



# INDIA REPORT

In its 30th year

Over 1,000 issues since 1995

Independent, objective, succinct analysis



LALCAP

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## Bombay Sensex 30 : 5 Year Chart (closing values)



Close:

	Level	Index Pts Chg-Day	% Chg YTD
14 Jan 2025			
SENSEX 30	76,500	+170	-2.2%
NIFTY 50	23,176	+ 90	-2.4%

## Other Markets: Level & % YTD

ASIA: CHINA Shanghai:	3,241 (-3%)
JAPAN Nikkei 225:	38,474 (-4%)
EUROPE: UK FTSE:	8,212 (+1%)
GERMANY DAX:	20,259 (+2%)
USA: Dow Jones:	42,297 (-1%)
NASDAQ Composite:	19,088 (-1%)
GOLD:	\$2,667.85 (+2%)
SILVER:	\$29.72 (+3%)
BRENT OIL:	80.75 (+8%)

## Indian Currency; Level & YTD

INR ₹ / USD	\$1=	Rs86.53 (-1.2%)
INR ₹ / GBP	£1=	Rs105.41 (+2.0%)
INR ₹ / EUR	€1=	Rs88.77 (+0.5%)

⇒ India's retail inflation eased to a four-month low of 5.22% in December, down from 5.48% in November. This was achieved by a deceleration in food prices, which rose by 8.39%, down from 9.04%. The moderation signals growing pressure on the Reserve Bank of India (RBI) to lower interest rates in its February review, as economic growth is projected to dip to a four-year low of 6.4% for the fiscal year ending March 31. While inflation remains above the RBI's target 4%, the government's latest economic report highlighted that the central bank's tight monetary policy has contributed to slowing demand. **This has raised expectations of a possible policy shift.**

⇒ The Reserve Bank of India's (RBI) February Monetary Policy Committee (MPC) meeting will be the first under new Governor Sanjay Malhotra, who has signalled a focus on fostering higher growth. However, India faces significant macroeconomic headwinds. The rupee tumbled to a record low today, pressured by a stronger dollar and equity outflows. Meanwhile, rising oil prices, spurred by ongoing U.S. sanctions on Russian companies, threaten to exacerbate inflation. As India imports 80% of its oil, a weaker currency coupled with higher oil costs could amplify imported inflation. Additionally, the uncertainty surrounding global trade, fuelled by U.S. President-elect Donald Trump's tariff warnings, adds to the inflationary risks. **These factors may prompt the RBI to adopt a cautious stance on rate cuts in its upcoming policy review.**

⇒ India's Trade Minister Piyush Goyal expressed optimism about deepening economic ties with the United States under the incoming Trump administration. "We are looking forward to a very deep and substantive engagement," Goyal said, highlighting India's efforts to strengthen bilateral relations under Prime Minister Narendra Modi. Over the years, India has successfully navigated relationships with successive U.S. presidents, including Barack Obama, Donald Trump, and Joe Biden, signalling continuity in its diplomatic and economic strategy. **As global dynamics shift, India aims to leverage its ties with the U.S. to bolster its economic growth and global influence.**

⇒ Bilateral trade between India and the U.S. surpassed \$118 billion in 2023/24, with India posting a \$32 billion surplus. Industry

estimates suggest trade could grow by an additional \$50 billion within two to three years. This highlights vast potential for deeper economic ties. **Government and industry groups advocate for a broader trade and investment pact, aiming to integrate Indian manufacturers into global supply chains while preserving policy flexibility to protect national interests.**

⇒ India's rapid economic growth has sparked a shift in luxury purchasing attitudes, particularly among younger generations who prefer indulgence over thrift. Unlike their savings-focused parents, these youth, often inheritors of family businesses and alumni of foreign universities, are embracing luxury. This trend has prompted global brands like Germany's Mercedes-Benz to expand beyond traditional hubs like New Delhi and Mumbai, which account for 80% of its sales. **Following a record sales year in India, Mercedes plans to add 20 new dealerships in 2025, targeting smaller cities where young, affluent business owners are driving demand for high-end goods.**

⇒ Mercedes-Benz, India's top-selling luxury carmaker, posted record sales of over 19,500 vehicles in 2024, a 12% increase. This was fuelled by new launches and a growing electric vehicle (EV) portfolio, which saw sales nearly double. In cities like Kanpur and Patna, demand for high-end cars and EVs outpaced entry-level models. Mercedes plans to launch 8 new models, including EVs, in 2025, aiming for even higher sales. **BMW, India's No. 2 luxury car brand, also posted record sales, nearing 16,000 vehicles, underscoring the expanding appetite for luxury cars across the country.**

⇒ Luxury vehicles, though just 1% of India's 4 million annual car sales, are outpacing the broader market's growth. Mercedes-Benz is seeing a surge, particularly in high-end models priced over \$175,000, now accounting for a quarter of its sales in India. As a result, the average selling price of a Mercedes has risen to 9.5 million rupees (\$110,600) in 2024, up from 8.9 million rupees a year earlier. Growth in electric vehicle (EV) sales is also gaining traction, especially in smaller cities where buyers in stand-alone homes have the space to charge their EVs, unlike residents of high-density urban condominiums. **This shift is helping Mercedes capture a more affluent, EV-conscious customer base across India.**



