

India Economics

Monthly Chartbook

May 2022

Economic Research Department

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More rate hikes in the offing

Globally central banks are faced with the dilemma of high inflation and low growth. Fed kept in focus the overheating inflation print and raised policy rate by 50bps. RBI went for an abrupt rate hike before Fed's decision and raised repo rate by 40bps. Withdrawal of accommodation, hiking of CRR by 50bps and underlining upside risks to inflation; all signalled towards a hawkish policy tilt. Yields went up by 35bps post RBI policy. Even OIS 1Yr rate inched up sharply, all indicative of more rate hikes in the future. We expect 50-75bps rate hike in FY23. Our CPI forecast has a clear upward bias towards 6% and 10Y yield is expected to remain elevated between 7.5-7.75%. Further, elevated growth and inflation concerns as well as persistent FPI outflows drove INR to its record low level.

Consumption showing patchy recovery: The economy is slowly and steadily gaining traction as Covid-19 cases drop across the country and mobility indices inch up. Demand for electricity picked up amidst severe heat wave conditions. Digital transactions and fertilizer sales continued an upward momentum. However, PV sales and electronic imports dipped. Furthermore, moderation in two-wheeler and tractor sales signal incipient stress in rural economy. Risks of global spillovers are likely with the ongoing Russia-Ukraine war, tighter global monetary policy and surge in inflation. The announcement of normal monsoon bodes well for rural consumption. Global food prices retreated in Apr'22 from an all time-high in Mar'22.

Macro indicators of growth remained mixed: Indicators such as services PMI (5-month high in Apr'22), port cargo volume, railway freight, mobility index, showed revival. However, toll collections, E-way bill generation and property sales showed moderation. Hence recovery is not of a durable nature. Further

we expect, growth to come down by another 25bps in the range of 7.4-7.5% in FY23, as higher borrowing cost is expected to curtail demand. If the supply side bottlenecks continue to keep inflation elevated there will be a second round impact on growth as well.

Yields under pressure: Between Apr-May'22, India's 10Y yield rose by 63bps. This was on account of 1) RBI's sudden hawkish policy and shifting its gear to inflationary concerns, thus surprisingly raising policy rate by 40bps 2) Elevated domestic inflation print in Mar'22 (7% against consensus of 6.4%), 3) Fed raising rates successively by 25bps and 50bps and 4) global central banks reiterating concerns about overheated inflation print. India's 1Y OIS Swap rates as well as the entire yield curve rose significantly; all indicative of more policy rate hikes from RBI. We expect another 50-75bps rate hike during the year with another increase in the Jun'22 policy. We expect RBI's CPI projection to go for another round of upward revision. Our CPI forecast is at 5.5-6% with a clear upward bias towards 6%. We expect 10Y yield to be between 7.5-7.75% in FY23. However, firm demand at auction, RBI's OMO announcement if any and conduct of switch by the government will lend support.

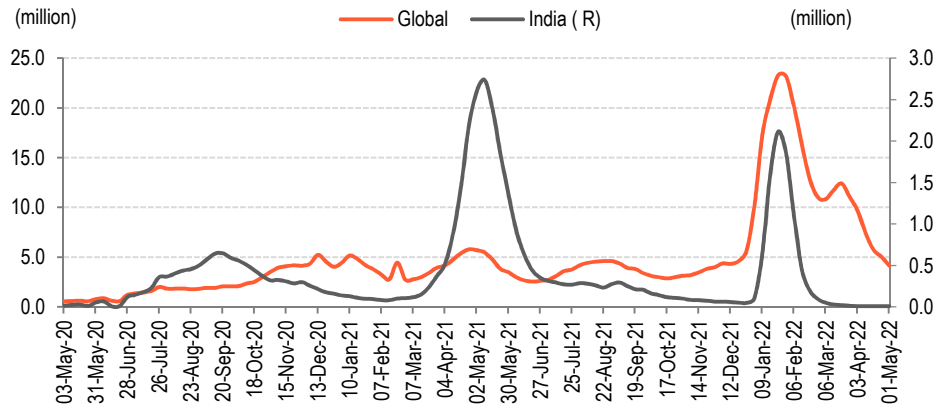
INR falls to a record-low: INR depreciated for the fourth-straight month in Apr'22. In May'22, INR depreciated further to a record-low of 77.46/\$. Broad based-dollar strength (DXY at 20-year high), concerns over inflation, elevated oil prices, Fed's aggressive rate hike cycle and persistent FPI outflows are weighing on the rupee. RBI has intervened in the forex market to support the rupee and is likely to lend further support to INR through direct intervention or swap auctions. INR is likely to remain volatile in the near-term.

Note: The source for all exhibits is 'CEIC and Bank of Baroda' unless otherwise specified

High frequency indicators

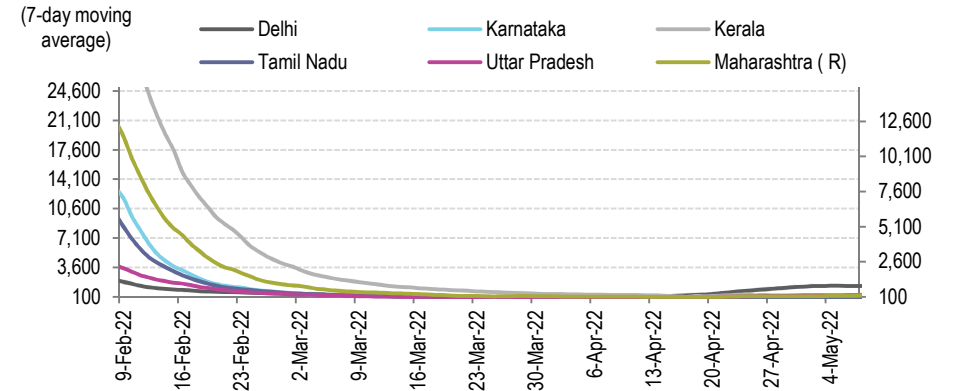
Mobility index and Covid cases

Fig 1 – Global Covid-19 cases fall further



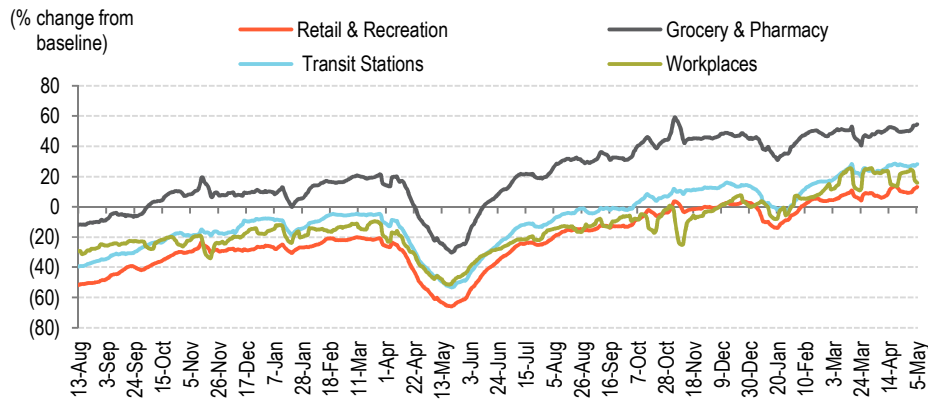
Source: Bloomberg

Fig 2 – Statewise cases on a downward trend



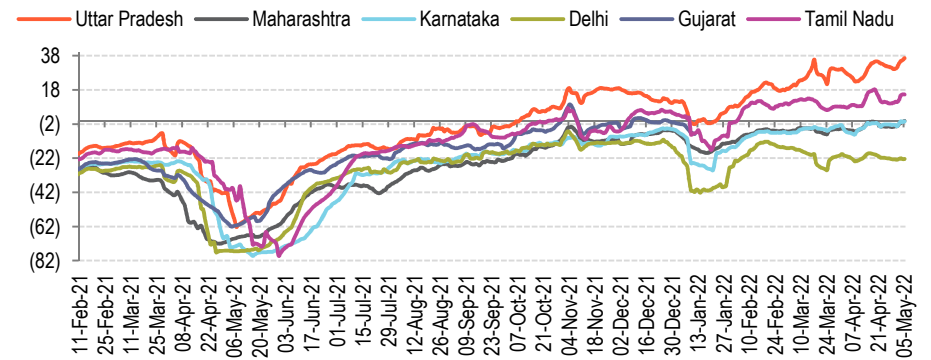
Note: Data taken as 7 days rolling average

Fig 3 – Google mobility indices move upwards



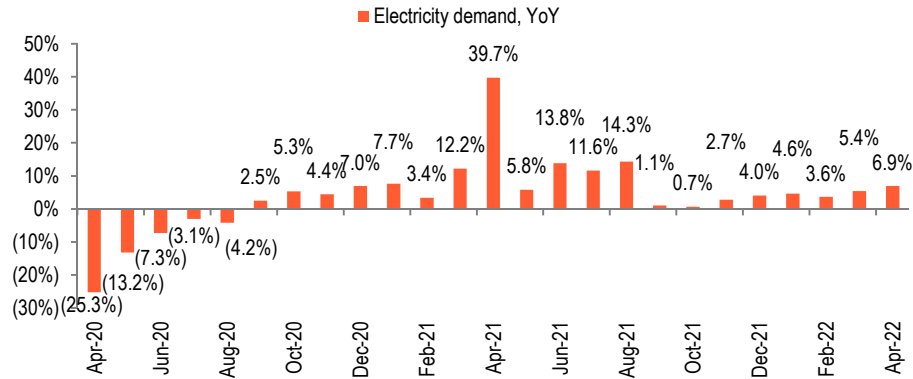
Highlights % change in visits to place from baseline reading (median value, for the corresponding day of the week, during the five week period 3 Jan – 6 Feb2020)

Fig 4 – Retail and recreation index too inch up



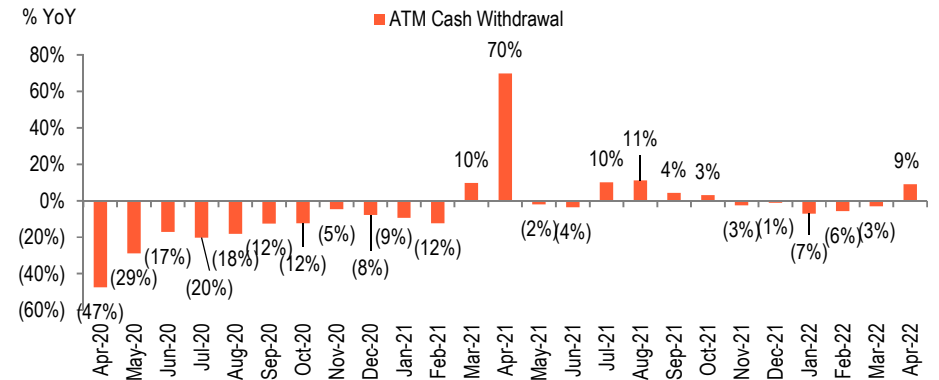
Note: Data taken as 7 days rolling average

Fig 5 – Improvement in electricity demand



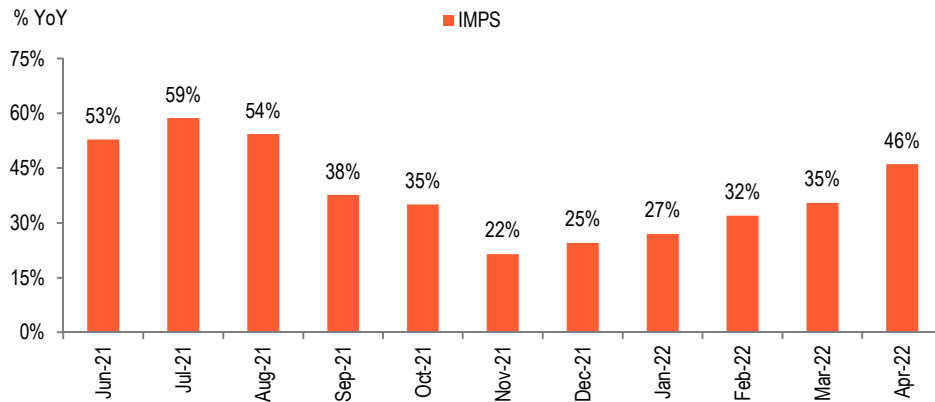
Source: Posoco. Note: Maximum Demand met during peak evening hours (MW)

Fig 6 – Cash withdrawal jumps up in Apr'22



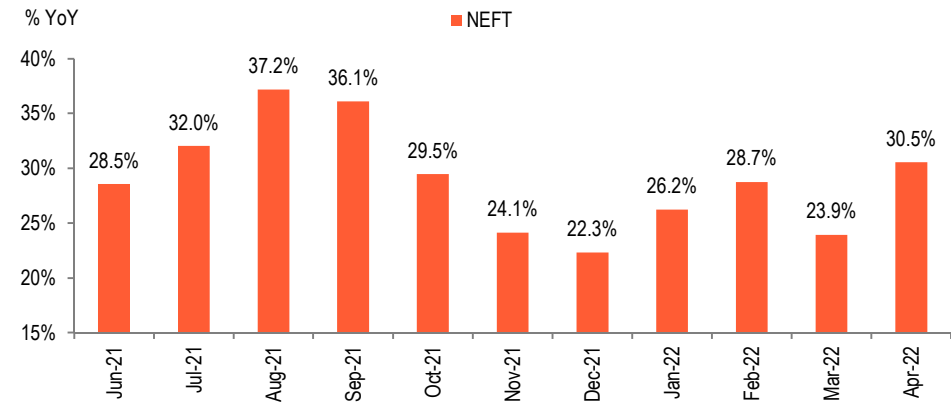
Source: NPCI. Note: NFS Cash withdrawal amount does not include Card to Card Transfer

Fig 7 – Uptick in volume of IMPS transactions



Source: NPCI

Fig 8 – Volume of NEFT transactions on upswing



Source: NPCI

Fig 9 – Fertilizer sales gaining momentum

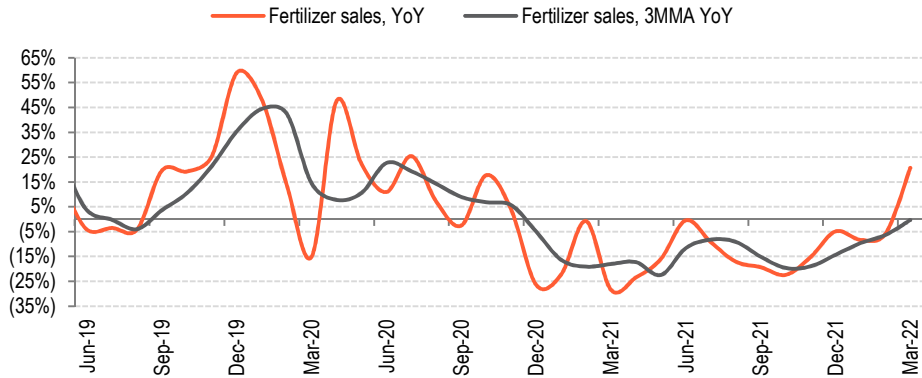
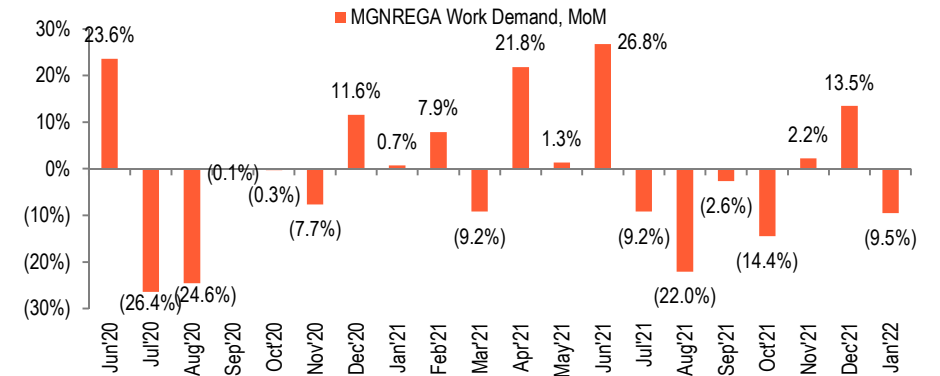


Fig 10 – MGNREGA work demand slows



Source: MGNREGA

Non-oil imports, electronic imports

Fig 11 – Non-oil-non-gold imports moderate in Apr'22

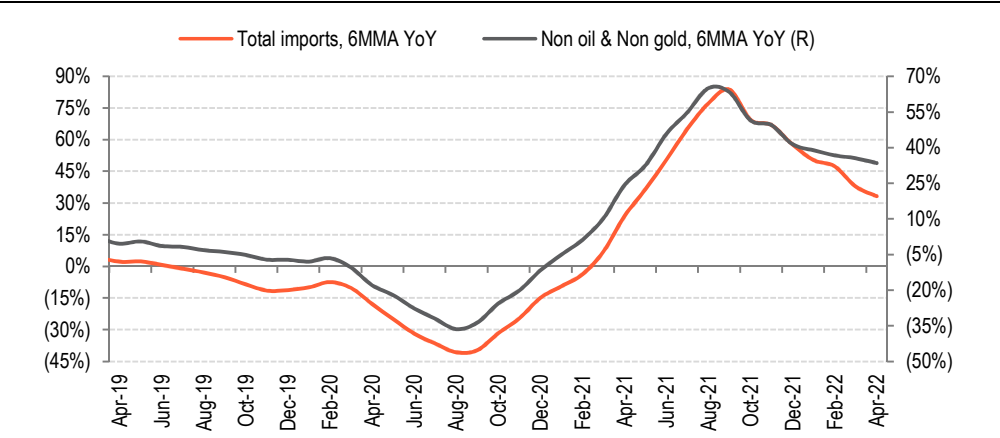


Fig 12 – Growth in Electronic imports slows in Apr'22

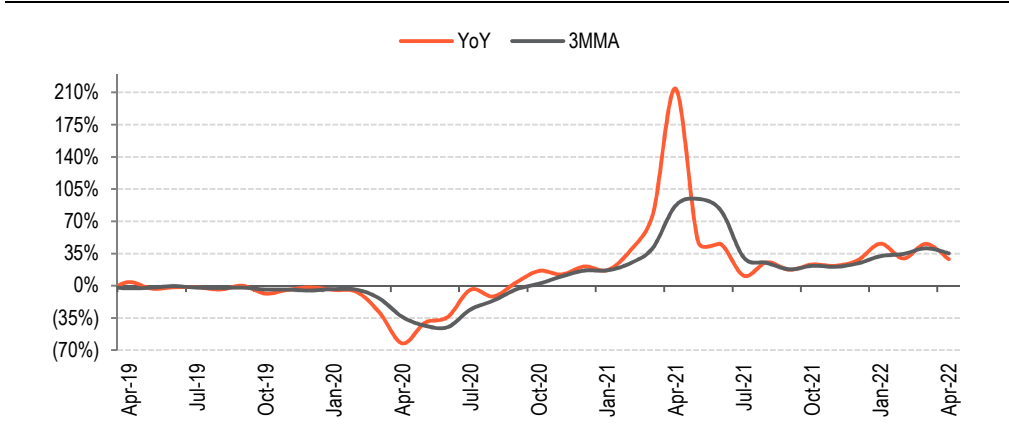


Fig 13 – Retail passenger vehicles sales falls

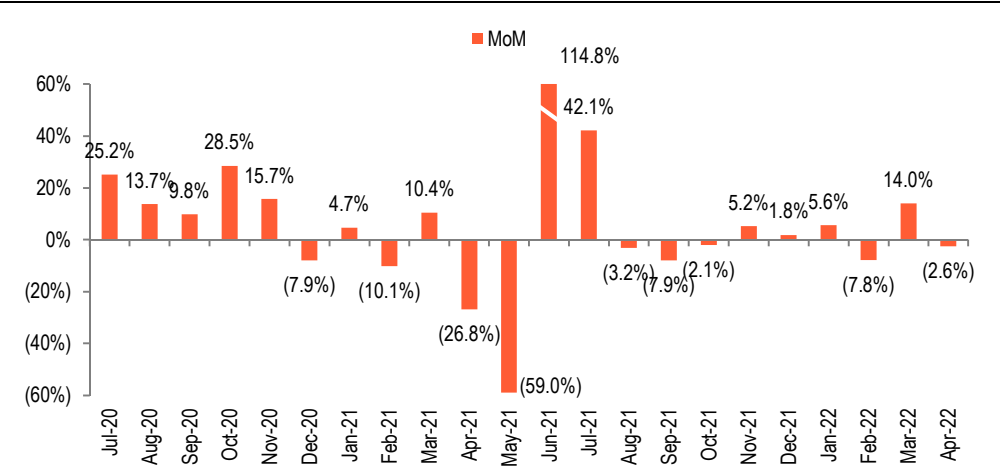
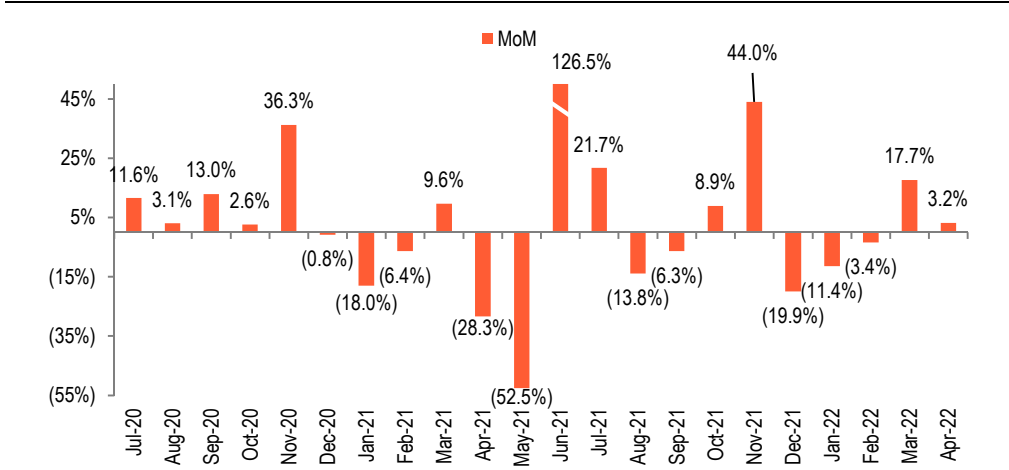


