

India Economics

Monthly Chartbook

July 2022

Economic Research Department

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Depreciating INR: a major concern

The most notable fact off late has been depreciating INR which is touching record low every other day. RBI came up with measures to support the external stability. Volatility in global yields has also been a concern, which has reversed the increase seen in Jun'22, on account of signs of recession visible in muted macro prints globally and inversion of the US yield curve. Globally, central banks have reaffirmed their commitment to maintain price stability with a majority of Fed Governors hinting at 75bps rate hike in Jul'22. On domestic front, RBI governor also spoke of 'increasing signs of sectoral price spillovers'. Today's inflation print will give further cues on the same.

Mixed picture emerging: The economy continues to recover with some indicators signalling strength (air passenger traffic, services PMI print). However, it should be seen with caution as these are led by favourable base. Other consumption indicators such as auto sales, digital transactions and electricity demand have moderated on sequential basis. However, with steady decline in Covid-19 cases, google mobility indices are signalling an uptick. On the agri front, south-west monsoon is 7% above LPA (cumulative-8 Jul 2022). Kharif production has been lower (-9.3%) compared with last year. However, well-distribution of rainfall across country, will push kharif production higher.

Centre front-loading spending: Despite robust revenue growth, centre's fiscal deficit (% of GDP, 12MMA) in May'22 came in at 6.7%, up from 6.5% in Apr'22, as centre is on track to front load expenditure. So far (Apr-May'22), there has been 22.6% increase in overall spending (6.6% decline last year in the same period), led by 70% jump in capex (14% increase last year). Even revenue spending is up by 15.3%. Robust revenue growth has been able to provide key support to this plan. Centre's gross tax revenues in FYTD23 are up by 29%, led

by 61% jump in direct tax collection and 9% increase in indirect tax collections. Recent data by the government also indicates that direct tax collections improved further in Jun'22. Net direct tax collections as of 16 June 2022 were recorded at Rs 3.4lakh crore (up by 45% YoY) compared with Rs 2.3lakh crore during the same period last year. Going forward, we do not expect any spending cuts and maintain our forecast for fiscal deficit at 6.6-6.7%.

Growth concerns impacted global yields: India's 10Y yield remained stable between Jun and Jul. However, global yields remained volatile. In Jun'22, while major yields rose, the situation completely reversed in Jul'22 with increased appetite for sovereign securities. This was on the back of aggravated concerns of recession following sombre PMI prints globally, inversion of US yield curve and falling commodity prices. This might provide domestic inflation some comfort along with the recent measures adopted by the government on domestic front. We expect India's CPI print to be at 6.8% in Jun'22 and at 6.5% in FY23. RBI is expected to hike rates by another 50-75bps.

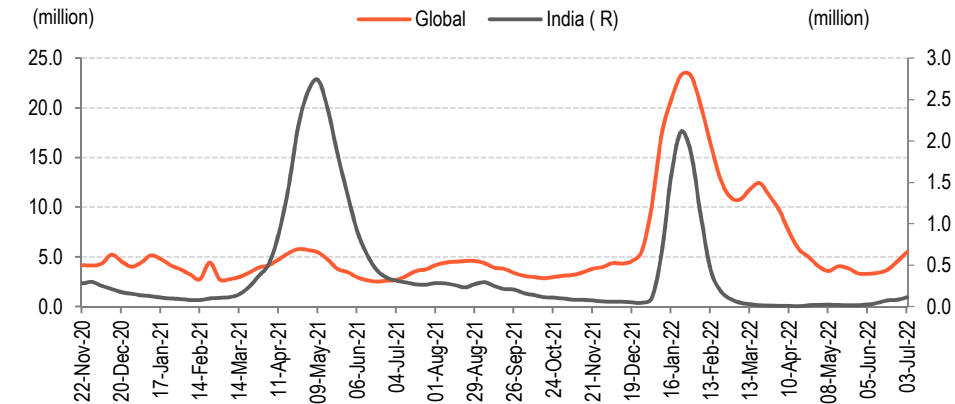
INR to remain under pressure: INR depreciated to a fresh record-low of 79.36/\$ in Jul'22 weighed down by a stronger dollar and persistent FPI outflows. Apart from this, domestic unfavourable domestic macros are also putting pressure on INR. Trade deficit touched a new record high of US\$ 25.6bn in Jun'22, raising concerns on the external front. As a result, government announced measures such as hike in gold import duty to curb imports. RBI also announced a slew of measures to shore up foreign inflows. Even so an adverse global macroeconomic backdrop suggests that INR is likely to remain under pressure in the near-term.

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

High frequency indicators

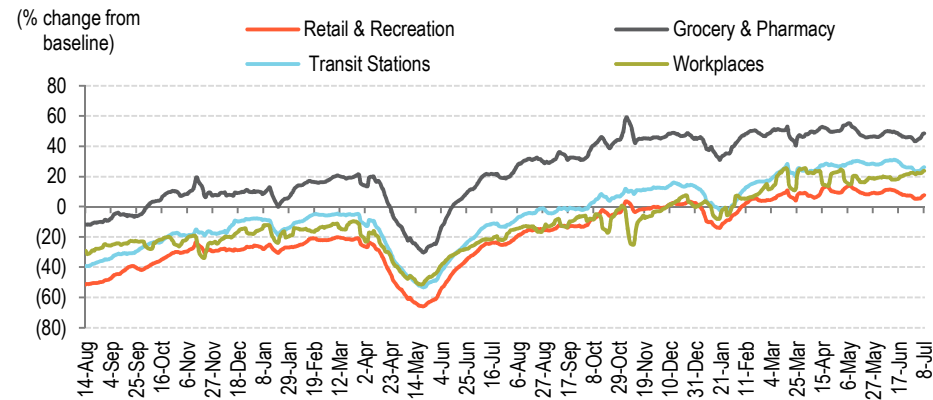
Mobility index and Covid cases

Fig 1 – Global Covid-19 cases inch up



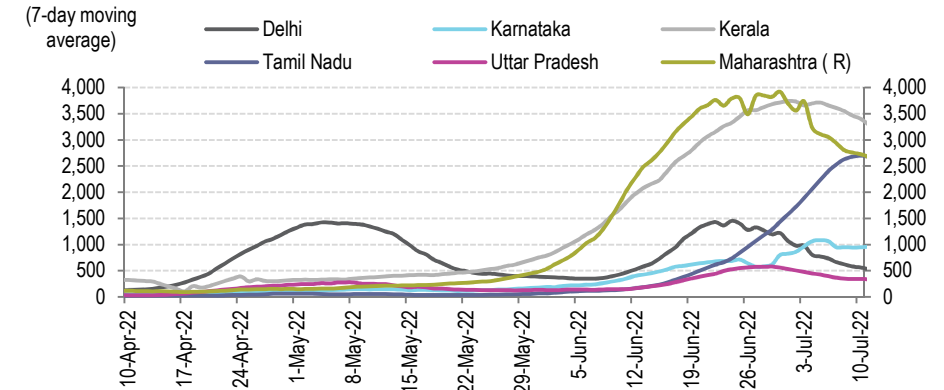
Source: Bloomberg

Fig 3 – Google mobility indices move up



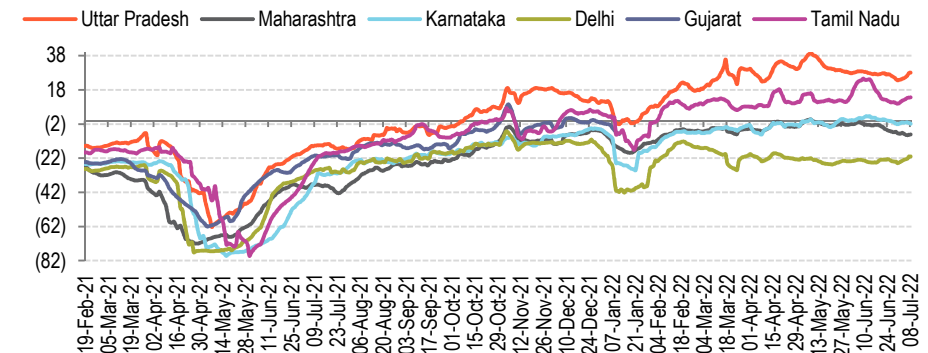
Highlights % change in visits to place from baseline reading (median value, for the corresponding day of the week, during the five week period 3 Jan – 6 Feb 2020)

Fig 2 – Dip in Covid-19 cases across states

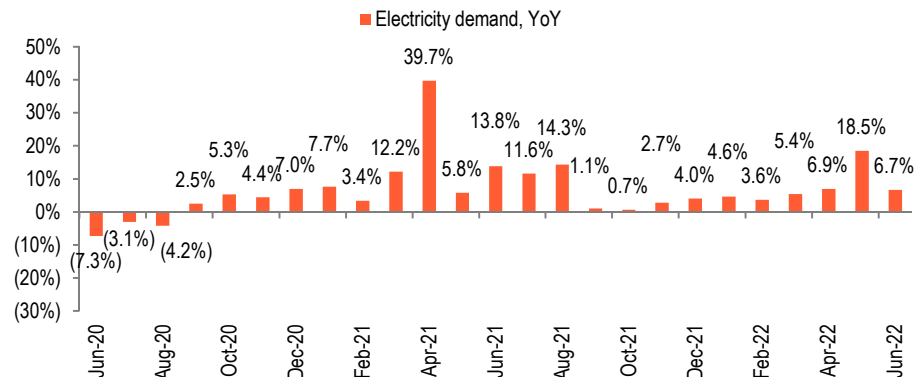


Note: Data taken as 7 days rolling average

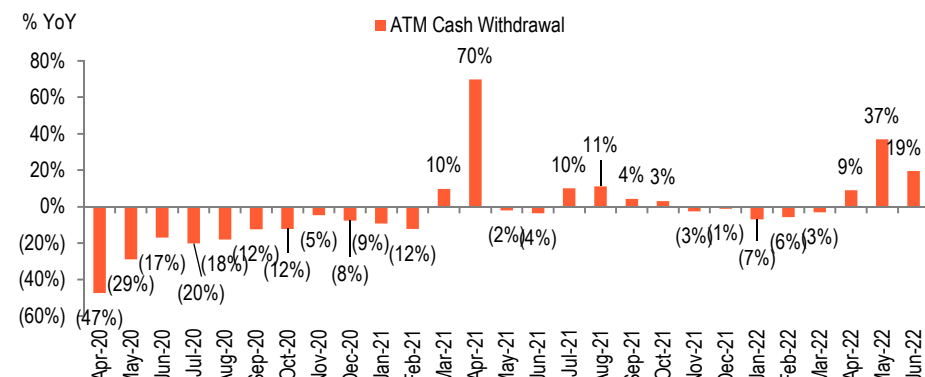
Fig 4 – Retail and recreation index largely inching up



