

India Economics

Monthly Chartbook

October 2019

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Sentiment improves, growth to follow

Economic sentiment improved after Centre's surprise announcement to cut corporate tax even as consumption slowdown continued for another month. RBI also pitched in with 25bps rate cut with room for another 25bps cut in Dec'19. Centre and states also stepped up spending to prop the economy (11% versus 4%). Yields increased in Sep'19 as muted GST collections imply Centre may find it difficult to meet its fiscal targets. Disinvestments and more policy announcements by Centre will improve sentiment and ability to spend. Surplus rains and procurement will boost rural consumption. Private capex will follow with a lag.

Subdued consumption: Consumption demand remained subdued as reflected in muted non-oil-gold imports and auto sales. While on MoM basis, auto dispatches improved, festive season retail sales are disappointing. With RBI's consumer confidence index dipping to 89.4 in Sep'19, consumer spending is likely to remain muted. However, rural spending may improve with above normal monsoon (110% of LPA) which brightens prospects for Rabi sowing. With higher government procurement, farm incomes should improve and thus spur consumption.

Government spending got a boost, so did sentiment: In Aug'19, centre's capex spending saw an improvement led by higher non-tax revenues (RBI dividend) and direct taxes. Indirect taxes were lacklustre with GST collections hitting an 18-month low. States also boosted spending to prop up the economy. This is driven by pick-up in tax revenues to 3.1% in

Aug'19 from (-) 5.3% in Jul'19. Market borrowings (SDLs) have been source of inflows to spend (Rs 1439bn in Q2FY20 vs Rs 815bn in Q1FY20). Centre's announcement to cut corporate tax came as a surprise and has led to a vast improvement in sentiment.

Room for another 25bps rate cut: India's 10Y yield rose by 14bps in Sep'19 after Centre cut corporate taxes. Yields have fallen in Oct'19 after RBI reduced rates by 25bps. RBI maintained accommodative stance with a commitment to cut rates to induce growth. With slowdown continuing, we believe another 25bps rate cut is around the corner in Dec'19. This will bring real policy rates in the range of 1-1.25% (3.7% inflation in FY21). Accommodative liquidity conditions will continue for transmission. Centre may have to continue with its disinvestments and investment boosting measures to increase growth trajectory.

INR to remain stable: INR rose by 0.8% in Sep'19 after depreciating sharply by (-) 3.6% in Aug'19. This was on the back of FII inflows of US\$ 681mn, even as oil prices rose marginally in the month. Though INR has depreciated marginally by (-) 0.3% in Oct'19, lower oil prices will be positive for INR. In addition, subdued domestic demand, higher FDI inflows and a reversal in FII outflows implies that INR is likely to remain in the range of 70-72/\$, with an appreciation bias. A sharp increase in global oil prices and depreciation in CNY remain a key risk to our view.

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

Consumption

Final consumption expenditure

FIG 1 – CONSUMPTION WEAKENS TO 3.1% IN Q1FY20

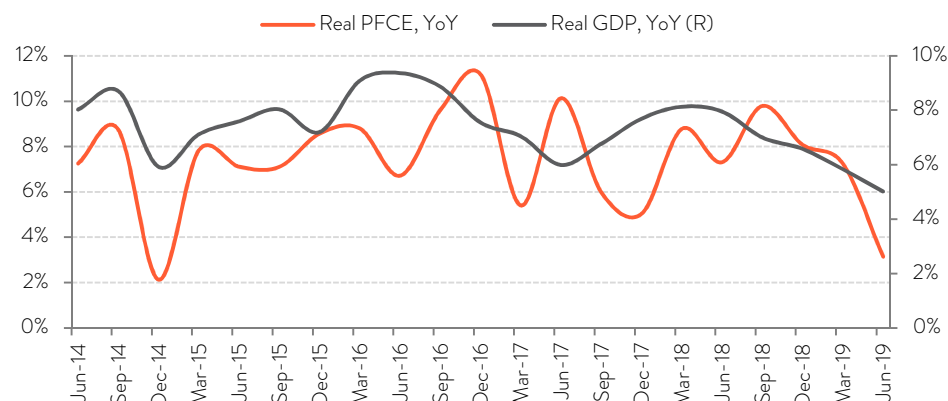


FIG 2 – LACKLUSTRE GROWTH IN GOVERNMENT CONSUMPTION IN Q1FY20

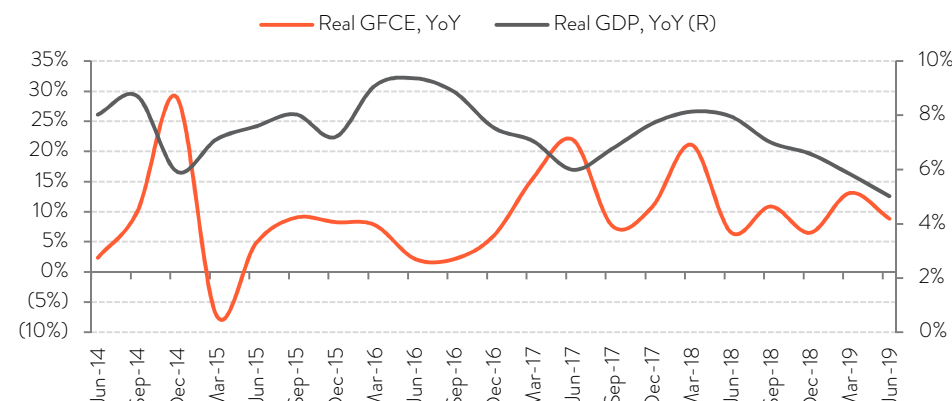


FIG 3 – GENERAL GOV REVENUE SPENDING STEADIES IN AUG'19

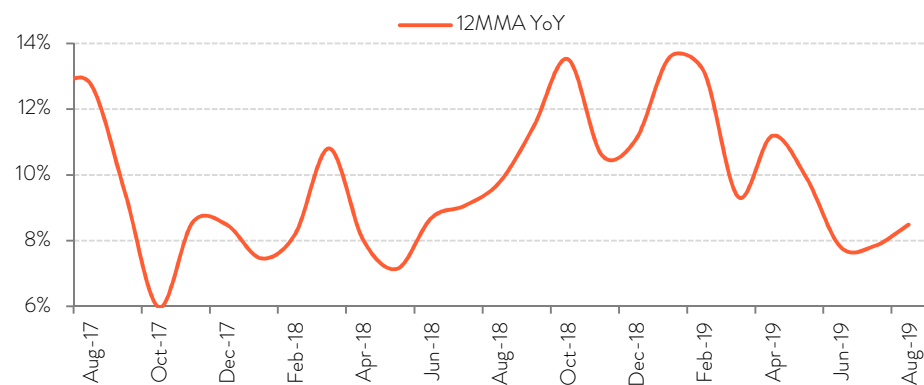
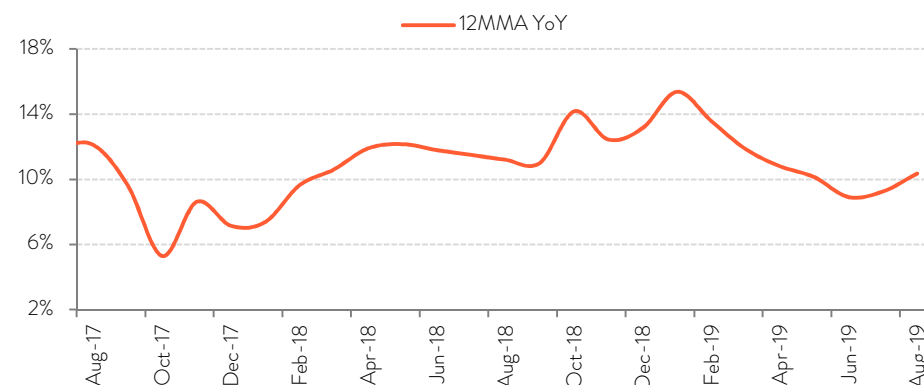


FIG 4 – STATE* GOV REVENUE SPENDING TOO MOVING AT THE SAME PACE



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

Non-oil imports, electronic imports

FIG 5 – NON-OIL-NON-GOLD IMPORTS CONTINUE TO MODERATE

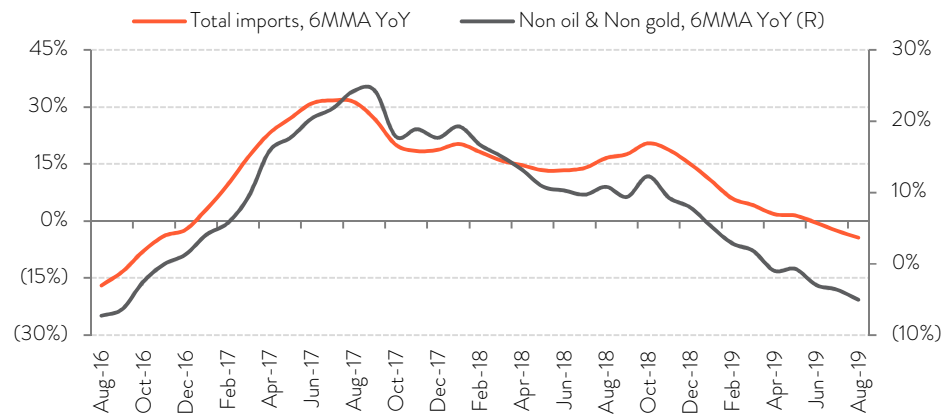


FIG 6 – ELECTRONIC IMPORTS TOO DROP

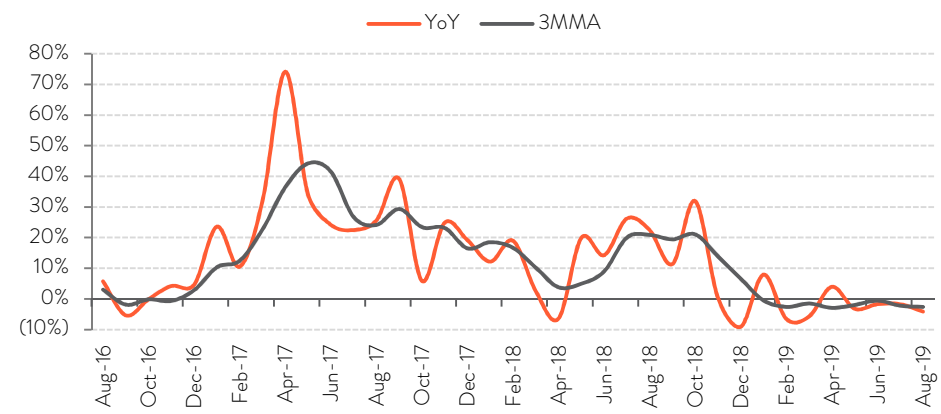


FIG 7 – PASSENGER CAR SALES SLUMP TO (-) 41% IN AUG'19

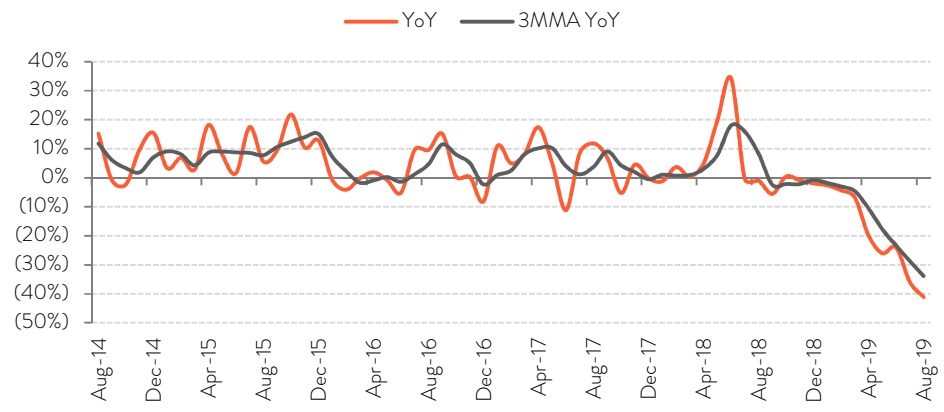
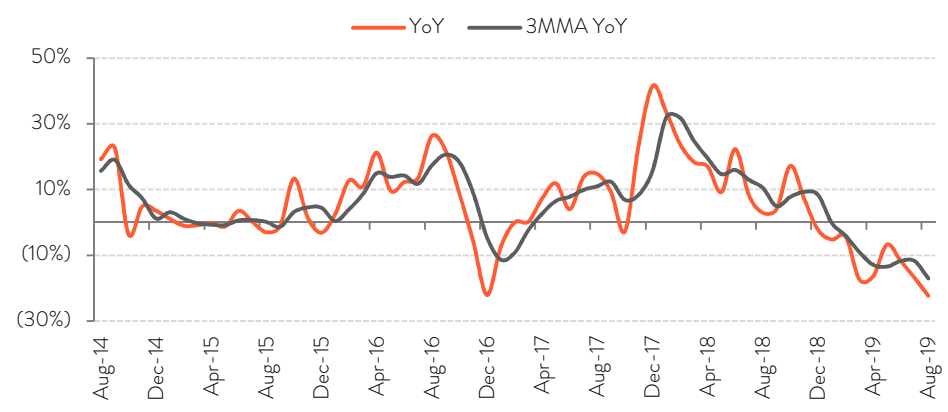


FIG 8 – TWO-WHEELER SALES DROP FURTHER BY (-) 22% IN AUG'19



Credit deployment of personal loans

FIG 9 – LOWER GROWTH IN CREDIT CARD OUTSTANDING

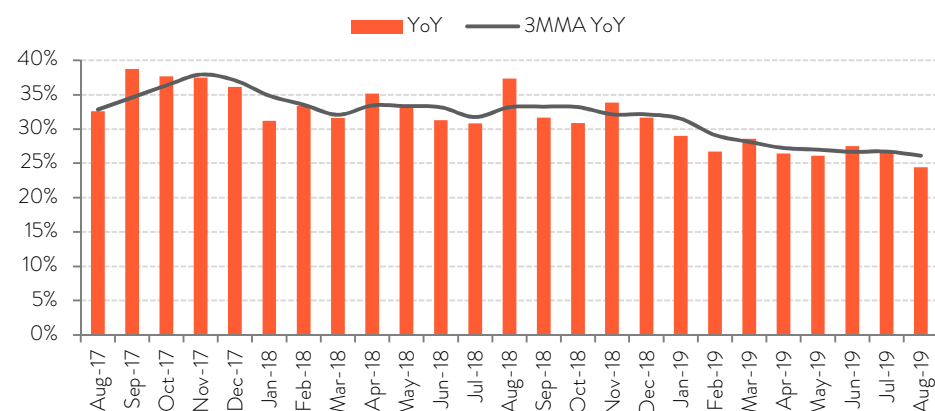


FIG 10 – GROWTH IN PERSONAL LOANS FALLS IN AUG'19

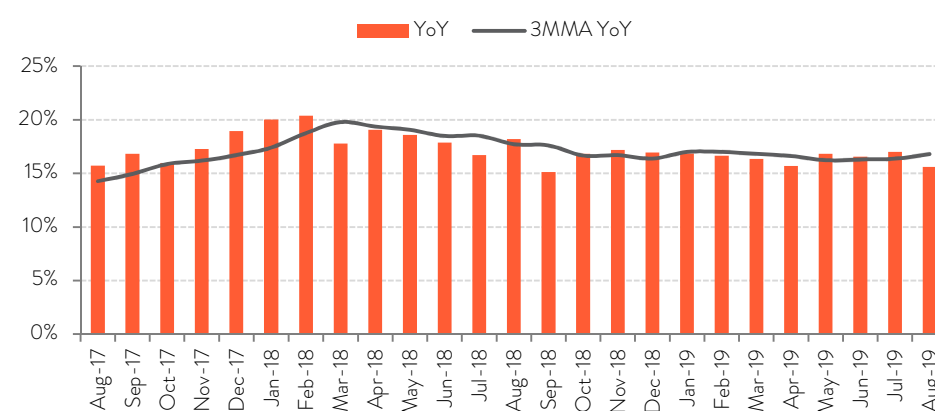


FIG 11 – GROWTH IN VEHICLE LOANS MODERATES marginally

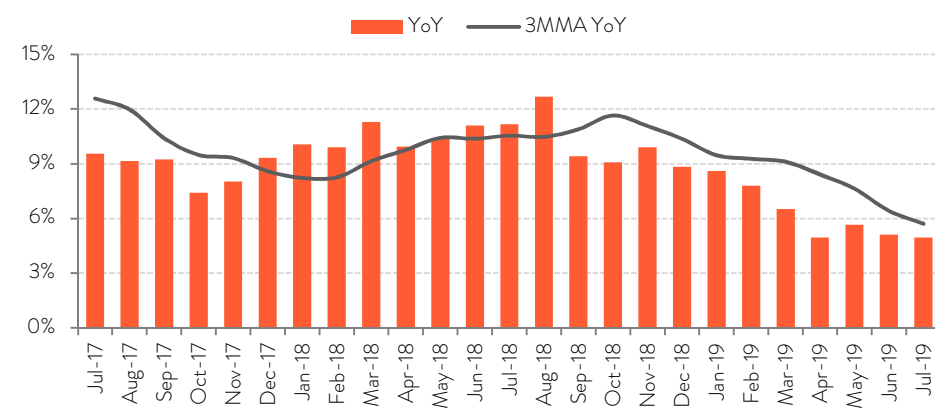
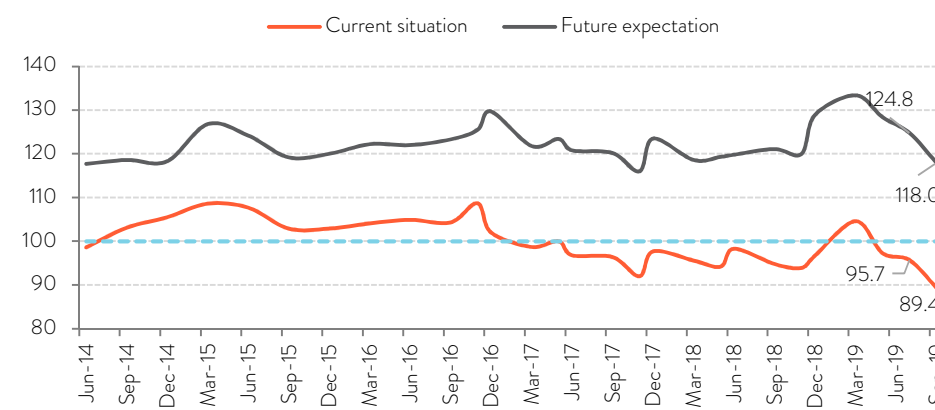


FIG 12 – CONSUMER CONFIDENCE DROPS TO 6-YEAR LOW



Consumer durables & non-durables production

FIG 13 – CONSUMER DURABLES OUTPUT BOUNCES BACK

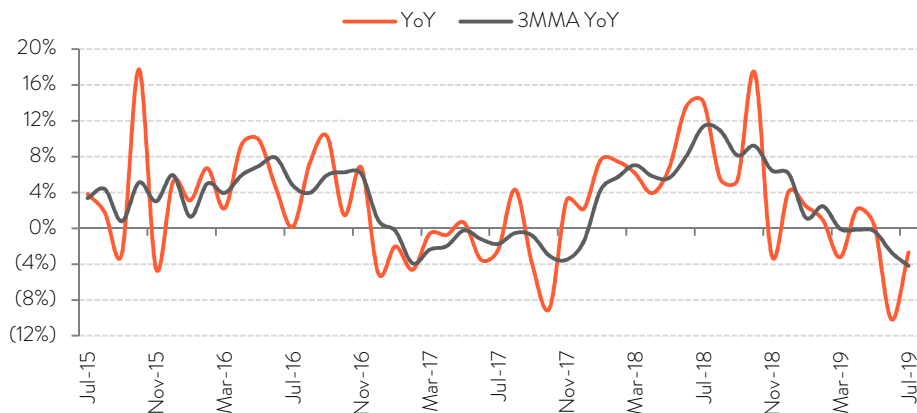
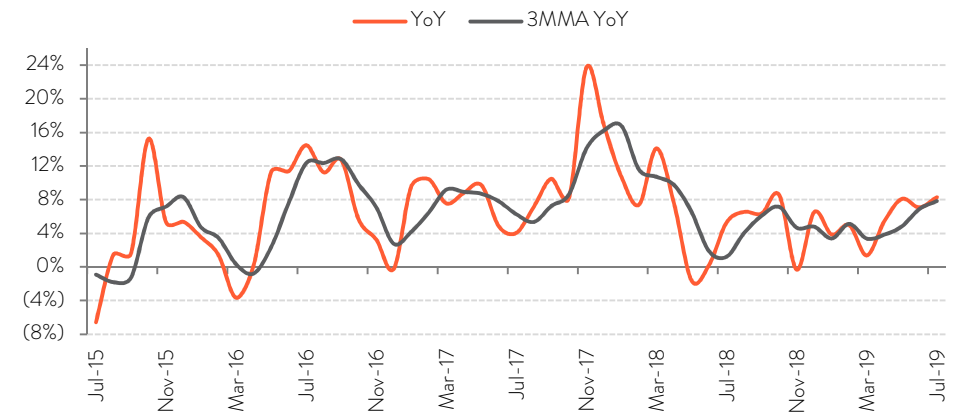


FIG 14 – UPTICK IN FMCG OUTPUT



Agriculture

FIG 15 – ABOVE NORMAL RAINS IN 2019; MUCH HIGHER THAN ANTICIPATED

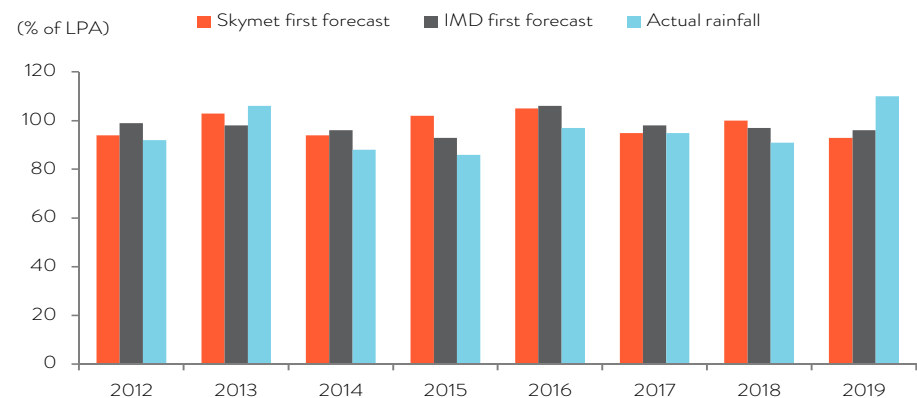


FIG 16 – STOCK OF FOODGRAINS AT 72MN TN IN AUG'19 COMPARED WITH 61MN TN IN AUG'18

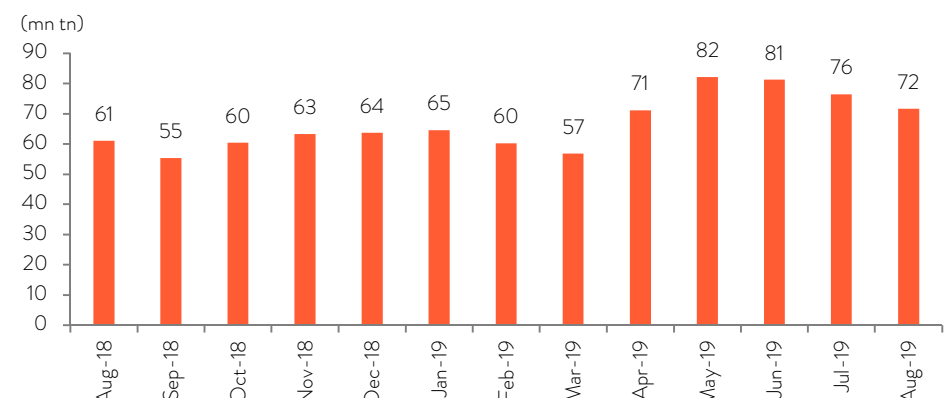
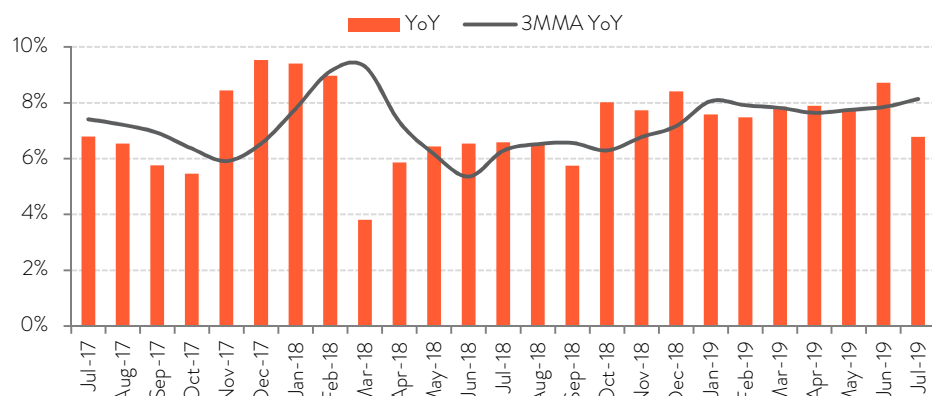
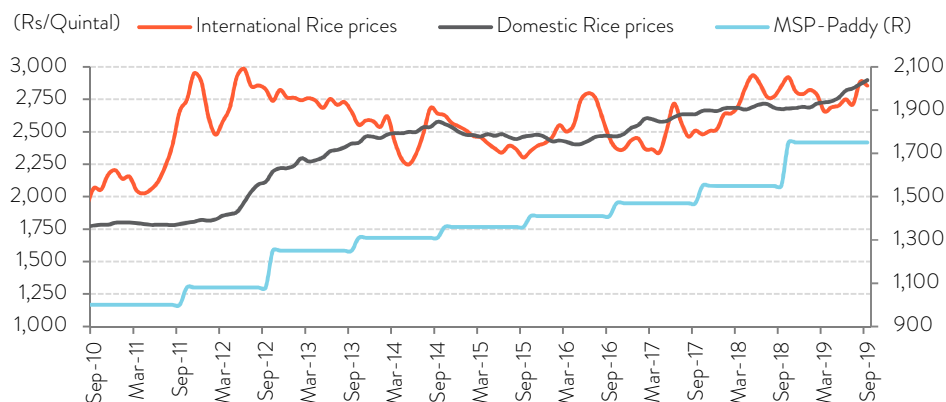


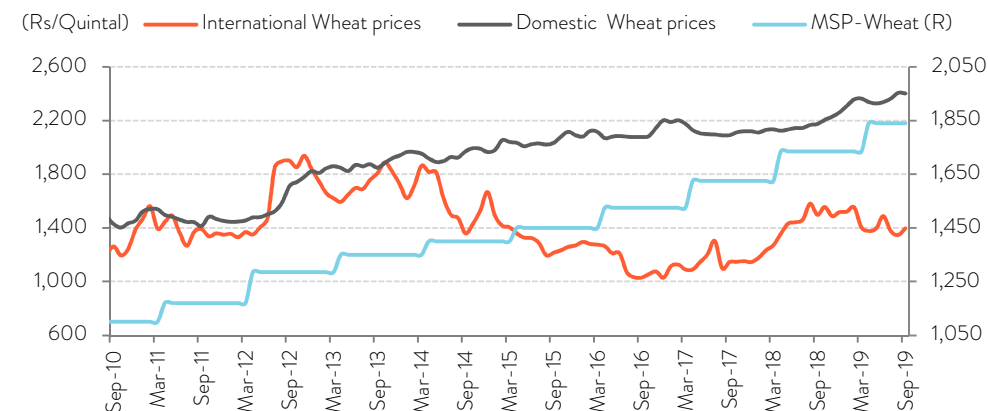
FIG 17 – GROWTH IN AGRICULTURE CREDIT DROPS**FIG 18 – PROCUREMENT OF RICE IS INCREASING MUCH HIGHER THAN WHEAT**

Year	Wheat	Rice
2011-12	28.34	35.04
2012-13	38.15	34.04
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	44.03*
2019-20	34.13#	-

Source: Ministry of Consumer Affairs, Food and Public Distribution | *As on: 30 Aug 2019 | #As on 05 Jul 2019

FIG 19 – WHILE DOMESTIC PRICE OF RICE IS RISING; INTERNATIONAL PRICES MODERATING...