Fig 14 – Two-wheeler sales slows down



Source: FADA

Credit deployment of personal loans

Fig 15 – Higher growth in credit card outstanding

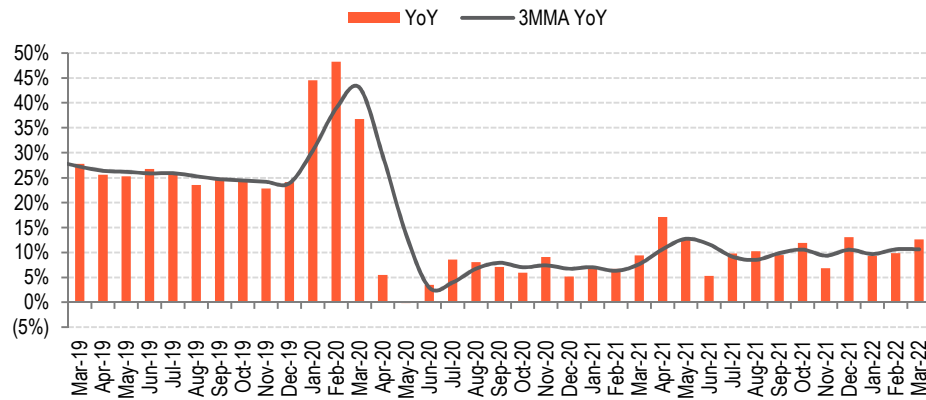


Fig 16 – Growth in personal loan moves up too

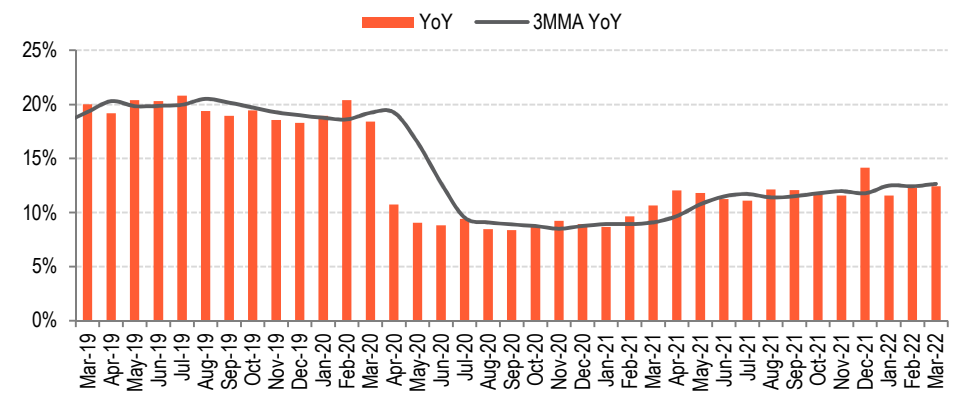


Fig 17 – Growth in vehicle loans dips

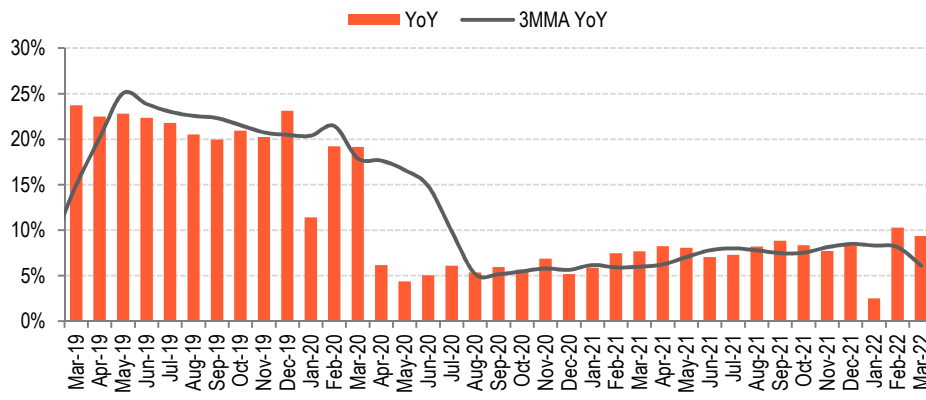


Fig 18 – Consumer turn optimistic

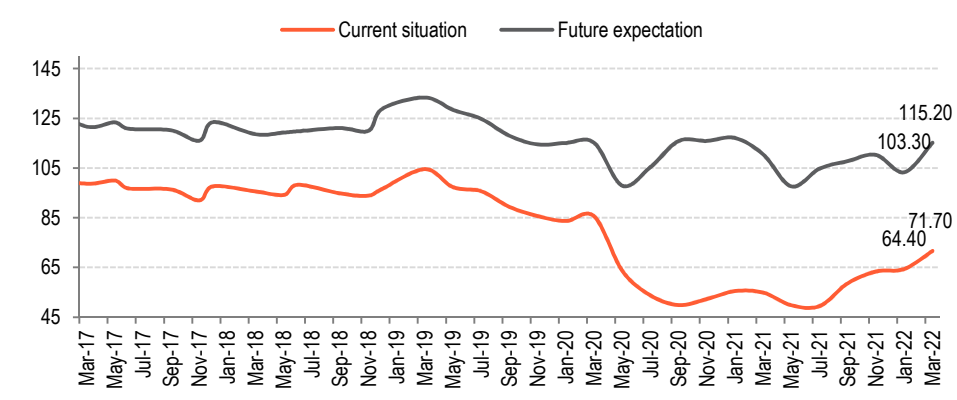


Fig 19 – RBI's essential spending continues to improve

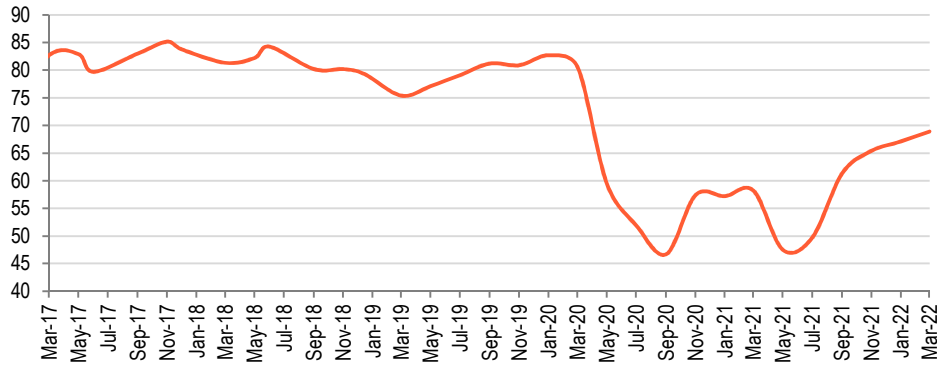
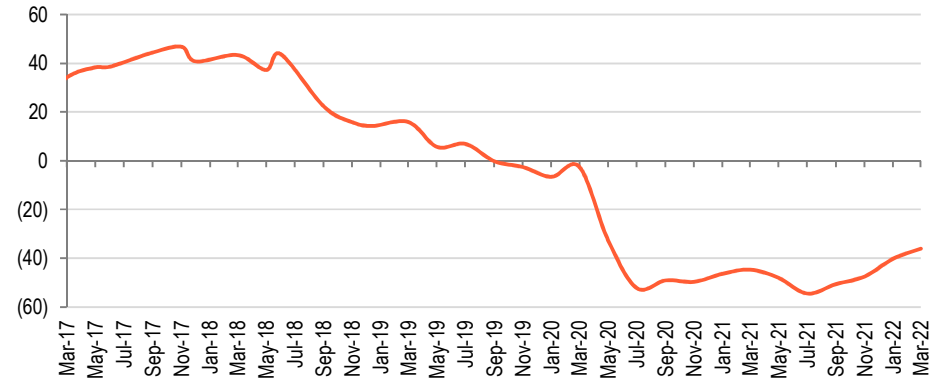


Fig 20 – ...non-essential spending too witnesses an upward momentum



Consumer durables & non-durables production

Fig 21 – Consumer durables output slips further..

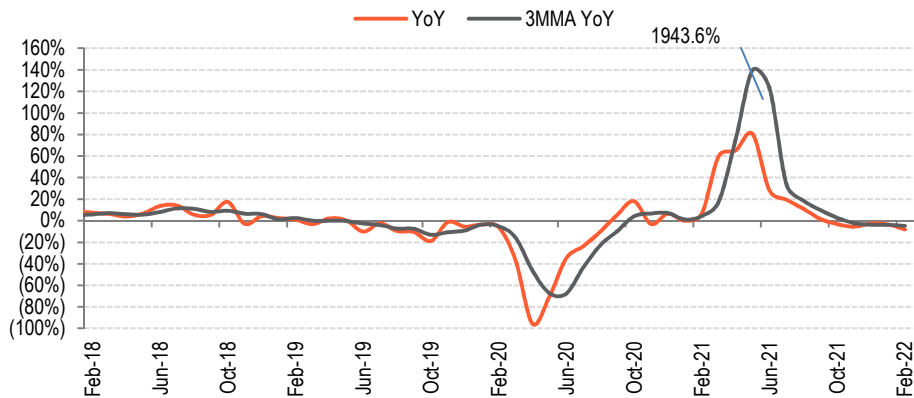
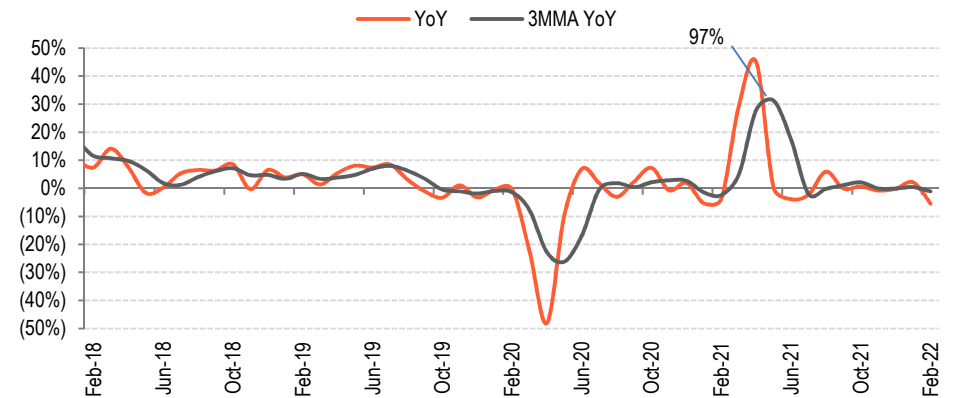


Fig 22 – FMCG output too following suit



Agriculture

Fig 23 – IMD expects a normal monsoon

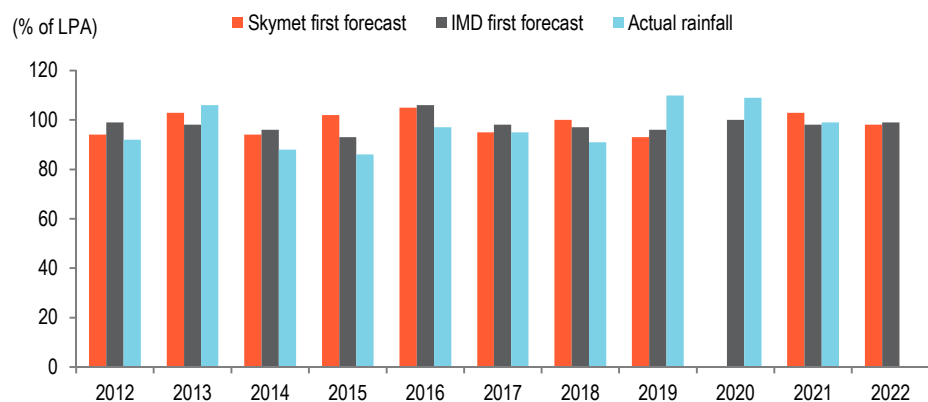
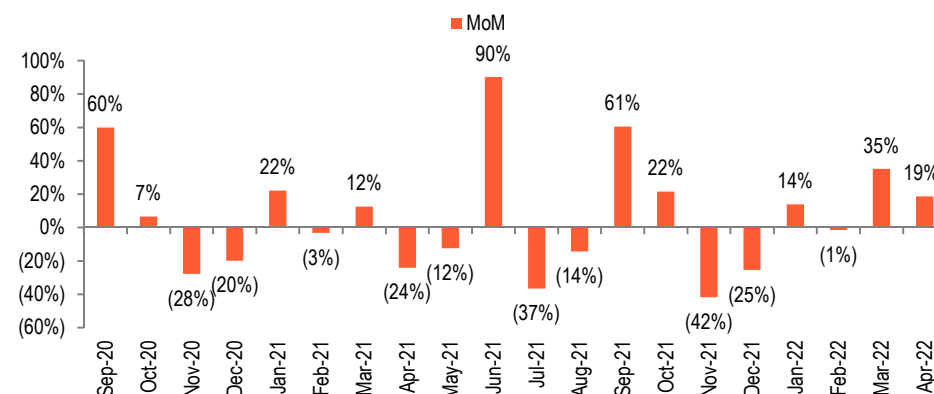


Fig 24 – Tractor sales ease in Apr'22



Note: Tractor sales including exports

Fig 25 – Agriculture credit dips

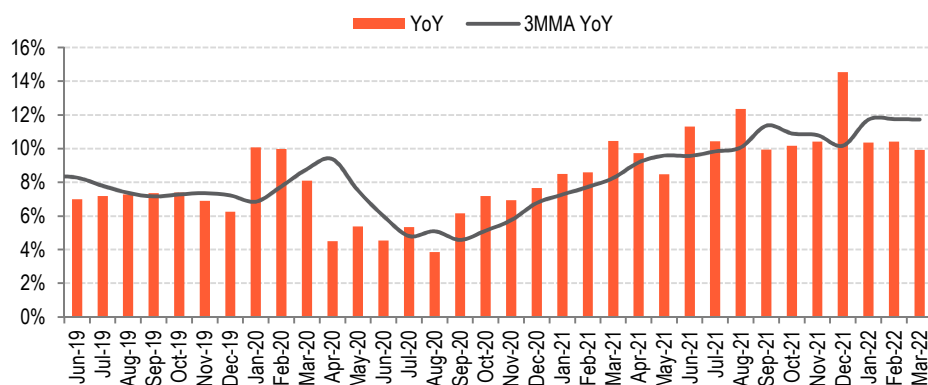
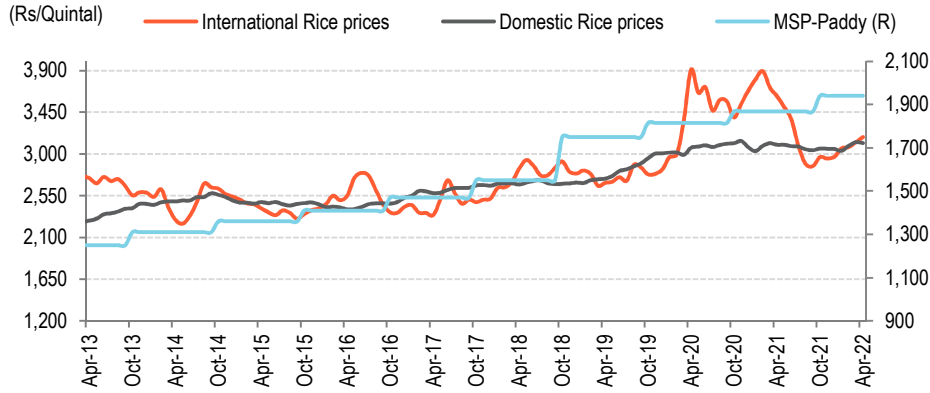


Fig 26 – Procurement of rice and wheat

Year	Wheat	Rice
2013-14	25.09	31.85
2014-15	28.02	32.04
2015-16	28.09	34.22
2016-17	22.96	38.11
2017-18	30.83	38.19
2018-19	35.80	44.39
2019-20	34.13	51.83
2020-21	38.99	60.19
2021-22	43.34	50.28*
2022-23	0.07	-

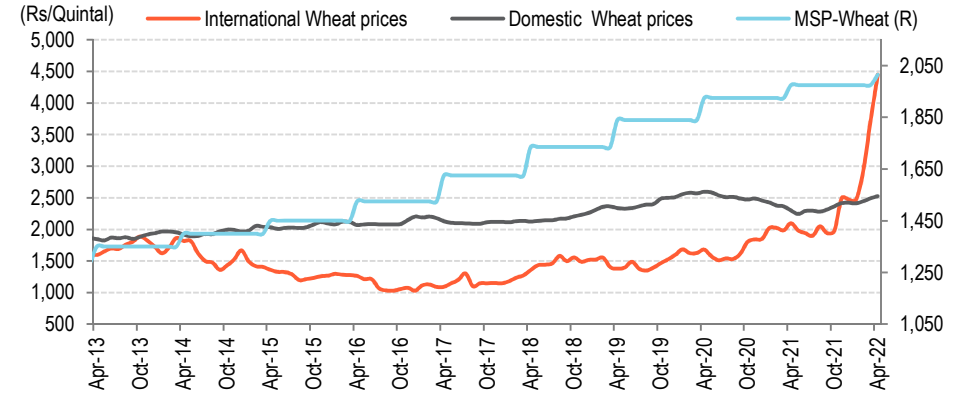
Source: Ministry of Consumer Affairs, Food and Public Distribution | *As on: 31 Mar 2022

Fig 27 – International rice prices continue to inch up



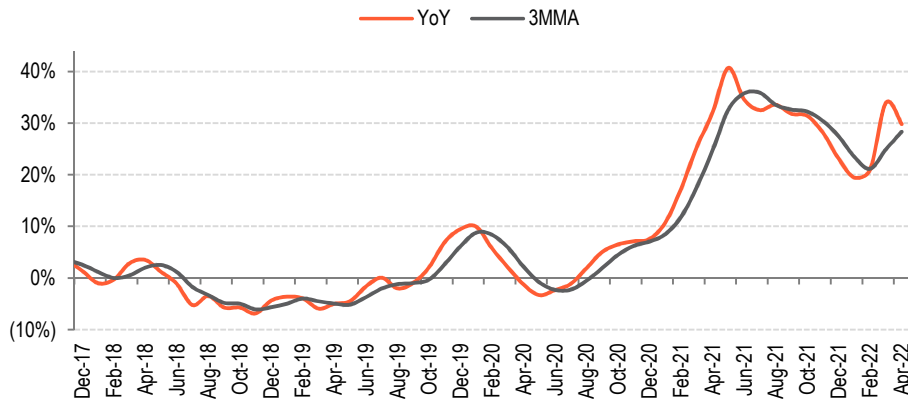
Source: World Bank

Fig 28 – Both domestic and international wheat prices accelerate further



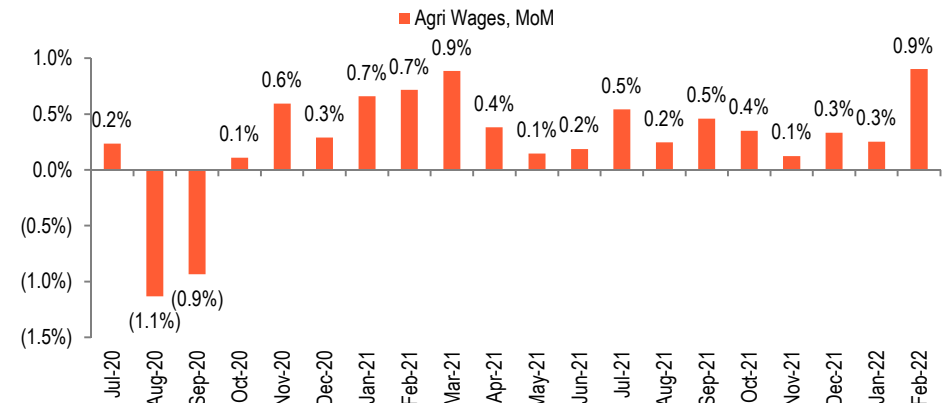
Source: World Bank

Fig 29 – Global food prices retreat from an all time high



Source: FAO

Fig 30 – Wage growth (men) moves up



Inflation

Fig 31 – Headline CPI firmed up to its highest since Oct'20 to 7% in Mar'22 from 6.1% in Feb'22 (FY22:5.5%), led by food inflation

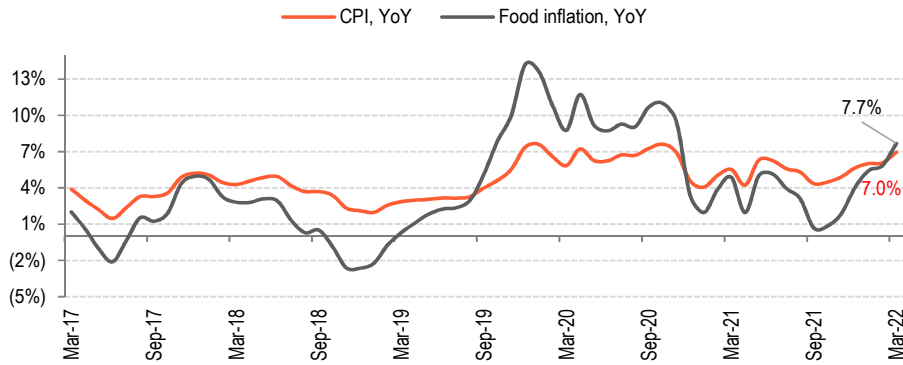


Fig 33 – Core inflation remained elevated at 6.3%

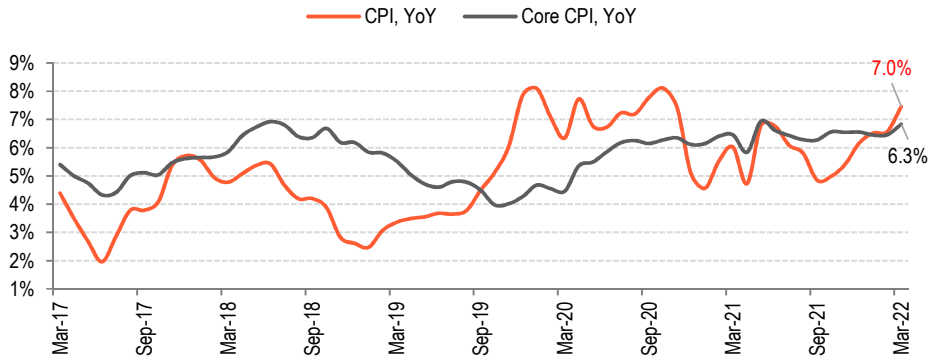


Fig 32 – ...Vegetables, cereals, protein based items and edible oils all noted an uptrend

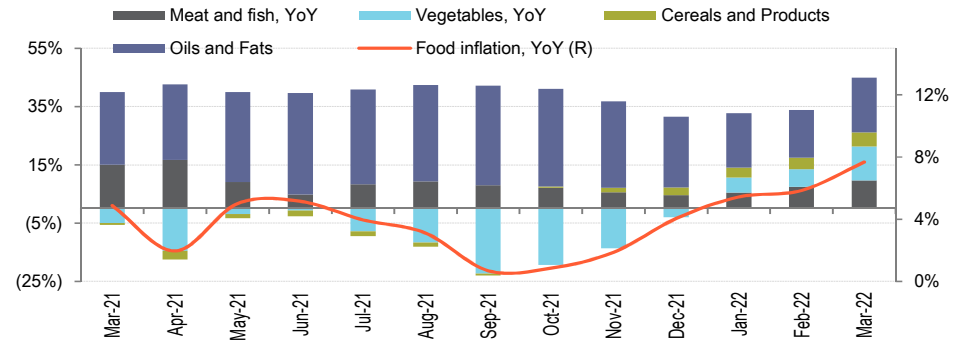
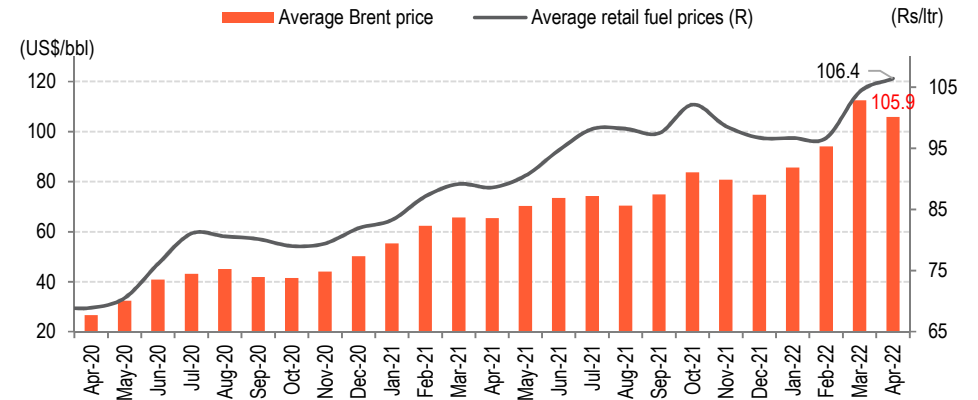


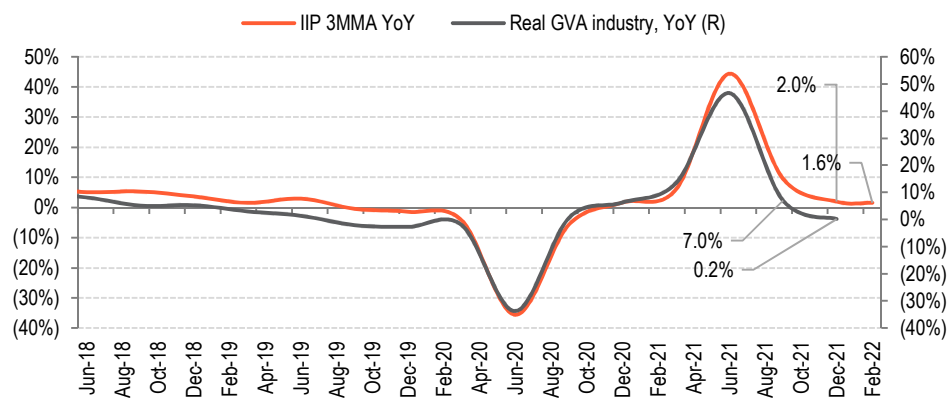
Fig 34 – Domestic retail prices inched up on account of pass through of higher international crude prices



Note: Average retail price of petrol and diesel for Delhi, Kolkata, Mumbai and Chennai have been taken

