The decision was in line with expectations.

Key Domestic events:

As per data from the Ministry of Commerce and Industry, **India's Wholesale Price Index (WPI) inflation eased to 2.31% YoY in January 2025, down from 2.37% YoY in December 2024**. Even as food article prices declined, the ministry noted rising costs in the manufacturing of food products and textiles.

As per RBI data, **India's forex reserves jumped by USD 7.65 bn to USD 638.26 bn in the week ended February 7, 2025**. This is the third consecutive week of a jump in the kitty, which had increased by USD 1.05 bn to USD 630.61 bn for the week ended January 31, 2025. Foreign currency assets increased by USD 6.42 bn to USD 544.11 bn.

As per the Commerce Ministry, **India's merchandise trade deficit widened to nearly USD 23 bn in January 2025, compared with USD 16.5 bn in January 2024**, as the value of exports dropped amid subdued demand for petroleum products and global economic uncertainties. Exports contracted by 2.4% YoY to USD 36.43 bn in January 2025, while imports surged 10% YoY to USD 59.4 bn, raising concerns over the depreciating value of the Indian rupee.

According to the commerce ministry data, **India's exports to the US rose by 39% YoY to USD 8.44 bn in January 2025, while imports grew by 33.46% YoY to USD 3.57 bn**. Cumulatively, the country's exports to the US during April-January of FY25 grew by 8.95% YoY to USD 68.46 bn against USD 62.84 bn in the same period of FY24.

According to ICRA, **Net Foreign Direct Investment (FDI) in India declined to USD 1.18 bn during April-December 2024 from USD 7.84 bn during April-December 2023**, due to a rise in repatriation and overseas investments by Indian firms.

According to the latest quarterly Periodic Labour Force Survey (PLFS) data, **unemployment rate in urban areas during Q3 FY25 remained unchanged QoQ at 6.4%**. While the unemployment rate for men worsened marginally to 5.8% in Q3 FY25 from 5.7% in Q2 FY25, for women, it improved to 8.1% from 8.4% during the period.

According to ICRA, **India's GDP is expected to grow 6.4% YoY in Q3 FY25, after slowing to a seven-quarter low of 5.4% YoY in Q2 FY25, on account of enhanced government spending amid uneven consumption**.

As per Moody's Ratings, **India's power sector will need an annual investment between Rs 4.5 trillion to Rs 6.4 trillion (USD 53 bn to USD 76 bn) of investment until FY35, roughly USD 700 bn investment over the next 10 years, to achieve its 2070 net-zero pledge**. The investments required by the power sector during FY26 to FY51 needs to be to the order of 1.5% to 2% of India's GDP.

According to RBI data, **Net External Commercial Borrowing (ECB) by Indian entities, including NBFCs, grew nearly three times YoY to USD 15.6 bn during April-December 2024**. Gross disbursements to Indian entities through the ECB route rose to USD 36.6 bn during April-December 2024, up from USD 26.1 bn during April-December 2023.

According to ICRA, **major auto component firms are likely to invest Rs 250-300 bn in FY26 for capacity expansion and localization, including for Electric Vehicle (EV) parts**. The revenue growth for the industry is expected to ease to 7-9% YoY in FY25 and to 8-10% in FY26, down from 14% in FY24.

As per a report by Bain & Company and Nasscom, **India is set to become a high-income country by 2047 with a projected GDP of USD 23 trillion to USD 35 trillion**. The services sector is projected to account for 60%, while manufacturing will account for 32% of India's GDP by 2047.

According to a report by Anarock and ETRetail, **the market size of India's e-commerce sector is estimated to jump more than four-fold to USD 550 bn by 2035, growing at a CAGR of 15% YoY from USD 125 bn in 2024**. Meanwhile, the overall Indian retail industry's market size is expected to touch USD 2.5 trillion bn by 2035, witnessing a three-fold increase compared to 2019.

According to Moody's Analytics, **India's growth will slow to 6.4% YoY in CY25, from 6.6% YoY in CY24, as new US tariffs and softening global demand weigh on exports**.

Equity Round up: S&P BSE Sensex opened at 75641. It made a weekly high of 76339 and a low of 75112 before closing 628 points lower at 75311.

Events to watch out for the next week:**International Events**

1. US Initial Jobless Claims on 27 Feb'25
2. US Consumer Confidence for Feb'25 on 25 Feb'25
3. Eurozone CPI Final for Jan'25 on 24 Feb'25

Domestic Events

1. Forex Reserves for week ended 21 February 2025 on 28 February 2025
2. GDP for Q4 FY25 on 28 Feb'25
3. GVA for Q4 FY25 on 28 Feb'25

Key Equity Market Indices**Closing****% Change WoW**

BSE Sensex

75,311

-0.83

Nifty 50

22,796

-0.58

BSE 100

23,783

-0.20

BSE 200

10,266

0.06

BSE Midcap

40,374

1.62

BSE Smallcap

45,856

0.98

BSE FMCG

18,943

-1.51

BSE HC

39,620

-0.67

BSE IT

39,764

-2.00

BSE Auto

48,135

-2.39

BSE BANKEX

55,718

-0.19

BSE CG

58,399

1.83

BSE CD

54,538

-0.27

BSE Oil & Gas

23,901

2.35

Other Key Indices#**Closing****Change WoW**

10 Year G-Sec (6.79% 2034)

6.70%

(-) 1 bps

Interbank Call

6.35%

1 bps

INR/USD

86.71

-0.14%

Gold (Rs/10gm)

86,092

0.11%

Taken during market hours , 10 Year G-Sec (6.79% 2034) and Interbank Call as on 20 Feb '25

World Indices**Closing****% Change WoW**

Dow Jones*

44,177

-1.20

Nasdaq*

19,962

0.08

FTSE

8,681

-0.66

DAX

22,377

-0.64

Hang Seng

23,478

3.79

Nikkei

38,777

-0.95

Bovespa*

1,27,601

2.20

Indonesia Jakarta

6,803

2.48

* Dow Jones, Nasdaq and Bovespa as on Thursday

Rs. Bn**Gross Buying****Gross Selling****Net (WoW)**

FPIs

612.3

636.7

-24.4

DII

517.5

409.2

108.2

Data for FPI from 14 Feb 2025 to 20 Feb 2025. Data for DII from 07 Feb 2025 to 13 Feb 2025.

Arbitrage Spreads**Spot****Future*****Prem/(Dis)**

Nifty 50

22,796

22,800

4

*February 2025 Expiry

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