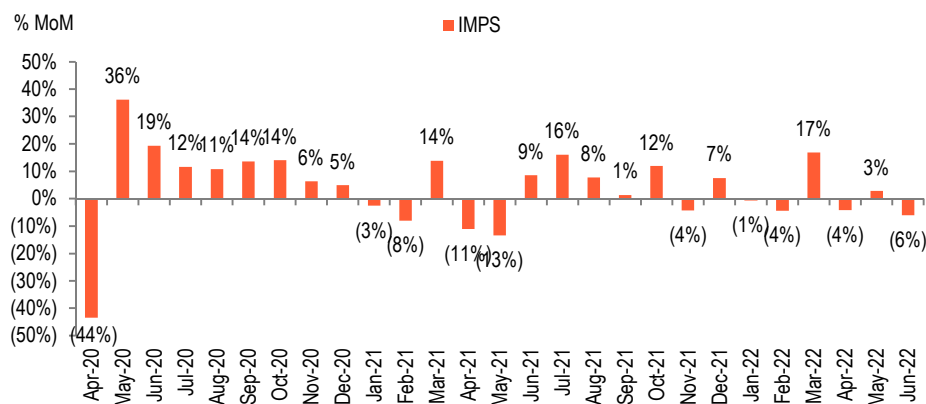
Note: Data taken as 7 days rolling average

Fig 5 – Electricity demand moderates

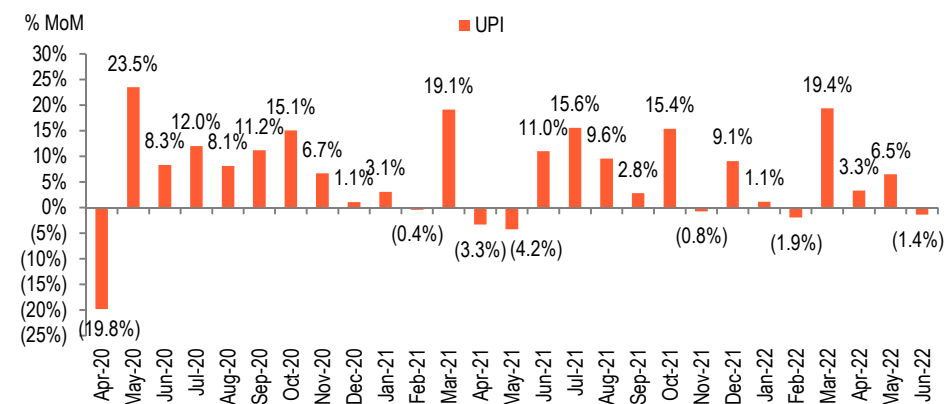
Source: Posoco. Note: Maximum Demand met during peak evening hours (MW)

Fig 6 – Cash withdrawal transactions dip in Jun'22

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

Fig 7 – IMPS transactions slip

Source: NPCI

Fig 8 – Volume of UPI transactions falls in Jun'22

Source: NPCI

Fig 9 – Fertilizer sales fall in May'22

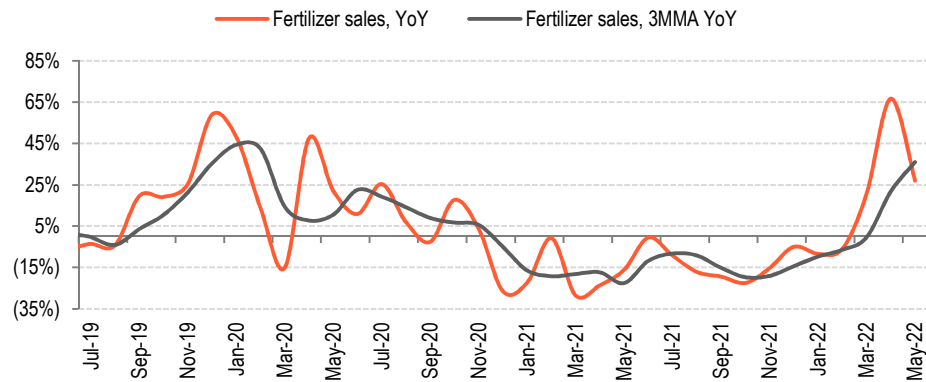
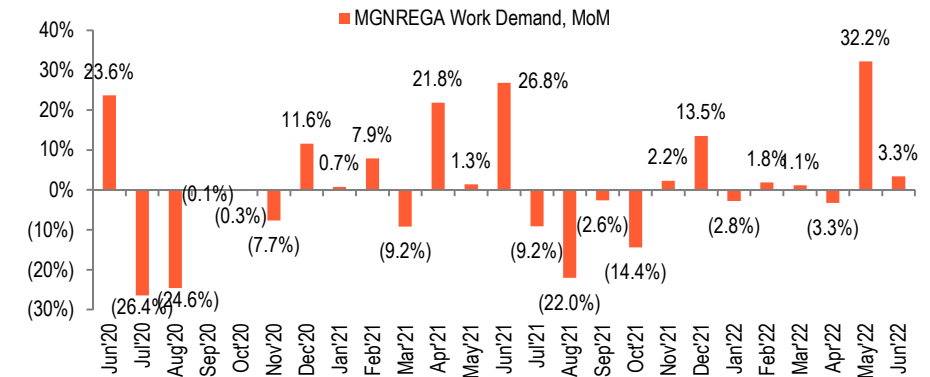


Fig 10 – MGNREGA work demand slows in Jun'22



Source: MGNREGA

Final consumption expenditure

Fig 11 – Private consumption slips in Q4FY22

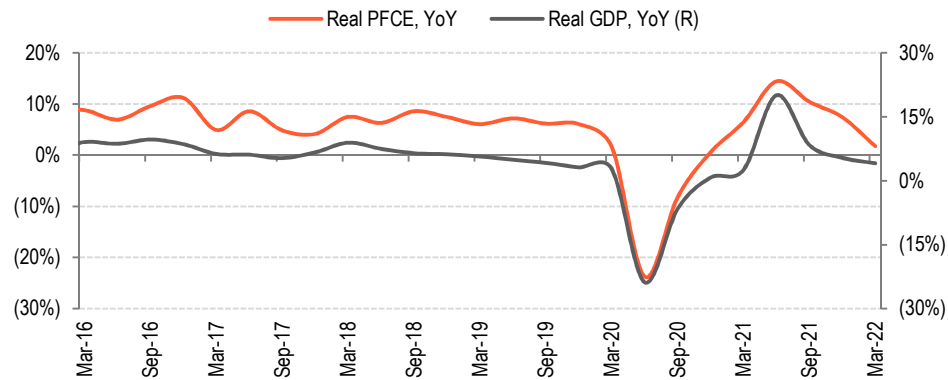


Fig 12 – Government consumption inches up

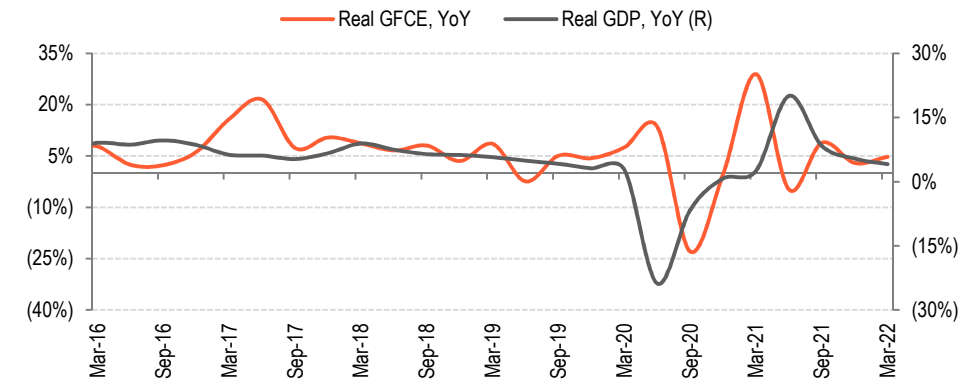


Fig 13 – General govt. revenue spending dips

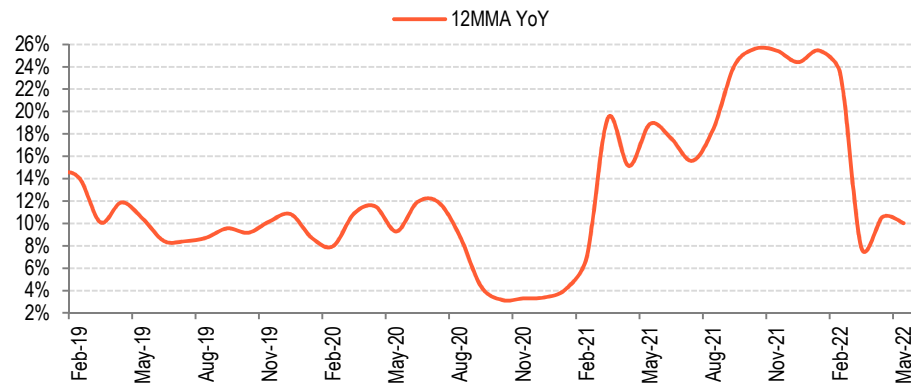
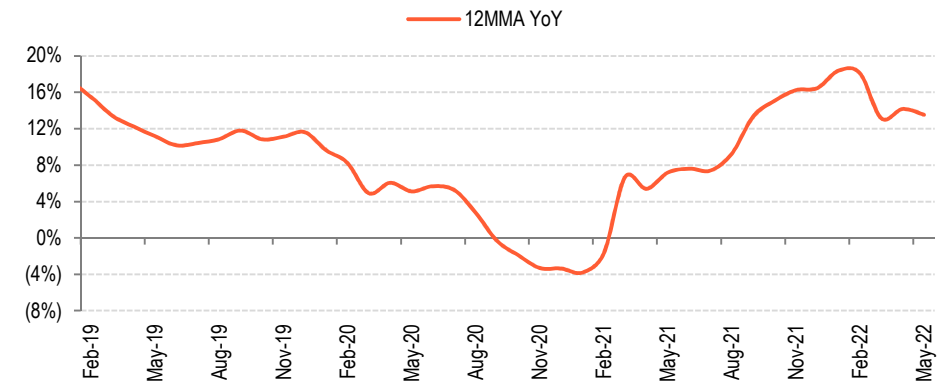