Industry

Fig 35 – Industrial growth to improve in Q4 on the back of low base



Note: IIP for Feb'22 is average of Jan and Feb'22 on YoY basis

Fig 36 – Broad based improvement on FYTD basis

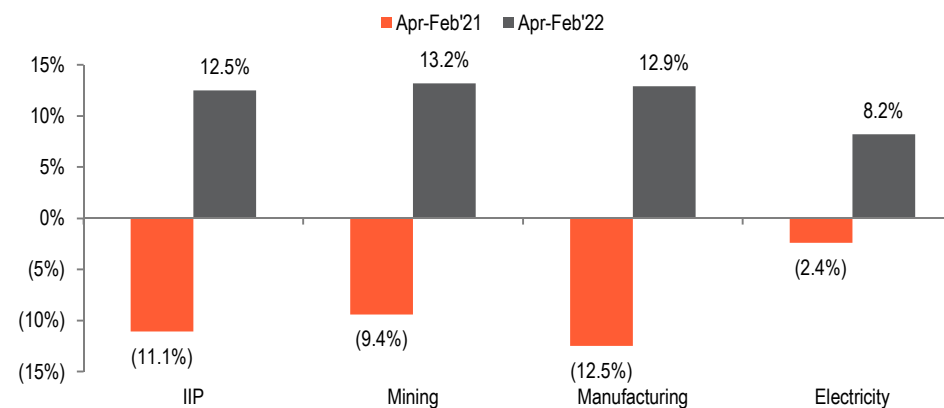
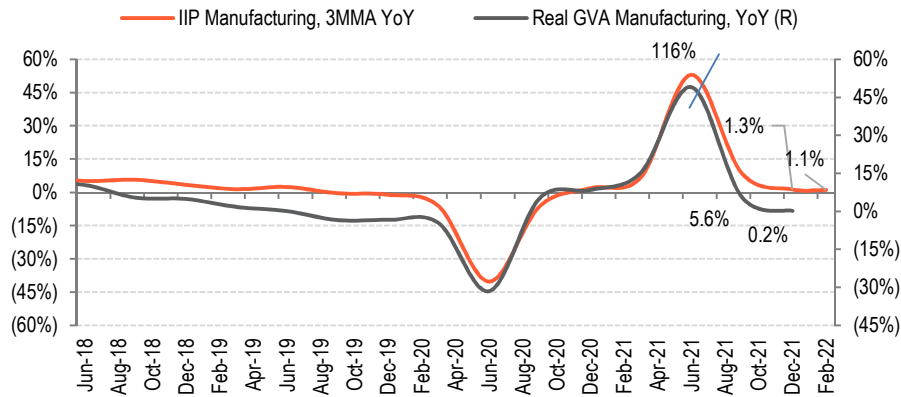


Fig 37 – Higher IIP growth in Feb'22

Sectoral (%)	Weight	Feb-22	Feb-21	Apr-Feb'22	Apr-Feb'21
IIP	100.0	1.7	(3.2)	12.5	(11.1)
Mining	14.4	(4.4)	4.5	(9.4)	13.2
Manufacturing	77.6	(3.4)	0.8	(12.5)	12.9
Electricity	8.0	0.1	4.5	(2.4)	8.2
Use-Based					
Primary Goods	34.1	4.6	(4.6)	10.0	(8.4)
Capital Goods	8.2	1.1	(4.2)	18.8	(23.5)
Intermediate Goods	17.2	4.3	(5.3)	16.8	(12.0)
Infrastructure and Construction Goods	12.3	9.4	(3.5)	20.4	(12.1)
Consumer Durables Goods	12.8	(8.2)	6.6	14.4	(19.5)
Consumer Non-Durables Goods	15.3	(5.5)	(3.8)	4.0	(4.5)

Manufacturing

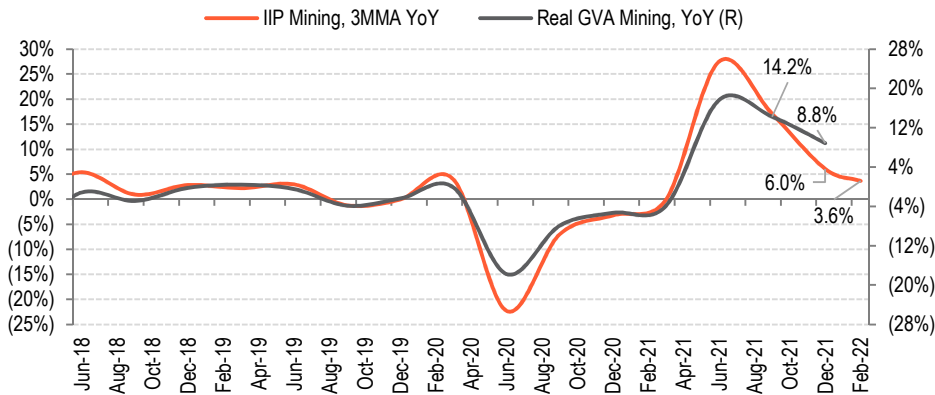
Fig 38 – Manufacturing growth expected to improve led by base effect



Note: IIP for Feb'22 is average of Jan and Feb'22 on YoY basis

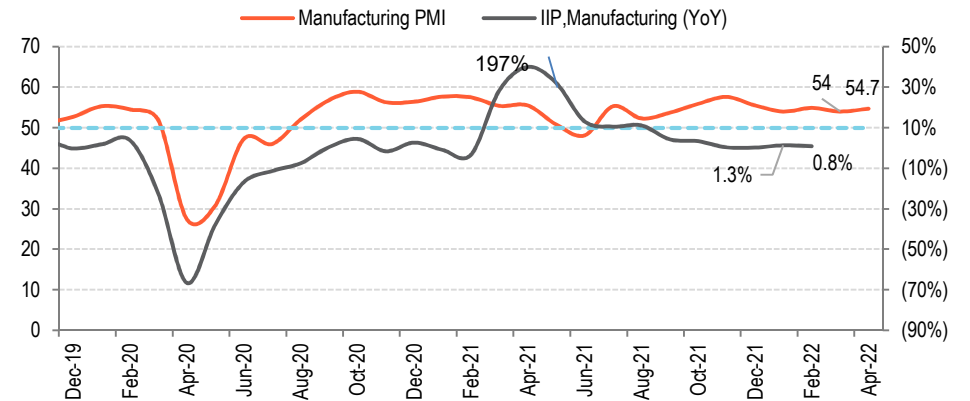
Mining & Electricity

Fig 40 – Higher Mining activity likely in Q4



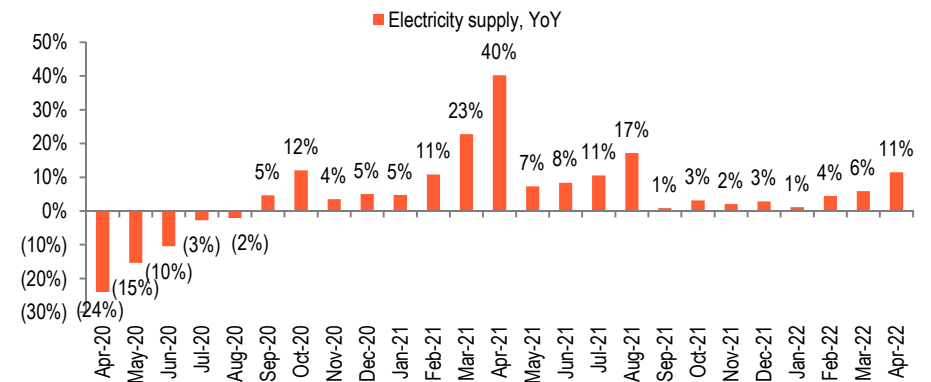
Note: IIP for Feb'22 is average of Jan and Feb'22 on YoY basis

Fig 39 – Manufacturing PMI improves in Apr'22



Source: Markit

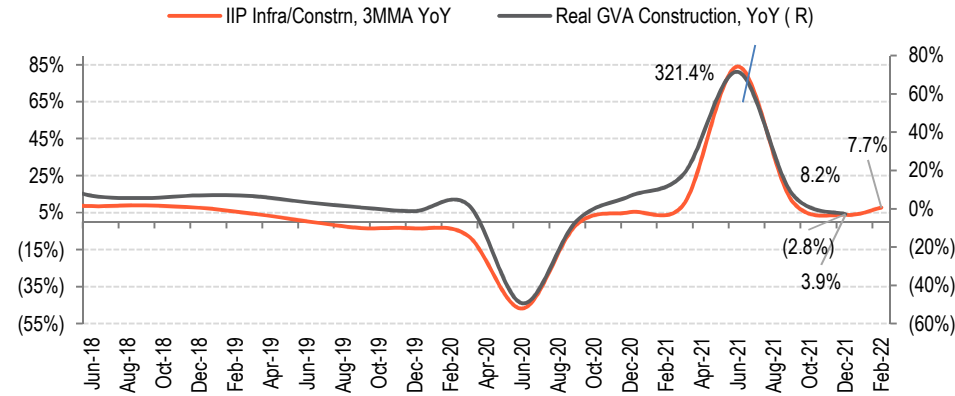
Fig 41 – Double digit growth in Electricity supply



Source: Posoco. Note: Average Energy Met (MU)

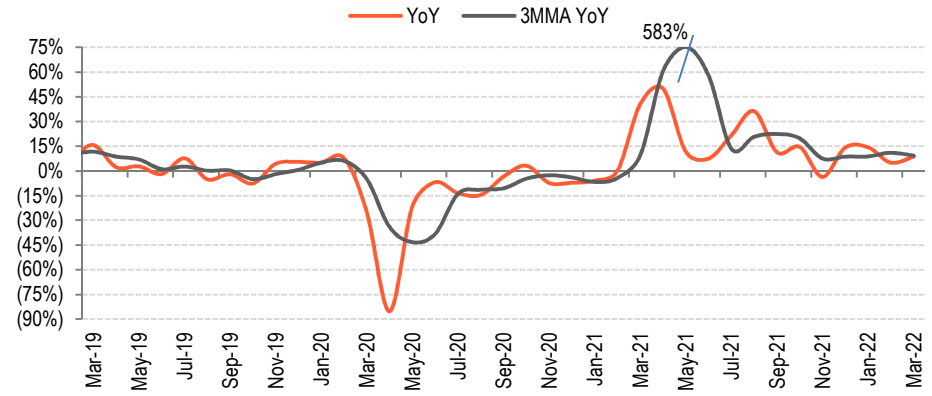
Infrastructure and Construction

Fig 42 – Growth in construction sector to inch up in Q4



Note: IIP for Feb'22 is average of Jan and Feb'22 on YoY basis

Fig 43 – Higher cement output in Mar'22



Infrastructure Index

Fig 44 – Infra index eases in Mar'22

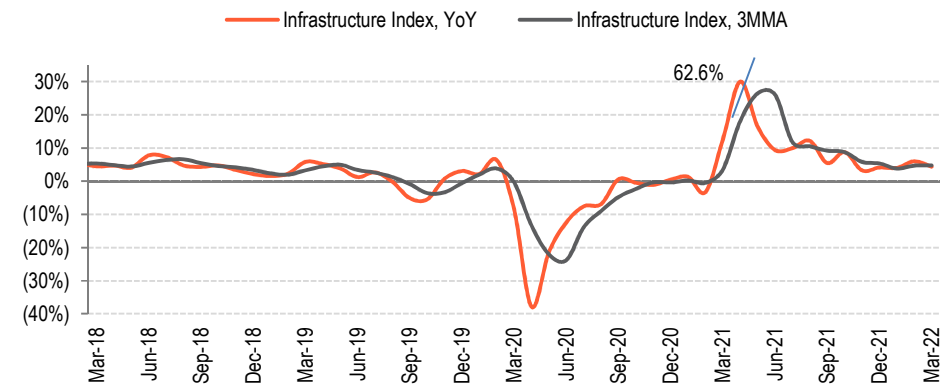
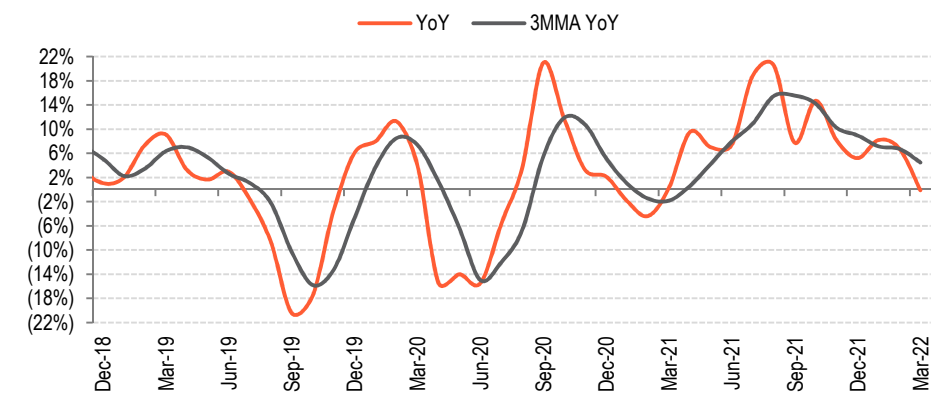


Fig 45 – Coal productions dips



Auto production & Business expectation index

Fig 46 – Auto production rebounds

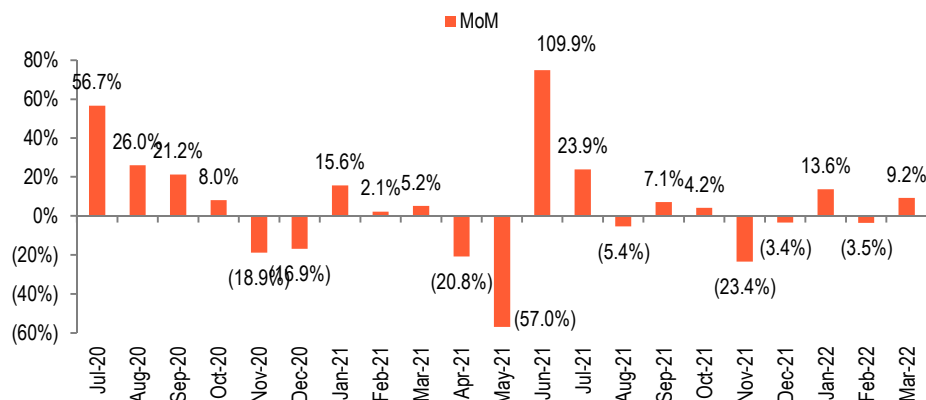


Fig 47 – Business sentiment moderates

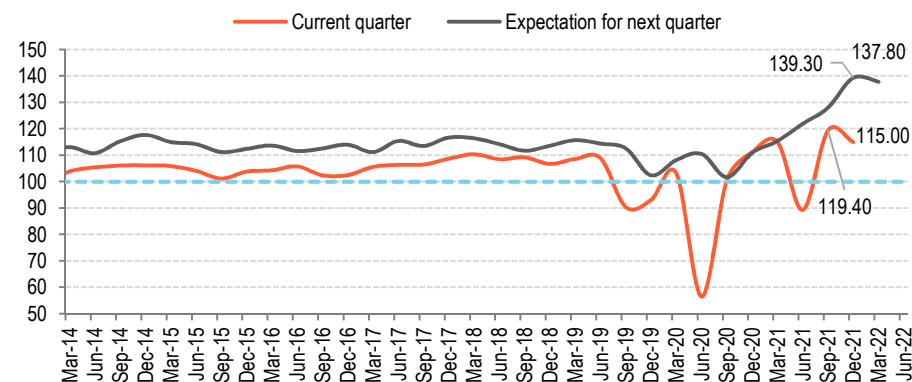
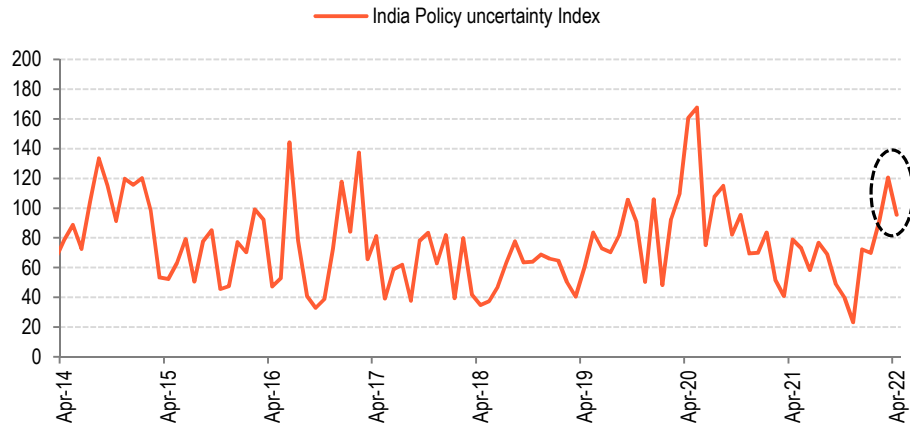


Fig 48 – Infrastructure index eases in Mar'22

(%)	Weight	Mar-22	Feb-22	Mar-21	Apr-Mar'22	Apr-Mar'21
Infrastructure Index	100	4.3	6.0	12.6	10.4	(6.4)
Coal	10.3	(0.1)	6.8	0.3	8.5	(1.9)
Crude Oil	9.0	(3.4)	(2.2)	(3.1)	(2.6)	(5.2)
Natural Gas	6.9	7.6	12.5	12.3	19.2	(8.2)
Petroleum Refinery Products	28.0	6.2	8.8	(0.7)	8.9	(11.2)
Fertilizers	2.6	15.3	(1.4)	(5.0)	0.7	1.7
Steel	17.9	3.7	5.9	31.5	16.9	(8.7)
Cement	5.4	8.8	5.0	40.6	20.8	(10.8)
Electricity	19.9	4.9	4.5	22.5	7.8	(0.5)

Investment

Fig 49 – Policy uncertainty in India fell in Apr'22 compared to Mar'22



Source: policyuncertainty.com

Fig 51 – Capital goods production moderated by 1.1% in Feb'22 against 1.4% in Jan'22

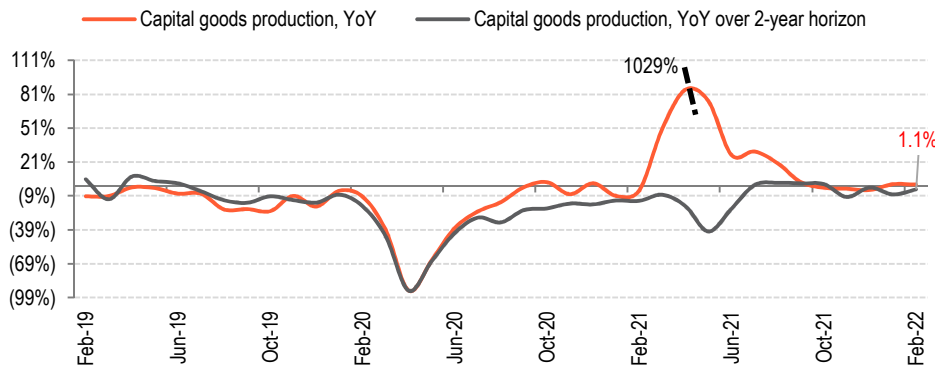


Fig 50 – Capacity utilisation improved in Q3FY22

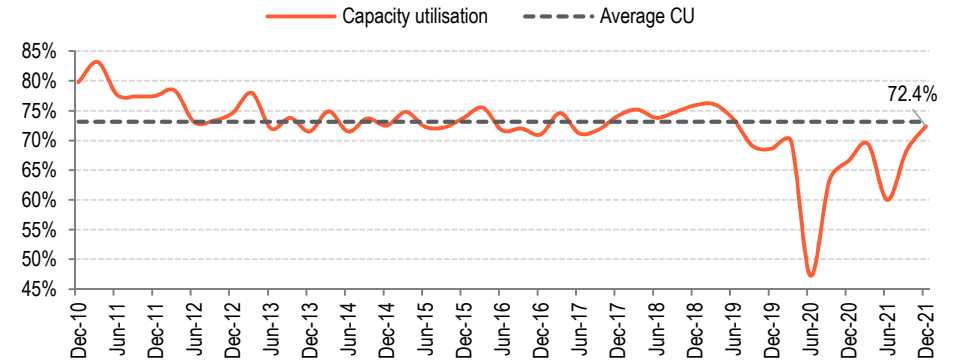


Fig 52 – Capital goods imports fell by 3.2% in Mar'22 against 1.8% decline seen in Feb'22, led by unfavourable base, however on a 2 year basis, it picked pace

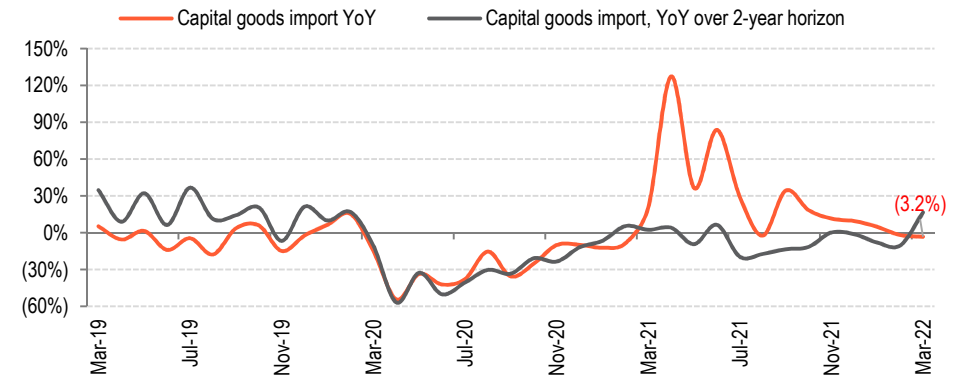


Fig 53 – Centre’s capex spending moderated to 15.7% in Feb’22 from 17.3% in Jan’22, in FY23, capex spending is likely to rise by 24.5% to Rs 7.5tn

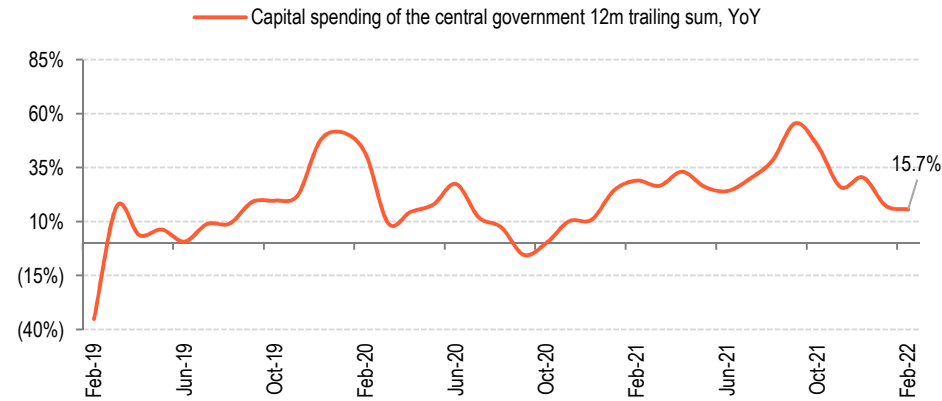


Fig 54 – Credit to micro and small industry rose by 21.5% from 19.9% in Feb’22, for medium industry it was at 71.4% in Mar’22

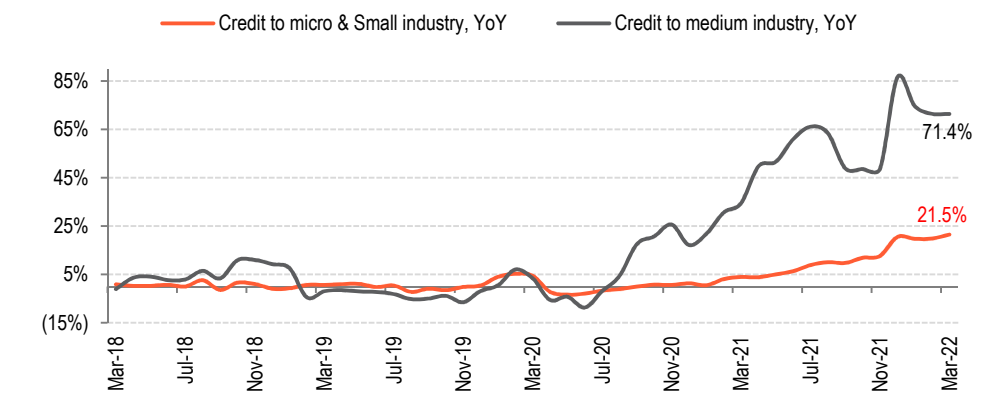


Fig 55 – Credit to housing sector moderated to 6.4% in Mar’22 from 6.7% in Feb’22

