

India Economics

Monthly Chartbook

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Recovery holding ground

India's economic recovery continues to gain momentum. Consumption is showing signs of improvement—higher non-oil-non-gold imports and auto sales. Centre's capex is picking up as its tax receipts are improving. Food inflation is also tapering-off though higher commodity prices and sticky core inflation implies CPI inflation will average 4.5% in FY22 implying no more rate cuts. RBI has started its liquidity normalisation operations by announcing a Rs 2tn reverse repo after a span of 10 months leading to a flatter yield curve. Yield trajectory also depends upon FY22 fiscal deficit. Our estimate is 5.2% with gross borrowing of Rs 11.2tn. Broader direction will be towards higher yields—both domestic and global.

Recovery gathering momentum: India's economic recovery is gaining momentum led by consumption. Non-oil-non-gold imports increased by 7.9% in Dec'20 (highest in 26 months). Electronic imports increased by 20%. In addition, automobile sales, e-way bills and GST collections point out to sustained recovery. So do digital transactions. Rabi sowing too is progressing well, up by 4.3%. However, higher MNREGA jobs demanded in Dec'20 shows that labour market rigidities are continuing.

Revival in government spending: General government fiscal deficit (12M sum basis) in Nov'20 remained unchanged at 10.2% with centre's fiscal deficit expanding and that of states' consolidating. During Q3FY21 (Oct-Nov'20), centre's total expenditure increased by 28.9% compared with 11.9% drop in Q2. State spending has also improved but at a slower pace (decline of 7.9% in Q3 versus drop of 11.5% in Q2). However, an underlying trend is pick-up in capex. The improvement in economic activity is visible in a 12.4% increase in Centre's net tax revenues

compared with a drop of 18.2% in Q2. States' tax revenue is up by only 0.3% versus a decline of 12% in Q2. We see fiscal tailwind to growth in H2FY21.

Inflationary pressure is expected to ebb: In Dec'20, vegetable prices have seen a sharp fall. Even a favourable statistical base would lend support to bring down headline CPI print in Dec'20. However, international commodity prices are rising (3.6% MoM in Dec'20). So are domestic petrol and diesel prices (7.9% and 11.4% MoM resp.). While food inflation is coming-off, we expect core to remain sticky.

Eyes on Budget for trajectory of yield : India's 10Y yield (5.85GS2030) has fallen by 4bps in Dec'20 supported by RBI's OMO purchase and likely softening of CPI print. However, RBI after a span of 10 months is now conducting variable rate reverse repo auction of Rs 2tn. This will result in flattening of 10Y yield curve. However, all eyes will be on the Union Budget and upcoming borrowing calendar. We expect gross borrowing of Rs 11.2tn.

INR to trade with an appreciating bias: Led by FII inflows of US\$ 8bn and a weaker US\$, INR appreciated by 1.3% in Dec'20. Oil prices and imports rose in Dec'20 and are likely to climb further as global and domestic economic recovery gains traction. Trade deficit is however likely to be lower than FY20. Steady foreign inflows will support INR at current levels.

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

Consumption

Final consumption expenditure

FIG 1 – CONSUMPTION IMPROVES IN Q2

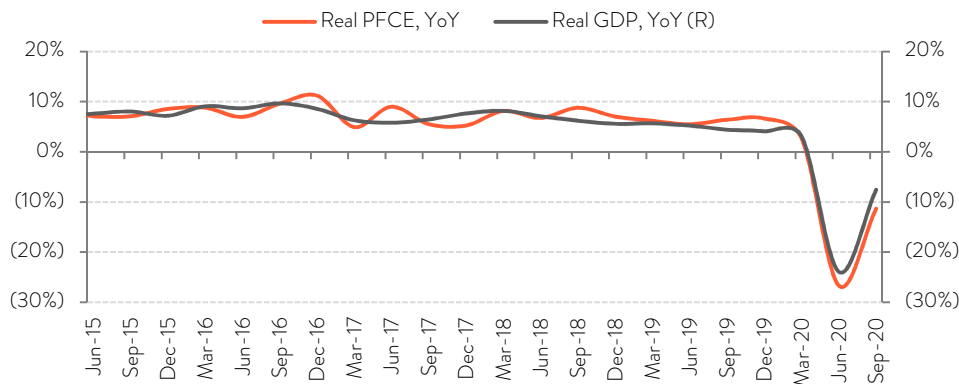


FIG 2 – GOVERNMENT CONSUMPTION DIPS

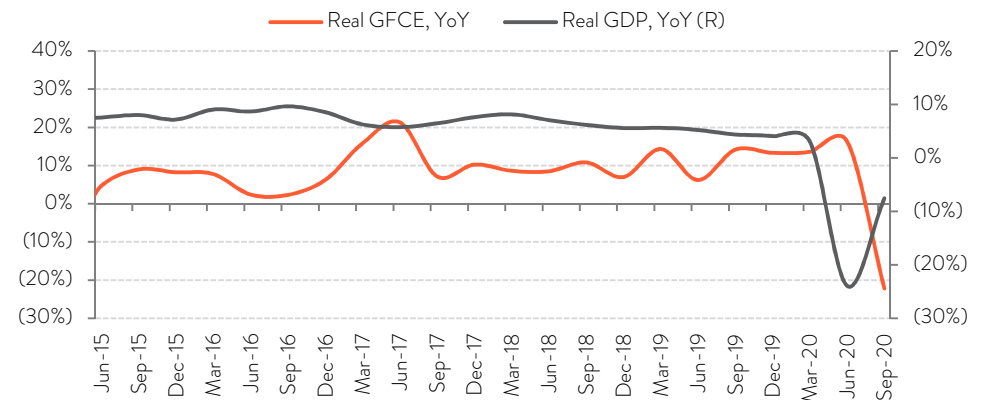


FIG 3 – GENERAL GOV REVENUE SPENDING RECOVERS

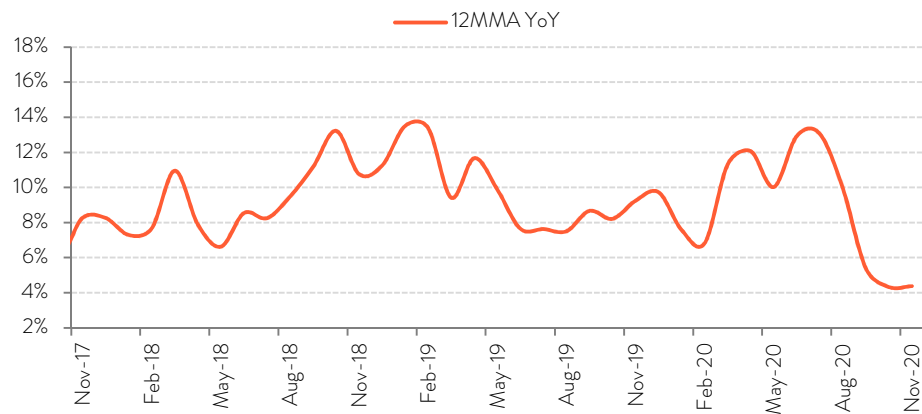
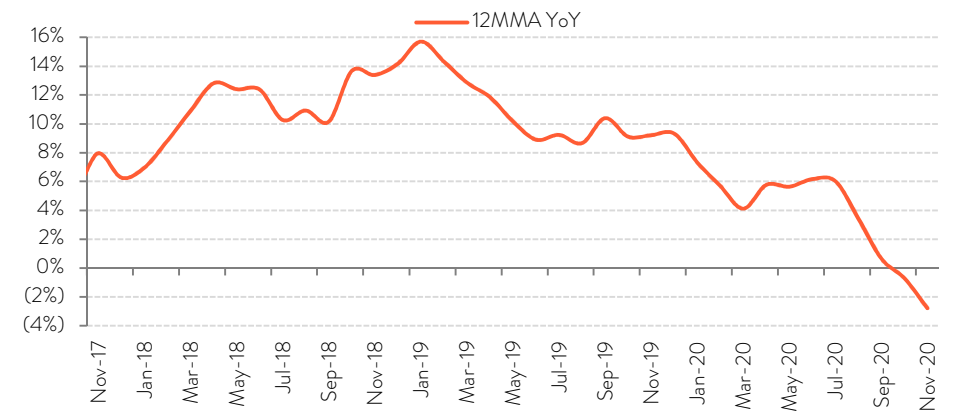


FIG 4 – STATE* GOV REVENUE SPENDING CONTRACTS IN NOV'20



Note: *All states excluding N.E states, Bihar, Gujarat, H.P., J&K, Maharashtra, Punjab, and W.Bengal

Non-oil imports, electronic imports

FIG 5 – NON-OIL-NON-GOLD IMPORTS RISE SHARPLY IN DEC'20

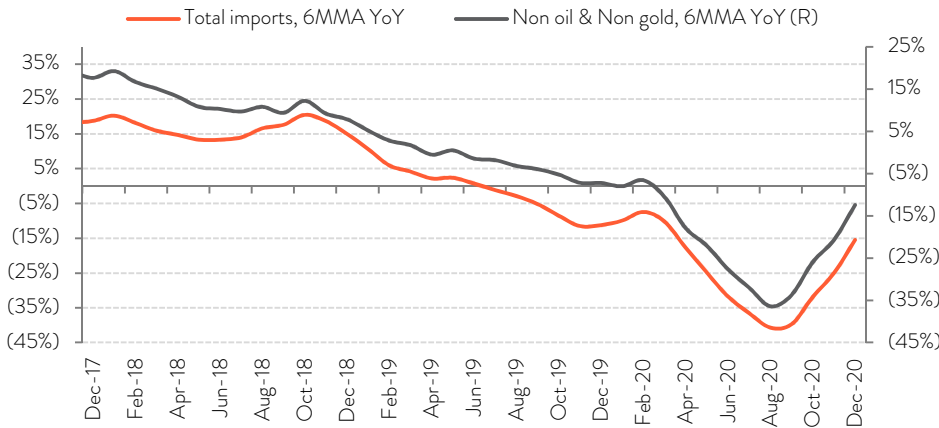


FIG 6 – ELECTRONIC IMPORTS TOO INCH UP

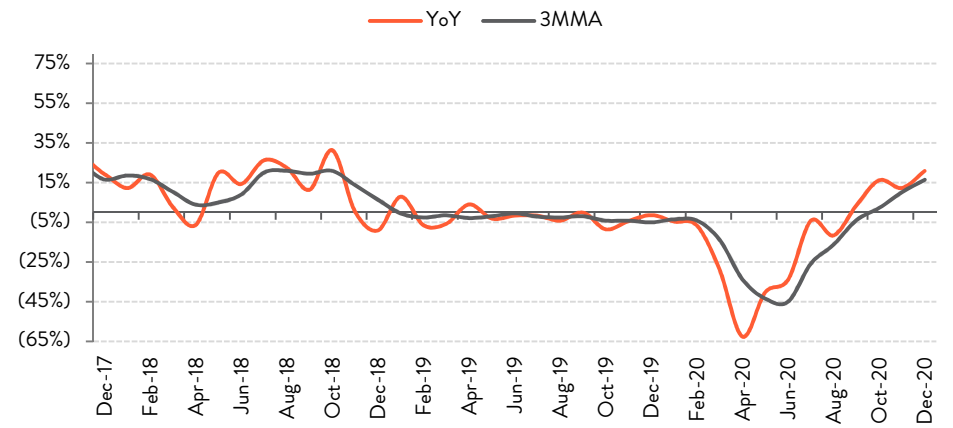


FIG 7 – PASSENGER CAR SALES IMPROVE IN DEC'20

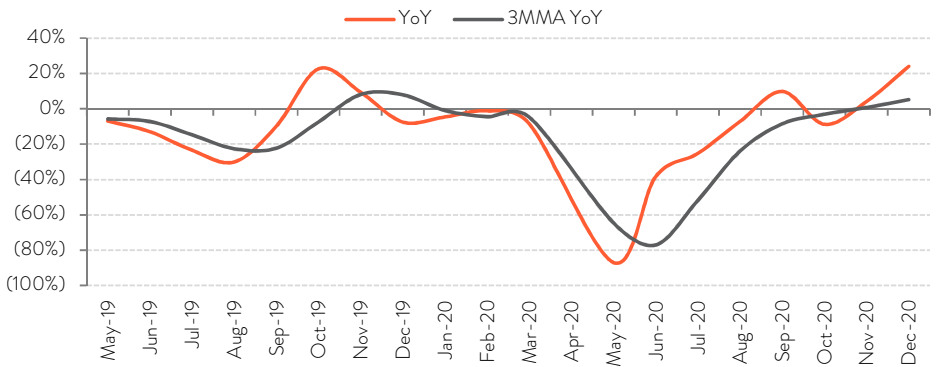
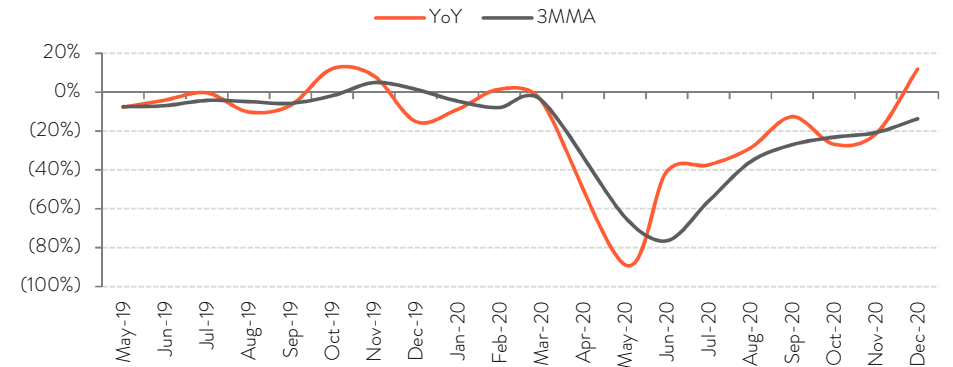


FIG 8 – TWO-WHEELER SALES BACK IN THE POSITIVE TERRITORY



Source: FADA

Credit deployment of personal loans

FIG 9 – GROWTH IN CREDIT CARD OUTSTANDING PICKS UP

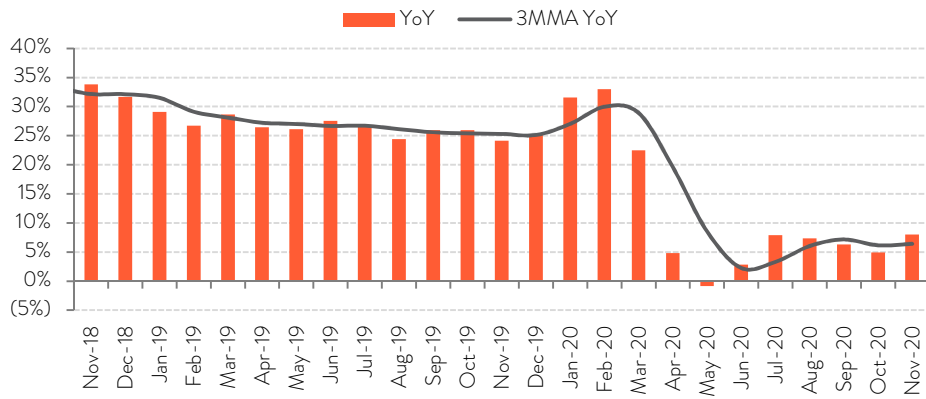


FIG 10 – GROWTH IN PERSONAL LOAN MOVES UP IN NOV'20

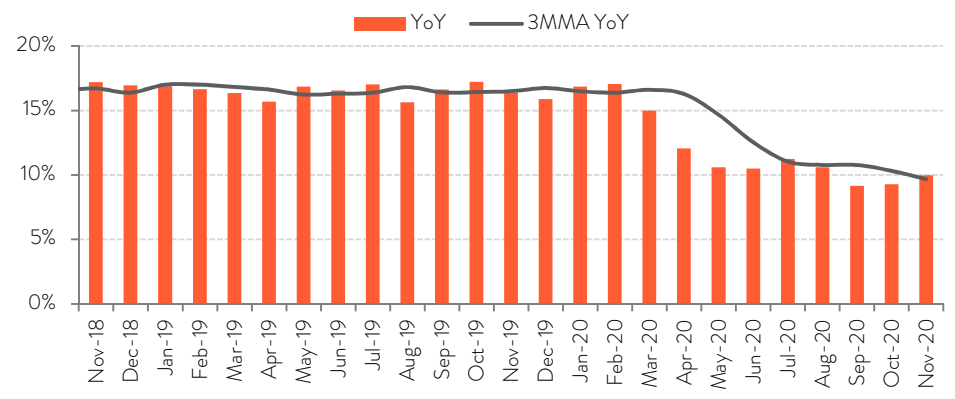


FIG 11 – GROWTH IN VEHICLE LOANS ALSO IMPROVES

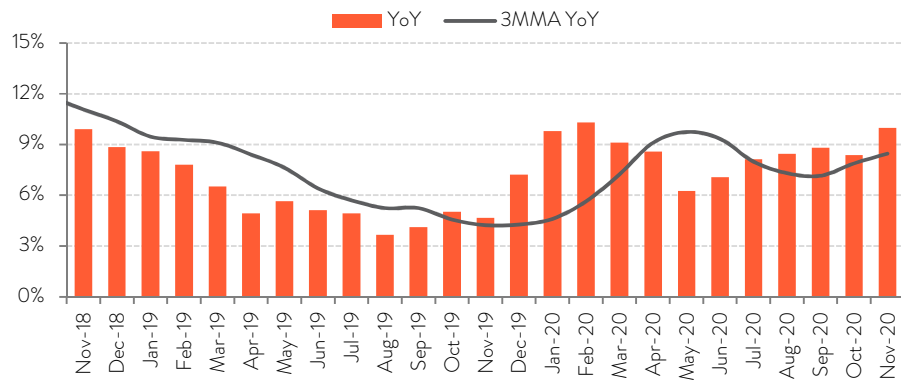


FIG 12 – CONSUMER CONFIDENCE IMPROVES MARGINALLY

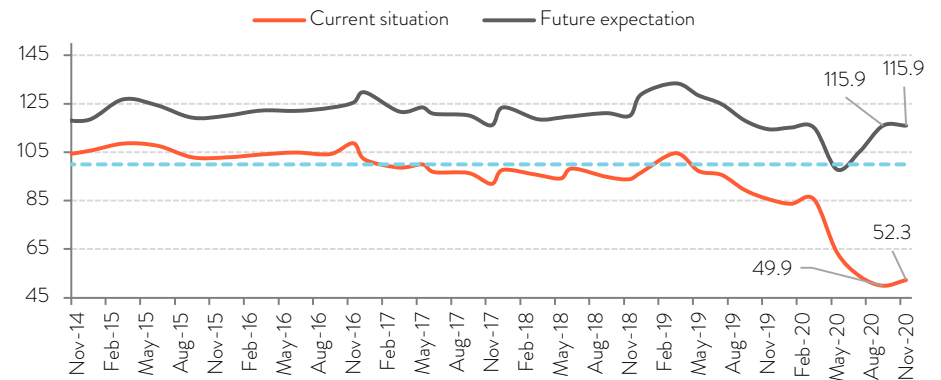


FIG 13 – RBI’S ESSENTIAL SPENDING SLOWLY GATHERING PACE...

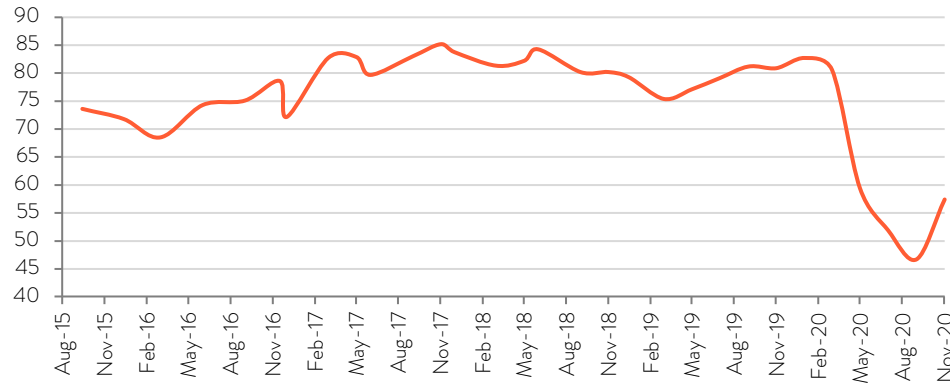
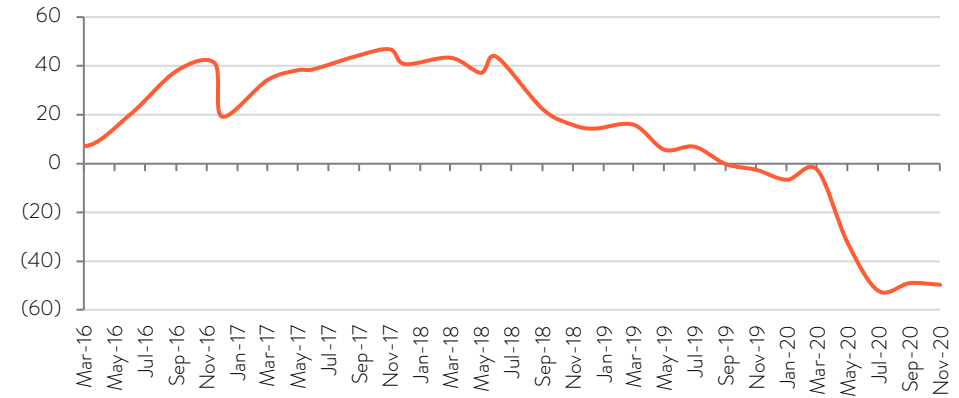
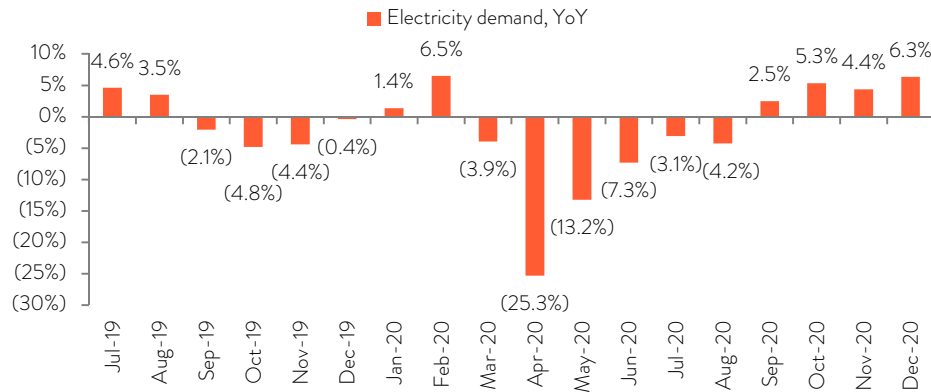


FIG 14 – ...NON-ESSENTIAL SPENDING PLATEAUING



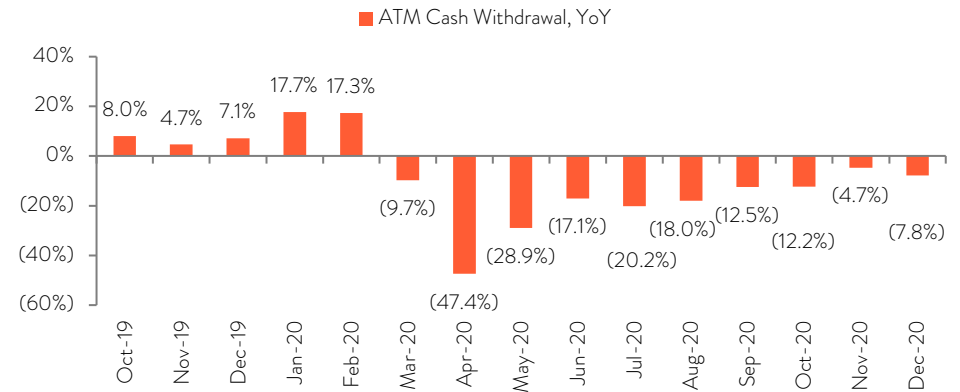
Electricity Demand, Digital Payments, COVID cases, Google mobility Index

FIG 15 – ELECTRICITY DEMAND INCHES UP IN DEC'20



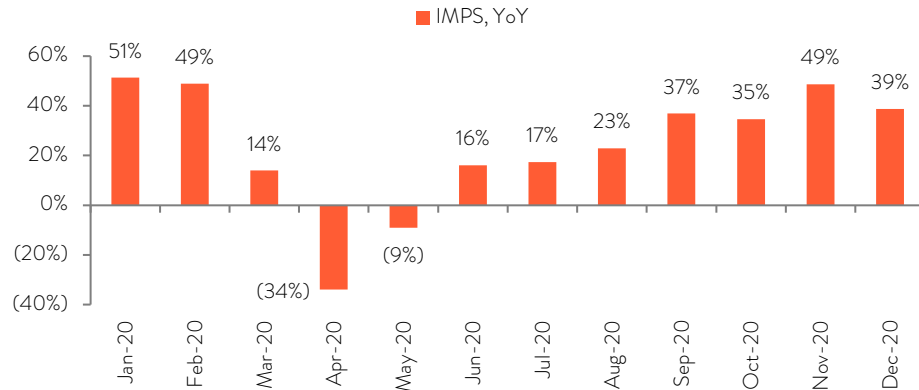
Source: Posco | Note: Maximum Demand met during peak evening hours (MW)

FIG 16 – CASH WITHDRAWAL SLIPS FURTHER



Source: NPCI | Note: NFS Cashwithdrawal amount does not include Card to Card Transfer

FIG 17 – IMPS PAYMENTS DROPPED IN DEC'20, MOM MOMENTUM IS STILL STRONG AT 5%



Source: NPCI

FIG 18 – UPI PAYMENTS TOO SLOWING DOWN IN DEC'20, MOM IS STILL POSITIVE

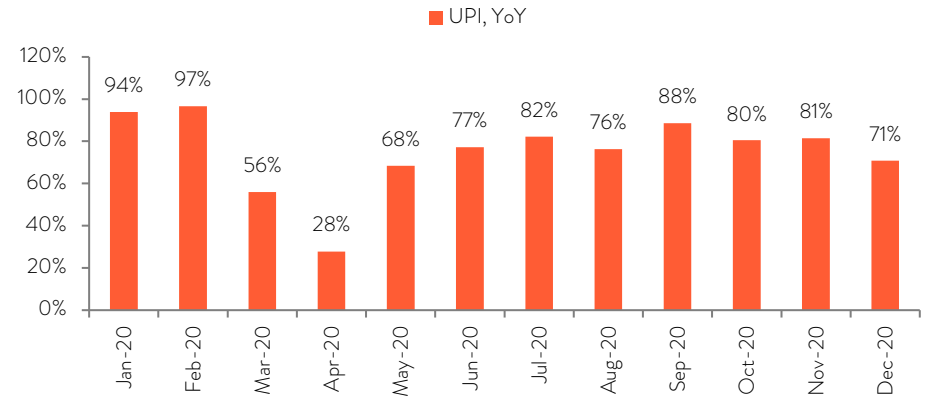
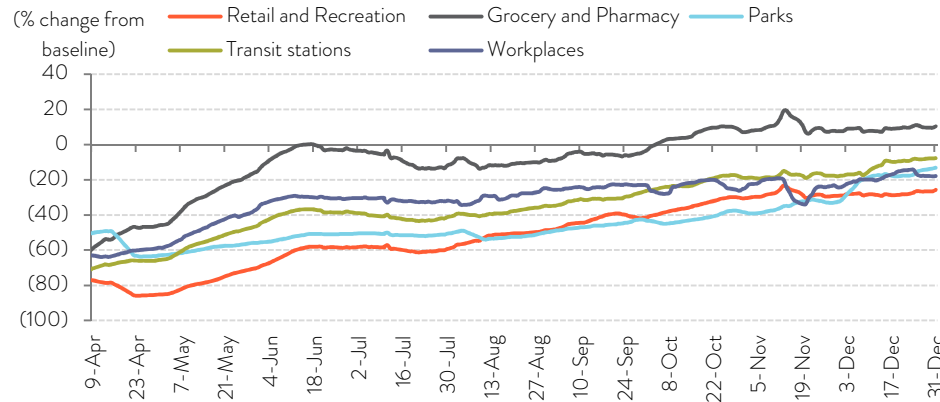


FIG 19 – GOOGLE MOBILITY INDEX REMAINS STEADY



Source: Google Mobility Reports | Note: Highlights percentage change in visits to the place from baseline reading (median value, for the corresponding day of the week, during the five week period 3 Jan – 6 Feb 2020)
Note: Data taken as 7 days rolling average

FIG 20 – DAILY CHANGE IN COVID-19 CASES STATEWISE

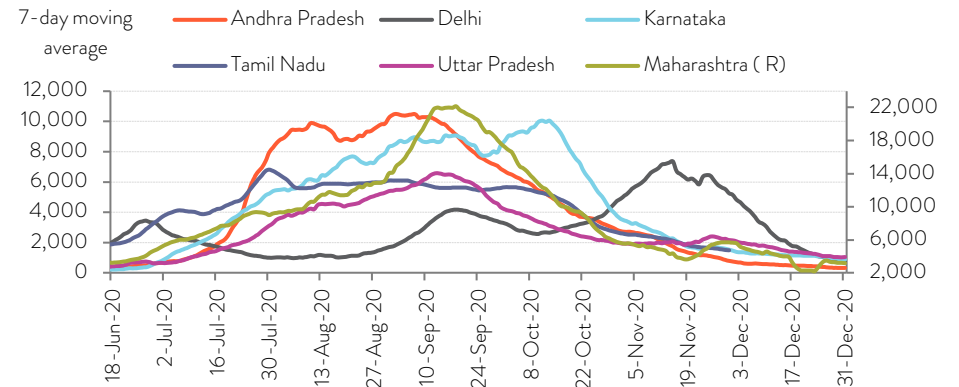


FIG 21 – FERTILIZER SALES DROP IN NOV'20

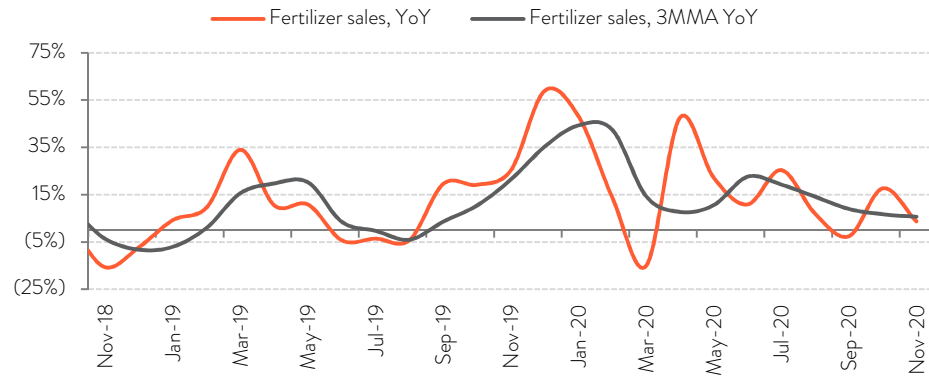
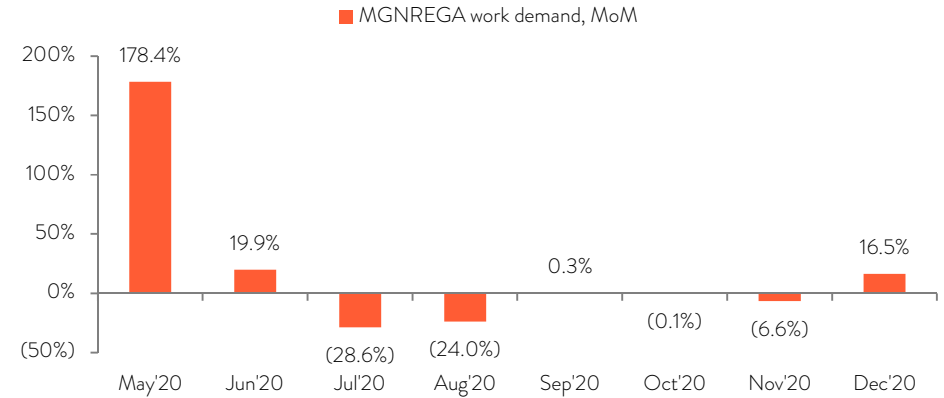


FIG 22 – MGNREGA WORK DEMAND IMPROVES IN DEC'20



Source: MGNREGA

Consumer durables & non-durables production

FIG 23 – CONSUMER DURABLES OUTPUT CONTINUES TO IMPROVE

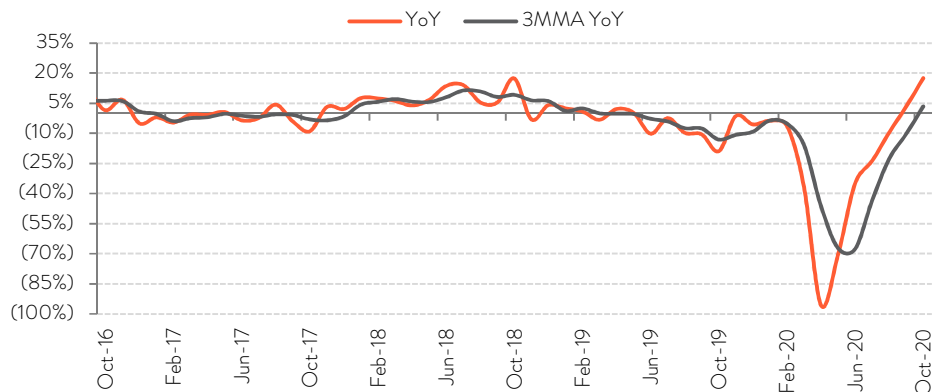
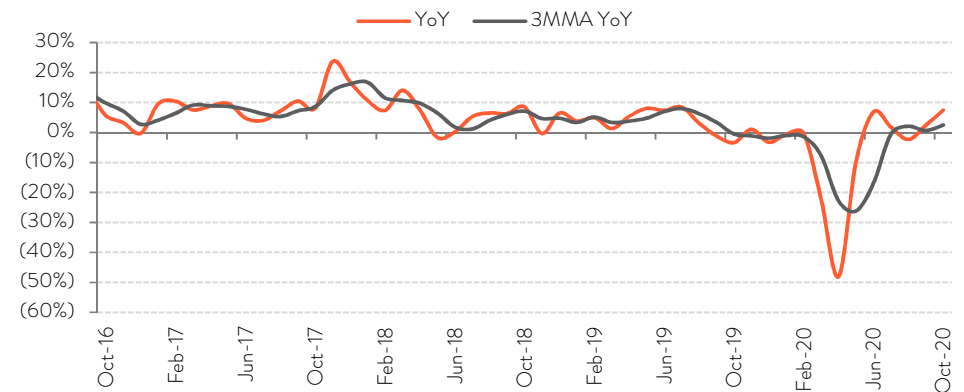


FIG 24 – FMCG OUTPUT INCHES UP MARGINALLY



Agriculture

FIG 25 – AGRI GROWTH CONTINUES TO RISE AT ASTEADY PACE IN Q2FY21

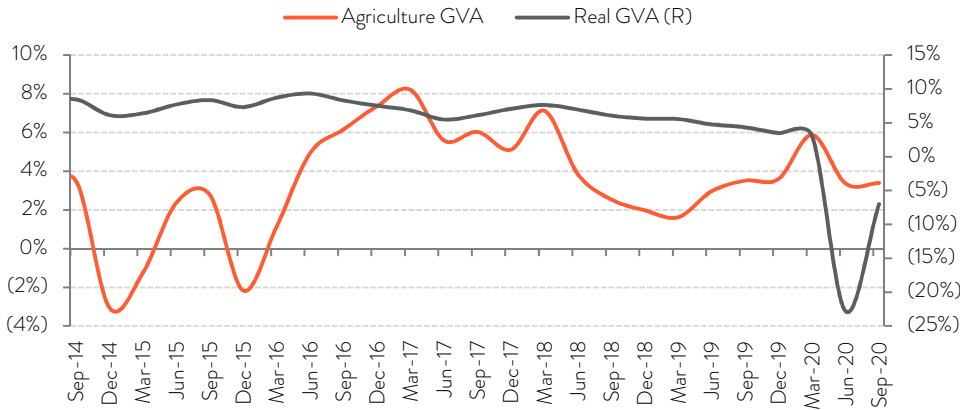


FIG 26 – GROWTH IN TRACTOR SALES MODERATE marginally

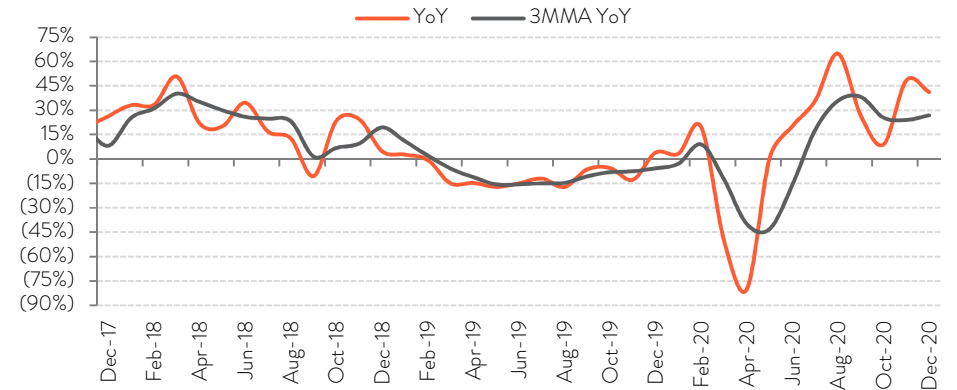


FIG 27 – GROWTH IN AGRICULTURE CREDIT ACCELERATES FURTHER

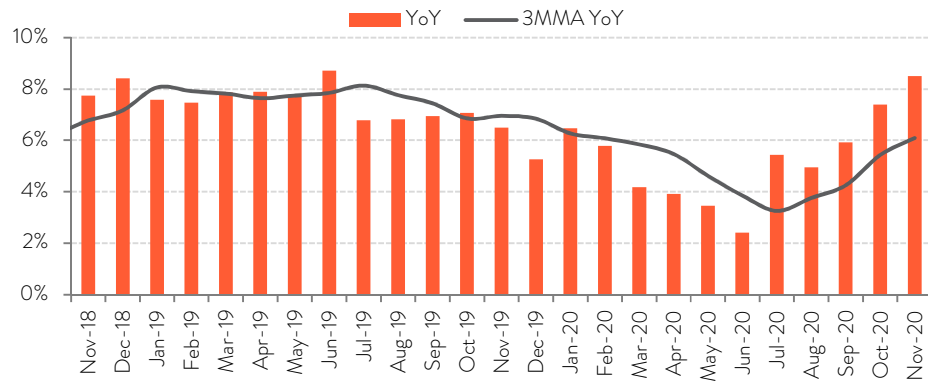
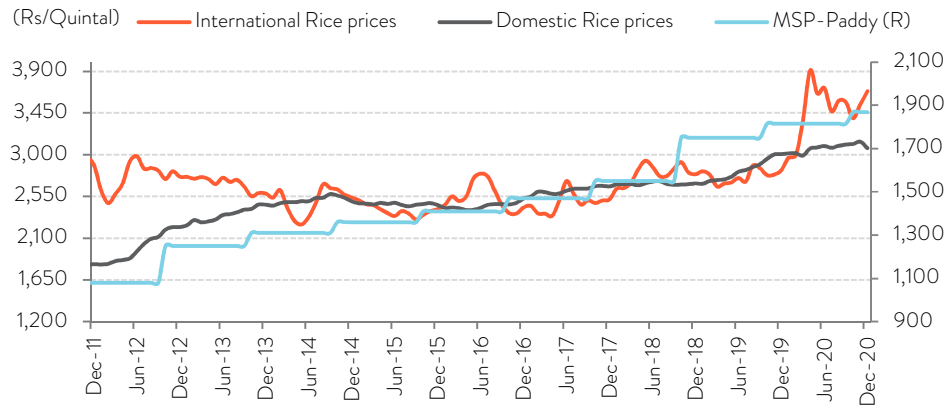


