Highlights

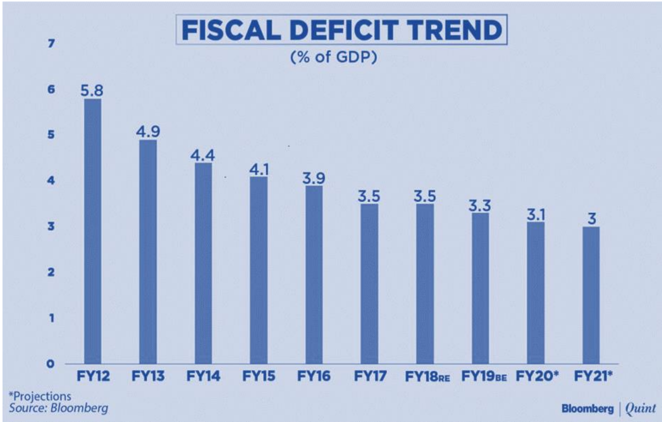
India overtook Japan as the fifth most attractive investment destination in a survey of global CEOs by PricewaterhouseCoopers. Foreign direct investment in India had surged 17% to over USD25 billion during the first half of the current financial year as the government's reform efforts in infrastructure, manufacturing and skilling has helped made India more attractive as an investment destination. (Source: PwC, Bloomberg)

Top 10 Investment Destination (Rank)

Source: PwC

The IMF has projected that India's GDP will grow at 7.4% in FY19 to reclaim the title as the fastest-growing emerging economy from. India's ability to reduce external borrowing, increase industrial production and initiatives to improve the rural economy were cited as growth drivers. It had slipped behind China in 2017 owing to the disruption caused by demonetisation and the implementation of GST reforms. (Source: IMF, Bloomberg)

India's manufacturing activity grew at 52.4% in January as the Nikkei India Manufacturing Purchasing Managers' Index kept up its growth momentum. The rise in manufacturing activity has been driven by a sharp uptick in output and new orders as the economy continues to recover from the twin shocks of demonetization and the implementation of the Goods and Services Tax reforms. Job creation has also reportedly increased at the quickest pace since more than five years in response to the growing business activity. (Source: IHS Markit, Bloomberg)



India's Finance Minister Arun Jaitley has projected a nominal growth of 11.5% in FY19 from 9.5% in FY2018 as investment activity and fixed investment growth momentum accelerates. Although the government announced an expected fiscal slippage as it projected fiscal deficit for FY18 at 3.5% from its earlier target of 3.2%, the government remain committed to reducing its fiscal deficit to 3% of GDP in FY21 in its projections.
(Source: Bloombergquint)

Gold jewellery demand in India in the fourth quarter spiked to the highest in 17 years as it rose 4% on a yearly basis to 189.6 tonnes in the quarter ended December. Annual gold demand is still short of the five year average of 810 tonnes, even though it had risen 9% y-o-y at 726.9 tonnes in 2017, post-demonetization. The investment demand for gold has also fallen as investors focused more on equities. (Source: World Gold Council, Bloomberg)

The Reserve Bank of India kept the repurchase rate at 6% as it maintained an overall stance neutral stance which brought relief to the bond market. However elevated household inflation and an expansionary budget saw the RBI shifting towards a more hawkish bent as one of the six-member committee gave up his rate cut call while another voted for a 25 basis-point increase. The RBI is committed to keeping headline inflation close to 4% over the medium term. Inflation is expected to come in between 5.1% - 5.6% for April to September 2018 as the RBI expects it to ease to a lower range between 4.5% - 4.6% for the second half of FY19.
(Source: RBI, Bloomberg)