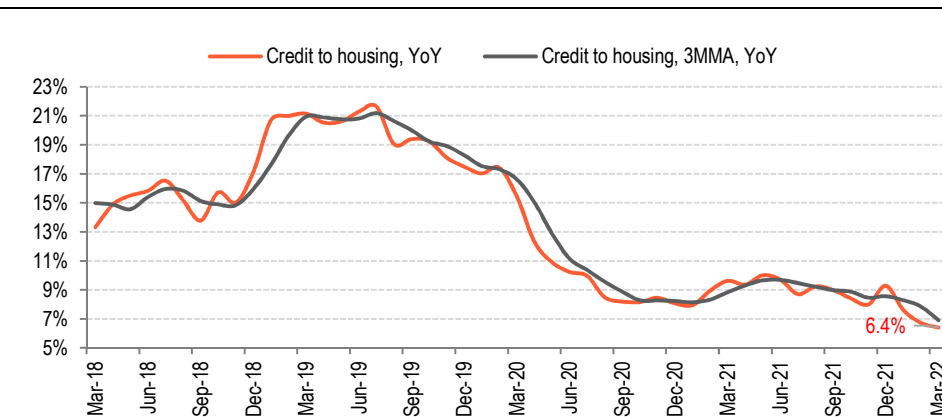
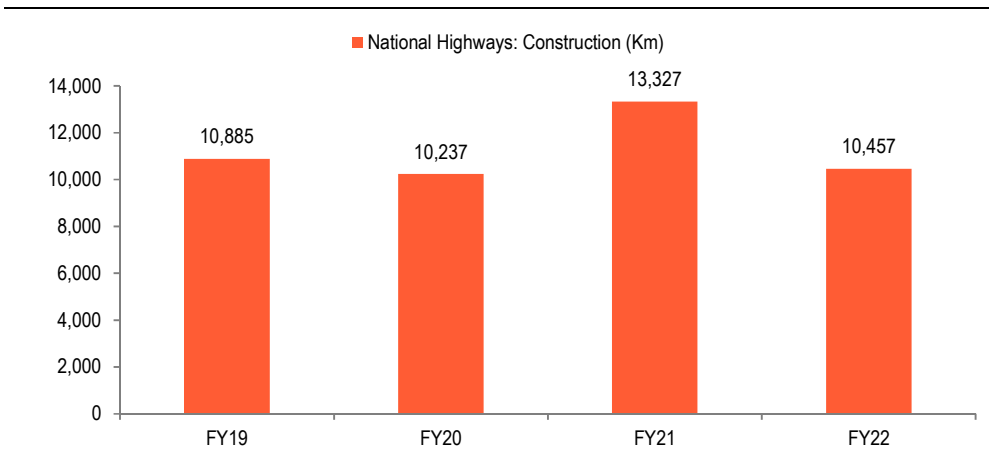


Fig 56 – National highway construction pace is slower compared to previous year



Services sector

Fig 57 – GVA: Services activity eased in Q3FY22 as well, owing to base effect

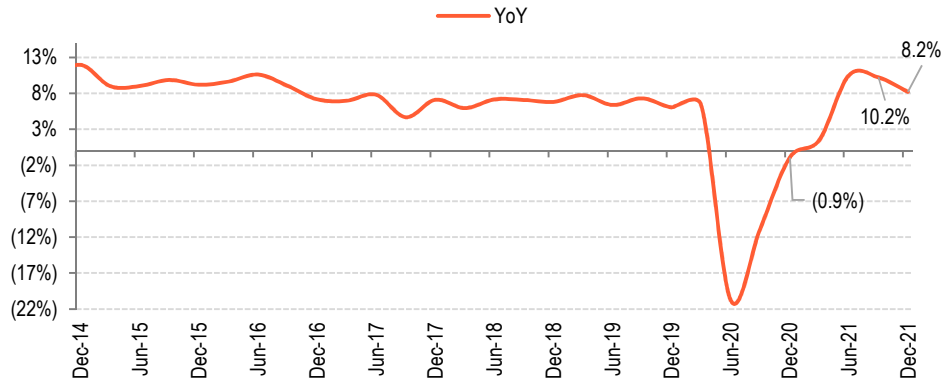
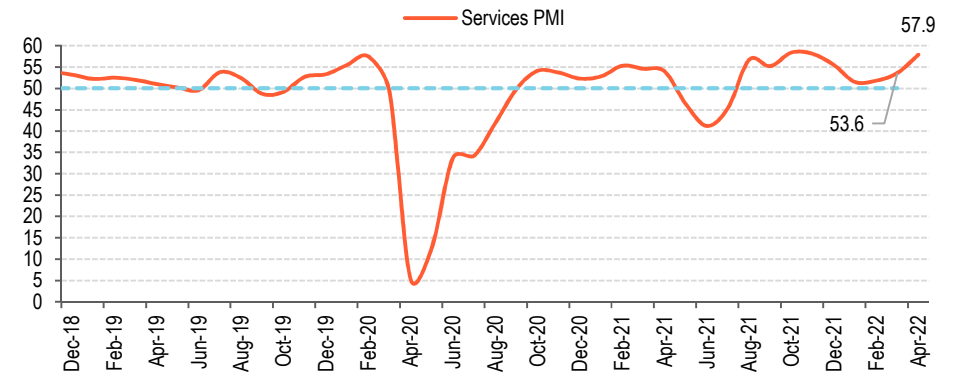


Fig 58 – Services PMI climbs to 5-month high



Source: Markit

Fig 59 – GVA: Trade & related services seen stabilizing in Q3

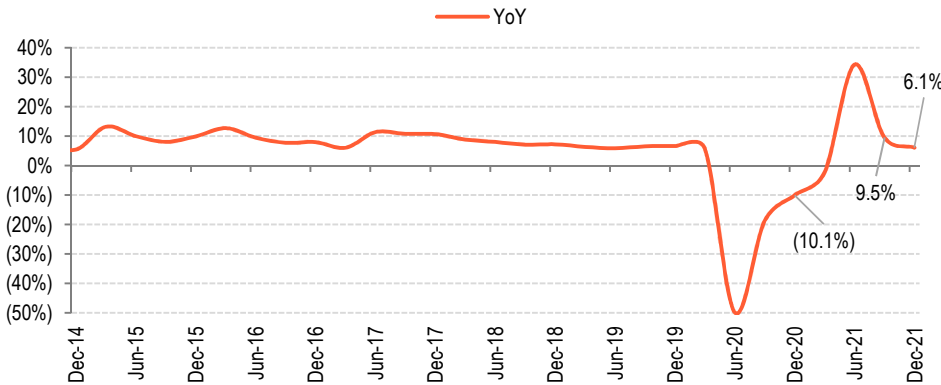
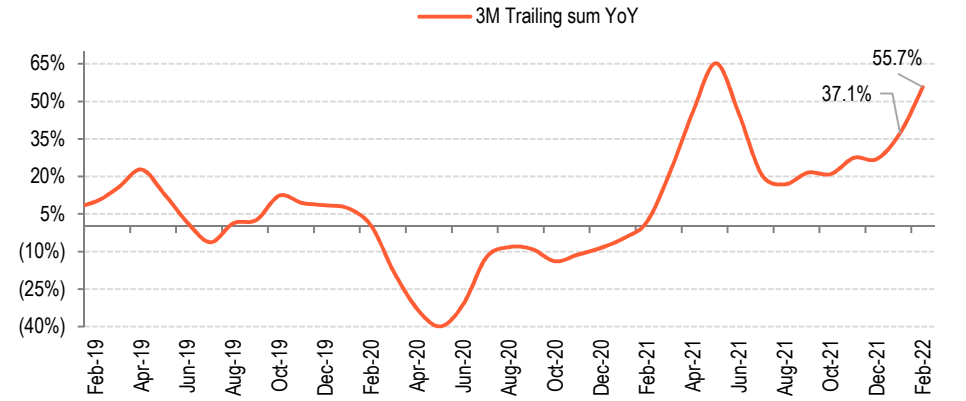


Fig 60 – Improvement in States** tax revenue growth in Feb'22 shows pick up in economic activity



Note: **All states excluding N.E states, Goa and J&K

Trade

Fig 61 – Higher vehicle registrations on the back of lower base

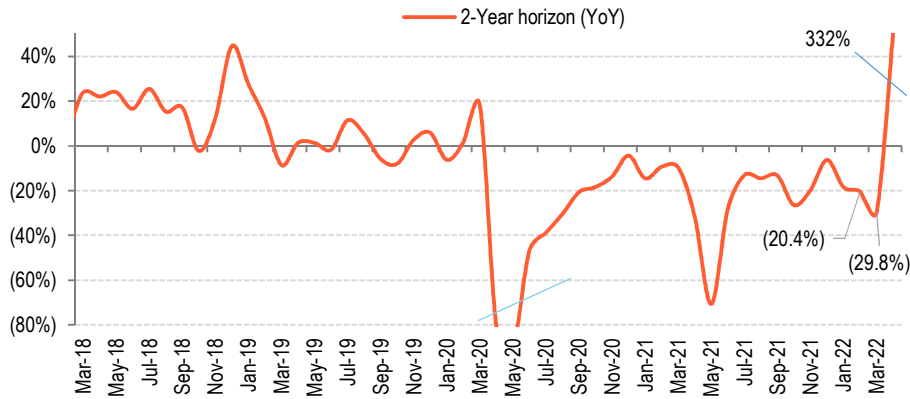


Fig 62 – Diesel consumption rebounded sharply in Mar'22

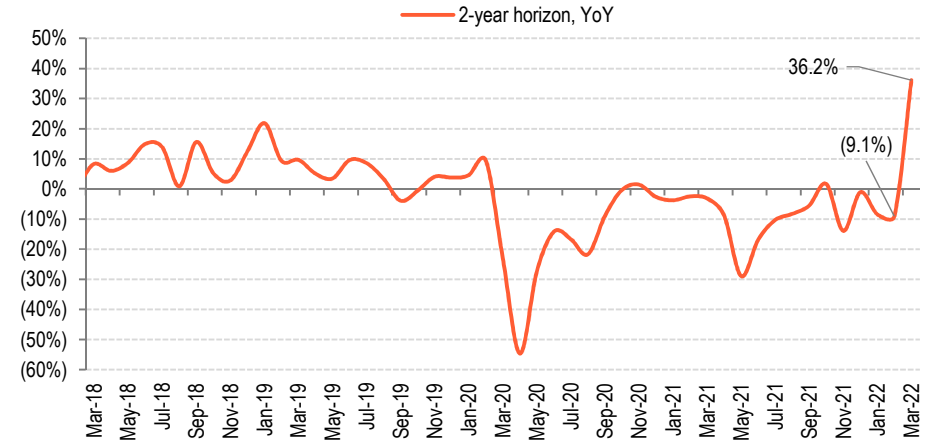


Fig 63 – Port cargo volume growth continues to move up

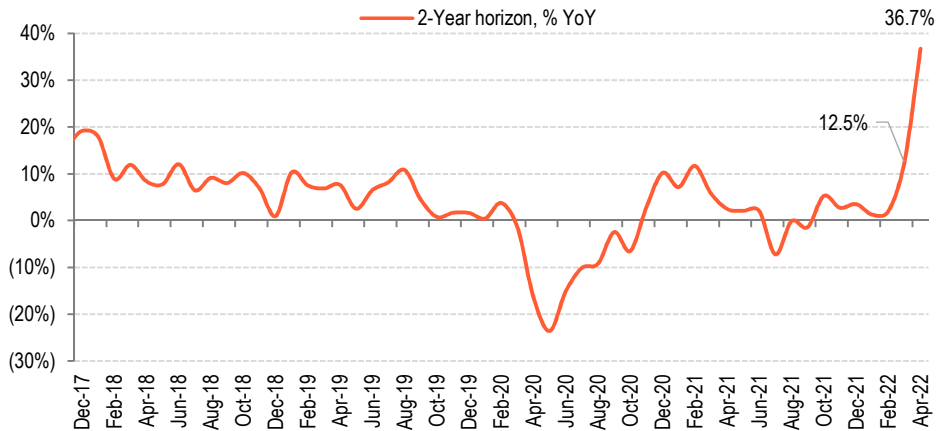


Fig 64 – Uptick in railway freight traffic

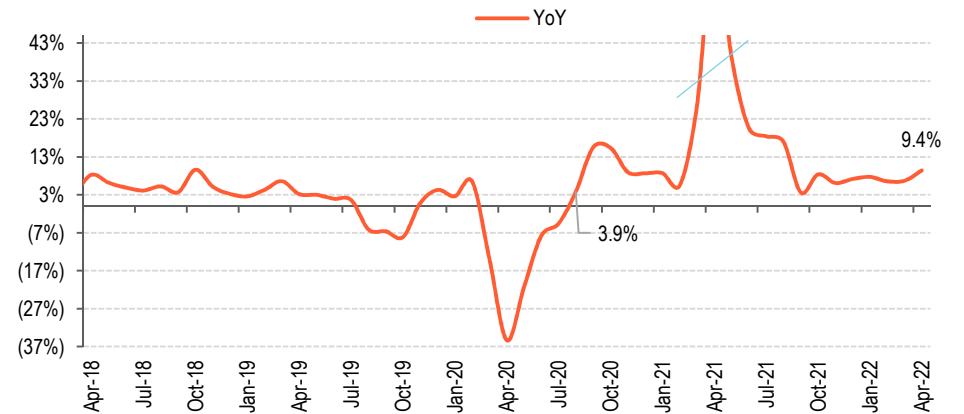


Fig 65 – Toll collections fall

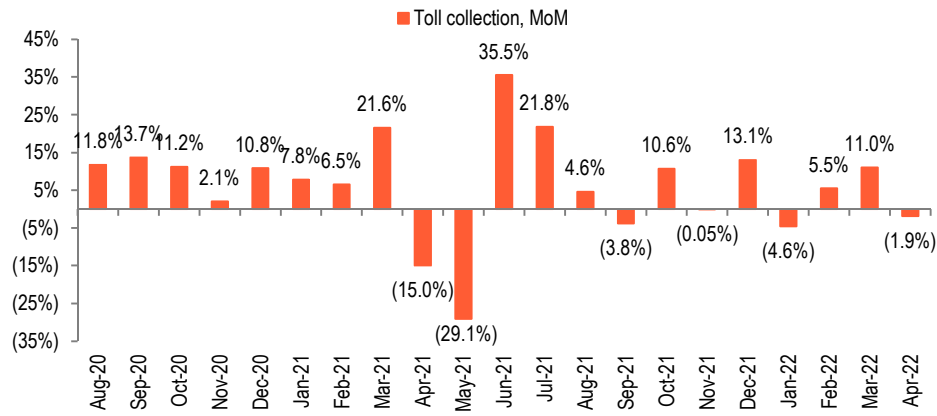
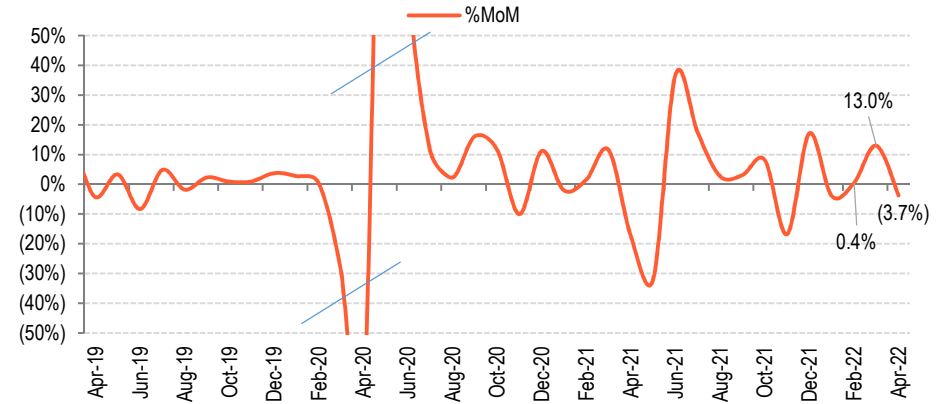


Fig 66 – E-way bill generation also slipped



Hotels and communications

Fig 67 – Airline passenger traffic growth higher than pre-pandemic times for the 1st time in Mar'22

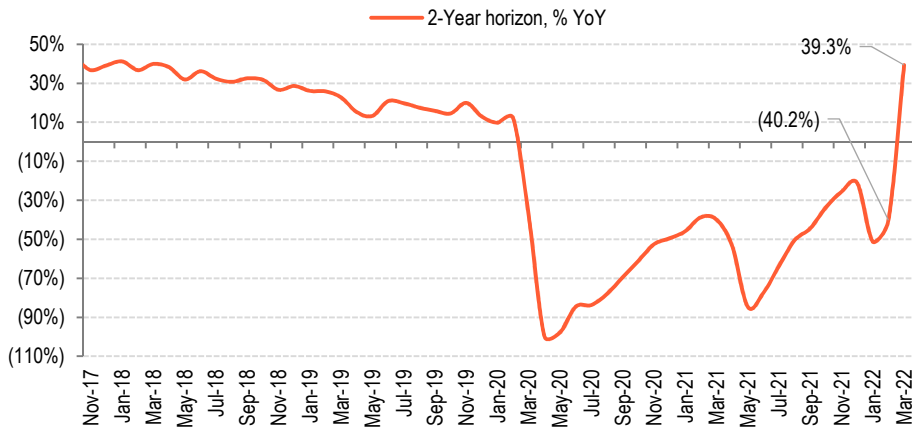


Fig 68 – ...led by revival in domestic passenger movement

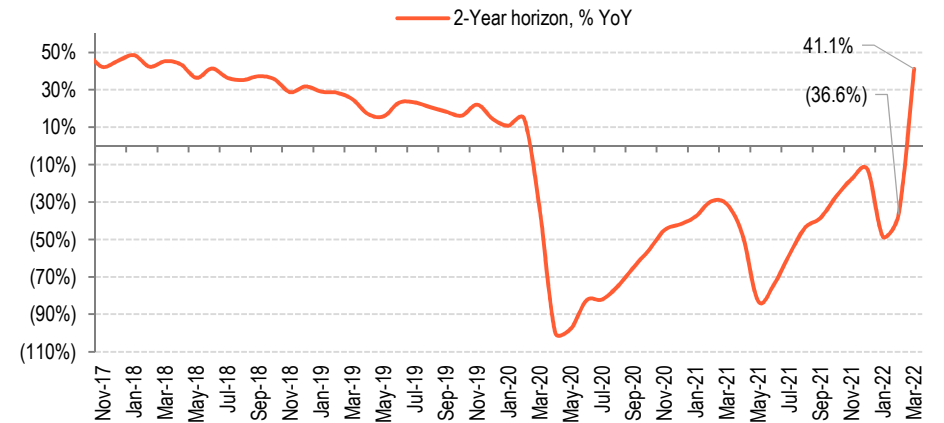


Fig 69 – Railway passenger traffic continues to improve

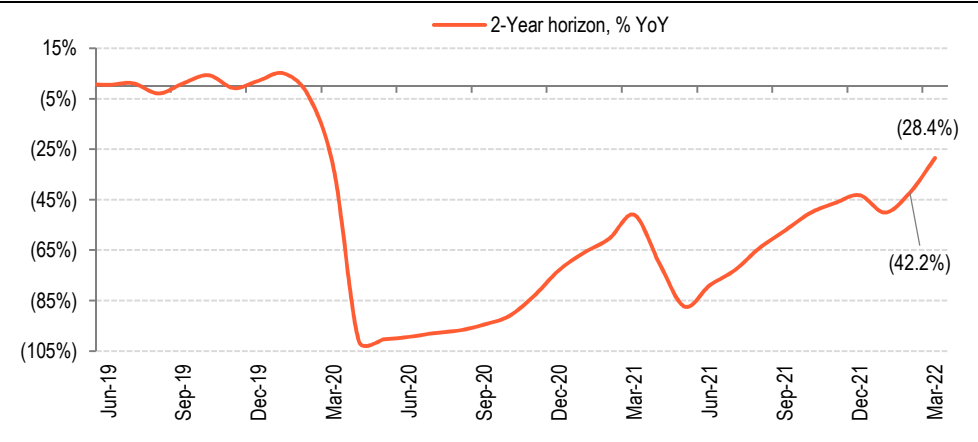
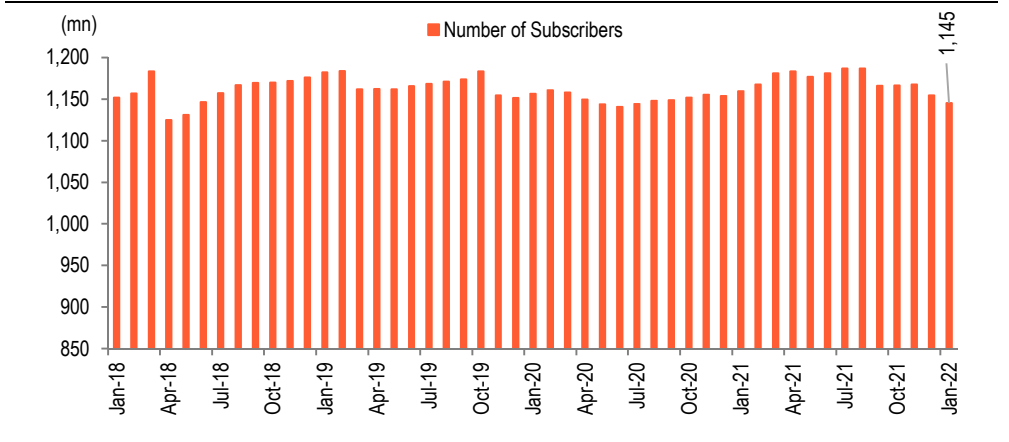


Fig 70 – Telecom sector lost 3.9 mn wireless ssubscribers in Feb'22 following 9.4mn wireless subscribers lost in Jan'22



Finance and real estate

Fig 71 – Growth in GVA: Finance, real estate & prof. also saw impact of base effect in Q3

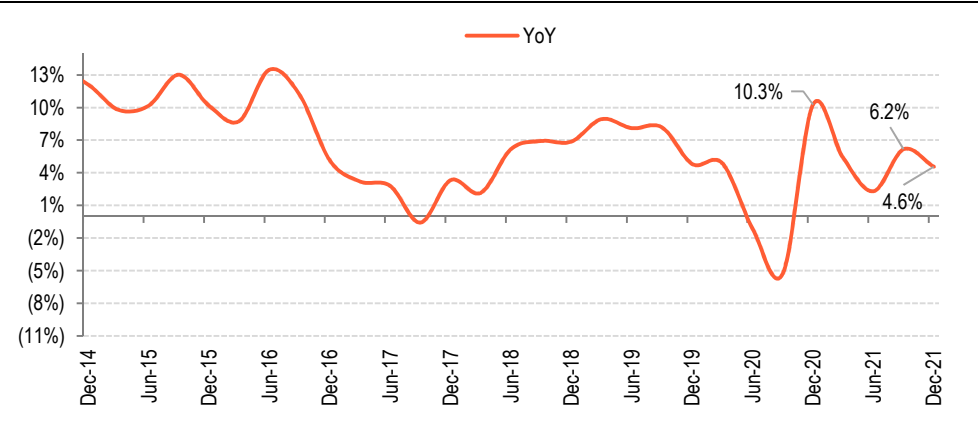
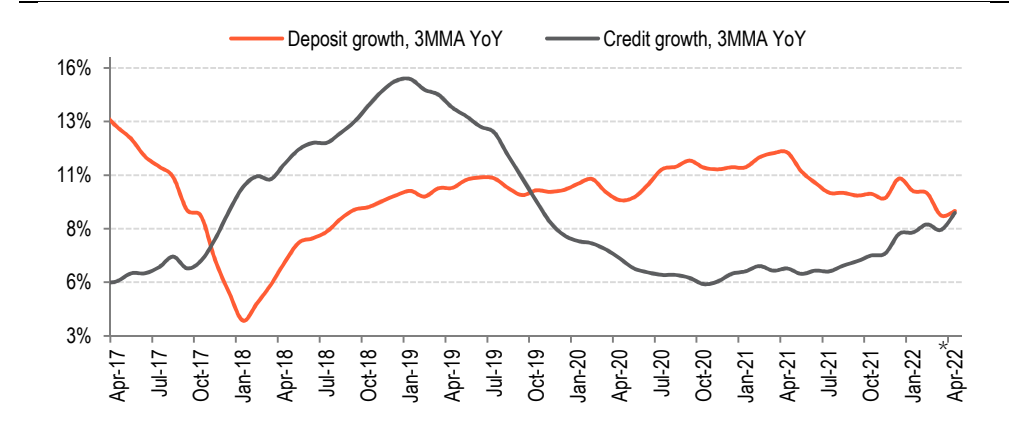