Source: World Bank

FIG 20 – ... SIMILAR CASE FOR WHEAT PRICES

Source: World Bank

FIG 21 – GLOBAL FOOD PRICES STEADY IN SEP'19

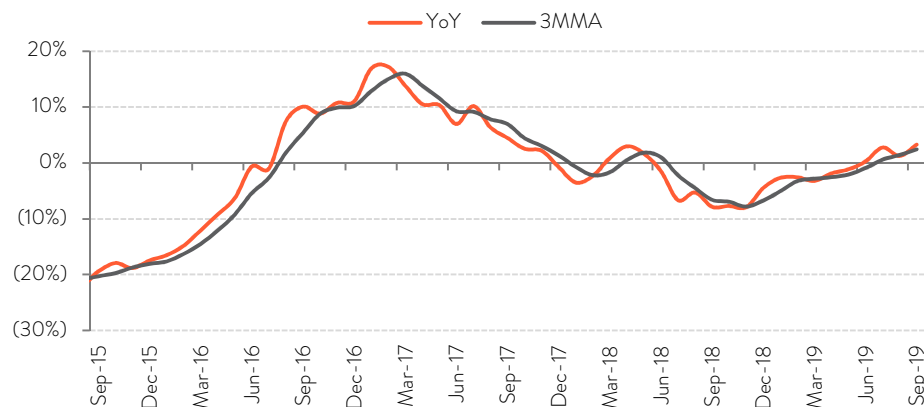


FIG 22 – RURAL WAGES (MEN) RISES IN JUL'19

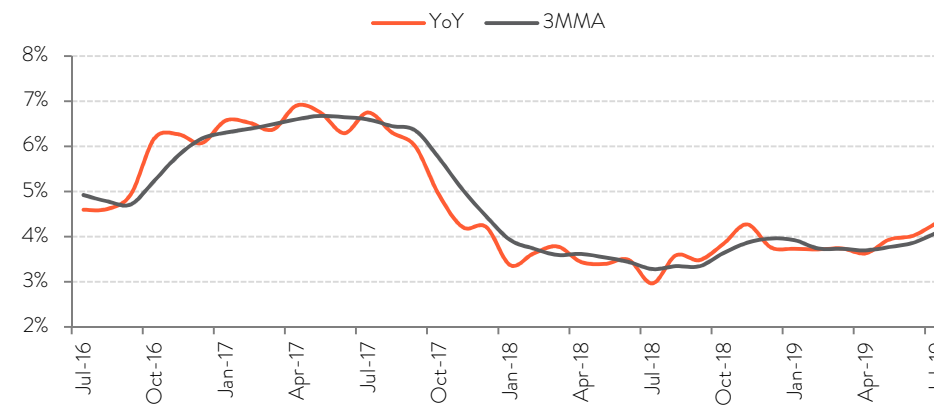


FIG 23 – KHARIF SOWING SAME AS LAST YEAR

Crop type (ha mn)	Normal area as on date	Area sown in 2019-20	Area sown in 2018-19	Normal area for whole Kharif season	Growth in AY (YoY%)
Foodgrain	68.7	69.6	70.0	70.5	(0.6)
Cereals	56.2	56.2	56.4	58.5	(0.3)
Rice	38.0	38.2	38.7	39.6	(1.2)
Pulses	12.6	13.4	13.6	12.0	(1.7)
Oilseeds	18.2	17.9	17.9	18.2	0.1
Cotton	11.8	12.8	12.1	12.1	5.5
Sugarcane	5.0	5.2	5.6	4.8	(5.5)
Jute and Mesta	0.7	0.7	0.7	0.8	(5.0)
Total	104.4	106.27	106.32	106.4	0

Note: Data as on 27 Sep 2019, AY: Agriculture Year

FIG 24 – FOODGRAIN AND COMMERCIAL CROP PRODUCTION

Crop type (%)	Growth in 2017 (AY)	Growth in 2018 (AY)*	Growth in 2019 (AY)**
Rice	2.8	3.1	1.1
Wheat	1.4	2.5	
Pulses	9.9	(7.3)	(10.7)
Cereals	3.0	0.8	(75.8)
Total Foodgrain	3.6	0	(0.7)
Sugarcane	24.1	6.2	(1.6)
Oilseeds	0.6	3.0	0.9
Cotton	0.7	(17.7)	(0.7)

Source: Ministry of Agriculture | Note: *Based on 4th advance estimates, ** Based on 1st advance estimates, AY: Agriculture Year

Inflation

FIG 25 – RETAIL INFLATION ROSE BY 3.2% IN AUG'19 VS 3.1% IN JUL'19 LED BY FOOD INFLATION (3% IN AUG'19 VS 2.4% IN JUL'19)

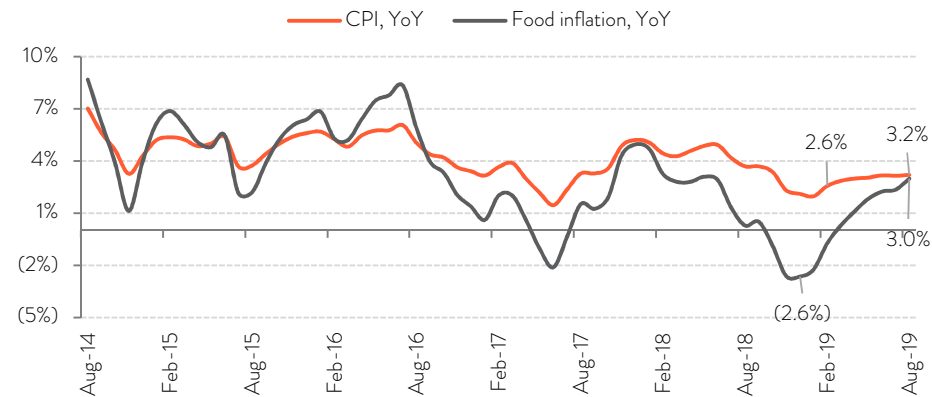


FIG 26 – ...ON ACCOUNT OF FIRING UP OF VEGETABLE INFLATION (6.9% IN AUG'19 VS 2.8% IN JUL'19)

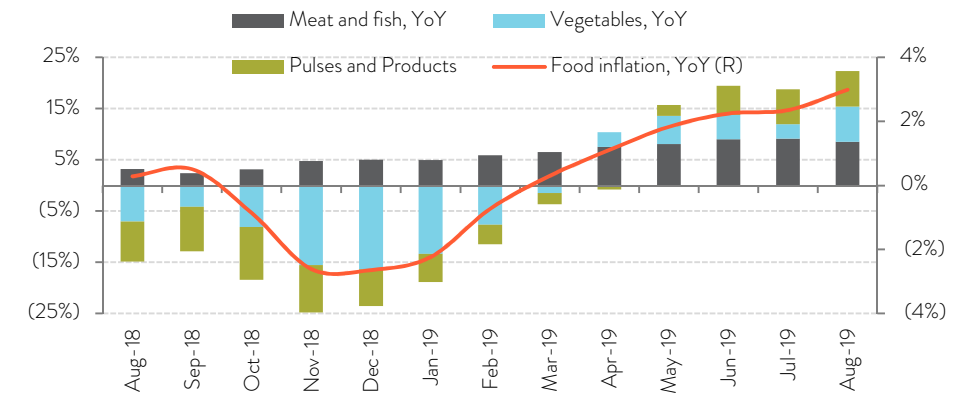
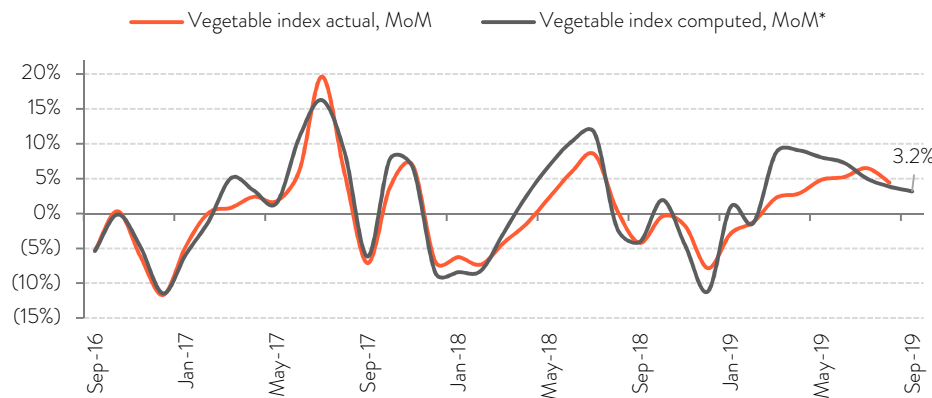


FIG 27 – ... VEGETABLE PRICES ARE EXPECTED TO INCREASE BY 3.2% IN SEP'19 ON MOM BASIS



Note: *Vegetable index computed using average retail price of major items

FIG 28 – CORE INFLATION REMAINED STABLE AT 4.2% IN AUG'19

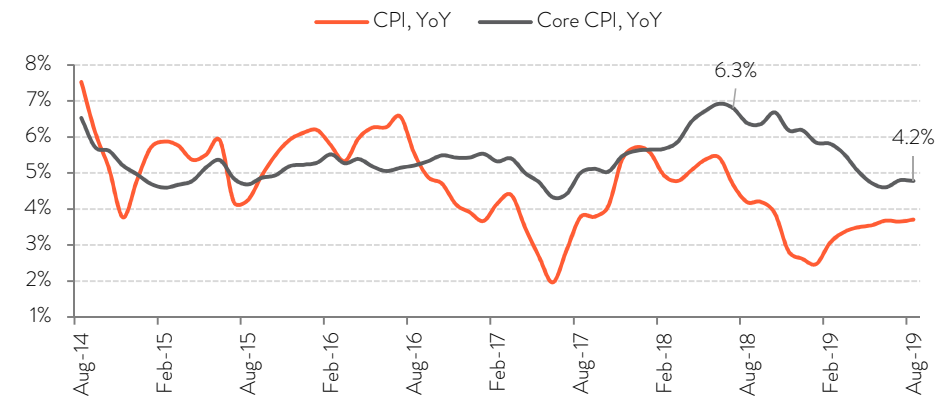


FIG 29 – ...EXCEPT PERSONAL CARE ITEMS, MODERATION WAS SEEN IN ALL ITEMS OF CORE

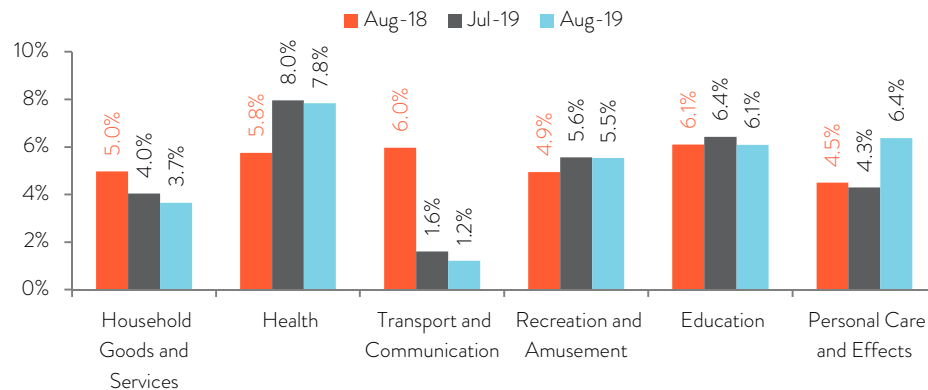


FIG 31 – CPI EXCL VOLATILE COMPONENTS SUCH AS VEG, PULSES AND HOUSING EDGED DOWN BY 20BPS TO 2.6% IN AUG'19

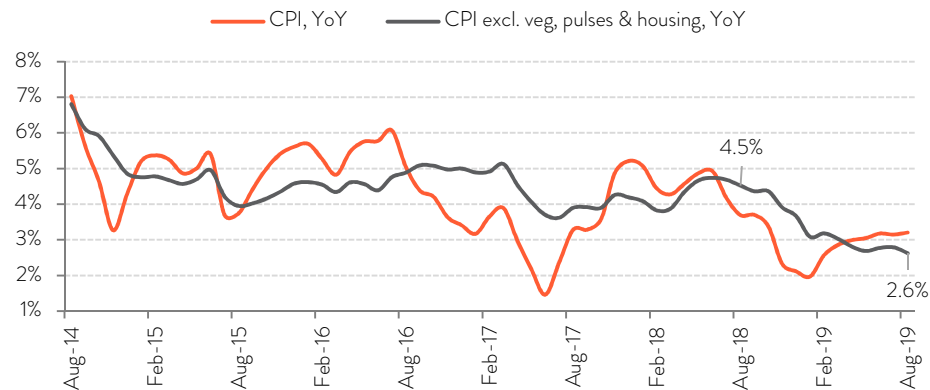
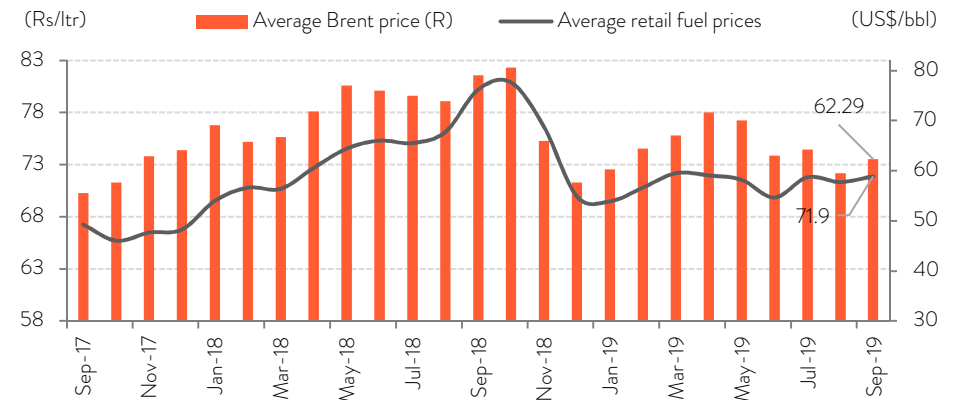
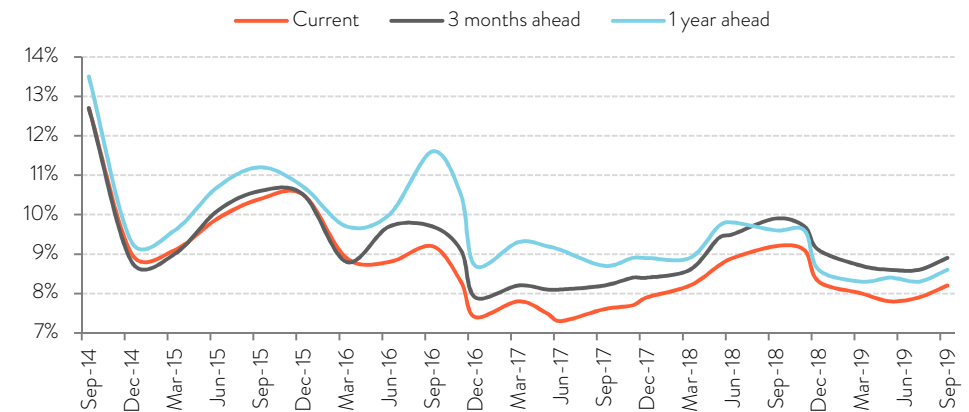


FIG 30 – RETAIL FUEL PRICES ROSE MARGINALLY TO RS 72/LT IN SEP'19 VS RS 71/LT IN AUG'19 DUE TO HIGHER INTERNATIONAL OIL PRICES



Note: *Average retail price of Delhi, Kolkata, Mumbai and Chennai

FIG 32 – RBI INFLATION INDEX (BOTH 3-MONTHS AND 1-YEAR) EDGED UP BY 30BPS IN SEP'19



Industry

FIG 33 – INDUSTRIAL OUTPUT ROSE IN JUL'19

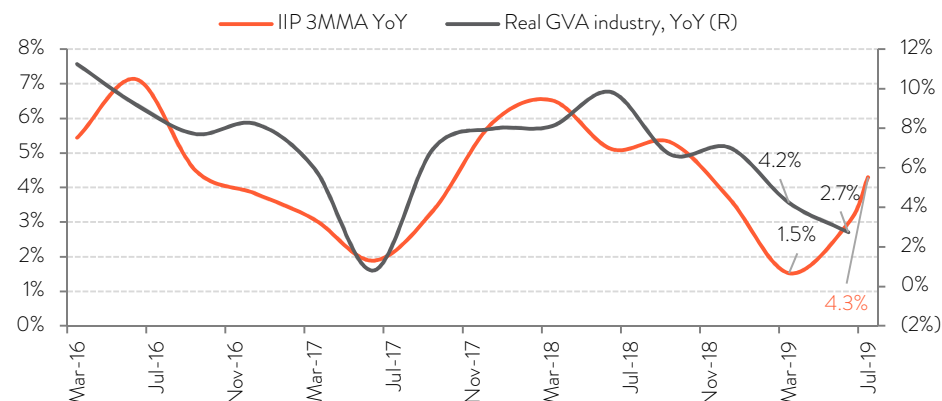


FIG 34 – GROWTH IN ELECTRICITY IMPROVES, BUT CONTINUES TO SLIP FOR OTHER SECTORS

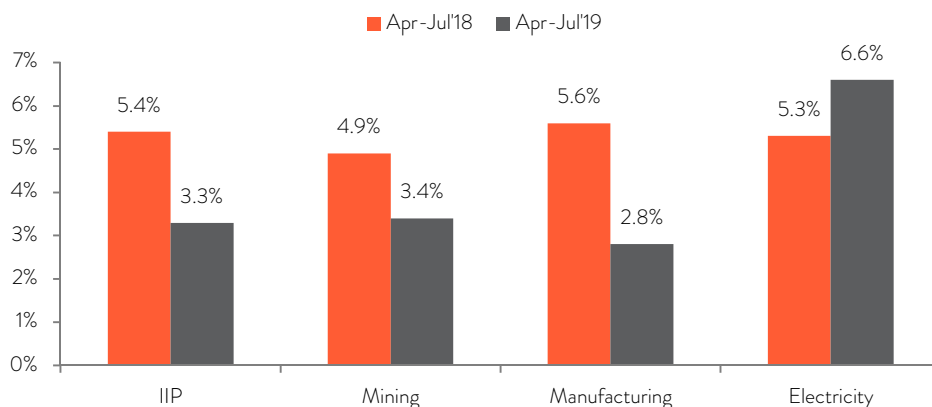


FIG 35 – INTERMEDIATE GOODS PUSHED IIP UP

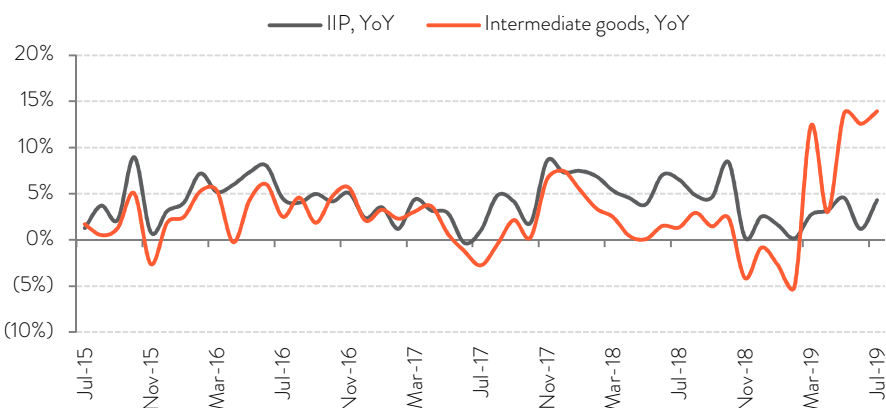


FIG 36 – PRIMARY GOODS TOO DOING THE SAME

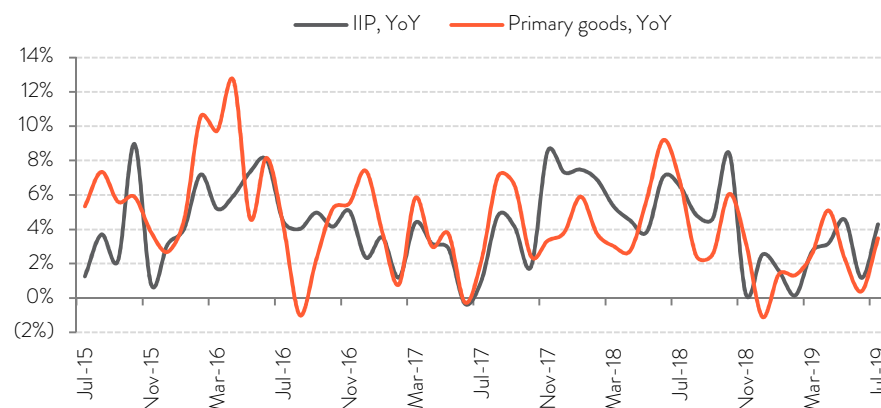
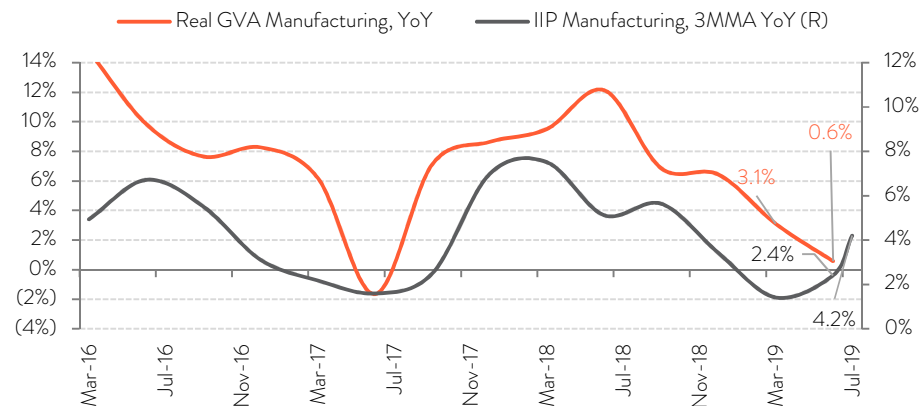
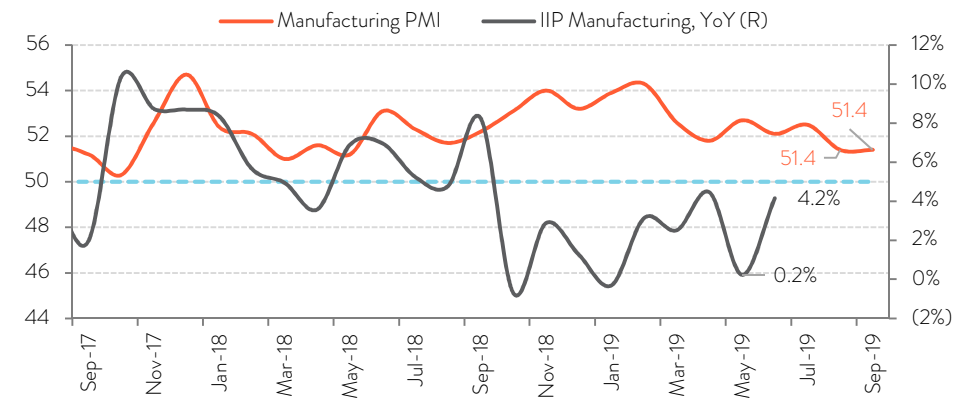


FIG 37 – INDUSTRIAL PRODUCTION ACCELERATES IN JUL'19

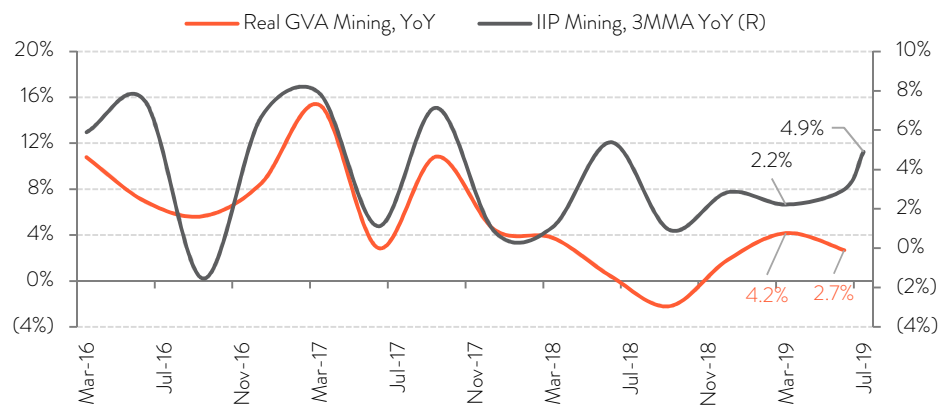
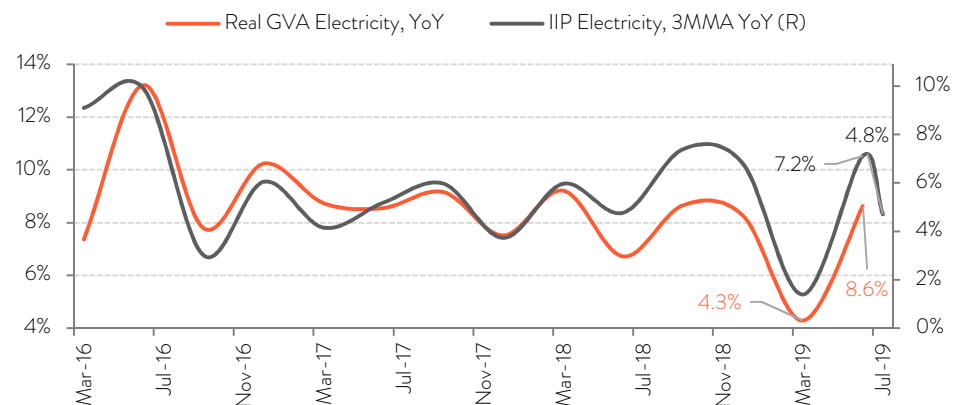
Sectoral (%)	Weight	Jul-19	Jun-19	Jul-18	Apr-Jul'19	Apr-Jul'18
IIP	100.0	4.3	2.0	6.5	3.3	5.4
Mining	14.4	4.9	1.6	3.4	3.4	4.9
Manufacturing	77.6	4.2	1.2	7.0	2.8	5.6
Electricity	8.0	4.8	8.2	6.6	6.6	5.3
Use-Based						
Primary Goods	34.1	3.5	0.5	6.8	2.7	6.1
Capital Goods	8.2	(7.1)	(6.5)	2.3	(4.3)	7.1
Intermediate Goods	17.2	13.9	12.4	1.3	10.8	0.8
Infrastructure and Construction Goods	12.3	2.1	(1.8)	9.2	0.4	8.7
Consumer Durables Goods	12.8	(2.7)	(5.5)	14.1	(2.7)	9.5
Consumer Non-Durables Goods	15.3	8.3	7.8	5.3	7.2	2.8

Manufacturing

FIG 38 – MANUFACTURING OUTPUT IMPROVES IN JUL'19

FIG 39 – MANUFACTURING PMI UNCHANGED IN SEP'19


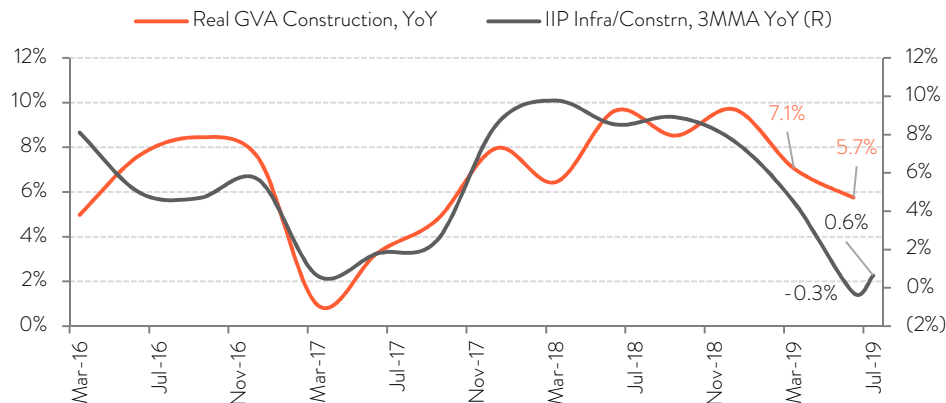
Source: Markit

Mining & Electricity

FIG 40 – MINING ACTIVITY MOVES UP IN JUL'19

FIG 41 – ELECTRICITY OUTPUT MODERATES IN JUL'19


Infrastructure and Construction

FIG 42 – GROWTH IN CONSTRUCTION SECTOR SLOWS IN JUL'19



Note: IIP for Apr-May'19 is on a YoY basis

Infrastructure Index

FIG 44 – GROWTH IN INFRA INDEX CONTRACTS IN AUG'19

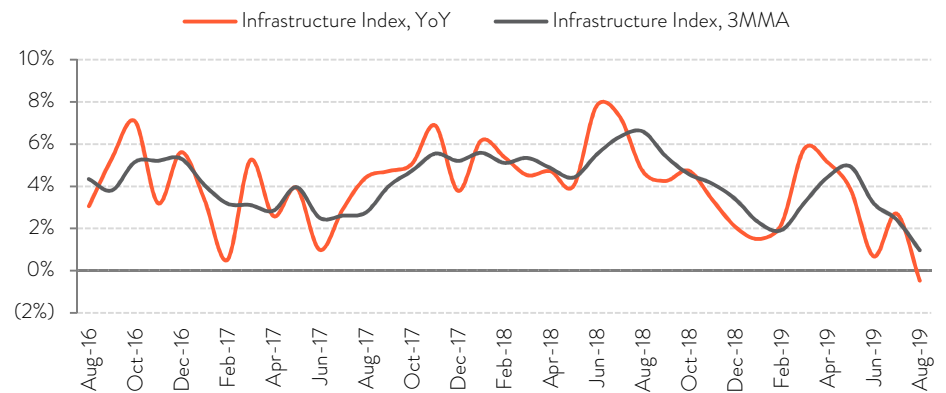


FIG 43 – CEMENT PRODUCTION SLIPS BACK IN AUG'19

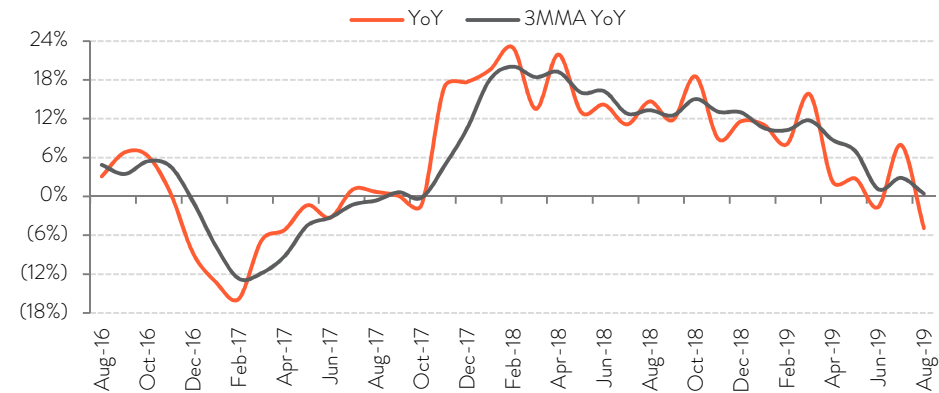
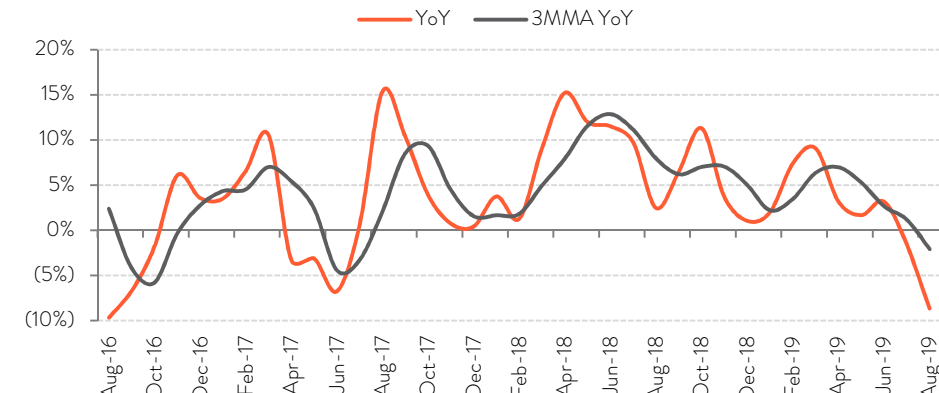


FIG 45 – COAL PRODUCTION DOWN BY (-) 8.7% IN AUG'19



Auto production & Business expectation index

FIG 46 – AUTO PRODUCTION DROPS BY (-) 18% IN AUG'19

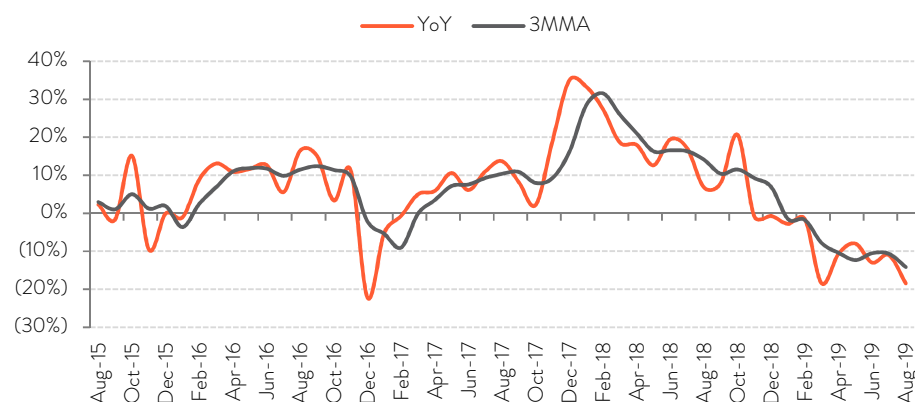


FIG 47 – SUBDUED BUSINESS SENTIMENT IN Q3FY20

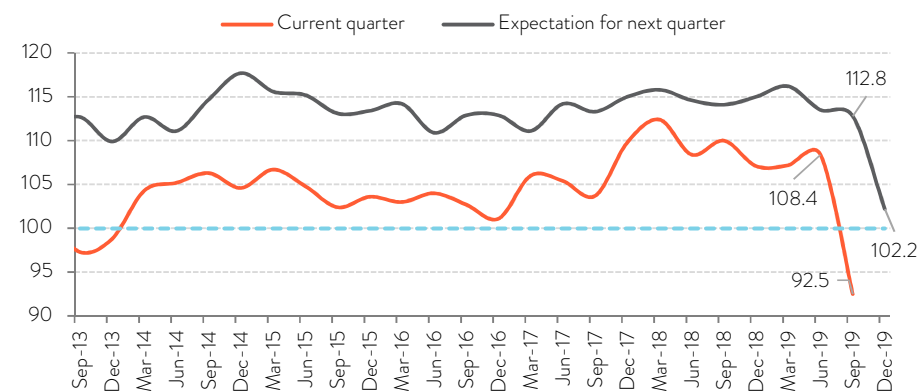


FIG 48 – INFRASTRUCTURE INDEX DECLINES BY (-) 0.5% IN AUG'19

(%)	Weight	Aug-19	Jul-19	Jun-19	Aug-18
Infrastructure Index	100	(-0.5)	2.7	0.7	4.7
Coal	10.3	(8.6)	(1.6)	3.2	2.4
Crude Oil	9.0	(5.4)	(4.4)	(6.8)	(3.7)
Natural Gas	6.9	(3.9)	(0.5)	(2.1)	1.0
Petroleum Refinery Products	28.0	2.6	(0.9)	(9.3)	5.1
Fertilizers	2.6	2.9	1.5	1.5	(5.3)
Steel	17.9	5.0	8.9	8.4	4.0
Cement	5.4	(4.9)	7.9	(1.7)	14.6
Electricity	19.9	(2.9)	4.7	8.1	7.6

Investment

FIG 49 – REAL GFCF GROWTH WAS STILL LOWER AT 4% IN Q1FY20 VS 3.6% IN Q4FY19 IMPACTING GDP GROWTH (25-QUARTER LOW)

