

A light gray world map is centered in the background. The text 'World Economy' is overlaid on the map in a large, bold, dark blue font. The word 'World' is on the top line and 'Economy' is on the bottom line. The background of the entire page features a dark blue top section, a white middle section with the map, and a bottom section with a dark blue and orange geometric pattern.

World Economy

According to International Monetary Fund, global growth is forecast to slow from 6 per cent in 2021 to 3.2 per cent in 2022 and 2.7 per cent in 2023. This is the weakest growth profile since 2001 except for the global financial crisis and acute phase of the COVID-19 pandemic. Global inflation is forecast to rise from 4.7 per cent in 2021 to 8.8 per cent in 2022 but to decline to 6.5 per cent in 2023 and to 4.1 per cent by 2024. Monetary policy should stay the course to restore price stability, and fiscal policy should aim to alleviate the cost-of-living pressures while maintaining a sufficiently tight stance aligned with monetary policy. Diesel appears to scare heading into the northern hemisphere's winter and will push fuel prices higher, bedeviling policymakers who are focusing on crude to tame

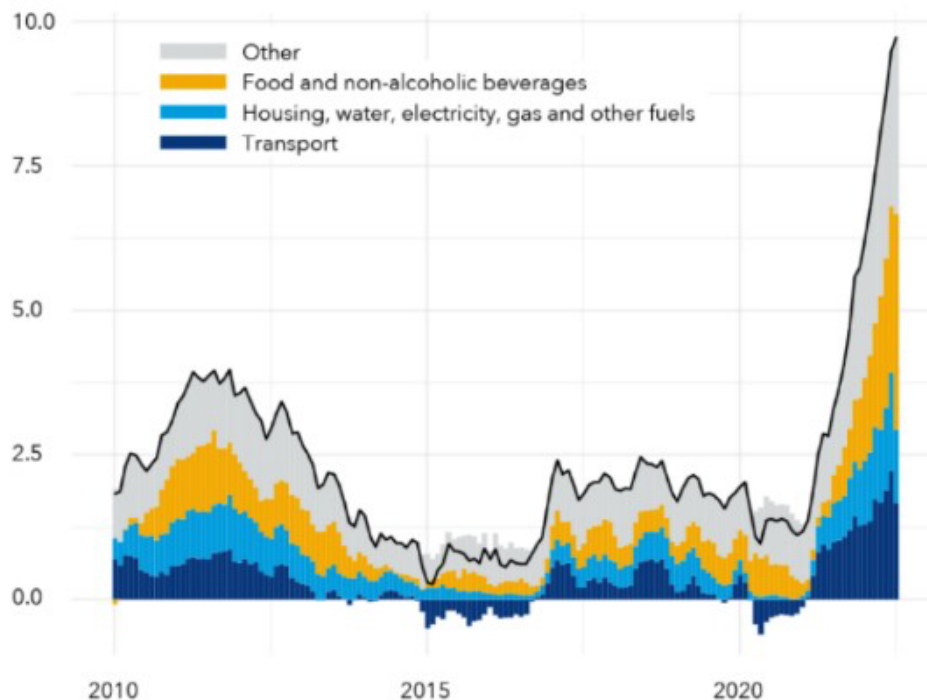
The Euro-zone can stave off a recession with coming of a boost as Germany defied expectations by reporting another quarter of economic growth 0.3% June to September, though momentum slowed dramatically in France and Spain. Surging energy prices, record inflation and rising interest rates are weighing on output across the EU continent in the third quarter as a post-lockdown splurge on leisure and tourism fades. UK continues to have tumbling Pound and change of chair scenario. UK went through a turbulent week with a huge surge in gilt yields and the British pound (GBP) hitting a record low against the USD. FTSE 100 has outperformed world markets owing to the fact that FTSE 100 companies have revenue mostly from overseas than UK economy. Hong Kong's exports contracted by 14.3% y/y in August.



Weaker demand from the U.S. and Europe is expected to reduce Asian export performance in the months ahead, and potentially add some pressure on corporate earnings. After a months-long effort to prop up the yuan, the People's Bank of China has cycled through most of its policy tools, leaving it with some tough choices. As the currency hovers near the weak end of a daily 2% trading band against the dollar, the spectre of extreme measures – however unlikely is growing from China. Shock of one such incidence came with fall of Chinese stocks on NASDAQ post Xing-ping's re-election.