FIG 28 – HIGHER PROCUREMENT OF WHEAT

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	44.39
2019-20	34.13	51.99
2020-21	38.99*	32.15*

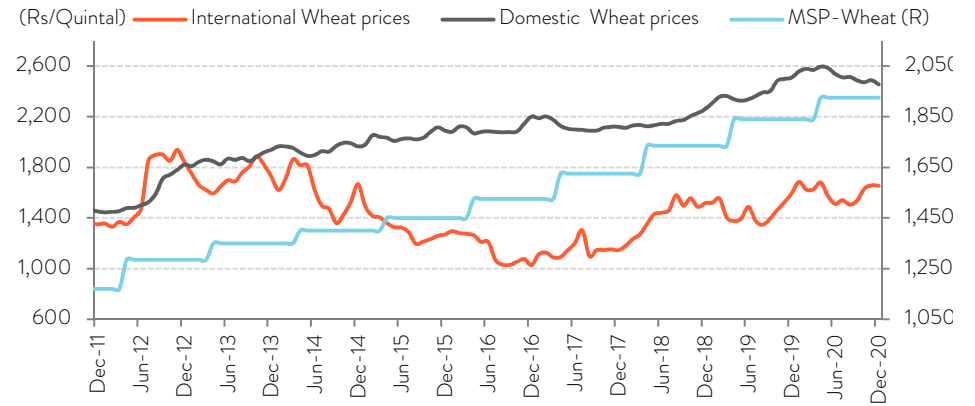
Source: Ministry of Consumer Affairs, Food and Public Distribution | *As on: 31 Dec 2020

FIG 29 – INTERNATIONAL PRICE OF RICE HAS RISEN; DOMESTIC PRICE HAS FALLEN



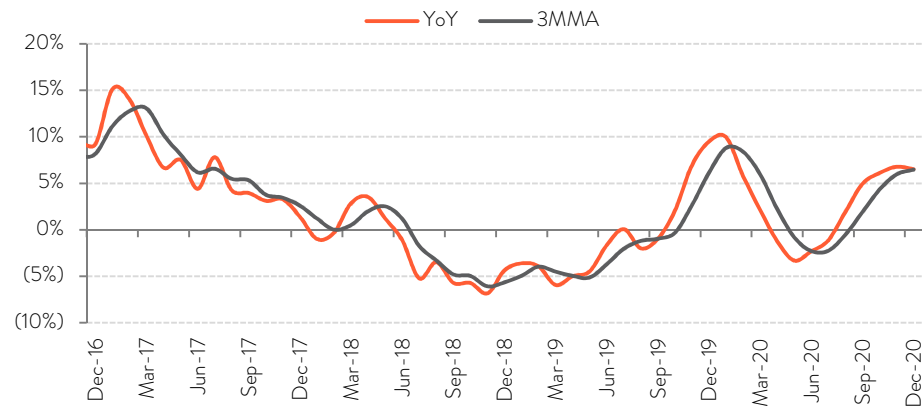
Source: World Bank

FIG 30 – BOTH DOMESTIC AND INTERNATIONAL WHEAT PRICES HAVE DROPPED IN DEC'20



Source: World Bank

FIG 31 – GLOBAL FOOD PRICES INCREASED IN DEC'20, SLIGHT DECELERATION ON YOY BASIS



Source: FAO

FIG 32 – WAGE GROWTH (MEN) MODERATES IN SEP'20

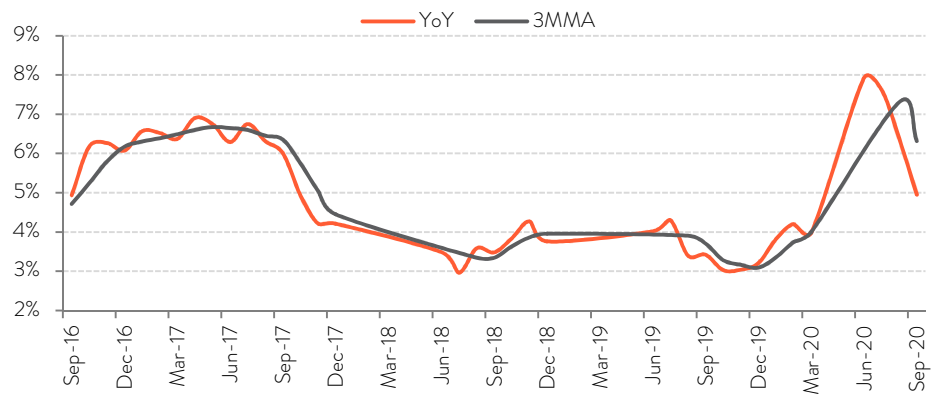


FIG 33 – RABI SOWING HIGHER BY 4.3% COMPARED WITH LAST YEAR

	Area sown in 2020-21	Area sown in 2019-20	Normal area for whole Rabi Season	Growth (% YoY)
Wheat	31.3	29.7	30.3	5.3
Rice	1.2	1.3	4.2	(7.3)
Coarse Cereals	4.3	4.7	5.7	(6.7)
Pulses	14.9	14.2	14.5	5.4
Oilseeds	7.9	7.4	7.3	7.1
Total	59.8	57.3	62.0	4.3

Note: Weekly data as of 8 Jan 2021

Inflation

FIG 34 – RETAIL INFLATION FELL TO A 3-MONTH LOW OF 6.9% IN NOV'20 FROM 7.6% IN OCT'20, LED BY FOOD

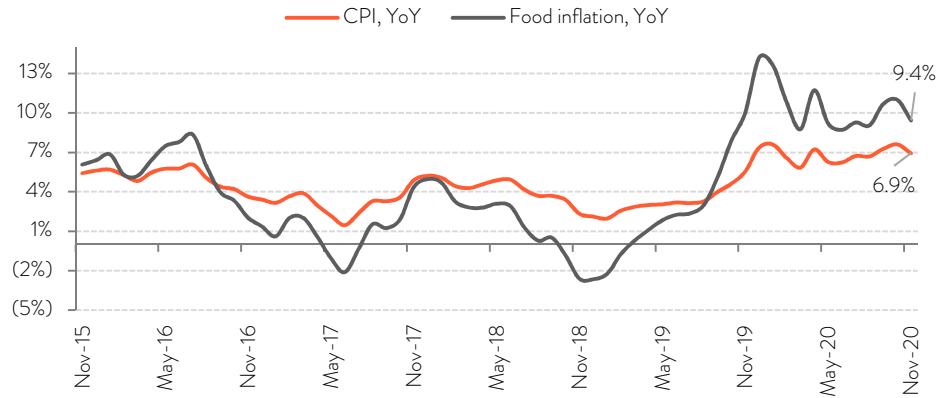


FIG 35 – ...FOOD INFLATION FELL BY 160BPS TO 9.4% FROM 11% IN OCT'20 LED BY VEGETABLES, PULSES, MEAT AND FISH AND CEREALS

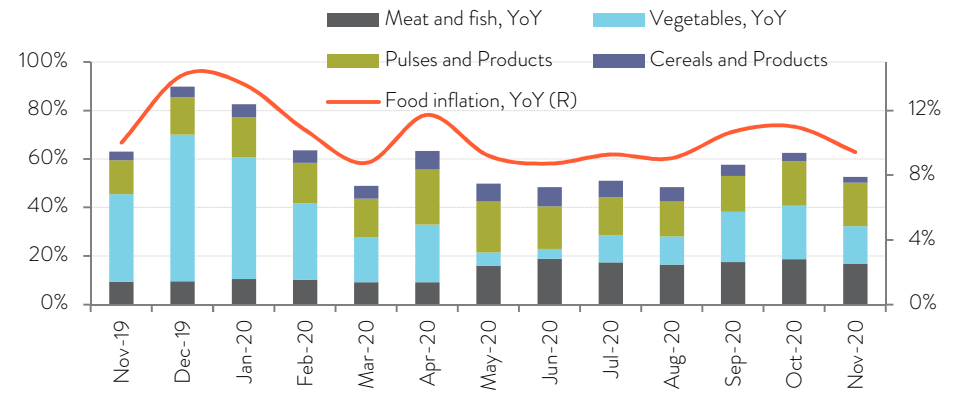
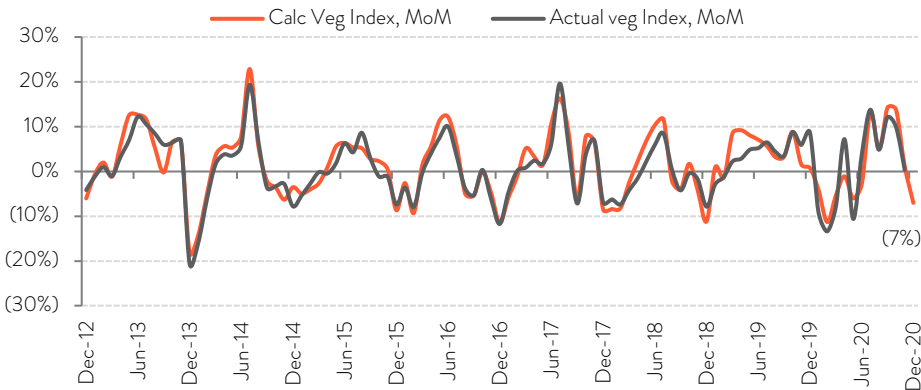


FIG 36 – VEGETABLE PRICES SEEN EBBING OFF IN DEC'20



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

FIG 37 – CPI EXCL. FOOD AND FUEL REMAINED STICKY AT 5.9%

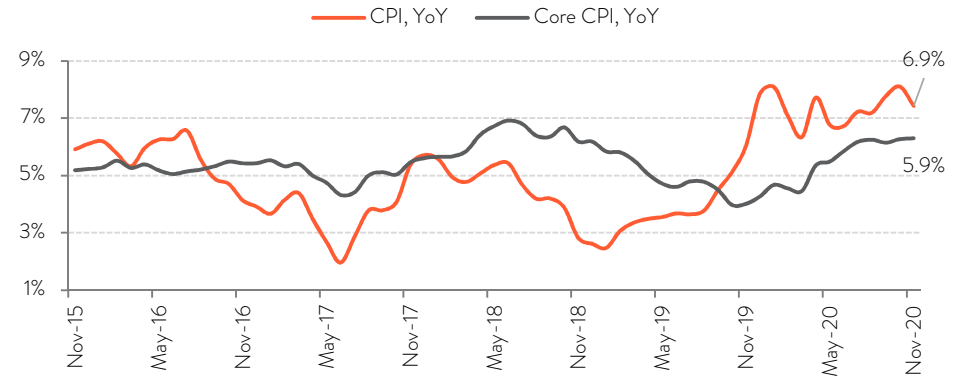


FIG 38 – INFLATION IN TRANSPORT AND COMMUNICATION, HEALTH AND PERSONAL CARE AND ITEMS REMAINED ELEVATED

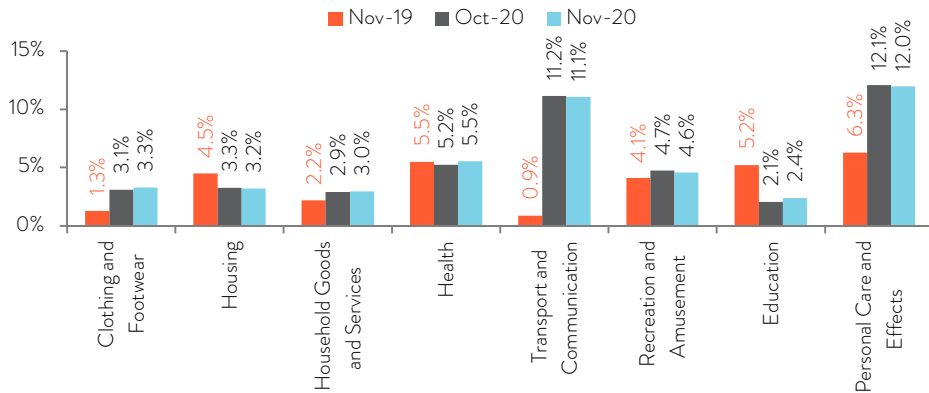
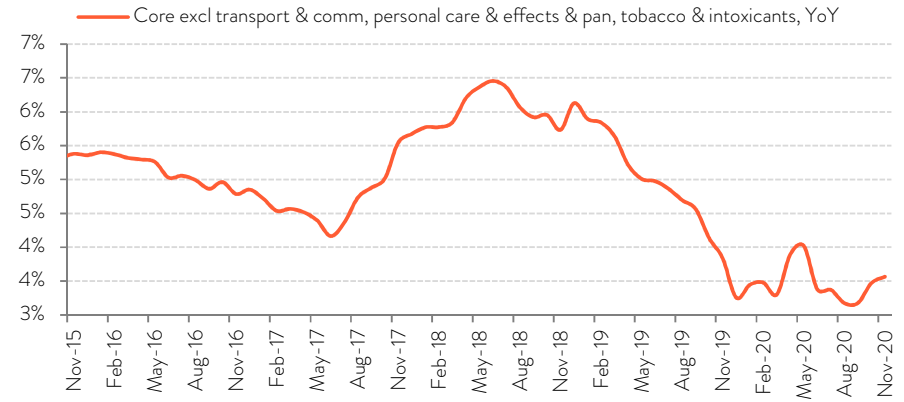


FIG 39 – CORE EXCL. MAJOR VOLATILE ITEMS IS ALSO SEEN FIRING UP AT 3.6% IN NOV'20



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

FIG 40 – RETAIL FUEL PRICES ROSE TO RS 81.9/LT FROM RS 79.4/LT IN NOV'20 IN LINE WITH INTERNATIONAL CRUDE PRICE

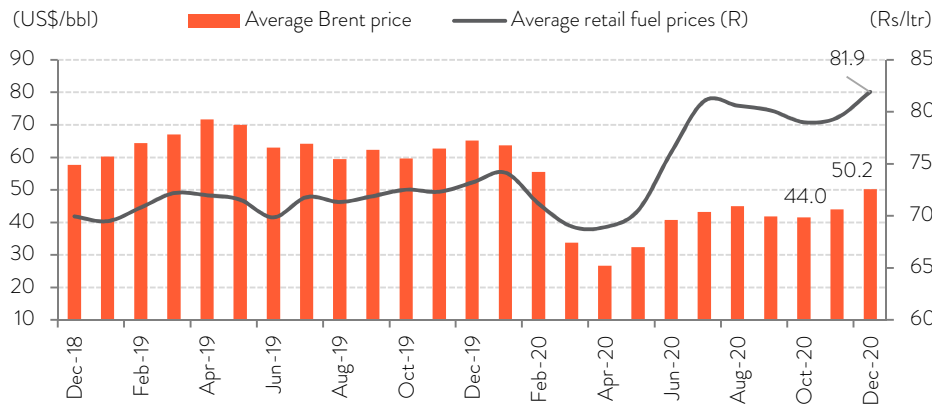
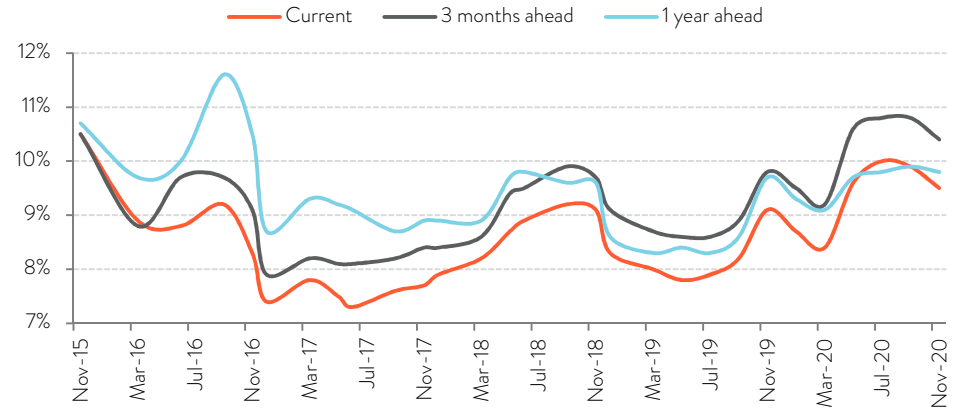


FIG 41 – HOWEVER INFLATION IS WELL ANCHORED AS VISIBLE IN RBI'S INFLATION EXPECTATION SURVEY



Industry

FIG 42 - INDUSTRIAL OUTPUT RECOVERES FURTHER IN OCT'20

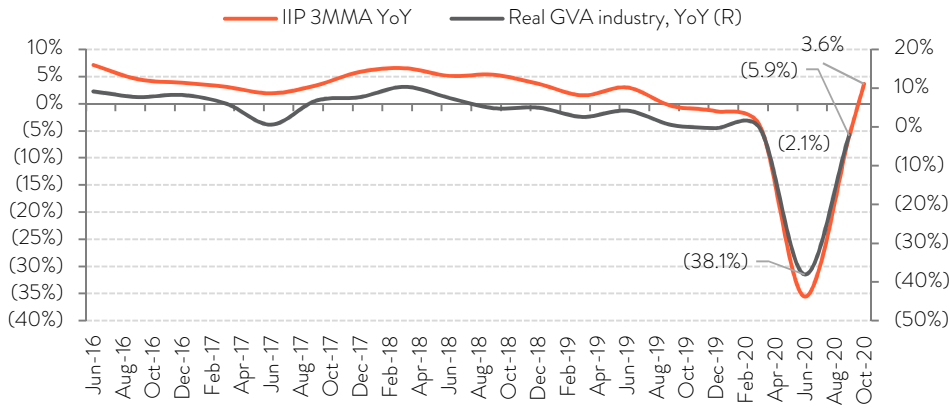


FIG 43 - HOWEVER, BROAD BASED SLOWDOWN ON FYTD BASIS

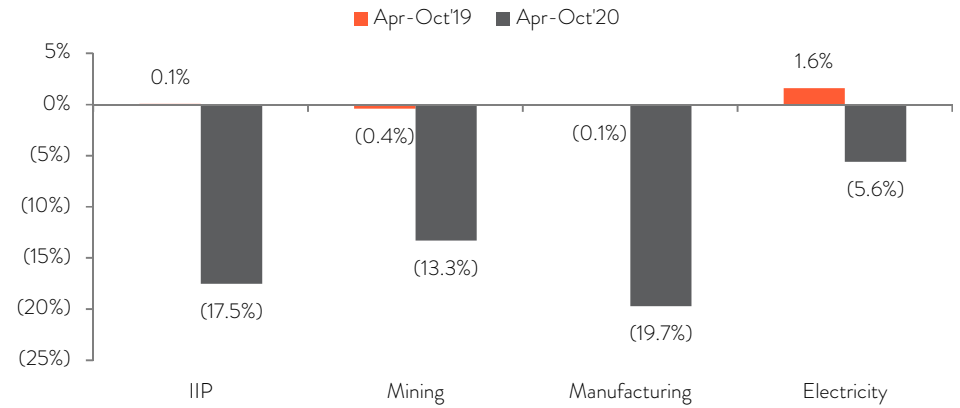


FIG 44 - CONSUMER DURABLES OUTPUT SOARS TO A 5-YEAR HIGH

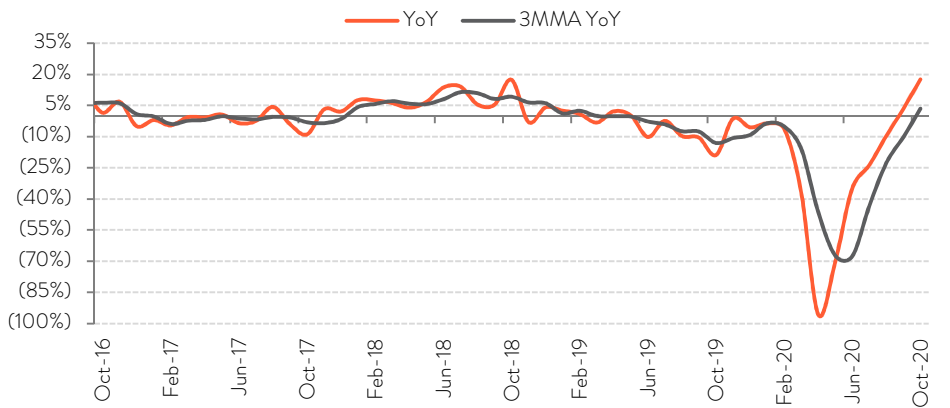


FIG 45 - FMCG OUTPUT ALSO EXPANDS IN OCT'20

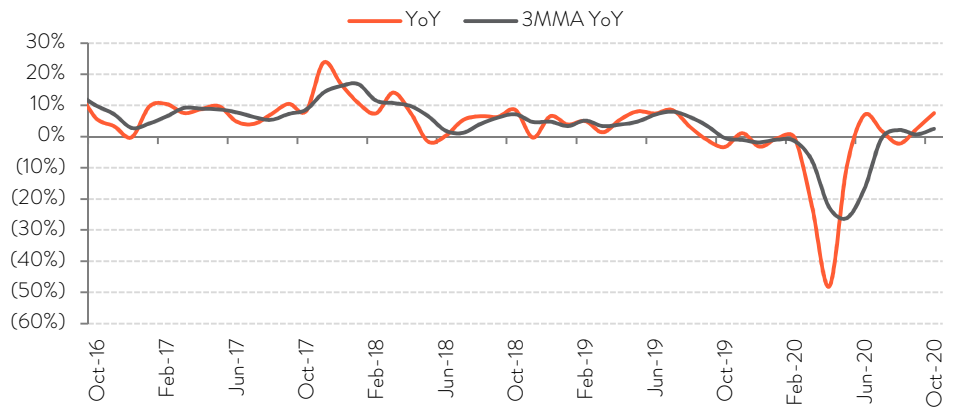


FIG 46 – INDUSTRIAL PRODUCTION BACK IN THE GREEN

Sectoral (%)	Weight	Oct-20	Sep-20	Oct-19	Apr-Oct'20	Apr-Oct'19
IIP	100.0	3.6	0.5	(6.6)	(17.3)	0.2
Mining	14.4	(1.5)	1.4	(8.0)	(12.7)	(0.4)
Manufacturing	77.6	3.5	(0.2)	(5.7)	(19.6)	0.1
Electricity	8.0	11.2	4.9	(12.2)	(5.1)	1.7
Use-Based		(3.3)	(1.5)	(6.0)	(12.4)	0.2
Primary Goods	34.1	3.3	(1.3)	(22.4)	(33.1)	(11.6)
Capital Goods	8.2	0.8	(1.0)	8.7	(20.2)	9.4
Intermediate Goods	17.2	7.8	2.5	(9.7)	(20.3)	(2.6)
Infrastructure and Construction Goods	12.3	17.6	3.4	(18.9)	(30.4)	(7.0)
Consumer Durables Goods	12.8	7.5	2.4	(3.3)	(5.9)	4.0
Consumer Non-Durables Goods	15.3	3.6	0.5	(6.6)	(17.3)	0.2

Manufacturing

FIG 47 – GRADUAL RECOVERY BACK IN POSITIVE TERRITORY

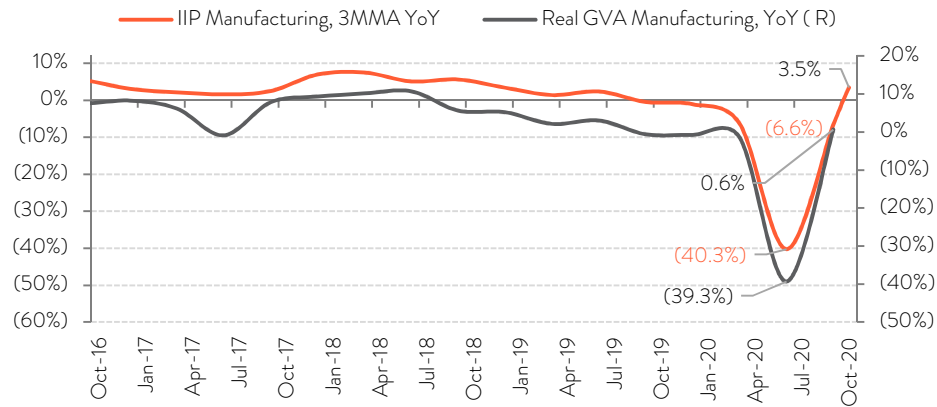
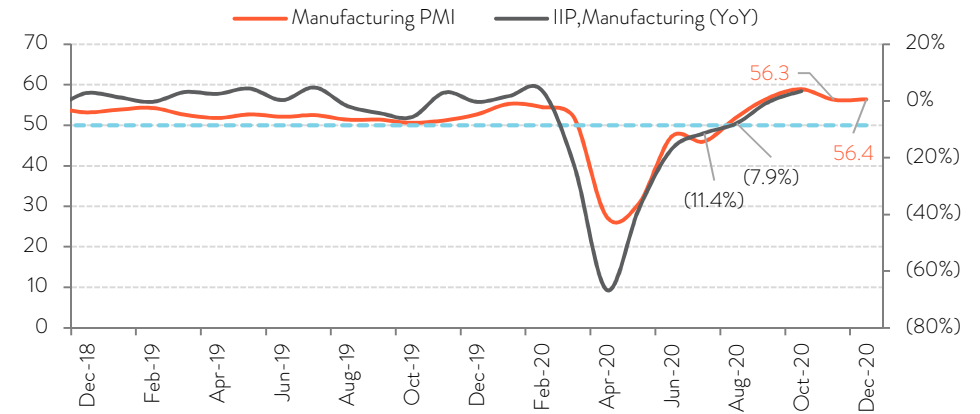


FIG 48 – MANUFACTURING PMI INCHES UP MARGINALLY UN DEC'20



Source: Markit

Mining & Electricity

FIG 49 – MINING ACTIVITY CONTRACTING AT A SLOWER PACE

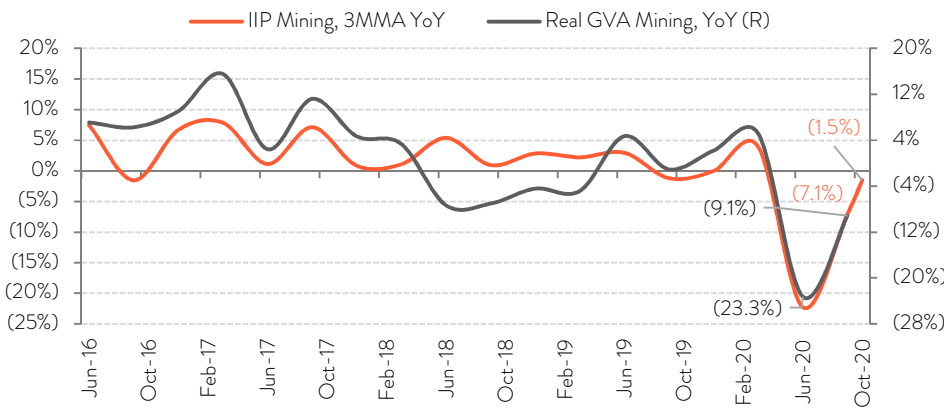
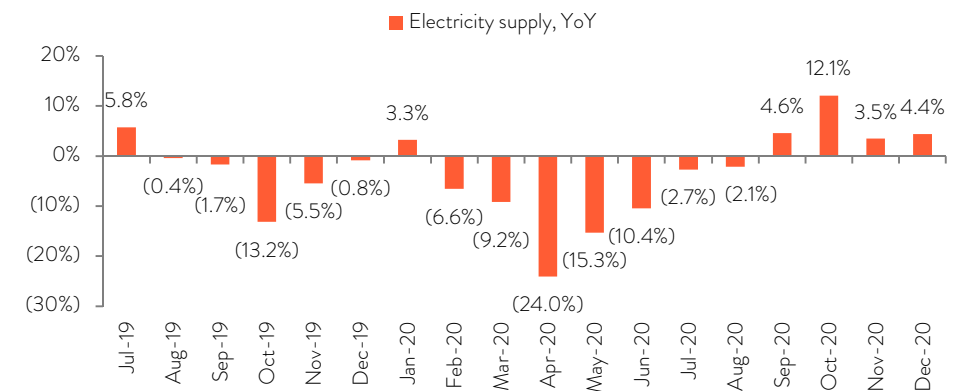


FIG 50 – ELECTRICITY OUTPUT IMPROVES IN DEC'20



Source: Posco | Note: Average Energy Met (MU)

Infrastructure and Construction

FIG 51 – GROWTH IN CONSTRUCTION IMPROVES IN Q2FY21

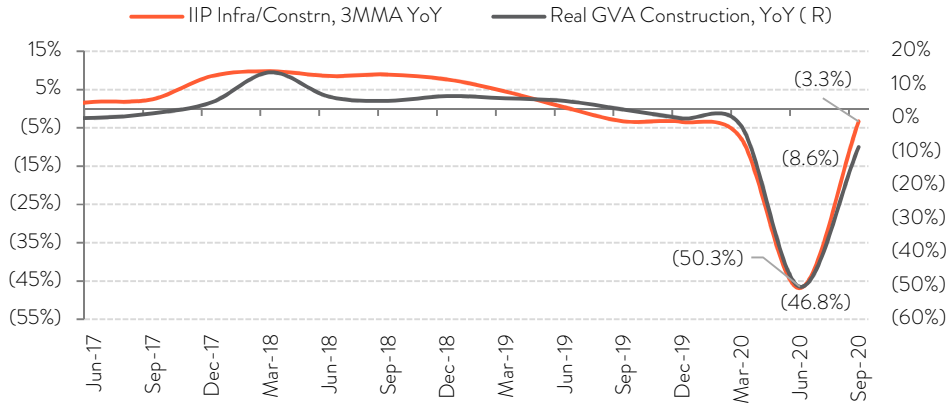
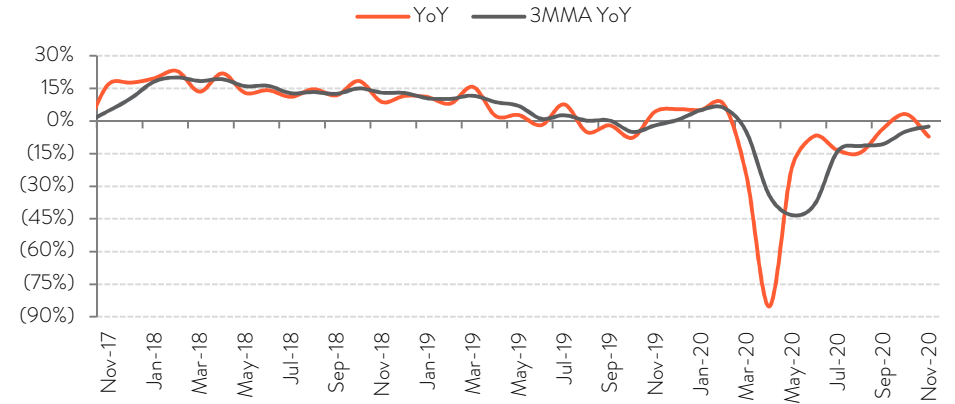


FIG 52 – CEMENT PRODUCTION SLIPS IN NOV'20



Infrastructure Index

FIG 53 – INFRA INDEX DECLINES BY 2.6% IN NOV'20

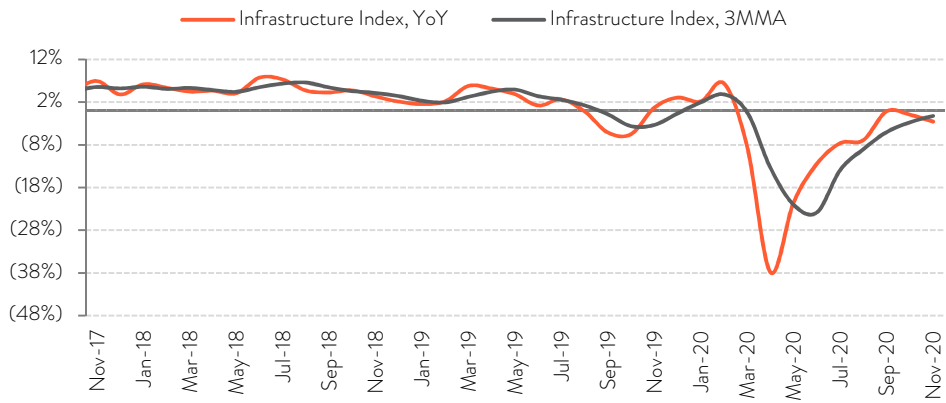
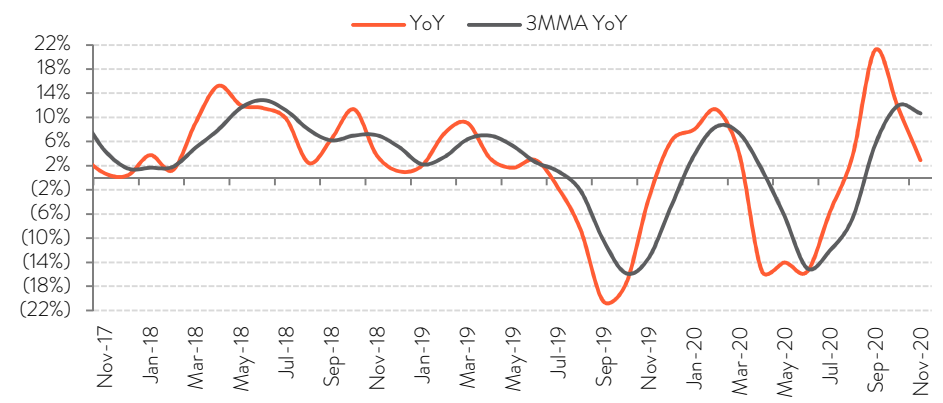


FIG 54 – COAL OUTPUT FALLS SHARPLY



Auto production & business expectation index

FIG 55 – AUTO PRODUCTION DECLINES BY 1% IN NOV'20 VERSUS 32% GROWTH IN OCT'20

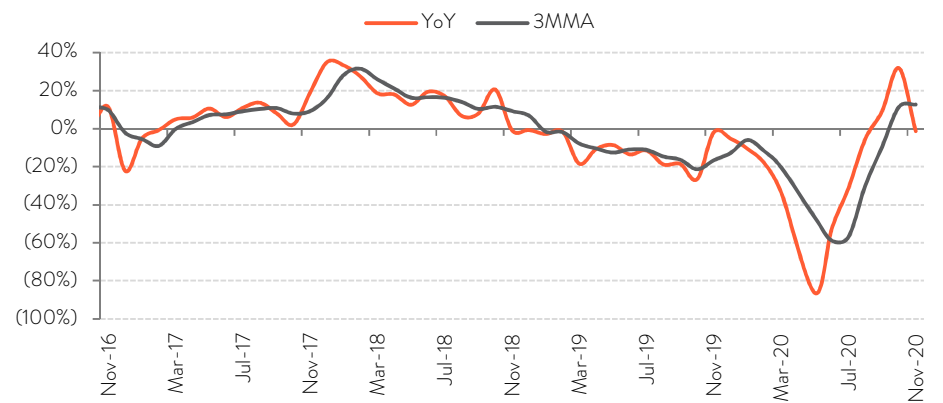


FIG 56 – BUSINESS SENTIMENT TURNS OPTIMISTIC

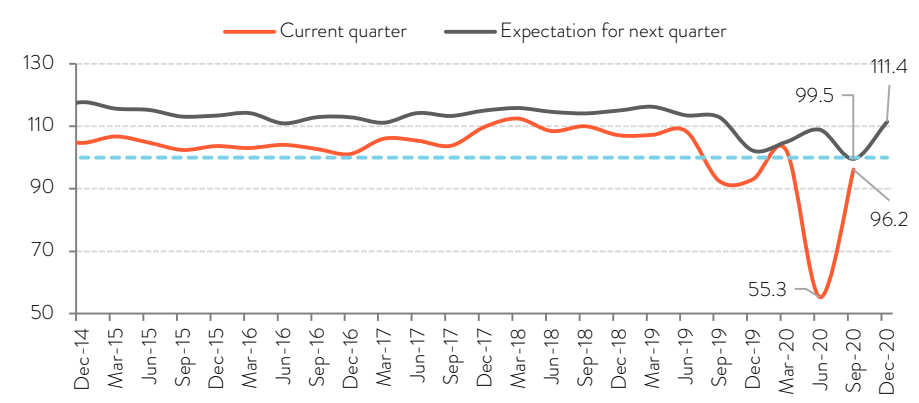


FIG 57 – INFRASTRUCTURE INDEX DECLINES BY 2.6% IN NOV'20

(%)	Weight	Nov-20	Oct-20	Nov-19	Apr-Nov'20	Apr-Nov'19
Infrastructure Index	100	(2.6)	(0.9)	0.7	(11.2)	0.3
Coal	10.3	2.9	11.7	(3.5)	(1.4)	(5.5)
Crude Oil	9.0	(4.9)	(6.2)	(6.0)	(6.0)	(5.8)
Natural Gas	6.9	(9.3)	(8.6)	(6.4)	(12.1)	(3.0)
Petroleum Refinery Products	28.0	(4.8)	(17.0)	3.1	(14.8)	(1.0)
Fertilizers	2.6	1.6	6.3	13.6	3.6	3.9
Steel	17.9	(4.4)	4.0	7.0	(18.8)	6.8
Cement	5.4	(7.1)	3.2	4.3	(18.6)	0.1
Electricity	19.9	2.2	11.2	(4.9)	(4.2)	0.8