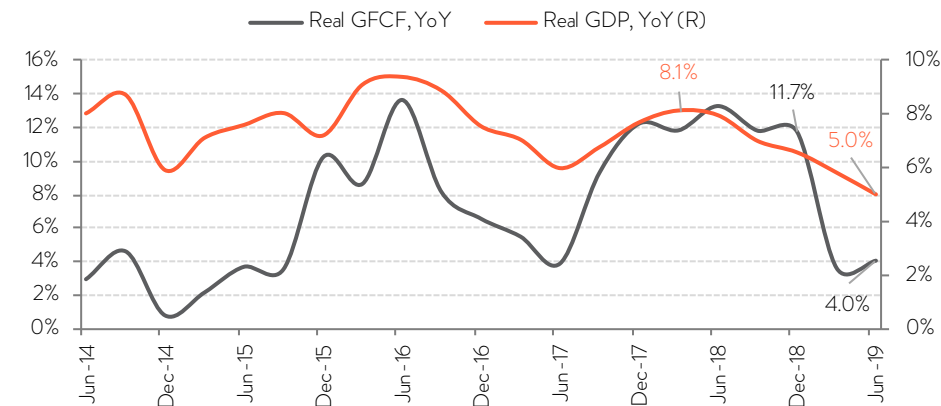


FIG 51 – PLF OF THERMAL PLANTS INCHED DOWN FURTHER IN SEP'19, REFLECTING FALLING CAPACITY UTILISATION

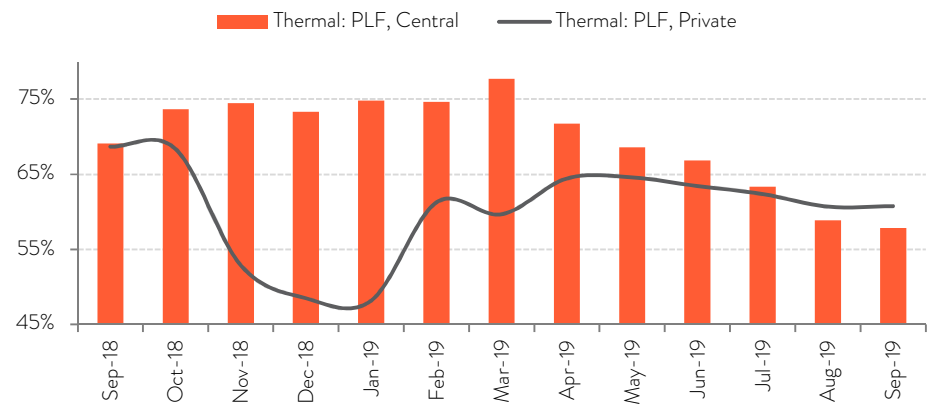
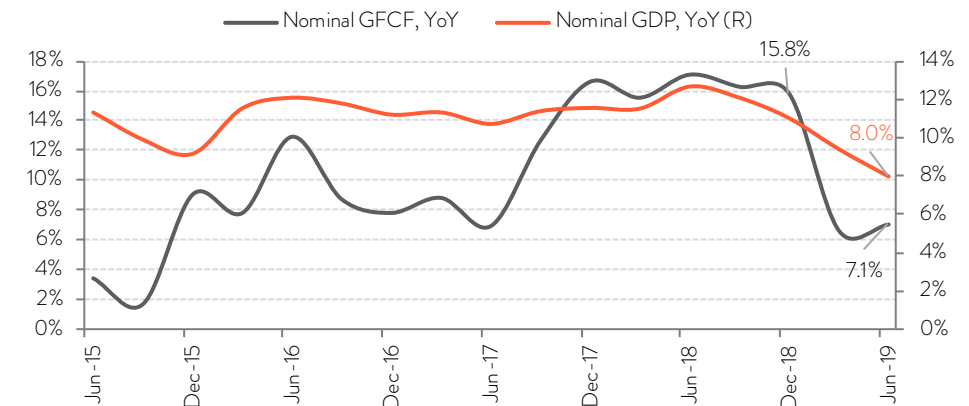


FIG 50 – IN NOMINAL TERMS AS WELL GFCF REMAINED MUTED AT 7.1% IN Q1FY20 VS 6.6% IN Q4FY19



PE: Provisional Estimates

FIG 52 – CAPITAL GOODS PRODUCTION CONTINUED TO DECLINE BY (-) 7.1% IN JUL'19 VS (-) 6.8% IN JUN'19 ON YOY BASIS

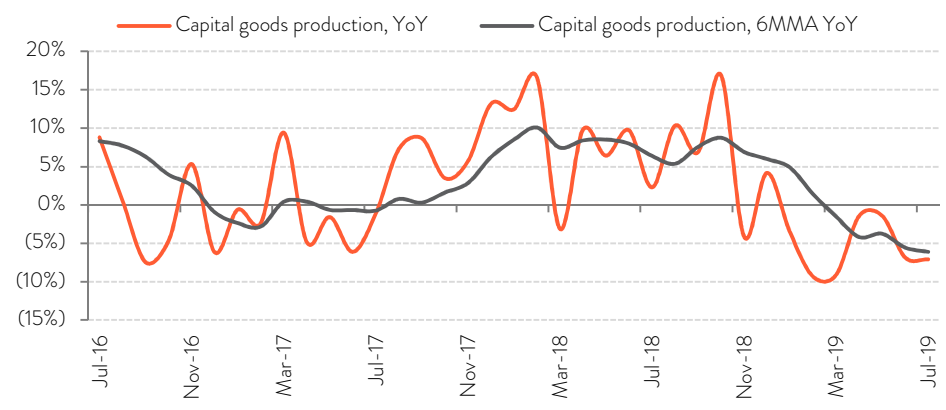


FIG 53 – CAPITAL GOODS IMPORT ALSO FELL BY (-) 20% IN AUG'19 VS (-) 4.4% IN JUL'19 ON YOY BASIS

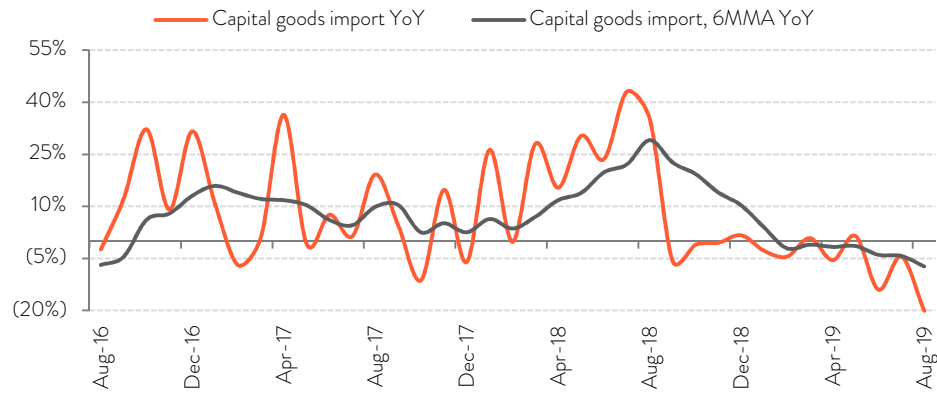


FIG 54 – CENTRE'S CAPEX SPENDING PICKED UP BY 7.7% IN AUG'19 VS (-) 7.4% IN JUL'19 & A LOW OF (-) 35.2% IN FEB'19

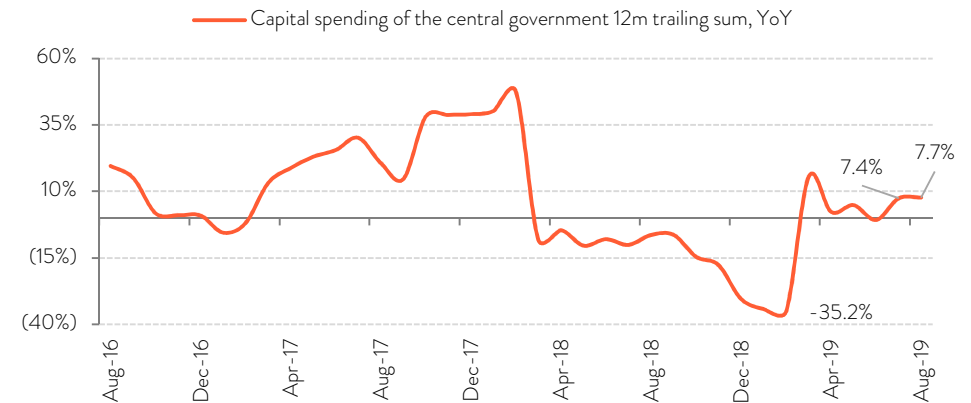


FIG 55 – INDUSTRY CREDIT GROWTH INCHED DOWN TO 3.9% IN AUG'19 VS 6.1% IN JUL'19; MODERATION WAS SEEN IN OVERALL CREDIT DEMAND

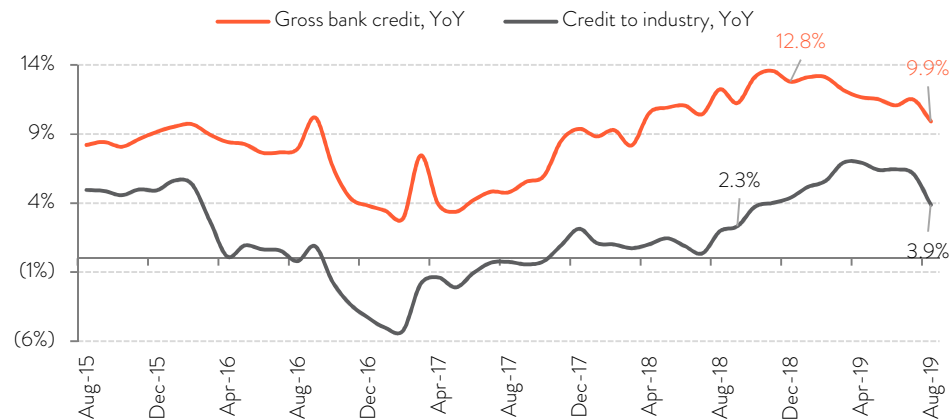


FIG 56 – CREDIT GROWTH TO MSME SECTOR WAS IN THE NEGATIVE TERRITORY (-2.1% FOR MSE & -0.8% FOR MEDIUM INDUSTRY)

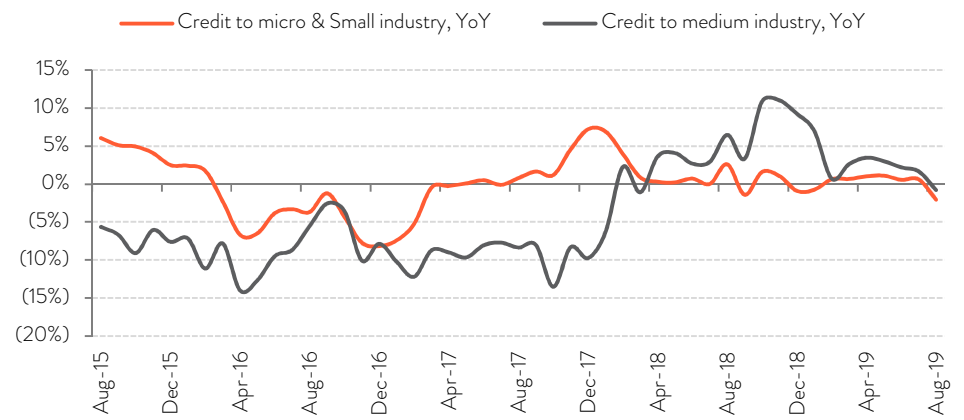


FIG 57 – CREDIT TO LARGE INDUSTRY ALSO MODERATED TO 5.1% IN AUG'19 VS 7.2% IN JUL'19

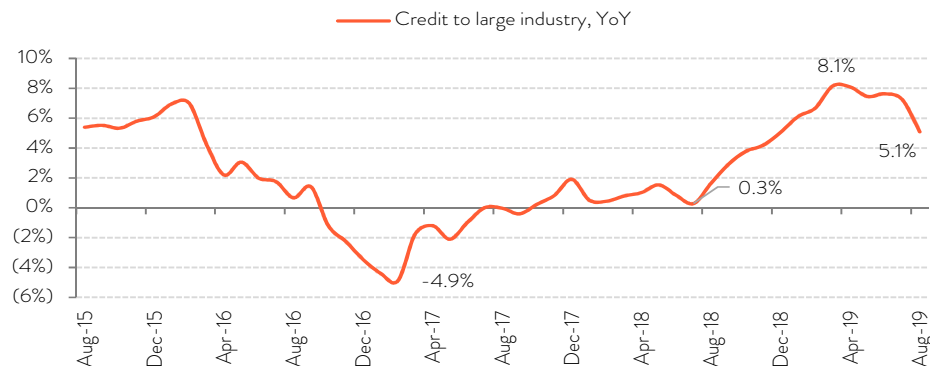


FIG 58 – ...HOWEVER, CREDIT TO HOUSING REMAINED ROBUST

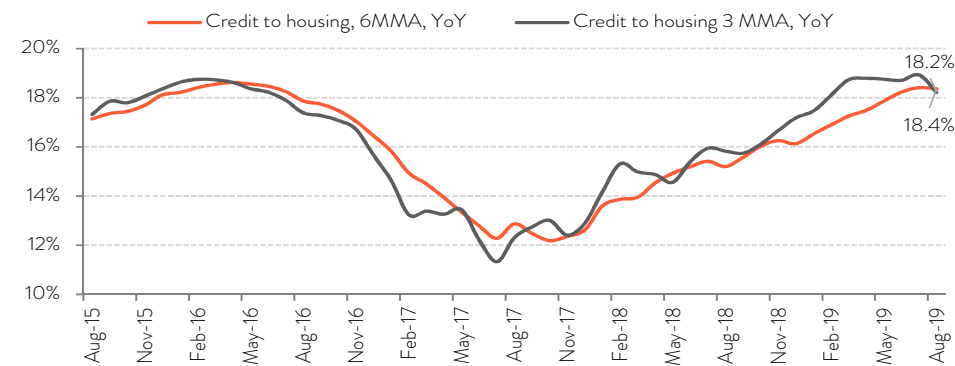
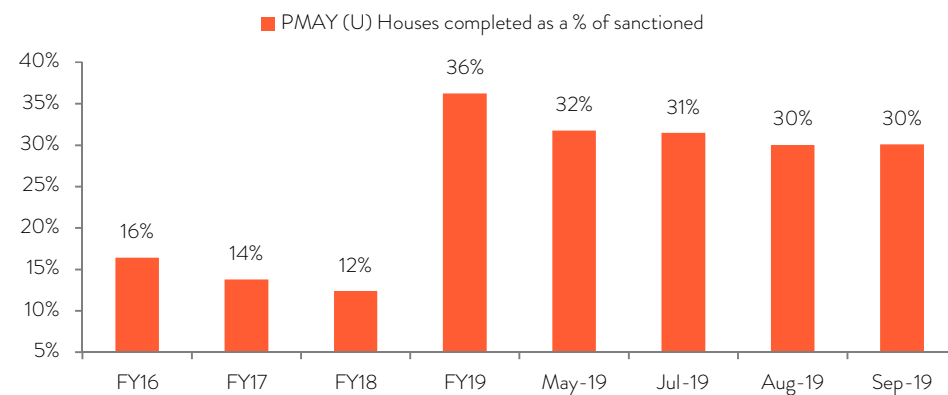
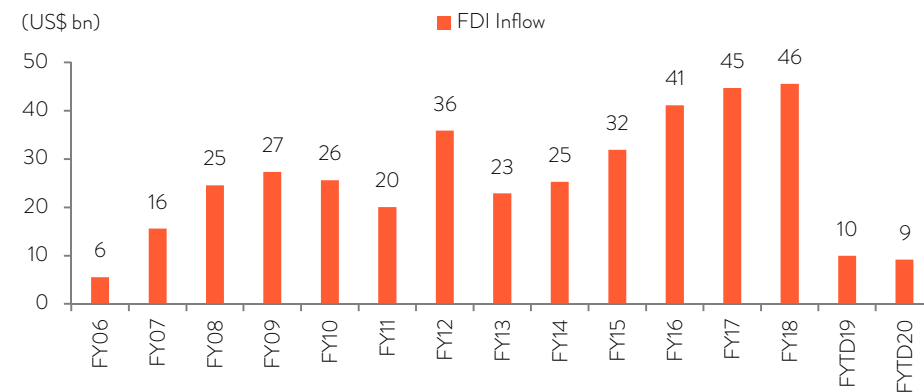


FIG 59 – PMAY-U GIVING A BOOST TO AFFORDABLE HOUSING DEMAND



Source: MOHUA; till 16 Sep 2019

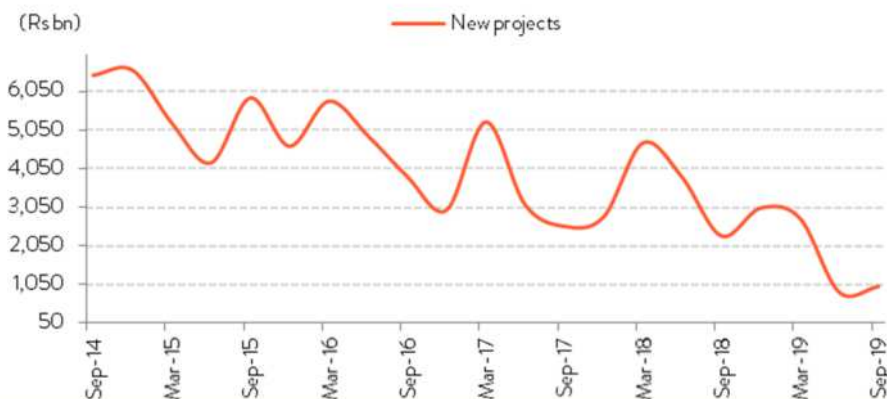
FIG 60 – FDI INFLOWS RISE TO US\$ 21BN IN FYTD20 VS US\$ 16BN IN FYTD19



Source: DIPP; FYTD: Apr-Jul

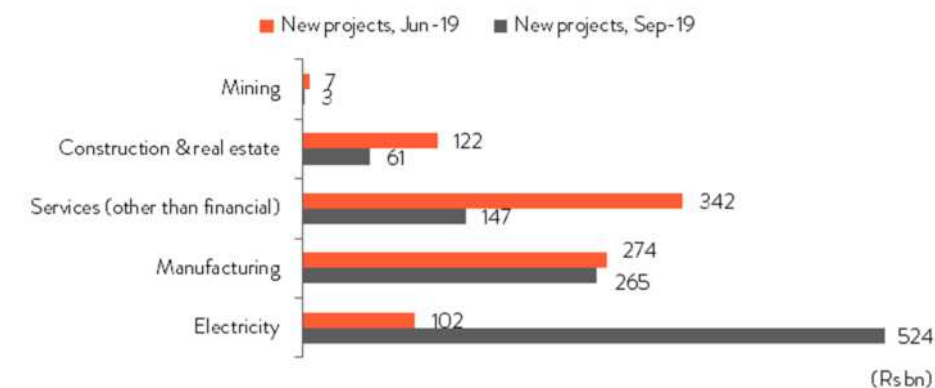
Capex data

FIG 61 – NEW PROJECT ANNOUNCEMENTS IN SEP'19 PICKED UP SLIGHTLY TO RS 1TN VS RS0.85TN IN JUN'19



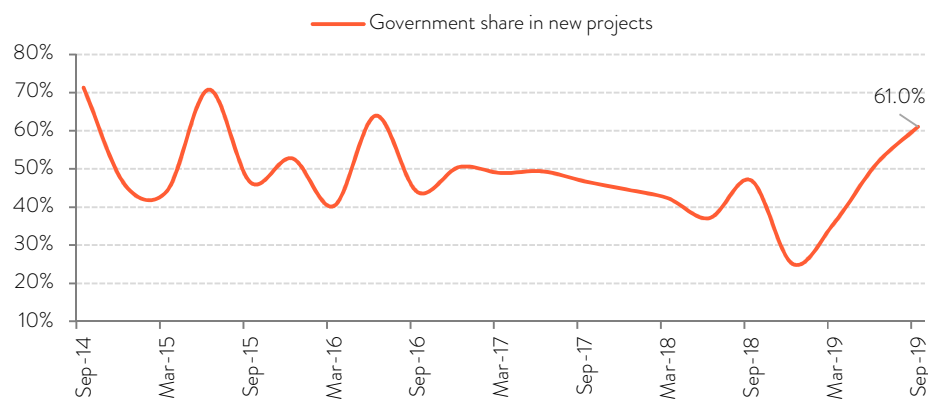
Source: CMIE

FIG 63 – NEW PROJECT ANNOUNCEMENTS IN ELECTRICITY RISE SHARPLY IN SEP'19



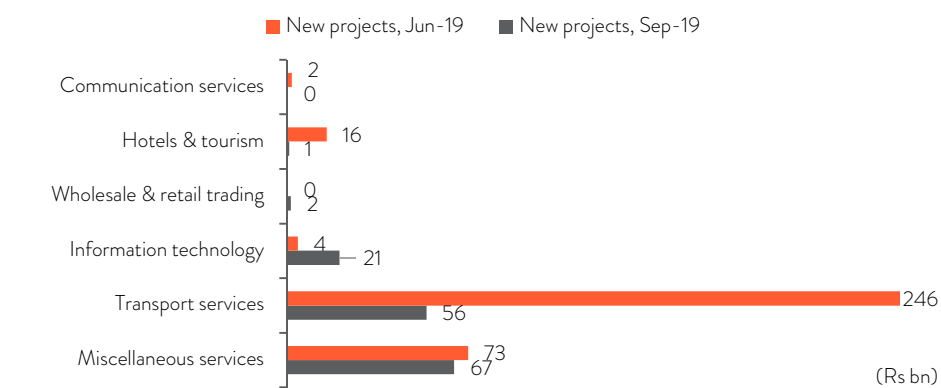
Source: CMIE

FIG 62 – GOVERNMENT SHARE IN NEW PROJECTS INCREASED TO 61%



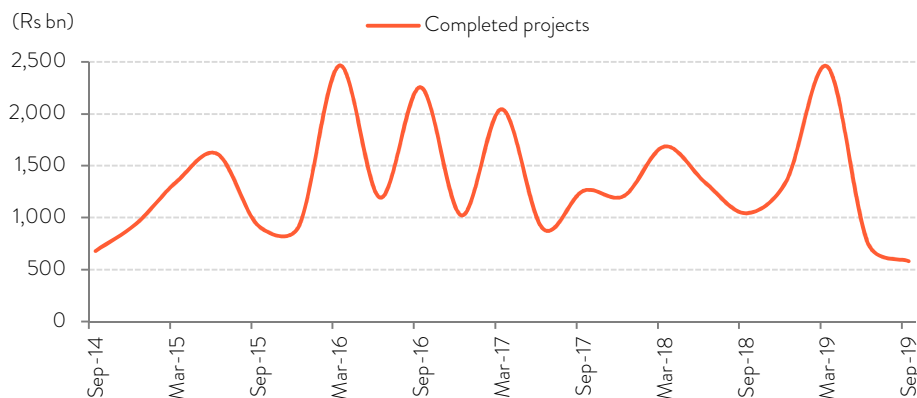
Source: CMIE

FIG 64 – NEW PROJECT ANNOUNCEMENTS IN SERVICES SECTOR FALL; LED BY TRANSPORT SERVICES



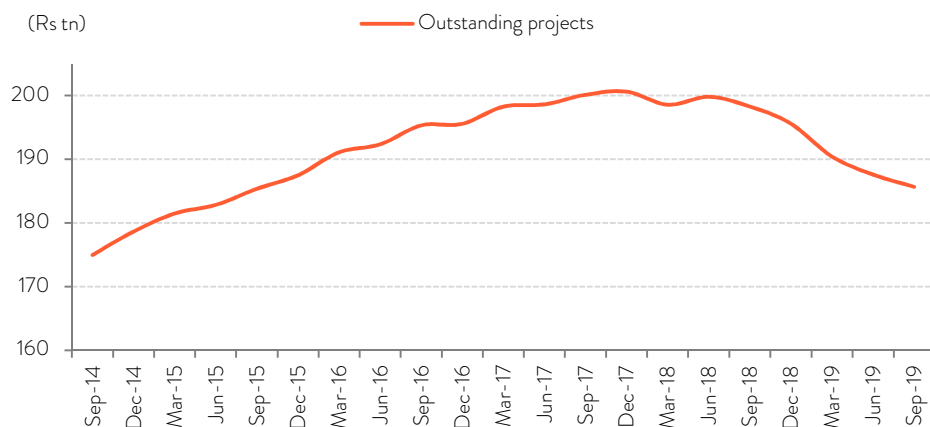
Source: CMIE

FIG 65 – HOWEVER, COMPLETED PROJECTS MODERATED TO RS 582BN IN SEP'19 VS RS 755BN IN JUN'19



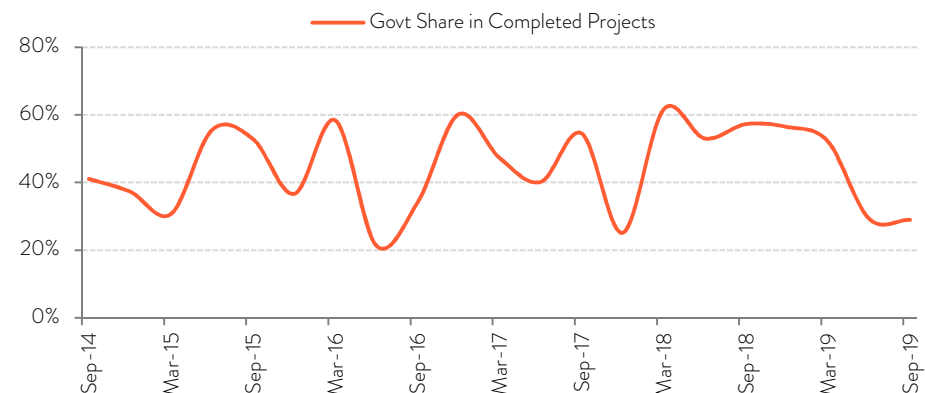
Source: CMIE

FIG 67 – O/S PROJECTS INCHED DOWN TO RS 186TN IN SEP'19 VS RS 188TN IN JUN'19



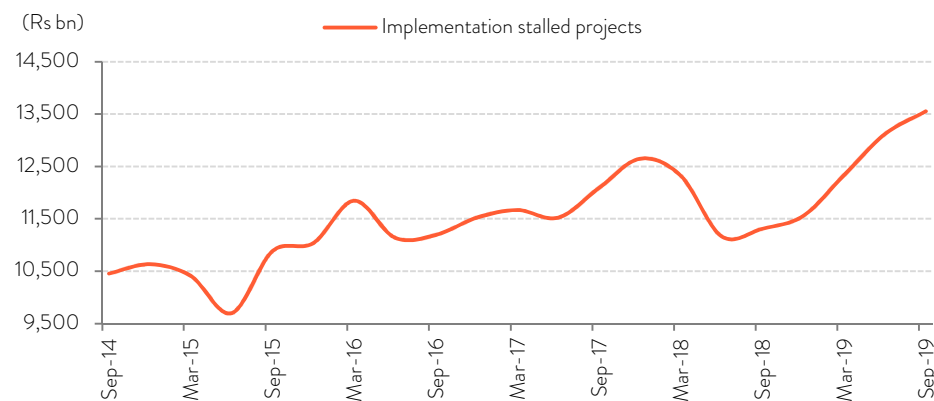
Source: CMIE

FIG 66 – GOVT SHARE IN COMPLETED PROJECTS PICKED UP



Source: CMIE

FIG 68 – STALLED PROJECTS ALSO INCREASED IN SEP'19



Source: CMIE

Services sector

FIG 69 – GVA: SERVICES ACTIVITY GROWTH DIPS IN Q1FY20

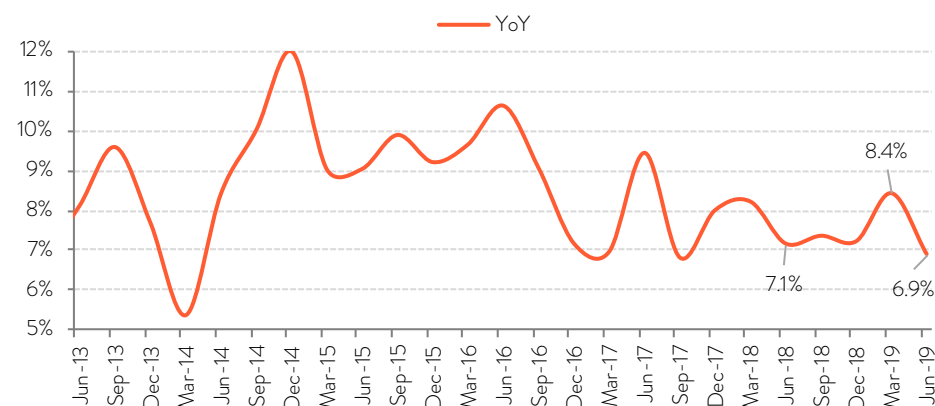


FIG 71 – GVA: TRADE & RELATED SERVICES GROWTH SHOWED SOME IMPROVEMENT IN Q1

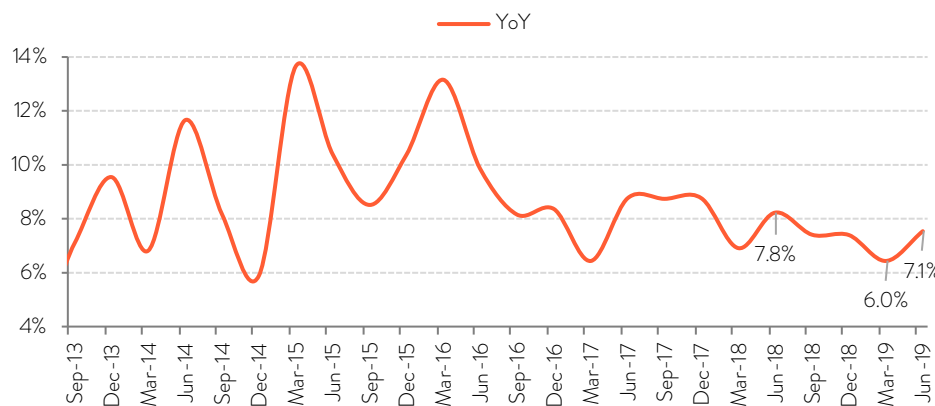
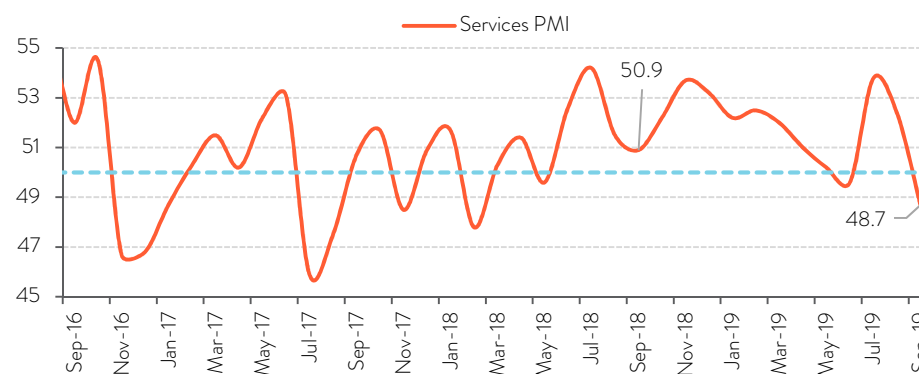
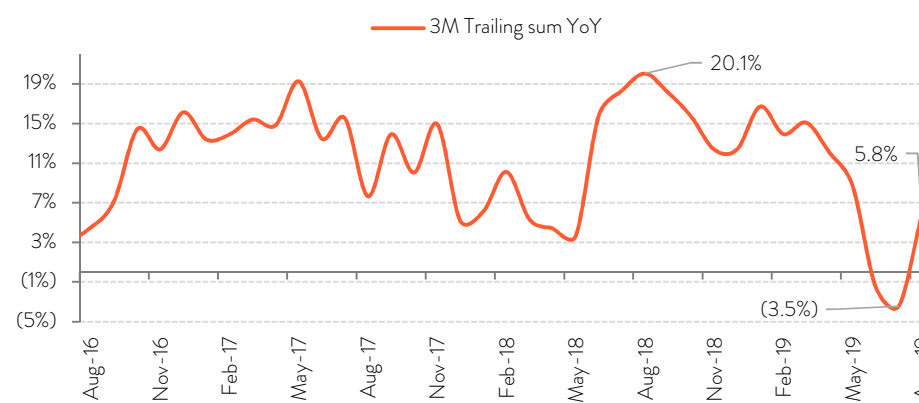