Inflation drivers

Food and energy prices continue to drive the global inflation surge.
(percent, median inflation rate)



Source: IMF CPI database and IMF staff calculations.
Note: Chart shows median total inflation and in select categories across 88 countries, including 22 advanced economies and 66 emerging and developing economies.

IMF

Commodities around the world monthly and YOY changes In USD :

Energy	Price	Monthly	YoY
Crude Oil	86.288	4.32%	4.64%
Brent	94.208	6.04%	11.24%
Natural Gas	6.3091	-7.29%	21.62%
Gasoline	2.8083	11.75%	16.55%
Heating Oil	4.4829	33.06%	79.09%
Coal	362.5	-9.15%	141.67%
Gold	1639.34	-3.53%	-8.57%
Silver	19.16	-7.71%	-20.24%
Copper	3.4109	-0.54%	-22.35%
Steel	3464	-12.30%	-26.08%
Iron Ore	84	-16.83%	-21.86%
Lithium	562500	10.19%	192.21%
Platinum	926.06	2.56%	-13.01%
Soybeans	1392	1.29%	1253%
Wheat	871.79	-4.41%	9.35%
Palm Oil	4047	18.13%	-18.42%
Cotton	71.48	-15.11%	-40.35%
Rice	16.155	-4.61%	22.34%
Rubber	117.5	-12.83%	-32.16%
Coffee	173.75	-19.47%	-16.75%
Sugar	17.79	2.12%	-8.16%
Bitumen	4260	-2.72%	35.84%
Cobalt	51955	0.00%	-8.12%

After surging by an expected 60 percent in 2022, energy prices are projected to decline 11 percent in 2023 and a further 12 percent in 2024. Key drivers of the outlook include slower global growth, weaker demand for natural gas as households and industry reduce consumption, and some supply responses, primarily for coal. However, prices will remain more than 50 percent above their five-year average through 2024.

Brent crude oil prices are forecast to average \$92/ bbl in 2023, down from a projected \$100/bbl in 2022, before easing to \$80/bbl in 2024 (Figure 1.E). Oil consumption is expected to continue to increase by just under 2 percent in 2023 as China gradually reopens, and as switching from natural gas to oil continues, especially in electricity generation.

Energy	Price	Monthly	YoY
Lead	2003.5	6.74%	-17.18%
Aluminum	2200	-0.88%	-19.10%
Zinc	2717.5	-8.21%	-19.06%
Soda Ash	2650	-0.75%	-27.40%
Neodymium CNY/T	930000	5.08%	3.91%
Tellurium CNY/Kg	507.5	5.18%	4.10%
Iron Ore 62% fe USD/T	93.01	-5.50%	-23.28%
Urea Ammonium	690	-0.72%	13.58%

Electricity	Price	Monthly	YoY
United Kingdom GBP/MWh	271.86	0.85%	55.52%
Germany EUR/MWh	145.22	26.55%	52.08%
France EUR/MWh	502.95	-13.28%	332.65%
Italy EUR/MWh	135.43	-68.61%	-37.89%
Spain EUR/MWh	110.96	-3.25%	-36.89%