Investment

FIG 58 – REAL GFCF IS EXPECTED TO CONTRACT SHARPLY BY 14.5% IN FY21, GDP IS EXPECTED TO CONTRACT BY 7.7%

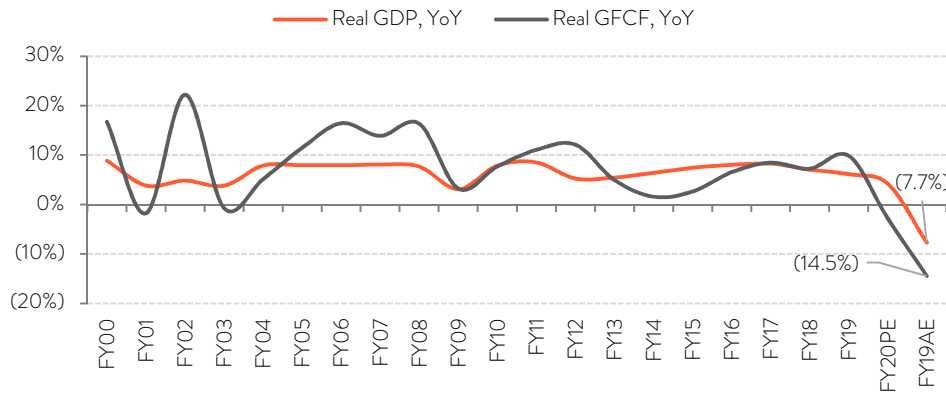


FIG 59 – HOWEVER, OUR INDEX OF HIGH FREQUENCY INDICATORS SHOW REVIVAL AROUND THE CORNER

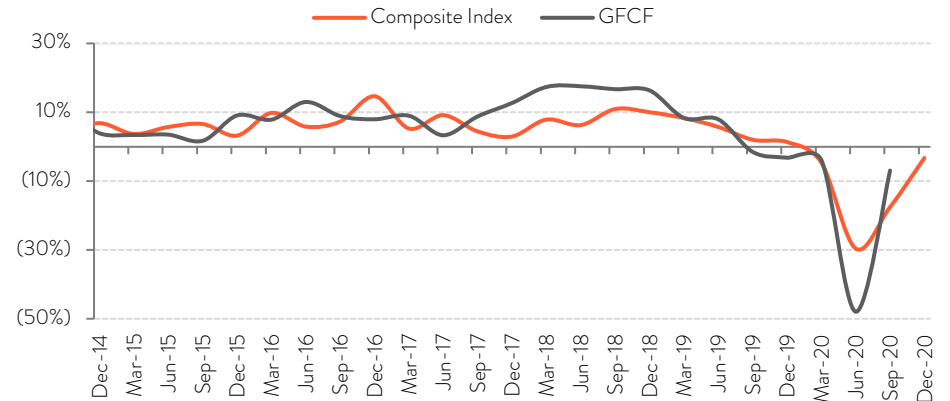


FIG 60 – PLF OF CENTRAL THERMAL PLANTS DIPPED IN NOV'20

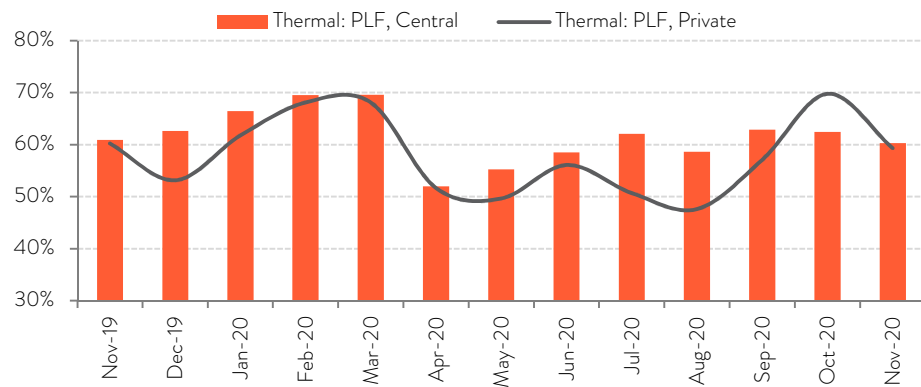


FIG 61 – CAPITAL GOODS PRODUCTION ROSE BY 3.3% IN OCT'20 VERSUS A DECLINE OF 1.3% IN SEP'20

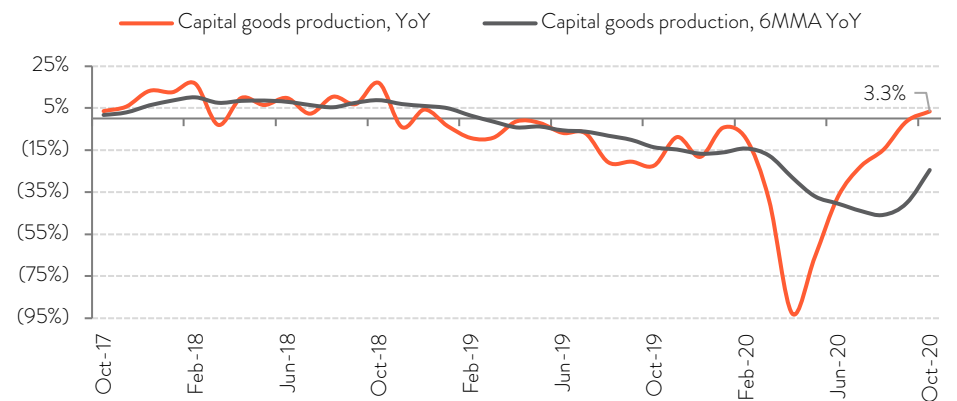


FIG 62 – CONTRACTION IN IMPORTS OF CAPITAL GOODS EASED TO 17.3% IN NOV'20 FROM 32.5% DECLINE IN OCT'20

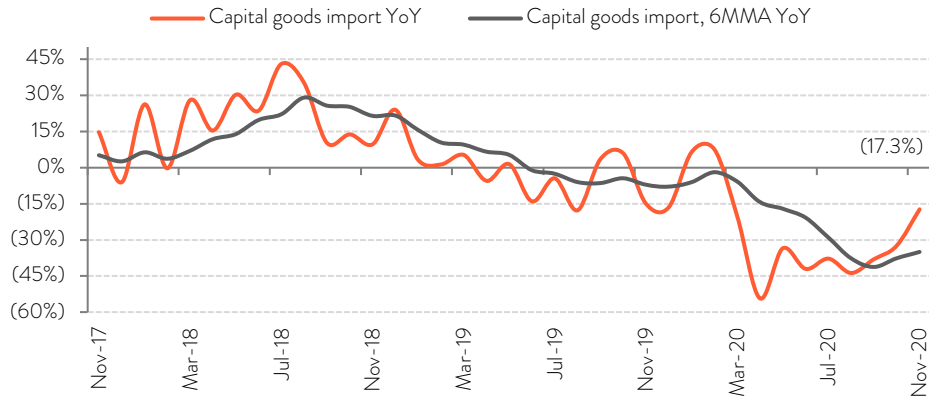


FIG 63 – CENTRE'S CAPEX SPENDING INCHED UP SHARPLY BY 10.5% IN NOV'20 AS AGAINST 0.5% IN OCT'20

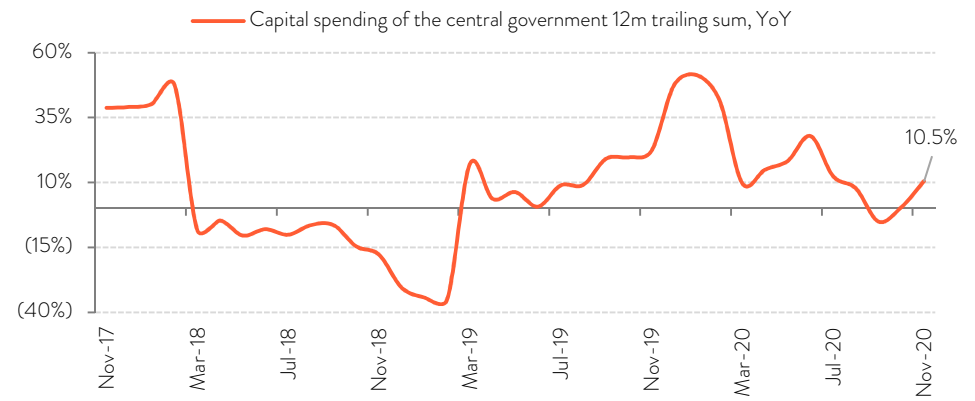


FIG 64 – GROSS BANK CREDIT INCHED UP TO 6% IN OCT'20 FROM 5.5% IN SEP'20, INDUSTRY CREDIT ALSO SHOWED MODERATE IMPROVEMENT

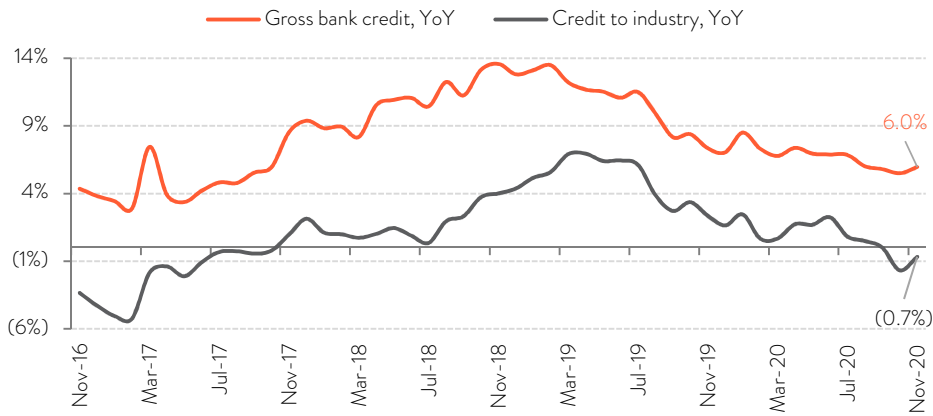


FIG 65 – PACE OF CONTRACTION IN CREDIT TO LARGE INDUSTRY MODERATED TO 1.8% IN NOV'20 FROM A DIP OF 2.9% IN OCT'20

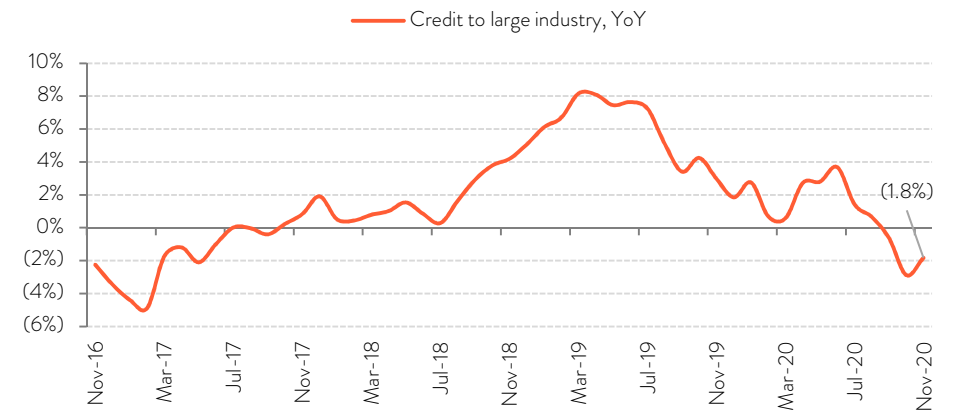


FIG 66 – CREDIT TO MEDIUM INDUSTRY ROSE FURTHER BY 20.9% IN NOV'20, FOR SMALL INDUSTRY IT DECELERATED SLIGHTLY TO 0.5% FROM 0.7%

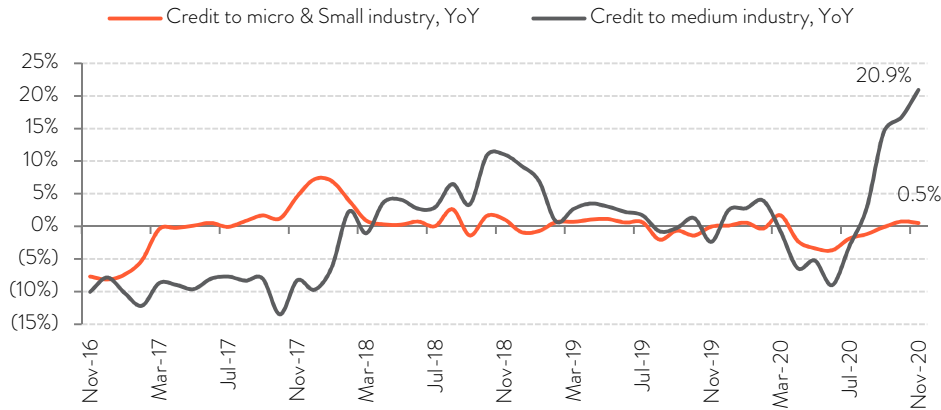


FIG 67 – HOUSING CREDIT MODERATED INCHED UP MARGINALLY TO 8.5% IN NOV'20 FROM 8.2% IN OCT'20

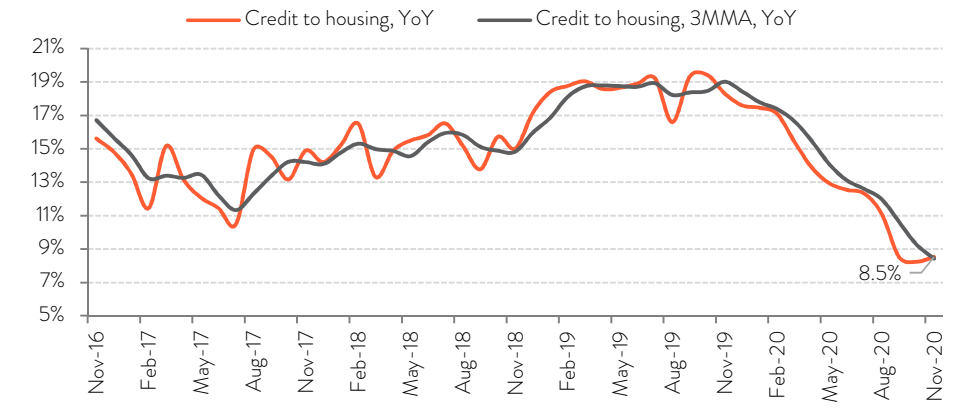
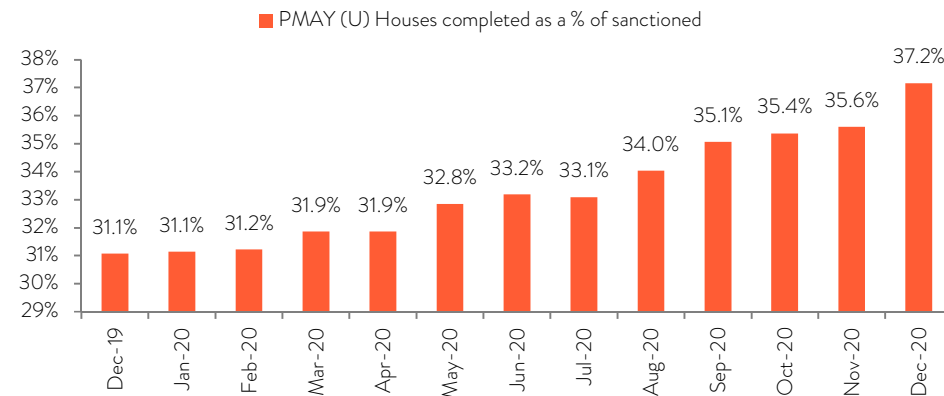
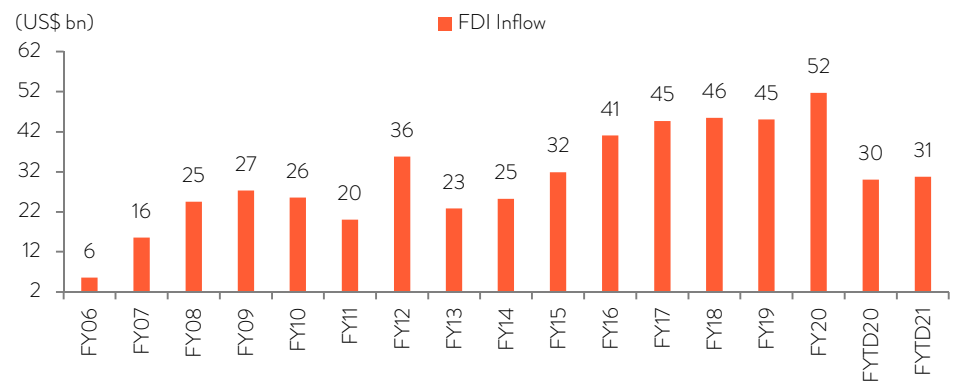


FIG 68 – AFFORDABLE HOUSING IS ALSO PICKING PACE



Source: MOHUA

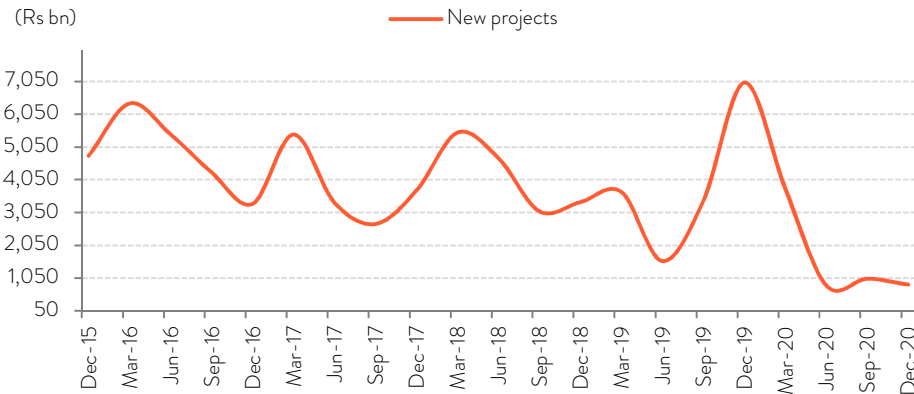
FIG 69 – FDI INFLOWS ARE MARGINALLY HIGHER AT US\$ 31BN IN FYTD21* AGAINST US\$ 30BN IN THE SAME PERIOD OF PREVIOUS YEAR



Source: RBI, FYTD: Apr-Oct

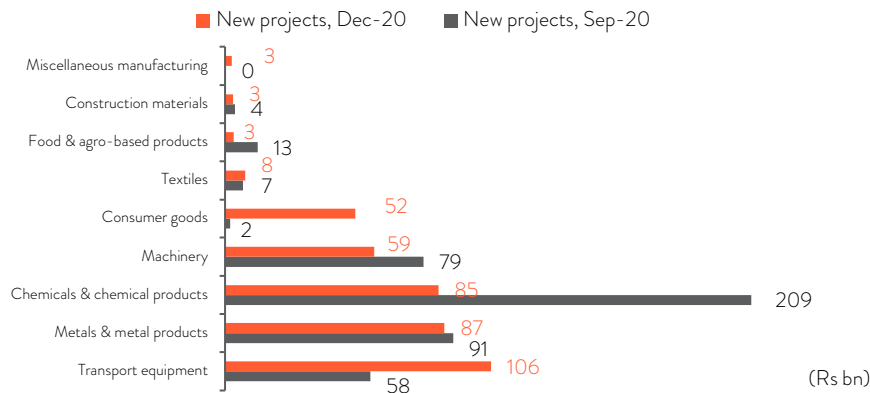
Capex data

FIG 70 – NEW PROJECT ANNOUNCEMENTS DROPPED TO RS 853BN IN DEC'20 AGAINST RS 1TN IN SEP'20



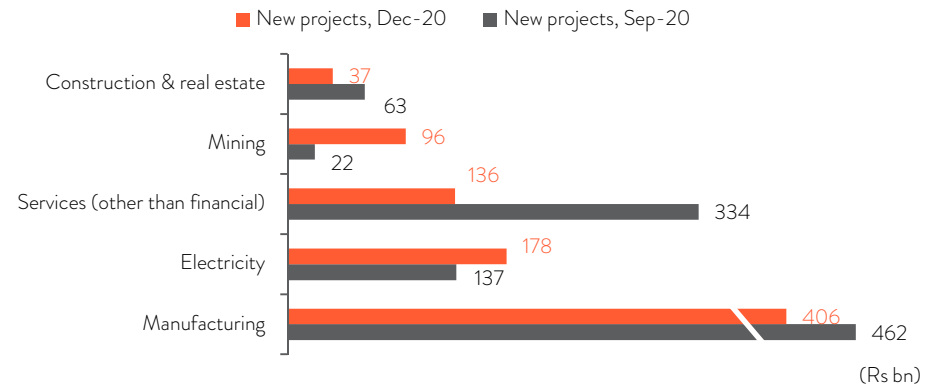
Source: CMIE

FIG 72 – WITHIN MANUFACTURING, SHARP FALL WAS VISIBLE IN CHEMICALS PRODUCTS AND MACHINERY



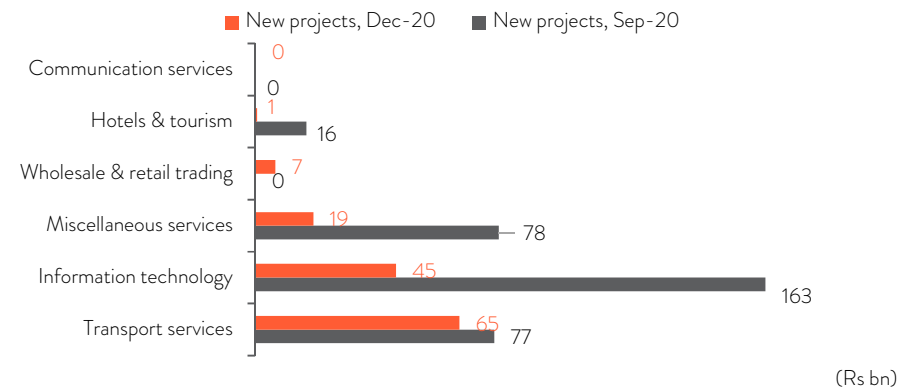
Source: CMIE

FIG 71 – ...LED BY FALL IN ANNOUNCEMENTS IN MANUFACTURING AND SERVICES SEGMENT



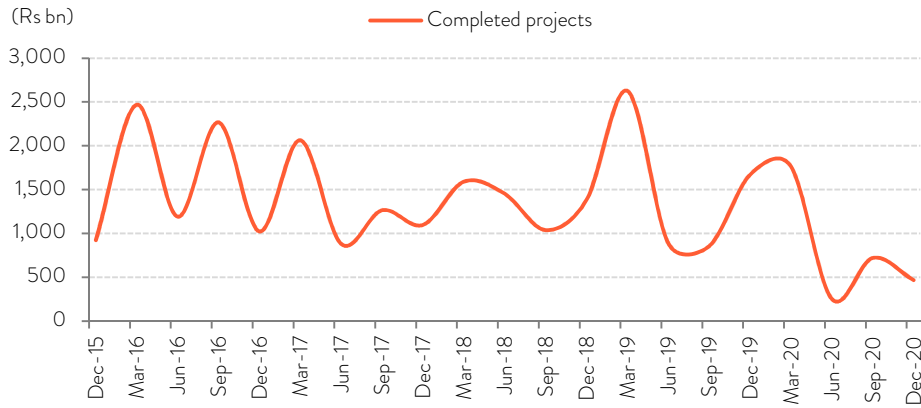
Source: CMIE

FIG 73 – ...WITHIN SERVICES, IT WAS BROAD BASED DECLINE



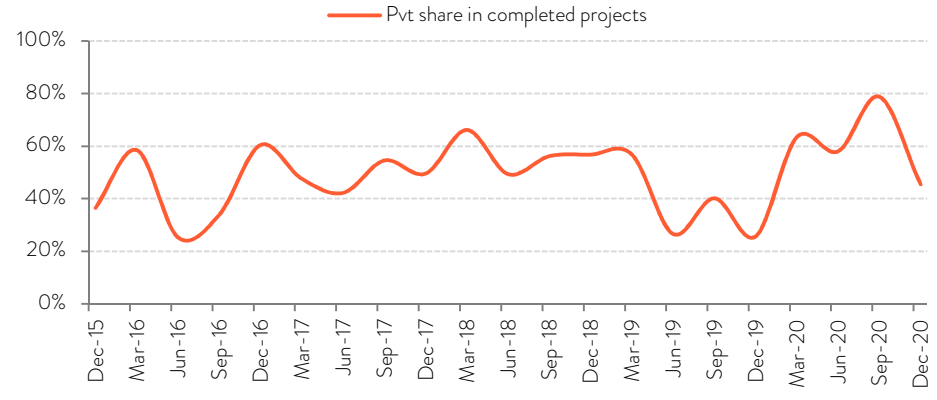
Source: CMIE

FIG 74 – COMPLETED PROJECTS FELL TO RS 467BN IN DEC'20 COMPARED WITH RS 720BN IN SEP'20



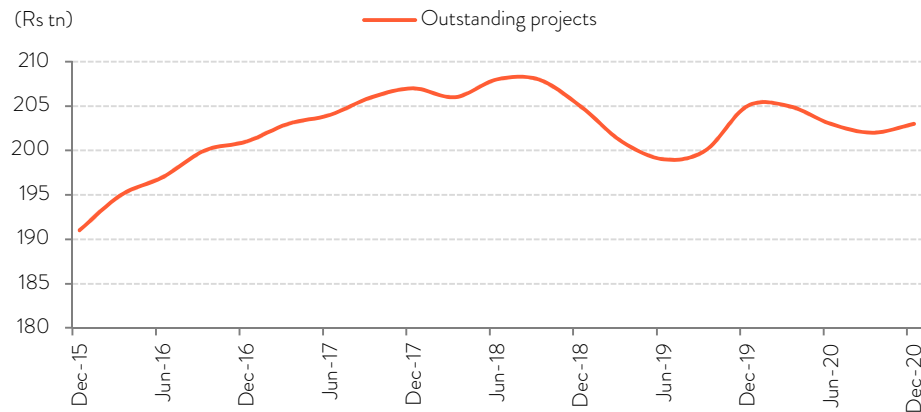
Source: CMIE

FIG 75 – ... LED BY PRIVATE SECTOR



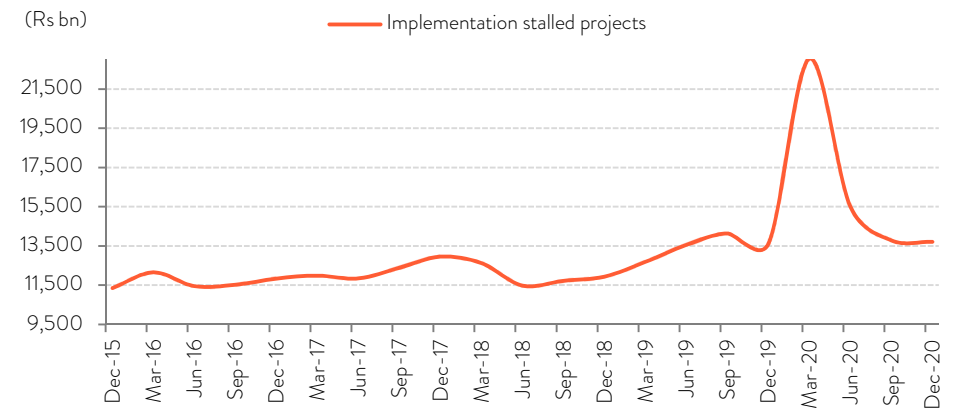
Source: CMIE

FIG 76 – OUTSTANDING PROJECTS STOOD AT RS 203TN



Source: CMIE

FIG 77 – IMPLEMENTATION STALLED PROJECTS WAS STABLE AT RS 14TN



Source: CMIE

Services sector

FIG 78 – GVA: SERVICES ACTIVITY BEGAN RECOVERING IN Q2FY21

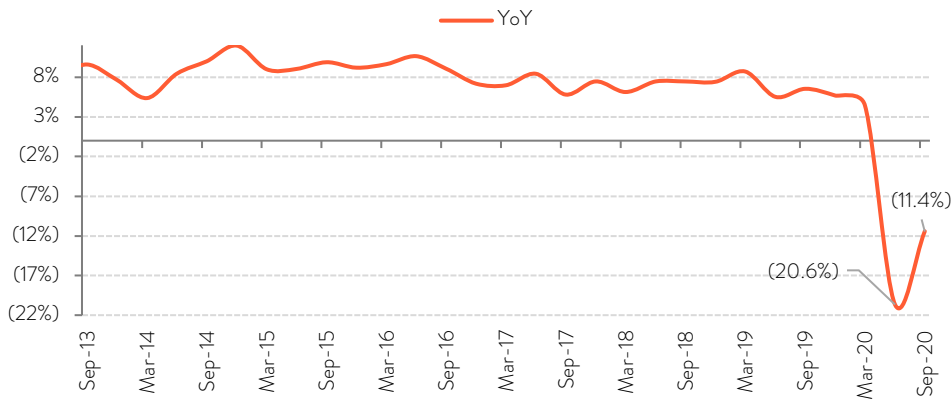
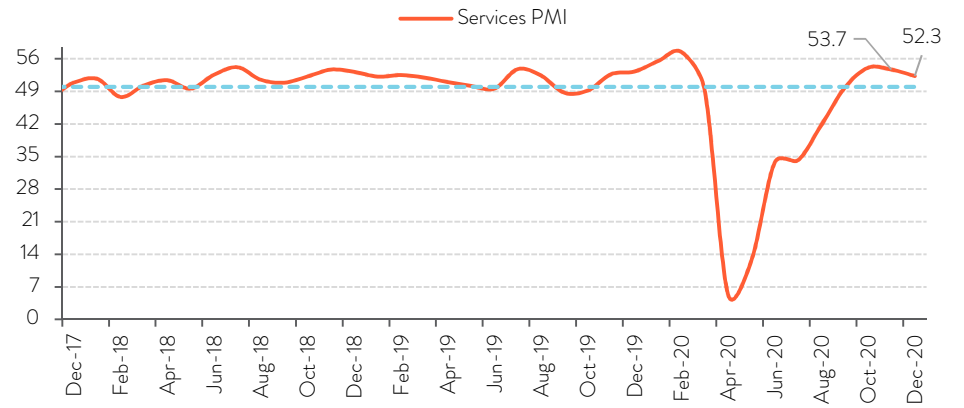


FIG 79 – SERVICES PMI SHOWS ACTIVITY MODERATED IN DEC'20



Source: Markit

FIG 80 – GVA: TRADE & RELATED SERVICES JUMPED SHAPRLY...

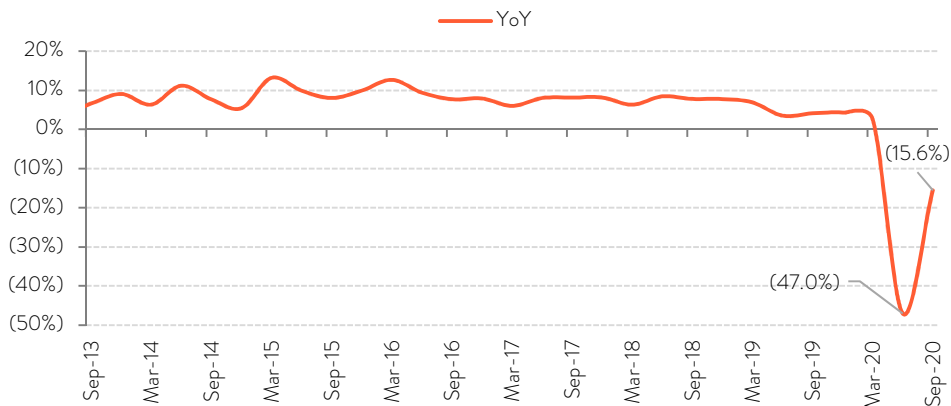
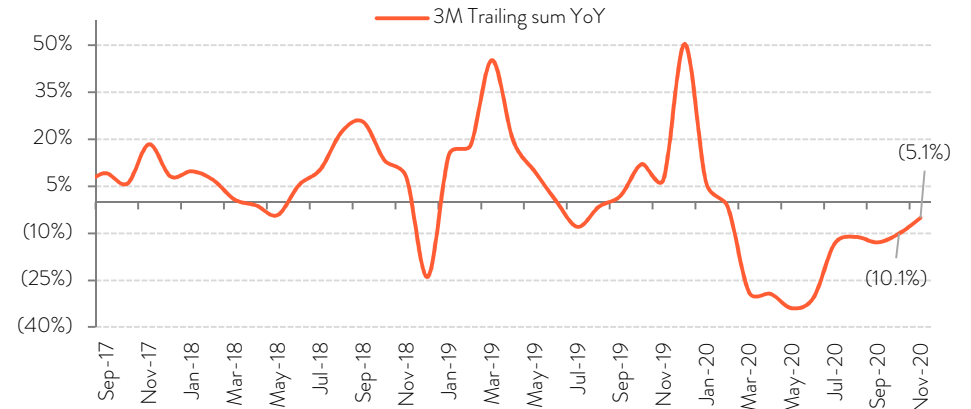


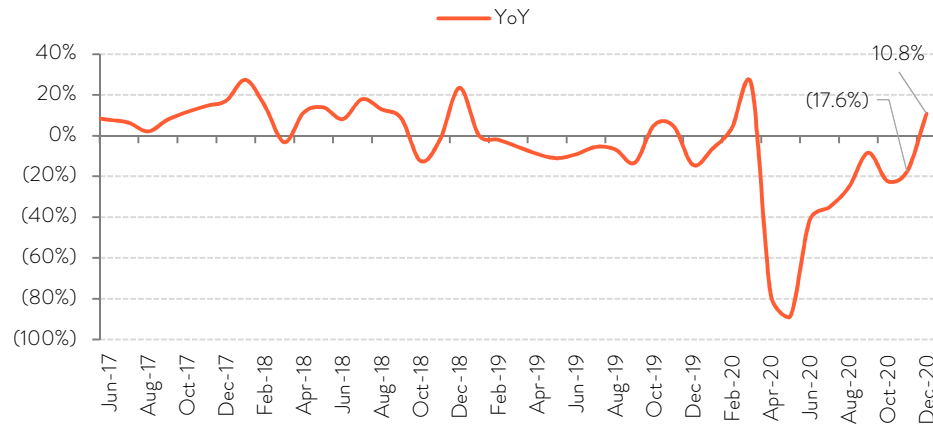
FIG 81 – STATES* TAX REVENUE GROWTH PICKED UP FUTHER IN NOV'20



Note: *All states excluding N.E states, Bihar, Gujarat, H.P., J&K, Maharashtra, Punjab, and W.Bengal