FIG 70 – SERVICES PMI DECLINED SHARPLY IN SEP'19



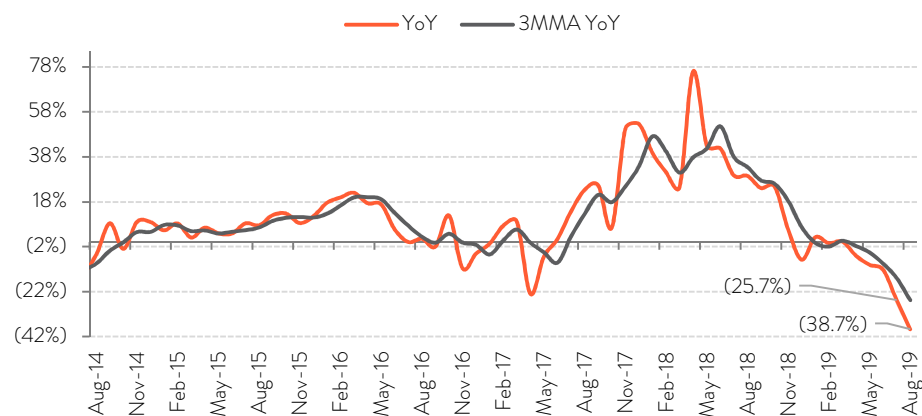
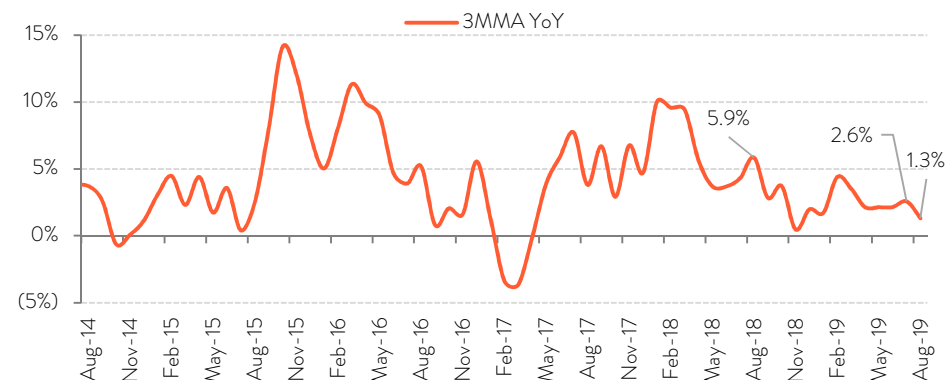
Source: Markit

FIG 72 – STATES* REVENUE GROWTH REVIVES IN AUG'19

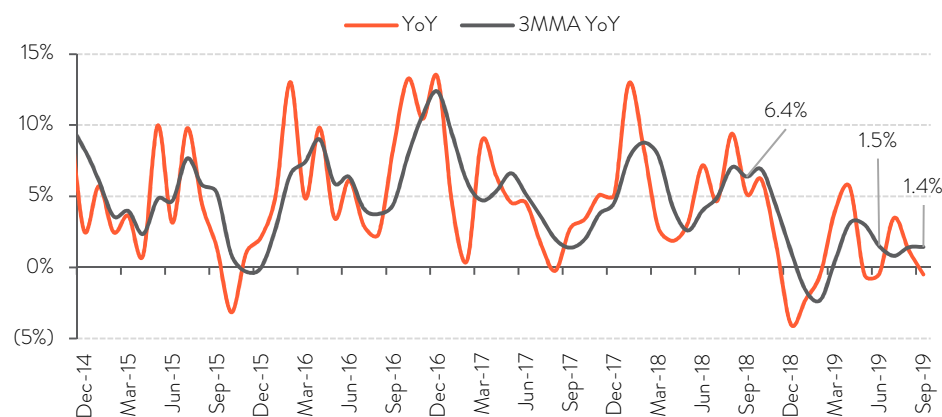
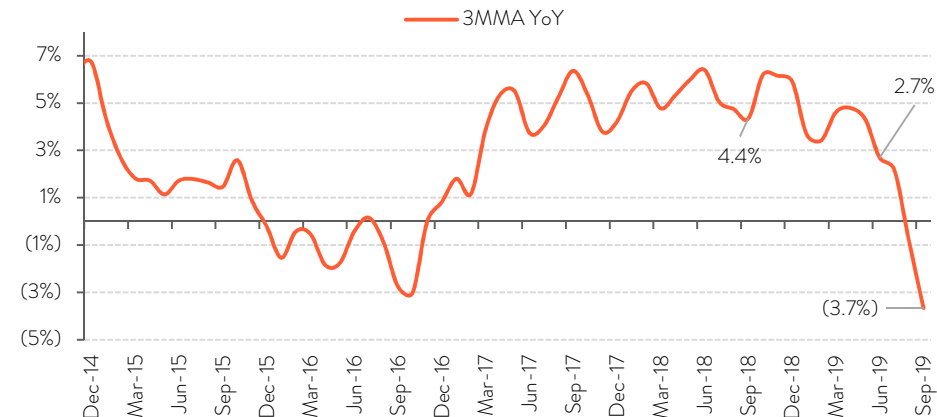


Note: *All states excluding N.E states, Bihar, Goa, J&K, Karnataka and Uttarakhand

Trade

FIG 73 – COMMERCIAL VEHICLE SALES SLIPS FURTHER IN AUG'19**FIG 74 – DIESEL CONSUMPTION CONTINUES TO EASE IN AUG'19**

Source: PPAC

FIG 75 – PORT CARGO VOLUMES REMAINED LOW IN Q2FY20 AS WELL**FIG 76 – RAILWAY FREIGHT TRAFFIC TOO REMAINED LACKLUSTRE IN Q2FY20**

Hotels and Communications

FIG 77 – FOREIGN TOURIST ARRIVAL GROWTH STEADY IN AUG'19...

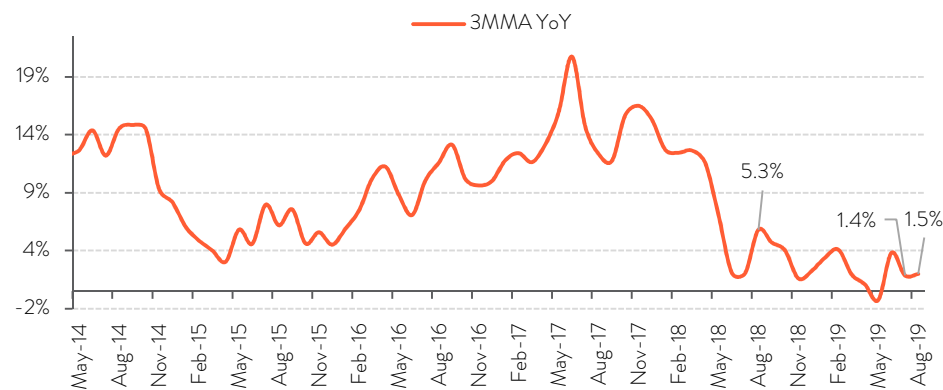


FIG 78 – ...SUPPORTING AIRLINE PASSENGER TRAFFIC GROWTH

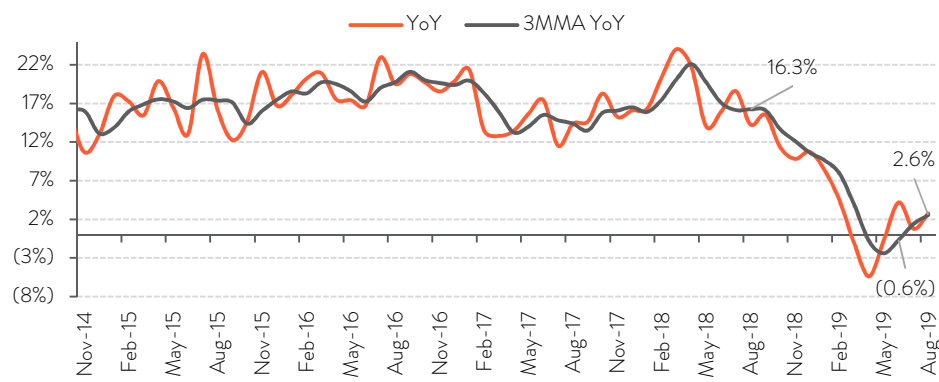


FIG 79 – RAILWAY PASSENGER TRAFFIC GROWTH REMAINED SUBDUED IN Q2FY20

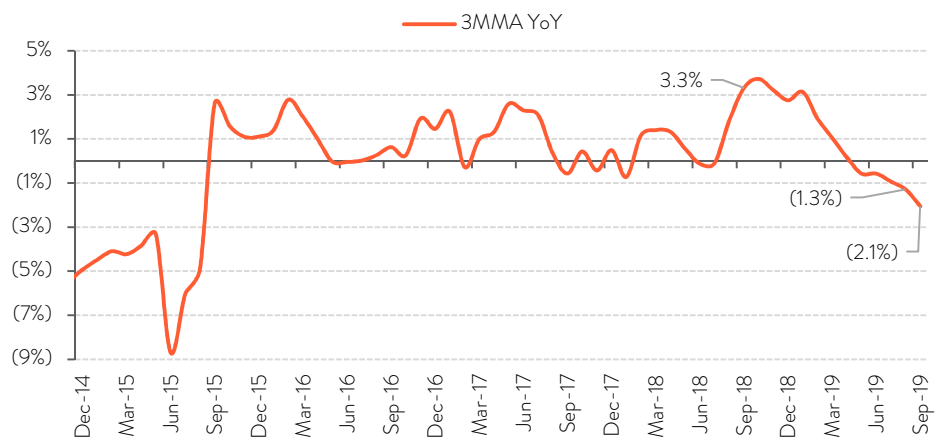
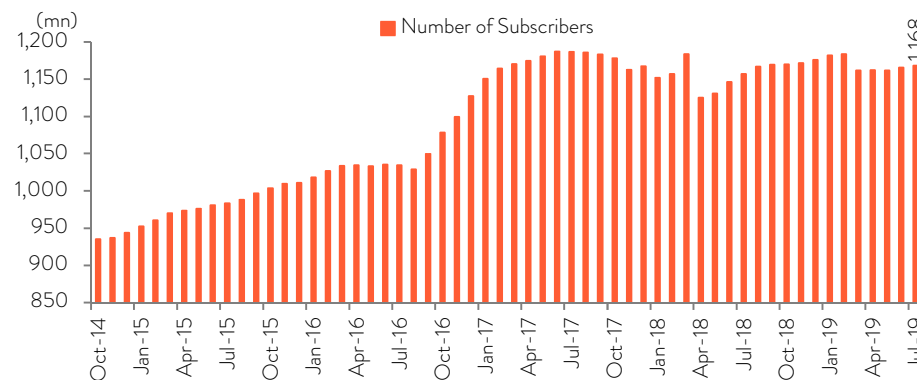


FIG 80 – WIRELESS SUBSCRIBERS STEADY AT 1.17BN IN JUL'19



Finance and Real estate

FIG 81 – GROWTH IN GVA: FINANCE, REAL ESTATE & PROF. SERVICES DIPPED IN Q1FY20

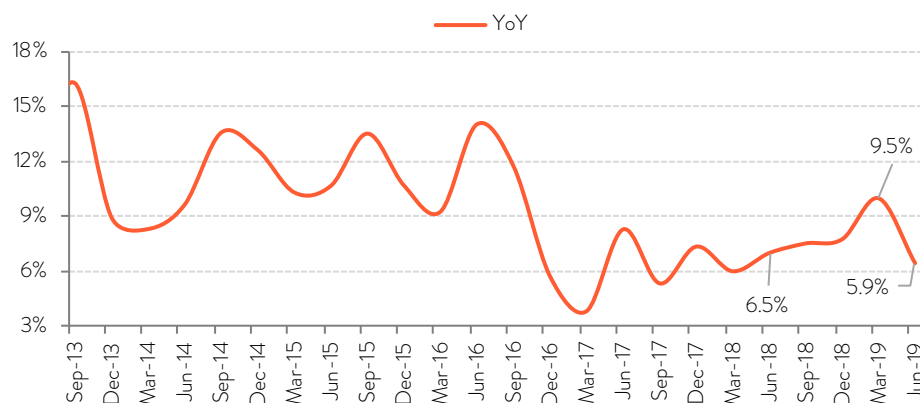
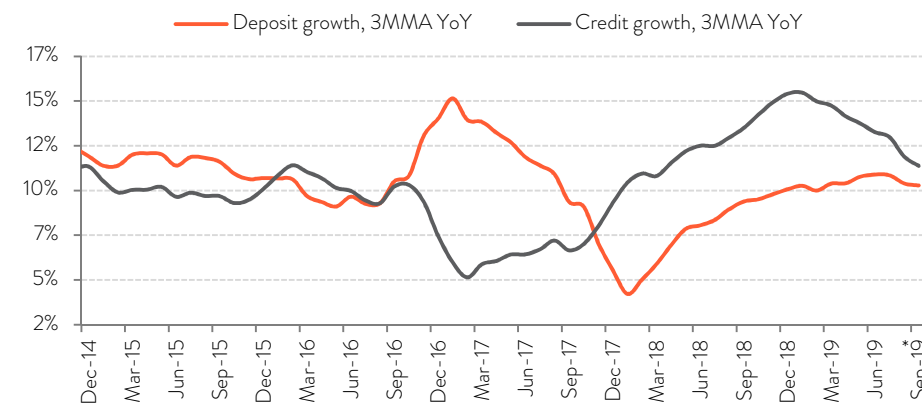


FIG 82 – CREDIT AND DEPOSIT GROWTH SEEN DECELERATING IN Q2FY20



Note: *Sep19 implies fortnight as of 13 Sep 2019

FIG 83 – CREDIT TO SERVICES CONTINUES TO LEAD MODERATION IN OVERALL CREDIT GROWTH...

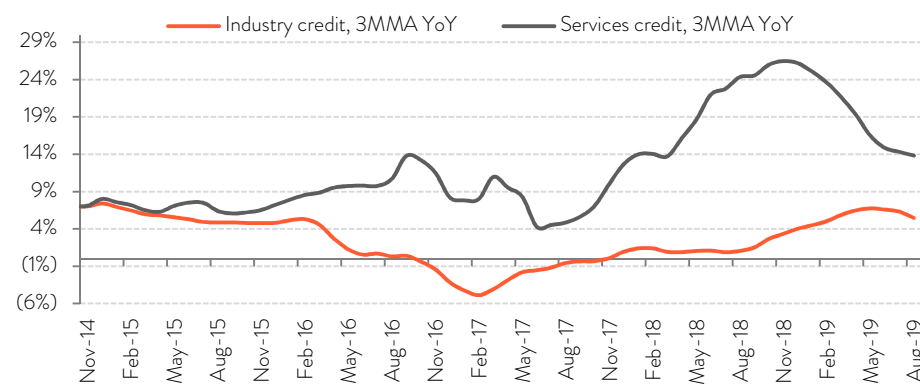


FIG 84 – ...LED BY NBFC AND TRADE

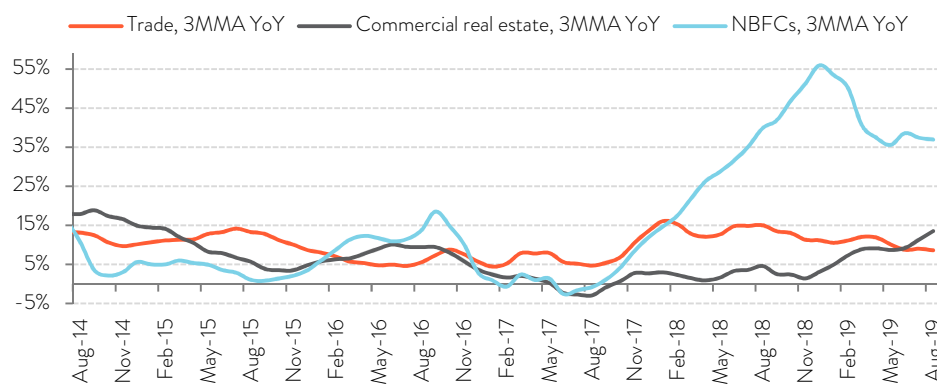
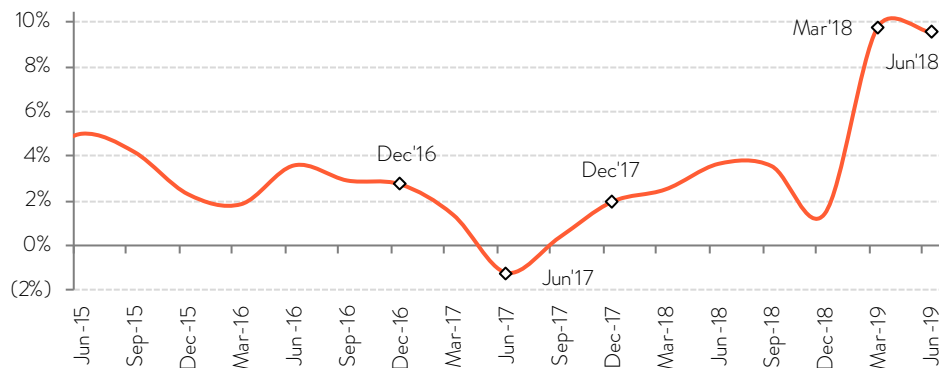
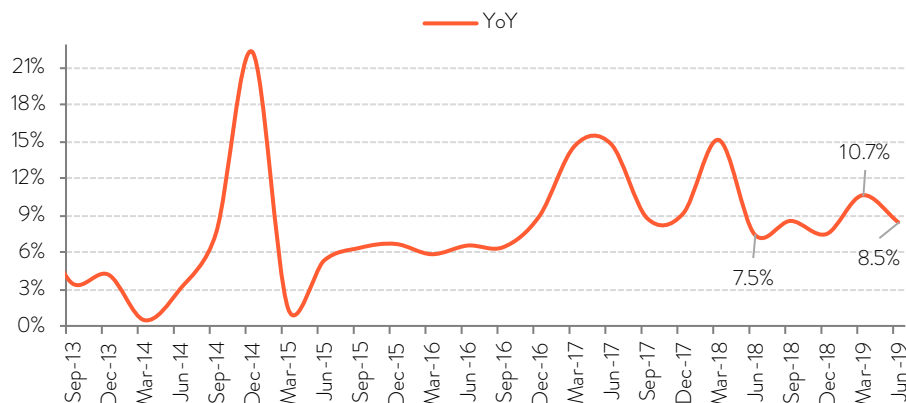
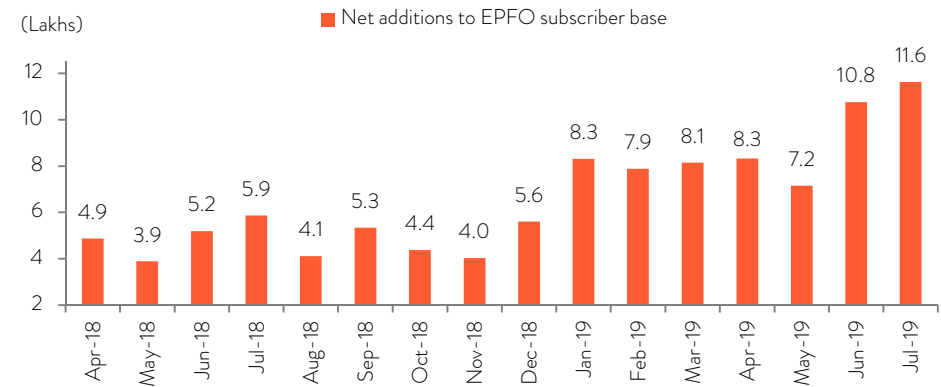


FIG 85 – AVERAGE PROPERTY PRICE INDEX* NORMALISES IN JUN'19

Source: *Index for Delhi-NCR, Mumbai & Bangalore; using Colliers International data for commercial property rental price (Rs/sqft)

Public administration

FIG 87 – PUBLIC ADMINISTRATION & RELATED SERVICES ALSO ACTED AS A DRAG ON SERVICES GROWTH**FIG 86 – ADDITIONS IN PAYROLL IN JUL'19 HIGHEST SINCE SEP'17**

Source: EPFO

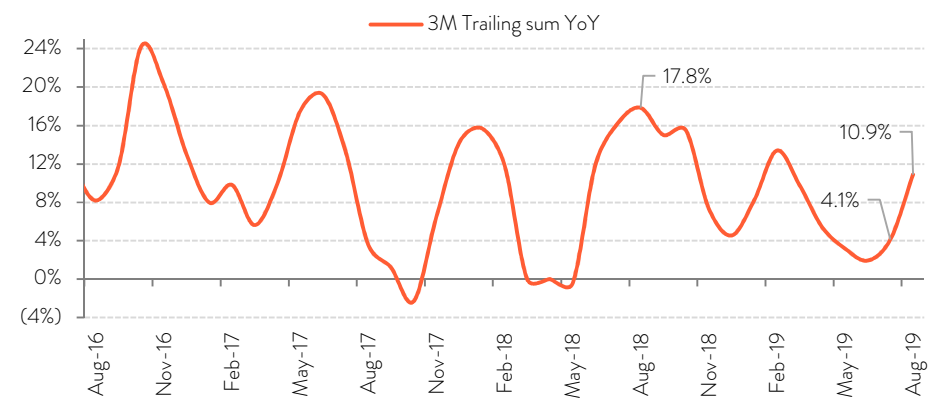
FIG 88 – GENERAL GOVT. SPENDING IMPROVES SIGNIFICANTLY IN AUG'19

FIG 89 – ...LED BY CENTRAL GOVT. SPENDING

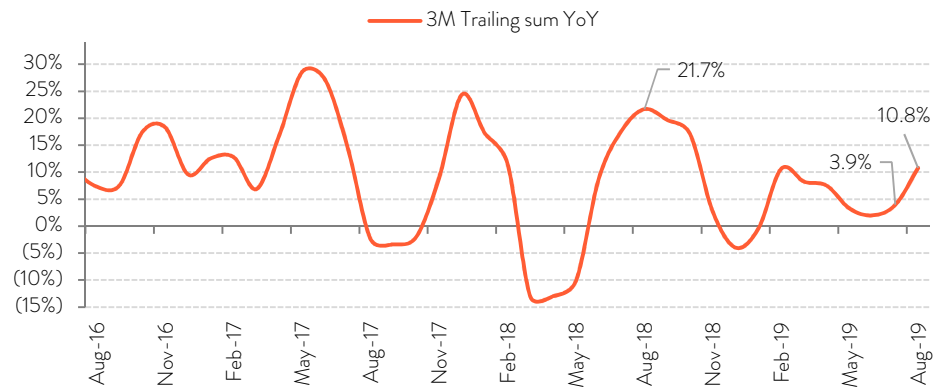
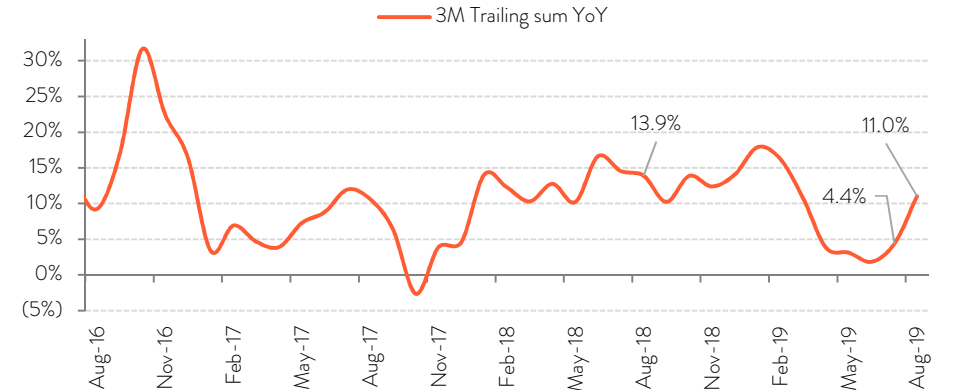


FIG 90 – ...AND STATE* GOVT. SPENDING

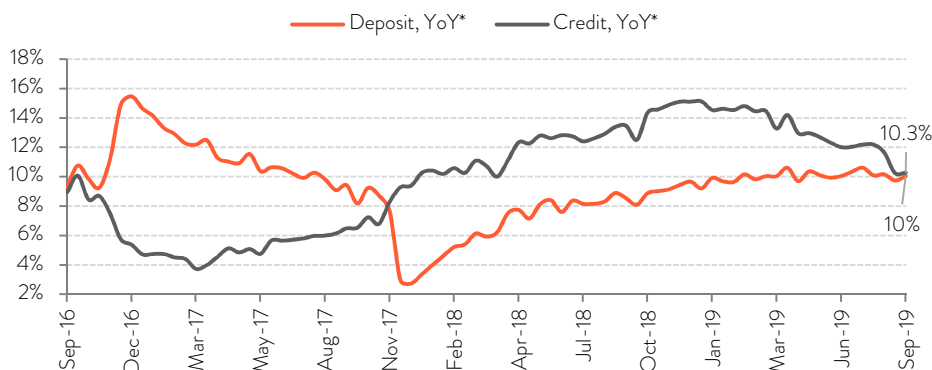


Note: *All states excluding N.E states, Bihar, Goa, J&K, Karnataka and Uttarakhand

Financial sector

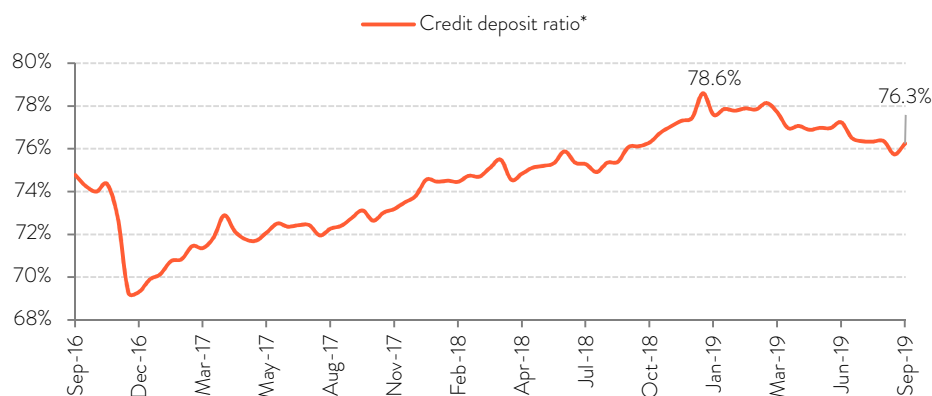
Money and banking

FIG 91 – CREDIT GROWTH AT 10.3% IN SEP'19 VS 10.2% IN AUG'19, DEPOSIT GROWTH AT 10% VS 9.7% IN AUG'19, MINIMISING THE C-D GAP



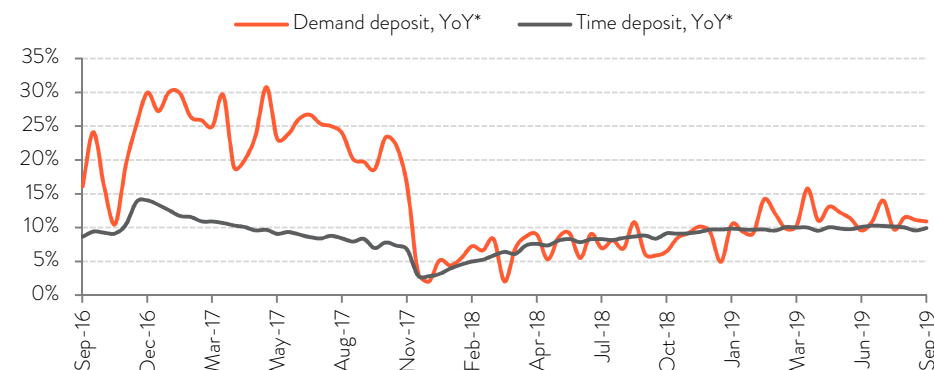
Note: *Sep19 implies fortnight as of 13 Sep 2019

FIG 93 – HOWEVER, CD RATIO ROSE BY 60BPS TO 76.3% IN SEP'19 VS 75.7% IN AUG'19



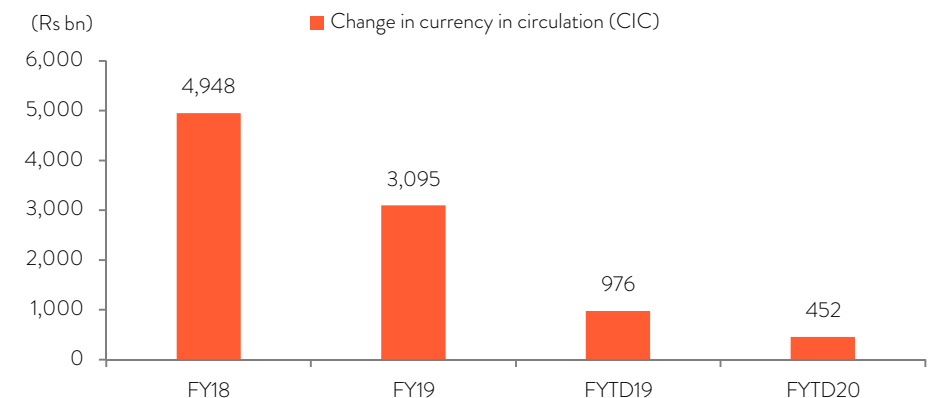
Note: * Jul19 implies fortnight as of 13 Sep 2019

FIG 92 – DEMAND DEPOSITS MODERATED TO 10.9% IN SEP'19 VS 11.1% IN AUG'19, TIME DEPOSITS GREW BY 9.9% VS 9.6% IN AUG'19



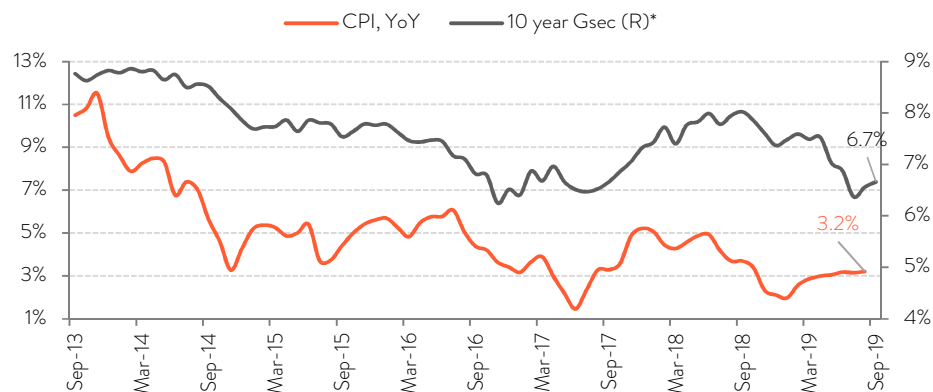
Note: * Jul19 implies fortnight as of 13 Sep 2019

FIG 94 – CIC ACCRETION HAS ALMOST HALVED TO RS 452BN IN FYTD20 VS RS 976BN IN THE SAME PERIOD OF PREVIOUS YEAR



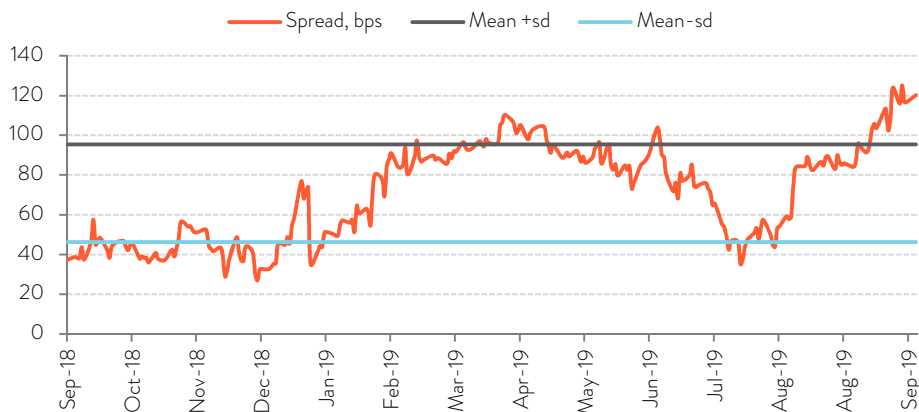
FYTD: Apr-Sep'19

FIG 95 – 10Y GSEC YIELD ROSE BY 14BPS IN SEP'19 DUE TO CORPORATE TAX RATE REDUCTION, WIDENING THE REAL INTEREST RATE



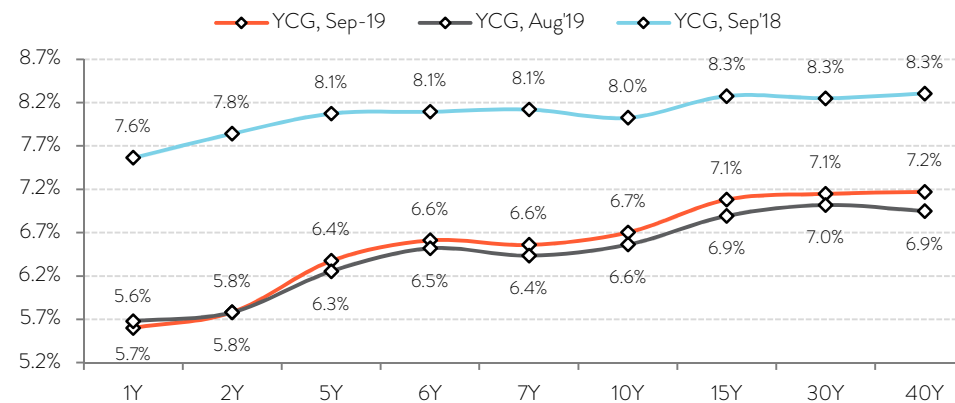
Note: *As on last trading day of the month.