Fig 14 – State* govt. revenue spending also moderates



Note: *All states excluding N.E states, A.P, Goa, J&K and W.Bengal

Non-oil imports, electronic imports

Fig 15 – Non-oil-non-gold imports remain stable in Jun'22

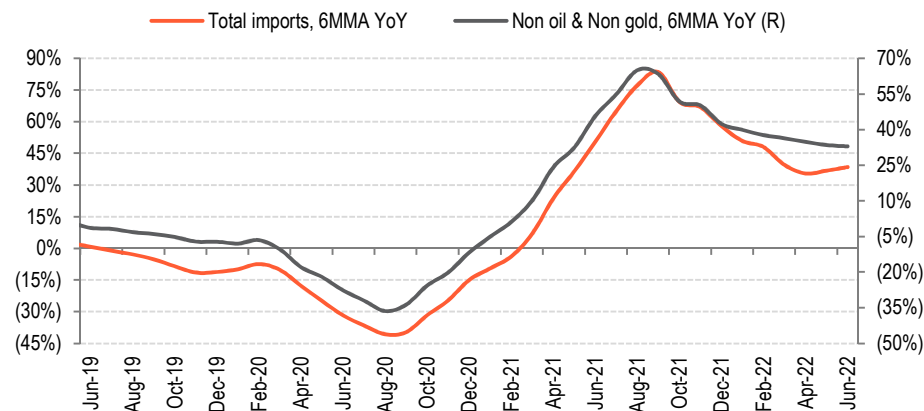


Fig 16 – Growth in electronic imports dips marginally

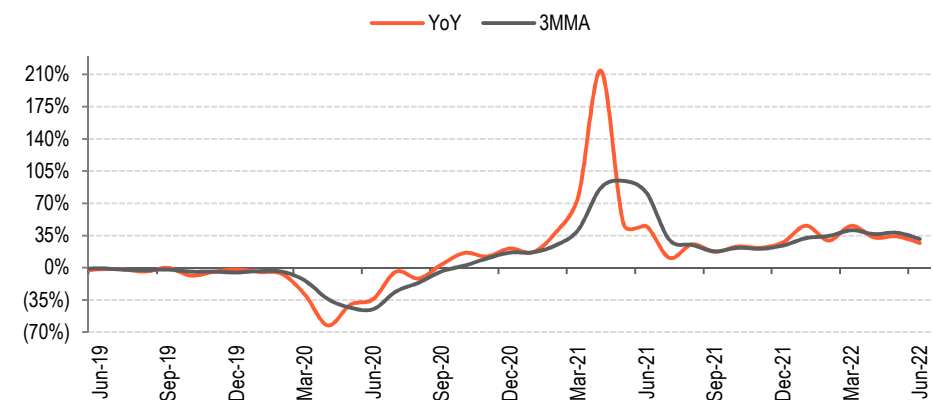
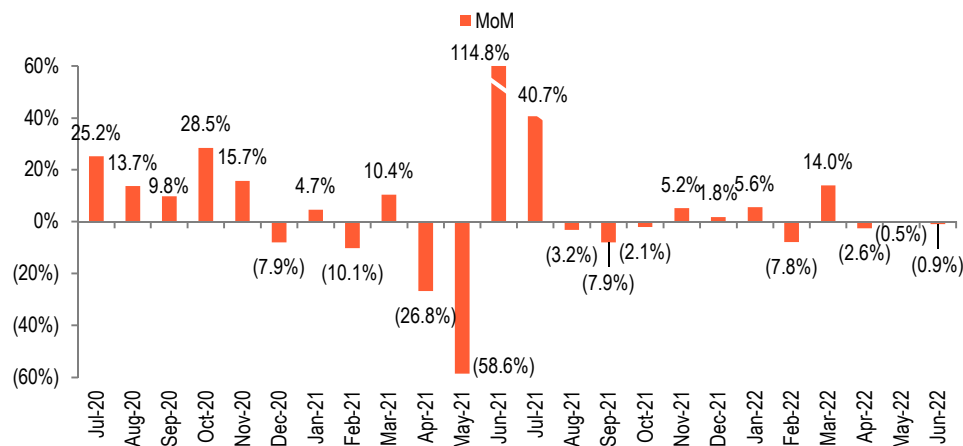
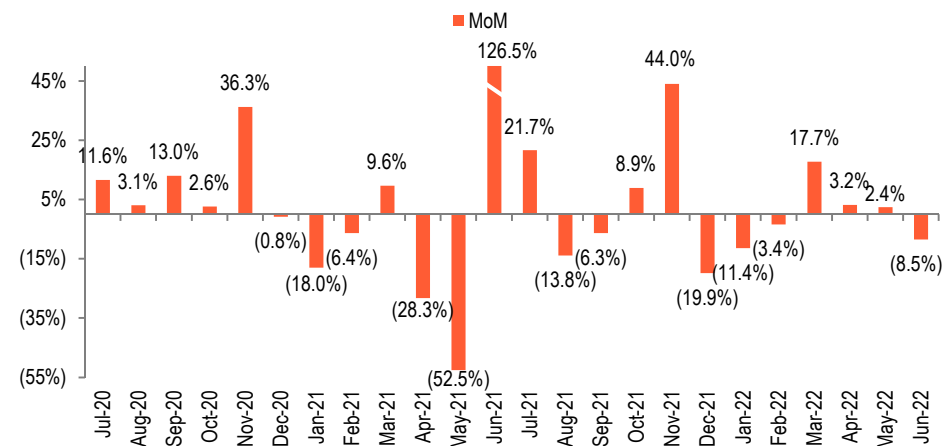