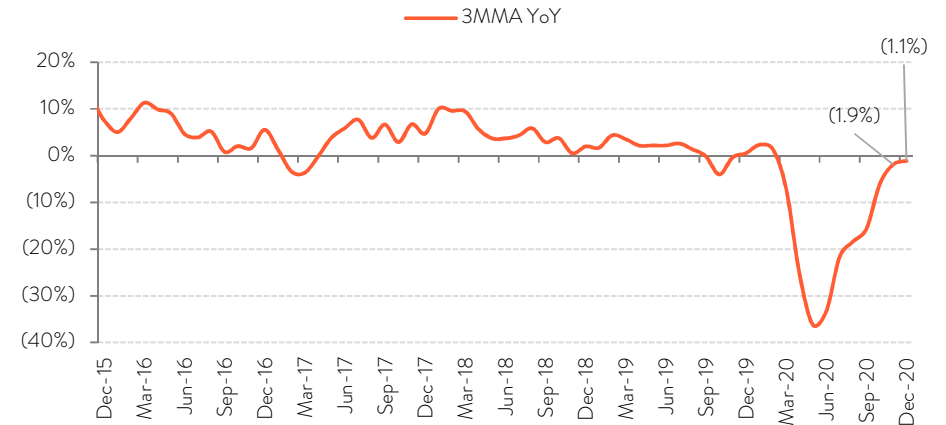
Trade

FIG 82 – VEHICLE REGISTRATION GROWTH REBOUNDED IN DEC'20



Source: MoRTH

FIG 83 – DIESEL CONSUMPTION IMPROVING, ALBEIT AT A SLOWER PACE



Source: PPAC

FIG 84 – PORT CARGO VOLUME GROWTH TURNED POSITIVE IN Q3FY21

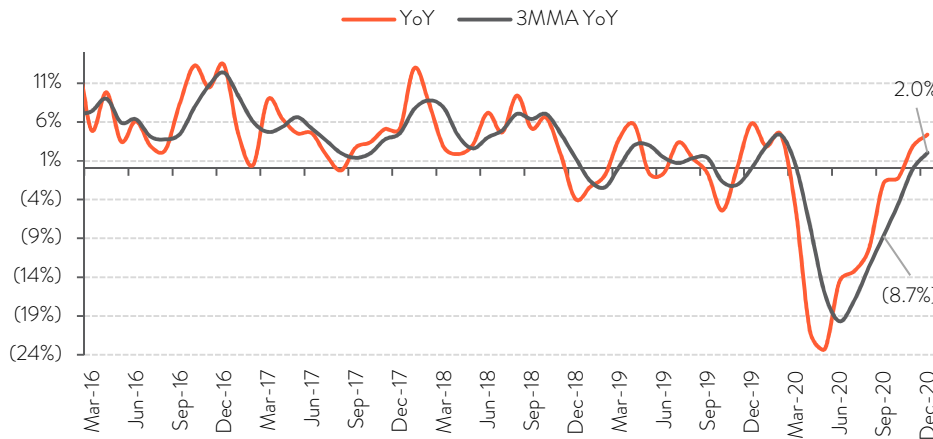


FIG 86 – TOLL COLLECTIONS RISING STEADILY

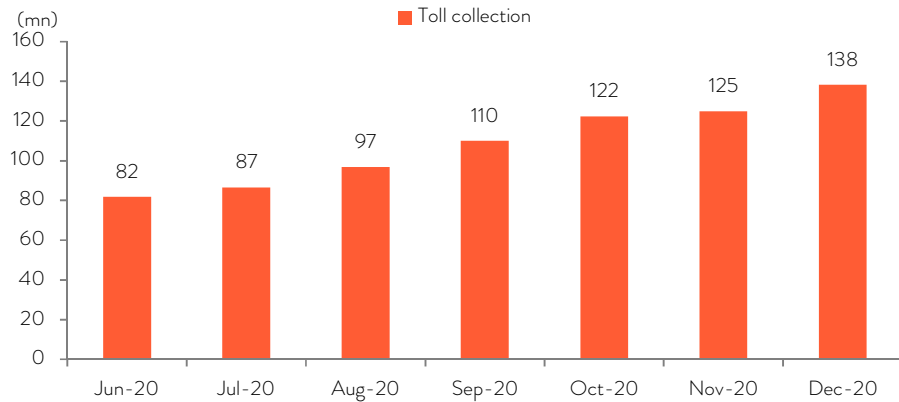
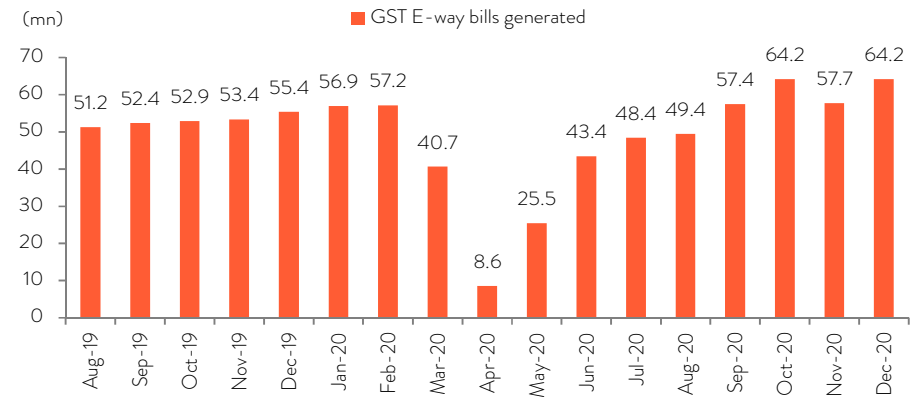


FIG 87 – E-WAY BILLS GENERATED PICKED UP AGAIN IN DEC'20



Hotels and Communications

FIG 88 – AIRLINE PASSENGER TRAFFIC GROWTH MAINTAINING UPWARD TREND

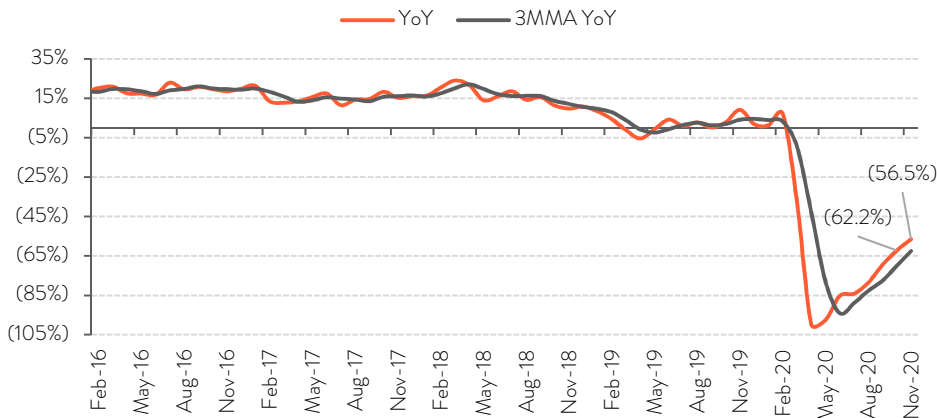


FIG 89 – ...SUPPORTED BY DOMESTIC PASSENGER GROWTH

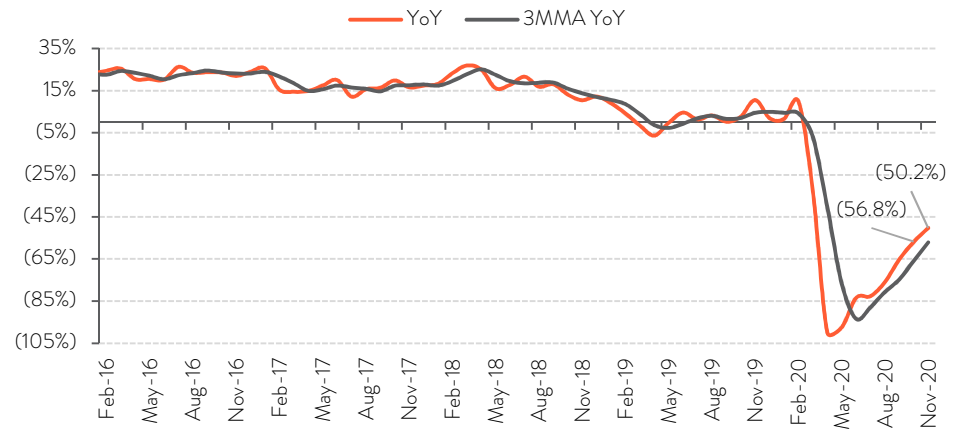


FIG 90 – RAILWAY PASSENGER TRAFFIC GROWTH UNABLE TO RECOVER

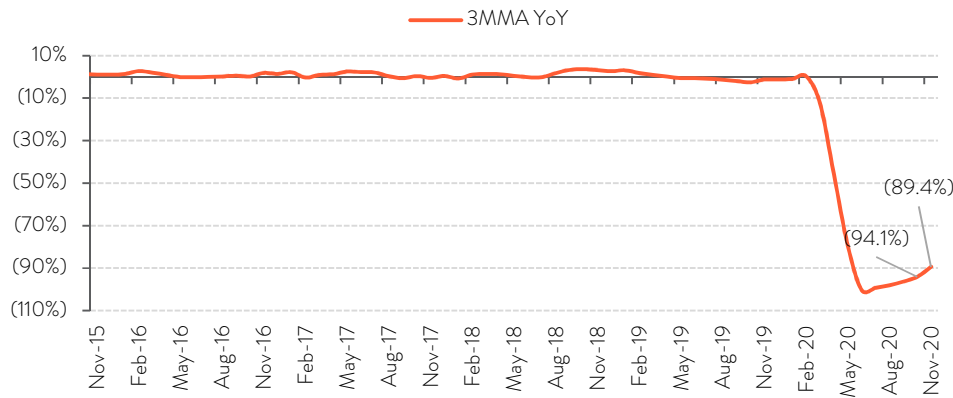
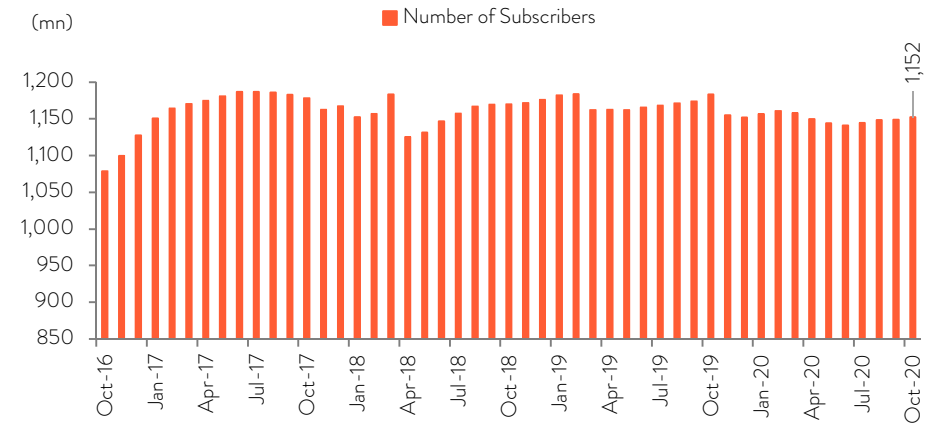


FIG 91 – TELECOM SECTOR ADDED 3.2MN WIRELESS SUBSCRIBERS IN OCT'20 VERSUS 0.7MN ADDED IN SEP'20



Finance and Real estate

FIG 92 – GROWTH IN GVA: FINANCE, REAL ESTATE & PROF. SERVICES REMAINED UNDER STRESS IN Q2FY21 AS WELL

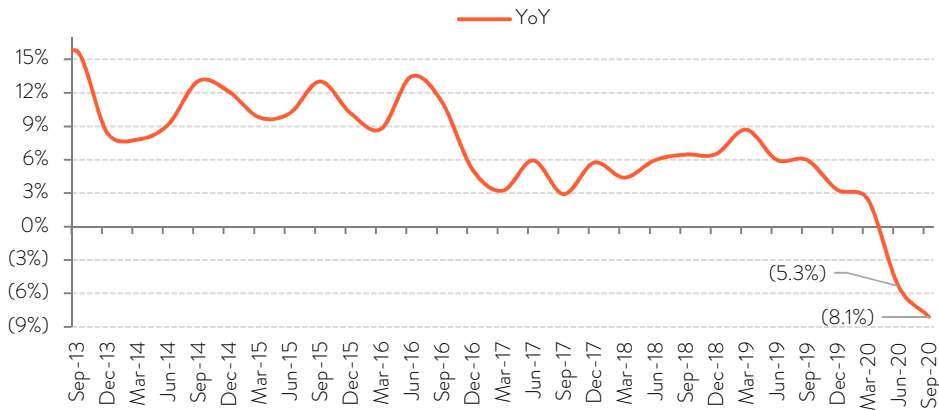
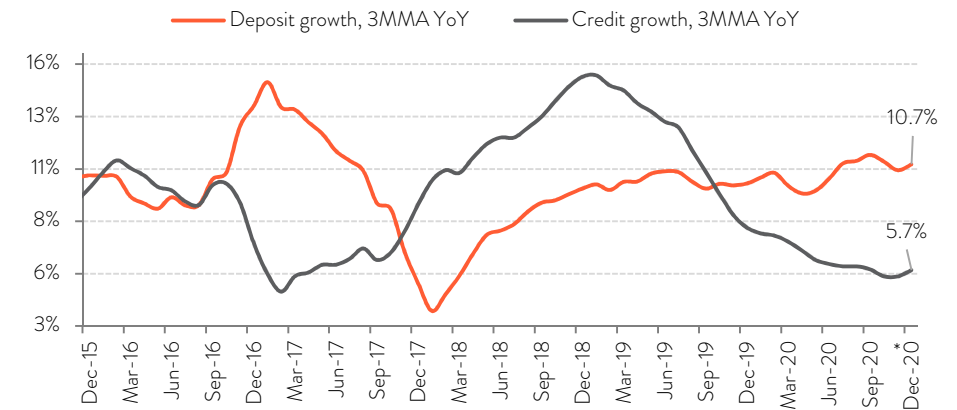


FIG 93 – CREDIT GROWTH CONTINUES TO RISE; DEPOSIT GROWTH ALSO IMPROVING



Note: *Dec'20 implies fortnight as of 18 Dec 2020

FIG 94 – CREDIT TO MANUFACTURING SECTOR REMAINS IN CONTRACTION, CREDIT TO SERVICES SECTOR STEADY

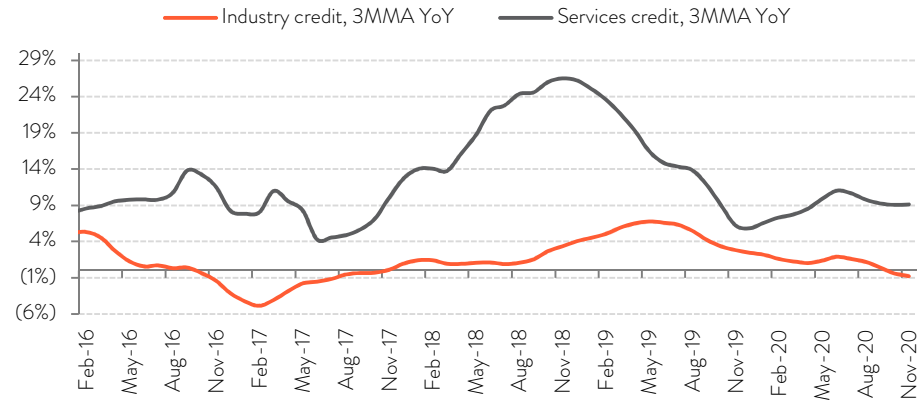


FIG 95 – CREDIT TO TRADE SERVICES RECOVERING, NBFC LEAD THE DECLINE IN NOV'20

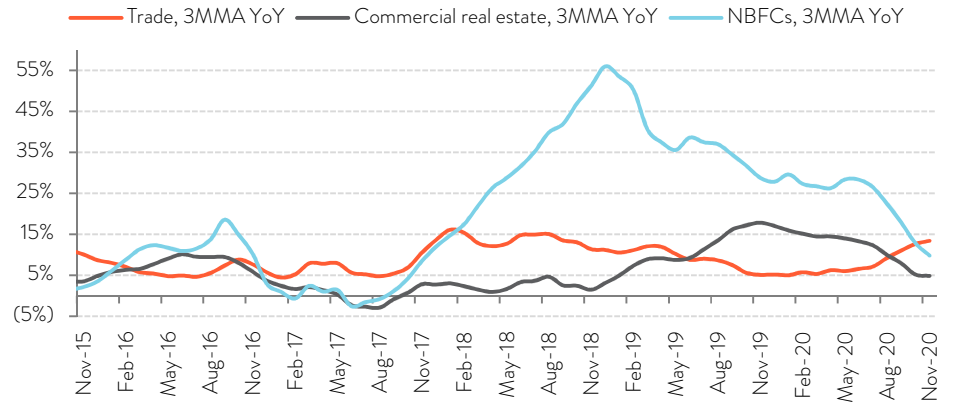
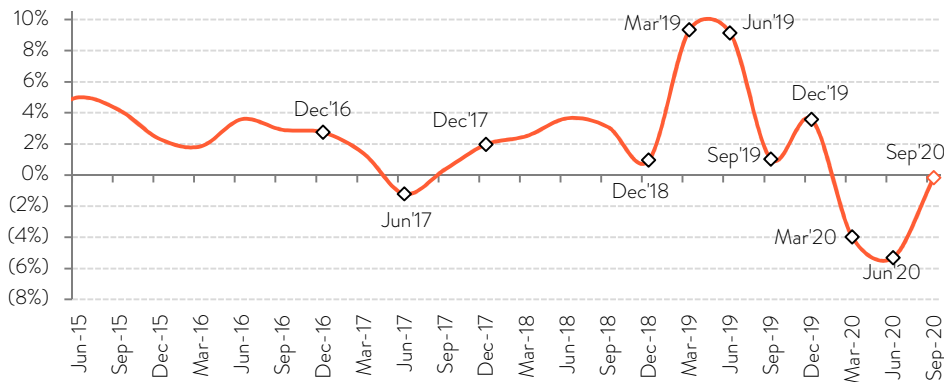
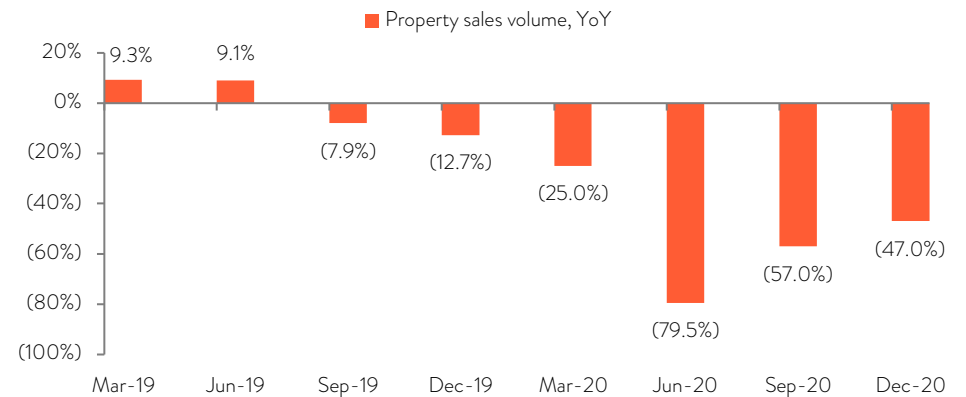


FIG 96 – AVERAGE PROPERTY RENTAL PRICE INDEX* SEEN RECOVERING IN Q2FY21



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

FIG 97 – PROPERTY SALES VOLUMES ALSO GRADULLY IMPROVING



Source: Proptiger

Labour market

FIG 98 – NET ADDITIONS TO EPFO SUBSCRIBER BASE JUMP SHARPLY

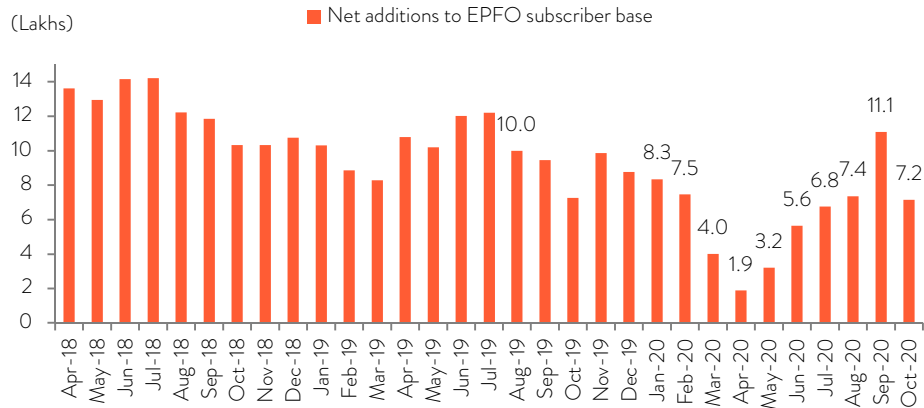


FIG 99 – UNEMPLOYMENT RATE ROSE IN DEC'20



Public administration

FIG 100 – PUBLIC ADMINISTRATION & DEFENCE SERVICES CONTINUED TO ACT AS A DRAG IN Q2FY21...

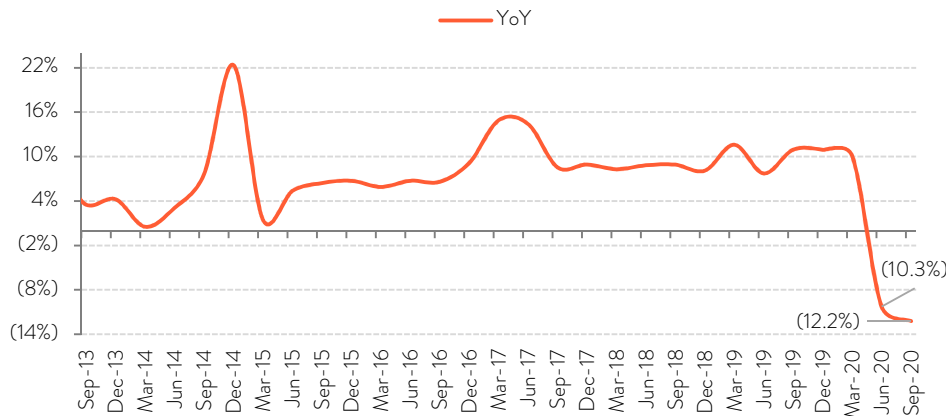


FIG 101 – GENERAL GOVT. SPENDING REGAINS MOMENTUM IN NOV'20...

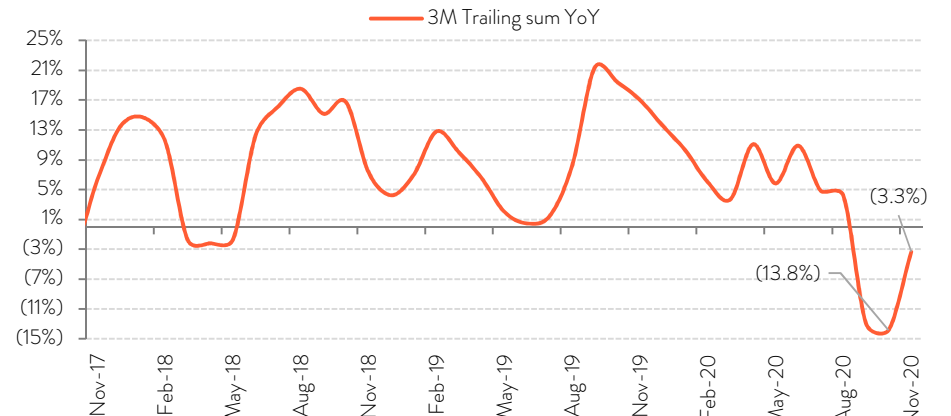


FIG 102 – ...LED BY CENTRAL GOVERNMENT

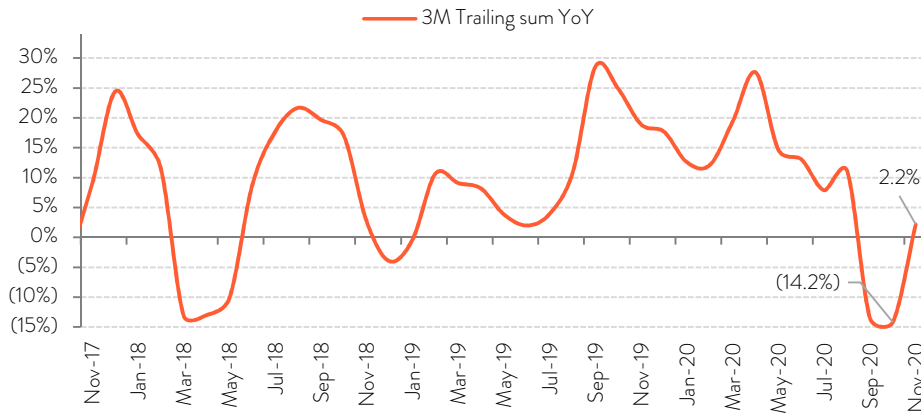
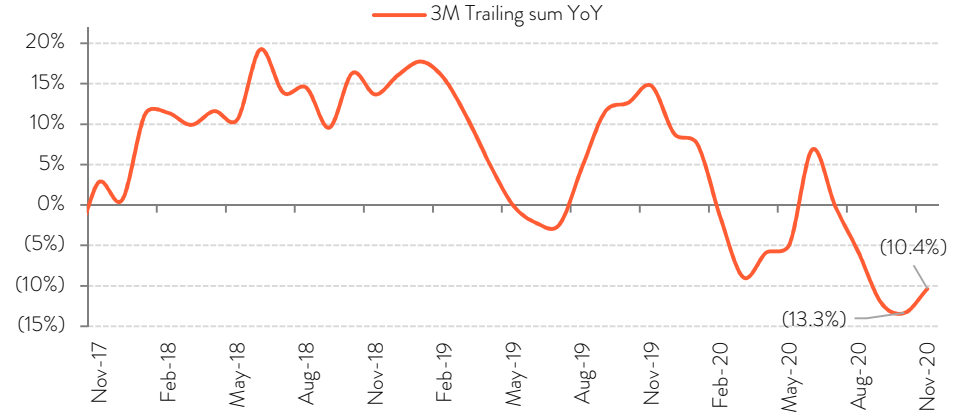


FIG 103 – STATE* GOVT. SPENDING ALSO IMPROVING

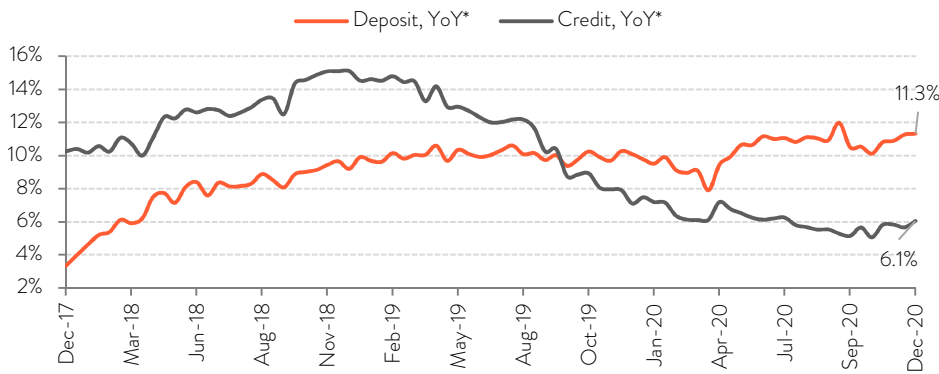


Note: *All states excluding N.E states, Bihar, Gujarat, H.P., J&K, Maharashtra, Punjab, and W.Bengal

Financial sector

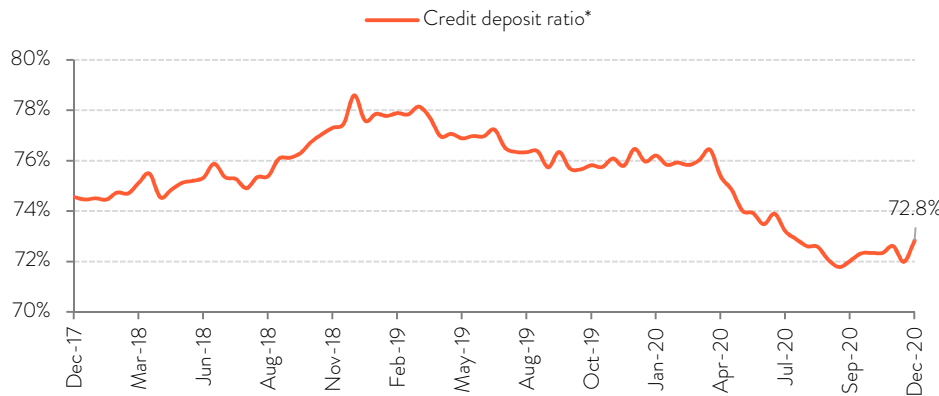
Money and banking

FIG 104 – CREDIT GROWTH PICKED UP BY 6.1% (5.8% IN NOV'20) AND DEPOSIT GROWTH WAS STABLE AT 11.3%



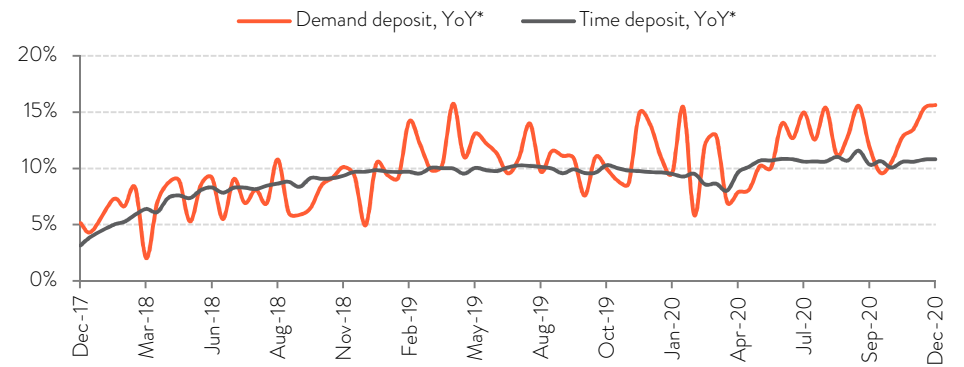
Note: *Dec-20 implies fortnight as of 18 Dec 2020

FIG 106 – CD RATIO IMPROVES TO 72.8 IN DEC'20 FROM 72.6 IN NOV'20



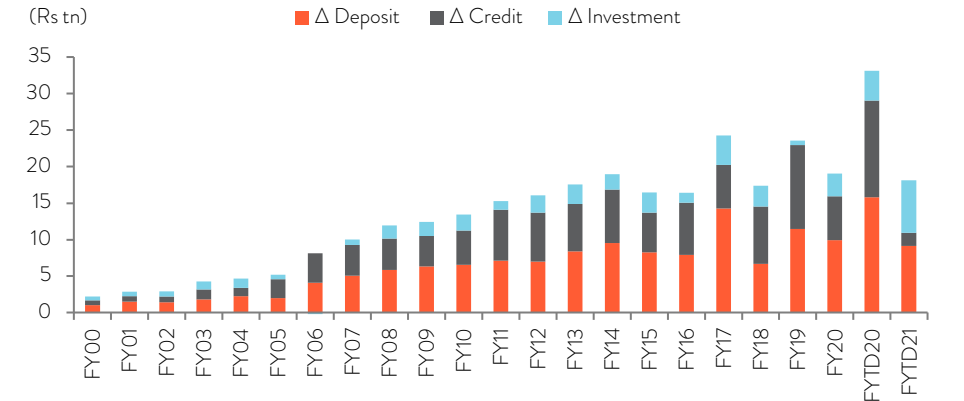
Note: *Dec-20 implies fortnight as of 18 Dec 2020

FIG 105 – DEMAND DEPOSITS ROSE AT AN ACCELERATED PACE OF 15.6% IN DEC'20 (13.5% IN NOV'20); TIME DEPOSITS WAS STABLE AT 10.8%



Note: *Dec-20 implies fortnight as of 18 Dec 2020

FIG 107 – PACE OF ACCRETION OF CREDIT, DEPOSIT AND INVESTMENT



FYTD: Apr-Dec

FIG 108 – CREDIT TO GOV. INCREASED BY 19.1% IN NOV'20 FROM 20.8% IN OCT'20, CREDIT TO COMM SECTOR ROSE TO 5.7% (4.9% IN OCT'20)

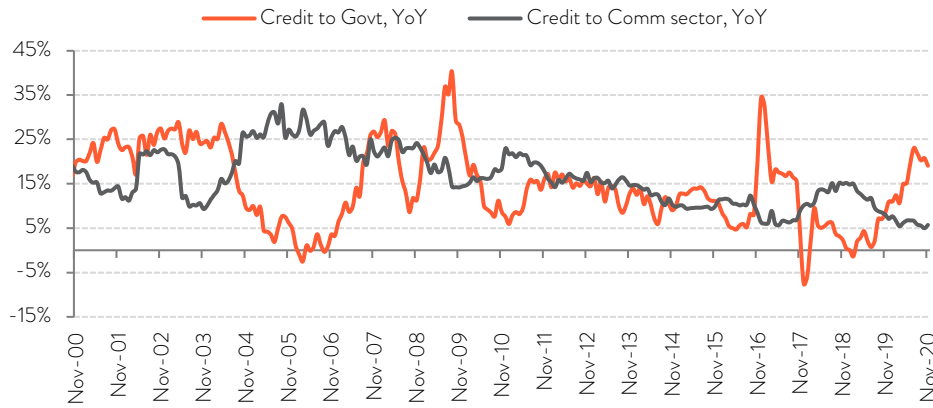


FIG 110 – BOTH WEIGHTED AVERAGE TERM DEPOSIT RATE (WATDR) AND WEIGHTED AVERAGE LENDING RATE (WALR) ARE MODERATING

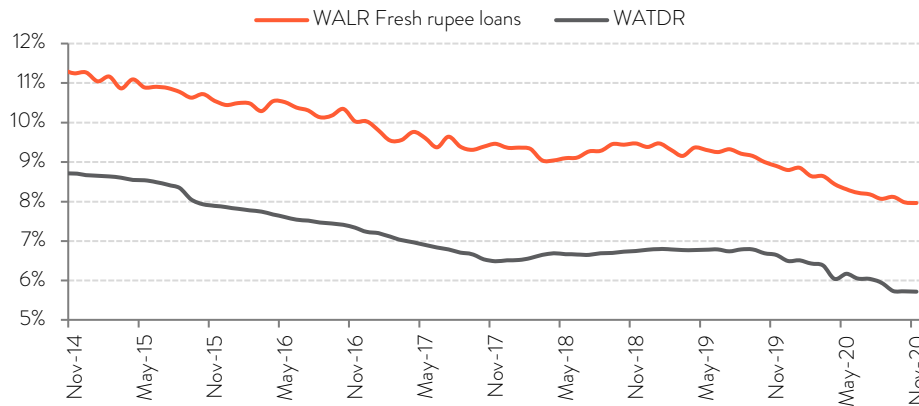


FIG 109 – SPREAD BETWEEN CALL RATE AND REPO

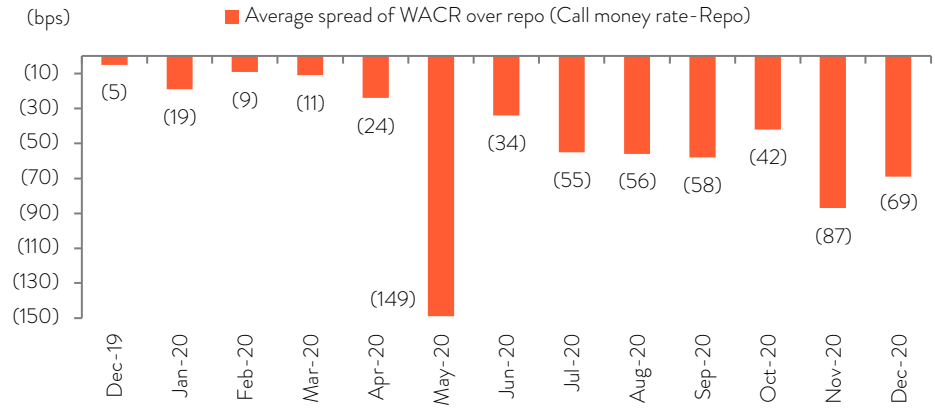
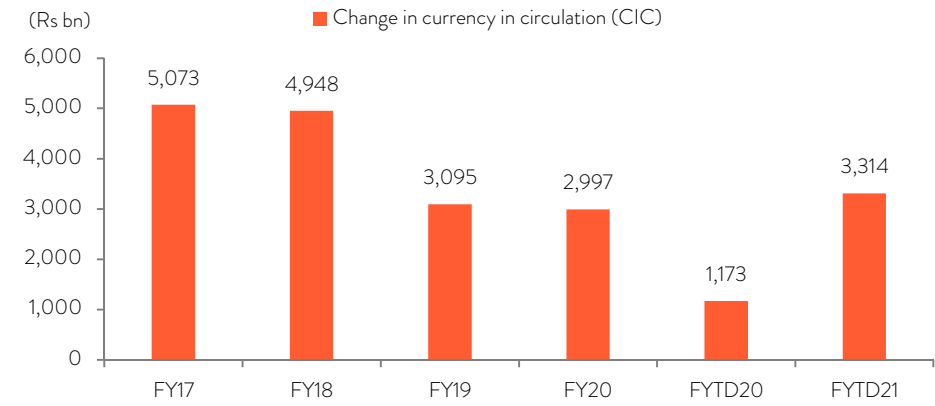
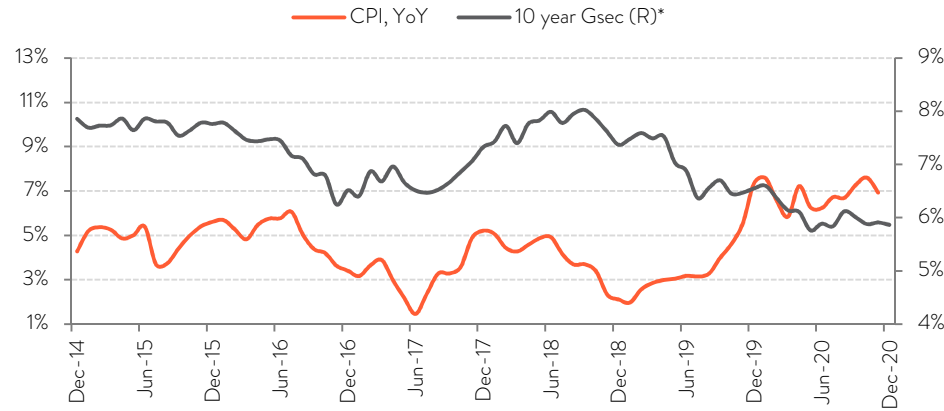


FIG 111 – CIC ACCRETION IS FAR HIGHER AT RS 3.3TN IN FYTD21 COMPARED WITH RS 1.2TN IN FYTD20



FYTD: Apr-Dec

FIG 112 – 10Y GSEC YIELD WAS AT 5.87% IN DEC'20, INFLATION EDGED DOWN TO 6.93% IN NOV'20



Note: *As on last trading day of the month, 5.85GS2030 benchmark security is taken

