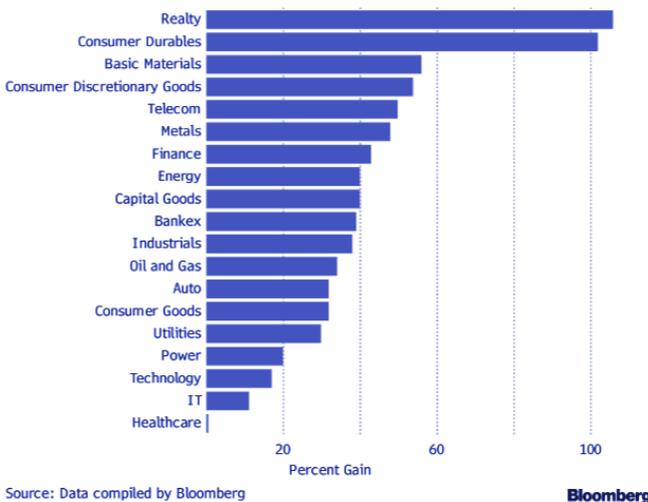


Highlights

The Centre for Economics and Business Research in London sees India leapfrogging the U.K. and France in 2018 to become the fifth-biggest economy in dollar terms. According to the report, China, India and Japan will be the three largest global economies by 2032 - in that order. The CEBR report also predicts India's advance to the top place in the second half of the century. (Source: CEBR, Bloomberg)

Best and Worst of 2017

India's property, consumer durable gauges more than doubled

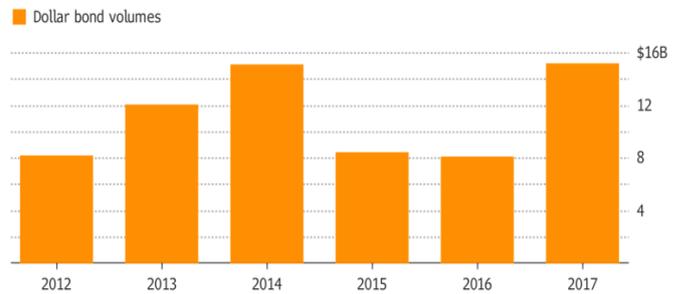


A record USD25 billion worth of Indian equities were bought by local funds and overseas investors in 2017, as the benchmark S&P Bombay Sensex Index made its best annual gain in three years, rallying 27.91%. Gauges for mid-sized companies rose 48% while the small cap index surged 60%. (Source: Sensex, Bloomberg)

New stock issuance in 2017 raised more than USD11.9 billion boosting total issuance to USD30.45 billion. The new issuance has helped mitigate the risk of an asset bubble as it had soaked up USD25 billion of in-flows from local and overseas investors. Three of India's biggest companies, the Housing Development Finance Corp., HDFC Bank Ltd. and Tata Steel Ltd., all announced plans in 2018 to raise USD6.45 billion; as the rush of share sales signals a revival in corporate investment as India's economic expansion accelerates with the impact of the GST rollout and demonetization subsiding. (Source: Kotak Mahindra Bank, Bloomberg)

Issuance Frenzy

India's U.S. dollar bond sales touch a record high in 2017



Source: Data compiled by Bloomberg

Bloomberg

Dollar-denominated bond sales from India soared almost 90% to an all-time high of USD15.2 billion in 2017; as historically low interest rates and credit spreads allowed the nation's best rated companies to access the markets as investments picked up. Reports indicate that USD bond issuance in 2018 from India will remain buoyant as a pipeline of new ratings and market news continue to meet strong demand from international investors, especially in the five-year tenor.

(Source: Jay Capital, Bloomberg)

India's exports rose by 30.6% year-on-year to USD26.2 billion in November according to the Ministry of Commerce and Industry.

November's strong export number is partly due to a 27.4% year-on-year increase in outbound shipments of non-oil exports. Engineering goods which makes up India's largest export category, surged 43.8% on the back of stronger global demand for iron and steel. (Source: Ministry of Commerce and Industry, Bloomberg)

The Reserve Bank of India kept the repurchase rate at 6% as five of the six members voted for a wait-and-see approach, as meeting minutes suggests that the central bank will stay on hold at its next few meetings.

Members of the monetary policy committee expressed concern about the spike in inflation caused by food and oil prices, a weak recovery in growth and a wide output gap. However, a wide output gap and the prospect of vegetable prices cooling may give the RBI room for further rate cuts to spur growth. The RBI will be looking to incoming data for guidance. (Source: RBI, Bloomberg)

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