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THE WORLDONOMICS TIMES

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Empowering Global Economic Insight: Introducing The Worldonomics Times

In an era where the tapestry of global finance and economics interweaves with the complex dynamics of markets worldwide, there emerges a beacon of insight, The Worldonomics Times. Announced by the International Navodaya Chamber of Commerce (INCOC) on 26-03-2024, this forthcoming monthly magazine is poised to be an indispensable resource for anyone keen on understanding the pulsating heartbeat of the global economy.

Scheduled to release its premiere issue on May 5th, 2024, The Worldonomics Times aims to fill a crucial gap in the landscape of financial journalism. With a commitment to providing in-depth coverage of global finance and economics trends, news, and analysis, this publication is tailored for business leaders, policymakers, and the intellectually curious who strive for a deeper understanding of the world's economic currents.

Global Perspective with Local Relevance

At its core, The Worldonomics Times will offer a global perspective that bridges diverse markets and economies. This isn't just about tracing the flow of capital across continents; it's about understanding how these financial streams affect businesses and policies on a local level. Sandeep Kumar, the founder of the International Navodaya Chamber of Commerce and Editor-in-Chief of the magazine, emphasizes the platform's role in exploring emerging trends and the forces sculpting world markets.

In-Depth, Data-Driven Journalism

What sets The Worldonomics Times apart is its commitment to investigative journalism that digs beneath the surface. This magazine will go beyond the headlines to uncover the underlying stories that drive financial shifts, offering clarity in an ever-complex world. Coupled with expert opinions, interviews, and thought leadership from noted economists and financial specialists, readers are promised a comprehensive outlook on the global economic scene.

Moreover, with a focus on data-driven insights, the magazine will utilize visualizations and infographics to demystify complex economic trends and statistics, making the information accessible and digestible to its readership.

Accessibility and Empowerment

Understanding the importance of adaptability in today's fast-paced world, The Worldonomics Times will be accessible in both print and digital formats. This dual availability ensures that readers can engage with the content in a manner that best suits their lifestyles, whether at home, in the office, or on the move.

"We are committed to delivering accurate, unbiased, and high-quality journalism focused on the world of finance and economics," Kumar states. "Our goal is to empower readers with the knowledge they need to make informed decisions in an increasingly dynamic global landscape."

As we anticipate the release of The Worldonomics Times' premiere issue, it’s clear that this magazine is on a mission to enlighten and inform. Through its rigorous analysis, expert commentary, and commitment to excellence in journalism, The Worldonomics Times is set to become a guiding light for anyone looking to navigate the intricate world of global finance and economics.

Sandeep Kumar

EDITOR-IN-CHIEF

Worldonomics Times

AN INSIGHT ABOUT MARKET OUTLOOK

BY CMA R K MOHAPATRA, FINANCIAL EXPERT & AUTHOR

India's current financial health is significantly more robust than any other economy. India is on track to become one of the world's fastest-growing economies. The Indian government has formulated many policies and has implemented several structural frameworks: the Goods and Services Tax (GST), the New Tax Regime, the Insolvency and Bankruptcy Code, 2016 (IBC), the Citizenship (Amendment) Act, 2019(CAA), the Real Estate (Regulation and Development) Act, the Government Support for Corporate Profits, Formalization of the Economy, the revolution of Digitalizing Social Transfers, etc.

These structural developments have been implemented in India over the last decade and have exhibited macroeconomic stability, establishing confidence across multiple monetary and fiscal institutions. The regulators are dedicated to maintaining economic and budgetary discipline to create a favorable climate for India.

Consequently, India is emerging as an attractive destination for global investors, who are increasingly interested in allocating more capital to infrastructure as an asset class.

Factors affecting capital markets:

Various factors influence national and international Capital Market stability, such as interest rates, exchange rates, political instability, economic conditions, inflation, demand and supply, regulatory policies, and market practices.

Monetary Policy:

Central banks use monetary policy to manage economic fluctuations and achieve price stability. RBI retained the status quo on the policy rate in February 2024 and stance in line with market expectations. While the inflation rate has gradually decreased quarter after quarter, it is still above RBI's medium-term target of 4%, which is within the RBI's tolerance band of 2-6 percent.
However, the Federal Reserve continued to hold the line on interest rates at the March 2024 Federal Open Market Committee meeting and anticipated three rate cuts later in 2024 despite persistent signs of unexpectedly high inflation at the beginning of the year.

