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## NATIONAL

### GROWTH-RATE GAP CLOUDS INDIA'S BIGGEST STATES' \$1 TRN DREAM, SHOWS DATA

Read more at : [Growth-rate gap clouds India's biggest states' \\$1 trn dream, shows data \(business-standard.com\)](https://www.business-standard.com)

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### Trade deficit hits 3-month low; easing commodity prices reduce import bill

Read more at : [Trade deficit hits 3-month low; easing commodity prices reduce import bill | Business News - The Indian Express](#)

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### India's December trade deficit drops to \$19.8 billion, exports hike to \$38.45 billion

India's trade deficit narrowed to a three-month low of \$19.8 billion in December 2023 from \$23.14 billion in the year-ago period, while exports edged up a percent to \$38.45 billion, official data released by the Commerce Ministry showed on Monday, January 15.

Imports also dropped to \$58.25 billion from \$61.22 billion in the corresponding period of the previous year owing to a dip in crude oil shipments.

The previous low in trade deficit - the difference between imports and exports - was recorded in September at \$19.37 billion. In December 2022, it was \$23.14 billion. Crude oil imports declined by 22.77% to about \$15 billion during the month under review.

The merchandise exports also increased marginally year-on-year (YoY) from \$38.08 billion to \$38.45 billion in December 2023. The positive growth in merchandise exports has been attributed to increased growth in exports of iron ore, tobacco, meat, dairy and poultry products, spices, fruits and vegetables, electronic goods, and jewellery among other goods. Meanwhile, the fall in merchandise imports has been witnessed due to negative growth in the import of sulphur and unroasted iron pyrites, transport equipment, vegetable oil, fertilisers and crude oil, among other goods, as per the Commerce Ministry.

#### Gold imports surge

India's gold imports jumped 156% in December 2023 to \$3 billion. Crude oil imports in April–December 2023–24 declined by about 19% to \$128.6 billion, while gold imports surged by 26.64% to about \$36 billion in April–December 2023.

Exports during April–December this fiscal dipped by 5.7% to \$317.12 billion. Imports contracted by 7.93% to \$505.15 billion, leaving a trade deficit of \$188.02 billion in the first three quarters as against \$212.34 billion in April–December 2022.

Briefing reporters on the data, Commerce Secretary Sunil Barthwal said that despite a global slowdown, "we are in the positive zone, and the trade deficit has also come down." The exports are struggling on account of a slowdown in Western countries, besides geopolitical tensions. The Red Sea crisis will also hurt exports in the coming months as exporters are holding up consignments. India's merchandise exports have lingered in the last several months, except for October.

"The whole globe is facing an adverse condition. Globally, the picture is quite bad, but India is doing well. We hope to beat the global trends in the January–March quarter as well. Yes, we are waiting and watching what is happening in the Red Sea," he told reporters in New Delhi and expressed confidence that the country's goods and services exports would cross last year's figure of \$776 billion. He added that the Red Sea crisis would have an impact on exports on account of the increase in transportation costs. The ministry is holding an inter-ministerial meeting to take stock of the situation.

#### Red Sea crisis impact

The situation around the Bab-el-Mandeb Strait, a crucial shipping route connecting the Red Sea and the Mediterranean Sea to the Indian Ocean, has escalated due to attacks by Yemen-based Houthi militants. Due to these attacks, the shippers are taking consignments through the Cape of Good Hope, resulting in delays of almost 14 days and also higher freight and insurance costs.

The commerce ministry has also asked the ECGC not to increase the export credit interest rates. State-owned ECGC is an export promotion organisation, seeking to improve the competitiveness of Indian exports by providing them with credit insurance covers.

During December 2023, key export sectors that recorded negative growth included petroleum



products, ready-made garments of all textiles, chemicals, and leather products. Sectors that are in the positive zone include plastic, electronic goods, engineering items, and gems and jewellery. According to the data, the estimated value of services export has contracted to \$27.88 billion, as compared to \$31.19 billion in December 2022.

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## Majority of India-UK FTA issues either closed or at advanced stage of talks: Official

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## Trade deficit narrows to 5-month low in December, exports at 9-month high

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## India's WPI Inflation Rises Slightly To 0.73% In December 2023

The annual rate of inflation based on all India Wholesale Price Index (WPI) number is 0.73 per cent (provisional) for the month of December 2023 (over December 2022), registering a slight increase over 0.26 per cent registered in the previous month, according to the ministry of commerce and industry.

The month-over-month change in WPI index for the month of December 2023 stood at – (0.85) per cent as compared to November 2023.



“Positive rate of inflation in December, 2023 is primarily due to increase in prices of food articles, machinery & equipment, other manufacturing, other transport equipment and computer, electronics & optical products etc,” the Office of the Economic Adviser, Department for Promotion of Industry and Internal Trade (DPIIT), under the ministry of commerce and industry, said.

The official WPI for all commodities (Base: 2011-12 = 100) for the month of December 2023 decreased to 151.6 from previous month's 152.9.

The index for manufactured products (weight 64.23 per cent) for December 2023 reached 140.1 from 140.4 in November. The index for 'Manufacture of Textiles' sub-group declined to 133.6 from 134.3 in November 2023, while the index for 'Manufacture of Wearing Apparel' rose to 152.4 in December 2023 from 151.6 in the previous month.