FIG 114 – SPREAD BETWEEN 10Y GSEC AND 1Y TBILL WAS AT 247BPS

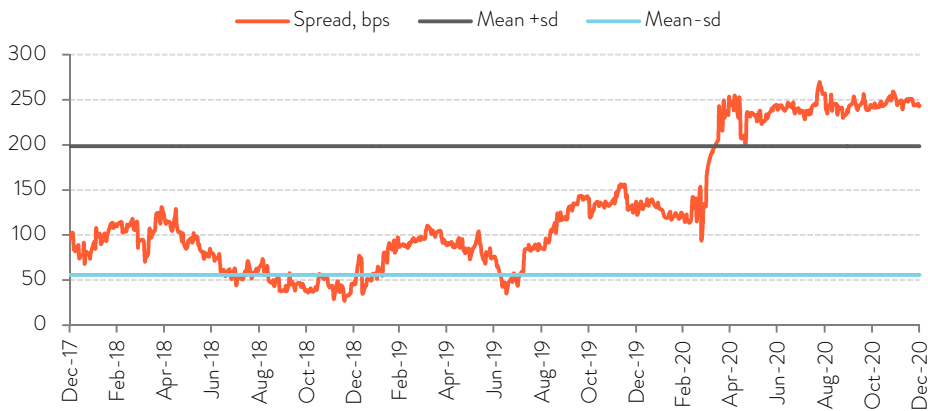
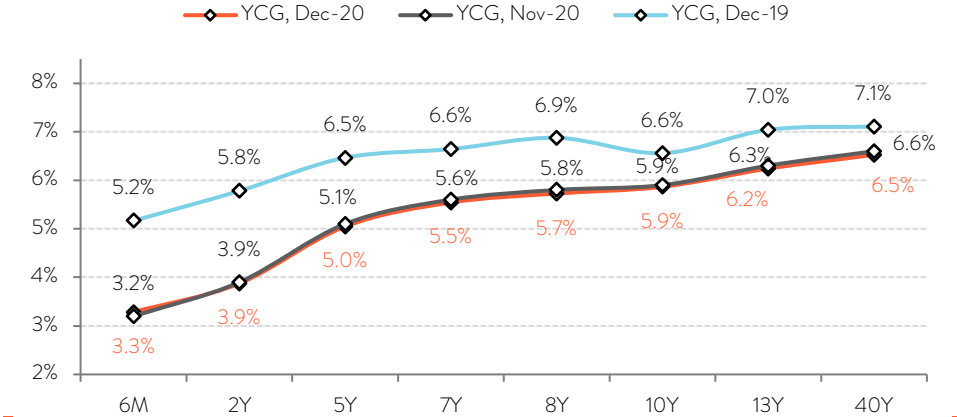
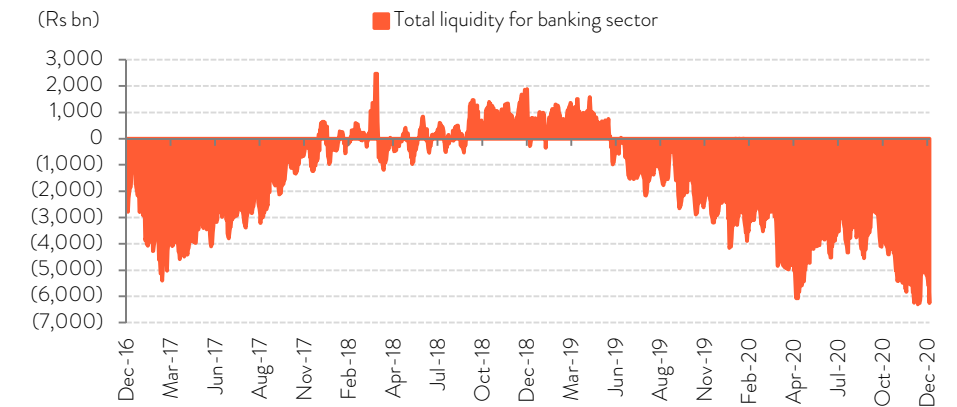


FIG 113 – YIELD CURVE GRAPH (YCG) SHOWS FLATENING



Source: Bloomberg

FIG 115 – AVERAGE SYSTEM LIQUIDITY SURPLUS ROSE TO RS 5.6TN IN DEC'20 FROM RS 5.3TN IN NOV'20 AND IS CURRENTLY HIGHER AT ~RS 6TN



Source: RBI

FIG 116 – NBFC 3Y AAA SPREAD ROSE TO 45BPS AS ON 31 DEC 2020 (41BPS IN 30 NOV 2020)

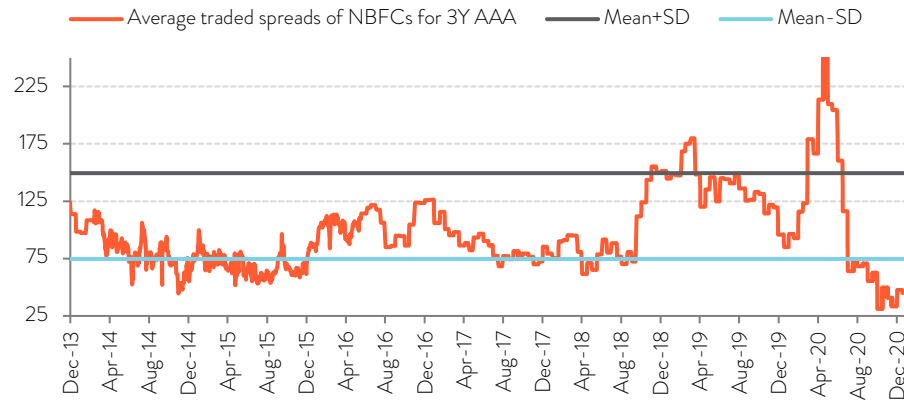


FIG 117 – FOR 10Y AAA RATED PAPER IT WAS AT 76BPS

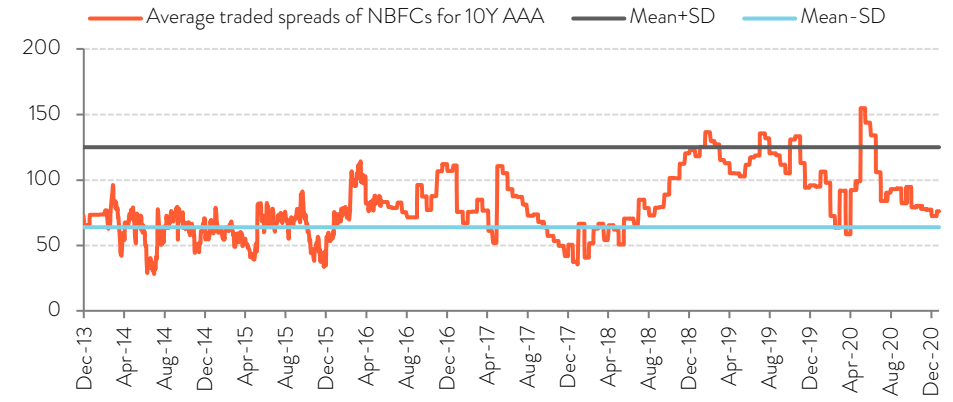


FIG 118 – CORPORATE 3Y AAA HAS RISEN TO 28BPS AS ON 31 DEC 2020 FROM 15BPS AS ON 30 NOV 2020

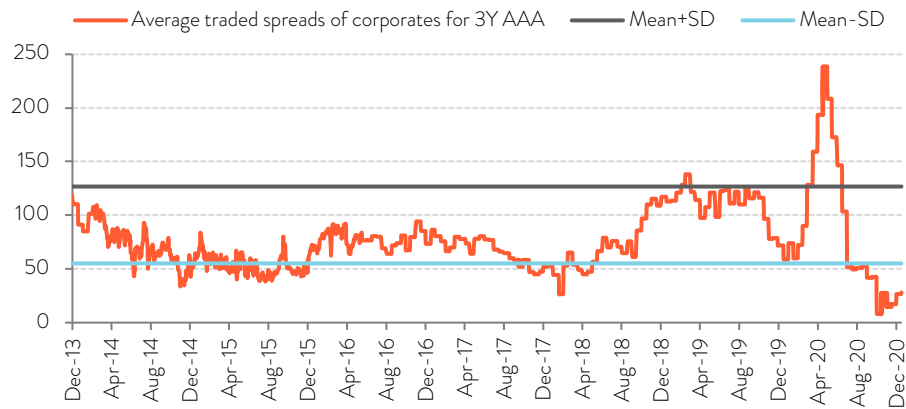


FIG 119 – FOR 10Y AAA RATED PAPER IT WAS AT 61BPS

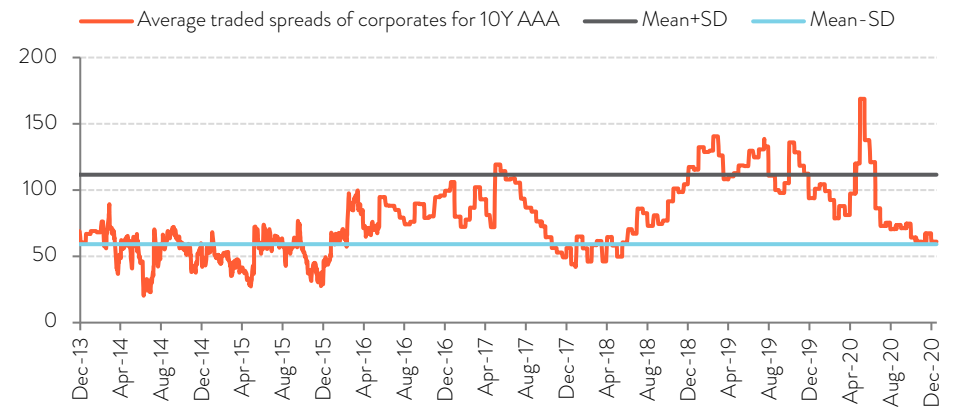


FIG 120 – INR 3Y SWAP IS AT 4.26 AS ON 31 DEC 2020 AGAINST 4.06 IN 30 NOV 2020

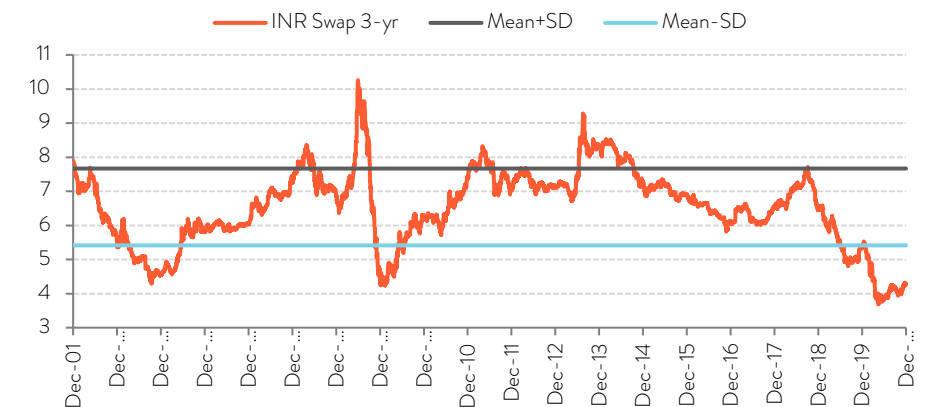
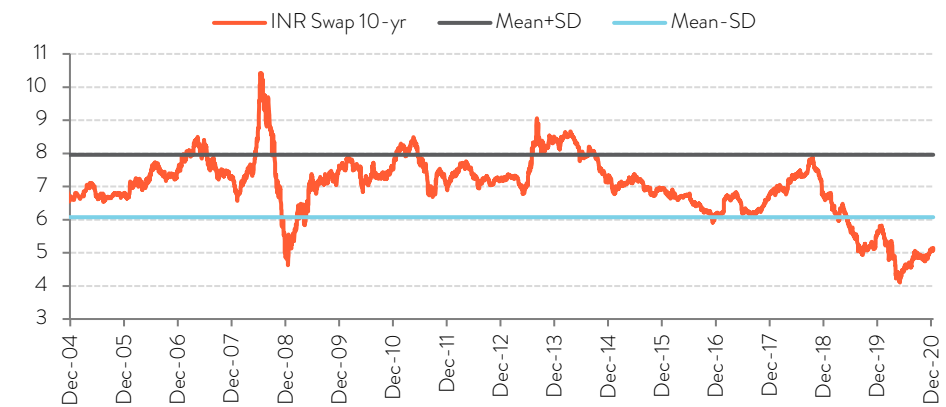


FIG 121 – FOR 10Y IT IS AT 5.15 AS ON 31 DEC 2020 VERSUS 4.94 AS ON 30 NOV 2020



Interest rates on small savings schemes

FIG 122 – INTEREST RATES ON SMALL SAVINGS SCHEME TO REMAIN UNCHANGED IN Q4FY21

Instrument (%)	Q1FY20	Q2FY20	Q3FY20	Q4FY20	Q1FY21	Q2FY21	Q3FY21	Q4FY21	GSec Yield (1 Jan 2021)
Savings deposit	4.0	4.0	4.0	4.0	4.0	4.0	4.0	4.0	
1 year time deposit	7.0	6.9	6.9	6.9	5.5	5.5	5.5	5.5	3.89
2 year time deposit	7.0	6.9	6.9	6.9	5.5	5.5	5.5	5.5	4.19
3 year time deposit	7.0	6.9	6.9	6.9	5.5	5.5	5.5	5.5	4.68
5 year time deposit	7.8	7.7	7.7	7.7	6.7	6.7	6.7	6.7	5.26
5 year recurring deposit	7.3	7.2	7.2	7.2	5.8	5.8	5.8	5.8	5.26
5 year senior citizen savings scheme	8.7	8.6	8.6	8.6	7.4	7.4	7.4	7.4	5.26
5 year monthly income scheme	7.7	7.6	7.6	7.6	6.6	6.6	6.6	6.6	5.26
5 year national savings certificate	8	7.9	7.9	7.9	6.8	6.8	6.8	6.8	5.26
Public provident fund scheme	8	7.9	7.9	7.9	7.1	7.1	7.1	7.1	5.88
Kisan vikas patra	7.7	7.6	7.6	7.6	6.9	6.9	6.9	6.9	
Sukanya samridhi account scheme	8.5	8.4	8.4	8.4	7.6	7.6	7.6	7.6	

Source: Department of Economic Affairs, Ministry of Finance, Government of India, *10Y benchmark yield 5.85GS2030

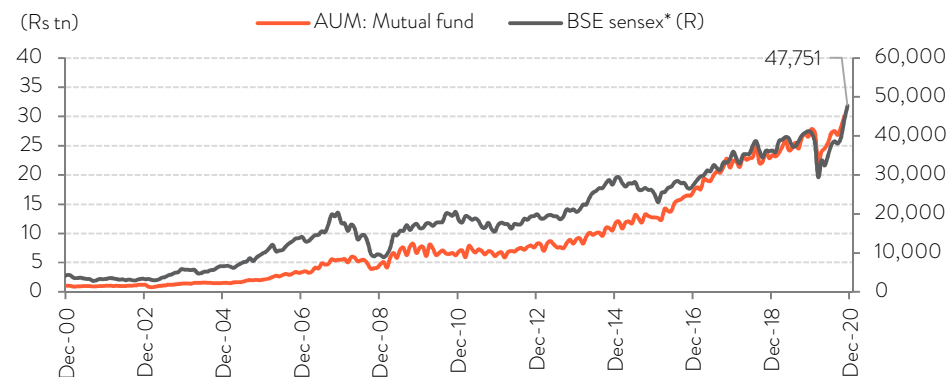
FIG 123 – INTEREST RATES CHARGED BY LEADING BANKS

1Y MCLR (%)	Oct'19	Nov'19	Dec'19	Jan'20	Feb'20	Mar'20	Apr'20	May'20	Jun'20	Jul'20	Aug'20	Sep'20	Oct'20	Nov'20	Dec'20
Public Sector Banks															
Bank of Baroda	8.35	8.30	8.25	8.20	8.15	8.15	8.00	7.80	7.65	7.60	7.60	7.55	7.50	7.45	7.40
Bank of India	8.30	8.30	8.20	8.20	8.20	8.20	8.20	7.95	7.70	7.60	7.45	7.40	7.35	7.35	7.35
Canara Bank	8.40	8.35	8.35	8.35	8.20	8.20	7.85	7.85	7.65	7.55	7.45	7.40	7.40	7.35	7.35
Indian Bank	8.35	8.35	8.35	8.30	8.25	8.25	8.10	7.80	7.50	7.40	7.35	7.30	7.30	7.30	7.30
Punjab National Bank	8.25	8.15	8.15	8.05	8.05	8.05	7.75	7.75	7.60	7.60	7.35	7.35	7.35	7.35	7.35
State Bank of India	8.05	8.00	7.90	7.90	7.85	7.75	7.40	7.25	7.00	7.00	7.00	7.00	7.00	7.00	7.00
Union Bank of India	8.30	8.25	8.20	8.10	8.10	8.00	7.75	7.70	7.60	7.40	7.25	7.20	7.20	7.20	7.20
Private Sector Banks															
Axis Bank Ltd.	8.35	8.25	8.15	8.15	8.15	8.10	7.95	7.80	7.75	7.65	7.55	7.50	7.45	7.45	7.45
HDFC Bank Ltd.	8.35	8.30	8.15	8.15	8.15	8.15	7.95	7.95	7.65	7.45	7.35	7.30	7.30	7.25	7.25
ICICI Bank Ltd.	8.45	8.35	8.25	8.20	8.20	8.15	8.00	7.75	7.70	7.55	7.45	7.40	7.35	7.35	7.35
Indusind Bank	9.45	9.45	9.40	9.30	9.30	9.25	9.25	9.25	9.15	9.05	8.95	8.85	8.75	8.70	8.65
Kotak Mahindra Bank	8.60	8.50	8.40	8.40	8.35	8.35	8.10	7.90	7.75	7.60	7.50	7.50	7.45	7.35	7.35

Source: RBI

Mutual fund (MF) indicators

FIG 124 – SENSEX ROSE BY 8.2% TO 47,751 IN DEC'20, AUM OF MFS ROSE TO RS 30TN IN NOV'20 FROM 28TN IN OCT'20



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

FIG 125 – MF EQUITY OUTFLOW WAS BROADLY UNCHANGED AT RS 135BN IN DEC'20, MF DEBT INFLOW MODERATED TO RS 138BN FROM RS 447BN

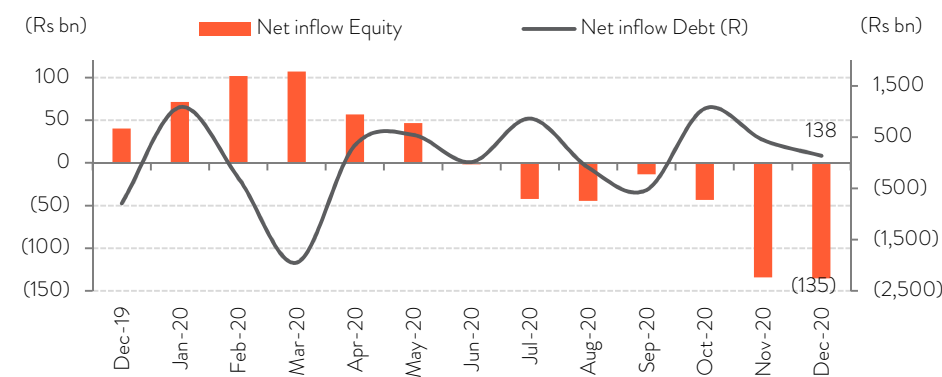
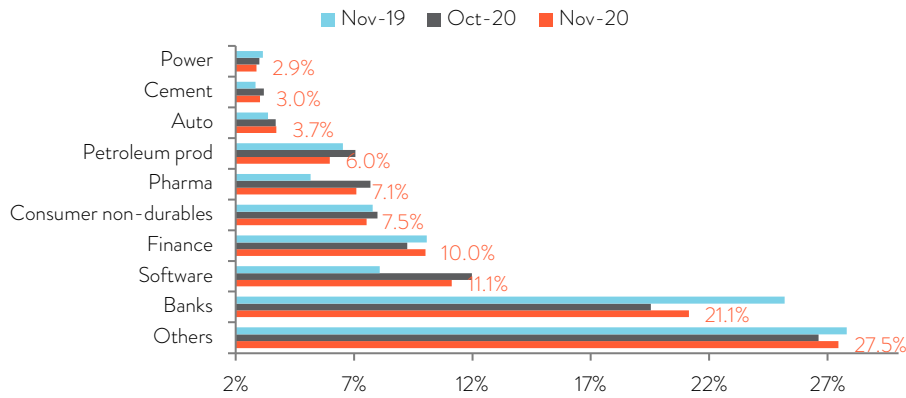


FIG 126 – PATTERN OF MF DEPLOYMENT OF EUIY FUNDS



Insurance sector indicators

FIG 128 – SALE OF LIFE INSURANCE POLICIES PICKED UP IN DEC'20

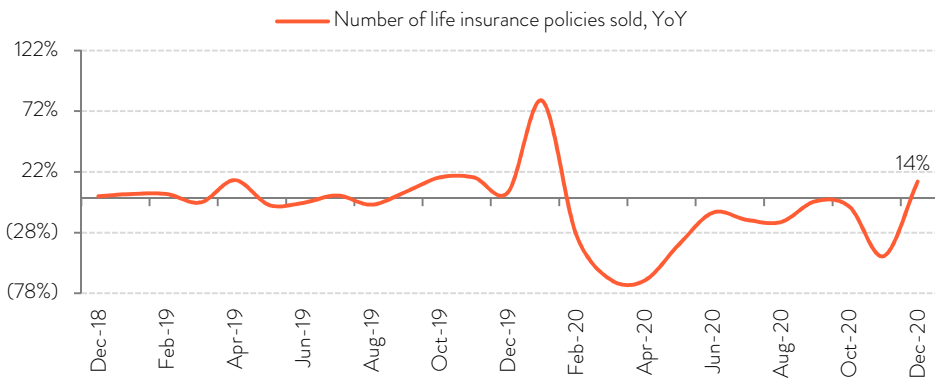


FIG 127 – MF DEPLOYMENT OF DEBT FUNDS

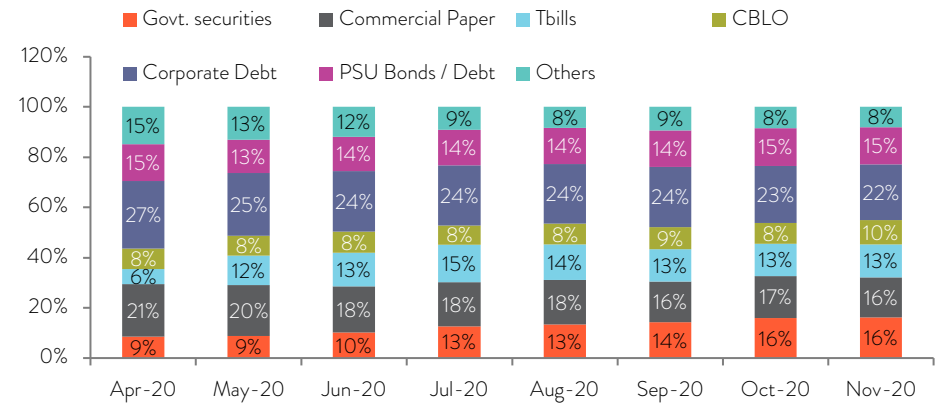
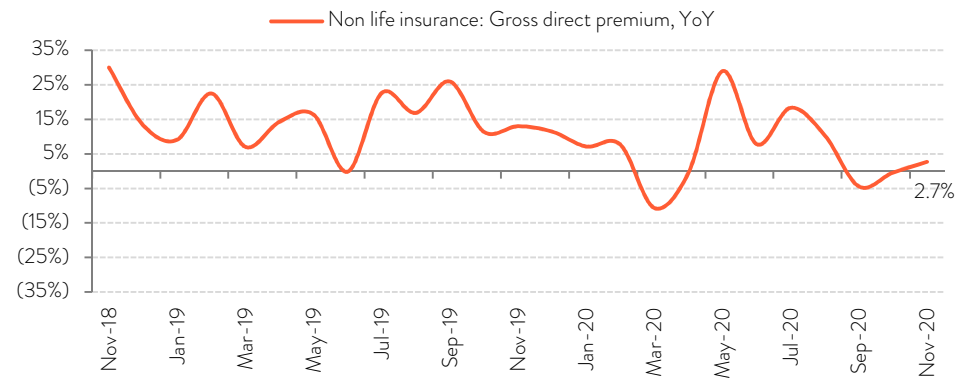


FIG 129 – GROSS DIRECT PREMIUM FOR NON LIFE INSURANCE ROSE BY 2.7% IN NOV'20 COMPARED WITH A DECLINE OF 0.4% IN OCT'20



Public finance

Central government finances

FIG 130 – FISCAL DEFICIT INCHED UP IN NOV'20

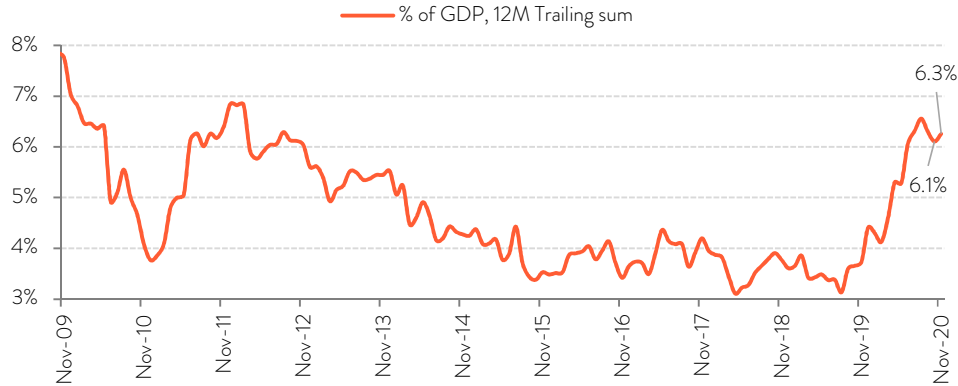


FIG 131 – REVENUE DEFICIT REMAINED STEADY

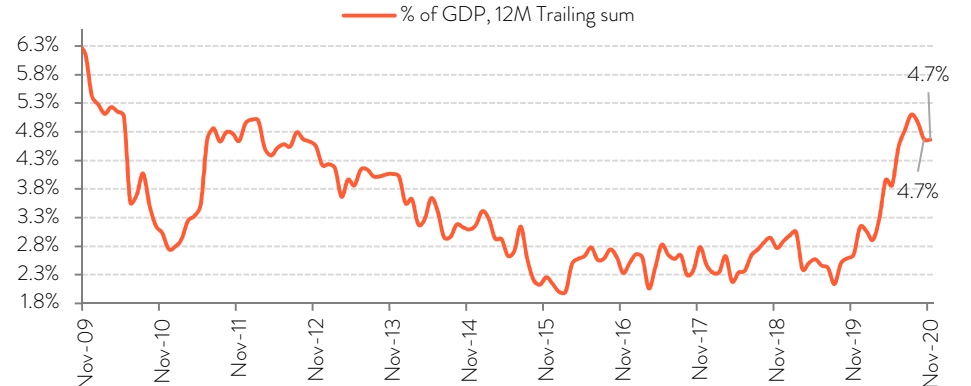


FIG 132 – PRIMARY DEFICIT UP AT 2.9% IN NOV'20

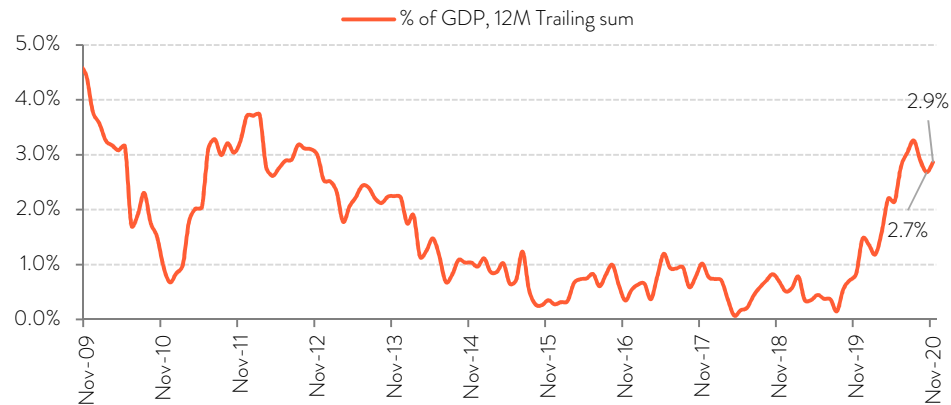


FIG 133 – GOVERNMENT SPENDING REVIVED IN NOV'20 (12MMA)

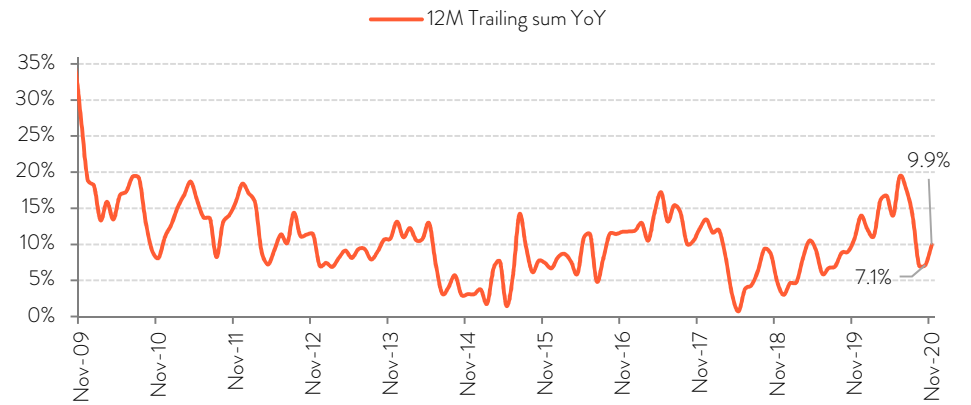


FIG 134 – ...LED BY HIGHER REVENUE SPENDING

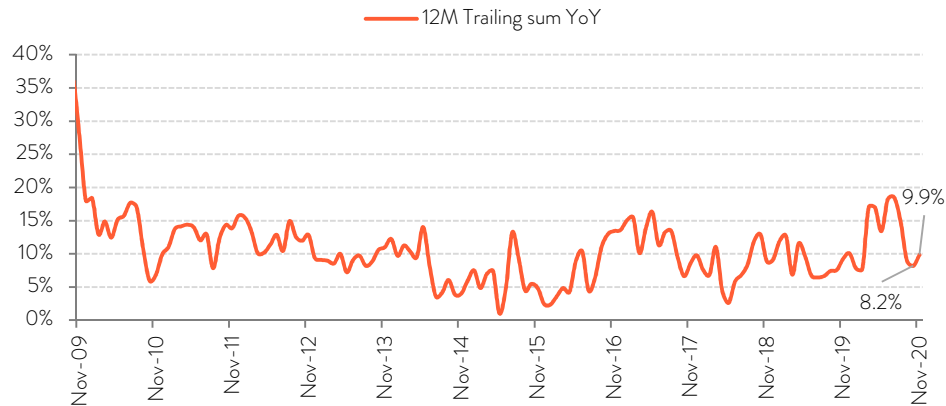


FIG 135 – AND SPIKE IN CAPEX

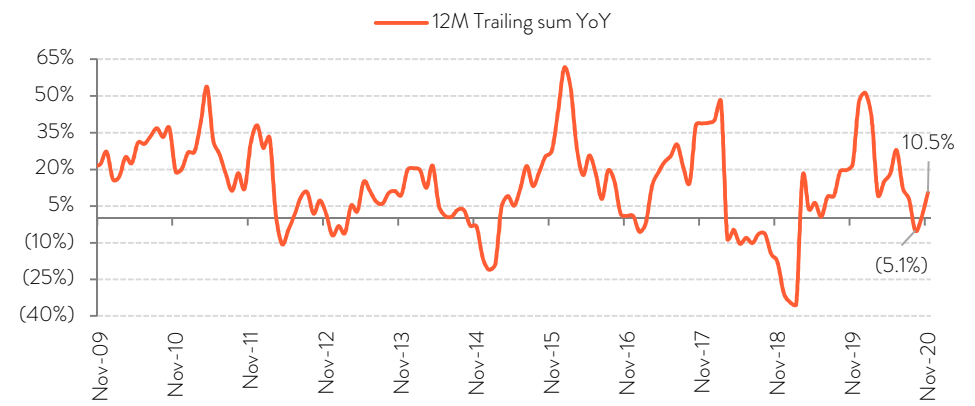


FIG 136 – HIGHER SPENDING BY MINSTRIES OF RURAL DEVELOPMENT, HEALTH, AND FINANCE CONTRIBUTE TO RISING EXPENDITURE GROWTH (FYTD BASIS)

Ministry	Apr'18-Nov'18 (Rs bn)	Apr'19-Nov'19 (Rs bn)	% change	Apr'20-Nov'20 (Rs bn)	% change
Ministry of Finance	5,090	5,841	14.8	6,803	16.5
Ministry of Defence	2,993	3,298	10.2	2,980	(9.6)
Ministry of Consumer Affairs, Food and Public Distribution	1,459	1,348	(7.6)	1,403	4.0
Ministry of Rural Development	847	837	(1.2)	1,470	75.6
Ministry of Home Affairs	800	891	11.4	954	7.1
Ministry of Human Resource Development	395	575	45.5	409	(28.9)
Ministry of Road Transport and Highways	536	520	(3.0)	595	14.5
Ministry of Chemicals and Fertilisers	538	736	37.0	662	(10.1)
Ministry of Petroleum and Natural Gas	273	375	37.6	231	(38.4)
Ministry of Agriculture	404	679	68.0	747	10.0
Ministry of Health and Family Welfare	386	428	10.8	499	16.6

FIG 137 – CONTRACTION IN RECEIPT GROWTH SLOWED IN NOV'20...

