

MASHREQ GLOBAL DIGEST

India

April 27 – May 3



This edition of Market Digest focuses on India's key macroeconomic indicators, recent financial and corporate news, and major deals, offering valuable insights into current economic trends.

Macroeconomic News

S&P Cuts India's Growth Forecast to 6.3% Amid Trade Tensions

S&P Global Ratings has lowered India's GDP growth forecast for 2025-26 to 6.3% and for 2026-27 to 6.5%, citing trade uncertainties and tariff measures. The revision is part of a broader reduction in growth projections for several major economies, including the US, China, and Japan, amid a potential global slowdown. The Reserve Bank of India also recently lowered its growth forecast for the current fiscal year to 6.5%, down from 6.7%, due to uncertainties caused by the tariffs. India's finance ministry also warned that trade tensions and geopolitical risks could disrupt supply chains and delay private investment, posing a significant risk to growth in FY25/26.



Reference: [The Economic Times](#), [Reuters](#)

India to Benefit from US-China Tensions

Rothschild & Co. highlights that rising US-China tensions and China's increasing costs present significant opportunities for India, which is poised to become the world's third-largest economy in the next decade. As companies shift production away from China, India, with its growing economic influence and neutral foreign policy, stands out as a key beneficiary. In this context, U.S. President Donald Trump has highlighted the progress in tariff talks with India, expressing optimism that the two countries will strike a deal, further cementing India's economic significance on the global stage.

Reference: [CNBC](#), [Reuters](#)



IMF Flags Weak Private Investment in India

Krishna Srinivasan, Director of the IMF's Asia Pacific Department, emphasized the need for India to boost private investment to sustain its long-term growth. Despite inflation easing and room for rate cuts, the IMF trimmed India's FY26 growth forecast by 30 bps to 6.2% and FY27 to 6.3%, citing global trade tensions and external demand risks. While India remains more resilient than peers, the IMF stressed the need to reduce export reliance and strengthen domestic demand.

Reference: [CNBC](#)



India's Forex Reserves Rise by \$1.98B

India's foreign exchange reserves increased by \$1.98 billion, reaching \$688.13 billion during the week ending April 25, 2025. This marks the eighth consecutive week of growth, following a previous rise of \$8.31 billion. Foreign currency assets, the largest component of reserves, grew by \$2.17 billion to \$580.66 billion. However, gold reserves fell by \$207 million to \$84.37 billion. The country's forex reserves had previously hit an all-time high of \$704.89 billion in September 2024. The continued growth in India's forex reserves reflects a positive trend in its financial stability, providing a buffer against global economic uncertainties.

Reference: [CNBC](#)



India Mulls 49% Foreign Stake in Nuclear Plants

India is planning to allow up to 49% foreign ownership in its nuclear power plants as part of a broader push to expand clean energy and reduce coal dependence. Legal amendments to the Civil Liability for Nuclear Damage Act and the Atomic Energy Act are expected in Parliament's July session. The move aims to attract global and domestic investors—like Westinghouse, EDF, Reliance, and Adani—to help scale nuclear capacity from 8 GW to 100 GW by 2047, while addressing long-standing liability concerns that have deterred foreign participation.

Reference: [Reuters](#)



India's Industrial Output Rebounds to 3% in March

India's industrial production rose 3% year-on-year in March 2025, recovering from a six-month low but falling short of the 3.3% forecast. Manufacturing and electricity sectors grew 3% and 6.3% respectively, while mining lagged at 0.4%. Consumer durables output rose 6.6%, but capital goods slowed to 2.4%. For the full fiscal year, industrial growth slowed to 4% from 5.9% the previous year. Uncertainty over U.S. tariffs continues to weigh on the industrial outlook.

Reference: [Reuters](#)

India's Manufacturing Hits 10-Month High in April

India's manufacturing sector grew at its fastest pace in 10 months in April, fueled by strong export demand and increased output, even as firms raised selling prices at the fastest rate in over 11 years. The HSBC Manufacturing PMI rose slightly to 58.2, indicating continued expansion. Export orders surged, especially in consumer goods, while hiring accelerated and business confidence remained high, with over 30% of firms expecting higher production. This trend suggests India may be gaining ground as a global manufacturing hub.

Reference: [Reuters](#)

Rise every day

Financial/Corporate News

SBI Plans \$3B Share Sale

State Bank of India (SBI) plans to raise 250 billion rupees (\$3 billion) through a share sale, marking its first equity raising in seven years. The bank's net income fell 9.9% in the last quarter, but it still exceeded analysts' expectations. This fundraising comes as local bank shares hit record highs, with the sector seen as relatively insulated from tariff-related disruptions. SBI will raise the capital in one or more tranches by March 2026, based on market conditions and business needs. SBI also expects loan growth of 12-13% for the year.