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## 2024 YTD PERFORMANCE OF ASIA PACIFIC/WESTERN EQUITY MARKETS IN LOCAL CURRENCY, US\$ & GB£

- The table below shows 2024 returns on 31 December 2024 in local currency, and currency adjusted returns in US\$ and GB£;
- Despite more than 50 major elections across the world (80% of world market capitalisation and 60% of global GDP) global markets extended 2023's gains, driven by falling inflation, interest rate cuts, lower oil prices, and solid corporate earnings;
- The majority of markets listed in the table show gains, many stretching to double-digits;
- In Asia most markets ended higher for the year. The 3 best performers in Asia in local currency were: Pakistan (+86%), Sri Lanka (+60%) and Taiwan (+28%);
- India's SENSEX30 and NIFTY50, both + 9%, continued to make new all-time highs in 2024;
- In Western markets listed below the US S&P 500 surged 23%, marking its best back-to-back performance since the late 1990s dot-com boom. The "Magnificent Seven" tech stocks led, jumping 68% after more than doubling in 2023. The NASDAQ soared 29%, building on 2023's 42% rally—the best in 20 years. Japan's Nikkei 225 and Germany's DAX rose 19%, while the Dow Jones and China gained 13%. The UK's FTSE added 6%.

CLOSING 2024 INDEX PERFORMANCE	Index on 31 Dec 2024	2024 %Chg	2024 %Chg	2024 %Chg
ASIA PACIFIC		In local Currency	in US\$	in GB£
MSCI APEX 50	1,441	+ 19	+ 19	+ 22
MSCI EMERGING MARKETS	1,075	+ 5	+ 5	+ 7
AUSTRALIA 200 INDEX	8,159	+ 7	- 3	- 1
CHINA SHANGHAI COMP	3,352	+ 13	+ 10	+ 13
CHINA CSI 300 2024 figs	3,935	+ 15	+ 12	+ 15
HONG KONG HANG SENG	20,060	+ 18	+ 15	+ 18
INDIA NIFTY 50	23,645	+ 9	+ 6	+ 6
INDIA SENSEX 30	78,215	+ 9	+ 6	+ 9
INDONESIA JAKARTA COMP	7,080	- 3	- 7	- 5
JAPAN NIKKEI 225	39,865	+ 19	+ 7	+ 9
MALAYSIA K.L. COMP.	1,641	+ 13	+ 16	+ 18
PAKISTAN KSE 100	115,581	+ 86	+ 88	+ 91
PHILIPPINES PSEi	6,529	+ 1	- 3	- 1
SINGAPORE STI	3,788	+ 17	+ 13	+ 5
SRI LANKA COLOMBO ALL SHARE	15,933	+ 60	+ 65	+ 68
STH. KOREA KOSPI	2,400	- 10	- 21	- 19
TAIWAN TAIEX	23,035	+ 28	+ 20	+ 22
THAILAND SET INDEX	1,400	- 1	- 1	+ 1
VIETNAM STOCK INDEX	1,267	+ 12	+ 7	+ 9
WESTERN				
GERMANY DAX	19,909	+ 19	+ 12	+ 14
SWITZERLAND SMI	11,601	+ 5	- 3	- 1
FTSE 100	8,173	+ 9	+ 7	+ 9
US DOW JONES INDUSTRIALS	42,544	+ 13	+ 13	+ 15
USA NASDAQ COMPOSITE	19,311	+ 29	+ 29	+ 32
USA S&P 500	5,881	+ 23	+ 23	+ 25
BRAZIL BOVESPA	120,283	- 10	- 30	- 28
RUSSIA RTS INDEX (\$)	893	- 17	- 17	- 15

Source: Bloomberg



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## **Background to the 30-year journey of the India Reports:**

- The first India Report was authored by Deepak Lalwani, at the request of the then Indian High Commissioner (Ambassador) to the U.K., Dr L.M. Singhvi, for a key investor meeting.
- The meeting took place on 6 March 1995, in the Mahatma Gandhi Room at the Indian High Commission in London.
- Over the span of three decades, the India Report has expanded its global reach and is now read across five continents.
- More than 1,000 reports have been published, continuing to provide a succinct, independent, non-political and objective view of India's evolving macroeconomic landscape.
- The report is followed by a wide range of readers, including family office investors, institutional investors, hedge funds, high-net-worth investors, governments, chambers of commerce, as well as trust companies, lawyers, accountants, businessmen and media outlets, both in TV and print.
- The India Report is possibly the longest-running independent research on India's economy which has been curated consistently by the same individual, Deepak Lalwani, for 30 years.
- Deepak Lalwani has continued his work out of passion, driven by a deep sense of gratitude to contribute to both his country of adoption, the U.K., and his country of origin, India.

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