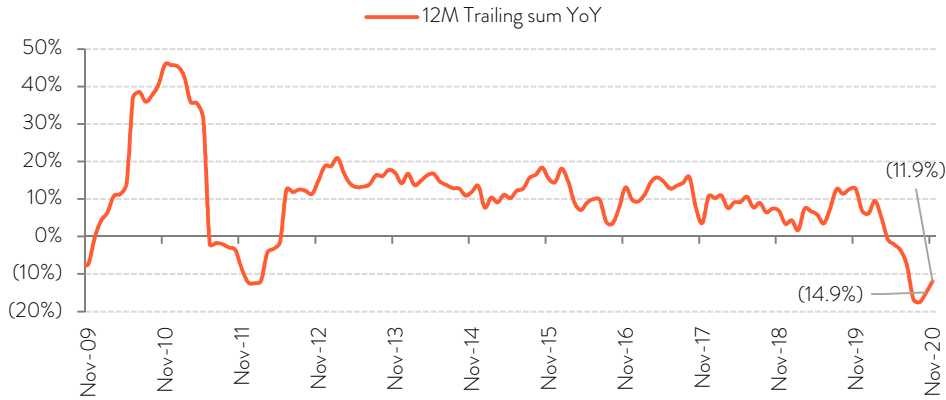


FIG 138 – ...AS REVENUE RECEIPTS SHOW FURTHER IMPROVEMENT

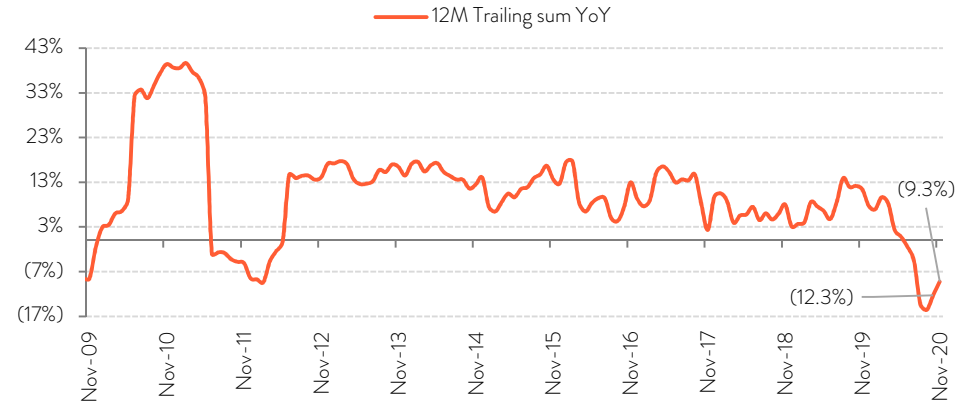


FIG 139 – TAX RECEIPTS LEAD THE TREND

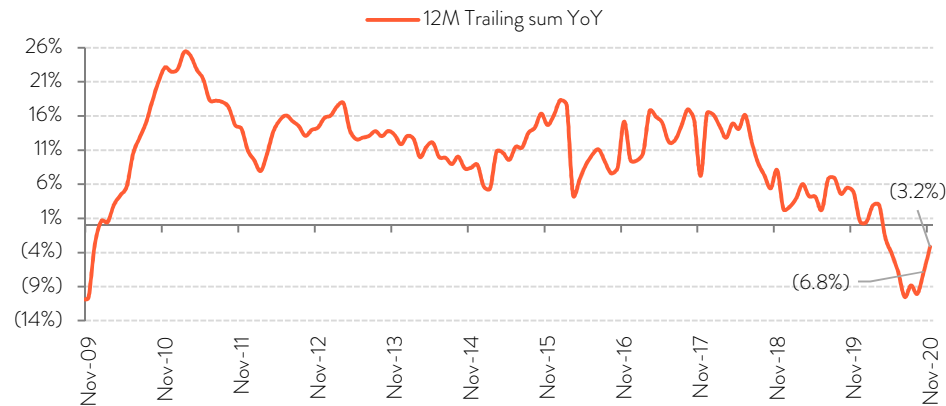


FIG 140 – NON-TAX REVENUES REMAIN MUTED

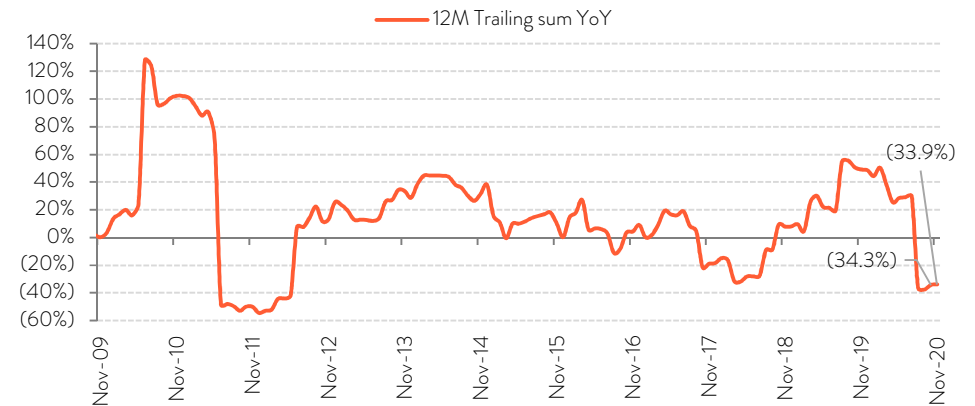


FIG 141 – CENTRE’S NON-TAX REVENUES CONSIDERABLY WEAK, SPENDING SEES REVIVAL (FYTD BASIS)

	Apr'18-Nov'18 (Rs bn)	Apr'19-Nov'19 (Rs bn)	% change	Apr'20-Nov'20 (Rs bn)	% change
Gross Tax revenue	11,647	11,741	0.8	10,261	(12.6)
Direct taxes	5,417	5,565	2.7	4,207	(24.4)
Corp Tax	2,913	2,886	(0.9)	1,857	(35.7)
Income Tax	2,504	2,679	7.0	2,350	(12.3)
Indirect taxes	6,230	6,176	(0.9)	6,053	(2.0)
Non-tax revenue	1,386	2,326	67.8	1,243	(46.6)
Centre's revenue (net)	8,703	9,832	13.0	8,127	(17.3)
Total expenditure	16,132	18,201	12.8	19,064	4.7
Capital exp	1,914	2,138	11.7	2,412	12.8
Revenue exp	14,218	16,062	13.0	16,652	3.7
Fiscal deficit	7,166	8,078	12.7	10,755	33.1

FIG 142 – GROSS INDIRECT TAX COLLECTIONS PUSHED TAX RECEIPTS HIGHER

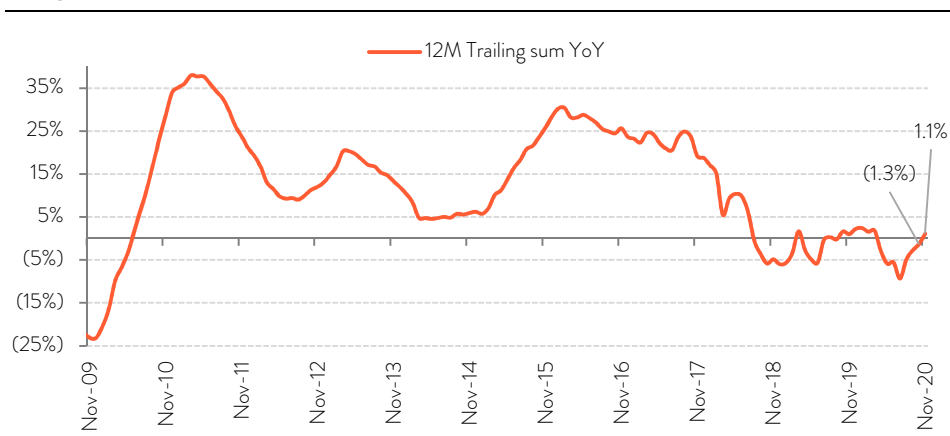


FIG 143 – GROSS DIRECT TAX COLLECTIONS STILL SUBDUED

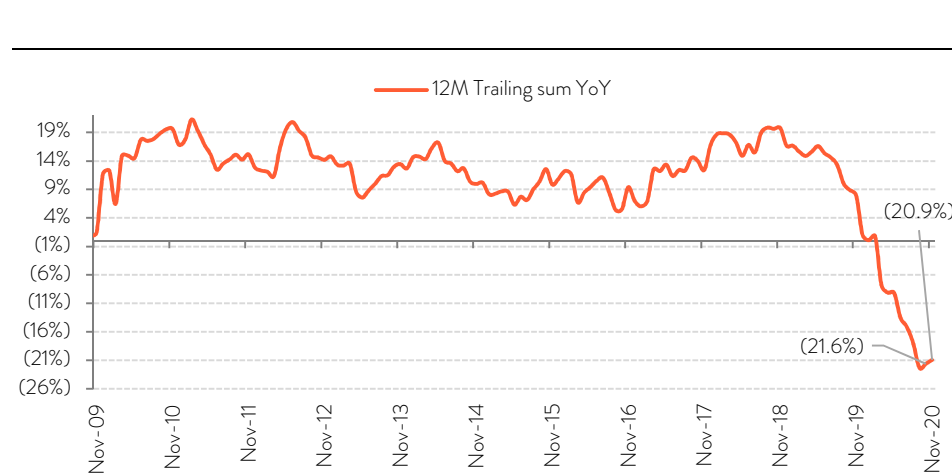


FIG 144 – DIP IN CORPORATE TAX COLLECTIONS BROADLY UNCHANGED

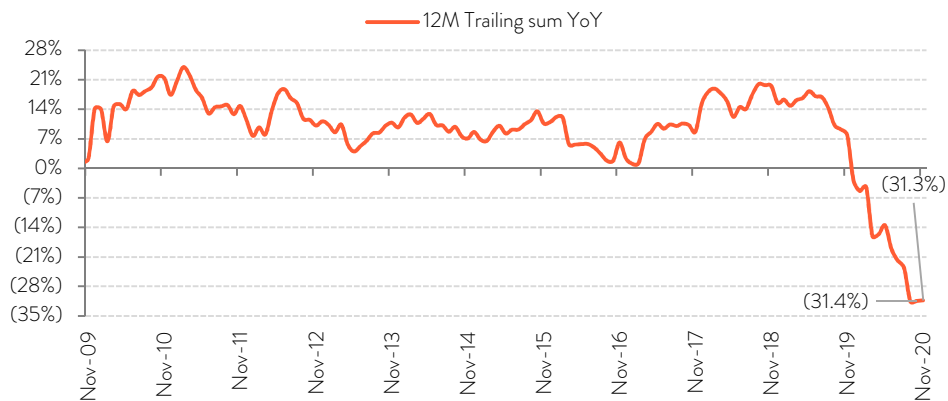


FIG 145 – INCOME TAX COLLECTIONS SHOWING SOME RECOVERY

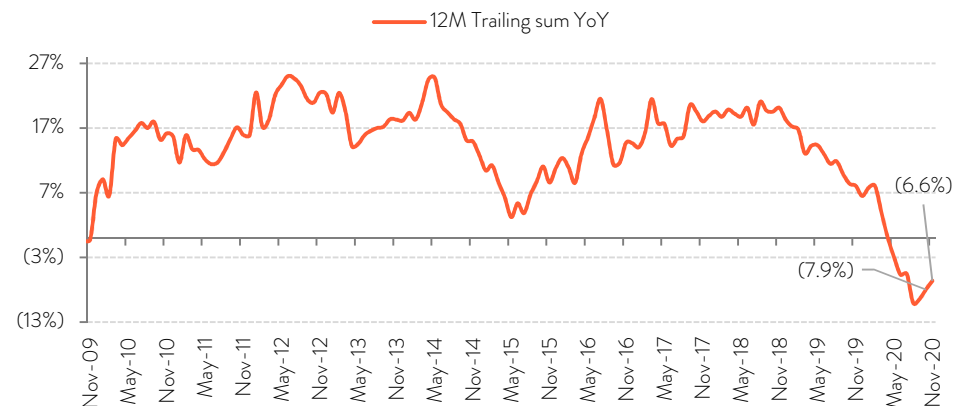


FIG 146 – TOTAL GST COLLECTIONS IMPROVING STEADILY

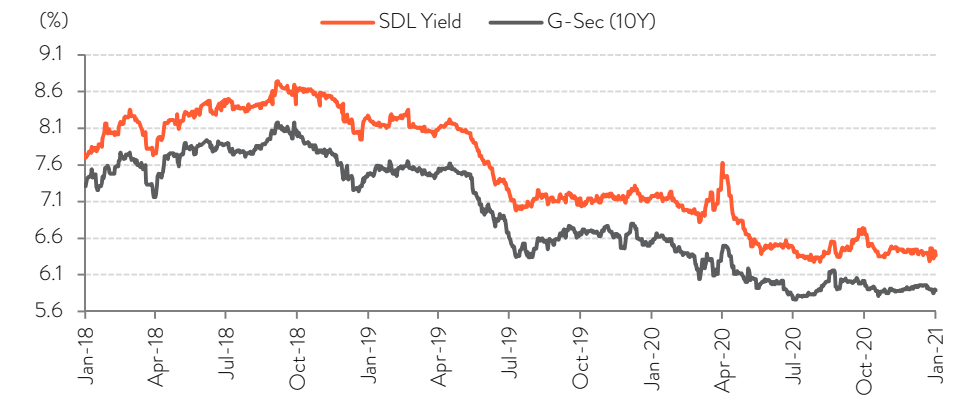
(Rs bn)	Nov-19	Dec-19	Jan-20	Feb-20	Mar-20	Apr-20	May-20	Jun-20	Jul-20	Aug-20	Sep-20	Oct-20	Nov-20	Monthly run rate (FY21)	FYTD21	FY21 (BE)
CGST	437	405	438	413	402	59	190	302	379	324	372	429	398	306	2,452	5,800
UT GST	2.0	1.7	1.6	1.6	4.5	0.3	1.1	1.5	2.2	1.9	2.4	1.4	1.3	2	12	-
IGST	2	(18)	21	6	24	97	96	97	(60)	52	(3)	2	76	45	358	-
SGST*	520	641	509	470	(189)	454	562	400	475	509	612	539	596	518	4,147	-
Cess	71	79	84	86	81	10	60	75	68	69	68	78	80	64	508	1,105
Total GST	1,032	1,108	1,054	976	322	622	909	874	864	955	1,052	1,050	1,152	935	7,477	-
GST 3B Filing by deadline (mn)	8.1	8.3	8.4	7.7	-	-	-	-	-	-	-	-	-	-	-	-

Source: PIB | *Computed from PIB and CGA data

FIG 147 – CENTRAL GOVT. PUBLIC DEBT IN Q2FY21 AT ~16 YEAR HIGH

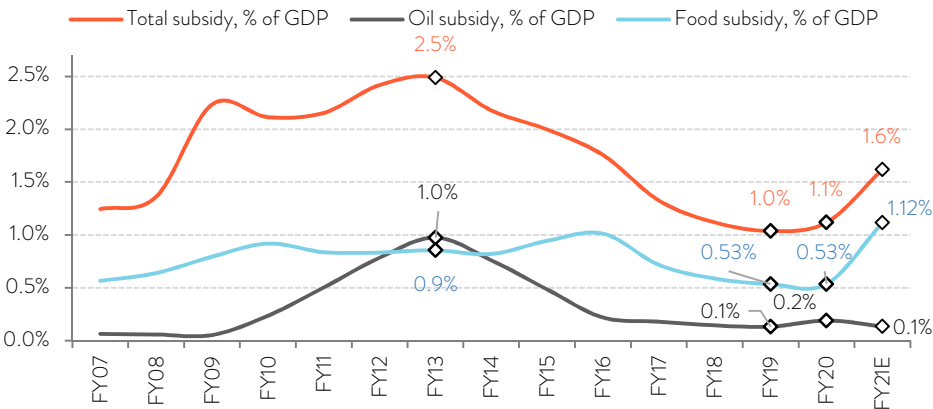


FIG 148 – GAP BETWEEN AVG. YIELD ON SDL & 10Y G-SEC FELL BY 7.2BPS IN DEC'20; BUT HAS BEGUN INCHING UP IN JAN'21 (4.9BPS)



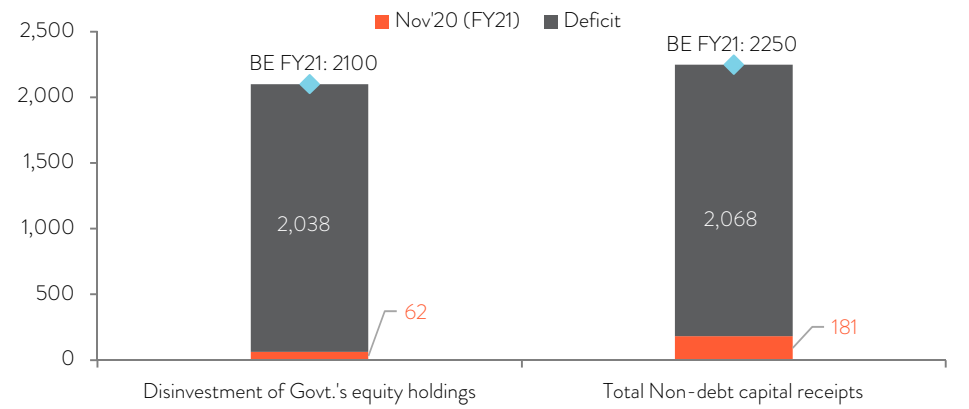
Source: CCIL

FIG 149 – SUBSIDY BURDEN TO INCREASE IN FY21E



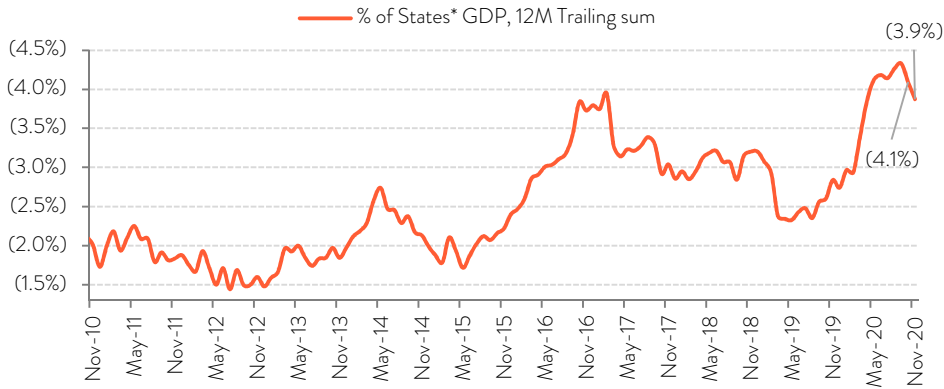
E - Bank of Baroda estimates

FIG 150 – CENTRAL GOVT.'S FY21 DISINVESTMENT STATUS



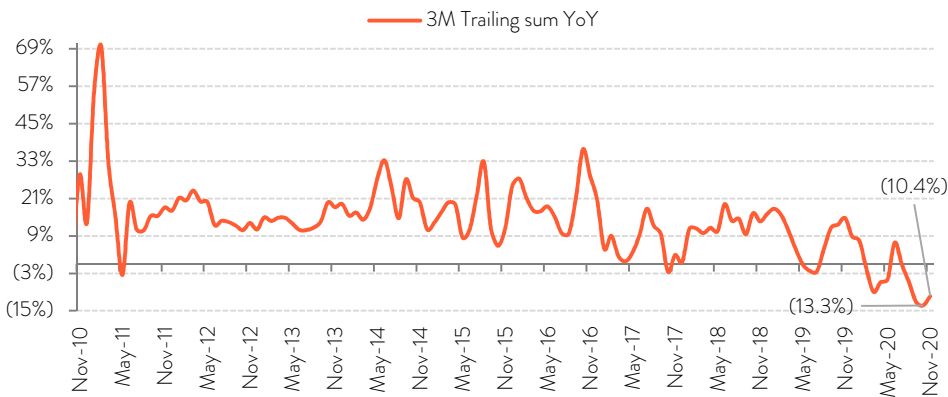
State government finances

FIG 151 – STATES* FISCAL DEFICIT INCHED FURTHER DOWN IN NOV'20



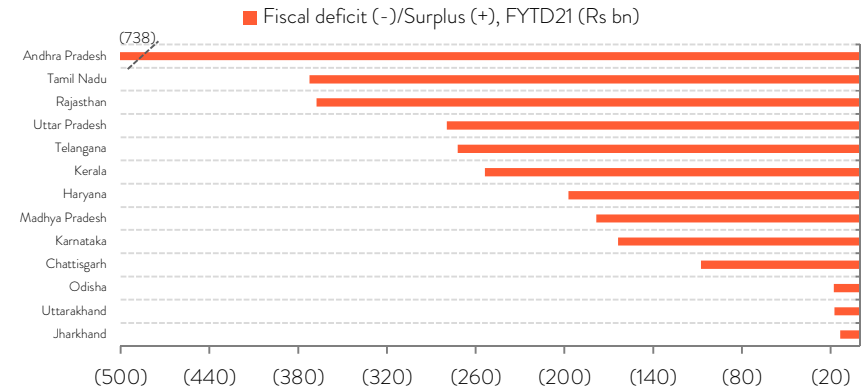
Note: *All states excluding N.E states, Bihar, Gujarat, H.P., J&K, Maharashtra, Punjab, and W.Bengal

FIG 153 – TOTAL EXPENDITURE OF STATES* CONTRACTING LESS SHARPLY...



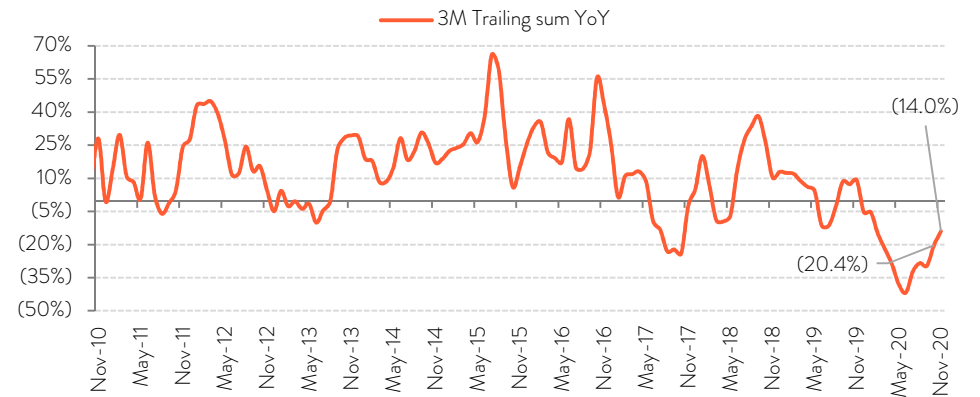
Note: *All states excluding N.E states, Bihar, Gujarat, H.P., J&K, Maharashtra, Punjab, and W.Bengal

FIG 152 – A.P AND T.N LEAD THE FISCAL DEFICIT CHART IN FYTD21



Note: FYTD is Apr'20 - Nov'20

FIG 154 – ...LED BY PICK UP IN CAPEX OF STATES*



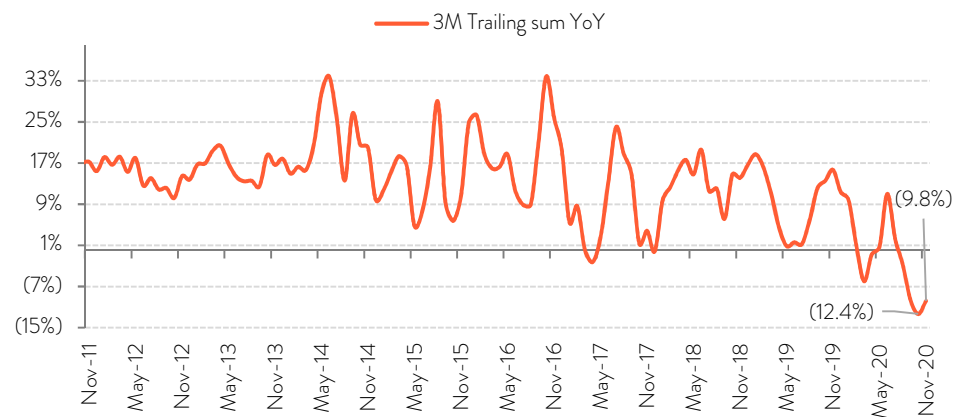
Note: *All states excluding N.E states, Bihar, Gujarat, H.P., J&K, Maharashtra, Punjab, and W.Bengal

FIG 155 – STATE* GOVT. TAX REVENUES AND CAPEX STILL UNDER STRESS IN FYTD21 SO FAR

	Apr'18-Nov'18 (Rs bn)	Apr'19-Nov'19 (Rs bn)	% change	Apr'20-Nov'20 (Rs bn)	% change
Total Receipts	10,470	11,095	6.0	10,402	(6.2)
Revenue Receipts	9,449	9,726	2.9	8,552	(12.1)
Receipts: Tax Revenue	7,167	7,360	2.7	6,187	(15.9)
Receipts: Non-Tax Revenue	712	673	(5.5)	557	(17.2)
Receipts: Grant in aid & contribution	1,435	1,693	18.0	2,168	28.0
Capital Receipts	2,053	2,603	26.8	2,935	12.7
Total Expenditure	11,297	12,093	7.0	11,500	(4.9)
Revenue Expenditure	9,786	10,644	8.8	10,380	(2.5)
Capital Expenditure	1,494	1,521	1.8	1,121	(26.3)
Revenue Surplus or Deficit	(371)	(1,004)	-	(1,842)	-
Fiscal Surplus or Deficit	(2,104)	(2,770)	-	(3,177)	-

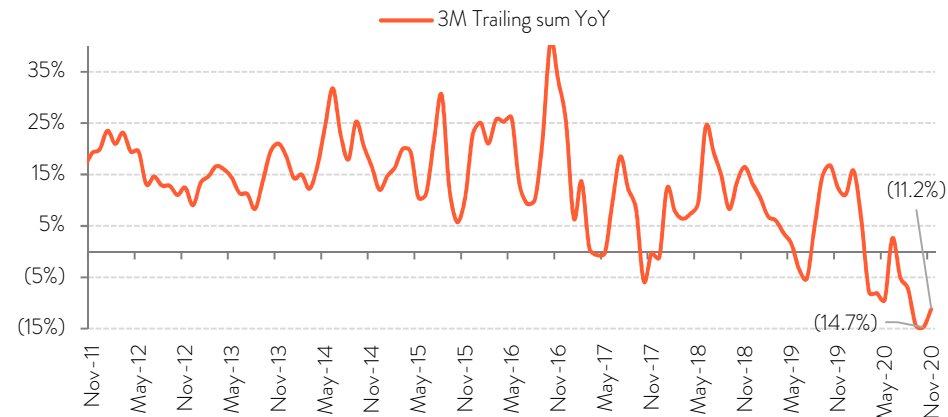
Note: *All states excluding N.E states, Bihar, Gujarat, H.P., J&K, Maharashtra, Punjab, and W.Bengal

FIG 156 – REVENUE SPENDING OF STATES* ALSO IMPROVED



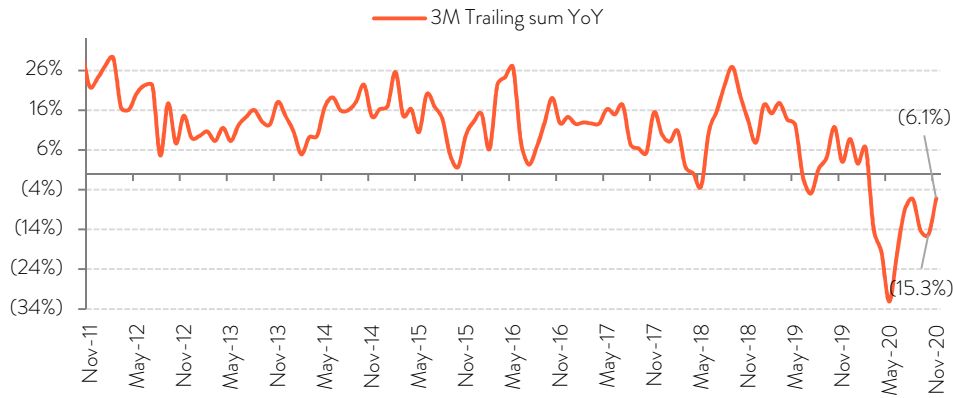
Note: *All states excluding N.E states, Bihar, Gujarat, H.P., J&K, Maharashtra, Punjab, and W.Bengal

FIG 157 – RECOVERY IN TOTAL RECEIPT OF STATES* GATHERING PACE



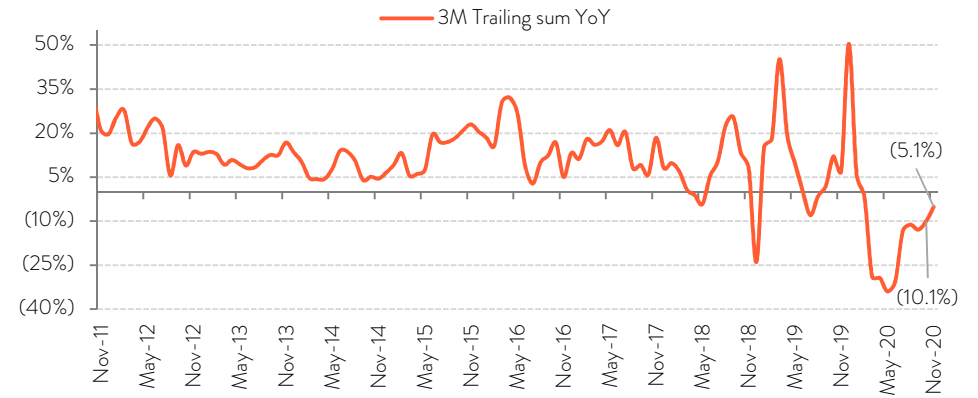
Note: *All states excluding N.E states, Bihar, Gujarat, H.P., J&K, Maharashtra, Punjab, and W.Bengal

FIG 158 – ...AS REVENUE RECEIPTS OF STATES* ARE PICKING UP



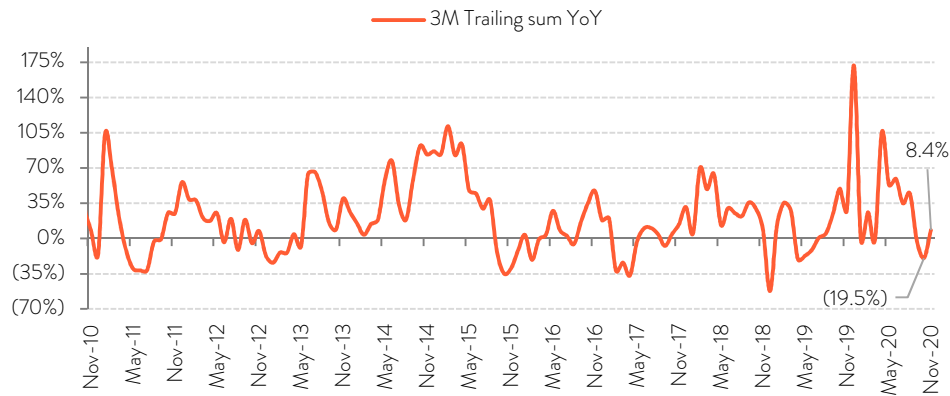
Note: *All states excluding N.E states, Bihar, Gujarat, H.P., J&K, Maharashtra, Punjab, and W.Bengal

FIG 159 – LED BY TAX REVENUE RECEIPTS OF STATES*...



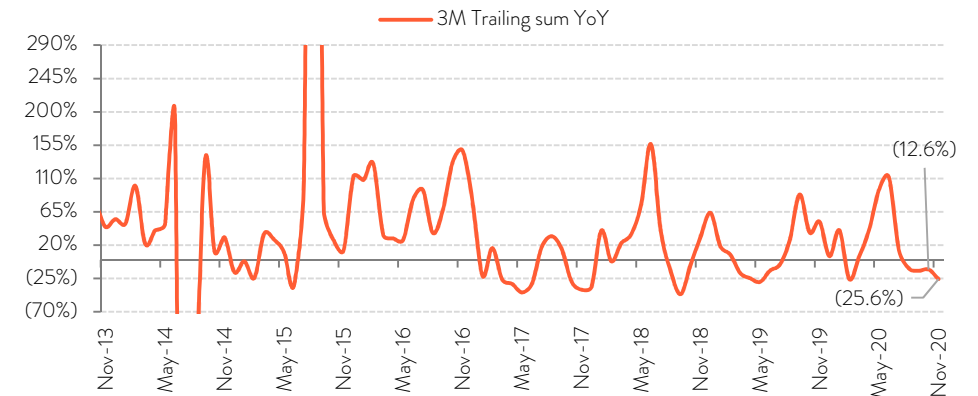
Note: *All states excluding N.E states, Bihar, Gujarat, H.P., J&K, Maharashtra, Punjab, and W.Bengal

FIG 160 – ...AND HIGHER GRANT IN AID TO STATES* FROM CENTRE



Note: *All states excluding N.E states, Bihar, Gujarat, H.P., J&K, Maharashtra, Punjab, and W.Bengal

FIG 161 – THUS, CAPITAL RECEIPTS OF STATES* WENT DOWN



Note: *All states excluding N.E states, Bihar, Gujarat, H.P., J&K, Maharashtra, Punjab, and W.Bengal

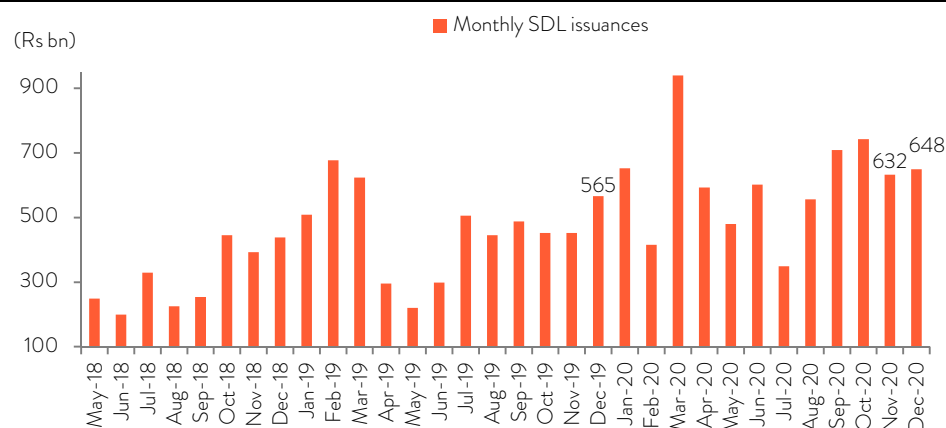
Central government borrowing

FIG 162 – CENTRE'S T-BILL ISSUANCES SOARING HIGH

Total accepted amount (G-Sec), (Rs bn)	FY15	FY16	FY17	FY18	FY19	FY20	FY21 (actual)	FY21 (planned)
Q1		2,613	2,797	2,888	3,089	3,364	5,328	5,000
Q2		2,667	2,584	3,186	3,299	3,024	5,417	4,550
Q3		2,645	2,747	2,632	3,070	2,889	3,745	2,080
Q4		2,104	1,684	2,486	1,812	2,511	202^	2,470
Total	10,029	9,811	11,192	11,271	11,788	14,692	14,100	

Source: RBI; ^as of 6 Jan 2021

State government borrowing

FIG 164 – STATE GOVERNMENT BORROWINGS REMAINED HIGH IN DEC'20


Source: RBI

FIG 163 – CENTRE'S GROSS BORROWING FOR Q3 AT ~RS 2.9TN

Total accepted amount (G-Sec), (Rs bn)	FY15	FY16	FY17	FY18	FY19	FY20	FY21 (actual)	FY21 (planned)
Q1	1,830	1,740	1,500	1,680	1,320	2,040	3,140	3,380
Q2	1,570	1,630	1,910	1,890	1,440	2,210	4,220	3,600
Q3	1,430	1,640	1,610	1,640	1,270	1,930	2,910^	3,110
Q4	1,090	840	800	670	1,680	920	469	3,010
Total	5,920	5,850	5,820	5,880	5,710	7,100	9,589	13,100

Source: RBI; ^ as of 8 Jan 2021

FIG 165 – MARKET BORROWINGS OF STATES AT RECORD HIGH IN FYTD21

Quarterly SDL issuances, (Rs bn)	FY16	FY17	FY18	FY19	FY20	FY21 (actual)	FY21 (planned)
Q1	502	548	650	766	815	1,673	1,272
Q2	627	792	1,130	809	1,439	1,614	1,783
Q3	858	1,214	1,054	1,277	1,470	2,023	2,022
Q4	959	1,322	1,348	1,809	2,006	151^	3,165
Total	2,946	3,876	4,182	4,661	5,731	5,459	8,242

Source: RBI; ^ as of 5 Jan 2021

External sector

Exports

FIG 166 – GLOBAL EXPORTS IMPROVE FURTHER IN OCT'20

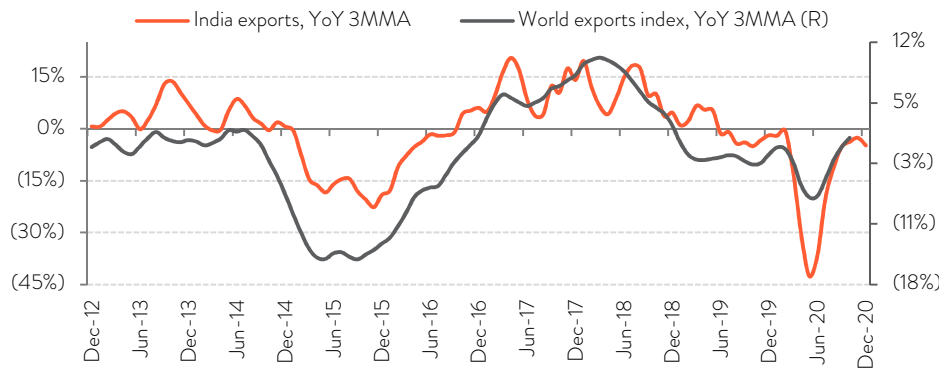
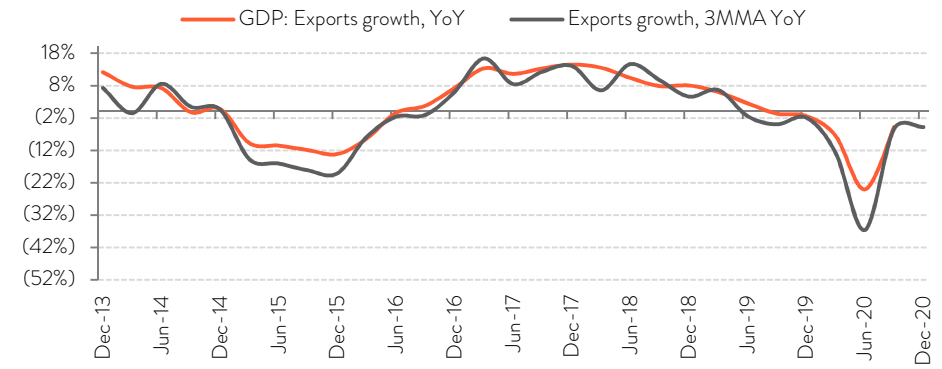