FIG 97 – SPREAD BETWEEN 10Y GSEC YIELD AND 1YR TBILL HAS RISEN BY 107BPS IN SEP'19 FROM 78BPS IN AUG'19 DUE TO RISING 10Y YIELD



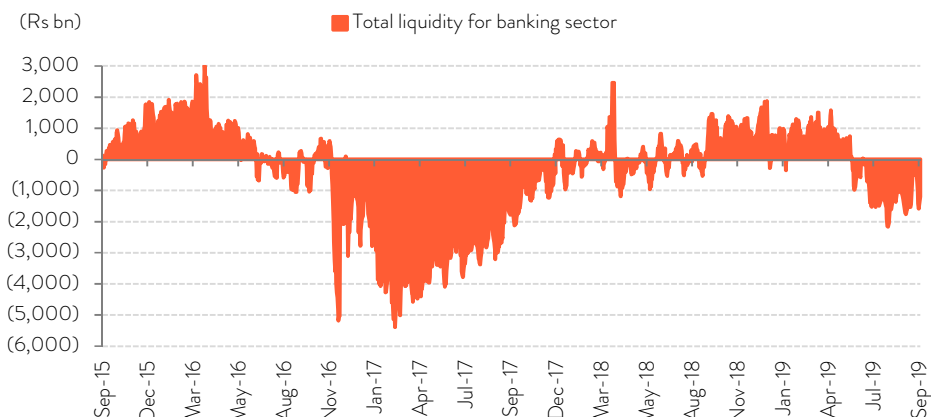
Source: RBI

FIG 96 – YIELD CURVE GRAPH (YCG) SHOWING A STEEPENING BIAS



Source: Bloomberg

FIG 98 – AVERAGE SYSTEM LIQUIDITY SURPLUS WAS AT RS 1.1TN IN SEP'19 VS RS 1.4TN IN AUG'19



Source: RBI

Interest rates on small savings schemes

FIG 99 – INTEREST RATES ON SMALL SAVINGS SCHEME

Instrument (%)	Q2FY19	Q3FY19	Q4FY19	Q1FY20	Q2FY20	Q3FY20
Savings deposit	4.0	4.0	4.0	4.0	4.0	4.0
1 year time deposit	6.6	6.9	7.0	7.0	6.9	6.9
2 year time deposit	6.7	7.0	7.0	7.0	6.9	6.9
3 year time deposit	6.9	7.2	7.0	7.0	6.9	6.9
5 year time deposit	7.4	7.8	7.8	7.8	7.7	7.7
5 year recurring deposit	6.9	7.3	7.3	7.3	7.2	7.2
5 year senior citizen savings scheme	8.3	8.7	8.7	8.7	8.6	8.6
5 year monthly income scheme	7.3	7.7	7.7	7.7	7.6	7.6
5 year national savings certificate	7.6	8.0	8.0	8.0	7.9	7.9
Public provident fund scheme	7.6	8.0	8.0	8.0	7.9	7.9
Kisan vikas patra	7.3	7.7	7.7	7.7	7.6	7.6
Sukanya samriddhi account scheme	8.1	8.5	8.5	8.5	8.4	8.4

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

Mutual fund (MF) indicators

FIG 100 – SENSEX ROSE BY 3.6% (38,667 IN SEP'19) SUPPORTED BY GOVT TAX REFORMS, AUM OF MFS WAS HIGHER AT RS 25TN IN AUG'19

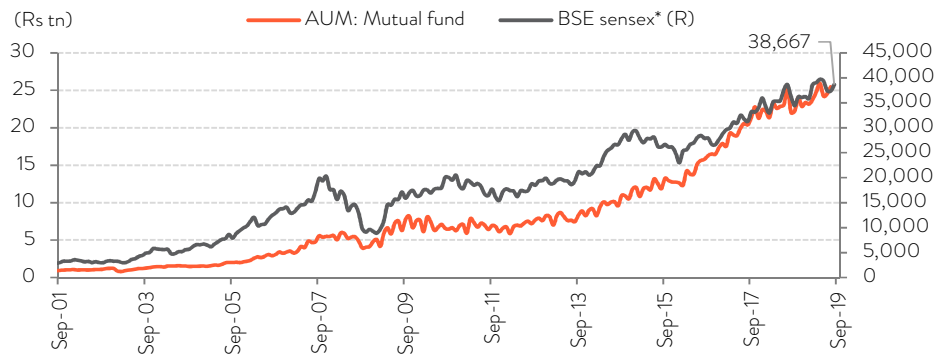
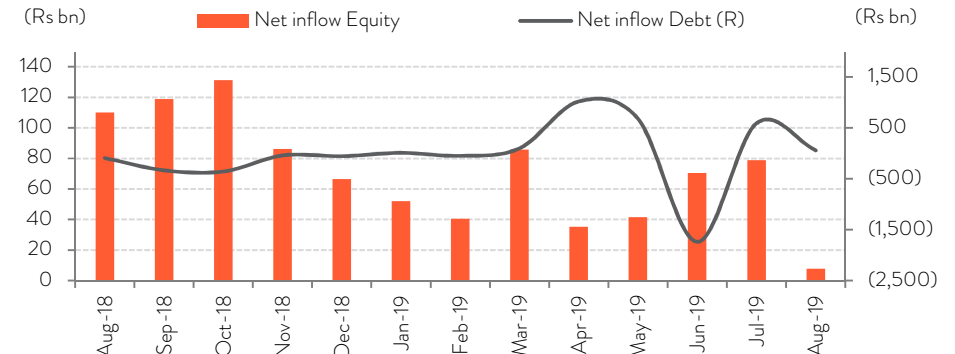


FIG 101 – MF NET INFLOW MODERATED TO RS 87BN IN AUG'19 (RS 871BN IN JUL'19) DUE TO LOWER EQUITY (RS 7.9BN) & DEBT INFLOW (RS 59BN)



Insurance sector indicators

FIG 102 – LIFE INSURANCE POLICIES SOLD IN AUG'19 SLUMPED BY (-) 5% VS 2.6% IN JUL'19, DESPITE A FAVOURABLE BASE

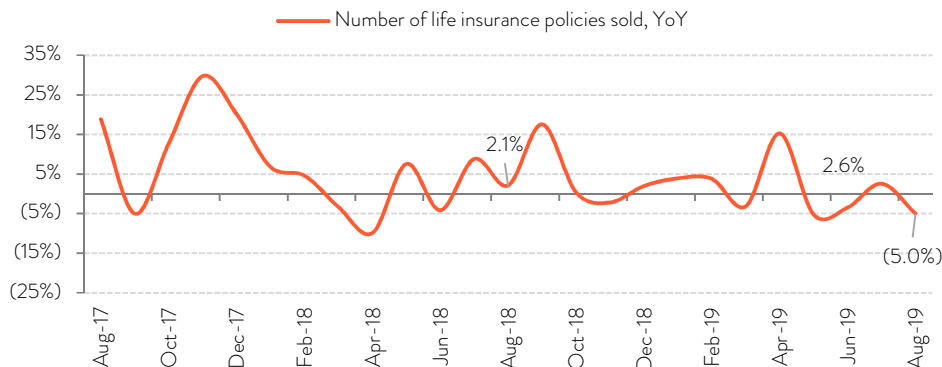
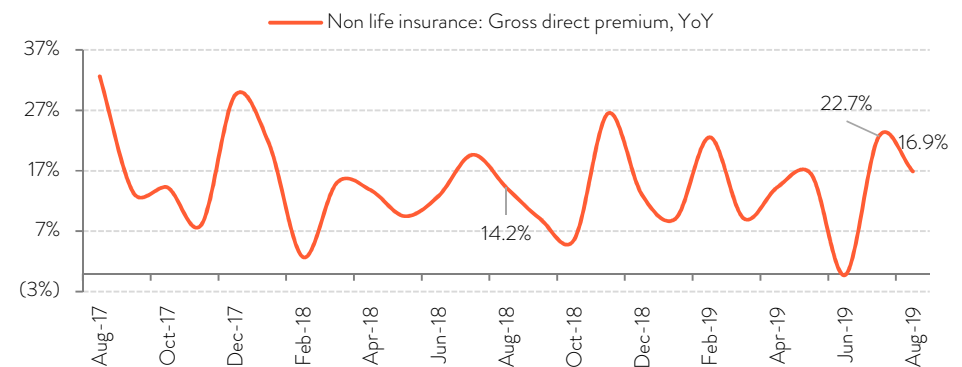


FIG 103 – GROSS DIRECT PREMIUM FOR NON LIFE INSURANCE MODERATED TO 16.9% IN AUG'19 VS 23% IN JUL'19



Public finance

Central government finances

FIG 104 – FISCAL DEFICIT LOWERED TO 3.1% IN AUG'19

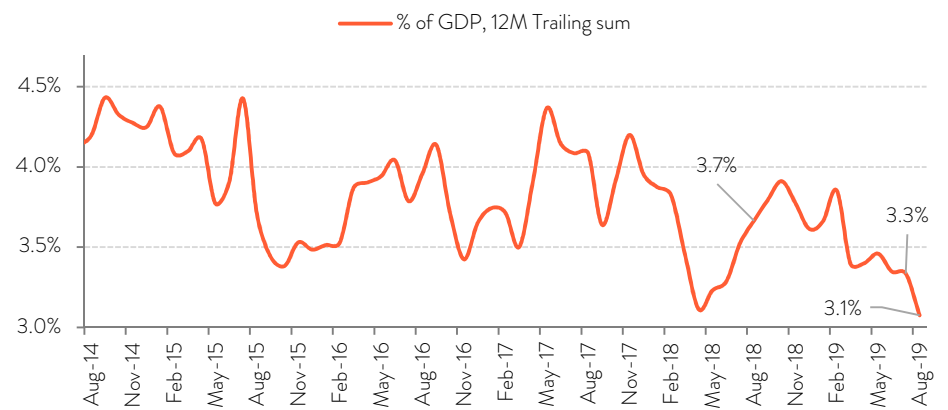


FIG 105 – REVENUE DEFICIT ALSO WITNESSES SHARP REDUCTION

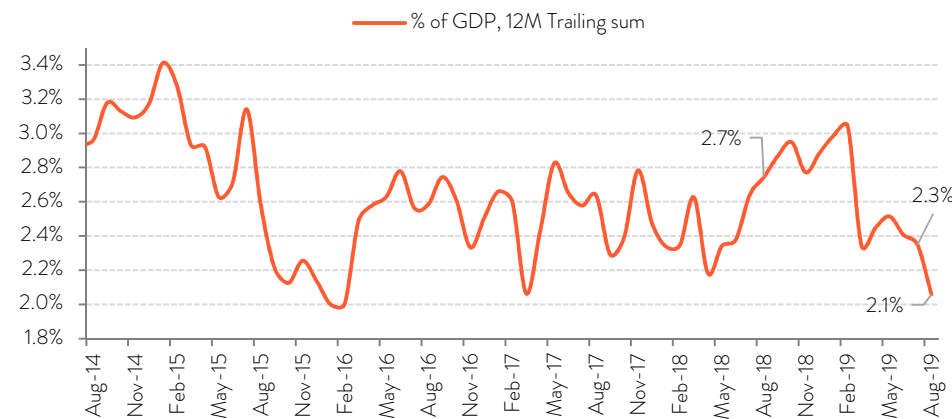


FIG 106 – PRIMARY DEFICIT DOWN TO 0.1%

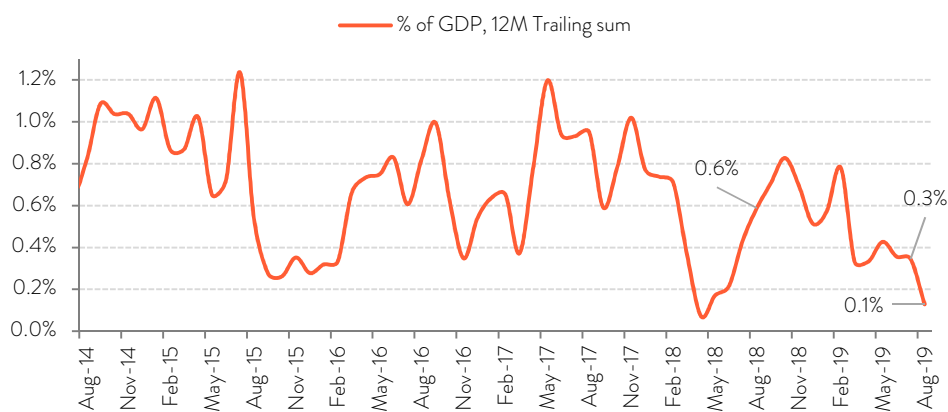


FIG 107 – TOTAL EXPENDITURE GROWTH BROADLY STABLE IN AUG'19

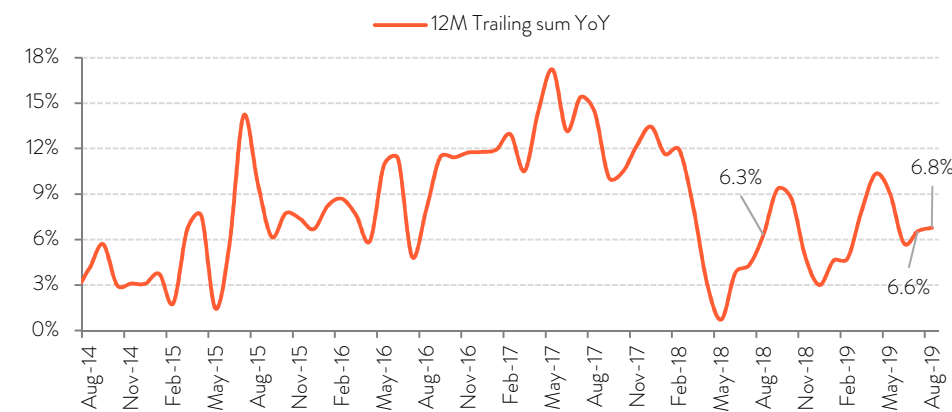
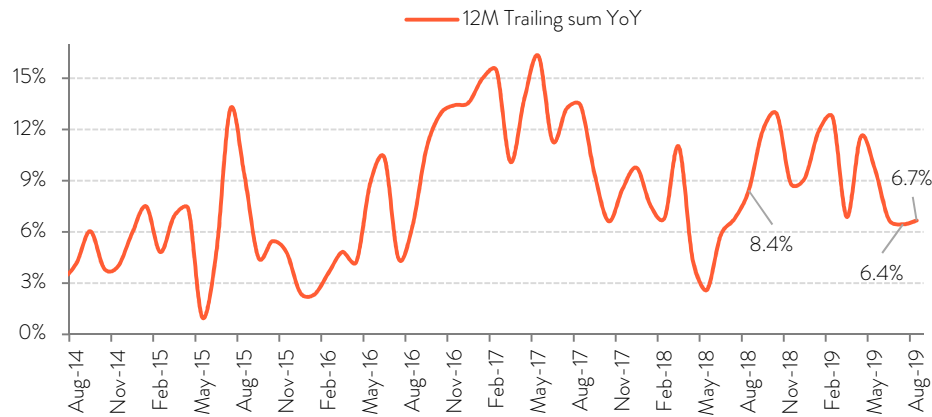
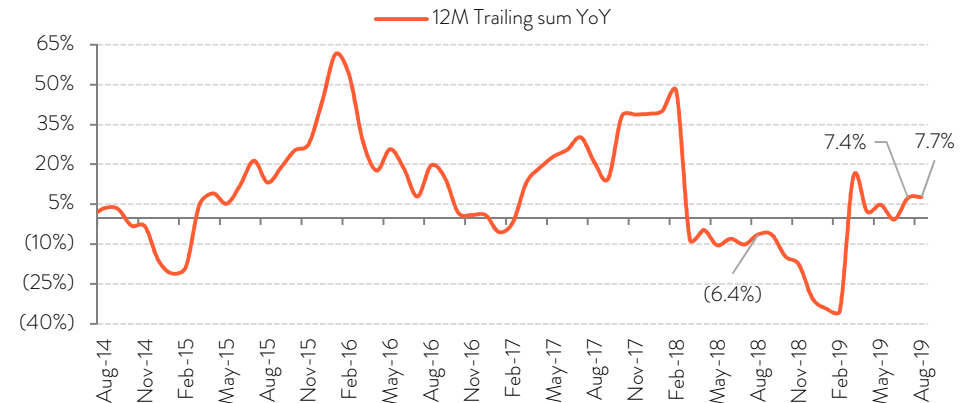


FIG 108 – REVENUE SPENDING STEADY IN AUG'19**FIG 109 – CAPEX MAINTAINS ITS MOMENTUM IN AUG'19****FIG 110 – HIGHER SPENDING BY MINISTRIES OF CHEMICALS AND PETROLEUM LIFT THE HEADLINE EXPENDITURE UP IN AUG'19 (FYTD BASIS)**

Ministry	Apr'17-Aug'17 (Rs bn)	Apr'18-Aug'18 (Rs bn)	% change	Apr'19-Aug'19 (Rs bn)	% change
Ministry of Finance	2,696	3,144	16.6	3,669	16.7
Ministry of Defence	1,830	1,917	4.8	2,184	14.0
Ministry of Consumer Affairs, Food and Public Distribution	1,196	1,222	2.2	1,146	(6.2)
Ministry of Rural Development	548	638	16.5	610	(4.3)
Ministry of Home Affairs	432	521	20.6	551	5.7
Ministry of Human Resource Development	372	265	(28.8)	282	6.3
Ministry of Road Transport and Highways	287	356	23.8	322	(9.6)
Ministry of Chemicals and Fertilisers	345	308	(10.7)	477	54.8
Ministry of Petroleum and Natural Gas	189	216	14.8	310	43.4
Ministry of Agriculture	197	276	39.8	383	39.0
Ministry of Health and Family Welfare	203	240	18.3	263	9.9

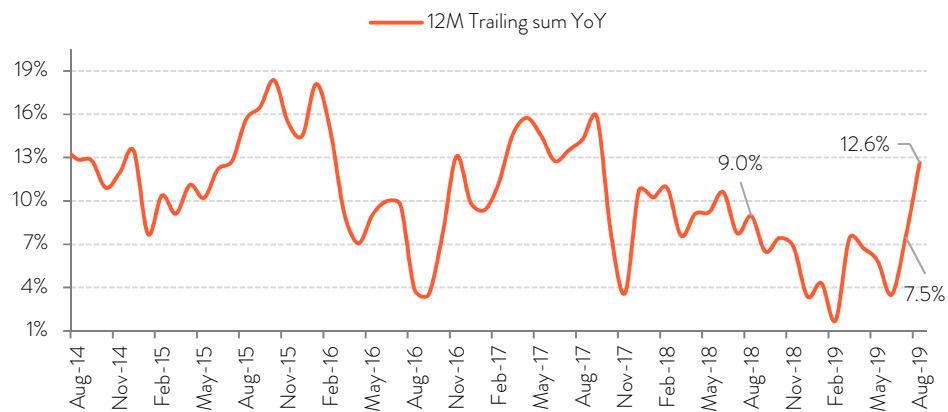
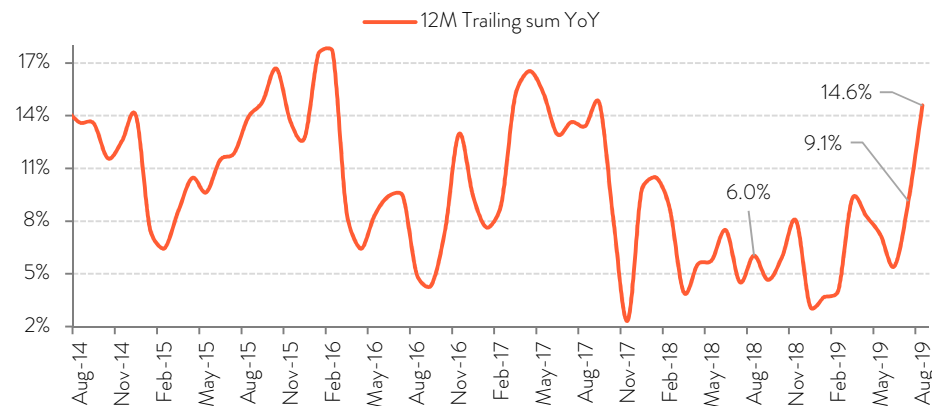
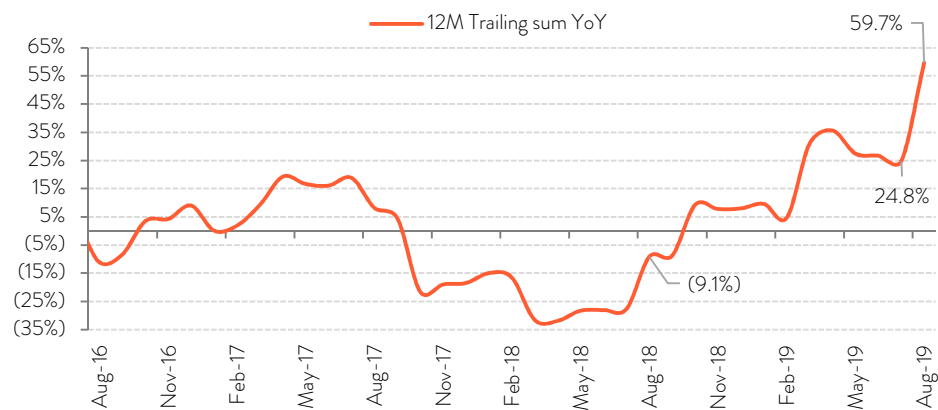
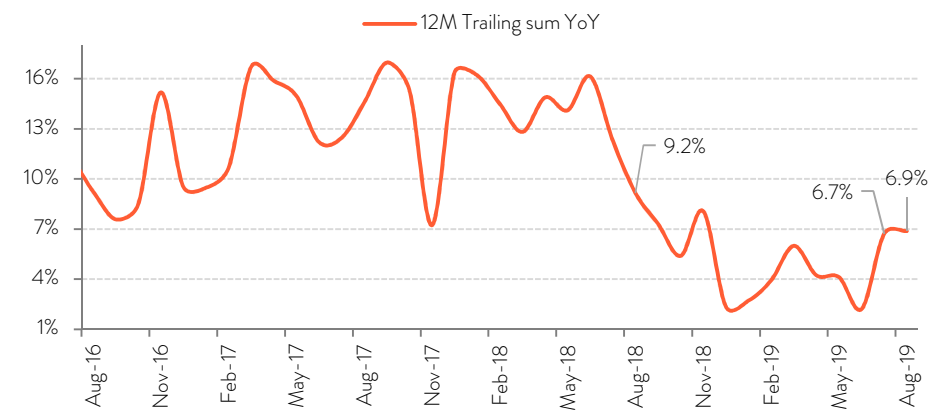
FIG 111 – RECEIPT GROWTH SHOOTS UP SHARPLY IN AUG'19...**FIG 112 – ...AS REVENUE RECEIPT GROWTH JUMPS****FIG 113 – NON-TAX REVENUE GROWTH KEY DRIVER****FIG 114 – TAX RECEIPT GROWTH STEADY**

FIG 115 – CENTRE'S CORPORATE TAX COLLECTIONS AND CAPEX REMAIN WEAK AREAS (FYTD BASIS)

	Apr'17-Aug'17 (Rs bn)	Apr'18-Aug'18 (Rs bn)	% change	Apr'19-Aug'19 (Rs bn)	% change
Gross Tax revenue	5,404	5,888	9.0	6,262	6.4
Direct taxes	2,175	2,525	16.1	2,767	9.6
Corp Tax	929	1,063	14.3	1,112	4.6
Income Tax	1,245	1,462	17.5	1,655	13.2
Indirect taxes*	3,229	3,363	4.1	3,496	3.9
Non-tax revenue	693	983	42.0	1,986	102.0
Centre's revenue (net)	4,099	4,645	13.3	6,032	29.8
Total expenditure	9,504	10,709	12.7	11,753	9.8
Capital exp	1,096	1,322	20.6	1,362	3.0
Revenue exp	8,408	9,386	11.6	10,391	10.7
Fiscal deficit	5,250	5,913	12.6	5,538	(6.3)

Note: *excluding GST compensation cess

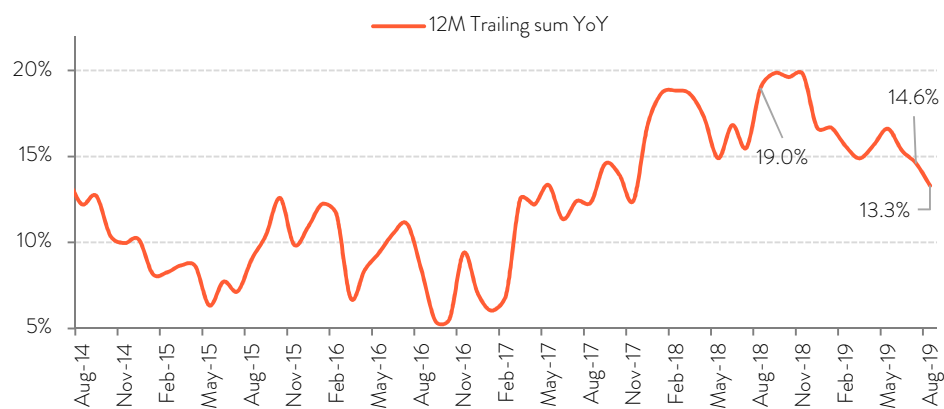
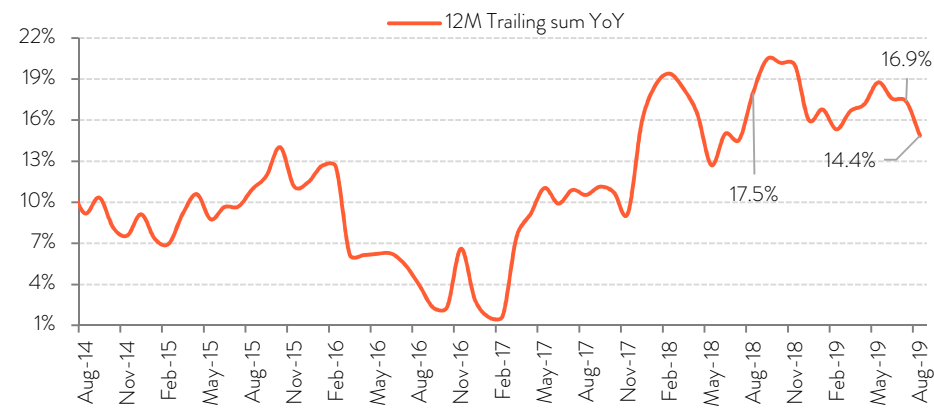
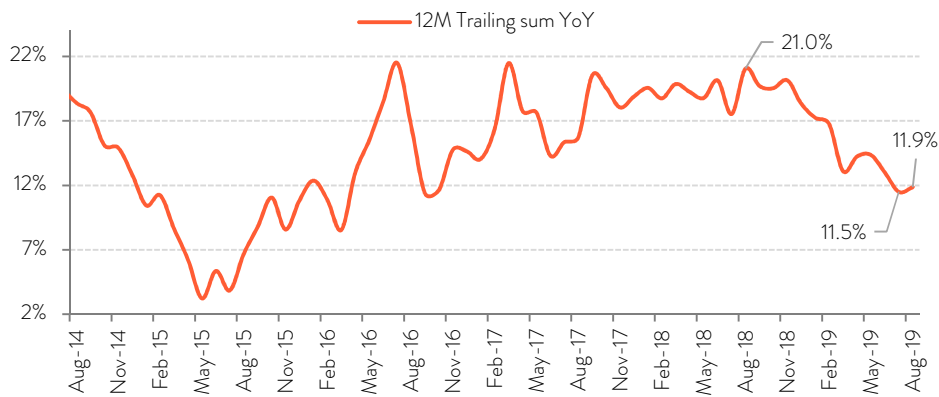
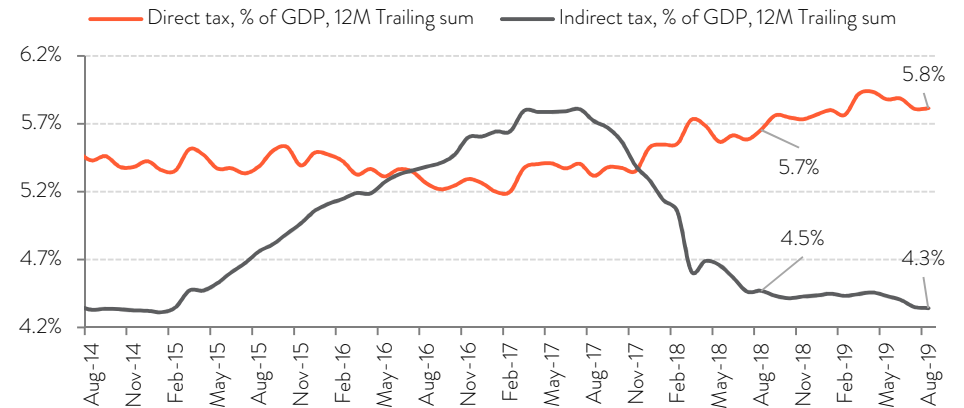
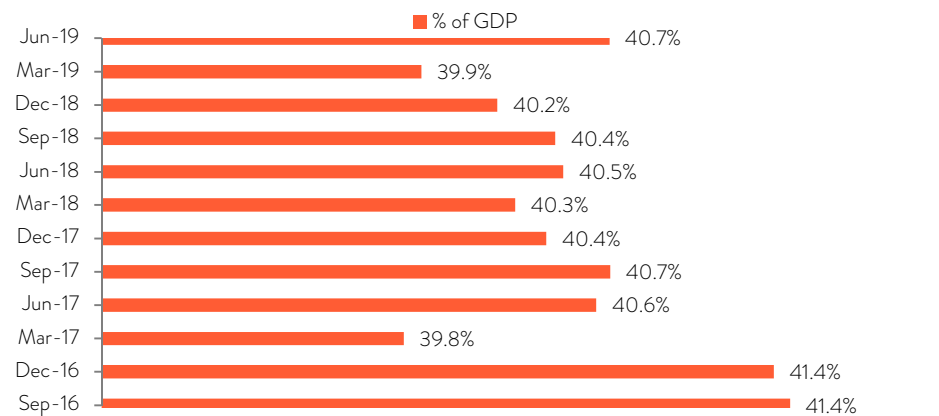
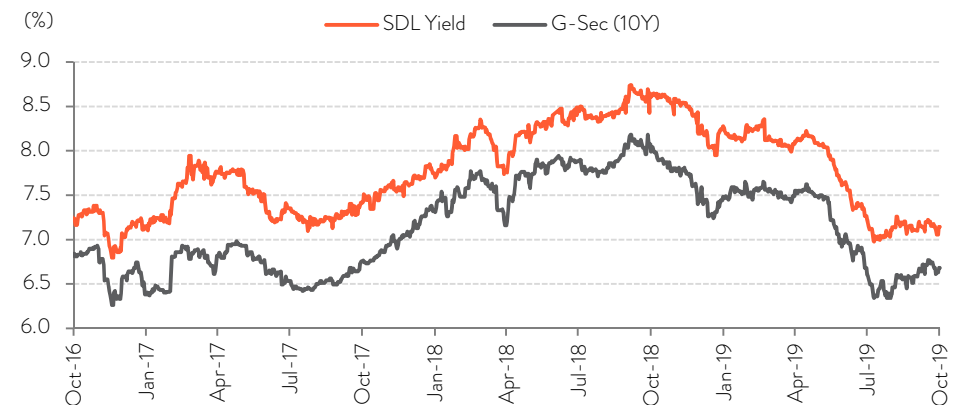
FIG 116 – GROSS DIRECT TAX COLLECTION EASES FURTHER IN AUG'19...**FIG 117 – ...LED BY LOWER CORPORATE TAX COLLECTIONS**

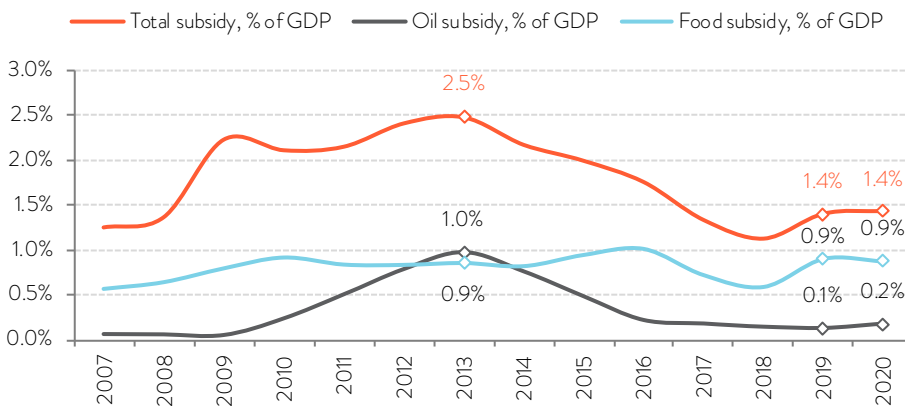
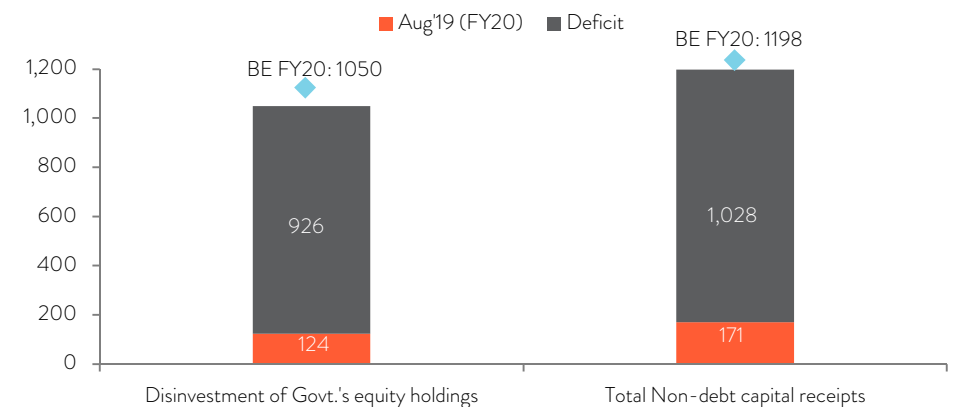
FIG 118 – INCOME TAX REVENUE SHOWS MARGINAL IMPROVEMENT**FIG 119 – GAP BETWEEN SHARE IN GDP OF DIRECT & INDIRECT TAX REMAINS WIDE; SHARE OF INDIRECT TAXES CONTINUES TO DECLINE****FIG 120 – GST COLLECTIONS DIP FOR THE SECOND MONTH IN AUG'19; AVERAGE RUN RATE FALLS BELOW RS 1TN**

(Rs bn)	Aug-18	Sep-18	Oct-18	Nov-18	Dec-18	Jan-19	Feb-19	Mar-19	Apr-19	May-19	Jun-19	Jul-19	Aug-19	Monthly run rate (FY20)	FYTD20	FY20 (BE)
CGST	360	299	480	344	431	351	359	462	468	346	354	241	685	419	2,094	5,260
UT GST	3.3	1.1	1.3	0.8	5.9	1.3	1.1	5.8	1.7	1.5	1.9	2.0	1.2	2	8	-
IGST	52	148	(142)	90	(94)	95	45	23	(6)	72	40	253	(461)	(20)	(102)	280
SGST*	455	481	561	433	605	441	579	566	450	503	544	405	625	505	2,527	-
Cess	74	79	77	79	77	84	82	82	89	77	80	82	68	79	396	1,093
Total GST	944	1,007	976	947	1,025	972	1,066	1,139	1,003	999	1,021	982	919	985	4,924	6,633
GST 3B Filing by deadline (mn)	6.7	6.7	7.0	7.2	7.3	7.3	7.6	7.2	7.2	7.4	7.6	7.6	7.6	-	-	-

Source: PIB | *Computed from PIB and CGA data.