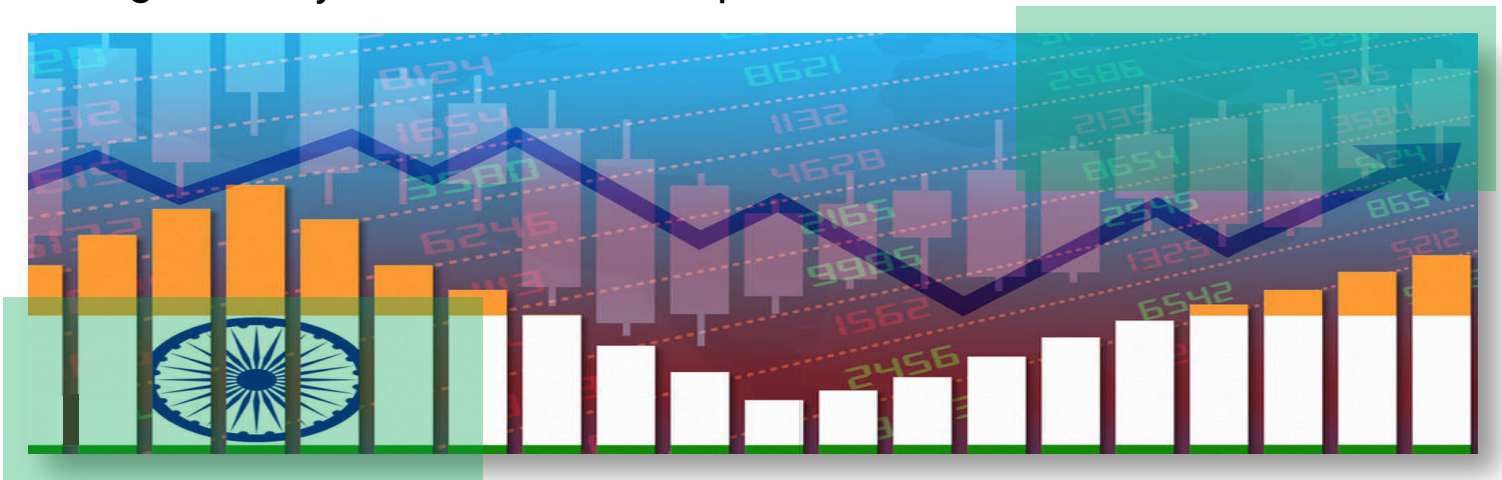
A View on Agricultural Prices

Agricultural prices are forecast to decline by 5 per cent in 2023 before stabilizing in 2024. The projected decline in 2023 reflects a better-than expected global wheat crop, stable supplies in the rice market.



Indian Economy and Sectorial Updates

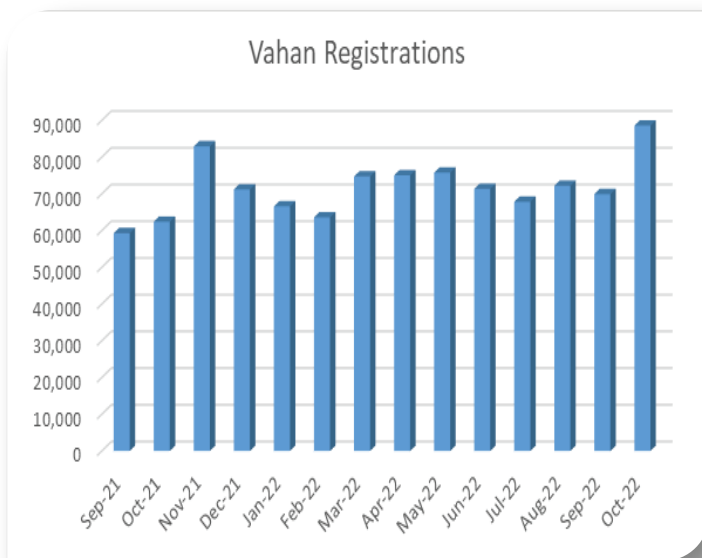
The International Monetary Fund (IMF) said India's economy will expand at 6.8% in FY 23 which has been revised down by 1.4 percentage points since April 2022. The downward revision is due to a weaker-than-expected recovery in the second quarter and subdued external demand, the strong recovery in South Asia is expected to take a breather.



India is likely to witness the world's biggest rise in energy demand this decade, with demand climbing 3 per cent annually due to urbanization and industrialization, the International Energy Agency (IEA) said in its World Energy Outlook released. The average peak power demand for October grew 2.23% to 171.9 GW vs. 168.1 GW in the same period last year. Peak power demand during the period was registered on October 1 at 186.9 GW.