Fig 17 – Retail passenger vehicles sales slip further sequentially



Source: FADA

Fig 18 – Two-wheeler sales fall sharply



Credit deployment of personal loans

Fig 19 – Improvement in credit card loan

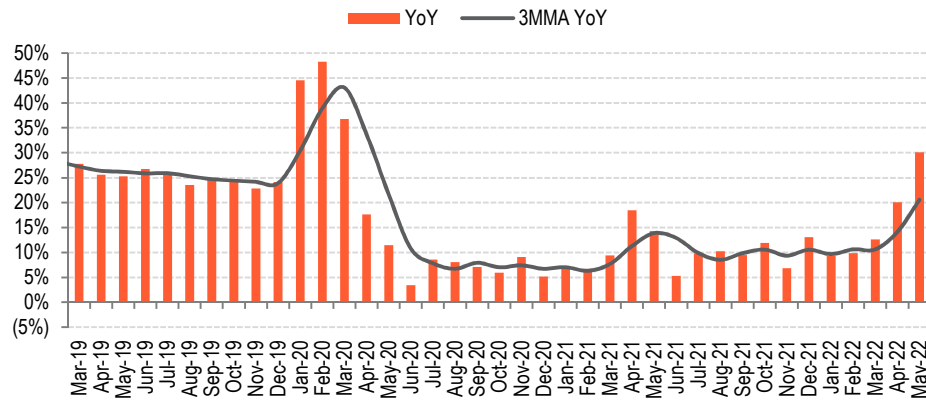


Fig 20 – Growth in personal loan moves up too

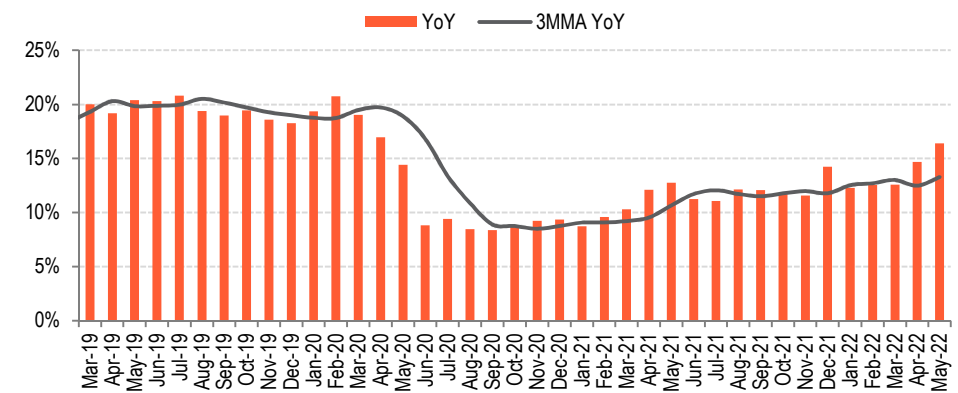


Fig 21 – Higher growth in vehicle loans in May'22

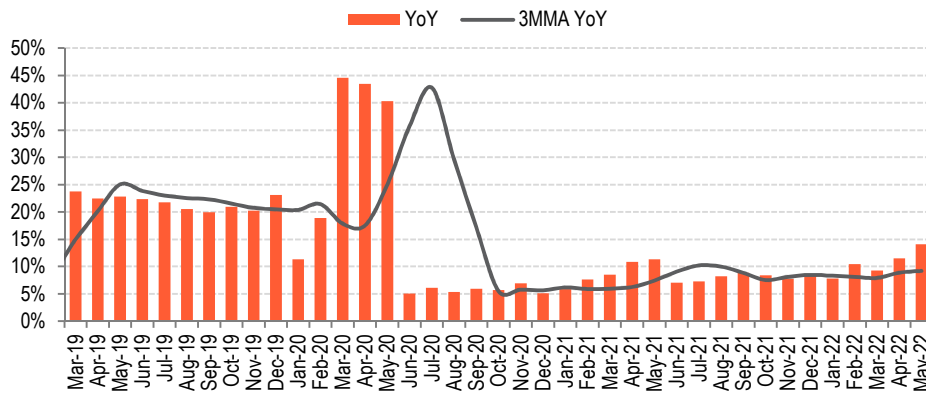


Fig 22 – Consumer remain optimistic

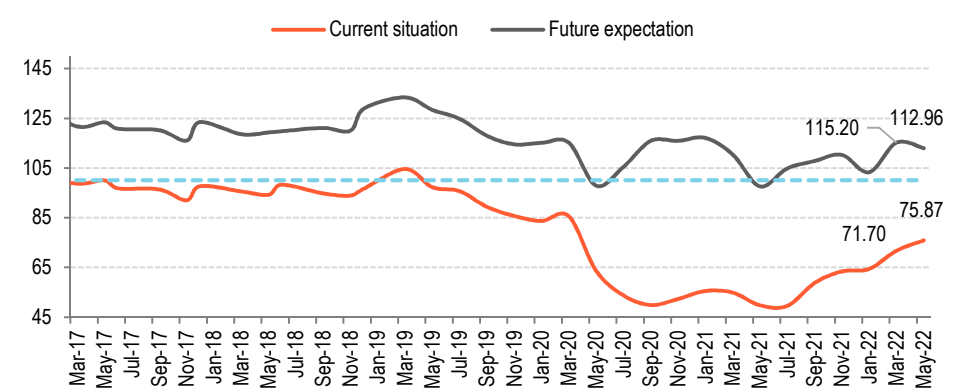
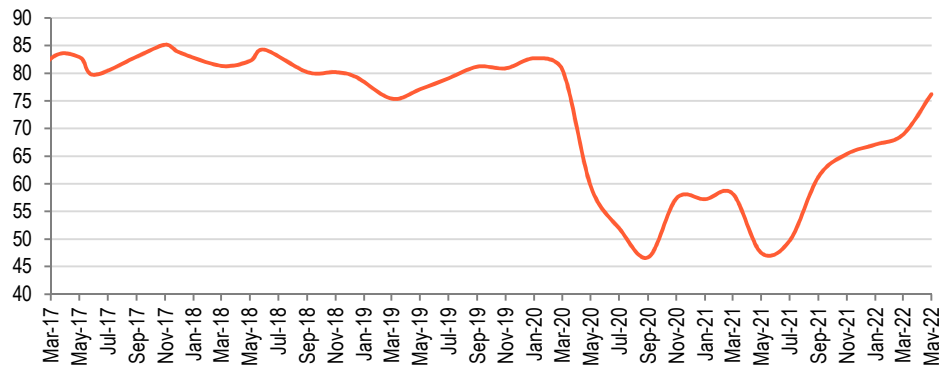
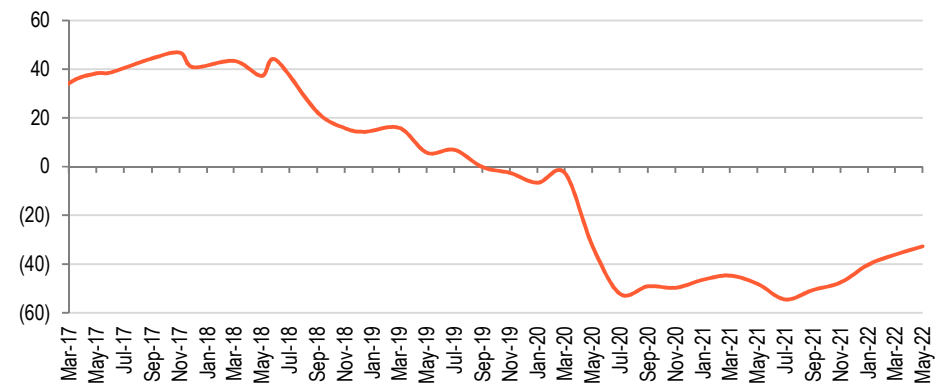
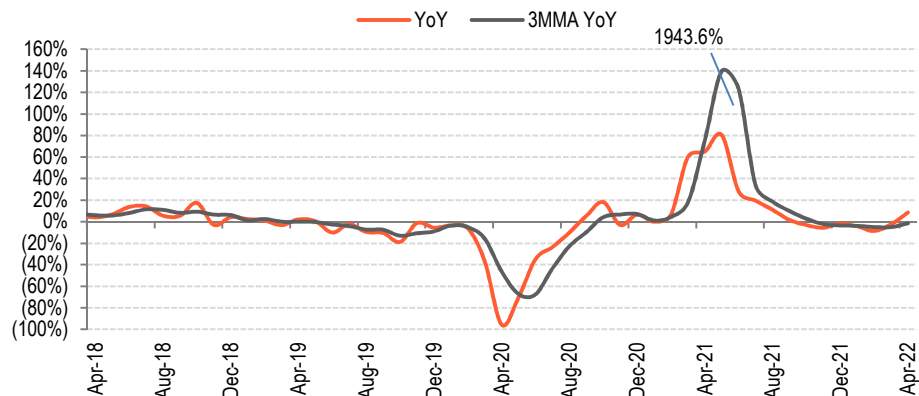
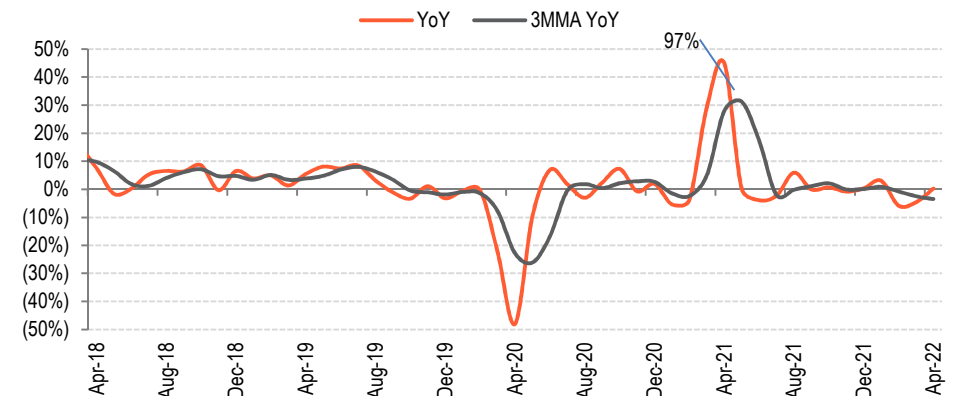


Fig 23 – RBI's essential spending continues to improve**Fig 24 – ...non-essential spending too witnesses an upward momentum**

Consumer durables & non-durables production

Fig 25 – Consumer durables output back in green**Fig 26 – FMCG output too following suit**

Agriculture

Fig 27 – Agriculture remains pandemic proof

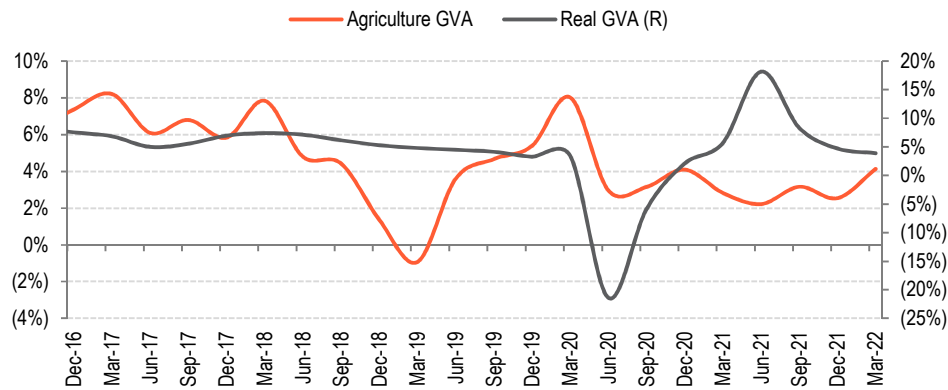


Fig 29 – Agriculture credit improves in May'22

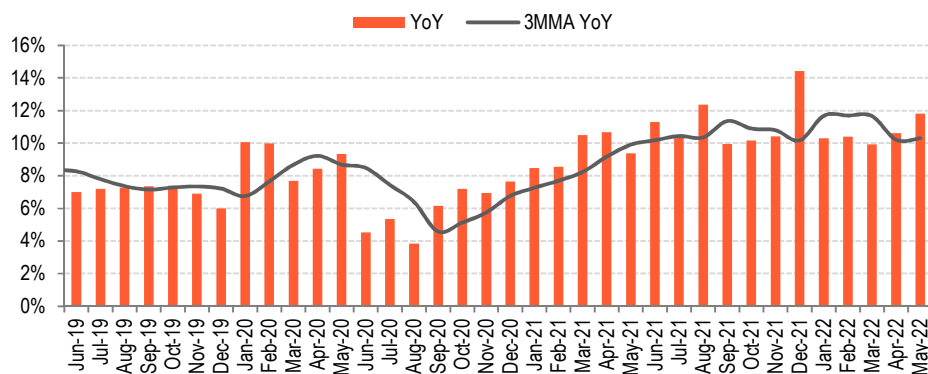
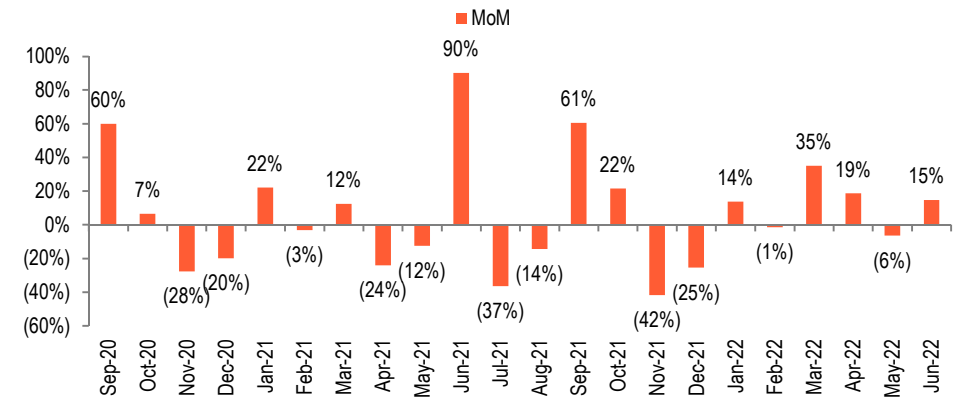