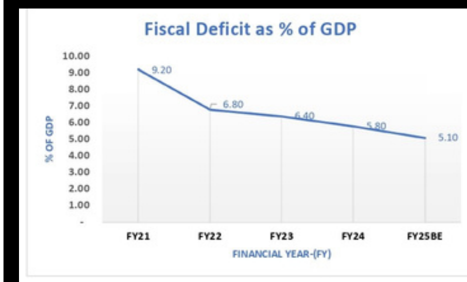
Even though Fed monetary tightening, the U.S. economy remains resilient, and it appears that the Fed expects growth to continue. The US economy is entering a prolonged phase of stable, robust growth between 1.5 and 2 percent, accompanied by mild inflation of 2 to 3 percent. That includes an upgrade to anticipated 2024 economic growth as reflected in Gross Domestic Product (GDP).

Inflation rate:

India's annual retail inflation, measured by the consumer price index (CPI), eased to 5.09% in February 2024 from 5.10% in January 2024 and 5.69% in December 2023. The market forecasts 5.05 and 5.02%.
Food inflation was 8.66% in February, slightly higher than 8.3% in January, mainly due to vegetable prices. Prices for pan, tobacco, intoxicants, clothing and footwear, pulses, spices, fruits, miscellaneous, and housing also slowed in February compared to January 2024. February marks the sixth straight month the inflation stayed below 6%.

Fiscal Deficit:

The interim budget estimates the fiscal deficit for the financial year 2024 at 5.8% of GDP, compared to the original budget estimate of 5.9%. Last year's deficit was 6.4% of GDP, and the government has committed to reducing it to 4.5% by 2025-26, with a target of 5.1% for 2024-25. This fiscal target is notably lower than the market's anticipated range of 5.3-5.4 percent.



Fiscal math makes very reasonable assumptions about tax and non-tax revenue growth for FY 25. Effective capex allocation has been increased by nearly 17%, while revenue expenditures are budgeted to see very modest growth in FY 25.

This glide path may need to be adjusted in the entire annual Budget for the year after the general election, depending on the future government's objectives and the state of the economy in the current and next quarters.

Challenges in Markets:

One key issue in the US market is the high-interest rate on short-term deposits, which has remained above 5% for several years despite being zero percent. The United States Federal Reserve (US Fed) raised its policy rate or Fed funds rate from 0.90 percent in August 2021 to 5.33 percent currently.

Consequently, the benchmark US 10-year treasury yield has risen to approximately 4.16 percent from a historic low of 0.50 percent in July 2020. An enormous amount of capital has been parked, and investors are afraid to enter the stock market hastily.

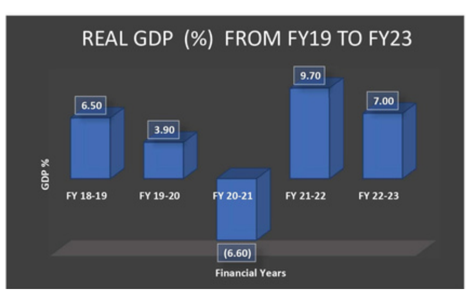
On the other hand, the RBI has raised its policy rate or repo rate only by 250 basis points phase-wise in the post-COVID period from 4 percent in May 2020 to 6.50 percent currently. In other words, the lending rates in India are currently lower than in the pre-covid period, while in the US, corporate and retail borrowings are paying higher interest rates than they paid before the pre-covid period.

Apart from that, all the major economies in the world are experiencing an economic slowdown due to factors like monetary tightening by central banks, higher inflation, supply-chain disruptions, and ongoing wars in East Europe and West Asia.

Geopolitical unpredictability is another significant challenge for the equities market. As a worldwide election year, ambiguity spread through the political landscape this year, causing most investors to stay on the sidelines, satisfied with a 5% return on cash investments.

Economic Growth:

The Indian economy is currently the toast of the world, boasting one of the fastest economic growth rates among major economies. Indian business entities' revenue growth surpassed the country's economic growth, increasing their contribution to GDP.
Real GDP or GDP at constant (2011-12) prices for the years 2022-23 and 2021-22 stands at ₹160.71 lakh crore and ₹150.22 lakh crore, respectively, showing a growth of 7.0 percent during 2022-23 as compared to growth of 9.7 percent during 2021-22.



Recently, the RBI Governor said, "India's GDP growth in FY24 will exceed 7.6%; it might be closer to 8%" and that he believes India " may grow at 7 percent in the next financial year, i.e., FY25 as well".
Meanwhile, the International Monetary Fund (IMF) projects global growth to stay at 3.1 percent in 2024 and rise to 3.2 percent in 2025. However, the IMF indicates that growth in India was projected to remain strong at 6.5 percent in FY 24 & FY 25.
India may be set for another year of robust growth in the financial year 2024-25, with inflation closer to the RBI's expectation. As most respondents expected, it may allow the RBI to start cutting rates in the third quarter of FY 25.
On the other hand, the Purchasing Manager's Index (PMI) for manufacturing activity increased to 56.90 on February, 24. Growth in the output of eight key infrastructure sectors rose to a three-month high of 6.7 percent in February from 4.1 percent in January 24. India's growth story has also been reflected in GST collections from month after month.