Fig 72 – Both deposit and credit growth recovering in Apr'22



*Data as of 22 Apr 2022

Fig 73 – Credit to both services and industry dips

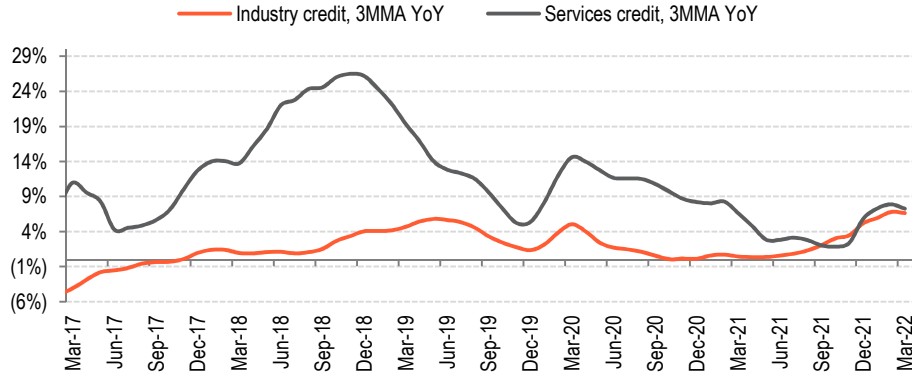


Fig 74 – Credit to NBFCs and commercial real estate subdued in Mar'22

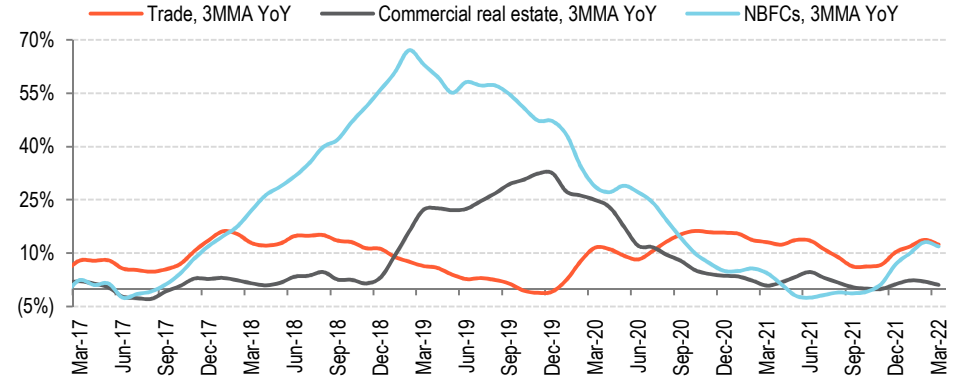
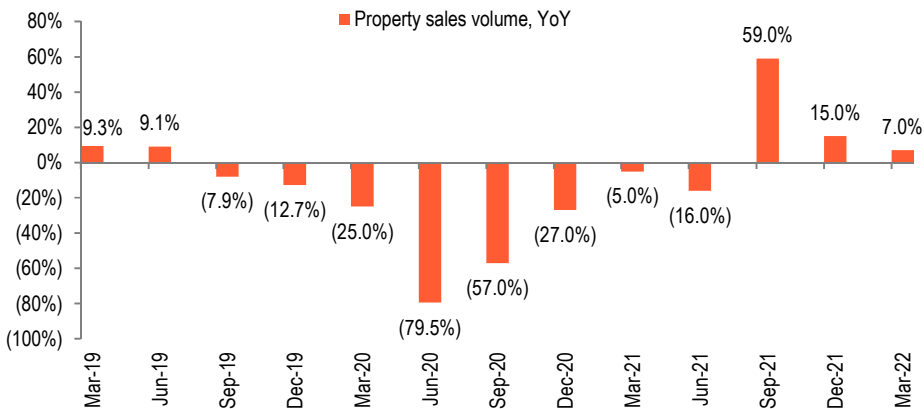
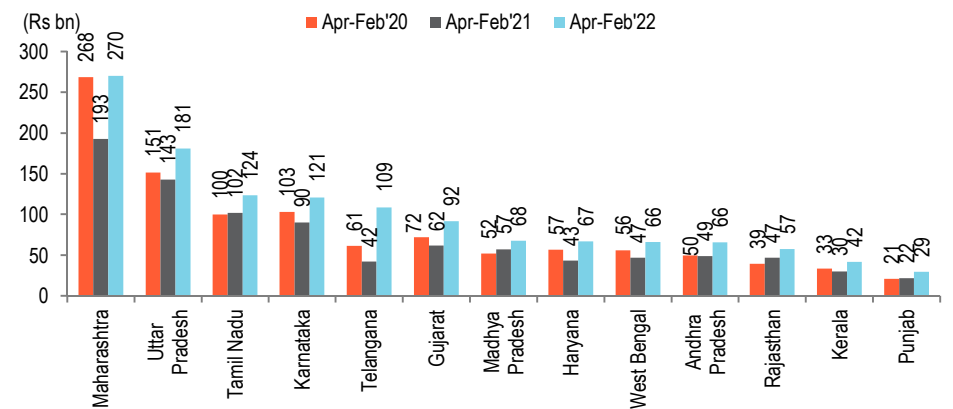


Fig 75 – Property sales volumes moderate



Source: Proptiger

Fig 76 – Stamp duty collections of all states have surpassed pre-pandemic levels in FYTD22 so far



Labour market

Fig 77 – Naukri job index dips..

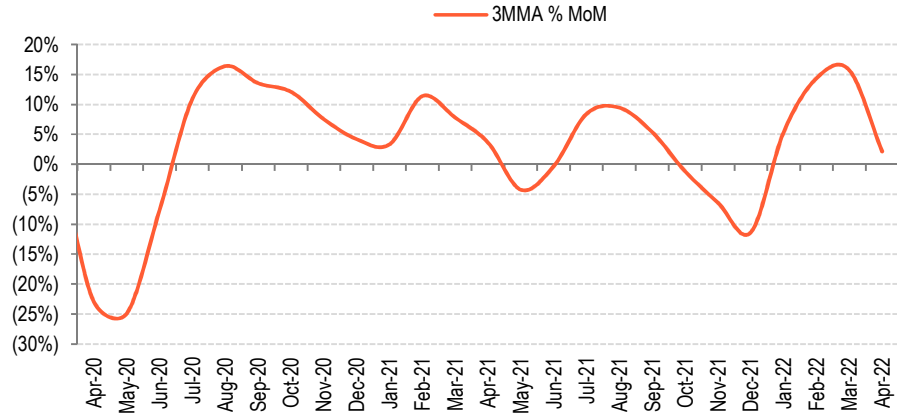
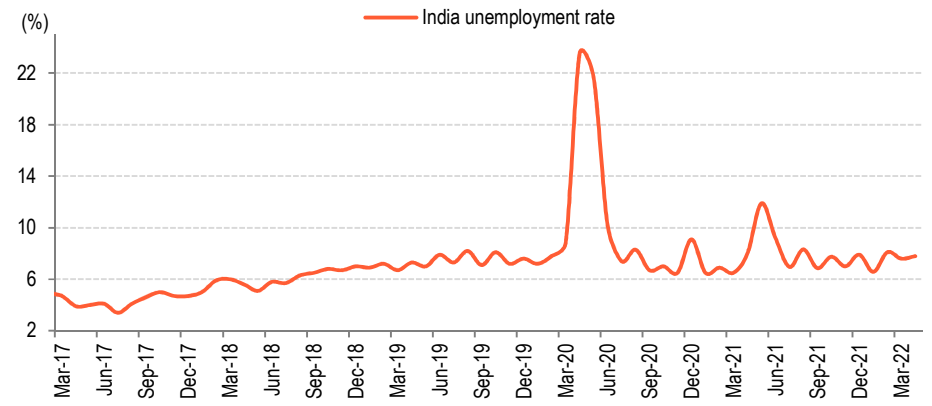


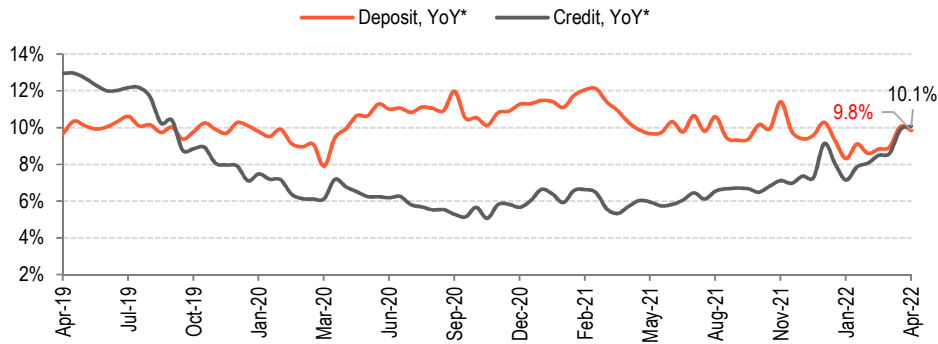
Fig 78 – Overall unemployment rate inched up



Financial sector

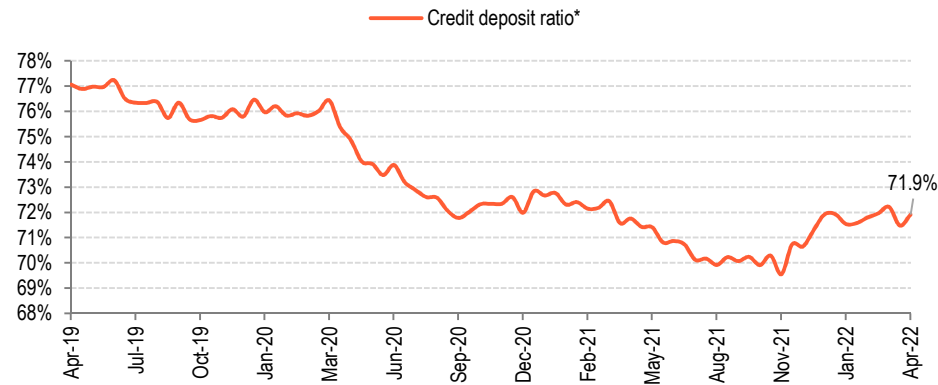
Money and banking

Fig 79 – Credit demand rose to 10.1% in Apr'22 from 8.6% in Mar'22, deposit growth rose to 9.8% from 8.9%



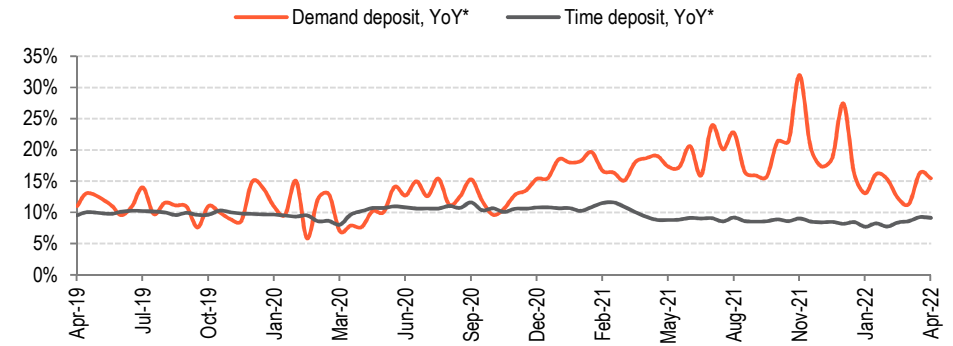
Note: *Apr'22 implies fortnight as of 22 Apr 2022

Fig 81 – CD ratio was at 71.9%



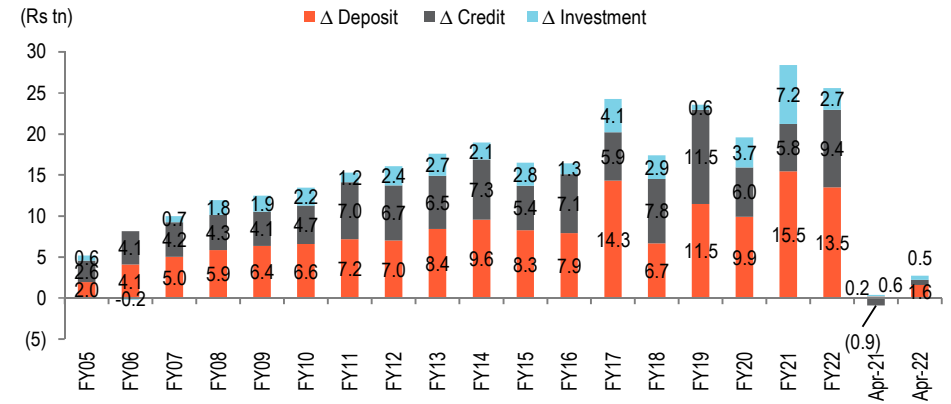
Note: *Apr'22 implies fortnight as of 22 Apr 2022

Fig 80 – ...Both demand and time deposits remained stable



Note: *Apr'22 implies fortnight as of 22 Apr 2022

Fig 82 – Pace of accretion of credit, investment and deposit



Note: *Mar'22 implies fortnight as of 25 Mar 2022

Fig 83 – Credit to govt picked up to 6% in Mar’22 from 4.7% in Feb’22, credit to commercial sector rose to 7.8% from 7.6%

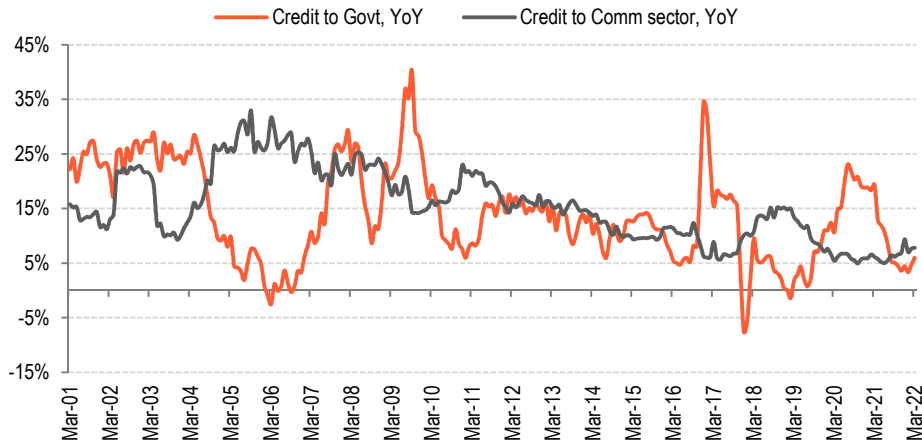


Fig 84 – Spread between call rate and repo

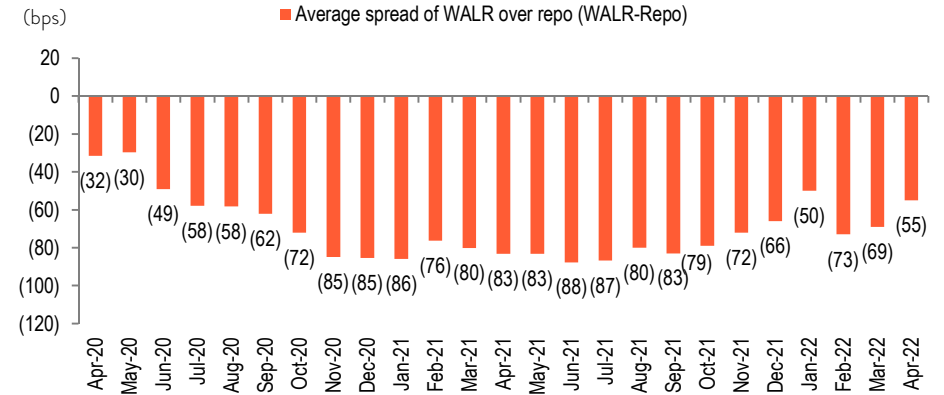


Fig 85 – WALR inched down to 6.94% in Mar’22 from 7.19% in Feb’22, while WADTDR inched up to 5.11% from 5.10%

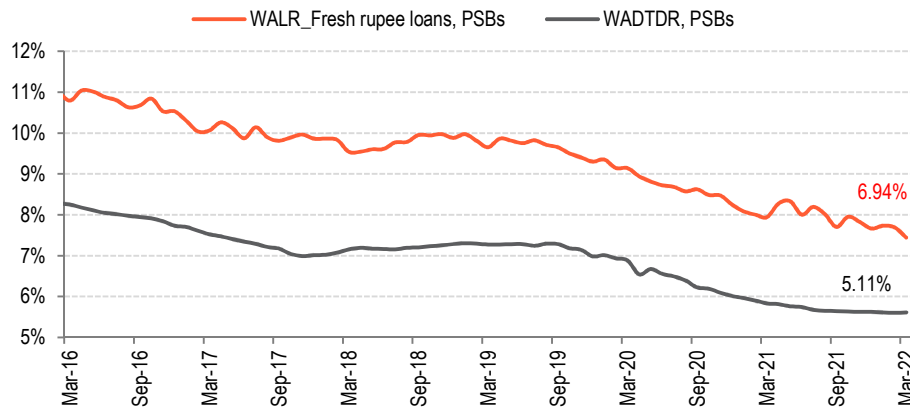


Fig 86 – CIC accretion in Apr’22 has been Rs 748bn higher than same period of last year

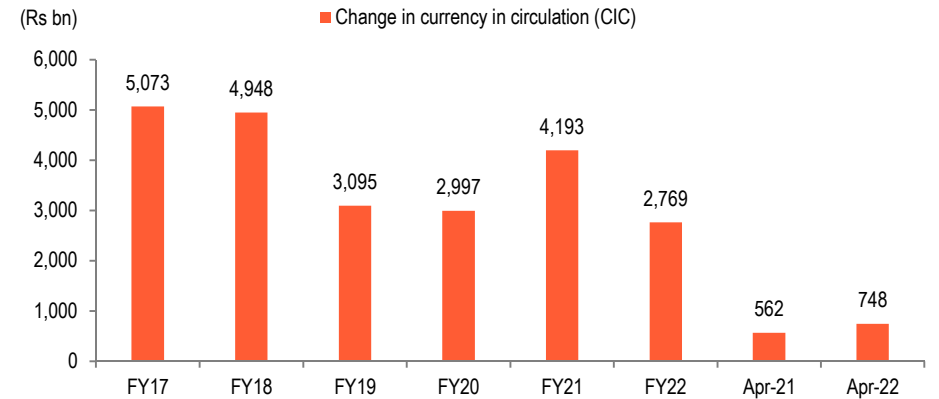
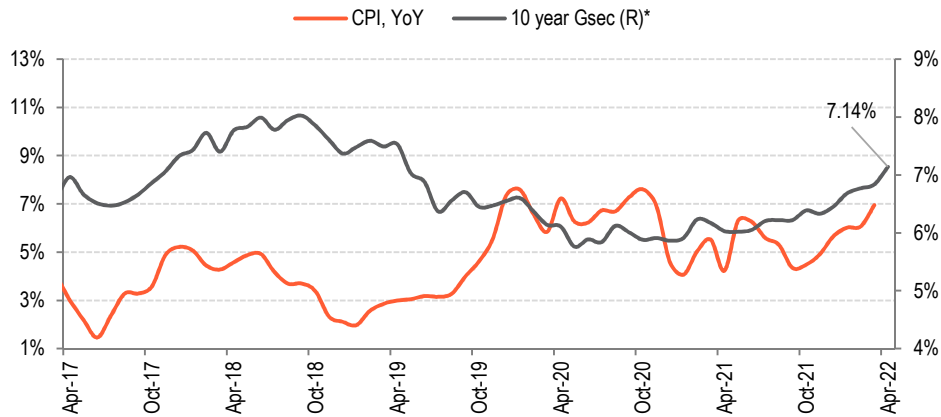


Fig 87 – 10Y GSec yield inched up to 7.14% in Apr'22 from 6.84% in Mar'22 and currently higher at 7.47% post RBI's policy, inflation edged up to 7% in Mar'22



Note: *As on last trading day of the month, 6.10GS2031 benchmark security is taken

Fig 89 – Corporate debt issuance rose to Rs 776bn from Rs 493bn in Feb'22

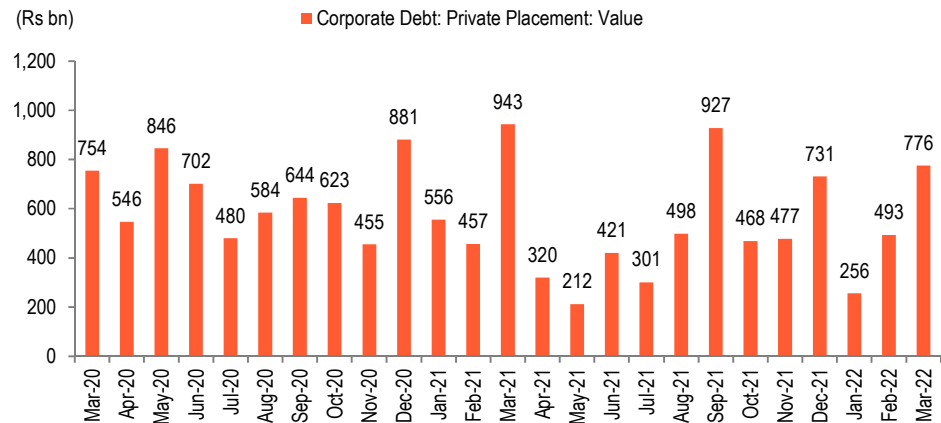
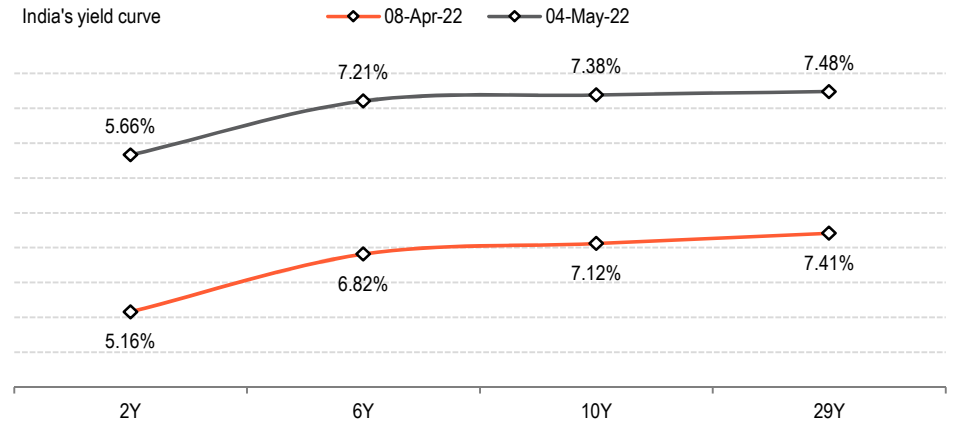
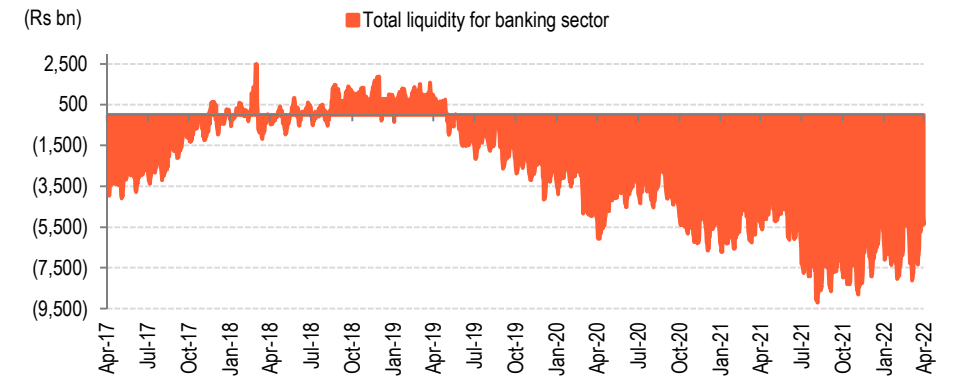


Fig 88 – Yield rose across the tenor, between RBI's previous and current surprise policy announcement



Source: Bloomberg

Fig 90 – Average system liquidity surplus was at Rs 6.5tn against Rs 6.4tn in Mar'22 and currently lower at Rs 4.8tn



Source: RBI

Fig 91 – 3Y AAA NBFC spread rose to 54bps as on 29 Apr 2022 compared to 46bps as on 30 Mar 2022

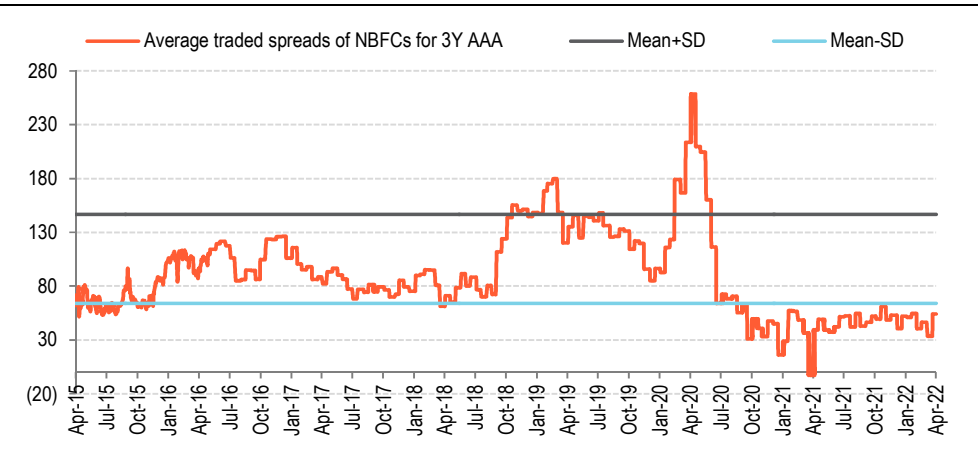


Fig 92 – 10Y AAA NBFC spread was lower at 8bps as on 29 Apr 2022 against 27bps as on 30 Mar 2022