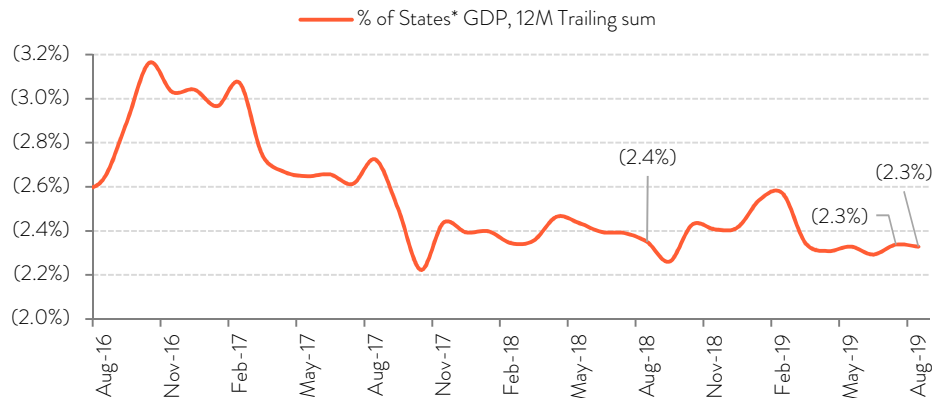
FIG 121 – CENTRAL GOVT. PUBLIC DEBT JUMPS IN Q1FY20**FIG 122 – GAP BETWEEN AVG. YIELD ON SDL & 10Y G-SEC DECLINED STEEPLY IN SEP'19 AND HAS FALLEN FURTHER IN OCT'19**

Source: CCIL

FIG 123 – SUBSIDIES MAINTAINED AT A STEADY RATIO IN FY20**FIG 124 – CENTRAL GOVT.'S FY20 DISINVESTMENT STATUS**

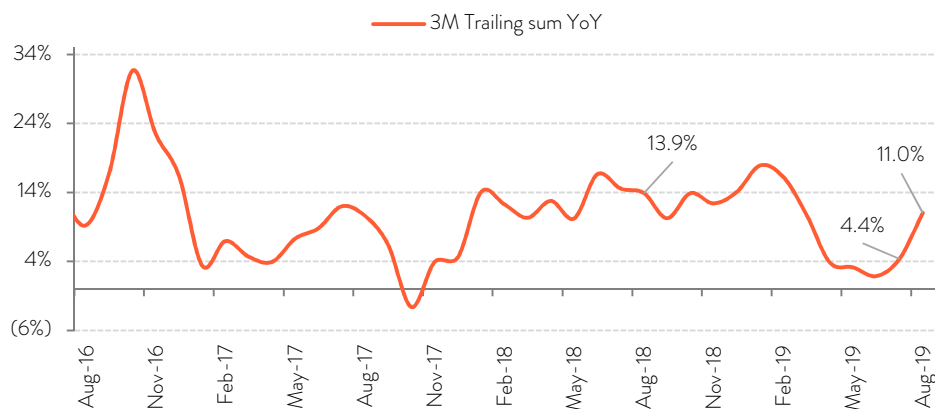
State government finances

FIG 125 – STATES* FISCAL DEFICIT MAINTAINED AT 2.3% IN AUG'19



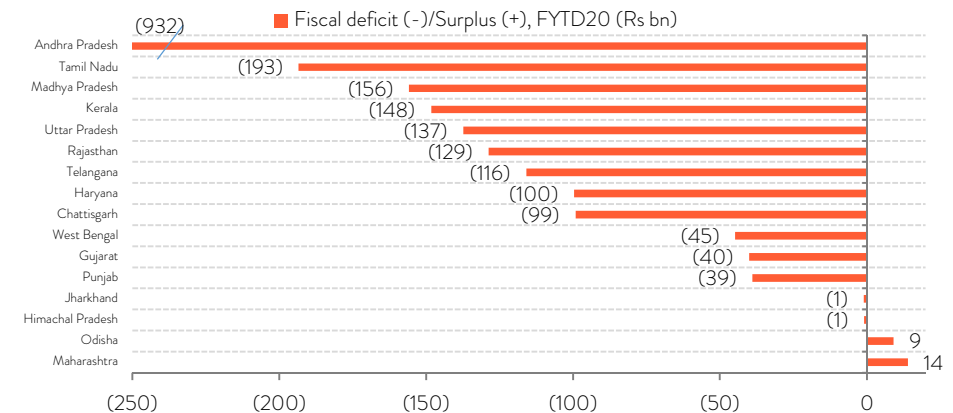
Note: *All states excluding N.E states, Bihar, Goa, J&K, Karnataka and Uttarakhand

FIG 127 – TOTAL EXPENDITURE OF STATES* IMPROVES FURTHER IN AUG'19



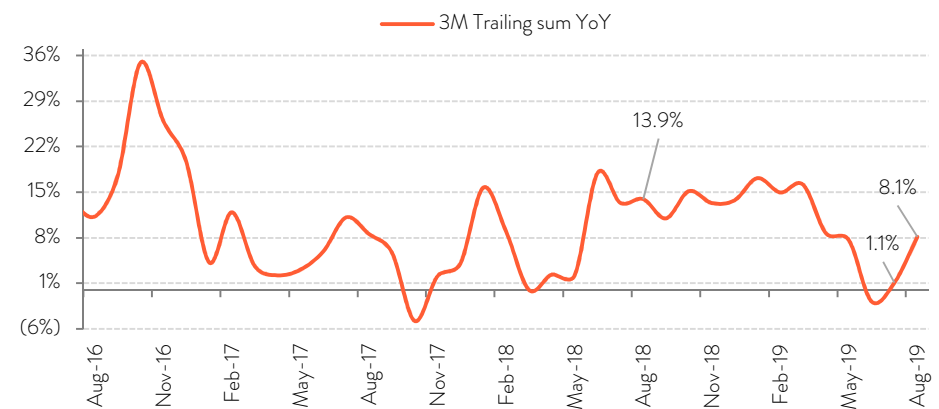
Note: *All states excluding N.E states, Bihar, Goa, J&K, Karnataka and Uttarakhand

FIG 126 – A.P REMAINS HIGHEST DEFICIT STATE IN FYTD20



Note: FYTD20 - Apr'19-Aug'19

FIG 128 – TOTAL RECEIPTS OF STATES* ALSO JUMPS

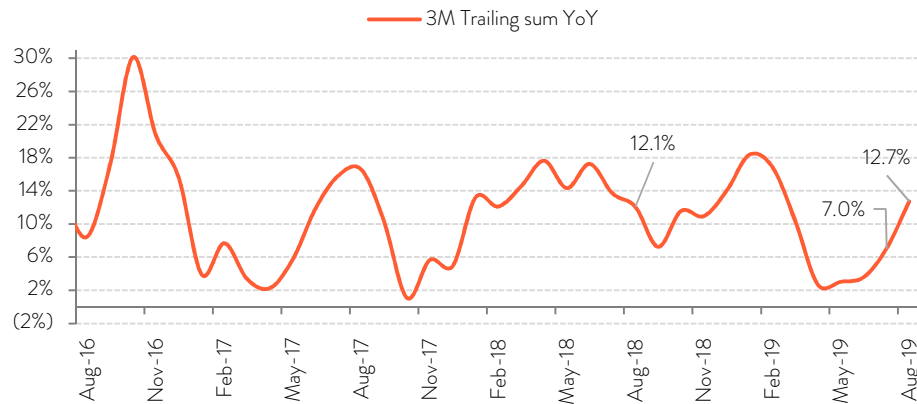


Note: *All states excluding N.E states, Bihar, Goa, J&K, Karnataka and Uttarakhand

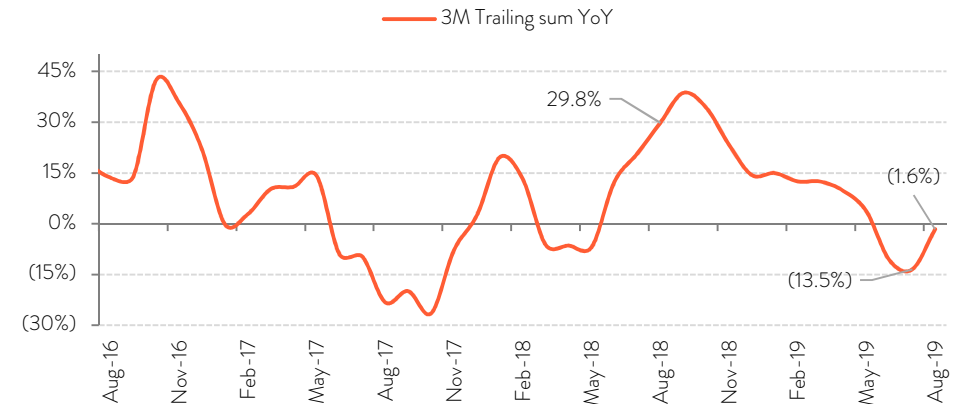
FIG 129 – STATE* GOVT. REVENUE RECEIPTS AND CAPEX GROWTH SEEN EASING IN FYTD20 VS LAST YEAR

	Apr'17-Aug'17 (Rs bn)	Apr'18-Aug'18 (Rs bn)	% change	Apr'19-Aug'19 (Rs bn)	% change
Total Receipts	7,401	8,605	16.3	9,098	5.7
Revenue Receipts	6,293	7,426	18.0	7,739	4.2
Receipts: Tax Revenue	5,000	5,776	15.5	5,909	2.3
Receipts: Non-Tax Revenue	412	539	30.6	520	(3.5)
Capital Receipts	1,108	1,179	6.4	1,359	15.2
Total Expenditure	7,358	8,523	15.8	9,279	8.9
Revenue Expenditure	6,546	7,510	14.7	8,300	10.5
Capital Expenditure	811	1,013	24.8	979	(3.3)
Revenue Surplus or Deficit	(253)	(84)	(66.7)	(257)	204.5
Fiscal Surplus or Deficit	(1138)	(1128)	(0.9)	(1274)	12.9

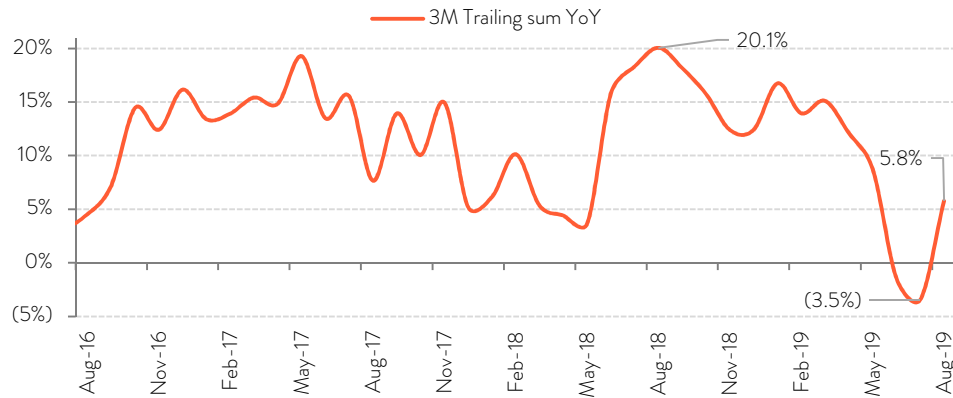
Note: *All states excluding N.E states, Bihar, Goa, J&K, Karnataka and Uttarakhand

FIG 130 – IMPROVEMENT IN STATE* SPENDING LED BY REVENUE EXPENDITURE

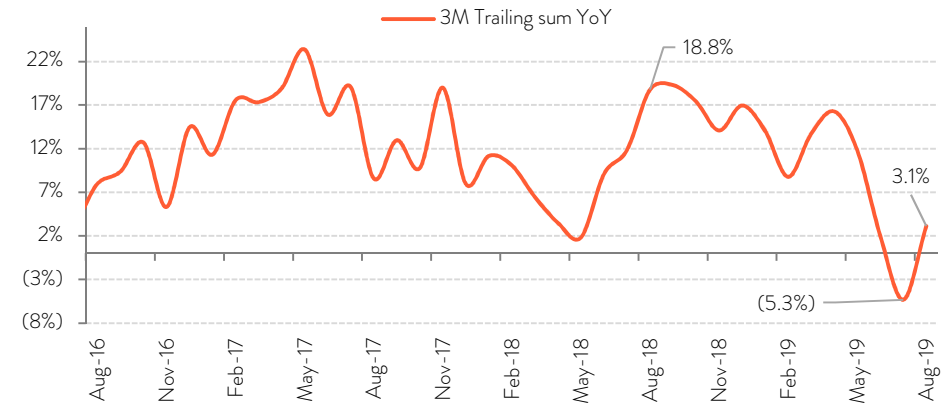
Note: *All states excluding N.E states, Bihar, Goa, J&K, Karnataka and Uttarakhand

FIG 131 – CAPEX OF STATES* IS SHOWING SIGNS OF REVIVAL

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

FIG 132 – REVENUE RECEIPTS OF STATES* ROSE SHARPLY IN AUG'19...

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

FIG 133 – ...LED BY HIGHER TAX REVENUES

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

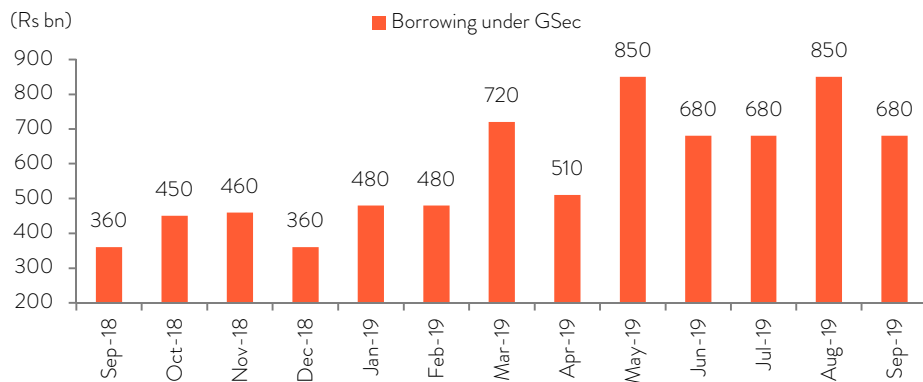
FIG 134 – PATTERN OF STATE SPENDING

State	Pay commission implemented	Loan waiver announced	Capex Increasing (Aug'19, 12M Trailing sum, %YoY)
Andhra Pradesh	✓	✓	✗
Bihar*	✓	✗	✗
Chhattisgarh	✓	✗	✗
Gujarat	✓	✗	✗
Haryana	✓	✗	✓
Karnataka	✗	✓	✓
Madhya Pradesh	✓	✓	✓
Maharashtra	✗	✓	✓
Odisha	✓	✗	✗
Punjab	✗	✓	✗
Uttar Pradesh	✓	✓	✓
Rajasthan	✓	✓	✗
Telangana	✓	✓	✗
Uttarakhand**	✓	✗	✗

Source: News Reports, CEIC, Bank of Baroda | Note: ✓ means yes; ✗ means no | *Capex as of Mar'19 | **Capex as of Jul'19

Central government borrowing

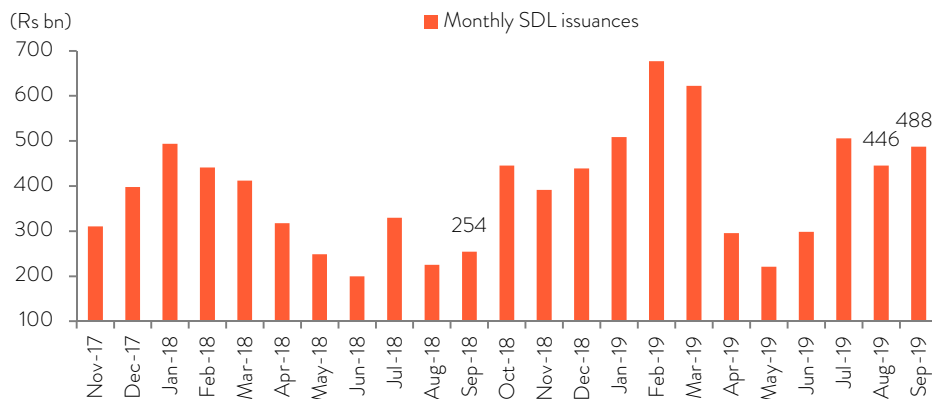
FIG 135 – CENTRE'S GROSS BORROWING* IN SEP'19 WAS AT RS 680BN VS RS 850BN IN AUG'19



Source: RBI, *till 27 Sep 2019

State government borrowing

FIG 137 – STATE GOVERNMENT BORROWINGS PICK UP PACE IN Q2FY20



Source: RBI

FIG 136 – CENTRE'S GROSS BORROWING FOR H2FY20 HAS BEEN KEPT AS PER BUDGETED AT RS 2.68TN

Total accepted amount (G-Sec), (Rs bn)	FY15	FY16	FY17	FY18	FY19	FY20 (actual)	FY20 (planned)
Q1	1,830	1,740	1,500	1,680	1,320	2040	2,210
Q2	1,570	1,630	1,910	1,890	1,440	2210*	2,210
Q3	1,430	1,640	1,610	1,640	1,270	-	2080
Q4	1,090	840	800	670	1680	-	600
Total	5,920	5,850	5,820	5,880	5,710	-	7100

Source: RBI, *till 27 Sep 2019

FIG 138 – MARKET BORROWINGS OF STATES REACH RS 2.4TN IN FYTD20

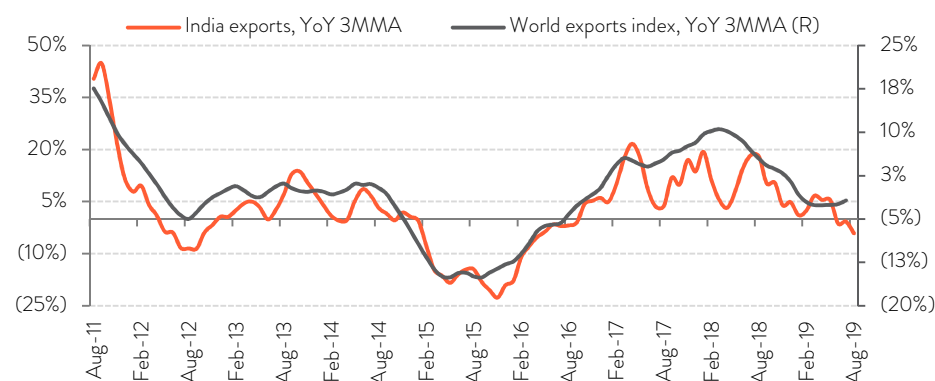
Quarterly SDL issuances, (Rs bn)	FY15	FY16	FY17	FY18	FY19	FY20 (actual)	FY20 (planned)
Q1	439	502	548	650	766	815	1,101
Q2	469	627	792	1,130	809	1,439	1,394
Q3	692	858	1,214	1,054	1,277	193*	1,707
Q4	809	959	1,322	1,348	1,809	-	-
Total	2,408	2,946	3,876	4,182	4,661	-	-

Source: RBI; *As of 7 Oct 2019

External sector

Exports

FIG 139 – GLOBAL EXPORTS DECLINING SINCE JAN'19



Exports by major sectors

FIG 141 – EXPORT OF TEXTILES DECLINES FOR THE 4TH STRAIGHT MONTH IN AUG'19

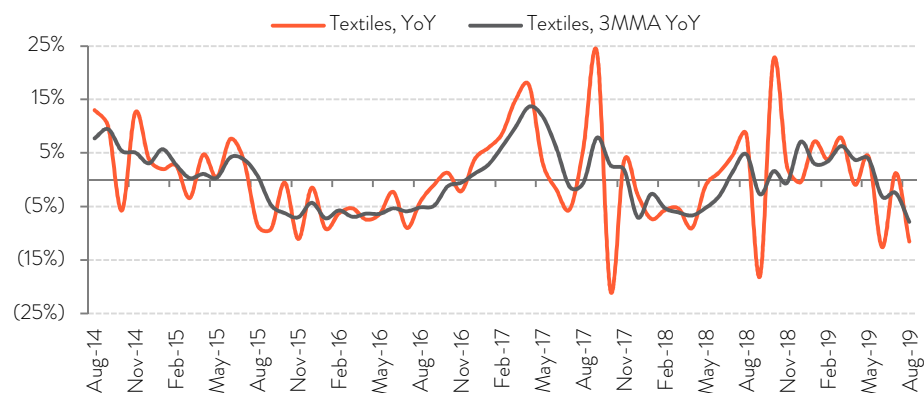


FIG 140 – INDIA'S EXPORT GROWTH FALETRED IN AUG'19 AT (-) 6%

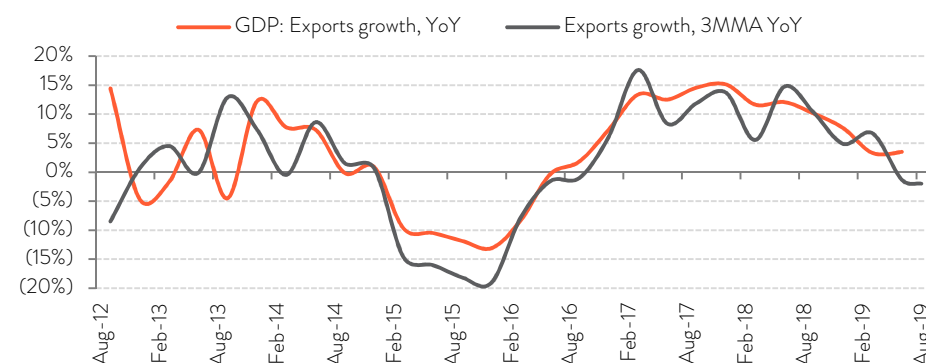


FIG 142 – PETROLEUM EXPORTS FALL BY (-) 10.7% DUE TO LOWER OIL PRICES

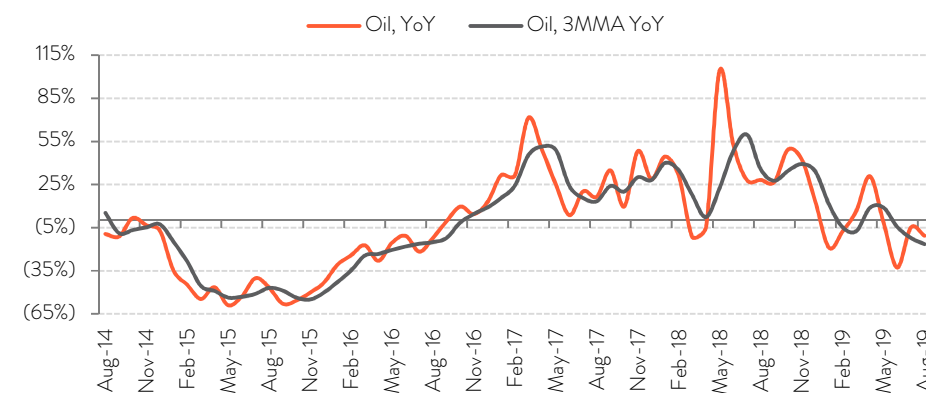


FIG 143 – ENGINEERING EXPORTS ALSO DECLINE BY (-) 9.4% IN AUG'19

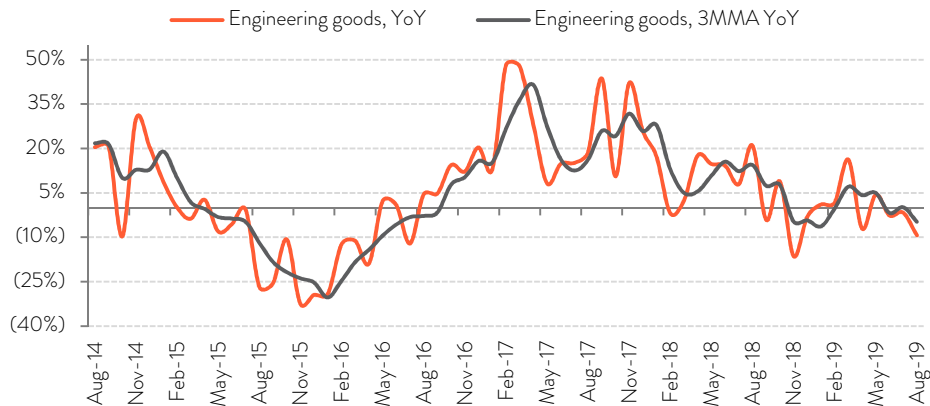
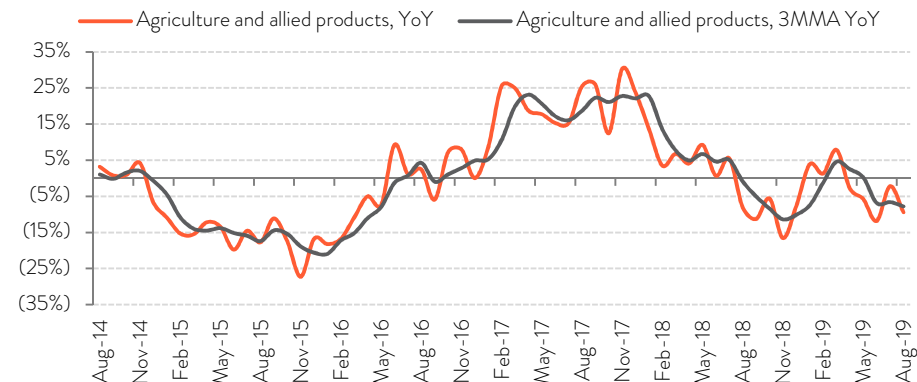