The index for primary articles (weight 22.62 per cent) decreased to 182.9 in December from 186.9 in November 2023, while that for fuel and power (weight 13.15 per cent) was 154.2 in December, down from 155.3 in November 2023.

Meanwhile, the all-India inflation rate for consumer price index (CPI) on base 2012=100 stood at 5.69 (provisional) in December 2023 compared to 5.55 (final) in November 2023 and 5.72 in December 2022, according to the National Statistics Office, under the ministry of statistics and programme implementation.

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## **Cotton Consumption In India Is Estimated To Be Flat For The 2023-24 Season**

Cotton prices, represented as Cotton candy, experienced a marginal decline of -0.04%, settling at 55,600. The Cotton Association of India (CAI) estimates domestic consumption for the 2023-24 season to remain flat at 311 lakh bales. The pressing estimates for the same period are maintained at 294.10 lakh bales. CAI's observations are based on inputs from members and trade sources, and they have retained the total cotton supply till the end of the 2023-24 season at 345 lakh bales. Brazil's cotton production reached a historic high in the 2022-23 season, leading to an increase in global supply.

However, sluggish demand, influenced by unfavorable economic conditions, resulted in bloated inventories and reduced cotton prices worldwide. Brazilian cotton shipments in November increased by 12% compared to October 2023 but decreased by 5.5% compared to November 2022. Global cotton lint production is expected to grow 3.25% YoY to 25.4 million metric tons in the 2023-2024 season, while consumption is forecasted to marginally



decline to 23.4 million metric tons. In the U.S., the cotton balance sheet for the 2023/24 season shows slightly lower consumption but higher production and ending stocks. Ending stocks are projected at 3.2 million bales, representing 22.5% of use. In the Rajkot spot market, prices concluded at 26,389.55 Rupees, indicating a minor drop of -0.07%.

From a technical standpoint, the market is under fresh selling pressure, with a 2.46% increase in open interest to 208. Cottoncandy finds support at 55,480, and a breach below could lead to a test of 55,360 levels. On the upside, resistance is likely at 55,740, with a move above potentially pushing prices to test 55,880.

## **Govt looks at more secure new duty refund plan for exporters**

Read more at : [Government: Govt Looks At More Secure New Duty Refund Plan For Exporters | Delhi News - Times of India \(indiatimes.com\)](#)

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## **GLOBAL**

## **World Economic Forum 2024 | Chief economists expect global economy to weaken in 2024, shows survey**

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## **UK's Apparel Sector Excels In Q3 '23 Manufacturing Performance: Report**





UK's clothing, footwear, and accessories manufacturers showed robust performance within the broader manufacturing sector in the third quarter (Q3) of 2023, according to the latest Manufacturing Health Index report by inventory software brand Unleashed. In a detailed comparison of 16 manufacturing categories, clothing, footwear, and accessories ranked sixth, surpassing the national average index score of 77.

Notably, the clothing sector has successfully managed its overstock levels, reducing them to £52,475 from £77,400 in 2021, a significant decrease demonstrating effective inventory management, as per the report.

The broader picture of UK manufacturing reveals a resilient rebound at the end of 2023. Out of the 16 categories studied, 11 scored above 50 health points on the Manufacturers' Health Index. Additionally, lead times have seen a dramatic reduction, more than halving from an average of 43 days in 2022 to 20 days by the end of 2023.

Despite these positive trends, the lingering effects of the pandemic are still evident. Many businesses continue to engage in 'just in case' overstocking, a practice that has become more common since the pandemic. By the latter part of 2023, excess inventory levels had grown to £141,397, up from £119,183 in the same period in 2022. However, it's worth noting that retail and consumer-centric manufacturers, like those in the clothing, footwear, and accessories sectors, seem to be managing their inventories more effectively compared to others.

"Manufacturers in every industry category were hit by challenges from all directions in 2023—including high inflation and rising borrowing costs. The UK fashion industry contributes £62 billion to the UK economy and supports 1.3 million jobs. While the cost-of-living crisis has got some people tightening their purse strings, fashion manufacturers could have fared remarkably well. High street clothing is a relatively affordable luxury compared to bigger ticket items, and demand can be bolstered by social media influencers, personalised communications and discount codes," said *Jarrold Adam, head of product at Unleashed*.

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## Vietnam On Strong Track To Recovery, May Return To 6% Growth: HSBC

Vietnam's economy is on a strong track to recovery, likely returning to its trend growth of 6 per cent in 2024, according to a recent HSBC report on the country.





As foreign direct investment (FDI) inflows keep adding to country's production capacity, its manufacturing sector is witnessing a rebound, leading to more export opportunities.

Both total and fresh FDI reached close to their respective historical highs last year, particularly with greenfield FDI jumping to a four-year-high of 5 per cent of the country's gross domestic product (GDP).

Fresh manufacturing FDI soared to a new peak of more than \$15 billion, 80 per cent of which is concentrated in manufacturing. This puts Vietnam in a leading position in the Association of South east Asian Nations (ASEAN), behind Malaysia, a government news portal reported citing the HSBC document.

Though Japan and South Korea have been big investors in Vietnam traditionally, China has been fast expanding its footprint in the country.

For the first time last year, China beat its two neighbors to become the largest FDI investor, the HSBC report noted.

Vietnam attracted nearly \$36.61 billion worth foreign investment last year, up by 32.1 per cent year on year, the Foreign Investment Agency said.

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