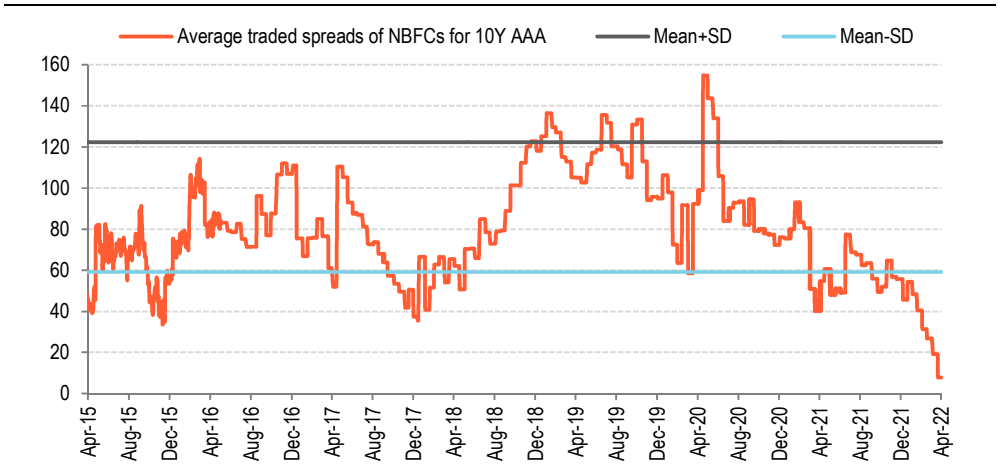


Fig 93 – Even 3Y AAA corp fell to 20bps from 35bps as on 30 Mar 2022

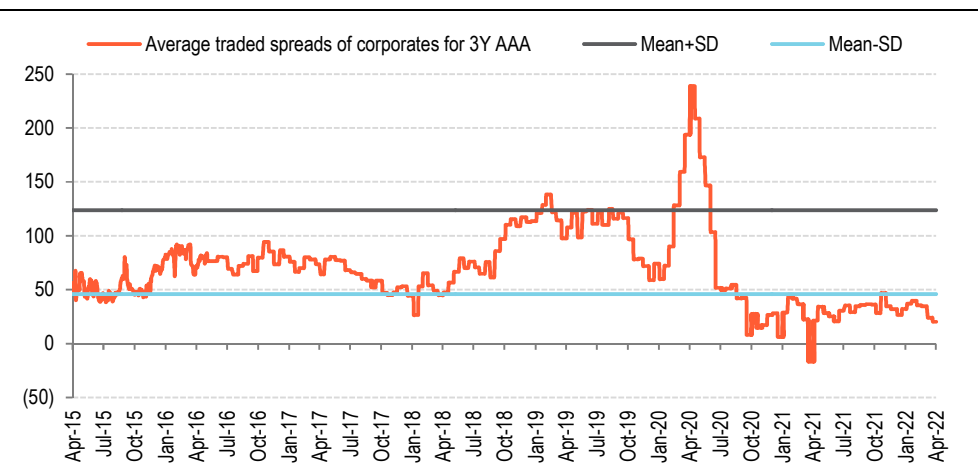


Fig 94 – 10Y AAA corp spread fell to 4bps from 20bps as on 30 Mar 2022

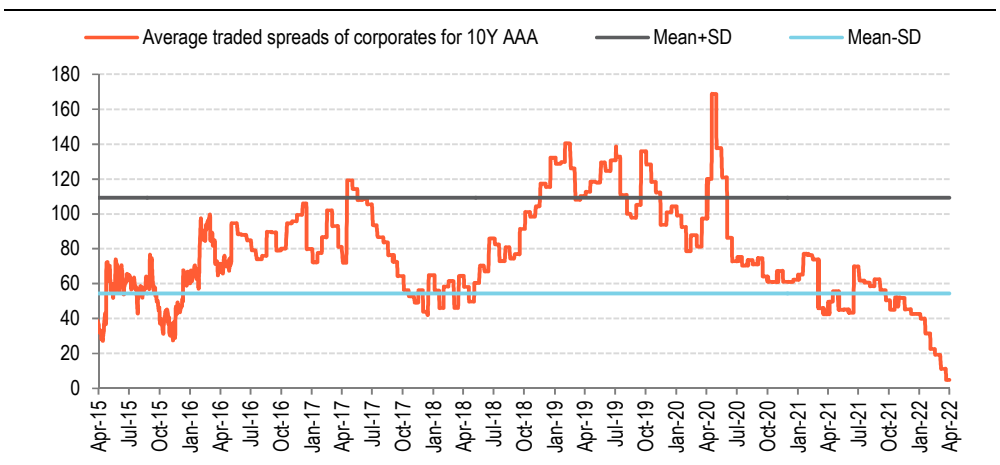


Fig 95 – INR 3Y swap rose to 6.28 as on 29 Apr 2022 from 5.49 as on 30 Mar 2022

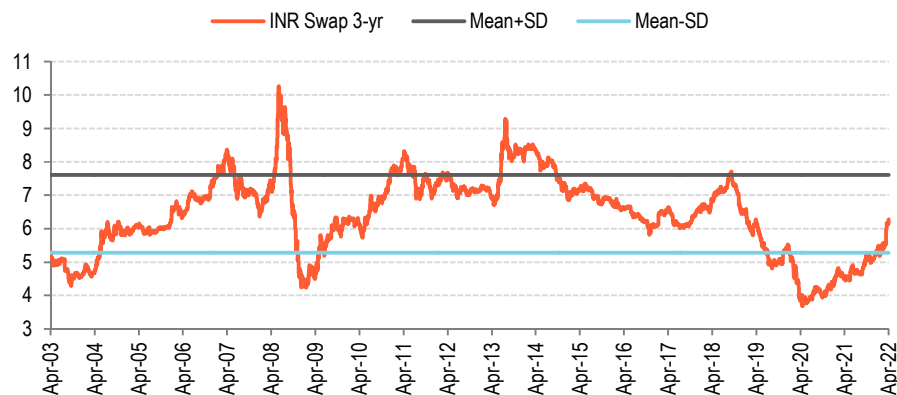
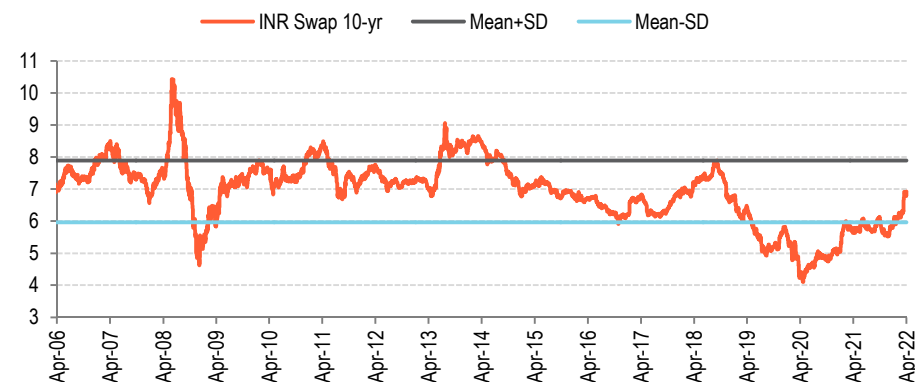


Fig 96 – For 10Y, it rose to 6.92 from 6.23



Interest rates on small savings schemes

Fig 97 – Interest rates on small savings scheme to remain unchanged in Q1FY23 as well

Instrument (%)	Q3FY20	Q4FY20	Q1FY21	Q2FY21	Q3FY21	Q4FY21	Q1FY22	Q2FY22	Q3FY22	Q4FY22	Q1FY23
Savings deposit	4.0	4.0	4.0	4.0	4.0	4.0	4.0	4.0	4.0	4.0	4.0
1 year time deposit	6.9	6.9	5.5	5.5	5.5	5.5	5.5	5.5	5.5	5.5	5.5
2 year time deposit	6.9	6.9	5.5	5.5	5.5	5.5	5.5	5.5	5.5	5.5	5.5
3 year time deposit	6.9	6.9	5.5	5.5	5.5	5.5	5.5	5.5	5.5	5.5	5.5
5 year time deposit	7.7	7.7	6.7	6.7	6.7	6.7	6.7	6.7	6.7	6.7	6.7
5 year recurring deposit	7.2	7.2	5.8	5.8	5.8	5.8	5.8	5.8	5.8	5.8	5.8
5 year senior citizen savings scheme	8.6	8.6	7.4	7.4	7.4	7.4	7.4	7.4	7.4	7.4	7.4
5 year monthly income scheme	7.6	7.6	6.6	6.6	6.6	6.6	6.6	6.6	6.6	6.6	6.6
5 year national savings certificate	7.9	7.9	6.8	6.8	6.8	6.8	6.8	6.8	6.8	6.8	6.8
Public provident fund scheme	7.9	7.9	7.1	7.1	7.1	7.1	7.1	7.1	7.1	7.1	7.1
Kisan vikas patra	7.6	7.6	6.9	6.9	6.9	6.9	6.9	6.9	6.9	6.9	6.9
Sukanya samridhi account scheme	8.4	8.4	7.6	7.6	7.6	7.6	7.6	7.6	7.6	7.6	7.6

Source: Department of Economic Affairs, Ministry of Finance, Government of India

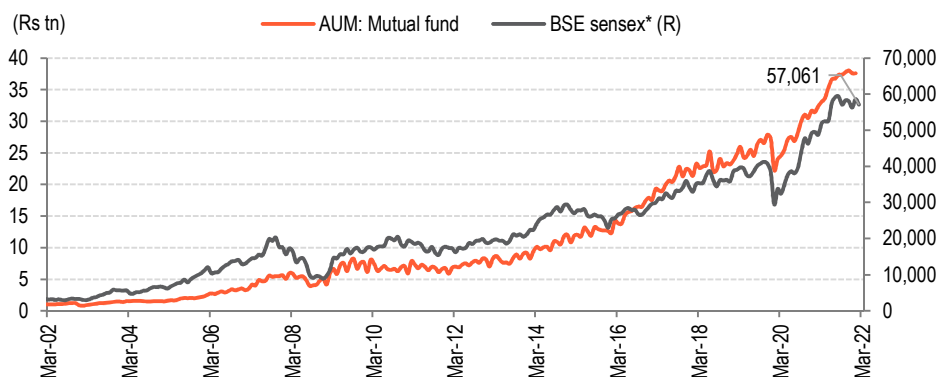
Fig 98 – MCLR rate of few banks increased

1Y MCLR (%)	Feb-21	Mar-21	Apr-21	May-21	Jun-21	Jul-21	Aug-21	Sep-21	Oct-21	Nov-21	Dec-21	Jan-22	Feb-22	Mar-22	Apr-22
Public Sector Banks															
Bank of Baroda	7.40	7.40	7.40	7.40	7.35	7.35	7.35	7.35	7.30	7.30	7.30	7.30	7.30	7.30	7.35
Bank of India	7.35	7.35	7.35	7.35	7.35	7.30	7.25	7.25	7.25	7.25	7.25	7.25	7.25	7.25	7.25
Canara Bank	7.35	7.35	7.35	7.35	7.35	7.35	7.35	7.35	7.25	7.25	7.25	7.25	7.25	7.25	7.25
Indian Bank	7.30	7.30	7.30	7.30	7.30	7.30	7.35	7.35	7.35	7.30	7.30	7.30	7.30	7.30	7.30
Punjab National Bank	7.35	7.35	7.35	7.35	7.30	7.30	7.30	7.30	7.25	7.25	7.25	7.25	7.25	7.25	7.25
State Bank of India	7.00	7.00	7.00	7.00	7.00	7.00	7.00	7.00	7.00	7.00	7.00	7.00	7.00	7.00	7.10
Union Bank of India	7.20	7.20	7.20	7.20	7.20	7.20	7.20	7.20	7.25	7.25	7.25	7.25	7.25	7.25	7.25
Private Sector Banks															
Axis Bank Ltd.	7.40	7.40	7.40	7.35	7.35	7.35	7.35	7.35	7.35	7.35	7.35	7.35	7.35	7.35	7.40
HDFC Bank Ltd.	7.20	7.20	7.20	7.20	7.20	7.20	7.20	7.20	7.20	7.20	7.20	7.20	7.20	7.25	7.25
ICICI Bank Ltd.	7.30	7.30	7.30	7.30	7.30	7.25	7.25	7.25	7.25	7.25	7.25	7.25	7.25	7.25	7.25
Indusind Bank	8.60	8.60	8.60	8.60	8.60	8.55	8.45	8.45	8.45	8.45	8.45	8.45	8.45	8.50	8.55
Kotak Mahindra Bank	7.30	7.25	7.25	7.25	7.25	7.25	7.25	7.20	7.20	7.20	7.20	7.25	7.30	7.35	7.40

Source: RBI

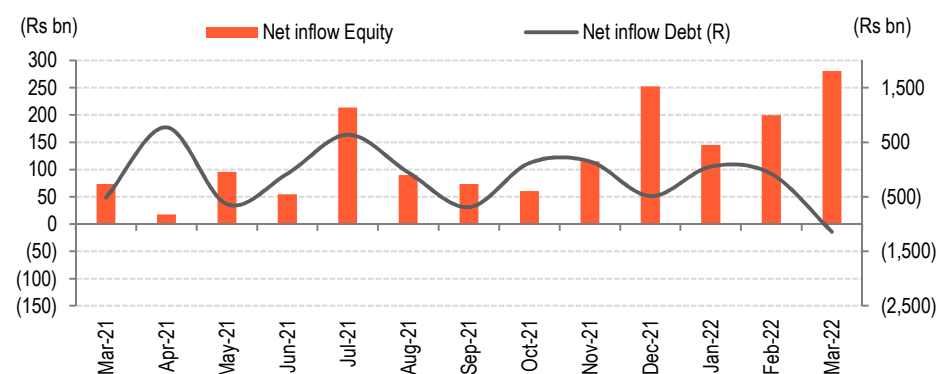
Mutual fund (MF) indicators

Fig 99 – Sensex fell by 2.6% to 57,061 in Apr'22, AUM of MFs was at Rs 38tn in Mar'22



Source: *Sensex as on last trading day of the month.

Fig 100 – MF equity inflows rose to Rs 281bn from 200bn in Feb'22; debt outflow rose to Rs 1.1tn from Rs 80bn outflow in Feb'22



Insurance sector indicators

Fig 101 – Sale of life insurance policies increased by 32.5% in Apr'22 from 4.7% in Mar'22

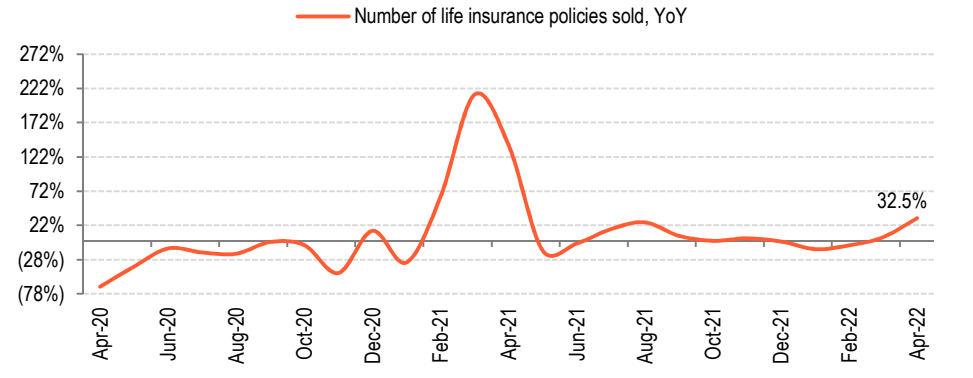
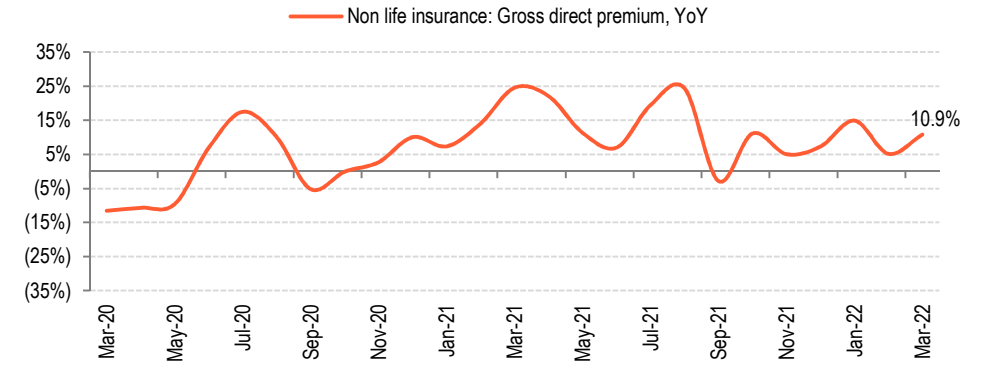


Fig 102 – Gross direct premium for non-life insurance rose to 10.9% from 5.2% in Mar'22



Central government borrowing

Fig 103 – Centre’s T-bill issuances likely to be at Rs 4.32tn in Q1FY23

Total accepted amount (G-Sec), (Rs bn)	FY17	FY18	FY19	FY20	FY21	FY22	FY23	FY23 (planned)
Q1	2,797	2,888	3,089	3,364	5,328	5,375	2,066*	4,320
Q2	2,584	3,186	3,299	3,024	5,417	3,215		-
Q3	2,747	2,632	3,070	2,889	3,745	3,630		-
Q4	1,684	2,486	1,812	2,511	2,714	4,766		-
Total	9,811	11,192	11,271	11,788	17,204	16,986		-

Source: RBI *Till 04 May 2022

Fig 104 – Centre’s gross borrowing in H1FY23 is pegged at Rs 8.45tn

Total accepted amount (G-Sec), (Rs bn)	FY17	FY18	FY19	FY20	FY21	FY22	FY23	FY23 (planned)
Q1	1,500	1,680	1,320	2,040	3,140	3,064	1300	3,900
Q2	1,910	1,890	1,440	2,210	4,220	3,649		4,550
Q3	1,610	1,640	1,270	1,930	2,910	3,190		-
Q4	800	670	1680	920	3,191	1370		-
Total	5,820	5,880	5,710	7,100	13,461_A	11,273		-

Source: RBI^A Against budgeted Rs 12.8tn *Till 6 May 2022

External sector

Exports

Fig 105 – Global exports moderating

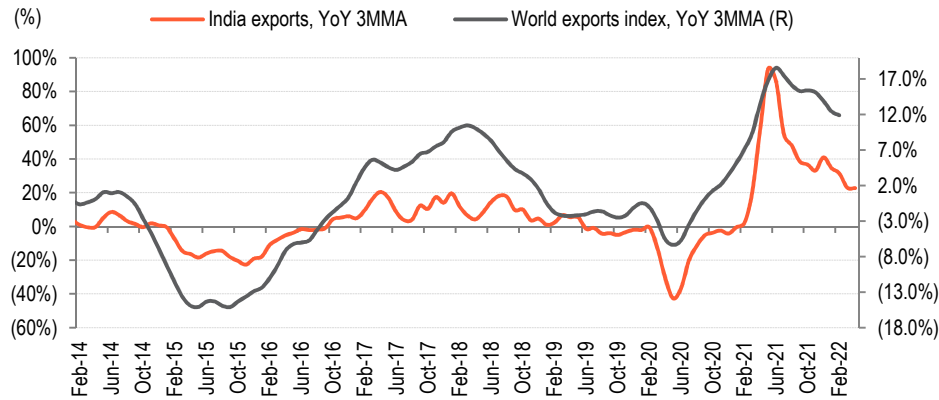
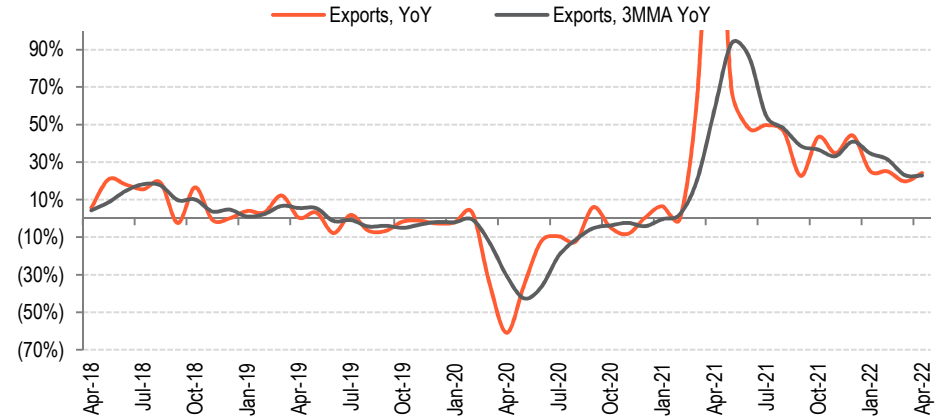


Fig 106 – India's exports remained buoyant even in Apr'22



Exports by major sectors

Fig 107 – Non-oil exports rise by 12.3% in Apr'22 compared with 8.8% in Mar'22

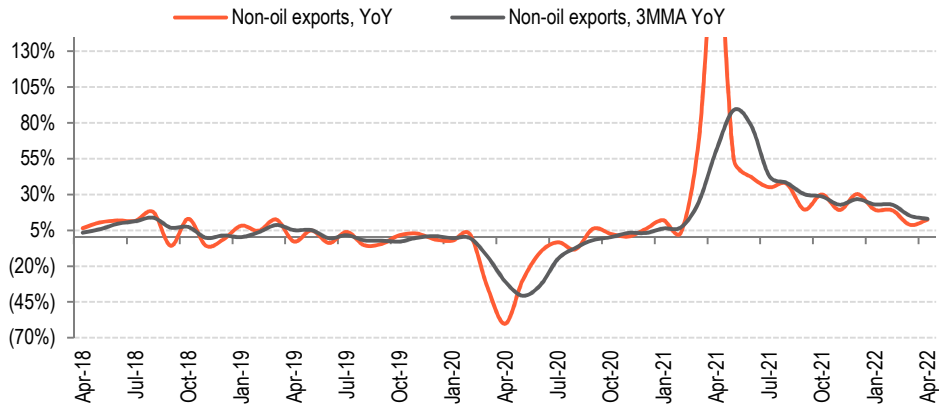


Fig 108 – Improvement in exports of organic and inorganic chemicals

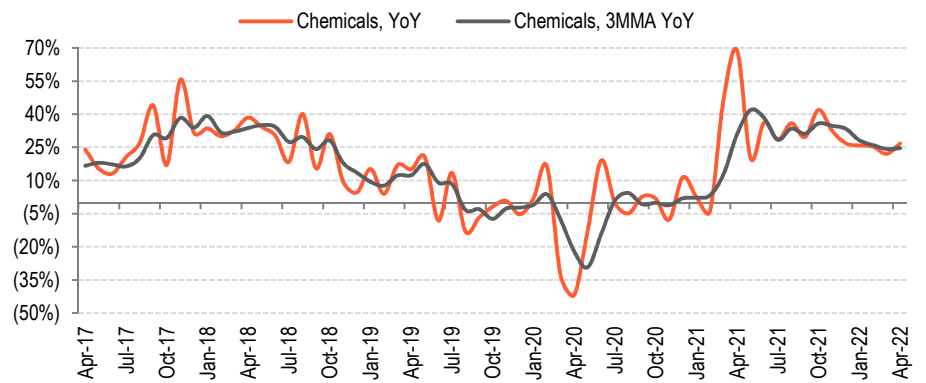


Fig 109 – Exports of drugs and pharmaceuticals also stabilising

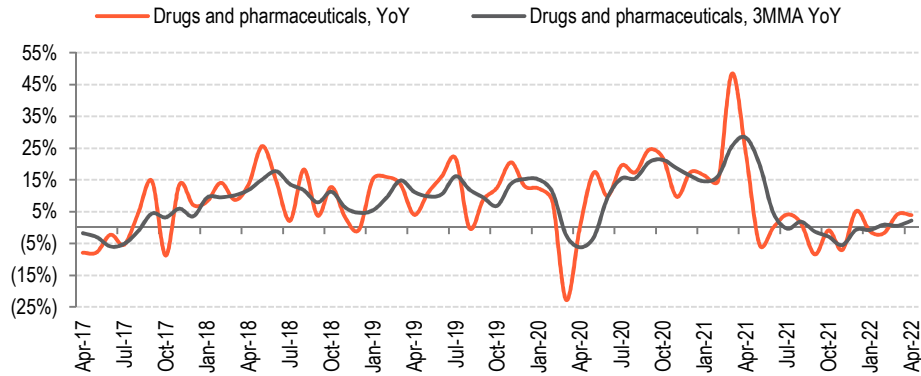
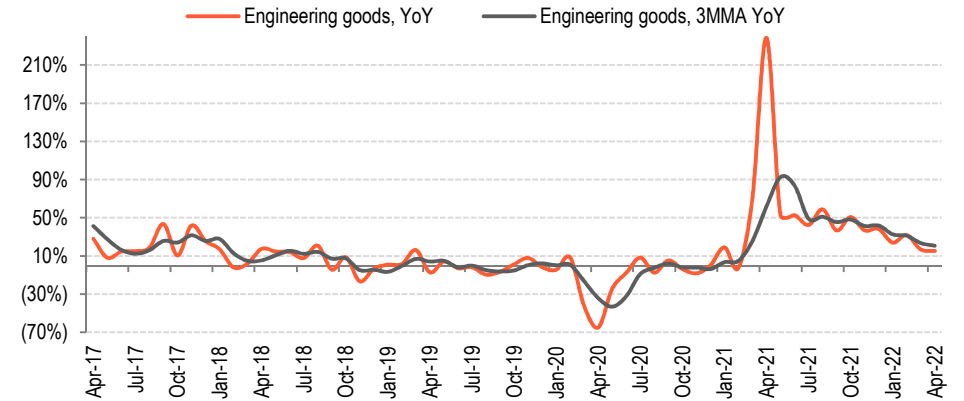