FIG 144 – AGRICULTURE EXPORTS ALSO LANGUISHING



Imports

FIG 145 – IMPORT GROWTH FALLS FURTHER IN AUG'19

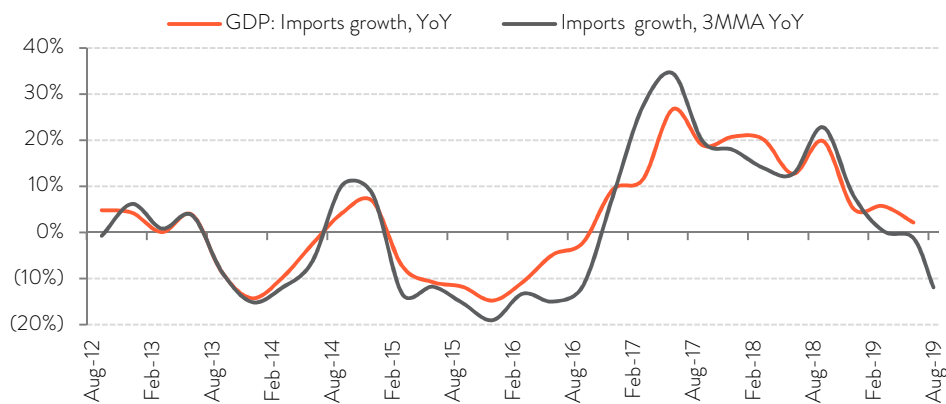


FIG 146 – LED BY A STEEP DECLINE IN GOLD IMPORTS AT (-) 62.5%

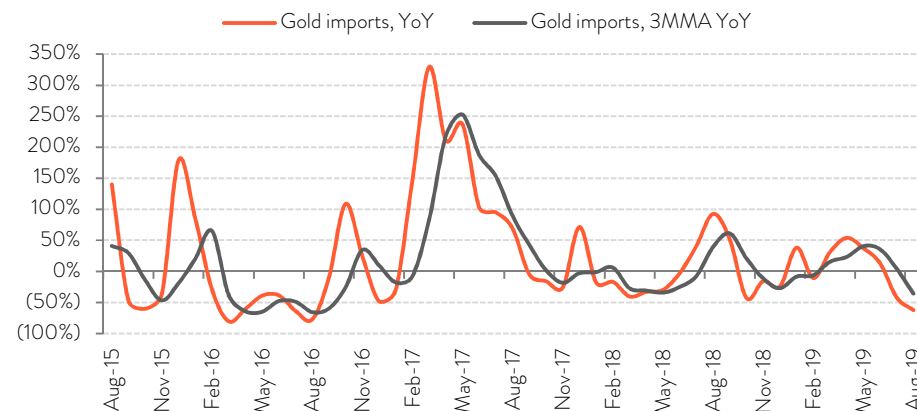


FIG 147 – OIL IMPORTS TOO FALL BY (-) 8.9% AS CRUDE PRICES SOFTENED FURTHER

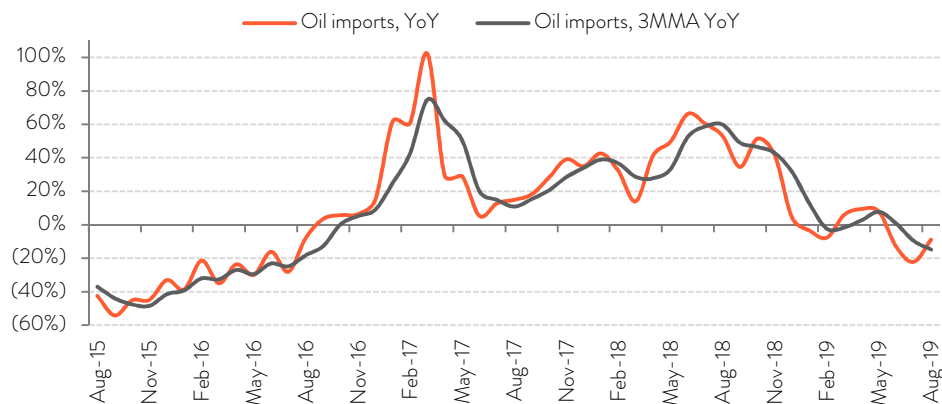


FIG 148 – IMPORT OF PRECIOUS STONES DECLINING SINCE NOV'18

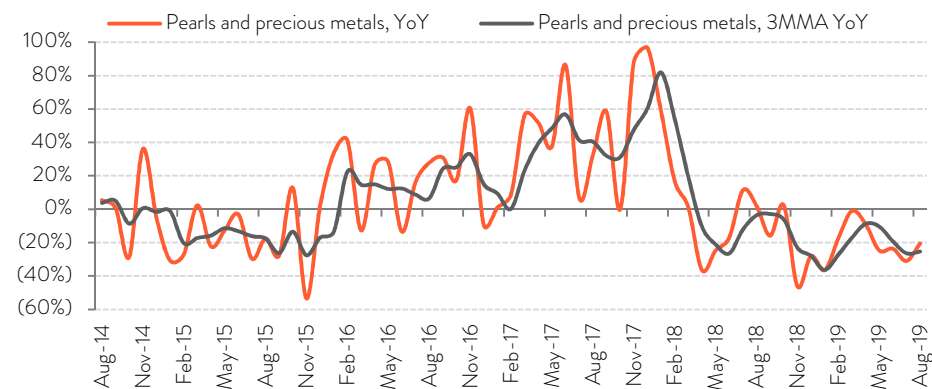


FIG 149 – COAL IMPORTS ALSO FALL STEEPLY IN AUG'19

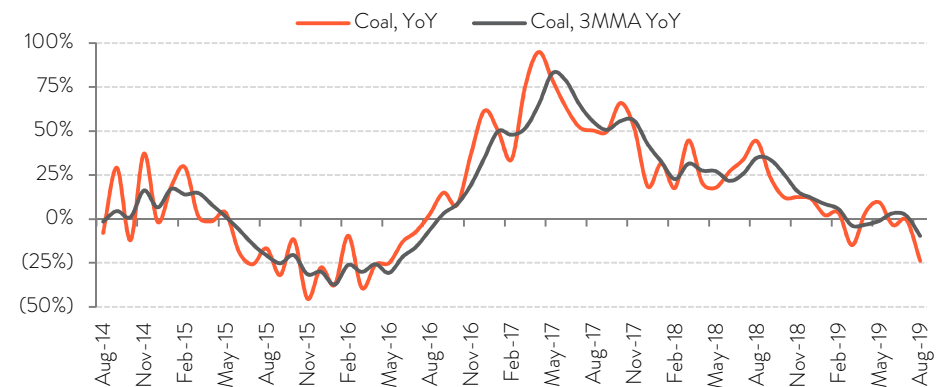
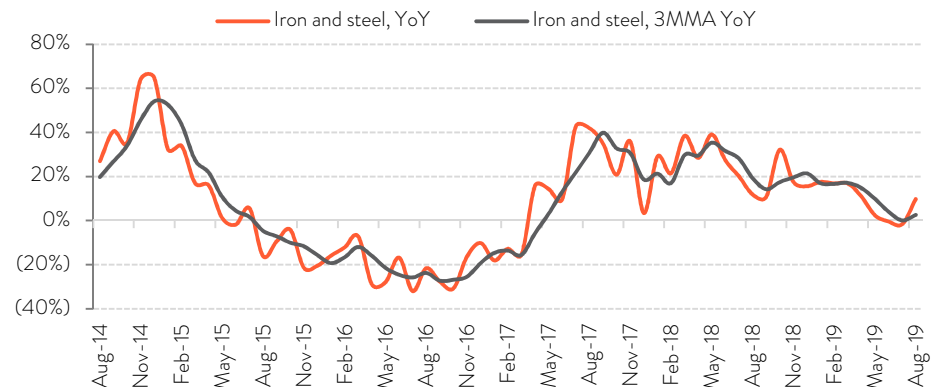


FIG 150 – ONLY IMPORTS OF IRON AND STEEL REGISTERED AN INCREASE



Exports and imports by major regions

FIG 151 – EXCEPT CHINA, EXPORTS TO ALL OTHER REGIONS DECLINED IN AUG'19

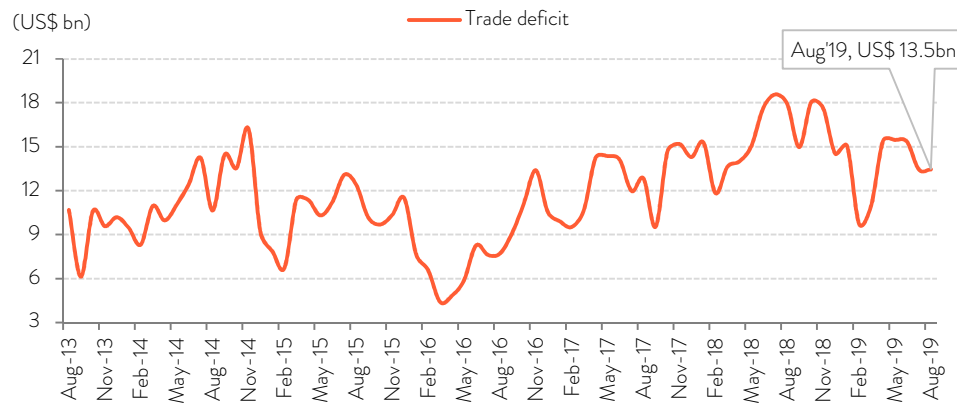
Region (% YoY)	Share (in %) FY19	Jun'19	Jul'19	Aug'19	FYTD19	FYTD20
Americas	21.1	2.0	5.3	(5.6)	14.8	1.4
Asia and Pacific (Ex. China)	28.1	(20.6)	(3.2)	(16.8)	13.4	(9.2)
China	5.1	(14.3)	23.5	20.6	50.2	10.7
Europe	19.7	(3.1)	(2.5)	(6.9)	18.2	(2.6)
Middle East and Africa	24.8	(8.5)	4.8	(0.1)	12.0	0.6
Other	1.1	45.3	(34.3)	21.5	36.7	5.9

FIG 152 – IMPORTS FROM ALL REGIONS FELL IN AUG'19

Region (% YoY)	Share (in %) FY19	Jun'19	Jul'19	Aug'19	FYTD19	FYTD20
Americas	12.7	(7.5)	(10.1)	(33.5)	26.4	(4.0)
Asia and Pacific (Ex. China)	25.3	(6.9)	(1.5)	(11.3)	22.5	(2.8)
China	13.7	(7.3)	1.5	(1.2)	(2.2)	(0.3)
Europe	15.3	(6.1)	(20.7)	(25.6)	22.6	(5.1)
Middle East	31.1	(13.5)	(18.9)	(7.8)	35.1	(9.2)
Other	1.9	6.0	20.4	65.9	(54.2)	27.1

Trade deficit

FIG 153 – TRADE DEFICIT REMAINED STABLE AT US\$ 13.5BN IN AUG'19



Trade in services

FIG 155 – SERVICES EXPORTS HOLDING UP

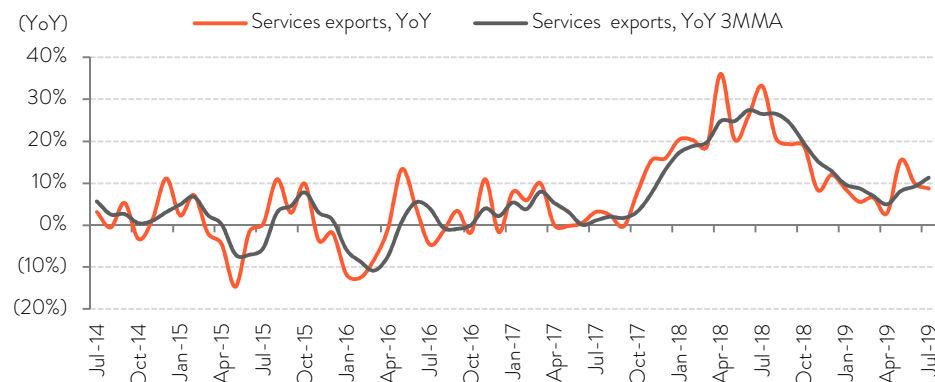
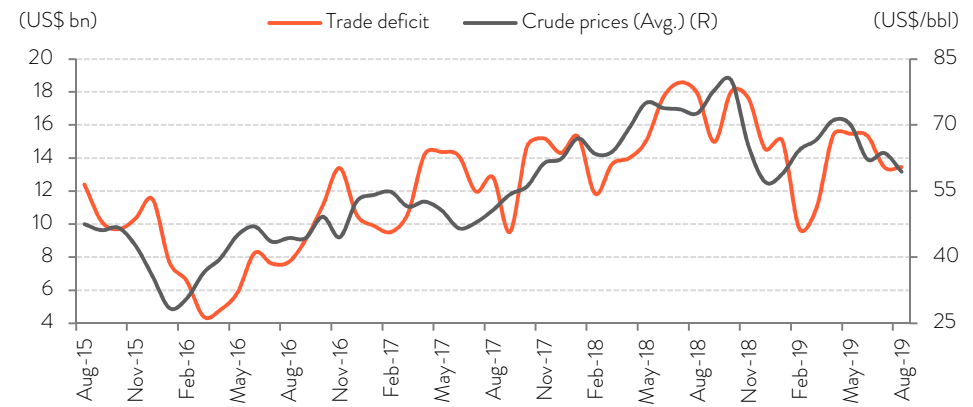


FIG 154 – EVEN AS OIL PRICES MODERATED



BoP

FIG 156 – CAD EXPANDS TO 2% OF Q1FY20 FROM 0.7% OF GDP IN Q4FY19

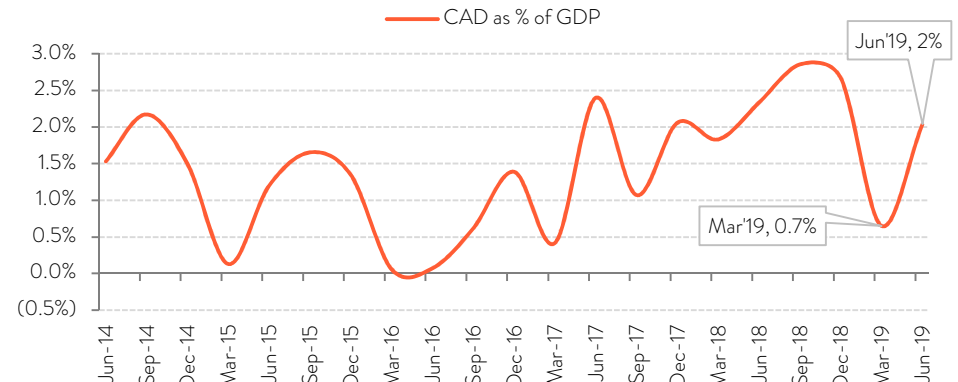


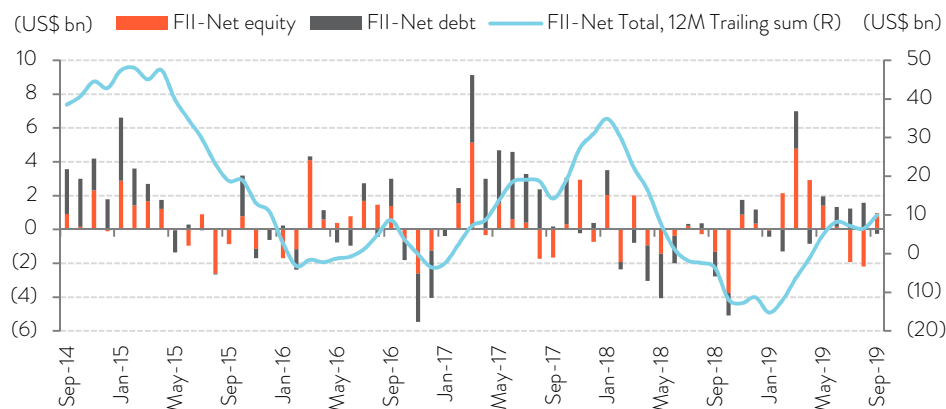
FIG 157 – LED BY HIGHER TRADE DEFICIT

(US\$ bn)	Q1FY19	Q2FY19	Q3FY19	Q4FY19	Q1FY20
Current account	(15.8)	(19.1)	(17.8)	(4.6)	(14.3)
CAD/GDP (%)	(2.3)	(2.9)	(2.7)	(0.7)	(2.0)
Trade balance	(45.8)	(50.0)	(49.3)	(35.2)	(46.2)
- Merchandise exports	83.4	83.4	83.1	87.4	82.7
- Merchandise imports	129.1	133.4	132.4	122.6	128.9
--Oil imports	34.8	35.2	34.7	32.4	35
--Non-oil imports	94.3	98.2	97.7	90.2	93.9
- Net Services	18.7	20.3	21.7	21.3	20
--Software	18.6	19.3	19.9	19.9	21
Transfers	17.1	19.3	17.4	16.2	18
Other invisibles	(5.8)	(8.7)	(7.6)	(6.9)	(6.1)
Capital account	4.8	16.7	13.8	19.2	27.9
% of GDP	0.7	2.6	2.1	2.7	4.0
Foreign investments	1.4	7.7	5.2	15.9	18.7
- FDI	9.6	7.5	7.3	6.4	13.9
- FII	(8.1)	0.2	(2.1)	9.4	4.8
Banking capital	10.1	0.5	4.9	(8.1)	(3.9)
Short-term credit	(3.5)	4.8	(0.7)	1.5	2.0
ECBs	(1.3)	2.2	2.0	7.2	6.4
External assistance	0.5	0	1.7	1.3	1.5
Other capital account items	(2.4)	1.5	0.7	1.2	3.2
E&O	(0.3)	0.5	(0.3)	(0.4)	0.4
Overall balance	(11.3)	(1.9)	(4.3)	14.2	14.0

Foreign inflows

FII inflows

FIG 158 – FII INFLOW AT US\$ 681MN IN SEP'19, LED BY INFLOW OF US\$ 1BN IN EQUITY SEGMENT



Source: Bloomberg

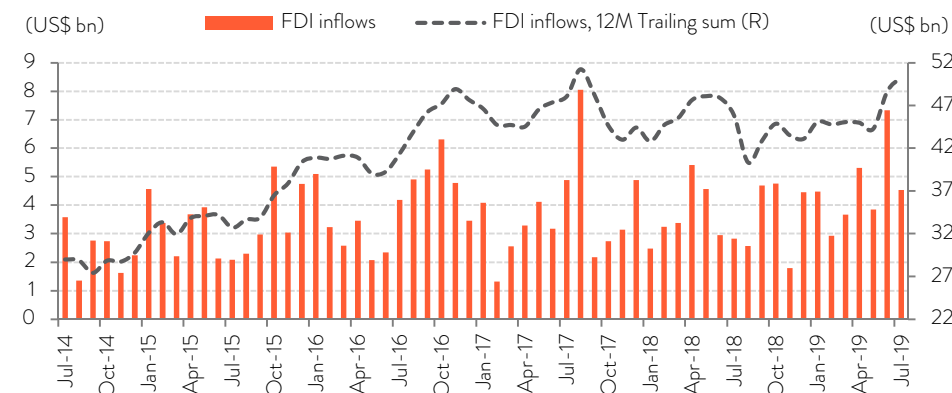
FIG 160 – FDI INFLOWS INTO TELECOM SECTOR RISE TO US\$ 4.2BN IN Q1FY20

Sector	% Share FY19	Jun'18	Sep'18	Dec'18	Mar'19	Jun'19
Services sector	20.6	2.4	2.5	1.7	2.6	2.8
Computer software and hardware	14.5	1.4	1.1	2.5	1.4	2.2
Trading	10.1	1.6	0.5	0.9	1.4	1.1
Telecommunications	6.0	1.6	0.6	0.1	0.4	4.2
Automobile industry	5.9	0.5	1.1	0.5	0.5	1.0

Source: DIPP

FDI inflows

FIG 159 – FDI INFLOWS AT US\$ 4.5BN IN JUL'19 VS US\$ 2.8BN IN JUL'18



Source: RBI, Bank of Baroda Research

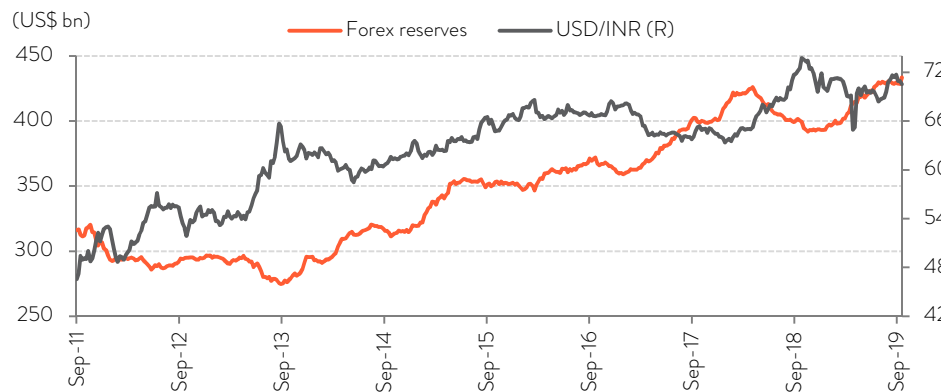
FIG 161 – SINGAPORE REMAINS THE BIGGEST SOURCE OF FDI INFLOWS INTO INDIA

Country (US\$ bn)	% Share in FY19	Jun'18	Sep'18	Dec'18	Mar'19	Jun'19
Singapore	36.6	6.5	2.1	4.4	3.3	5.3
Mauritius	18.2	1.5	2.4	2.1	2.1	4.7
Netherlands	8.7	0.8	1.5	0.6	0.9	1.4
Japan	6.7	0.9	1.0	0.3	0.8	0.5
UK	3.0	0.6	0.2	0.2	0.3	0.3

Source: DIPP

Forex reserves and external debt

FIG 162 – INDIA'S FX RESERVES RISE TO A LIFETIME HIGH AT US\$ 434BN IN SEP'19



Source: Bloomberg | Weekly data as of 30 Aug 2019

FIG 164 – RBI'S PURCHASED US\$ 9.8BN IN SPOT MARKET BETWEEN APR-JUL'19

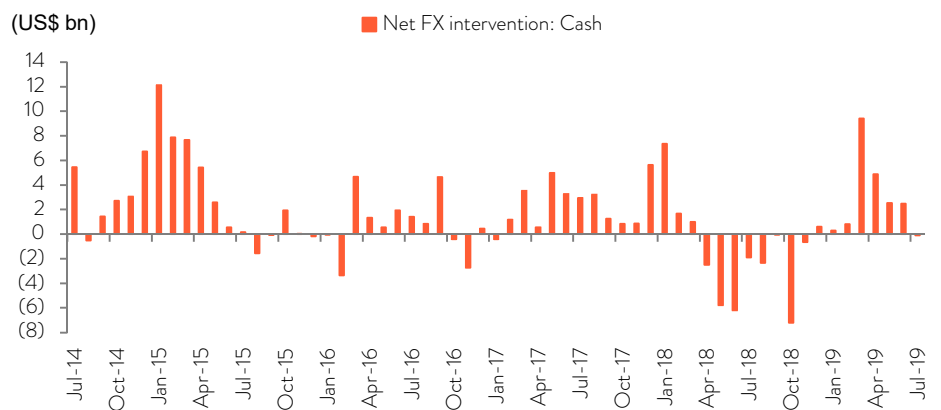


FIG 163 – IMPORT COVER RISES TO 10.2 MONTHS IN AUG'19

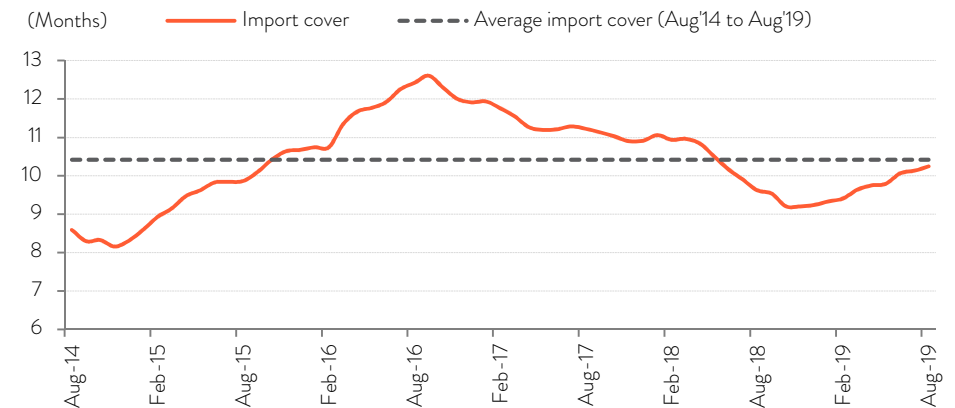
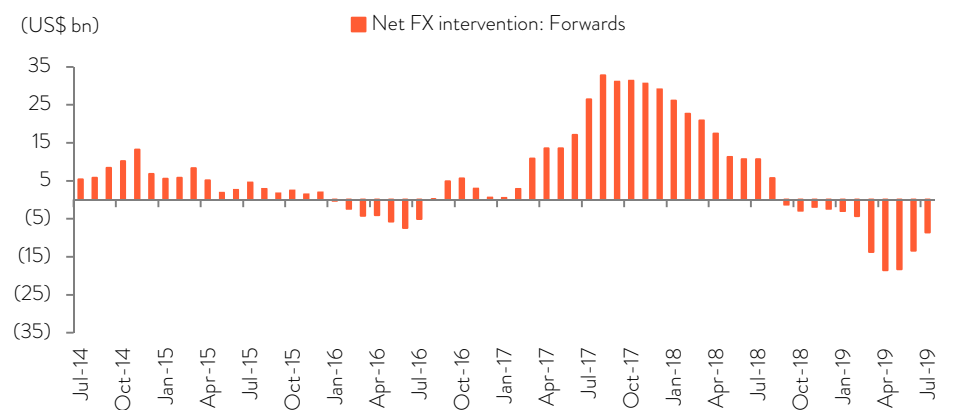


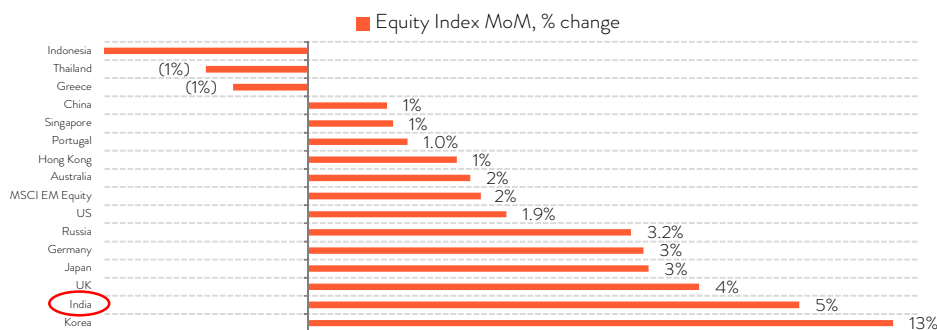
FIG 165 – IN FORWARDS MARKET, RBI BOUGHT US\$ 5.2BN IN THE SAME PERIOD, OUTSTANDING POSITION AT (-) US\$ 8.6BN



Markets

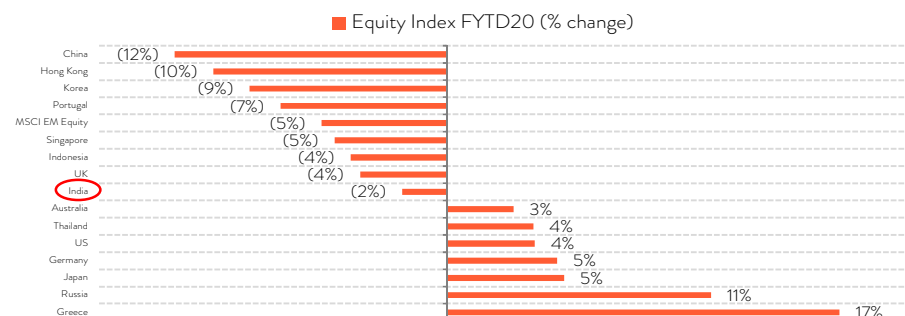
Equity

FIG 166 – ON MOM BASIS*, SENSEX OUTPERFORMED BY 4.8% AGAINST MSCI EM'S INDEX DECLINE OF (-) 1.7% (IN CONSTANT CURRENCY)



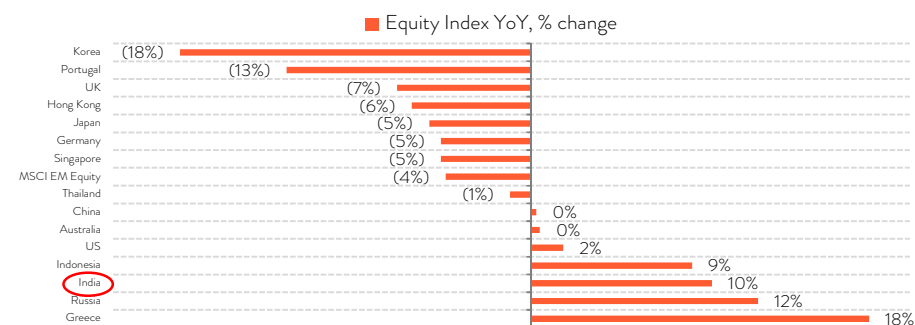
Source: Bloomberg | *As on 30 Sep 2019, Indices are in US\$ terms

FIG 168 – HOWEVER, IN FYTD20*, SENSEX FELL BY (-) 1.9%



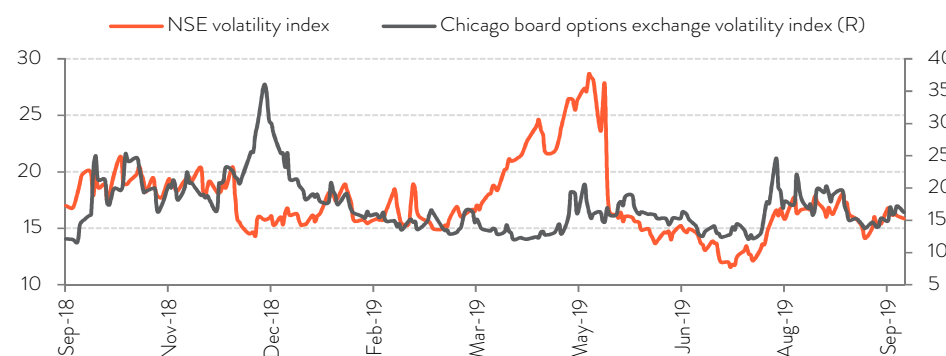
Source: Bloomberg | *As on 30 Sep 2019, Indices are in US\$ terms

FIG 167 – ON YOY BASIS* ALSO, SENSEX OUTPERFORMED AND ROSE BY 9.6% WHILE MSCI EM INDEX FELL BY (-) 4.5%

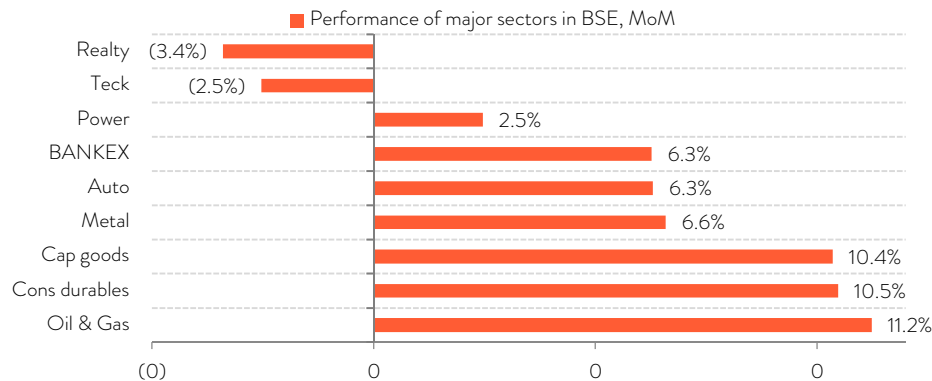


Source: Bloomberg | *As on 30 Sep 2019, Indices are in US\$ terms

FIG 169 – VIX INDEX FELL TO 15.87 IN SEP'19 VS 16.28 IN AUG'19

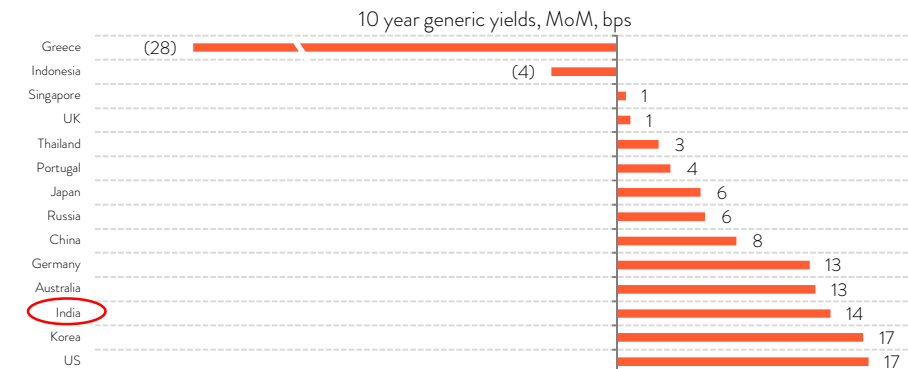


Source: Bloomberg

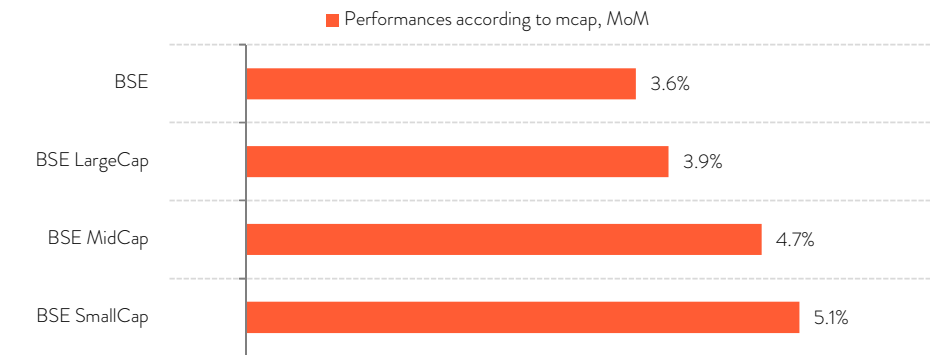
FIG 170 – EXCEPT REAL ESTATE & TECH, ALL OTHER SECTORS NOTED AN INCREASE


Source: Bloomberg, * As on 30 Sep 2019

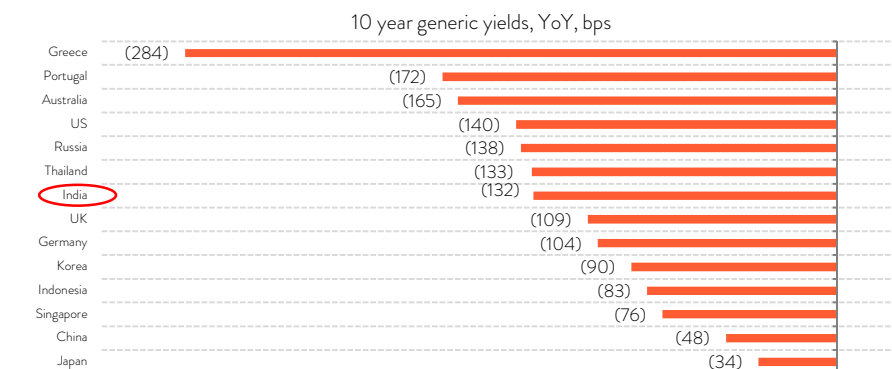
10 year Bond yields

FIG 172 – ON MOM BASIS*, INDIA'S 10 YEAR YIELD ROSE BY 14BPS DRIVEN BY REDUCTION IN GOVT'S REVENUE COLLECTIONS ESTIMATES


Source: Bloomberg | *As on 30 Sep 2019

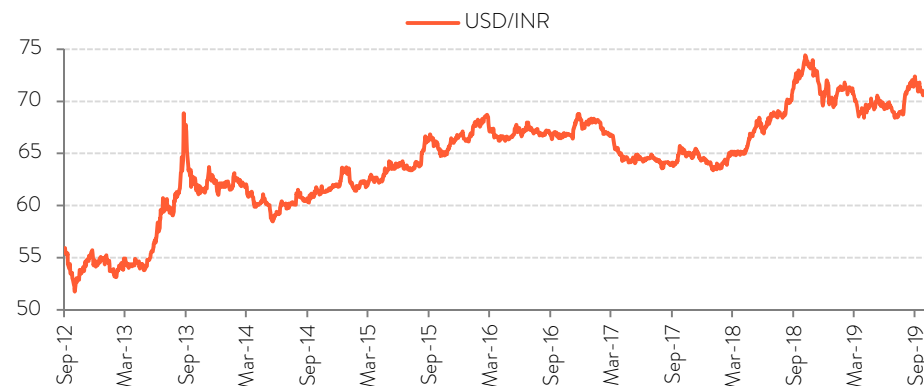
FIG 171 – SMALL & MID CAP STOCKS NOTED CONSIDERABLE INCREASES IN SEP'19


Source: Bloomberg | * As on 30 Sep 2019

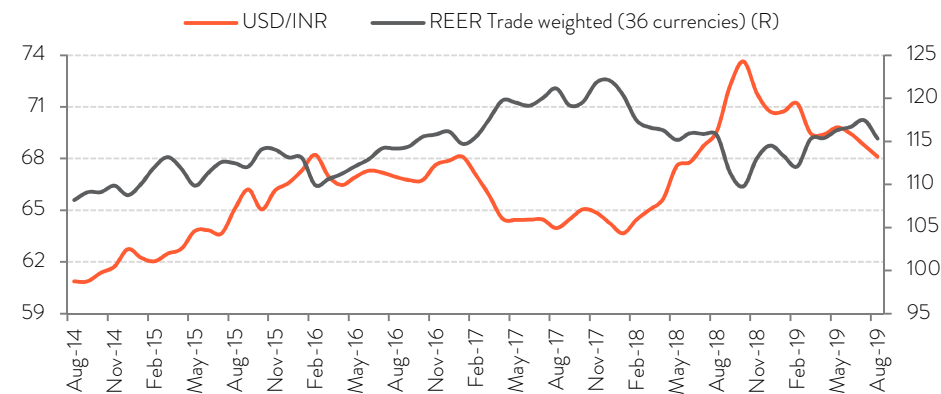
FIG 173 – HOWEVER, ON YOY BASIS*, INDIA'S 10 YEAR YIELD FELL BY 132BPS IN LINE WITH OTHER GLOBAL YIELDS