FIG 167 – INDIA'S EXPORTS CONTRACT BY 4.9% IN Q3FY21 COMPARED WITH A 5.3% DIP IN Q2FY21



Note: Figure for Dec'20 is average for the period Sep-Dec'20

Exports by major sectors

FIG 168 – EXPORTS OF DRUGS AND PHARMA PRODUCTS PICKED UP BY 17.4% IN DEC'20 VERSUS 11.1% IN NOV'20

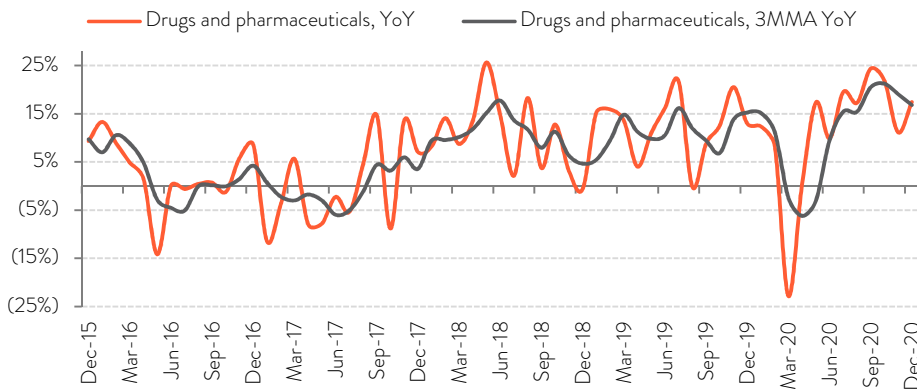


FIG 169 – EXPORTS OF CHEMICALS ALSO PICKED UP IN DEC'20 TO 10.7% VERSUS A DIP OF 8.1% IN NOV'20

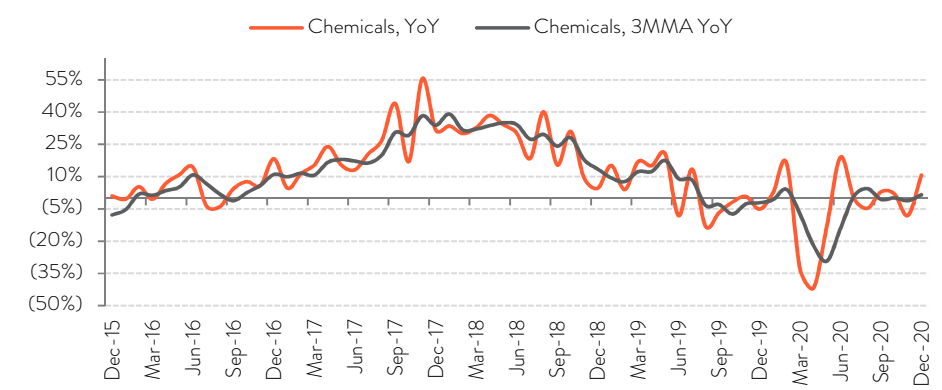


FIG 170 – GEMS AND JEWELLERY EXPORTS ACCELERATED IN DEC'20

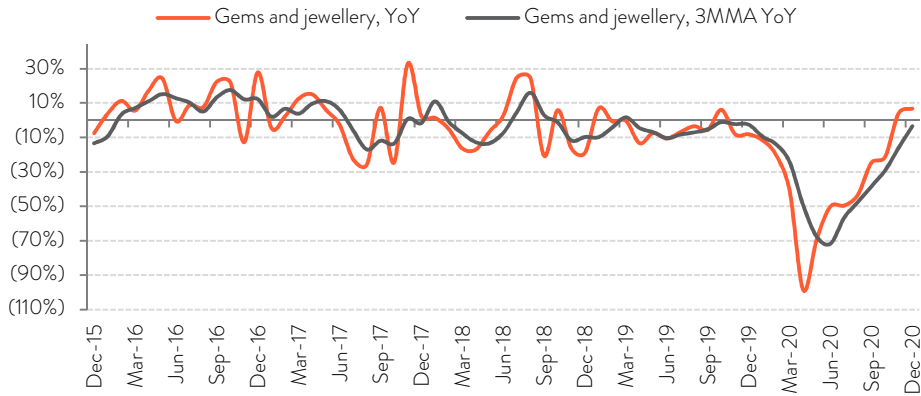
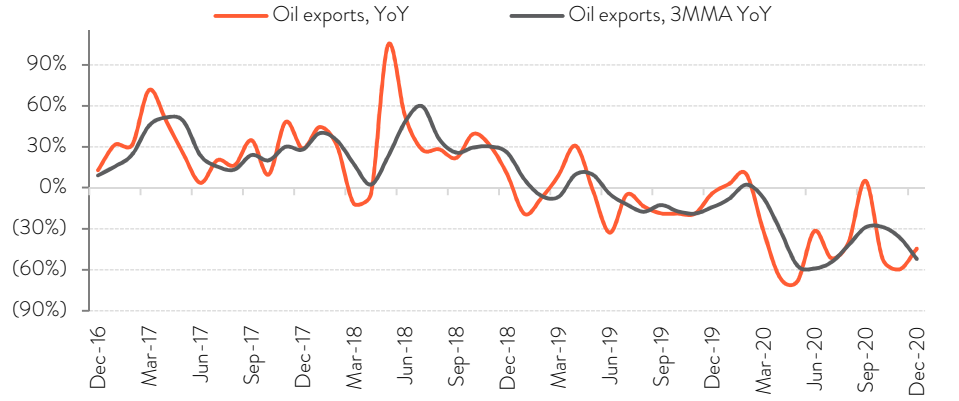
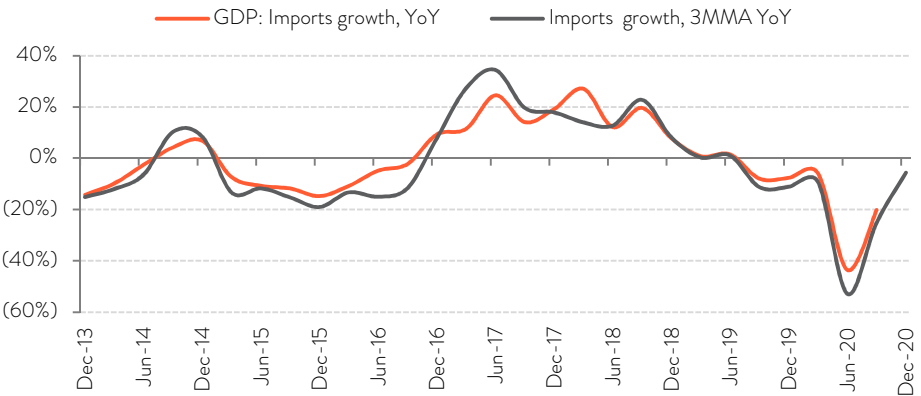


FIG 171 – OIL EXPORTS TOO PICKED UP DUE TO HIGHER OIL PRICES



Imports

FIG 172 – IMPORT GROWTH PICKED UP SHARPLY IN DEC'20



Note: Figure for Sep'20 is average for the period Sep-Dec'20

FIG 173 – LED BY HIGHER GOLD IMPORTS

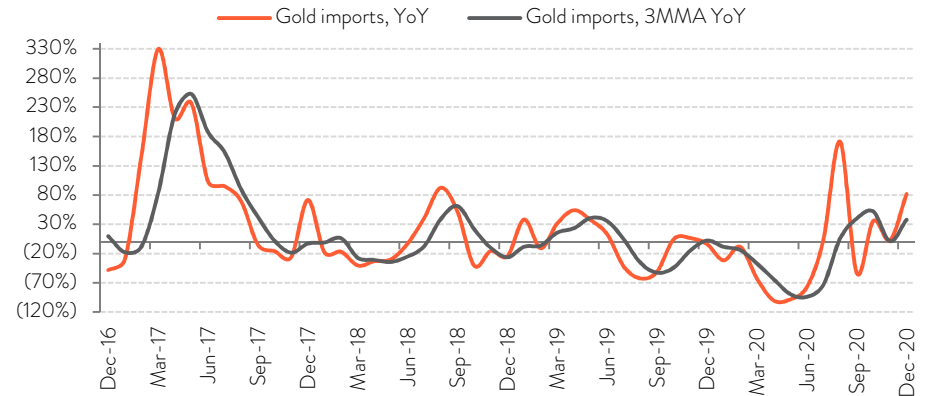


FIG 174 – OIL IMPORTS ALSO CONTRACTED AT A SLOWER PACE IN DEC'20

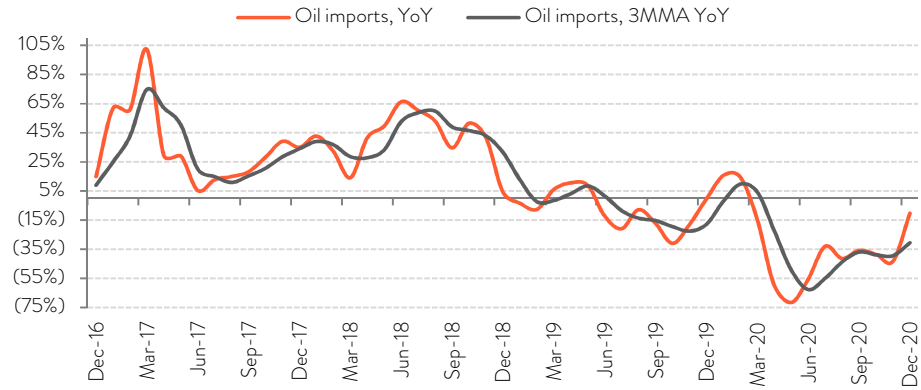


FIG 175 – IMPORTS OF VEGETABLE OILS PICKED UP TO 43.5% IN DEC'20 VERSUS 34% IN NOV'20

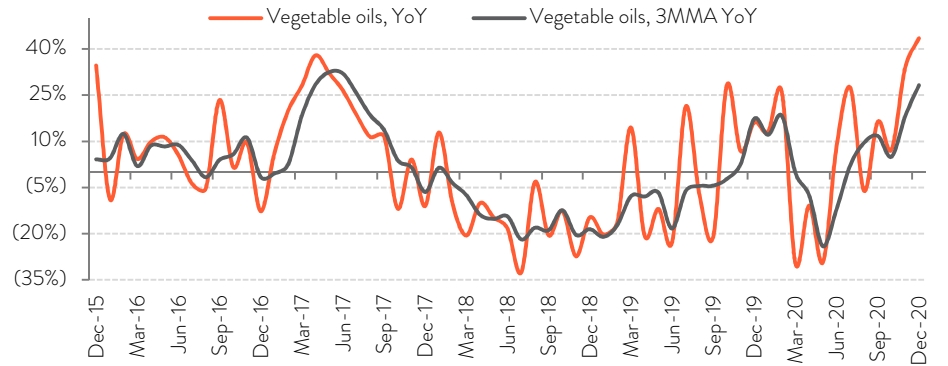


FIG 176 – IMPORTS OF ELECTRONIC GOODS ALSO SURGED TO 20.9% IN DEC'20 FROM 12.3% IN NOV'20

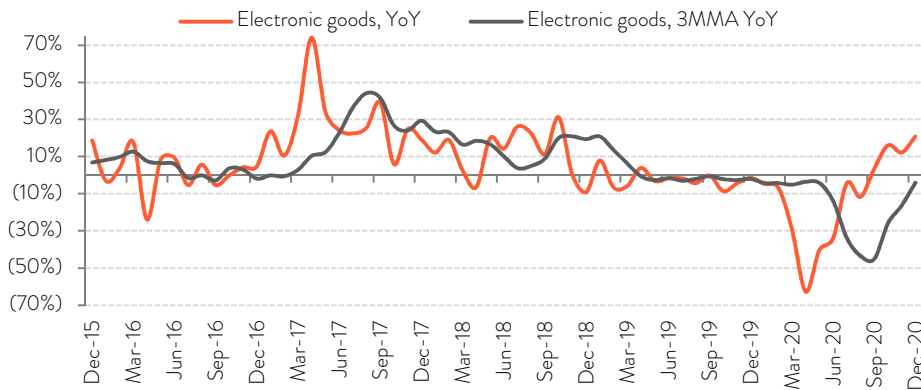
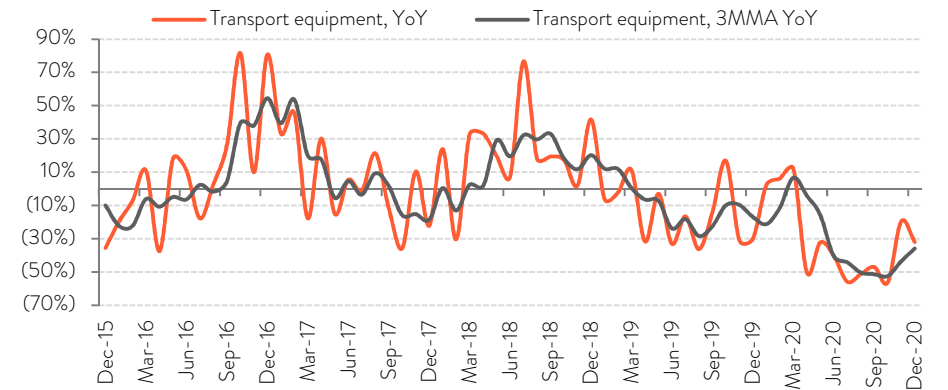


FIG 177 – IMPORT OF TRANSPORT EQUIPMENTS HOWEVER CONTINUES TO DECLINE



Exports and imports by major regions

FIG 178 – EXPORTS TO CHINA HAVE CONTINUED TO REMAIN BUOYANT IN FYTD21

Region (% YoY)	Share (in %) FY20	Sep'20	Oct'20	Nov'20	FYTD20	FYTD21
Americas	22.5	22.7	6.6	2.9	2.5	(11.7)
Asia and Pacific (Ex. China)	25.5	(3.0)	0.5	(3.6)	(12.4)	(13.5)
China	5.4	20.5	1.9	(5.1)	4.2	18.7
Europe	19.5	7.6	(6.6)	(6.3)	(3.0)	(21.2)
Middle East and Africa	25.9	(1.5)	(16.8)	(20.8)	2.4	(29.8)
Other	1.1	(68.7)	(79.1)	(52.8)	10.1	(73.8)

Note: FYTD is Apr-Oct

FIG 179 – IMPORTS FROM ALL REGIONS HOWEVER CONTINUE TO DECLINE

Region (% YoY)	Share in FY20	Sep'20	Oct'20	Nov'20	FYTD20	FYTD21
Americas	12.8	(24.7)	(24.6)	(8.6)	(6.7)	(34.2)
Asia and Pacific (Ex. China)	25.0	(11.7)	(3.5)	(5.5)	(7.2)	(28.6)
China	13.8	(10.2)	11.7	3.2	(3.0)	(17.2)
Europe	15.0	(23.8)	(14.5)	22.9	(6.7)	(34.7)
Middle East and Africa	30.8	(29.2)	(21.5)	(24.3)	(11.3)	(41.9)
Other	2.6	(1.1)	(23.2)	(35.9)	21.6	(28.3)

Note: FYTD is Apr-Oct

Trade deficit

FIG 180 – TRADE DEFICIT WIDENED TO AN 18-MONTH HIGH AT US\$ 15.7BN IN DEC'20

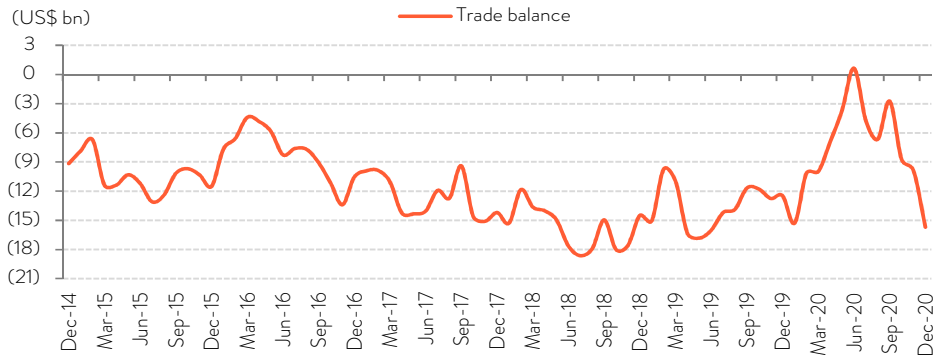
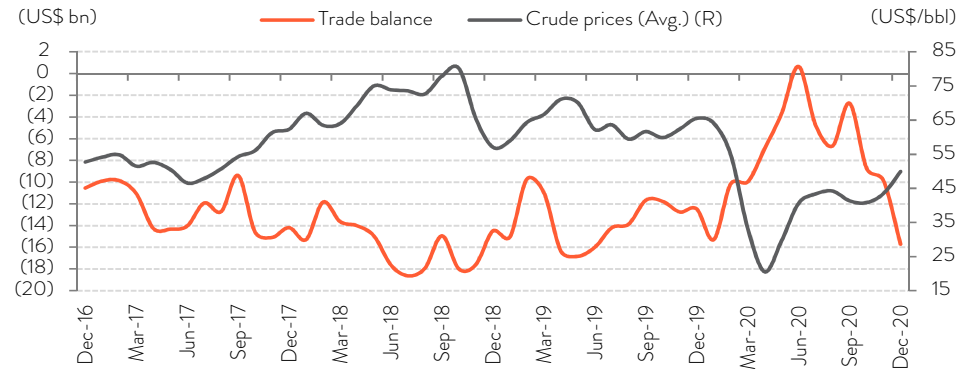
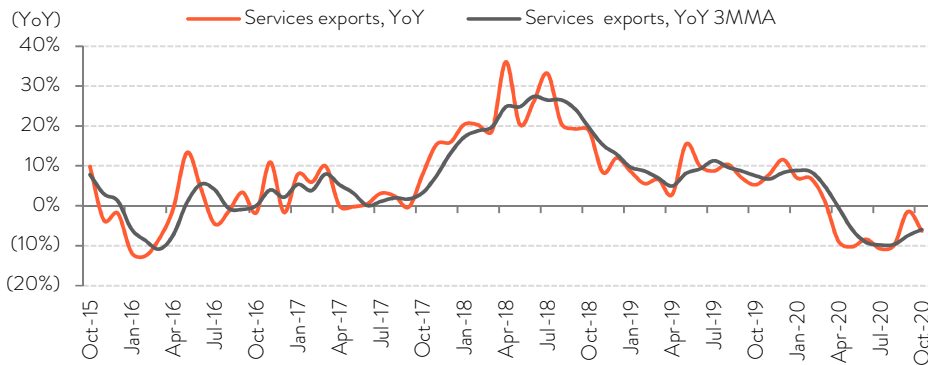


FIG 181 – AS OIL PRICES INCHED UP



Trade in services

FIG 182 – SERVICES EXPORT CONTRACT AT A FASTER PACE OF 6.3% IN OCT'20 VERSUS 1.4% DROP IN SEP'20



BoP

FIG 183 – CURRENT ACCOUNT SURPLUS NARROWS TO 2.4% OF GDP IN Q2FY21 FROM A RECORD HIGH OF 3.9% OF GDP IN Q1FY21

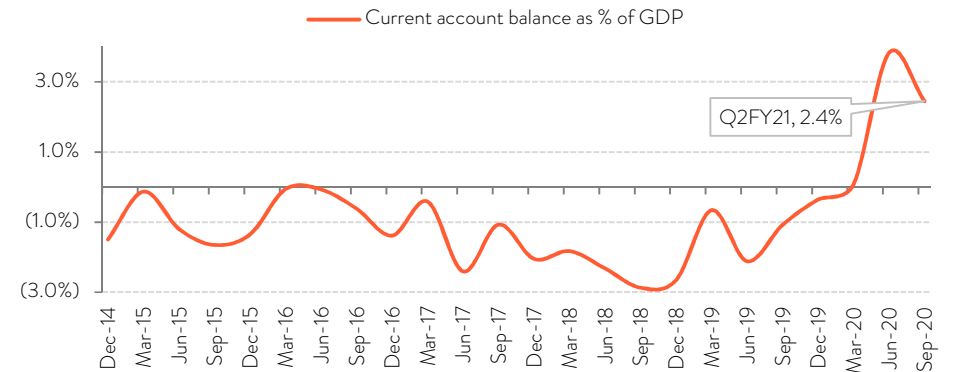


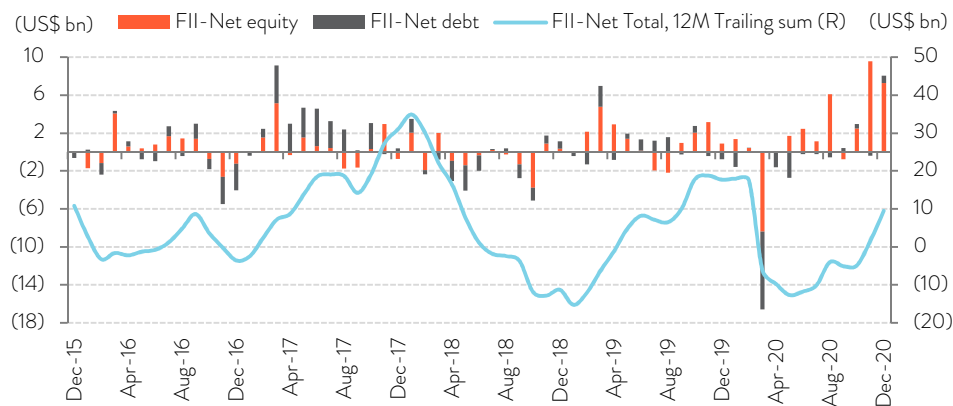
FIG 184 – LED BY HIGHER TRADE DEFICIT

(US\$ bn)	Q2FY20	Q3FY20	Q4FY20	Q1FY21	Q2FY21
Current account	(7.6)	(2.6)	0.6	19.2	15.5
CAD/GDP (%)	(1.1)	(0.4)	0.1	3.8	2.4
Trade balance	(39.6)	(36.0)	(35.0)	(10.8)	(14.8)
- Merchandise exports	80	81.2	76.5	52.4	75.6
- Merchandise imports	119.6	117.3	111.6	63.1	90.4
- Net Services	20.9	21.9	22	20.5	21.2
- -Software	21.1	21.5	21.1	20.8	22.3
Transfers	20	18.9	18.4	17	18.4
Other invisibles	(8.8)	(7.4)	(4.8)	(7.5)	(9.3)
Capital account	13.6	23.6	17.4	1.1	15.4
% of GDP	1.9	3.3	2.4	0.2	2.4
Foreign investments	9.8	17.6	(1.8)	(0.2)	31.6
- FDI	7.3	9.7	12.0	(0.8)	24.6
- FII	2.5	7.8	(13.7)	0.6	7.0
Banking capital	(1.8)	(2.3)	(4.6)	2.2	(11.2)
Short-term credit	(0.6)	(1.4)	(1.0)	(0.2)	(1.8)
ECBs	3.3	3.2	10.3	(1.4)	(4.3)
External assistance	0.4	1.3	0.6	4.1	1.9
Other capital account items	2.5	5.2	13.8	(3.5)	(0.7)
E&O	(0.9)	0.6	0.9	(0.4)	0.6
Overall balance	5.1	21.6	18.8	19.9	31.6

Foreign inflows

FII inflows

FIG 185 – FII INFLOWS OF US\$ 8BN IN DEC'20 FOLLOWING INFLOWS OF US\$ 9.2BN IN NOV'20



Source: Bloomberg

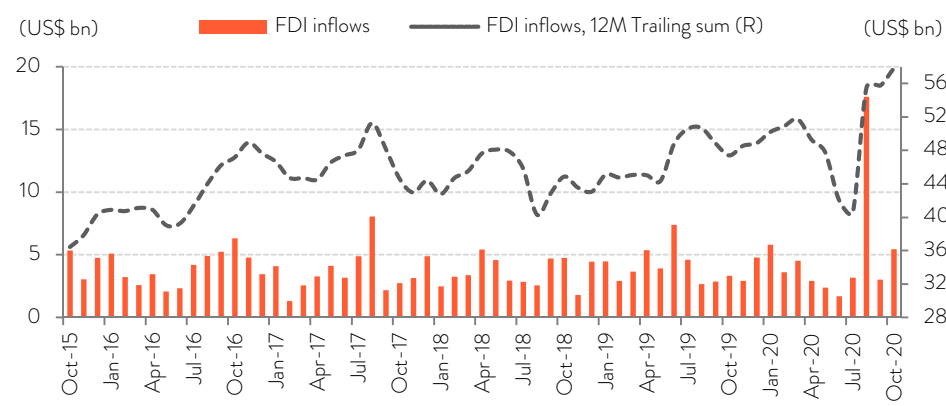
FIG 187 – FDI INFLOWS IN COMPUTER, SOFTWARE SKYROCKET IN Q2FY21

Sector	% Share FY20	Sep'19	Dec'19	Mar'20	Jun'20	Sep'20
Services Sector	15.7	1.7	2.1	1.3	1.1	1.1
Computer software and hardware	15.4	1.8	2.3	1.3	1.1	16.5
Trading	9.2	1.0	1.4	1.1	0.4	0.5
Telecommunications	8.9	0.1	0.0	0.2	0	0
Automobile industry	5.7	1.2	0.4	0.3	0.3	0.1

Source: DIPP

FDI inflows

FIG 186 – FDI INFLOWS RISE BY US\$ 5.5BN IN OCT'20 VERSUS US\$ 3BN IN SEP'20



Source: RBI, Bank of Baroda Research

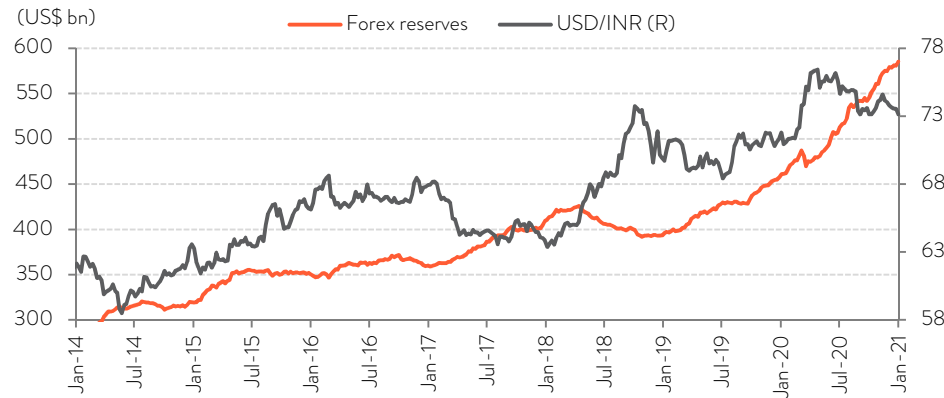
FIG 188 – FDI INFLOWS FROM SINGAPORE ACCELERATE THE MOST IN Q2FY21

Country (US\$ bn)	% Share in FY20	Sep'19	Dec'19	Mar'20	Jun'20	Sep'20
Singapore	29.4	2.7	3.6	3.0	1.8	6.5
Mauritius	16.5	1.7	1.1	0.8	0.9	1.1
Netherlands	13.0	1.0	1.2	3.0	1.1	0.4
Japan	6.5	1.3	1.0	0.4	0.4	0.2
UK	2.8	0.6	0.3	0.3	0.2	1.2

Source: DIPP

Forex reserves and external debt

FIG 189 – INDIA’S FX RESERVES ROSE TO A HISTORIC HIGH AT US\$ 585.3BN IN DEC’20, US\$ 109.8BN ACCRETION IN FYTD21



Source: Bloomberg | Weekly data as of 1 Jan 2021

FIG 190 – IMPORT COVER ALSO RISES TO 18.8 MONTHS IN NOV’20

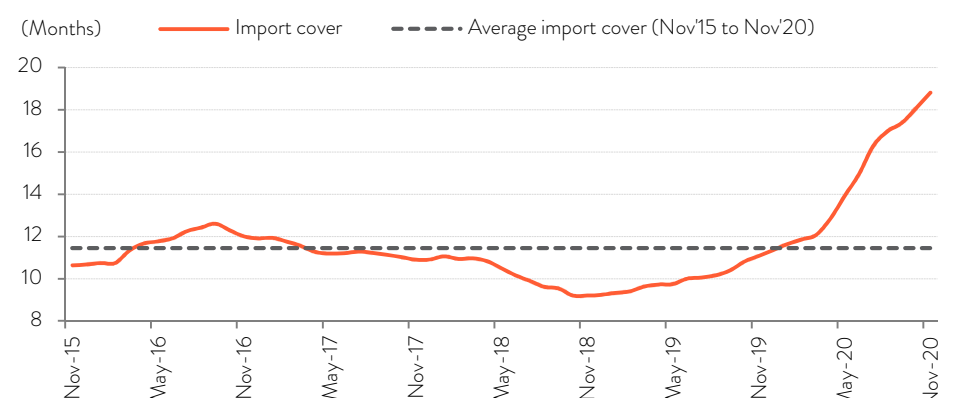


FIG 191 – RBI BOUGHT US\$ 15.6BN IN OCT’20 IN THE SPOT MARKET VERSUS US\$ 8.2BN IN SEP’20

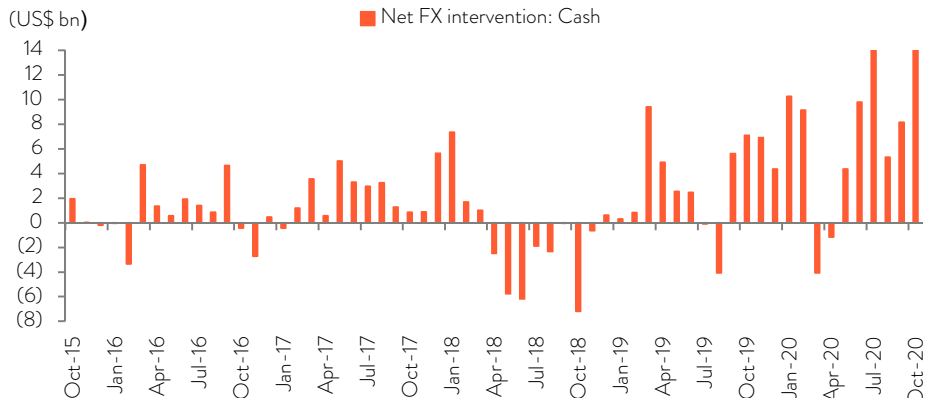
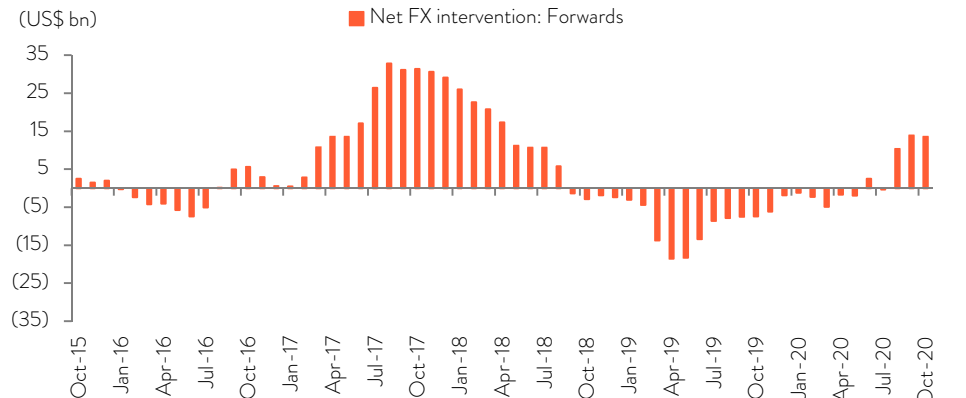


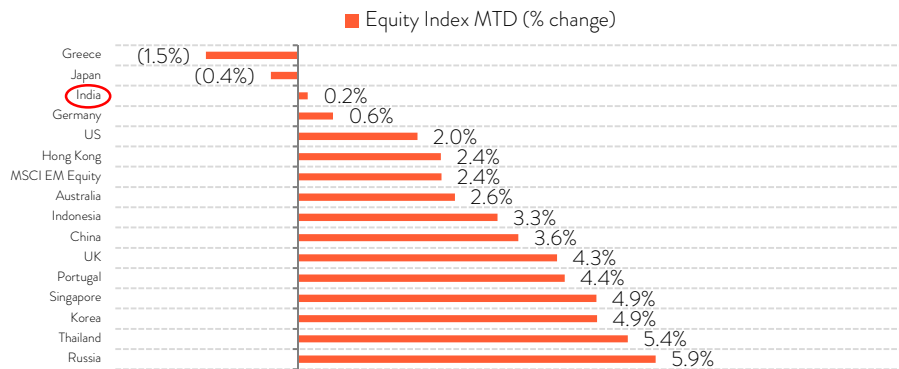
FIG 192 – IN FORWARDS MARKET, RBI SOLD US\$ 0.3BN VERSUS PURCHASE OF US\$ 3.5BN IN SEP’20, OUTSTANDING POSITION AT US\$ 13.6BN IN OCT’20



Markets

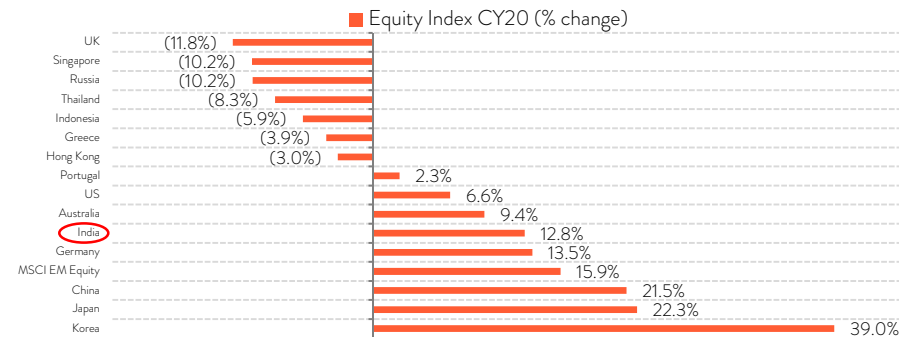
Equity

FIG 193 – IN JAN'21, SENSEX ROSE MARGINALLY BY 0.2% (CONSTANT CURRENCY TERMS) OTHER GLOBAL INDICES ROSE AT A FASTER PACE



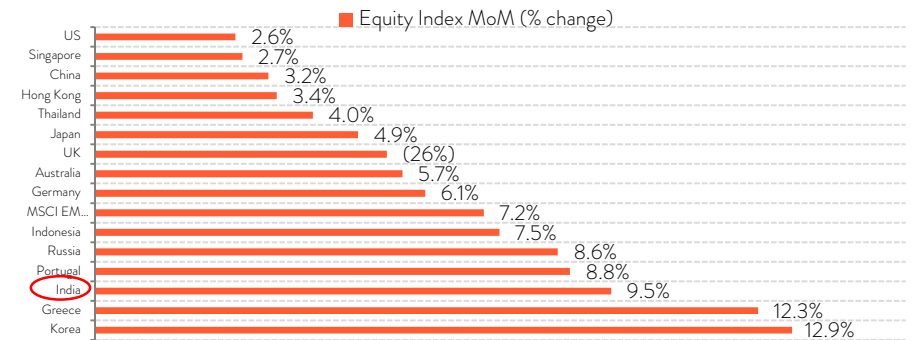
Source: Bloomberg | * As on 11 Jan 2020, Indices are in US\$ terms

FIG 195 – IN CY20, SENSEX ROSE BY 12.8%



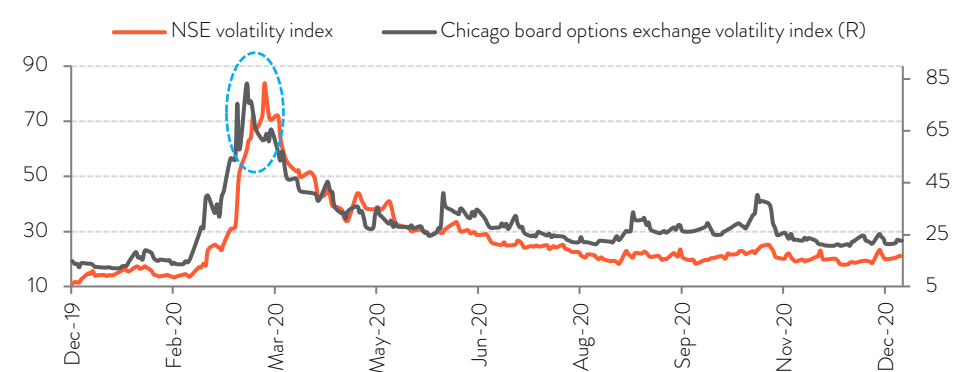
Source: Bloomberg | * As on 31 Dec 2020, Indices are in US\$ terms

FIG 194 – IN DEC'20 AS WELL, SENSEX ROSE BY 9.5%, OUTPERFORMING MSCI EM INDEX WHICH ROSE BY 7.2% IN THE SAME PERIOD



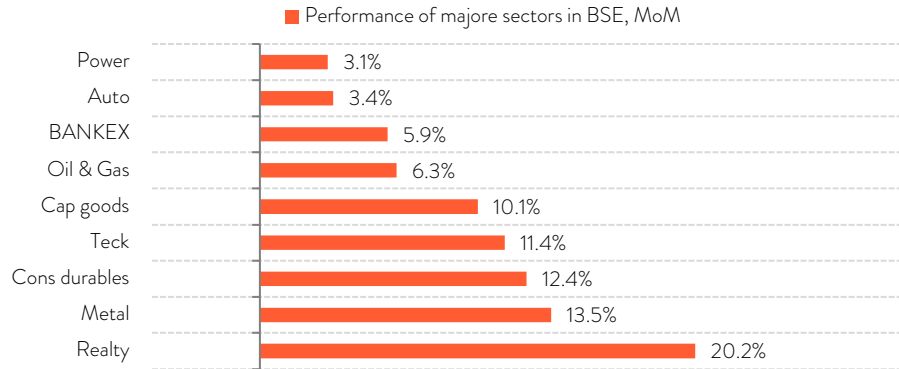
Source: Bloomberg | * As on 31 Dec 2020, Indices are in US\$ terms