Fig 110 – However, exports of engineering goods moderated in Apr'22



Imports

Fig 111 – Import growth also picked up to 26.5% in Apr'22 from 24.2% in Mar'22

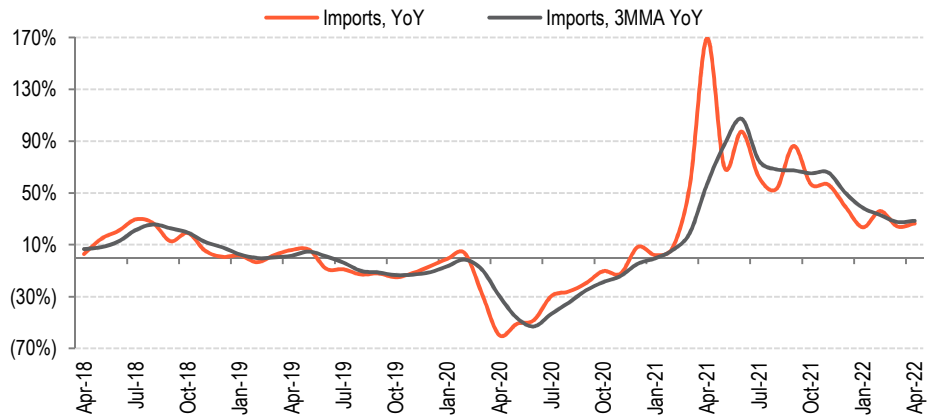


Fig 112 – Gold imports contracted at a slower pace of 73% in Apr'22 compared with a decline of 87.7% in Mar'22

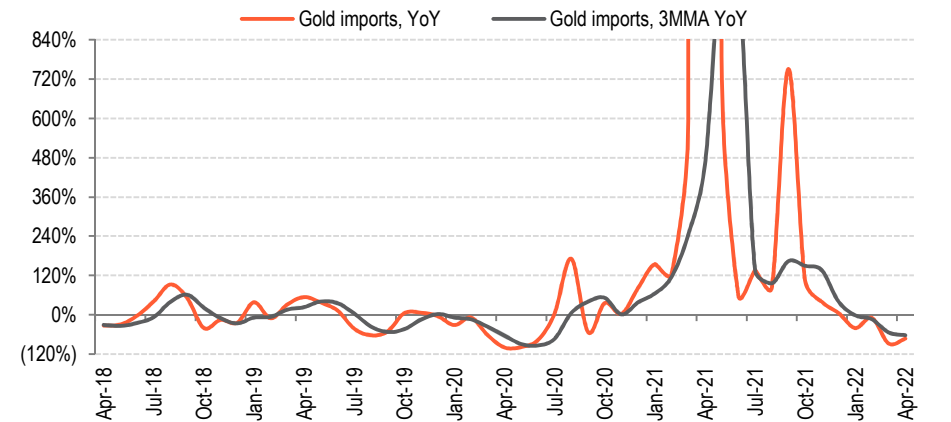


Fig 113 – Machinery imports pick up

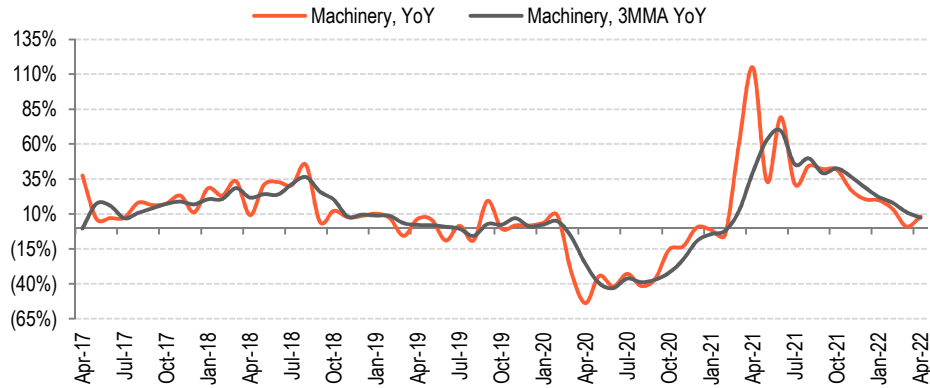


Fig 114 – Imports of non-ferrous metals also accelerate

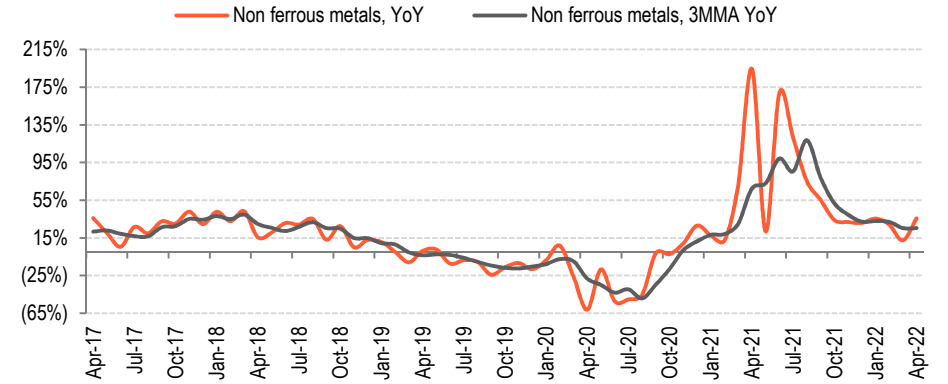


Fig 115 – .. similar trend in imports of chemicals

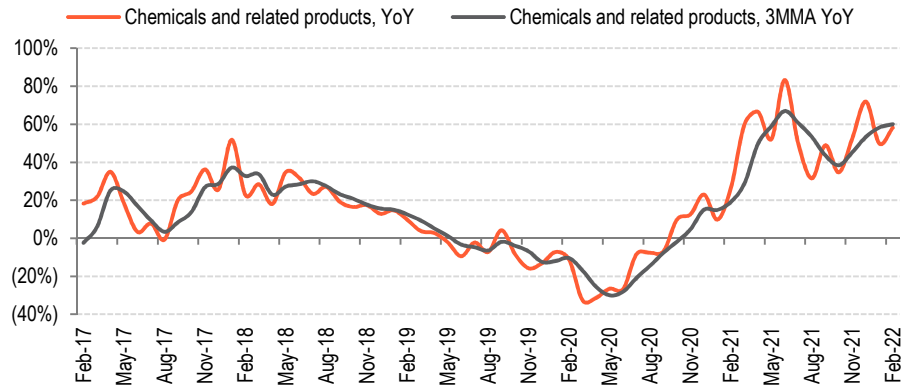
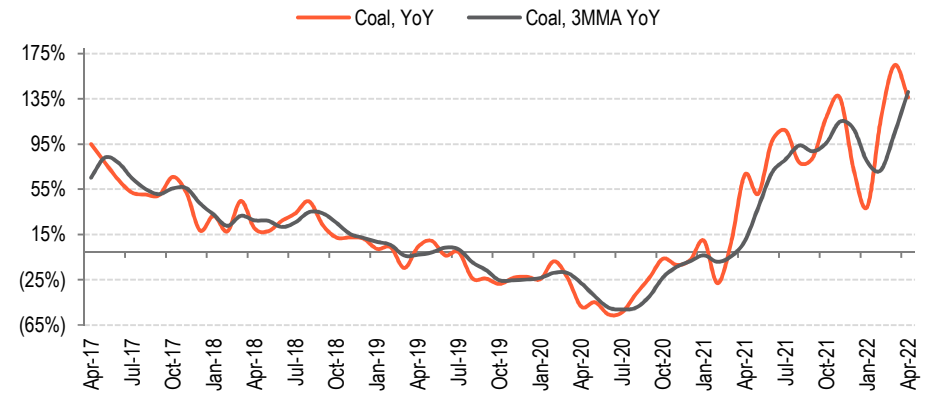


Fig 116 – Coal imports remain elevated



Exports and imports by major regions

Fig 117 – Barring China, exports to all regions have picked up in FY22 due to favourable base

Region (% YoY)	Share in FY22	FY18	FY19	FY20	FY21	FY22
Americas	23.8	14.3	9.7	1.1	(2.7)	46.4
Asia and Pacific (Ex. China)	27.2	12.8	4.7	(14.3)	0.3	43.2
China	5.1	31.1	25.6	(0.8)	27.5	0.3
Europe	20.6	13.1	6.7	(5.9)	(8.7)	55.9
Middle East and Africa	22.8	0.7	10.4	(1.0)	(21.1)	50.3
Other	0.6	(26.4)	28.8	(8.0)	(63.9)	84.2

Fig 118 – Imports from all regions have picked up in FY22

Region (% YoY)	Share in FY22	FY18	FY19	FY20	FY21	FY22
Americas	11.8	20.0	16.4	(6.3)	(23.3)	54.6
Asia and Pacific (Ex. China)	24.2	20.4	21.0	(8.5)	(13.6)	44.6
China	15.4	24.6	(7.9)	(7.2)	(0.1)	44.4
Europe	13.9	13.7	13.5	(9.9)	(9.0)	31.3
Middle East and Africa	32.3	22.7	19.4	(8.6)	(27.8)	87.8
Other	2.3	32.0	(56.8)	27.0	(24.0)	54.4

Trade deficit

Fig 119 – Trade deficit widens to US\$ 20.1bn in Apr'22 from US\$ 18.5bn in Mar'22

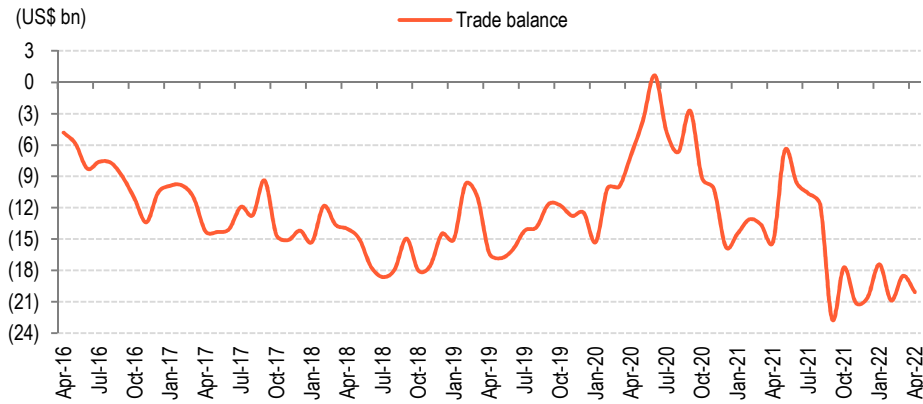
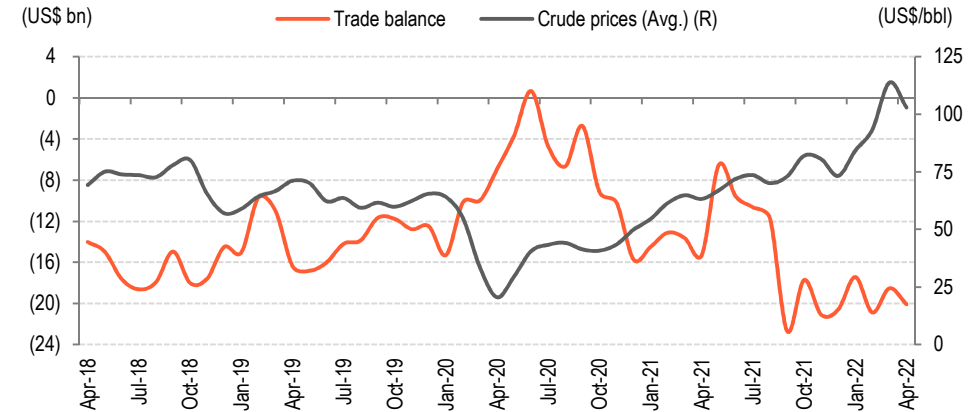
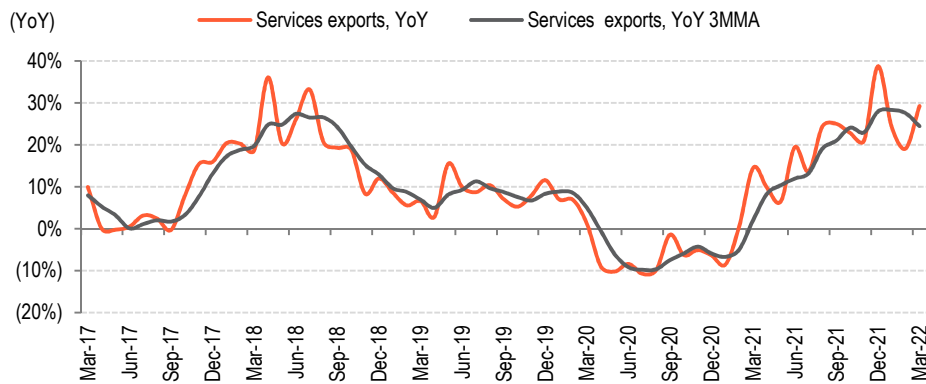


Fig 120 – ... despite moderation in oil prices



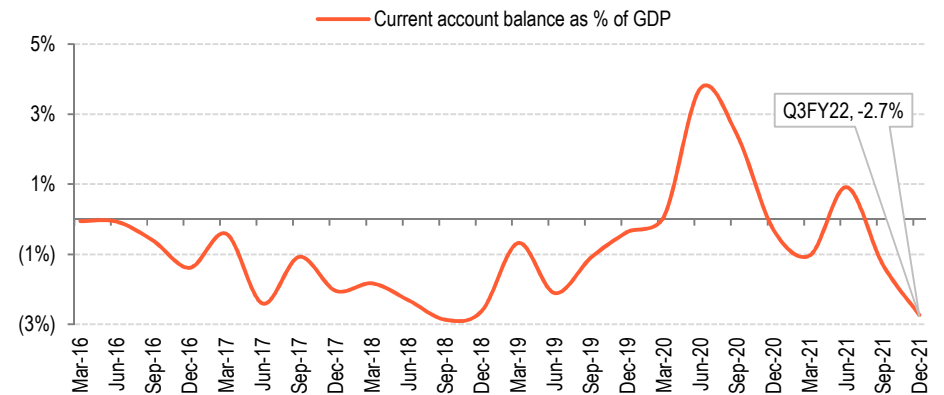
Trade in services

Fig 121 – Services exports rise by 21.2% in FY22, after declining by 5.1% in FY21



BoP

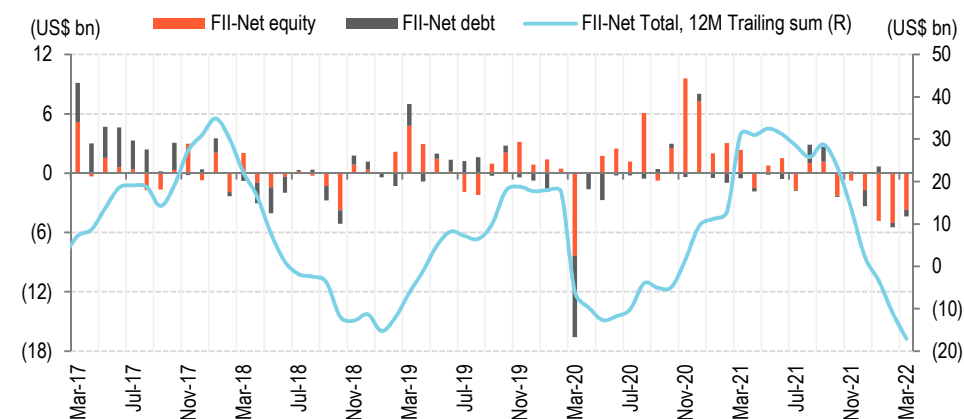
Fig 122 – India's current account deficit widened to a 13-quarter high of 2.7% of GDP in Q3FY22



Foreign inflows

FII inflows

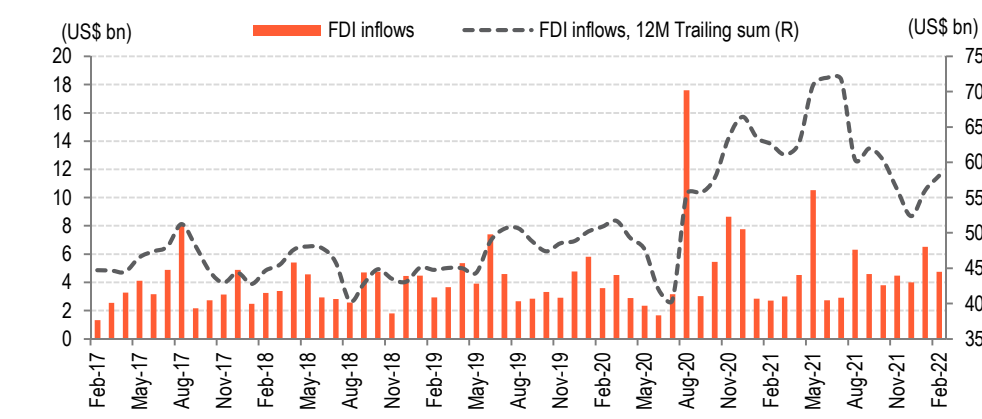
Fig 123 – FII outflows intensify to US\$ 5.5bn in Feb'22 from US\$ 4.2bn in Jan'22



Source: Bloomberg

FDI inflows

Fig 124 – FDI equity inflows moderate to US\$ 4.7bn in Feb'22 from US\$ 6.5bn in Jan'22



Source: RBI, Bank of Baroda Research

Fig 125 – FDI inflows in services and auto sector rise in Q3FY22

Sector	% Share FY21	FYTD21	FYTD22	Jun'21	Sep'21	Dec'21
Computer software & hardware	43.8	24.4	10.3	3.1	4.1	3.1
Construction (infra.) activities	13.2	7.1	1.6	0.7	0.6	0.4
Services Sector	8.5	3.9	5.3	1.9	1.3	2.2
Trading	4.4	2.1	3.0	0.6	1.5	0.9
Automobile industry	2.7	1.2	6.0	4.7	0.3	1.0
Metallurgical industries	2.2	0.9	1.4	1.3	0.0	0.1
Telecommunications	0.7	0.4	0.3	0.3	0.0	0.0

Source: DIPP

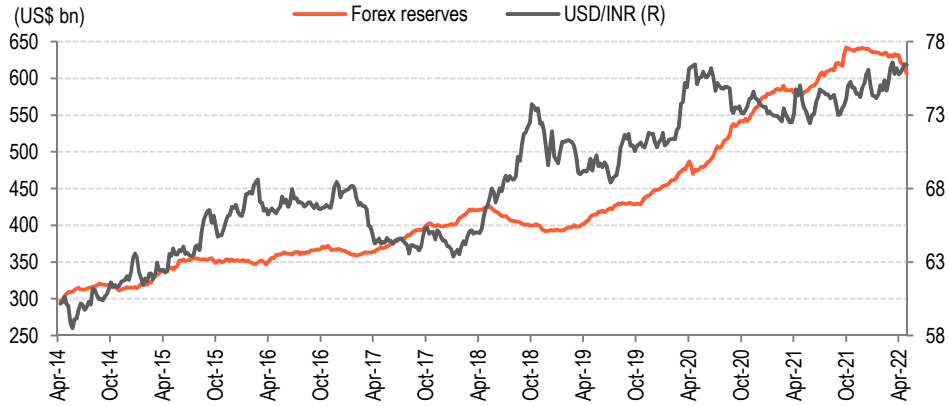
Fig 126 – FDI inflows from Mauritius accelerate the most in Q3FY22

Country (US\$ bn)	% Share in FY21	FYTD21	FYTD22	Jun'21	Sep'21	Dec'21
Singapore	29.2	15.7	11.7	3.3	4.8	3.6
US	23.2	12.8	7.5	2.0	2.7	2.9
Mauritius	9.5	3.5	6.6	3.3	1.0	2.2
Netherlands	4.7	2.4	2.7	1.1	1.0	0.5
UK	3.4	1.8	1.4	0.3	0.8	0.3
Japan	3.3	1.0	0.9	0.5	0.3	0.1

Source: DIPP

Forex reserves and external debt

Fig 127 – India’s FX reserves fall below US\$ 600bn, down US\$ 35.9bn in CYTD21



Source: Bloomberg | Weekly data as of 29 Apr 2022

Fig 128 – India’s import cover falls below long-term average

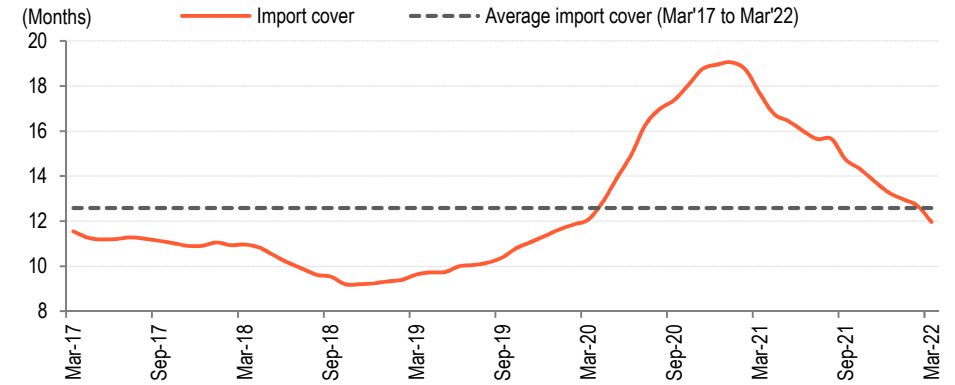


Fig 129 – RBI’s bought US\$ 0.8bn in Feb’22 in the spot market

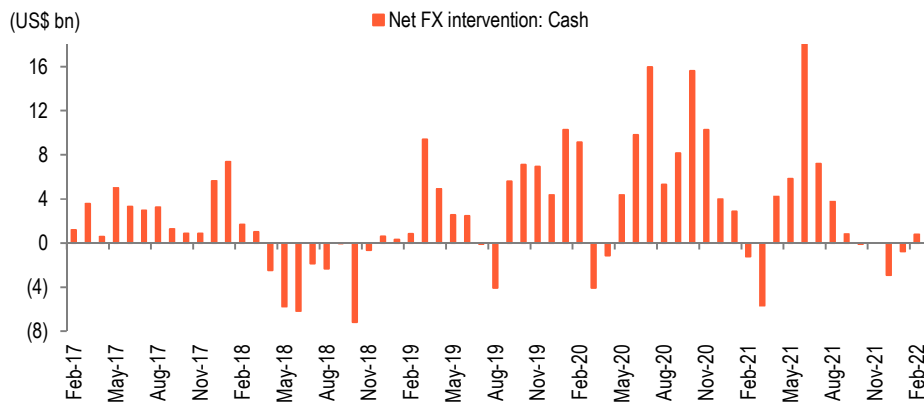
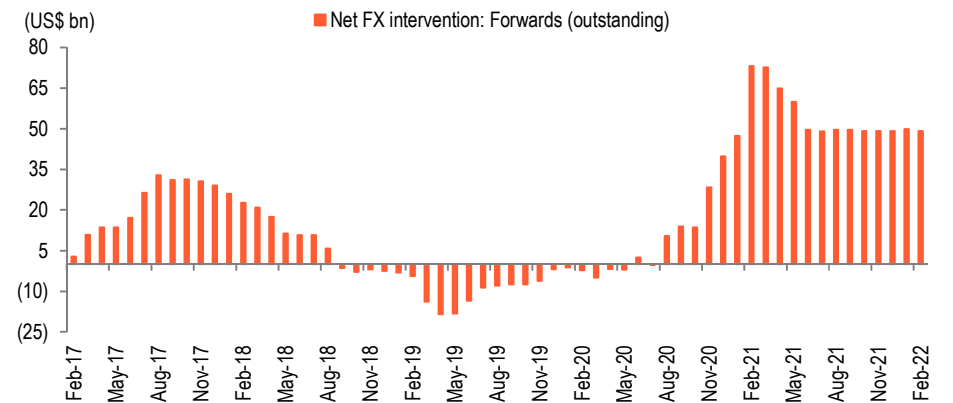