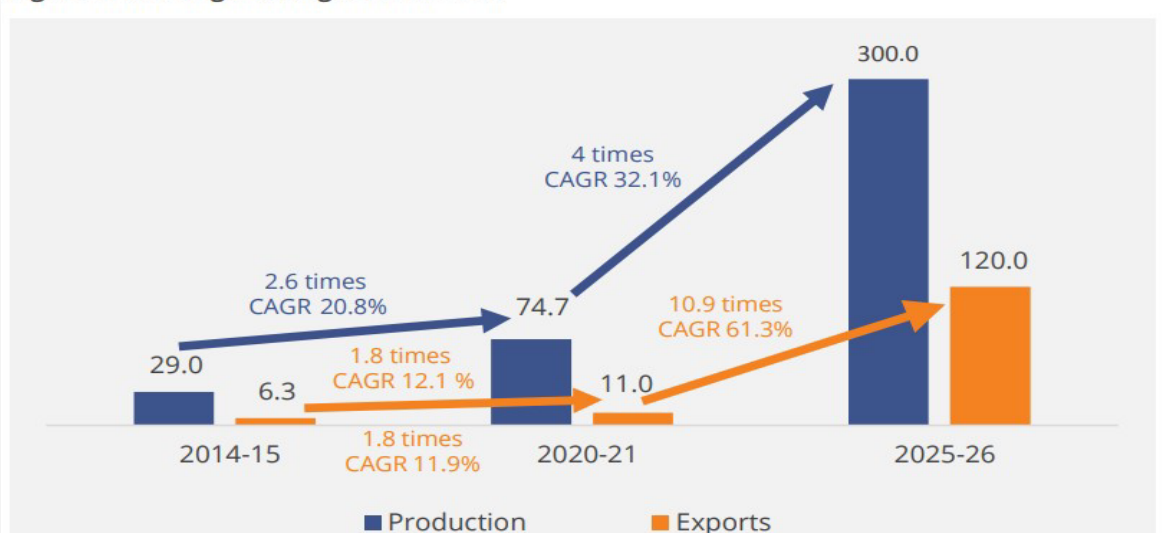
Currently, India's national grid's installed capacity is 404 GW and it has met the peak demand of 216 GW during FY 23. However, with the growth of renewables and given the variability of renewable generation, transmission systems planning has witnessed changes over the past few years. For integrating the injection of renewable power in the national grid, there have been several initiatives including i) Green energy corridors, ii) transmission systems for ultra-mega solar power parks, iii) transmission systems for 66.5 GW renewable energy zones and iv) establishment of 13 RE management centres (REMCs) to address variability and uncertainty of RE generation. As per the agenda of the 9th National Committee on Transmission (NCT), new schemes totalling Rs. 144 billion have been proposed to be implemented. By FY 27, transmission systems for integrating 52 GW of additional RE capacity



Daily Vahan registrations improved week on week with the current average reading for October 2022 on MTD basis at 88,000 units, i.e., 111% of pre-COVID levels vs. 85,900 units, 107% of pre-COVID levels witnessed till last week in October 2022. With positive sentiments across the country amid festive cheer retails have surpassed pre-COVID levels for the past week and are likely to maintain this level for October 2022. (Kindly note that Andhra Pradesh has joined Vahan. Therefore, the Vahan database now captures around 92% of total auto retails across the country.)

The NPE-2019 envisaged India becoming a global leader in the Electronic Manufacturing Services segment and achieving a turnover of USD 400 billion by FY26 in order to cater to both domestic and export demand. Subsequently, to achieve these goals, the Government of India continued to offer fresh incentives and support to the electronic sector. These included the trilogy of schemes announced by the Government in 2020 namely the Production-linked Incentives schemes (PLI schemes) for large-scale electronics manufacturing, the scheme for the promotion of the manufacture of components and semiconductors (“SPECS”) and the Electronic Manufacturing Cluster (EMC) schemes.

Figure 1: Meeting the target for 2025-26



Source: MeITY and RBI

Logistic companies: The logistics industry in India, considered to be the lifeline of the country, holds unprecedented importance as it connects various markets, suppliers and customers dotted across the country, and has now been firmly embedded as an integral part of the national GDP value chain. The growth in the logistics sector is expected to be driven by the increasing penetration of products into more cities and towns, as well as the growth of economic activity and manufacturing moving to these towns. In addition, the demand for value-added services from consumers provides opportunities for the industry players to elevate themselves from an operational role to a more strategic one.

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