

Macro Roundup Article

Headline: [Wall Street Snubs China for India in a Historic Markets Shift](#)

Article Link: <https://www.bloomberg.com/news/articles/2024-02-06/goldman-morgan-stanley-bet-on-india-stocks-as-wall-street-shifts-from-china?sref=U3dOGIDF>

Author(s)	Srinivasan Sivabalan, Chiranjivi Chakraborty, and Subhadip Sircar
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Tweet: Western money is rotating from China to India as India's stock market has closely tracked economic growth. Over the past 20 years Indian GDP and market capitalization "rose in tandem from \$500B to \$3.5T."

Summary: In the US exchange-traded fund market, the main fund buying Indian stocks received record inflows in the final quarter of 2023, while the four largest China funds combined saw outflows of almost \$800 million. Active bond funds have put 50 cents to work in India for every dollar they pulled from China since 2022, according to EPFR data. In mid-January, India briefly overtook Hong Kong to become the world's fourth-largest equity market. Morgan Stanley predicts India's stock market will become the third-largest by 2030. Its weight in the MSCI Inc.'s benchmark for developing-market equities is at an all-time high of 18%, even as China's share has shrunk to its lowest on record at 24.8%. The euphoria has made Indian equities among the most expensive in the world. The gauge trades at more than 20 times future earnings, 27% more expensive than the average for the 2010 to 2020 period. Related: India At The Centre and Indian Stock Market Surges as Foreign Funds Buy Into National Growth Story and India Equity: An Unsung Long-Term Performance Story

Primary Topic: Financial Markets

Topics: Financial Markets, GDP, News article, Weekly

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