Fig 28 – Tractor sales rebound in Jun'22



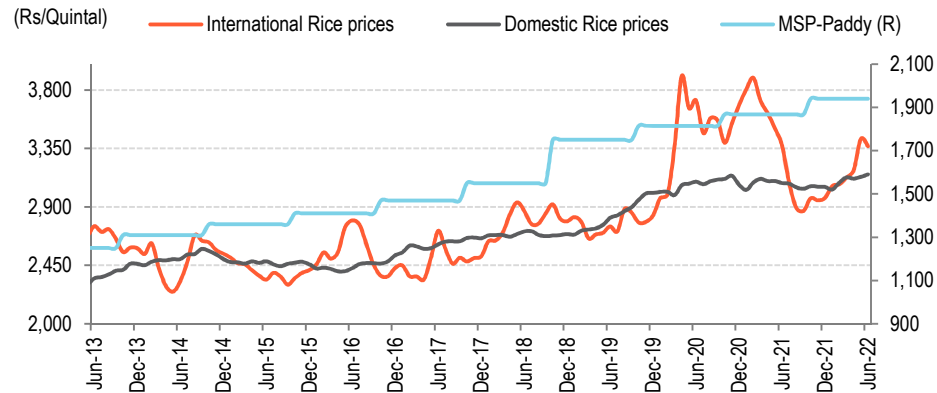
Note: Tractor sales including exports

Fig 30 – Procurement of rice and wheat

Year	Wheat	Rice
2014-15	28.02	32.04
2015-16	28.09	34.22
2016-17	22.96	38.11
2017-18	30.83	38.19
2018-19	35.80	44.39
2019-20	34.13	51.83
2020-21	38.99	60.19
2021-22	43.34	57.9*
2022-23	18.8	

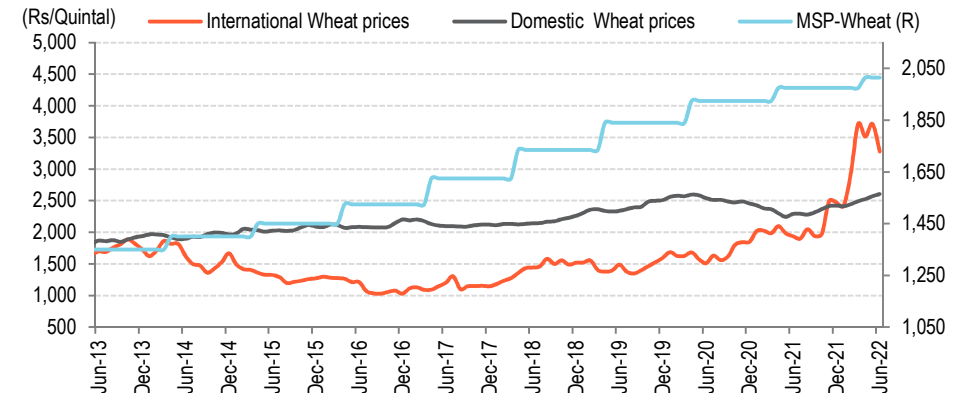
Source: Ministry of Consumer Affairs, Food and Public Distribution | *As on: 30 Jun 2022

Fig 31 – Domestic rice price higher in Jun'22; lower international prices



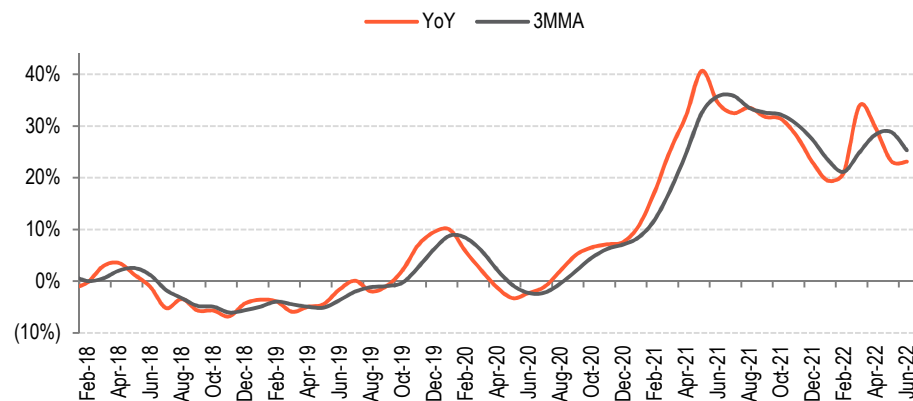
Source: World Bank

Fig 32 – Higher domestic price of wheat; International wheat prices are lower



Source: World Bank

Fig 33 – Global food prices remain steady in Jun'22



Source: FAO

Fig 34 – Wage growth (men) slows further in May'22

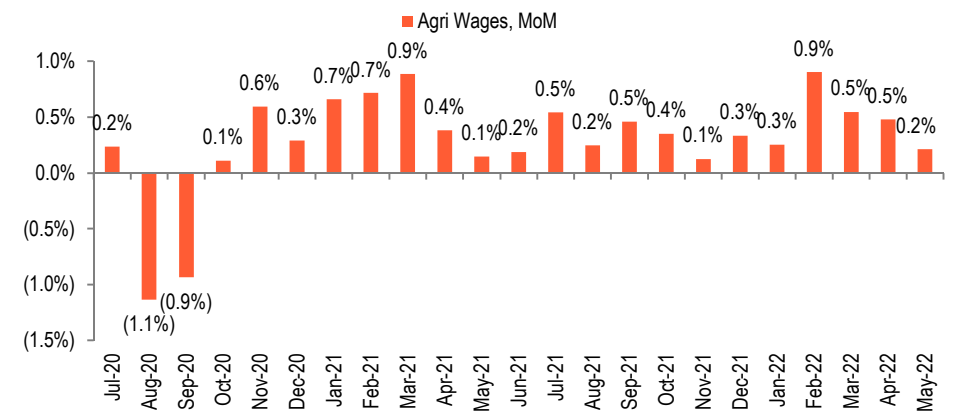


Fig 35 – Kharif sowing is much lower compared with last year

Crop Type (mn ha)	Area sown in 2022-23	Area sown in 2021-22	Growth (YoY%)
Foodgrains	18.4	20.5	(10.4)
Cereals	13.8	15.9	(13.7)
Rice	7.2	9.5	(24.0)
Pulses	4.7	4.6	1.0
Oilseeds	7.8	9.8	(20.3)
Cotton	8.5	8.5	(0.2)
Sugarcane	5.3	5.4	(0.5)
Jute and Mesta	0.7	0.7	(0.7)
Total	40.67	44.82	(9.3)

Note: For the week ended 8 Jul 2022

Inflation

Fig 36 – Headline CPI moderated on a YoY basis to 7% in May'22 from 7.8% in Apr'22, led by favourable base (6.3% in May'21)

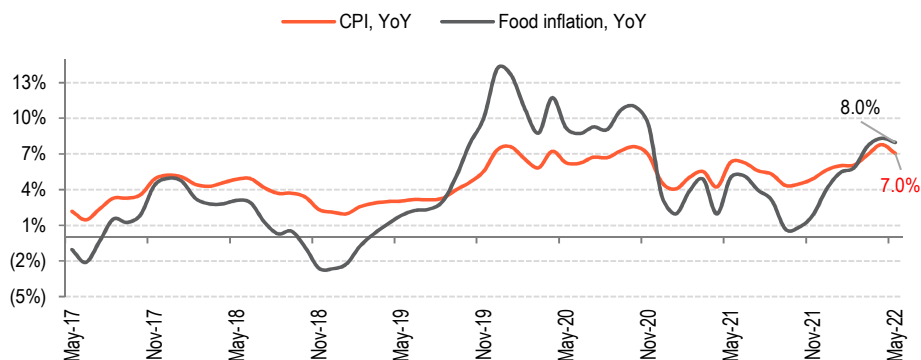


Fig 38 – Major components of core inflation also remained above RBI's upper tolerance level of 6%