Reference: [Bloomberg](#), [Reuters](#)



RBI's Bond Purchases Expected to Lower Rates

The Reserve Bank of India's plan to purchase 1.25 trillion rupees (\$14.66 billion) in bonds in May is expected to inject liquidity into the banking system, lowering overnight interbank lending rates. This move will effectively act as a rate cut, complementing the two rate cuts already implemented this year. By increasing market liquidity, the RBI aims to keep borrowing costs low and support economic stability while allowing for further easing in the economy.

Reference: [Reuters](#)

Apple to Shift iPhone Production to India

Apple is accelerating plans to shift the majority of iPhone production for the U.S. market from China to India by the end of 2026, aiming to mitigate the impact of potential U.S. tariffs on Chinese imports. Currently, around 80% of iPhones sold in the U.S. are made in China, but Apple is working closely with its contract manufacturers, Foxconn and Tata, to expand production in India, despite costs being 5–10% higher. The move aligns with India's push to become a global manufacturing hub, and recent record shipments from India reflect growing momentum in Apple's diversification strategy.

Reference: [Reuters](#)

Private Sector Capex to Drop 25% in FY26

A recent survey by the Ministry of Statistics projects a 25% drop in private sector capex for FY26, with expected investment of ₹4.88 lakh crore, down from ₹6.56 lakh crore in the previous fiscal. This decline reflects a cautious outlook, as 43% of enterprises reported no planned capital expenditure. Sectors like mining and wholesale trade are the biggest contributors to zero capex, while manufacturing, health, and education sectors expect over 50% growth. Despite this, the long-term investment trend remains positive, with a 24% increase since FY21.

Reference: [CNBC](#)

Deals

India-EU FTA Talks Target 2025

India and the European Union are aiming to finalize a Free Trade Agreement (FTA) by the end of 2025. Commerce Minister Piyush Goyal, in recent talks with the EU Commissioner, emphasized progress on resolving issues like tariffs, non-tariff barriers, and proposed regulations that could impact Indian exports. India is also pursuing a separate trade deal with the UK, with some key issues still under negotiation.

Reference: [CNBC](#)

Markets

Market Dashboard

- The S&P 500 closed the week higher, marking its ninth straight day of gains—the longest streak in over 20 years—driven by a strong U.S. jobs report and signs of easing trade tensions between the U.S. and China. All major indexes rose more than 1% on Friday, with financials, transports, and semiconductor stocks leading the rally. Despite ongoing global conflicts in the Middle East and Ukraine, investor sentiment remained resilient, supported by solid economic data and moderate wage inflation, which helped offset weaker earnings forecasts from Apple and Amazon.
- Bitcoin is approaching \$100,000 due to an increase in spot market demand and a shift in investor focus towards momentum-based trading. This shift comes after a period of downward pressure driven by factors like tariff policies. The market sentiment is now more favorable, with strong inflows into Bitcoin and Ether ETFs, indicating growing interest in riskier assets despite recent macroeconomic uncertainties. It is worth noting that Trump's World Liberty Financial's USD1 stablecoin is being used in a \$2 billion investment by an Abu Dhabi firm in Binance, the world's largest crypto exchange.
- Gold is experiencing a 2.4% weekly loss, pressured by easing trade tensions between the U.S. and China, along with a strong U.S. jobs report. This has reduced safe-haven demand for the metal, which recently hit a record high of \$3,500.05 but is now trading lower. The positive job data led traders to trim expectations of an imminent interest rate cut by the Federal Reserve, further impacting gold prices.
- Oil prices experienced their biggest weekly loss since March, with Brent falling over 8% and WTI down 7.7%, as traders grew cautious ahead of OPEC+ meeting. OPEC+ agreed to increase production by 411,000 barrels per day in June, continuing a trend of accelerated output hikes despite falling prices and concerns over weaker demand. While oil prices were pressured by the anticipation of more supply, the threat of tighter global supply due to U.S. sanctions on Iran and ongoing trade tensions helped temper further declines. However, analysts expect oil prices to fall further following the OPEC+ announcement, with concerns over economic growth weighing heavily on market sentiment.
- The dollar rose against the euro this week, as stronger U.S. job data signaled economic resilience. In contrast, weaker eurozone sentiment and trade uncertainty weighed on the euro.

Indicators	25-Apr-25	2-May-25	% Change
S&P 500	5,525.21	5,686.67	2.92%
Bitcoin	94,720.50	96,910.07	2.31%
Gold	3,319.45	3,240.88	-2.37%
Crude Oil	66.87	61.43	-8.14%
EUR/USD	1.1372	1.1303	-0.61%