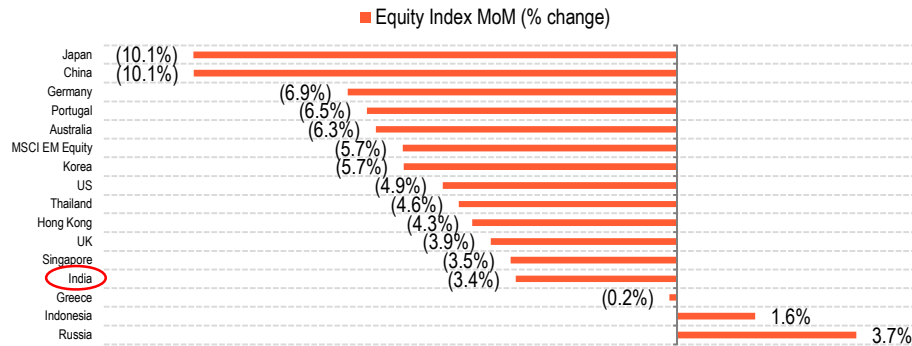
Fig 130 – RBI’s outstanding forwards position at US\$ 49.1bn as of end Feb’22



Markets

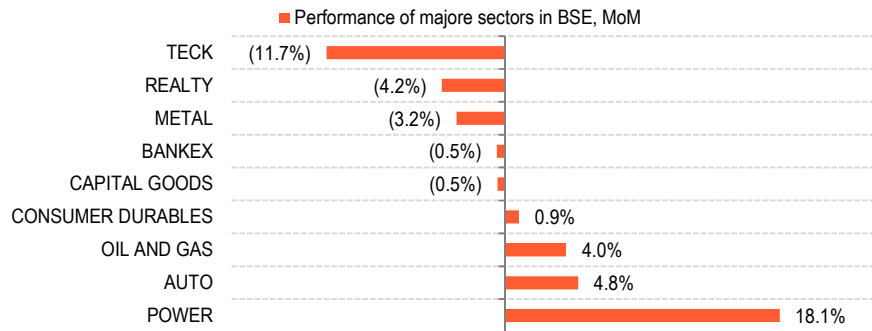
Equity

Fig 131 – In Apr'22, Sensex fell by 3.4%, MSCI EM fell by 5.7%



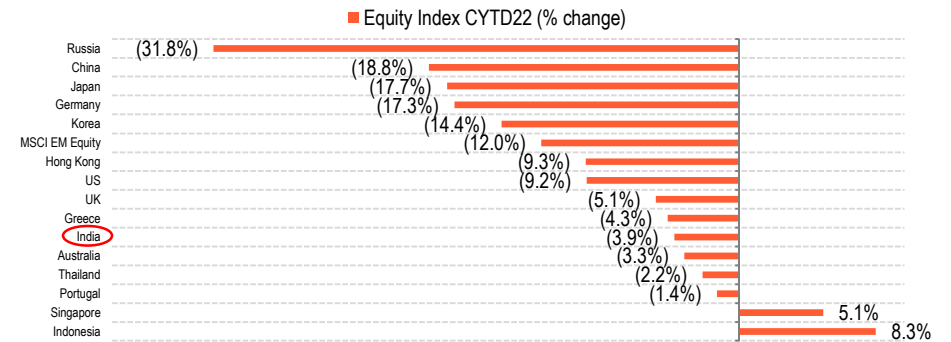
Source: Bloomberg | * As on 29 Apr 2022, Indices are in US\$ terms

Fig 133 – Technology, realty and metal stocks fell the most



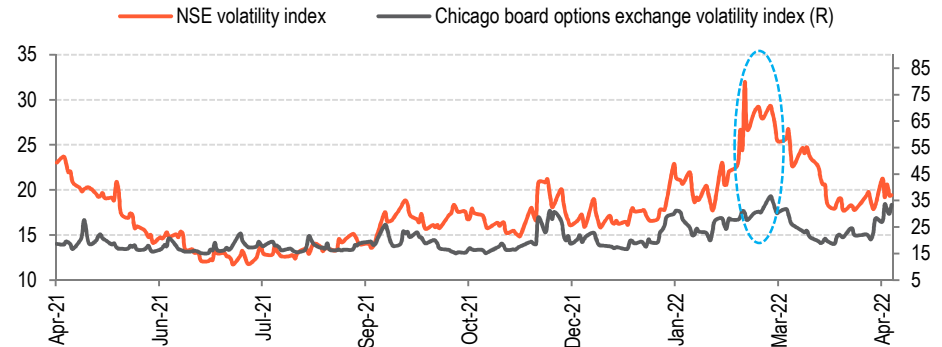
Source: Bloomberg | As on 29 Apr 2022

Fig 132 – In CYTD22 as well, Sensex fell by 3.9%



Source: Bloomberg | * As on 29 Apr 2022, Indices are in US\$ terms

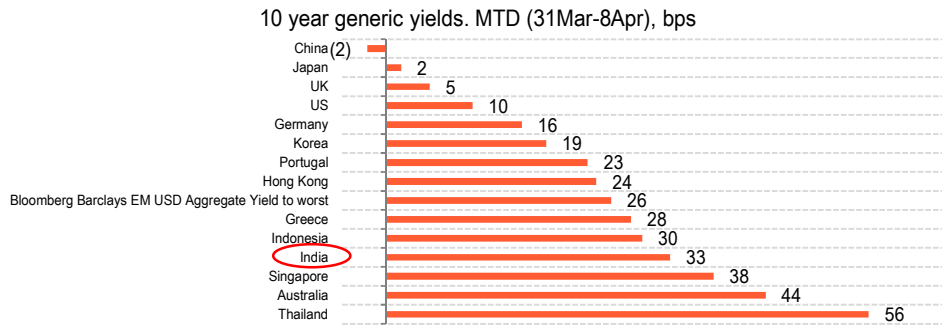
Fig 134 – VIX index fell to 19.42 from 20.56 in Mar'22, as markets have priced in the war situation



Source: Bloomberg

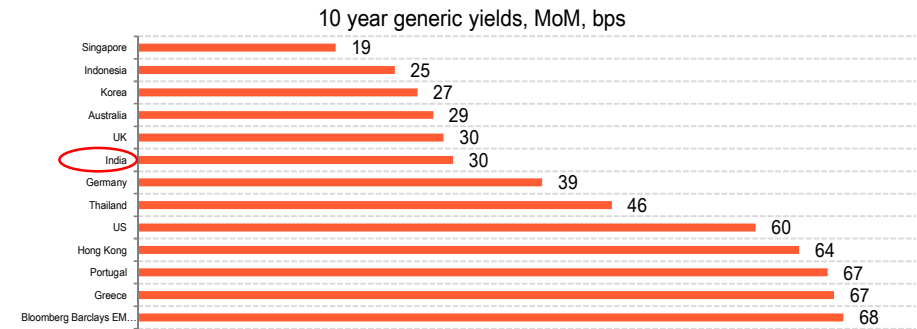
10-year bond yields

Fig 135 – On MTD basis, India’s 10Y yield rose by 33bps



Source: Bloomberg | As on 9 May 2022

Fig 136 – In Apr'22, India’s 10Y yield rose by 30bps



Source: Bloomberg | As on 29 Apr 2022

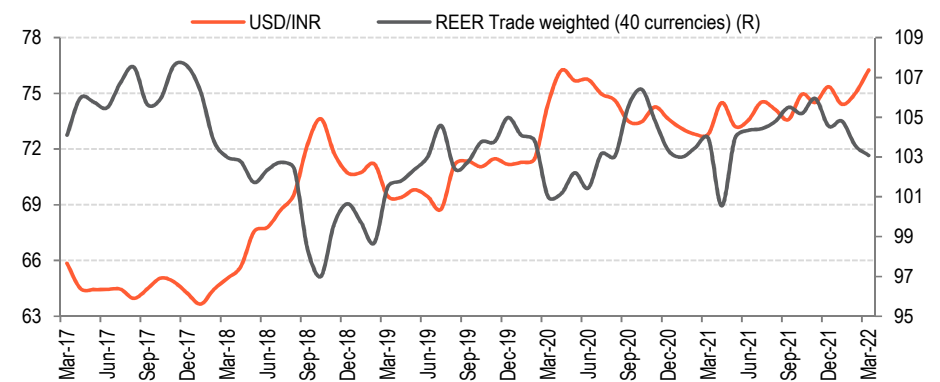
Currencies

Fig 137 – Stronger dollar weighing on INR



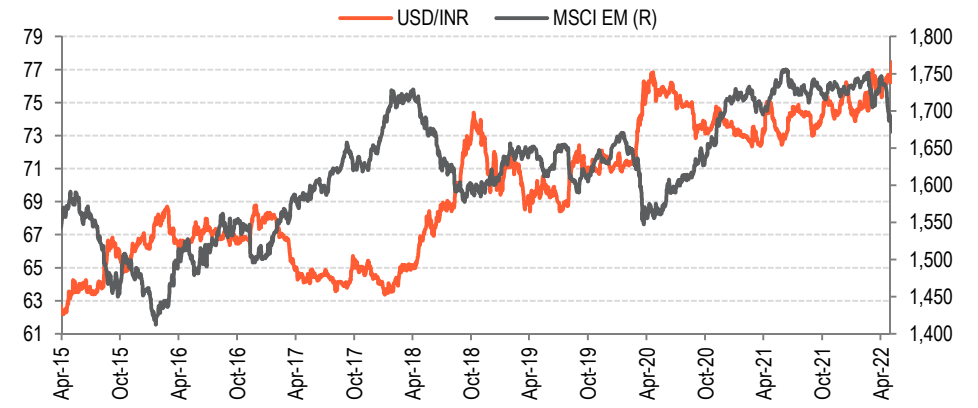
Source: Bloomberg | *As on 29 Apr 2022

Fig 138 – INR still overvalued by 3.1% (Mar'22)



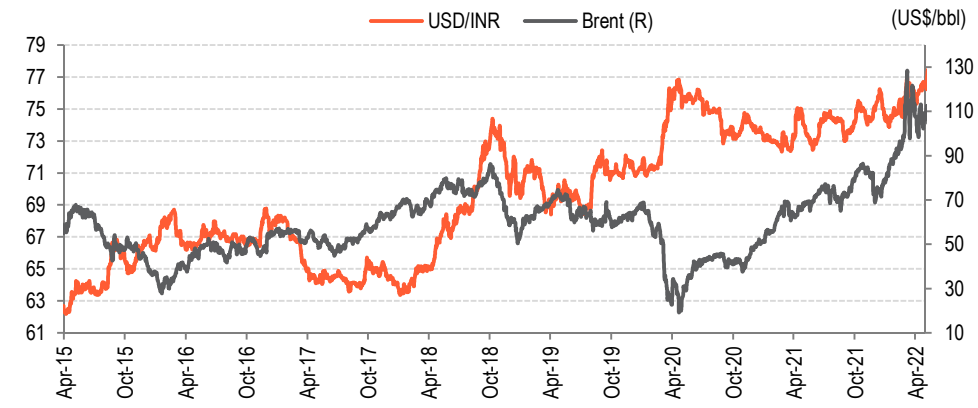
Source: Bloomberg

Fig 139 – Other EM currencies are also under pressure



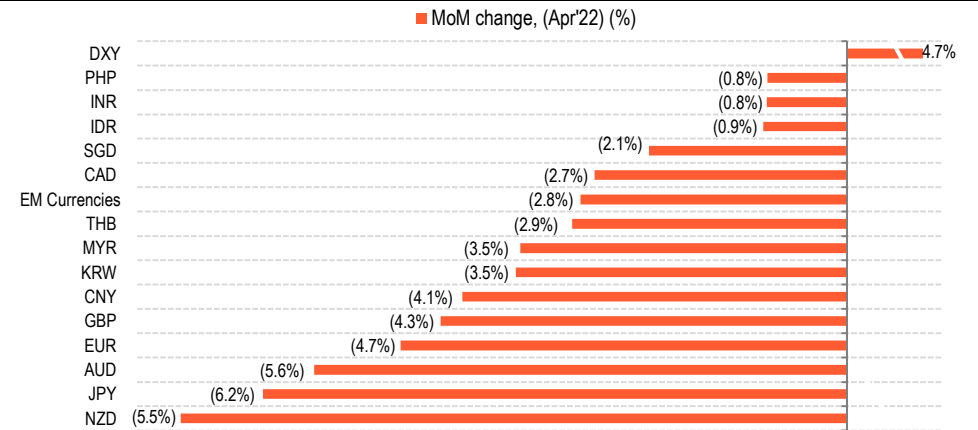
Source: Bloomberg | *As on 29 Apr 2022

Fig 140 – .. as oil prices remain elevated



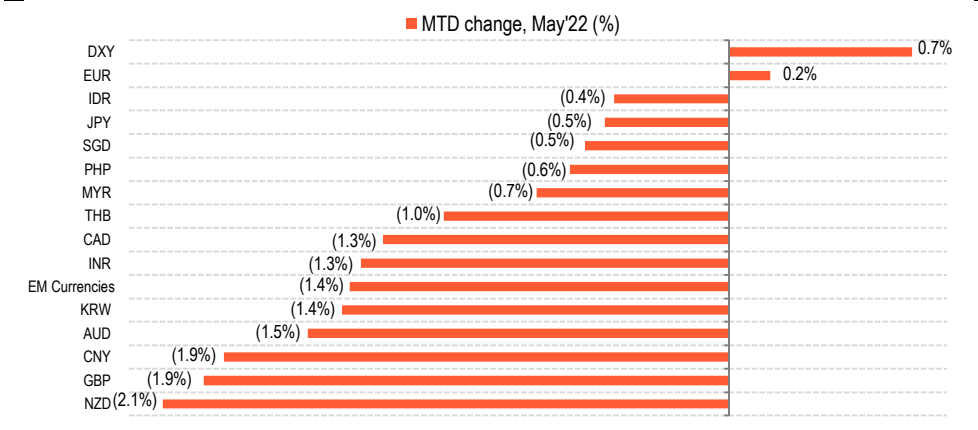
Source: Bloomberg | *As on 29 Apr 2022

Fig 141 – INR depreciated by 0.8% in Apr'22



Source: Bloomberg | *As on 29 Apr 2022

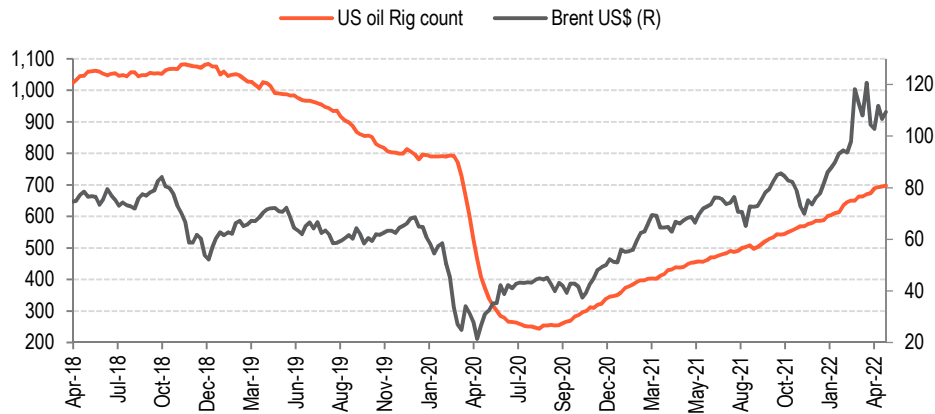
Fig 142 – INR depreciated to a record low of 77.46/\$ in May'22



Source: Bloomberg | *As on 9 May 2022

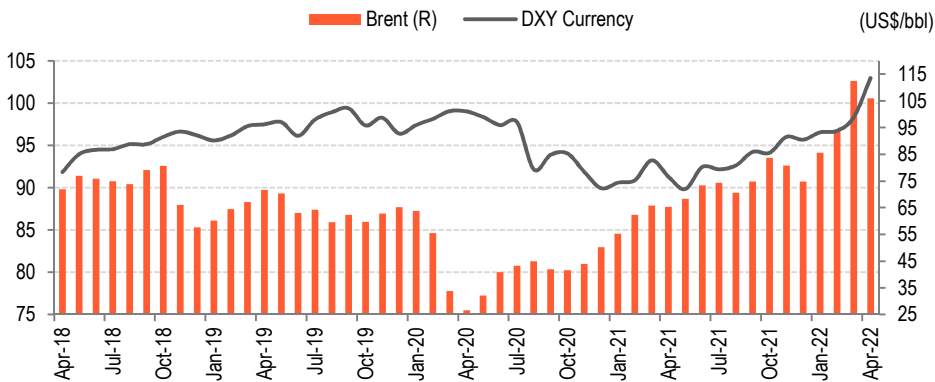
Commodities

Fig 143 – US rig count inched up



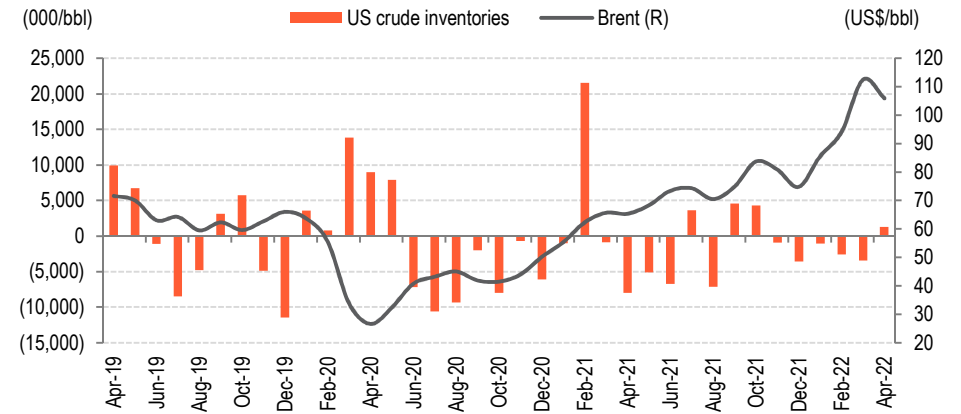
Source: Bloomberg

Fig 145 – Oil prices averaged to US\$ 106 in Apr'22 from US\$ 113/bbl in Mar'22, DXY rose to 102.96 from 98.31 due to hawkish stance by Fed



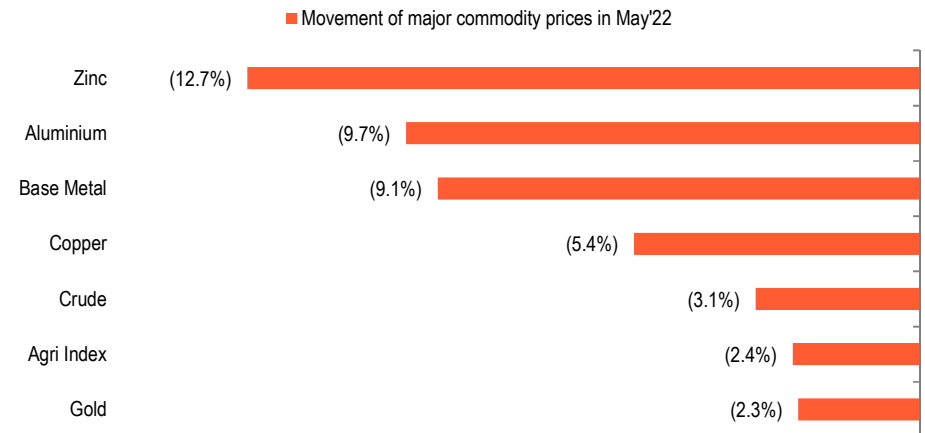
Source: Bloomberg | DXY Index as on last trading day of the month

Fig 144 – US crude oil inventory rose in Apr'22



Source: Bloomberg

Fig 146 – Prices of major commodities are undergoing correction on fear of recession



Source: Bloomberg | As on last trading day of the month, Data as of 9 May 2022

Fig 147 – Performance of high frequency indicators

Indicators	Apr-21	May-21	Jun-21	Jul-21	Aug-21	Sep-21	Oct-21	Nov-21	Dec-21	Jan-22	Feb-22	Mar-22	Apr-22
Agriculture													
Tractor sales	480.8	(2.4)	22.1	8.2	(9.8)	(9.5)	3.2	(16.7)	(22.5)	(27.8)	(26.4)	(11.6)	38.1
Two wheeler sales	-	158.3	16.9	27.6	6.7	(11.5)	(6.1)	(0.8)	(19.9)	(13.4)	(10.7)	(4.0)	38.1
MNREGA work (HH, MoM)	4.2	1.3	26.8	(9.2)	(22.0)	(2.6)	(14.4)	2.2	13.5	(9.5)	-	-	-
Manufacturing													
IIP: General index	134.6	27.6	13.8	11.5	13.0	4.4	4.2	1.3	0.7	1.5	1.7	-	-
IIP: Manufacturing	196.0	32.1	13.2	10.5	11.1	4.3	3.3	0.3	0.2	1.3	0.8	-	-
IIP: Capital goods	1,042.9	74.9	27.3	30.3	20.0	3.3	(1.6)	(2.6)	(3.8)	1.4	1.1	-	-
IIP: Infra & construction goods	609.4	46.5	20.0	12.3	13.5	9.3	6.6	3.1	2.1	6.1	9.4	-	-
IIP: Consumer goods	1,943.6	80.4	28.0	19.4	11.1	1.6	(3.2)	(5.4)	(2.6)	(3.6)	(8.2)	-	-
Steel	472.7	55.1	25.2	9.4	6.9	7.1	5.9	0.9	(0.7)	3.7	5.9	3.7	-
Cement	582.7	11.7	7.5	21.7	36.3	11.3	14.6	(3.6)	13.9	14.2	14.5	8.8	-
Electricity	38.5	7.5	8.2	11.0	16.0	0.9	3.2	2.1	2.9	0.9	4.5	4.9	-
PMI: Manufacturing	55.5	50.8	48.1	55.3	52.3	53.7	55.9	57.6	55.5	54.0	54.9	54.0	54.7
Services													
Services PMI index	54.0	46.4	41.2	45.4	56.7	55.2	58.4	58.1	55.5	51.5	51.8	53.6	57.9
Automobile sales	-	164.4	22.6	34.1	14.5	(5.3)	(5.3)	(2.7)	(16.1)	(10.7)	(9.2)	(2.9)	37.3
Passenger vehicle sales	-	178.8	43.5	62.9	38.7	16.3	(11.4)	(19.4)	(10.9)	(10.1)	(7.8)	(4.9)	26.6
Vehicle registration	215.5	158.6	22.5	34.0	14.6	(5.3)	(5.3)	(2.7)	(16.0)	(10.7)	(9.0)	(2.9)	36.9
Rail freight traffic	70.7	39.1	20.5	18.4	16.9	3.6	8.4	6.1	7.2	7.7	6.6	6.7	9.4
Port cargo volume	29.5	33.0	19.5	6.7	11.4	0.4	6.5	(0.2)	(0.6)	(2.8)	(4.5)	0.8	5.5
Credit growth	6.2	5.9	6.1	6.1	6.7	6.7	6.9	6.9	9.4	7.1	8.1	8.6	9.5
Deposit growth	11.2	9.5	9.8	9.8	9.5	9.4	10.0	8.9	12.1	8.3	8.6	8.9	8.9
CIC	15.0	13.2	12.0	10.3	9.8	9.0	8.5	7.7	7.8	8.0	8.6	9.7	10.1
Toll collection (in mn)	164.3	116.5	157.9	192.3	201.2	193.6	214.2	214.1	242.1	231.0	243.6	270.4	265.4
Diesel consumption	105.3	0.7	(1.6)	11.4	15.8	0.5	(5.5)	(7.6)	1.6	(6.4)	(0.8)	6.7	-
GST E-way bill (in mn)	58.8	40.0	54.7	64.2	65.9	67.9	73.5	61.2	71.6	68.8	69.1	78.2	75.2
External Trade													
Merchandise exports	202.7	68.3	47.9	49.7	46.3	22.7	43.4	34.7	44.2	25.3	25.1	19.7	24.2
Merchandise imports	169.5	69.9	97.4	62.2	53.1	86.4	56.8	56.5	39.3	23.5	36.1	24.2	26.5
Services exports	9.8	6.5	19.4	8.8	19.1	19.6	19.7	17.9	35.2	24.2	19.1	29.3	-
Services imports	3.4	0.1	8.8	10.1	20.0	20.5	21.8	24.4	29.5	33.8	24.8	25.0	-

Source: CEIC, Posoco, Markit, RBI, Bank of Baroda Research

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