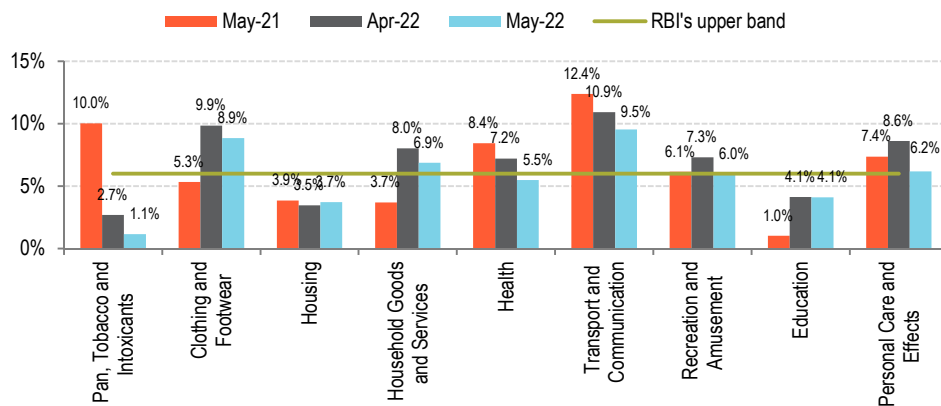


Fig 37 – ...However, on a sequential basis, food inflation-the major component of CPI inched up

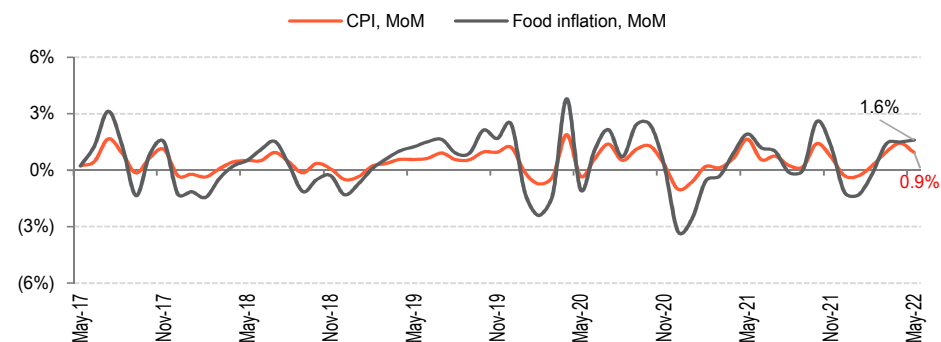
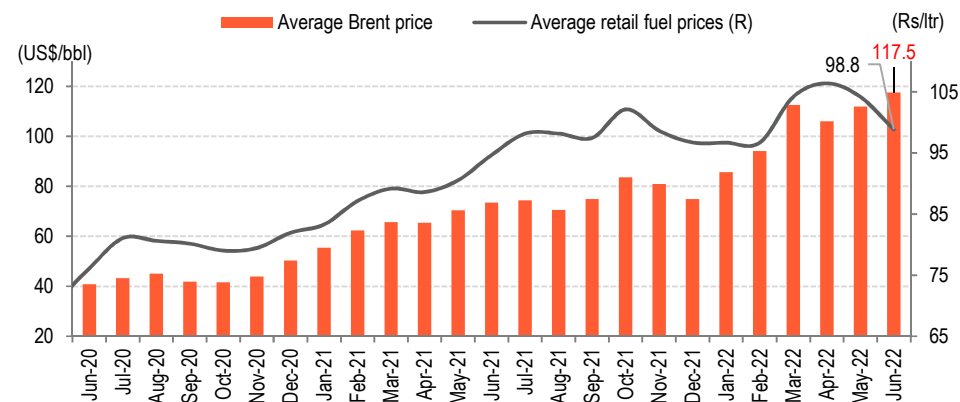


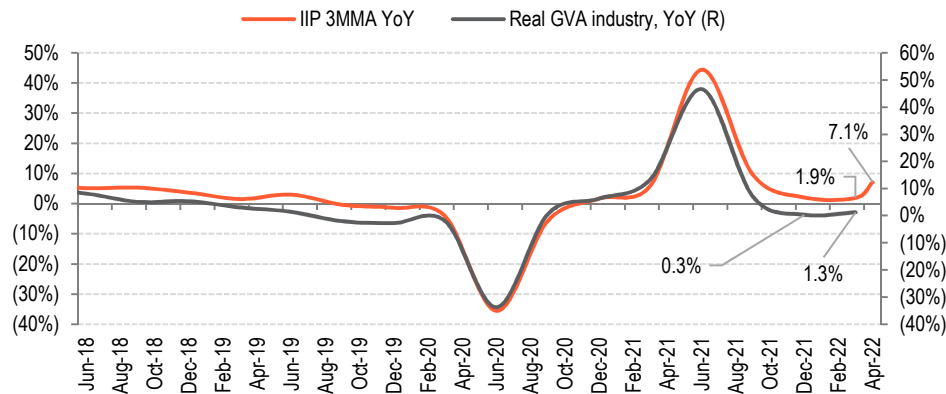
Fig 39 – Some comfort in domestic retail prices seen (Rs 99/lt from Rs 104/lt) in Jun'22



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

Industry

Fig 40 – Industrial growth improves in Apr'22 led by base effect

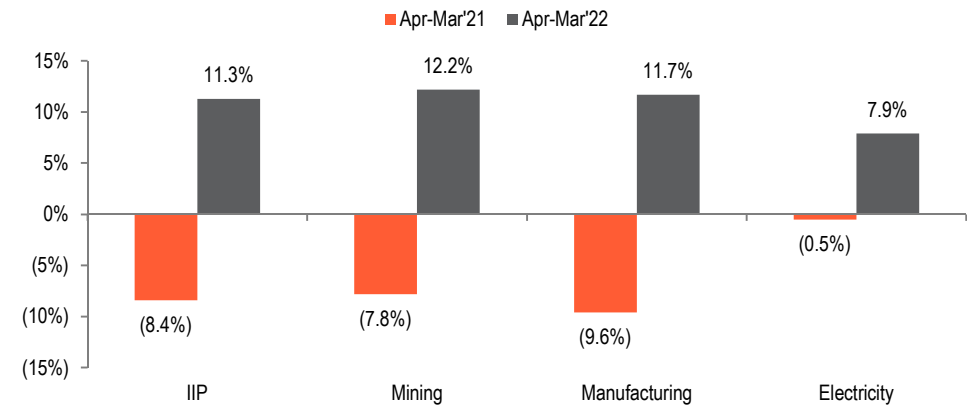


Note: Apr'22 data is on YoY basis

Fig 42 – IIP growth rises to 7.1% in Apr'22

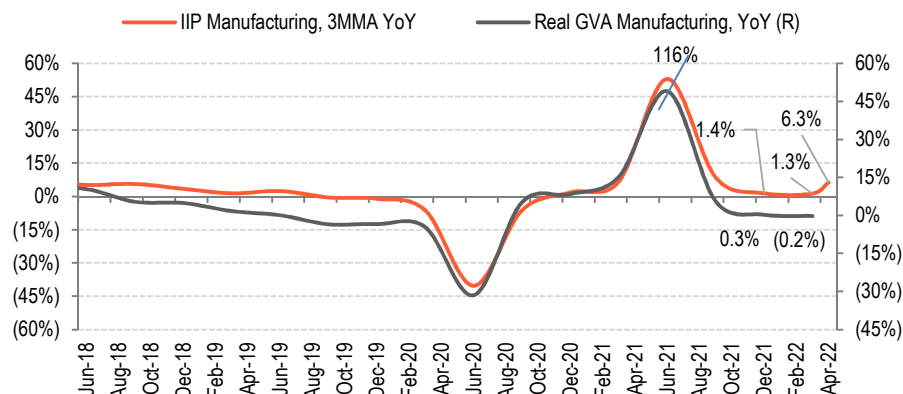
Sectoral (%)	Weight	Apr-22	Mar-22	Apr-21	Apr-Mar'22	Apr-Mar'21
IIP	100.0	7.1	1.9	24.2	11.3	(8.4)
Mining	14.4	7.8	4.0	6.1	12.2	(7.8)
Manufacturing	77.6	6.3	0.9	28.4	11.7	(9.6)
Electricity	8.0	11.8	6.1	22.5	7.9	(0.5)
Use-Based						
Primary Goods	34.1	10.1	5.7	7.9	9.7	(7.0)
Capital Goods	8.2	14.7	0.7	50.4	16.7	(18.6)
Intermediate Goods	17.2	7.6	0.6	22.4	15.1	(9.4)
Infrastructure and Construction Goods	12.3	3.8	7.3	35.1	19.0	(8.7)
Consumer Durables Goods	12.8	8.5	(3.2)	59.9	12.5	(15.0)
Consumer Non-Durables Goods	15.3	0.3	(5.0)	29.2	3.2	(2.2)

Fig 41 – Broad based improvement



Manufacturing

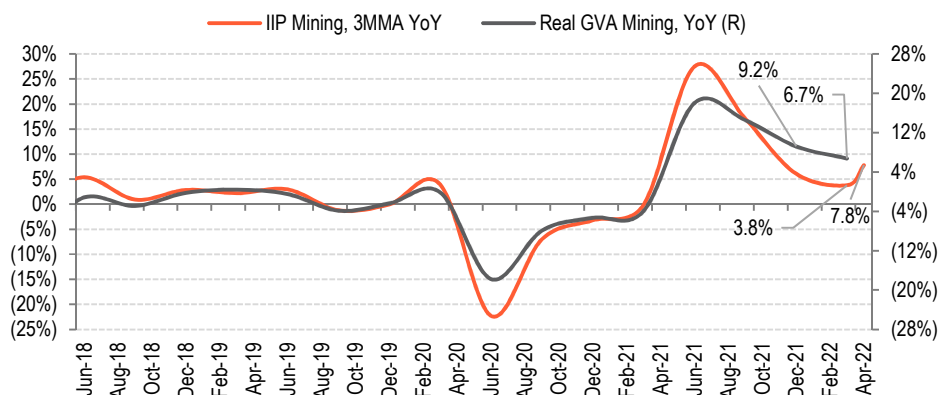
Fig 43 – Manufacturing growth too improves due to base effect