GST collections remained buoyant, reaching Rs.1.78 trillion in March, registering a year-on-year growth of 11.50%.

Debt instruments Outlook for FY 24-25:

In September 2023, JP Morgan announced the inclusion of India's bonds into the JPMorgan Government Bond Index- Emerging Market. Subsequently, Bloomberg Index Services revealed on March 5, 2024, that Indian Government bonds would be added to its Emerging Market Local Currency Government Index from January 31, 2025.

Hence, factors such as index inclusion, interest rate cuts, and fiscal prudence could boost the bond market in FY 2024-25. The prospective investor may start picking up short to medium-duration bonds and debt instruments through the SIP route to fulfill short-term goals.

Equity Market Outlook for FY24-25:

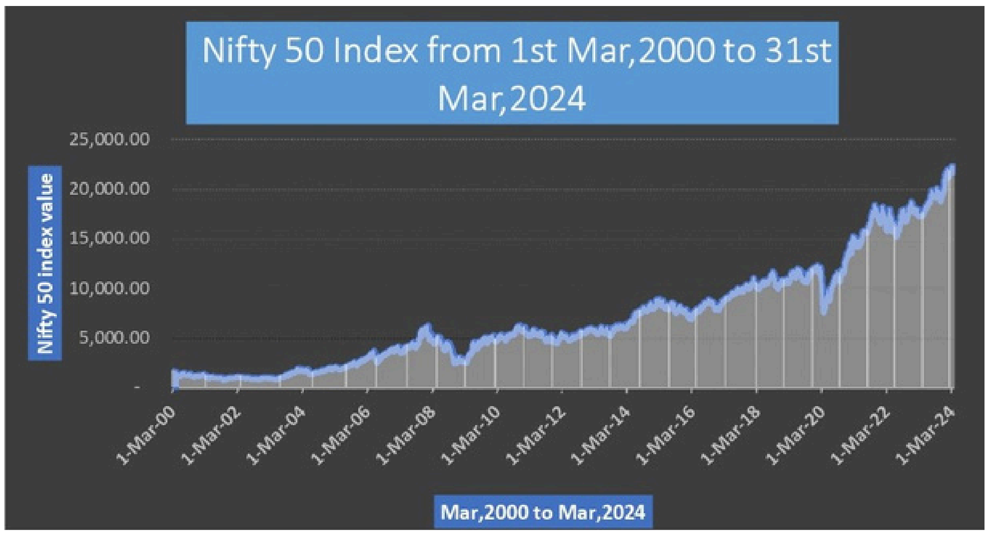
Improved global economic conditions and a positive Indian macro scenario have driven Foreign Portfolio Investors (FPI) to invest in high growth-oriented markets. Foreign Portfolio Investors demonstrated a significant resurgence in their investment activity within the Indian equity market on March 24, injecting over Rs. 38000 Crore. Apart from equities, FPIs have also injected a huge Rs. 13223 crores into the debt market up to 22nd March 24.

The equity market has rallied sharply since 2023. The benchmark indices, the National Stock Exchange Nifty 50 and S&P BSE Sensex had registered gains close to 25 percent and 28 percent, respectively, in the financial year 2023-24. The gains were nearly double in the midcap and small indices.

The Nifty 50 has consistently delivered strong returns, providing a solid basis for future investment decisions. As of March 2024, it has yielded returns at a CAGR of 13.60 percent over the last ten years. This historical performance is a testament to the market's resilience, as there has never been a negative performance for ten years or more. As an investment's tenure increases, the probability of negative performance decreases, further bolstering the case for long-term investments.

Equity has the potential to deliver strong returns with lower downside risk in the long term compared to debt instruments such as bonds, debentures, and govt. Securities. Hence, equity and equity-related investments should consistently deliver decent returns in the long run without worrying about daily market volatility, ideally for more than five years. One can assume returns of 12-14 percent over a longer horizon. From now on, the sentiment appears to be buoyant, supported by India's relatively better macros, the possibility of a rate cut in FY 2024-25 higher inflows of FII, and the narrative around policy continuity in the upcoming general elections.

The Indian Market may be volatile until June 24. If it corrects due to the post-election, investors will have a buying opportunity. However, the overall outlook of Indian capital markets remains optimistic in the long run, supported by resilient domestic demand, robust Capex, and signs of bottoming the global and domestic monetary tightening cycles.



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