FIG 196 – VIX INDEX ROSE TO 21.1 IN DEC'20 VERSUS 19.8 IN NOV'20



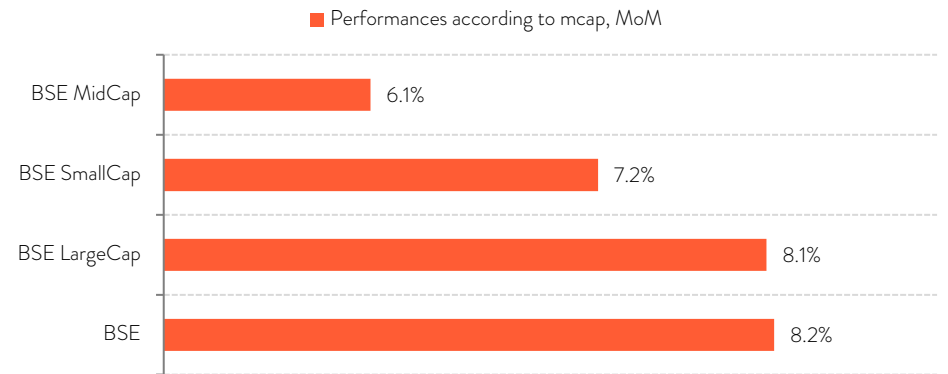
Source: Bloomberg

FIG 197 – REAL ESTATE AND METAL STOCKS ROSE SHARPLY IN DEC'20



Source: Bloomberg | As on 31 Dec 2020

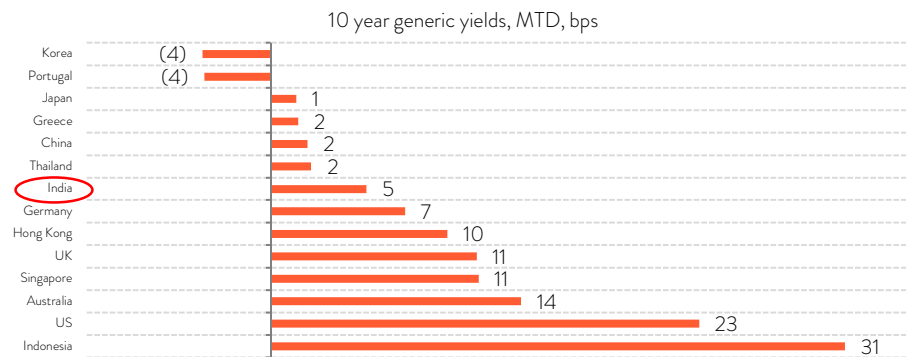
FIG 198 – LARGE CAPS ROSE THE MOST



Source: Bloomberg | As on 31 Dec 2020

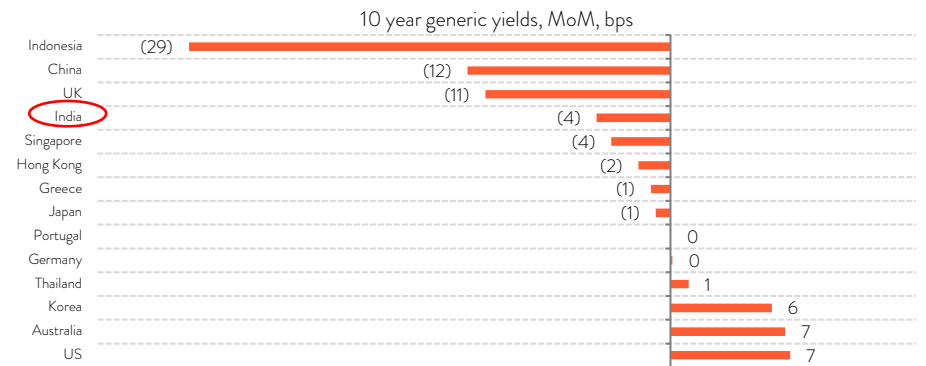
10 year bond yields

FIG 199 – IN JAN'21, INDIA'S 10Y YIELD ROSE BY 5BPS



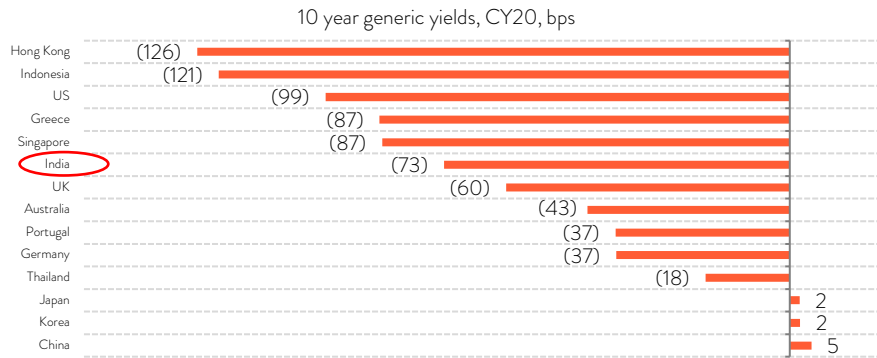
Source: Bloomberg | *As on 11 Jan 2020, Note: For India 5.85GS2030 yield is taken

FIG 200 – IN DEC'20, INDIA'S 10Y YIELD FELL BY 4BPS



Source: Bloomberg | * As on 31 Dec 2020, Note: For India 5.85GS2030 yield is taken

FIG 201 – IN CY'20 AS WELL, INDIA'S 10Y YIELD FELL BY 73BPS IN LINE WITH OTHER GLOBAL YIELDS



Source: Bloomberg | * As on 31 Dec 2020, Note: For India 5.85GS2030 yield is taken

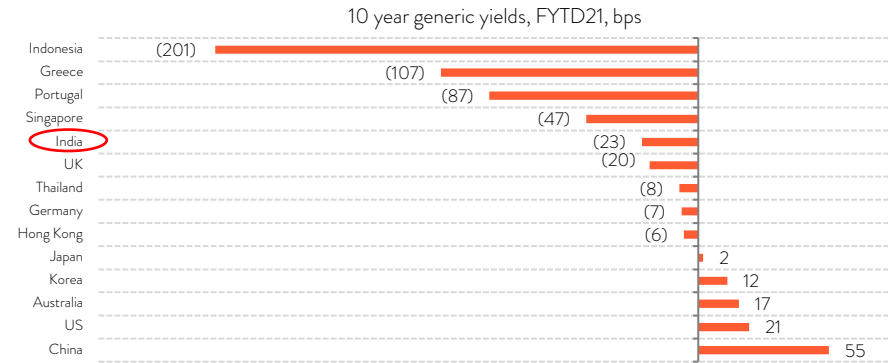
Currencies

FIG 203 – INR APPRECIATED IN DEC'20



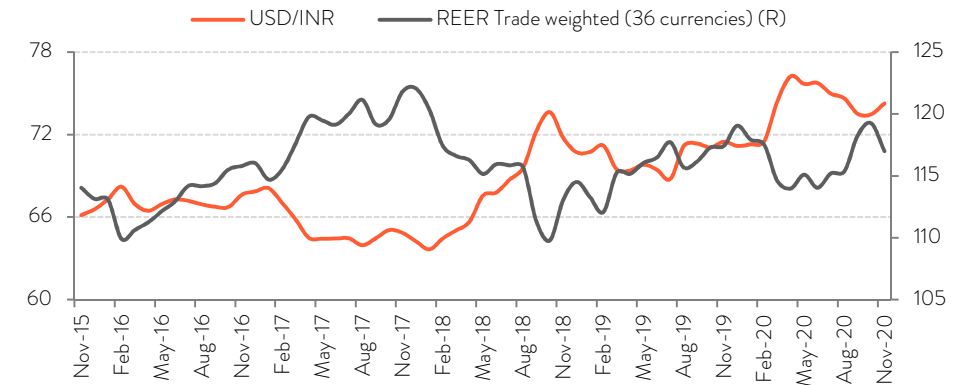
Source: Bloomberg | *As on 31 Dec 2020

FIG 202 – IN FYTD21, INDIA'S 10Y YIELD HAS FALLEN BY 23BPS



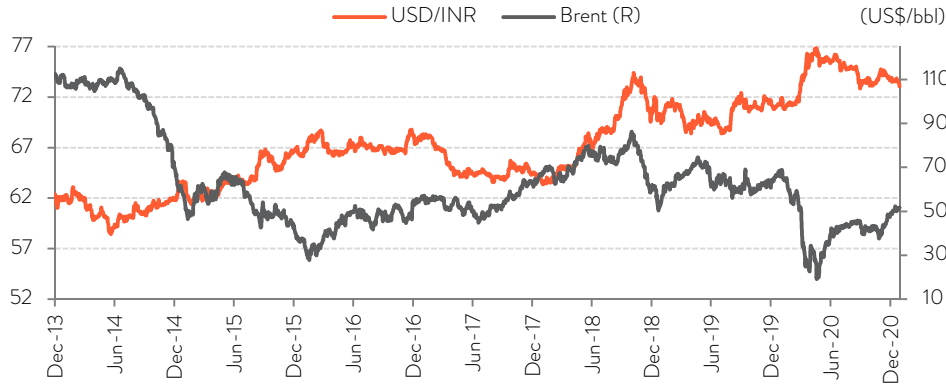
Source: Bloomberg | ** As on 31 Dec 2020, Note: For India 5.85GS2030 yield is taken

FIG 204 – INR STILL OVERVALUED BY 17% (NOV'20)



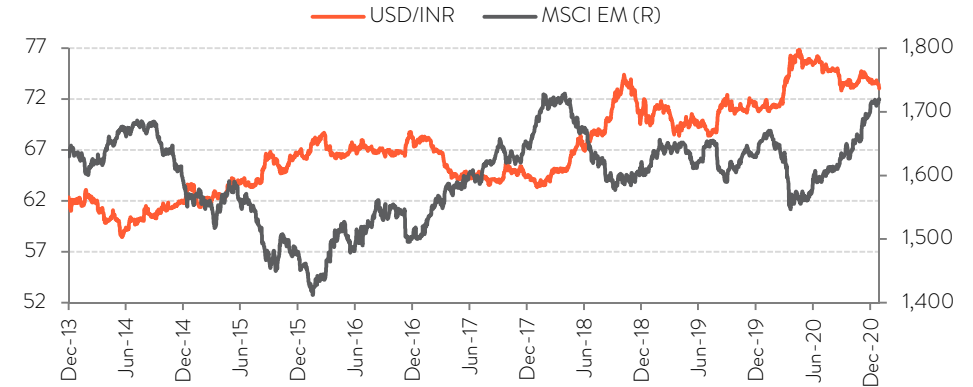
Source: Bloomberg

FIG 205 – EVEN AS OIL PRICES ROSE



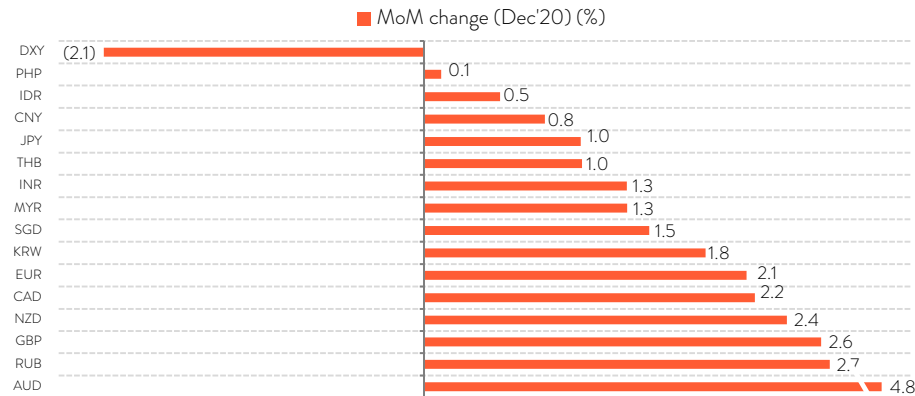
Source: Bloomberg | *As on 31 Dec 2020

FIG 206 – EM CURRENCIES ALSO APPRECIATED



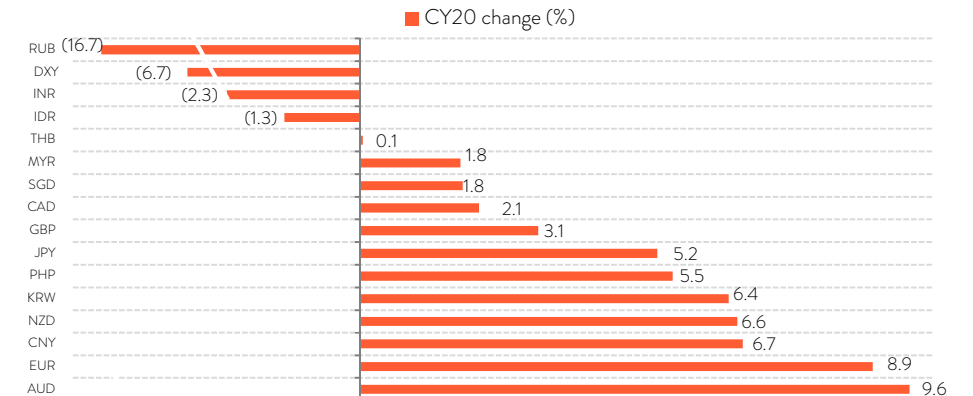
Source: Bloomberg | *As on 31 Dec 2020

FIG 207 – GLOBAL CURRENCIES CLOSED HIGHER IN DEC'20 LED BY A WEAKER US\$



Source: Bloomberg | *As on 31 Dec 2020

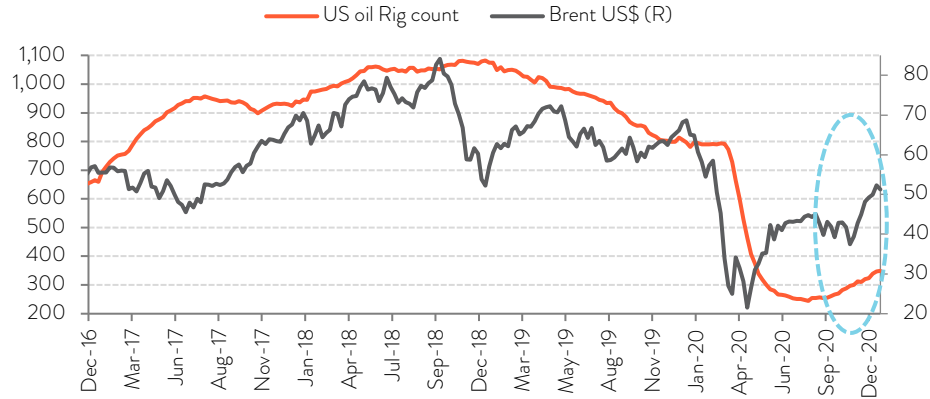
FIG 208 – IN CYTD20, INR DEPRECIATED BY 2.3%



Source: Bloomberg | *As on 31 Dec 2020

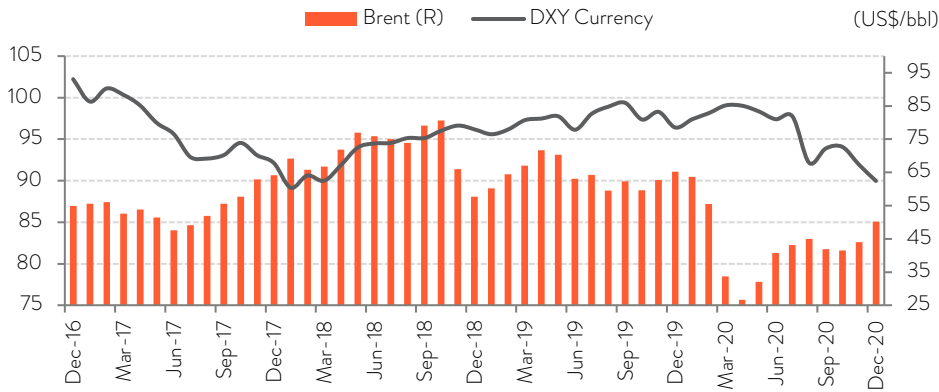
Commodities

FIG 209 – OIL PRICES ROSE IN DEC'20 EVEN AS US RIG COUNT INCHED UP



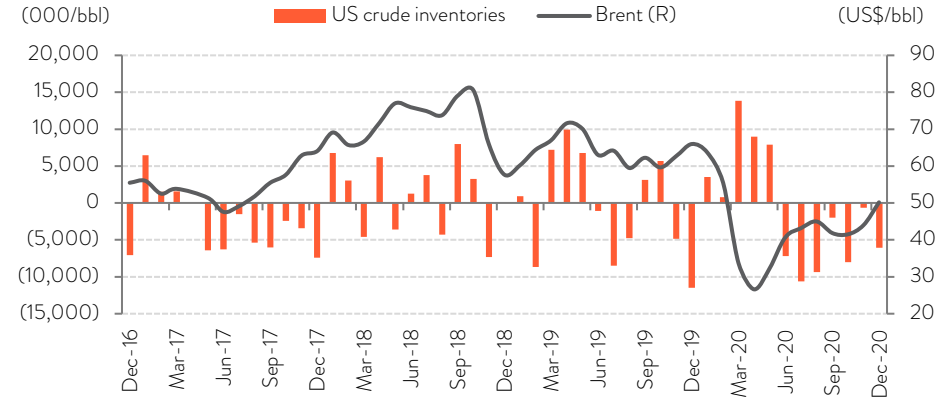
Source: Bloomberg

FIG 211 – OIL PRICES ON AN AVERAGE ROSE TO US\$ 50/BBL IN DEC'20 FROM US\$ 44/BBL FROM IN NOV'20, DXY FELL TO 89.94 FROM 91.87 IN NOV'20



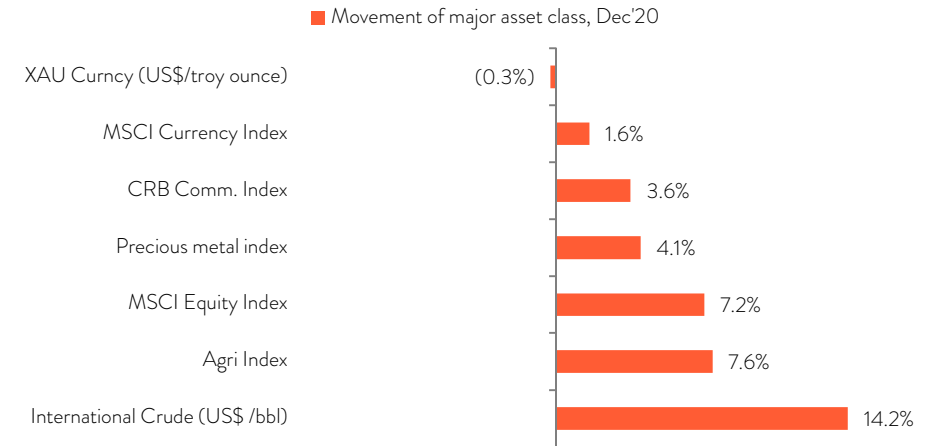
Source: Bloomberg | DXY Index as on last trading day of the month

FIG 210 – US CRUDE OIL INVENTORIES FELL IN DEC'20



Source: Bloomberg

FIG 212 – MAJOR COMMODITY PRICES INCREASED IN DEC'20, ON MOM BASIS



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

Global consumption

FIG 213 – RETAIL SALES TAKE A HIT IN EUROZONE; CHINA SHOWING PICK UP

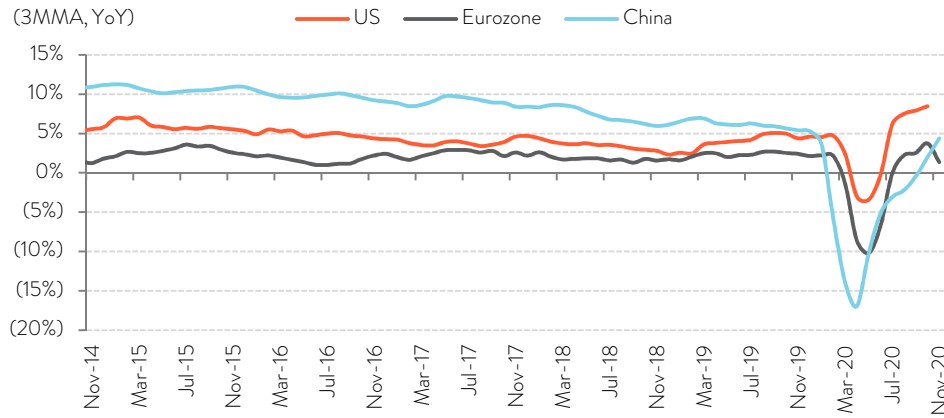


FIG 214 – AUTO SALES SEEING A REVIVAL

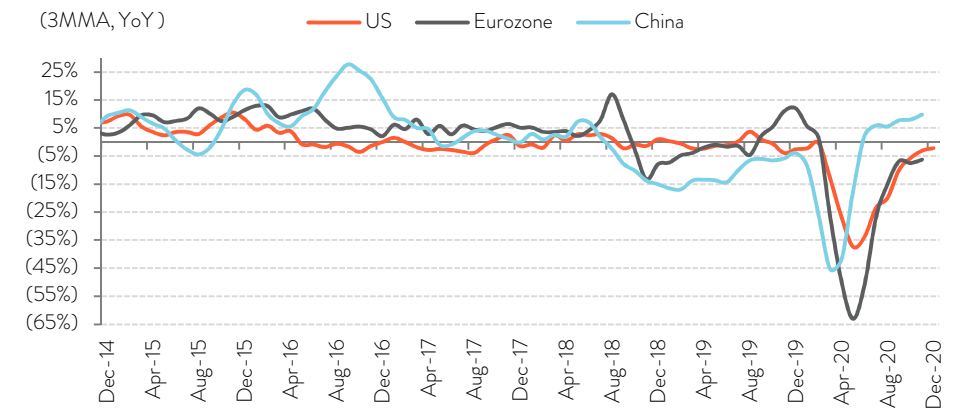
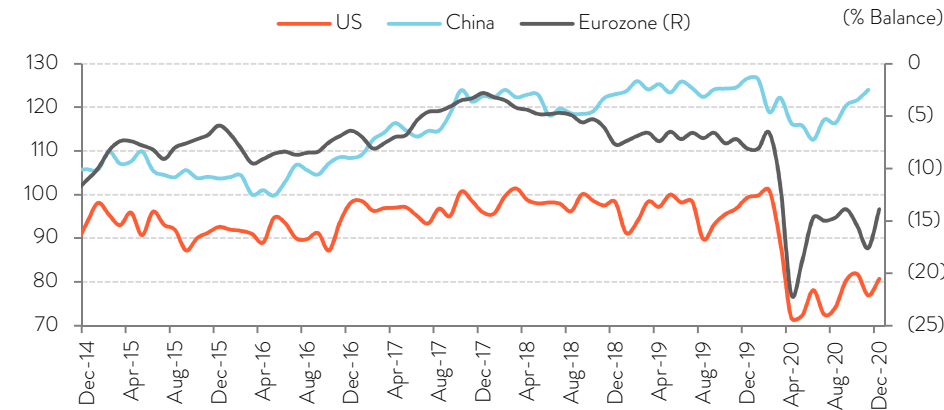
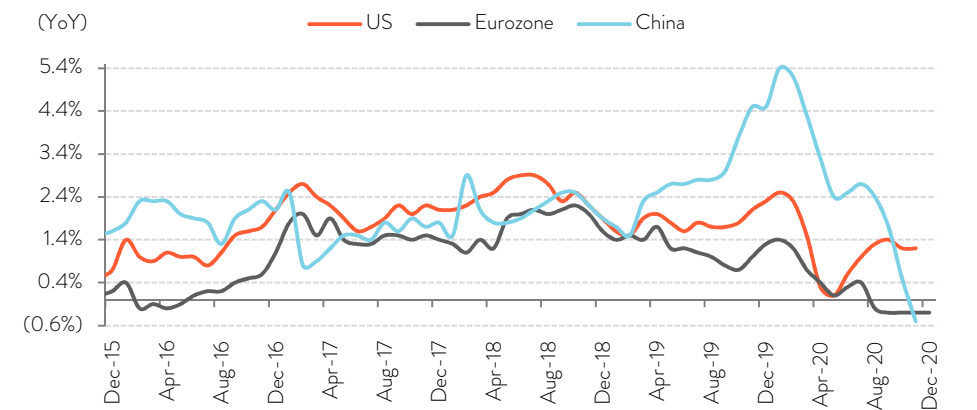


FIG 215 – CONSUMER CONFIDENCE IMPROVING ACROSS BOARD



Note: Consumer confidence for eurozone is % diffusion index. Data for China is for Nov'20

FIG 216 – CPI CONTINUES TO EDGE DOWNWARDS IN CHINA



Note: Data for China and US is for Nov'20

Policy

FIG 217 – GLOBAL CENTRAL BANKS ARE ON MONETARY EASING CYCLE

Country	Current inflation rate (%)	Current policy rate (%)	CY19 (change in bps)	CY20 (change in bps)	Direction of policy rate in CYTD20
Turkey	14.6	17.0	(1200)	500	↑
Germany	(0.3)	0.0	0	0	-
Japan	(0.9)	(0.1)	0	0	-
China	0.2	4.4	0	0	-
Australia	0.7	0.3	(75)	(50)	↓
UK	0.3	0.1	0	(65)	↓
Korea	0.5	0.5	(50)	(75)	↓
Thailand	(0.3)	0.5	(50)	(75)	↓
India	6.9	4.0	(135)	(115)	↓
Indonesia	1.7	3.8	(100)	(125)	↓
Malaysia	(1.7)	1.8	(25)	(125)	↓
US	1.2	0.3	(75)	(150)	↓
Russia	4.9	4.3	(150)	(200)	↓
Phillipines	3.5	2.0	(75)	(200)	↓
Brazil	4.3	2.0	275	(250)	↓
Mexico	3.2	4.3	(100)	(300)	↓

Source: Bloomberg

Global investment and manufacturing

FIG 218 – GLOBAL MANUFACTURING ACTIVITY REMAINS STEADY, SERVICES SLIPS FURTHER IN DEC'20

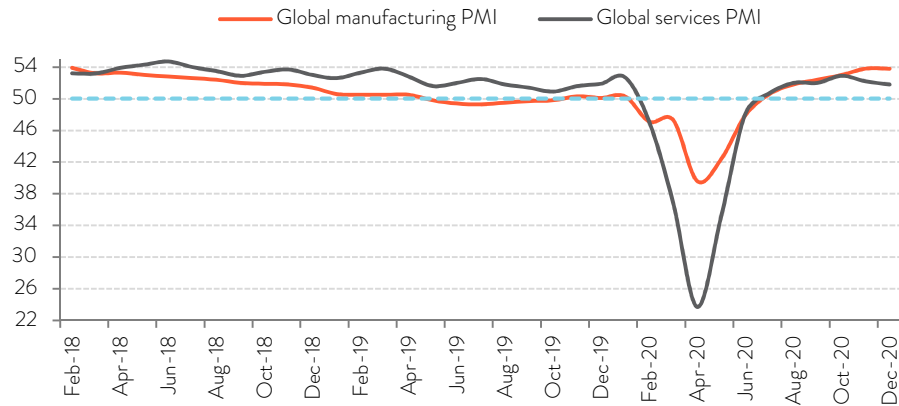


FIG 219 – MANUFACTURING ACTIVITY (PMI) HOLDING STEADY ACROSS COUNTRIES

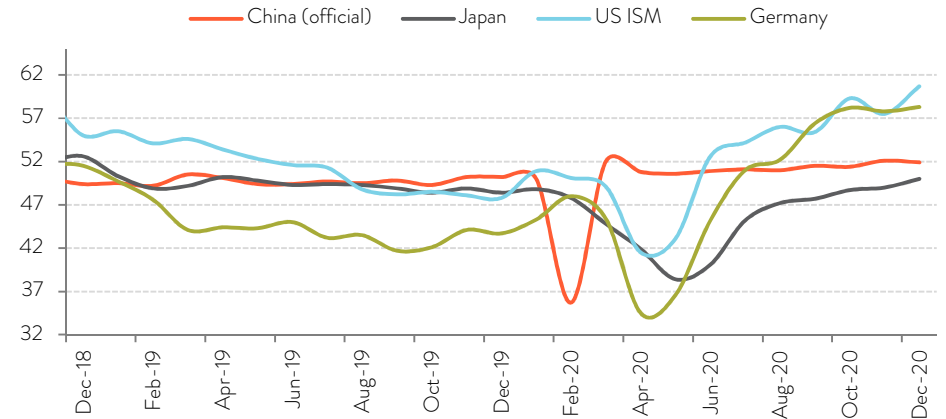


FIG 220 – BARRING JAPAN, PRODUCER PRICES CONTINUE TO INCH UP ELSEWHERE

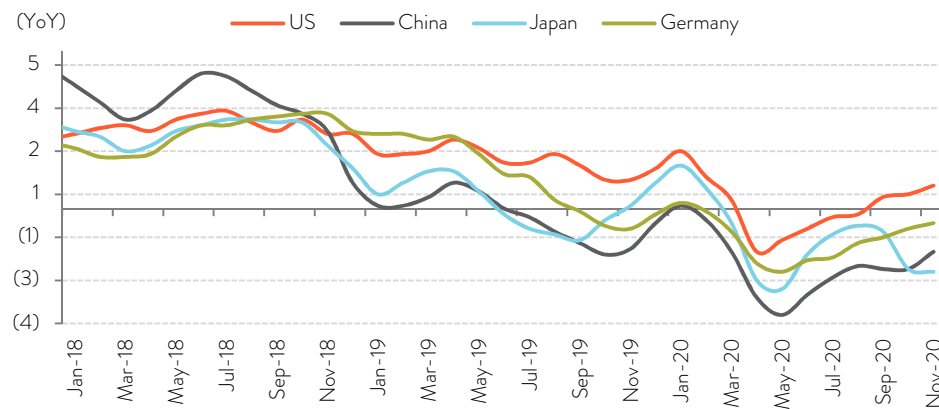
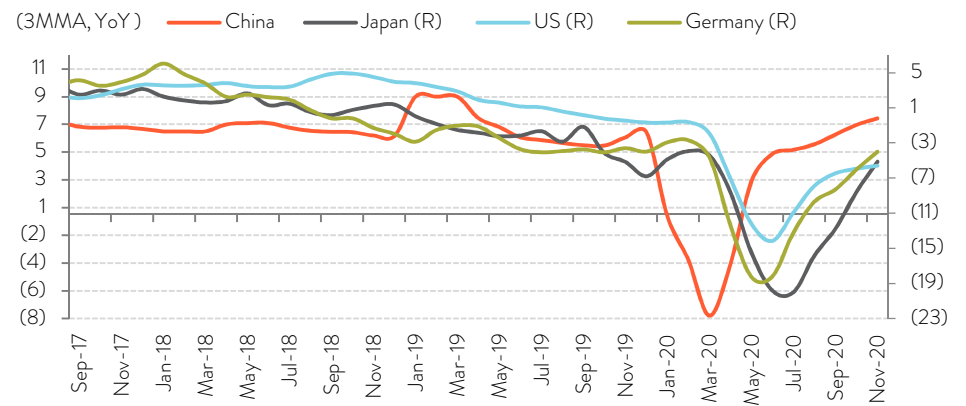
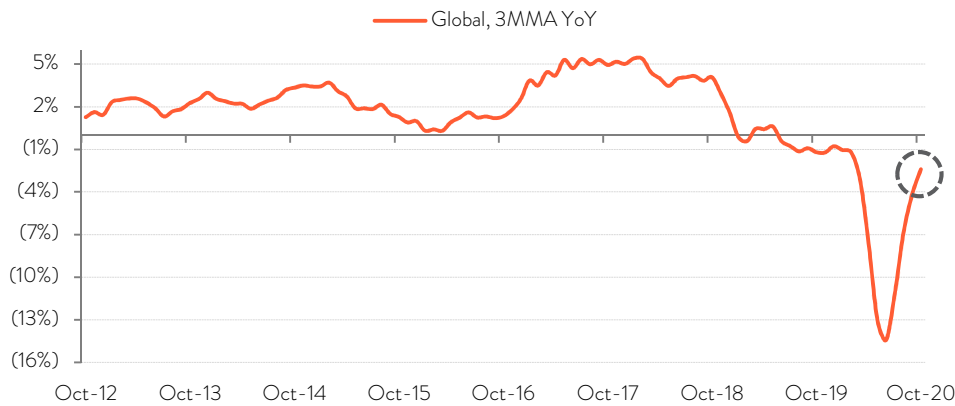


FIG 221 – EXCEPT US, GLOBAL INDUSTRIAL PRODUCTION EDGED UPWARD IN NOV'20



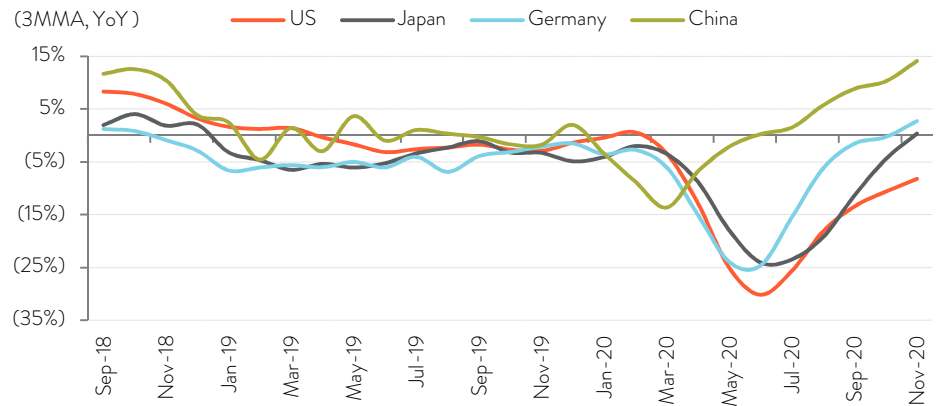
Global trade

FIG 222 – WORLD TRADE VOLUME SHOWED FURTHER IMPROVEMENT IN OCT'20



Source: NPB, World Trade Monitor

FIG 224 – EXPORTS FROM MAJOR COUNTRIES IMPROVING



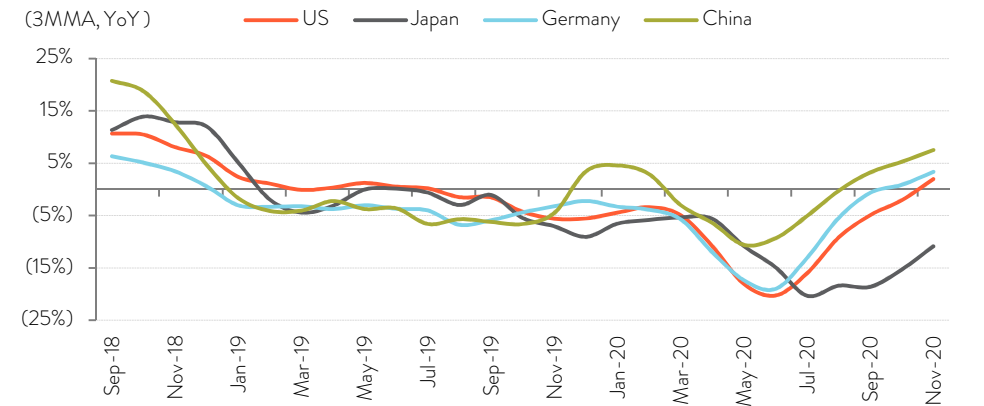
Source: Bloomberg

FIG 223 – ...LED BY CHINA

Country/Region (% YoY)	May-20	Jun-20	Jul-20	Aug-20	Sep-20	Oct-20
Africa and Middle East	(3.0)	(6.3)	(8.6)	(7.8)	(5.6)	(4.9)
China	(1.7)	0	2.9	5.1	7.1	8.2
Eastern Europe / CIS	(2.8)	(3.1)	(3.2)	(3.3)	(3.7)	(3.1)
Emerging Asia (ex. China)	(17.5)	(19.2)	(16.4)	(10.6)	(7.9)	(6.0)
Euro Area	(20.0)	(20.7)	(14.7)	(9.5)	(6.5)	(4.6)
Japan	(7.9)	(11.9)	(14.2)	(13.2)	(11.3)	(7.7)
Latin America	(15.1)	(18.1)	(16.6)	(10.5)	(8.6)	(6.9)
US	(16.0)	(19.8)	(16.2)	(10.5)	(6.4)	(4.1)

Source: CPB, World Trade Monitor

FIG 225 – ...SIMILAR TREND IN IMPORTS



Source: Bloomberg

FIG 226 – PERFORMANCE OF HIGH FREQUENCY INDICATORS

Indicators	Apr-20	May-20	Jun-20	Jul-20	Aug-20	Sep-20	Oct-20	Nov-20	Dec-20
Agriculture									
Domestic Tractor Sales	(80.1)	0.5	20.2	35.9	64.8	26.7	9.0	48.3	41.2
Two Wheeler Sales	-	(89)	(41)	(37)	(29)	(13)	(27)	(21)	12
MNREGA work (HH, MoM)	-	179	20	(29)	(24)	0.3	(0.3)	(6.6)	16.5
Manufacturing									
IIP: General Index	(57.3)	(33.4)	(16.6)	(10.8)	(7.4)	0.5	3.6	-	-
IIP: Manufacturing	(66.6)	(37.8)	(17.0)	(11.6)	(7.9)	(0.2)	3.5	-	-
IIP: Capital goods	(92.7)	(65.9)	(37.4)	(22.8)	(14.8)	(1.3)	3.3	-	-
IIP: Infra & Construction goods	(85)	(39)	(18.3)	(8.2)	(1.6)	2.5	7.8	-	-
IIP: Consumer goods	(95.7)	(70.3)	(34.8)	(23.7)	(9.6)	3.4	17.6	-	-
Steel	(82.8)	(40.4)	(23.2)	(6.5)	0.5	2.8	4	(4.4)	-
Cement	(85.3)	(21.4)	(6.8)	(13.5)	(14.6)	(3.5)	3.2	(7.1)	-
Electricity demand	(25.3)	(13.2)	(7.3)	(3.1)	(4.2)	2.5	5.3	4.4	6.3
PMI: Manufacturing	27.4	30.8	47.2	46	52	56.8	58.9	56.3	56.4
Services									
Services PMI index	5.4	12.6	33.7	34.2	41.8	49.8	54.1	53.7	52.3
Automobile sales	-	(89)	(42.0)	(36.0)	(27.0)	(10.0)	(24)	(19.0)	11.0
Passenger vehicle sales	-	(87)	(38)	(25)	(7)	10	(9)	4	24
Vehicle Registration	(78.3)	(88.6)	(41.4)	(35.1)	(25.3)	(8.4)	(22.3)	(17.6)	10.8
Domestic air passenger traffic	(99.9)	(97.4)	(83.5)	(82.6)	(75.8)	(65.1)	(56.8)	(50.2)	-
Rail freight traffic	(35.3)	(21.3)	(7.7)	(4.6)	3.9	15.5	15.4	9.0	8.7
Port Cargo volume	(21.1)	(23.3)	(14.5)	(13.2)	(10.4)	(1.9)	(1.2)	2.8	4.4
Credit growth	6.8	5.5	5.6	6.4	5.5	5.1	5.1	5.8	6.1
Deposit growth	9.9	10.5	9.6	12.1	10.9	10.5	10.1	10.9	11.3
CIC	15.7	19.1	22.0	23	23.2	22.7	20.3	22.8	22.4
Toll collection (in mn)	-	-	81.9	86.6	96.8	110.1	122.4	124.9	138.4
Diesel consumption	(55.6)	(29.5)	(15.5)	(19.5)	(20.7)	(5.9)	7.4	(7.0)	(2.8)
GST E-way bill (in mn)	8.6	25.5	43.4	48.4	49.4	57.4	64.2	57.7	64.2
External Trade									
Merchandise exports	(60.6)	(35.7)	(12.4)	(9.9)	(12.6)	6.0	(5.1)	(8.7)	(0.8)
Merchandise imports	(59.7)	(51.2)	(48.1)	(29.6)	(26.0)	(19.6)	(11.5)	(13.3)	7.6
Services exports	(8.9)	(10.2)	(8.4)	(10.8)	(9.9)	(1.4)	(6.3)	-	-
Services imports	(18.4)	(20.4)	(15.3)	(21.7)	(20.1)	(8.7)	(12.3)	-	-

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

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