Note: Apr'22 data is on YoY basis

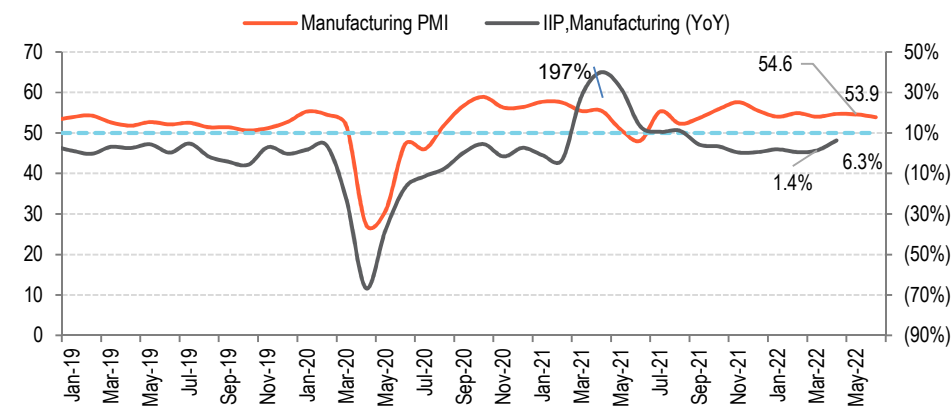
Mining & Electricity

Fig 45 – Mining activity expected to be higher in Q1FY23 (base)



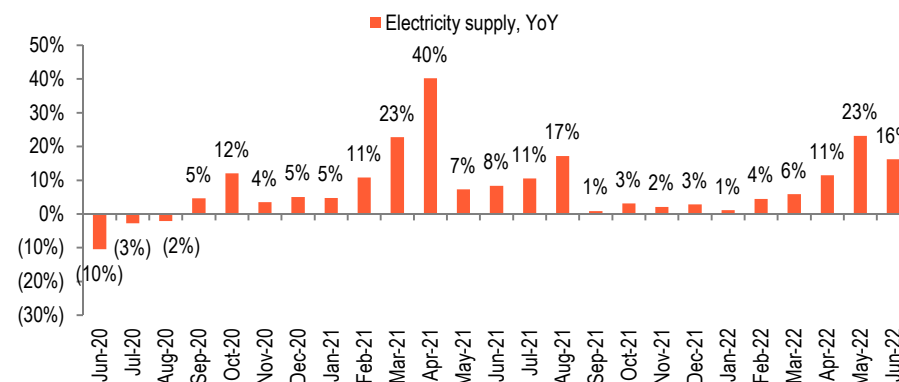
Note: Apr'22 data is on YoY basis

Fig 44 – Manufacturing PMI moderates in Jun'22



Source: Markit

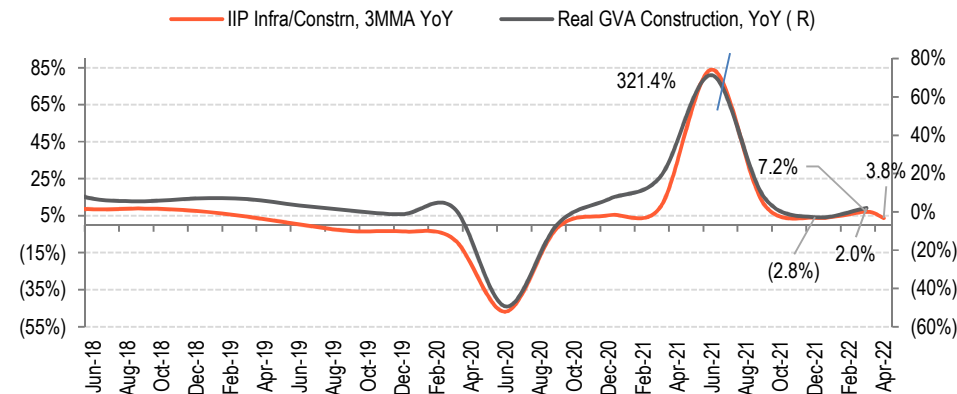
Fig 46 – Moderation in electricity supply



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

Infrastructure and Construction

Fig 47 – Higher growth likely in construction sector in Q1FY23



Note: Apr'22 data is on YoY basis

Infrastructure Index

Fig 49 – Double digit growth in Infra index (18.3% in May'22)

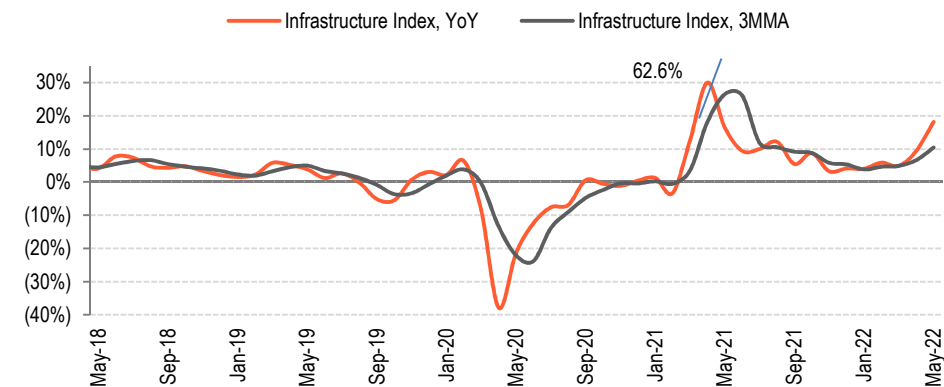


Fig 48 – Higher cement output in Apr'22

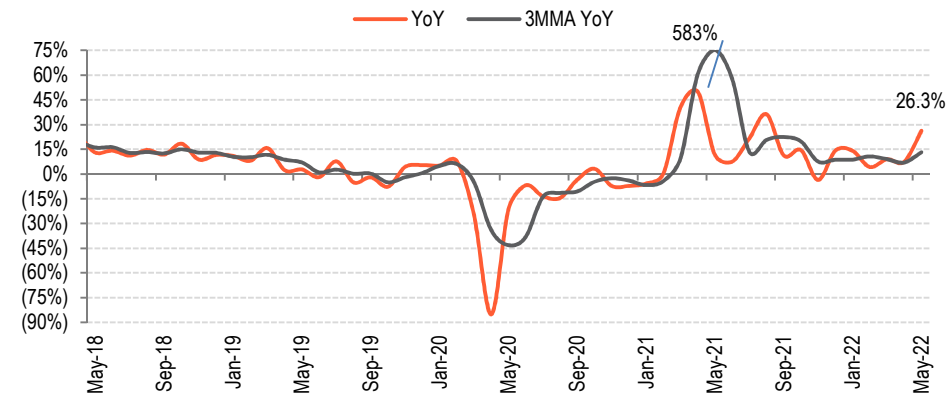
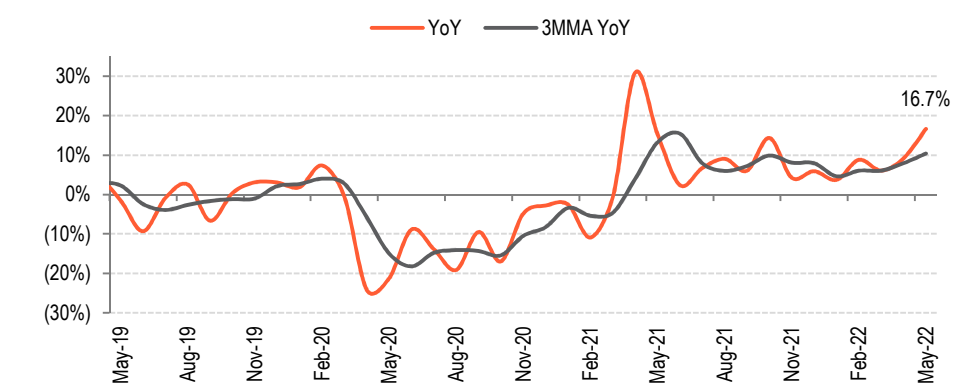


Fig 50 – Refinery production shoots up to 13-month high



Auto production & Business expectation index

Fig 51 – Auto production rebounds in May'22 (base)