Source: Bloomberg | * As on 30 Sep 2019

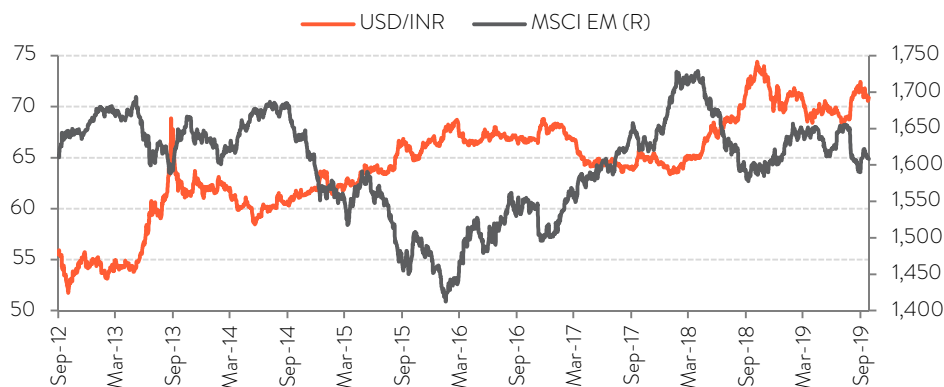
Currencies

FIG 174 – INR APPRECIATED BY 0.8% IN SEP'19

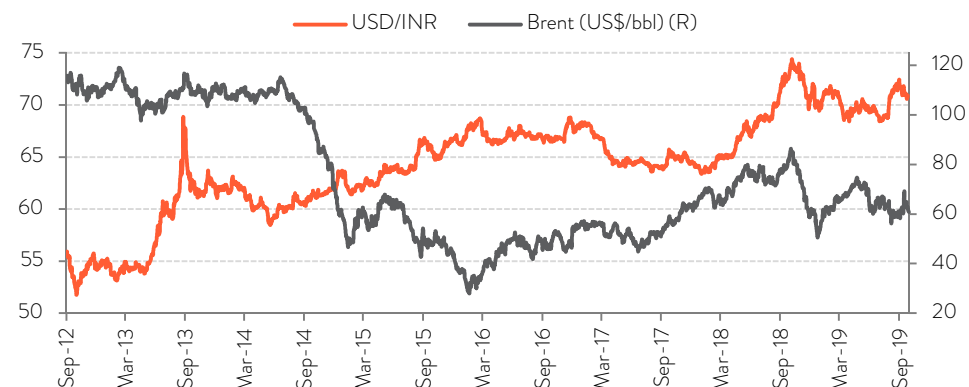
Source: Bloomberg | *As on 30 Sep 2019

FIG 175 – INR STILL OVERVALUED BY 15.3% (AUG'19)

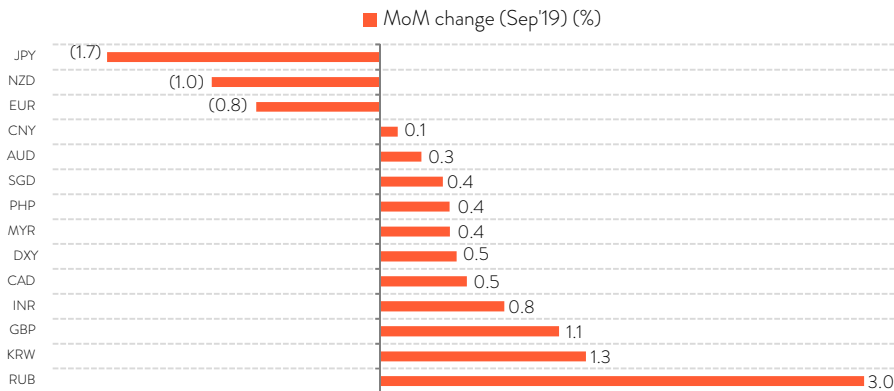
Source: Bloomberg

FIG 176 – INR APPRECIATED IN LINE WITH OTHER EM CURRENCIES

Source: Bloomberg | *As on 30 Sep 2019

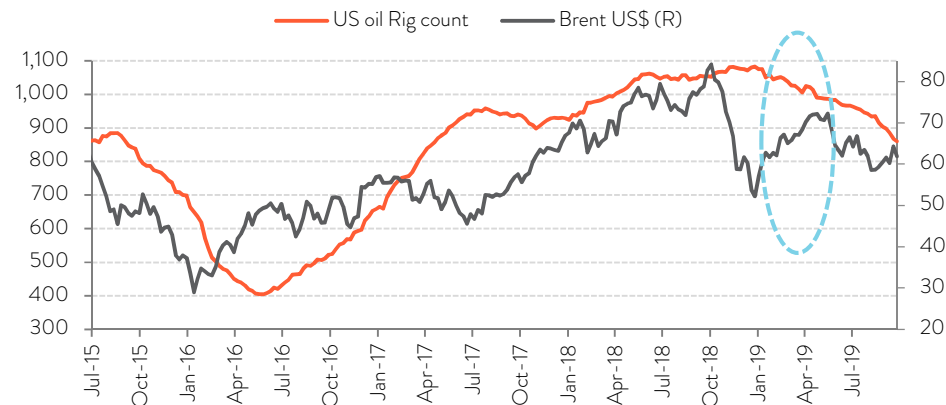
FIG 177 – EVEN AS OIL PRICES INCHED UP SLIGHTLY IN SEP'19

Source: Bloomberg | *As on 30 Sep 2019

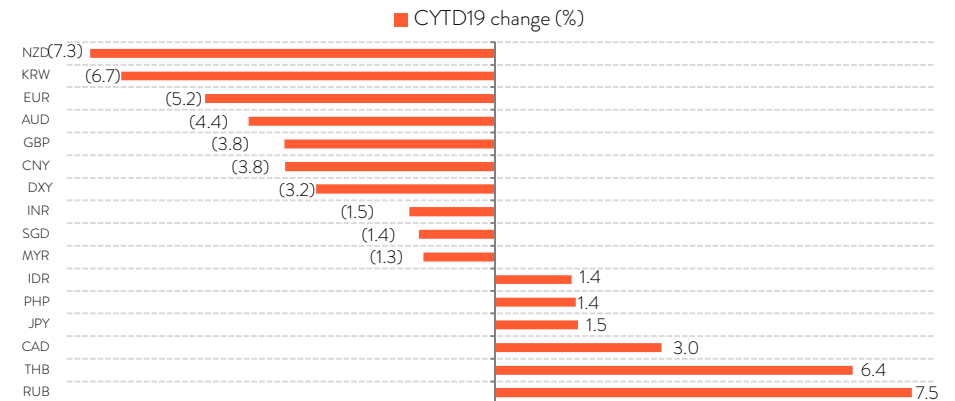
FIG 178 – MOST GLOBAL CURRENCIES GAINED IN SEP'19

Source: Bloomberg | *As on 30 Sep 2019

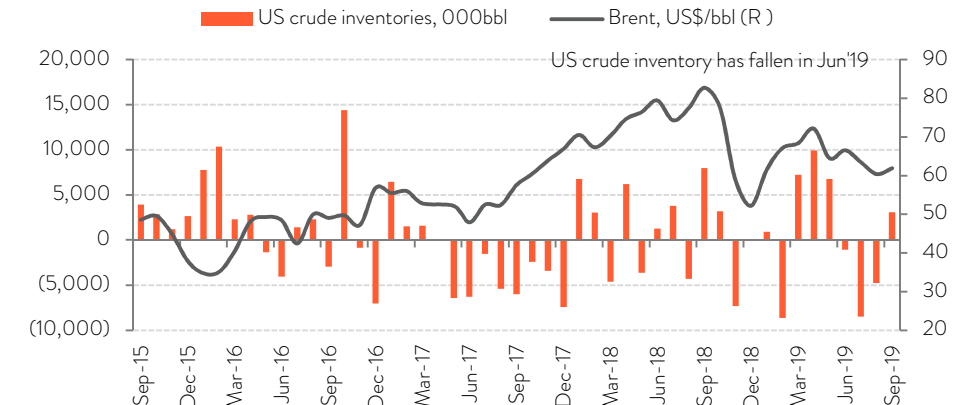
Commodities

FIG 180 – US RIG COUNT FELL TO 860 IN SEP'19 FROM 904 IN AUG'19, OIL PRICES INCHED ONLY SLIGHTLY ON AN AVERAGE BASIS

Source: Bloomberg

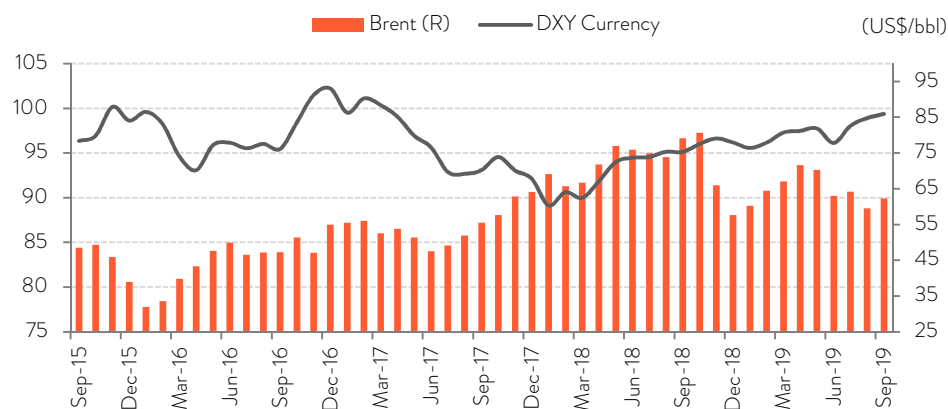
FIG 179 – IN CYTD19, INR HAS DEPRECIATED BY 1.5%

Source: Bloomberg | *As on 30 Sep 2019

FIG 181 – US INVENTORIES PICKED UP IN SEP'19, OIL PRICES INCHED UP DUE TO DRONE ATTACK IN SAUDI ARABIA

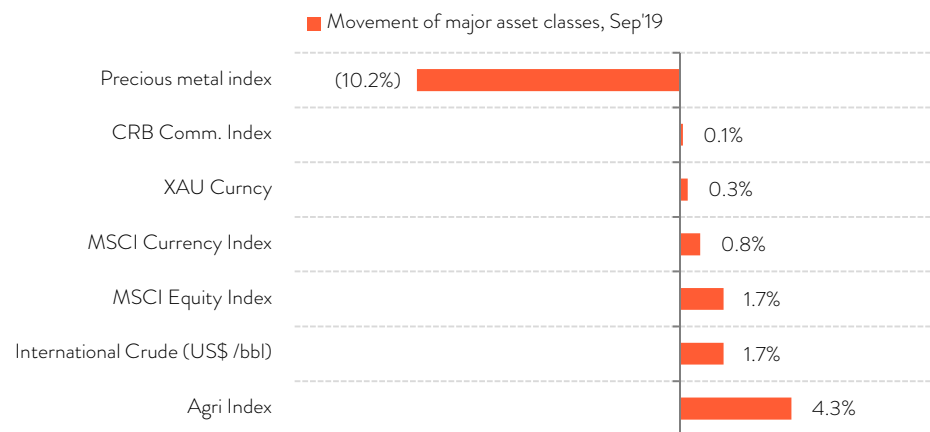
Source: Bloomberg

FIG 182 – DXY ROSE TO 99.38 IN SEP'19 VS 98.92 IN AUG'19, CRUDE ON AN AVERAGE ROSE TO US\$ 62.3 IN SEP'19 VS US\$ 59.5/BBL



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

FIG 183 – AMONGST MAJOR ASSET CLASS, PRECIOUS METALS FELL THE MOST; OTHERS INCHED UP SLIGHTLY ON SUPPLY FEARS OVER CRUDE



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

Global consumption

FIG 184 – RETAIL SALES INCH UP IN EUROZONE AND CHINA

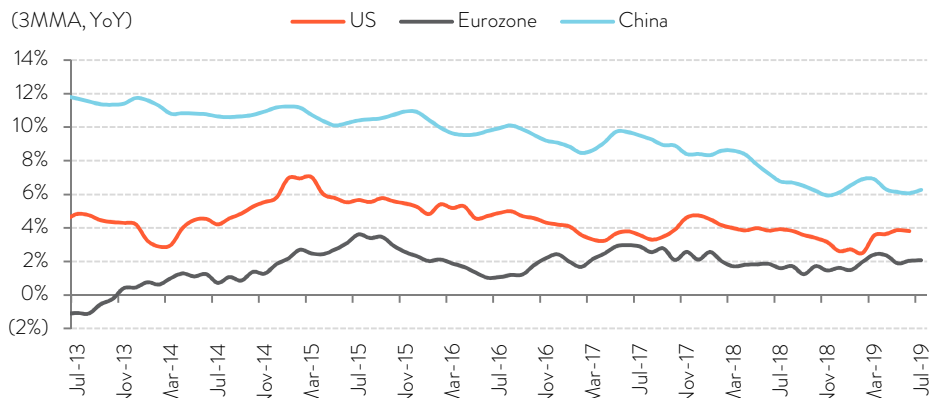


FIG 185 – MARGINAL IMPROVEMENT IN AUTO SALES IN US AND CHINA

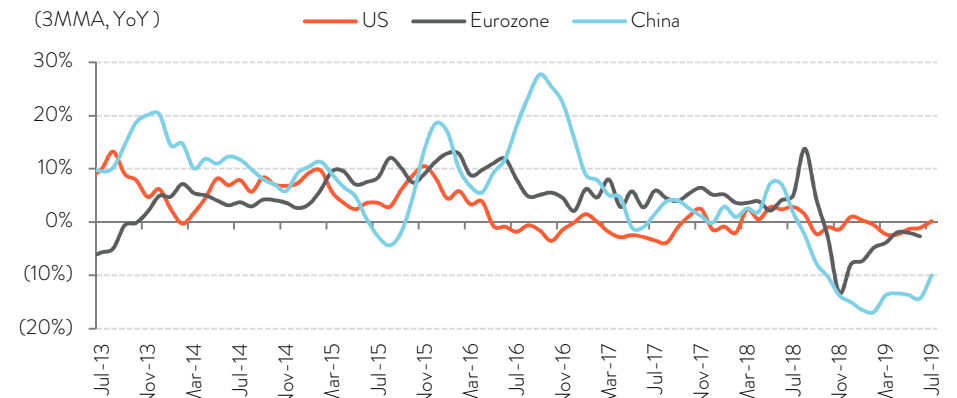
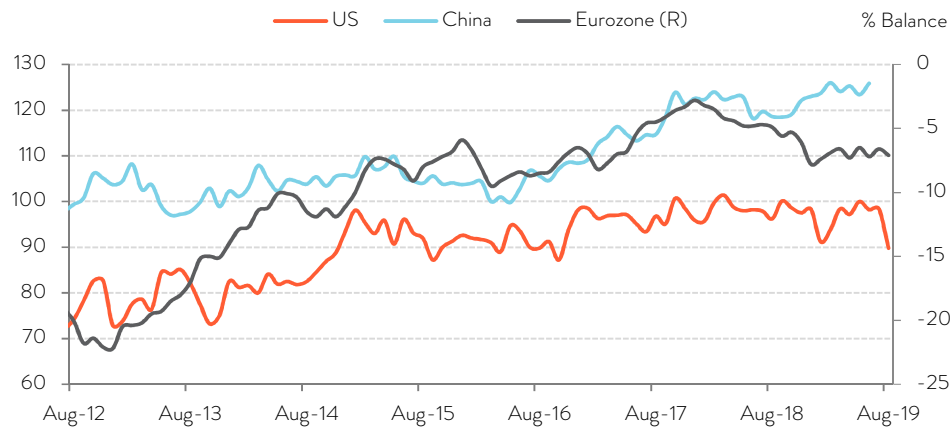
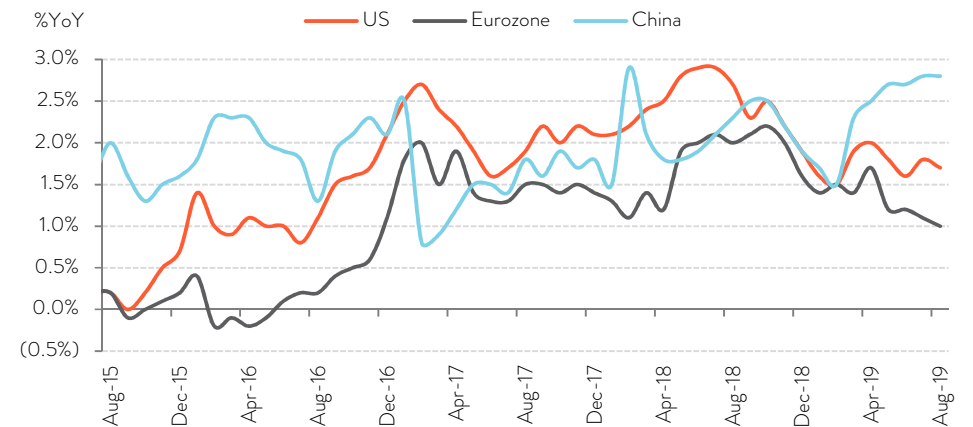


FIG 186 – CONSUMER CONFIDENCE DROPS IN US AND EUROZONE



Note: consumer confidence for eurozone is % diffusion index

FIG 187 – EUROZONE AND US CPI EASES; REMAINS UNCHANGED FOR CHINA



Global inflation and policy rates

FIG 188 – GLOBAL POLICY RATES ON A DOWNWARD TRAJECTORY TO SUPPORT GROWTH

Country	Current inflation rate (%)	Current policy rate (%)	CY18 (change in bps)	CYTD19 (change in bps)	Direction of policy rate in CYTD19
Germany	1.2	0	0	0	-
UK	2.1	0.75	100	0	-
Japan	0.5	(0.1)	25	0	-
China	2.8	4.35	175	0	-
Brazil	3.22	1.75	175	0	-
Korea	(0.4)	1.5	25	(25)	↓
Thailand	0.32	1.5	75	(25)	↓
Malaysia	1.4	3.0	0	(25)	↓
US	1.8	2.0	0	(25)	↓
Mexico	3.78	7.75	25	(25)	↓
Russia	4.0	7.0	25	(50)	↓
Australia	1.6	0.75	1600	(50)	↓
Indonesia	3.39	5.25	100	(50)	↓
Philippines	0.9	4.0	50	(75)	↓
India	3.15	5.15	0	(110)	↓
Turkey	9.26	16.5	0	(425)	↓

Source: Bloomberg

Global investment and manufacturing

FIG 189 – GLOBAL MANUFACTURING RUNNING BELOW 50 SINCE MAY'19; SERVICES ACTIVITY TOO COOLING OFF

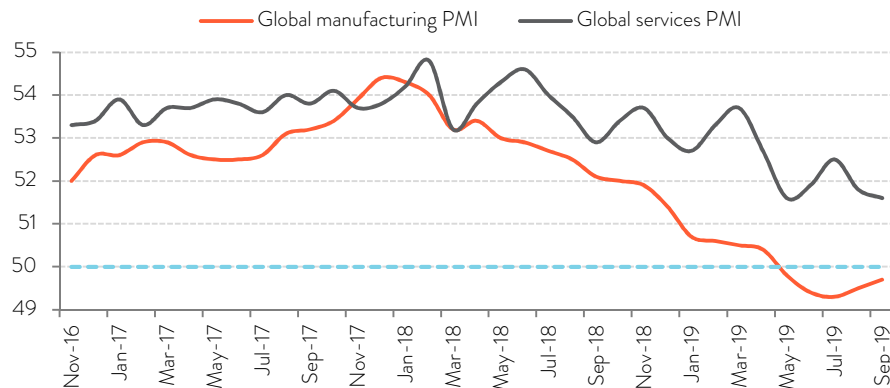


FIG 190 – MANUFACTURING PMIS INDICATE ALL MAJOR ECONOMIES ARE UNDER STRESS

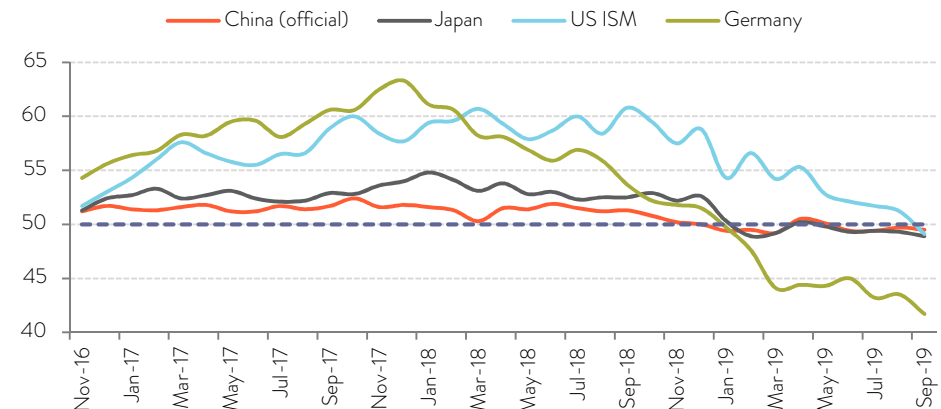


FIG 191 – PRODUCER PRICES DECELERATING

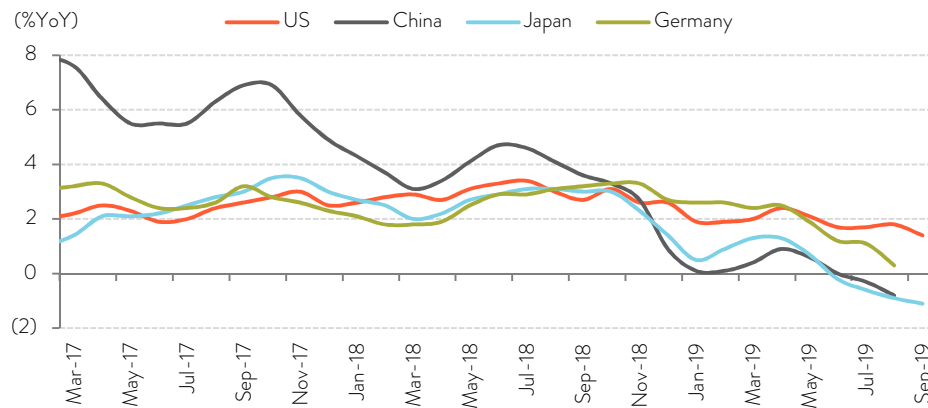
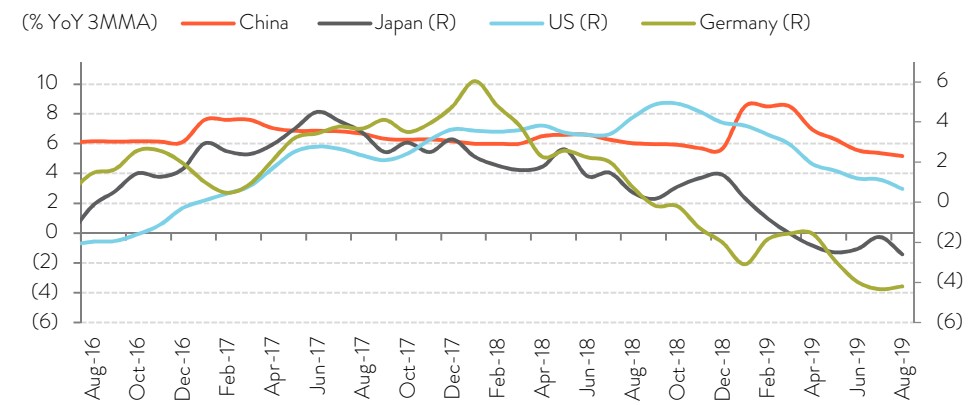
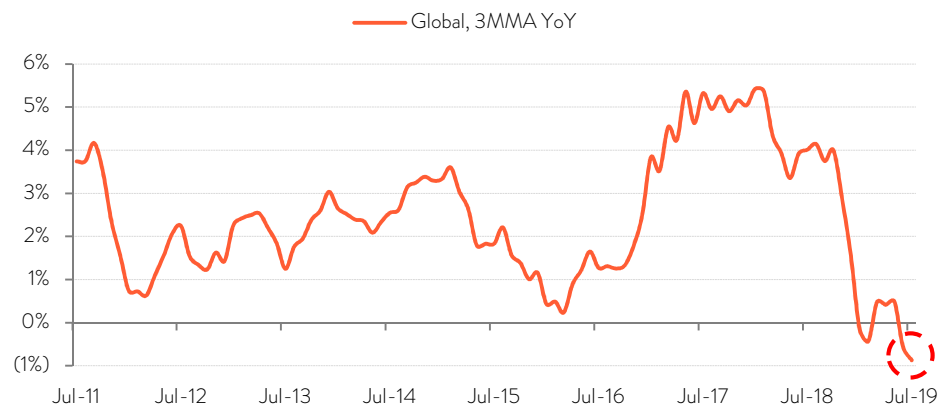


FIG 192 – GLOBAL INDUSTRIAL PRODUCTION LOSING STEAM



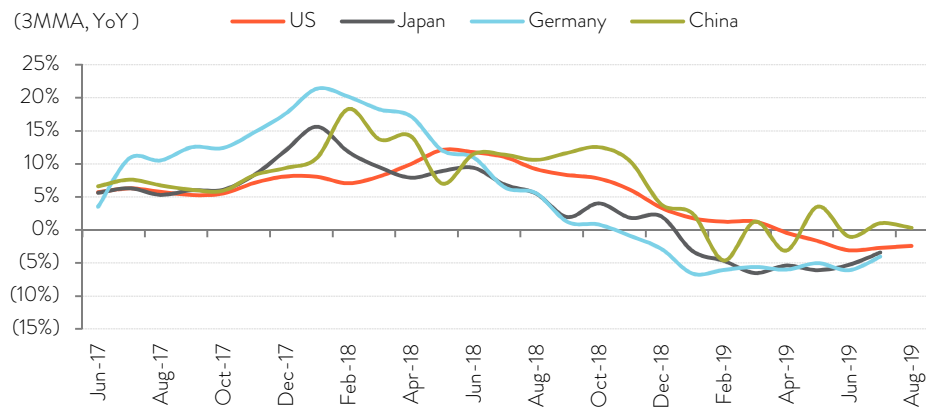
Global trade

FIG 193 – WORLD TRADE VOLUME DIPS FURTHER IN JUL'19



Source: NPB, World Trade Monitor

FIG 195 – EXPORTS FROM CHINA FALTER IN AUG'19



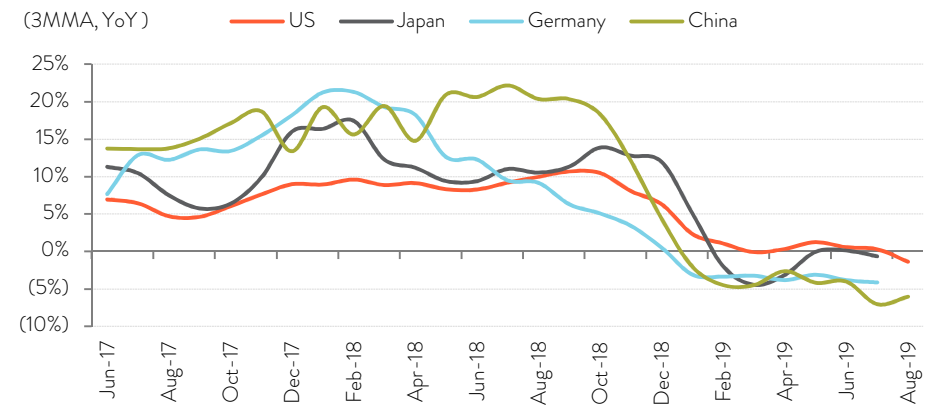
Source: Bloomberg

FIG 194 – BARRING US AND JAPAN, TRADE VOLUMES IN OTHER MAJOR ECONOMIES DECLINED IN JUL'19

Country/Region (% YoY)	Jan-19	Feb-19	Mar-19	Apr-19	May-19	Jun-19	Jul-19
US	3.3	1.0	0.6	(1.7)	1.0	0.2	0.3
Japan	(2.0)	(3.3)	0.6	0.9	(0.9)	1.4	2.3
Euro Area	0.7	1.7	1.2	(0.5)	0.8	(1.0)	(1.0)
China	(3.7)	(6.2)	9.0	2.5	(2.4)	(1.0)	(0.5)
Emerging Asia (ex. China)	0.0	(2.4)	(0.4)	0.6	(1.9)	(2.8)	(3.2)
Eastern Europe / CIS	(0.4)	(0.3)	(1.3)	1.2	(2.0)	(1.3)	(0.9)
Latin America	4.1	3.7	(4.6)	(0.8)	2.9	(4.0)	(2.2)
Africa and Middle East	(1.0)	(0.5)	0.4	0.9	(0.7)	(1.7)	(3.0)

Source: NPB, World Trade Monitor

FIG 196 – IMPORTS TOO REMAIN LACKLUSTRE



Source: Bloomberg

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