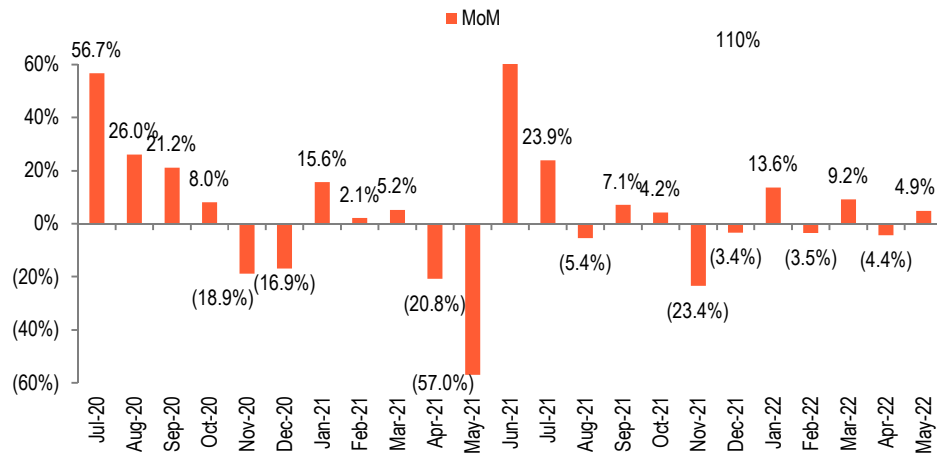


Fig 52 – Business sentiment moderates further

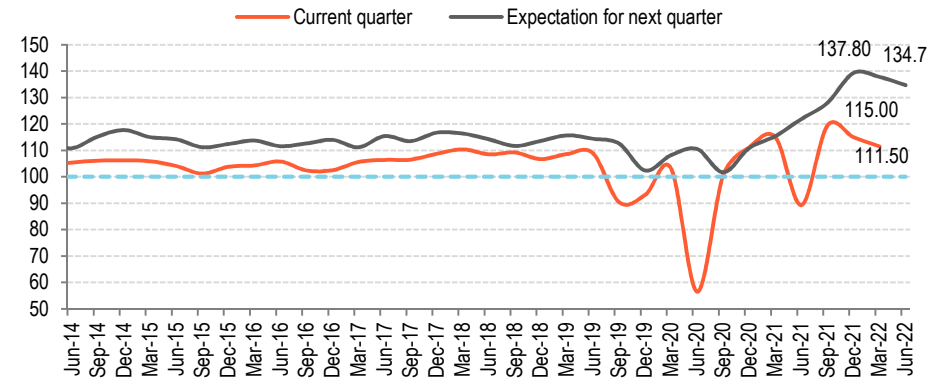
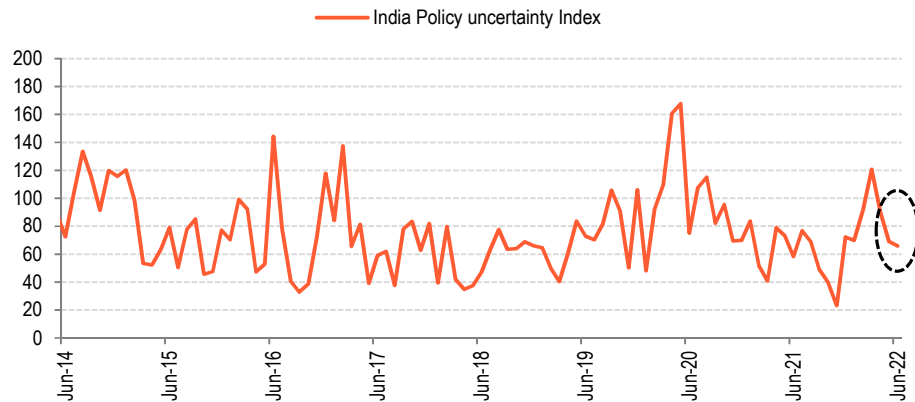


Fig 53 – Infrastructure index registers strong growth in May'22

(%)	Weight	May-22	Apr-22	May-21	Apr-May'22	Apr-May'21
Infrastructure Index	100	18.1	9.3	16.4	13.6	36.3
Coal	10.3	25.1	28.8	7.0	26.9	8.2
Crude Oil	9.0	4.6	(0.9)	(6.3)	1.8	(4.2)
Natural Gas	6.9	7.0	6.4	20.1	6.7	22.5
Petroleum Refinery Products	28.0	16.7	9.2	15.3	12.8	22.8
Fertilizers	2.6	22.8	8.7	(9.6)	16.3	(3.8)
Steel	17.9	15.0	2.2	55.1	8.4	151.0
Cement	5.4	26.3	7.4	11.7	15.9	107.4
Electricity	19.9	22.0	11.8	7.5	16.7	21.6

Investment

Fig 54 – Policy uncertainty in India fell in Jun'22 compared to May'22, with major initiatives taken to control inflation and also on the external sector front



Source: policyuncertainty.com

Fig 56 – Capital goods production rose by 14.7% in Apr'22 from 2% in Mar'22

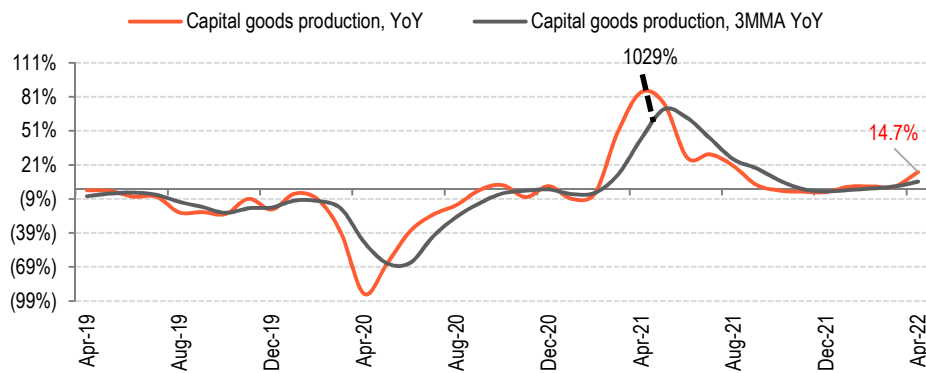
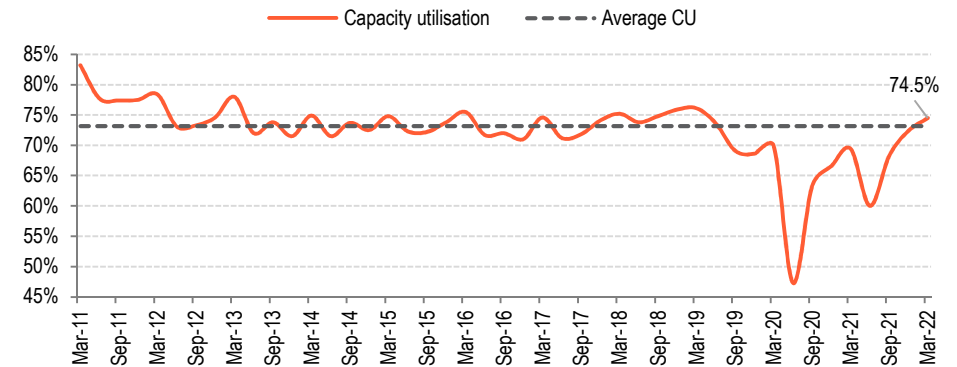


Fig 55 – Capacity utilisation improved in Q4FY22



Source: policyuncertainty.com

Fig 57 – Capital goods imports rose by 9% in May'22 from 0.1% decline in Apr'22, due to favourable base, however on a 2 year basis, it inched down

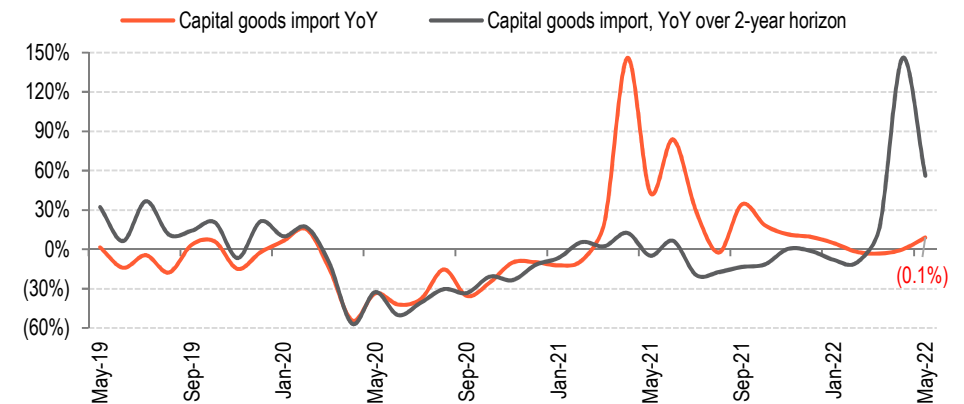


Fig 58 – Centre's capex spending inched up to 47% from 40.5% in Apr'22, in FY23, capex spending is likely to rise by 24.5% to Rs 7.5tn

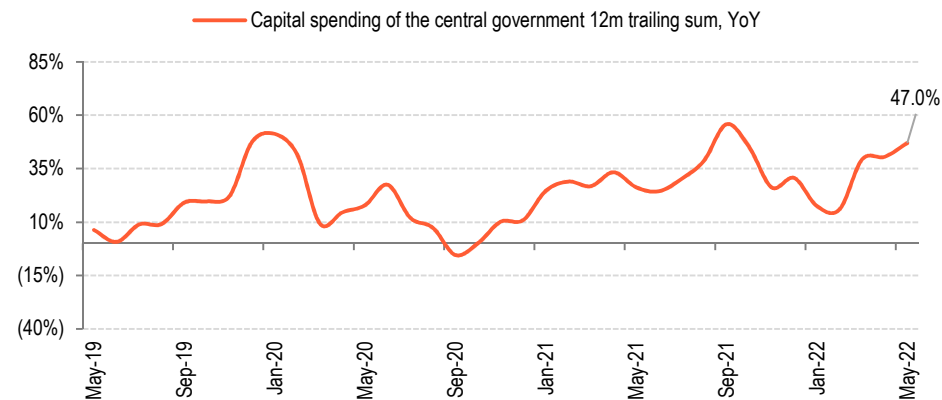


Fig 59 – Credit to micro and small industry rose by 33% from 29% in Apr'22, for medium industry it was at 49.3% from 53.5%

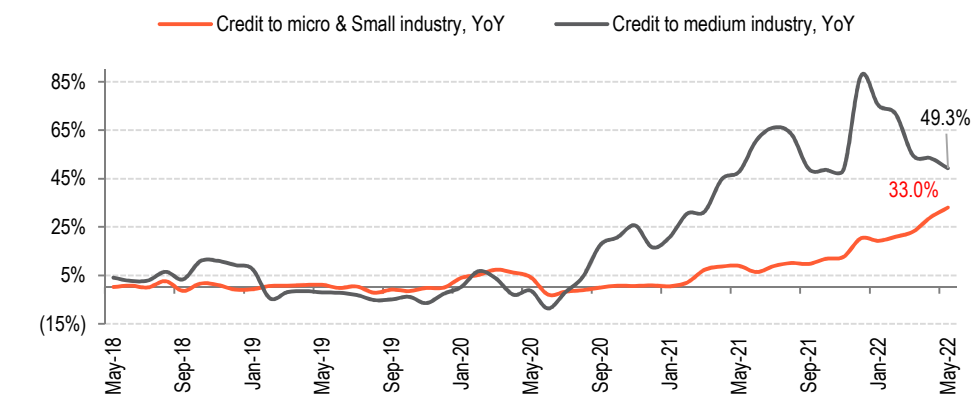


Fig 60 – Credit to housing sector was stable at 13.7% in May'22

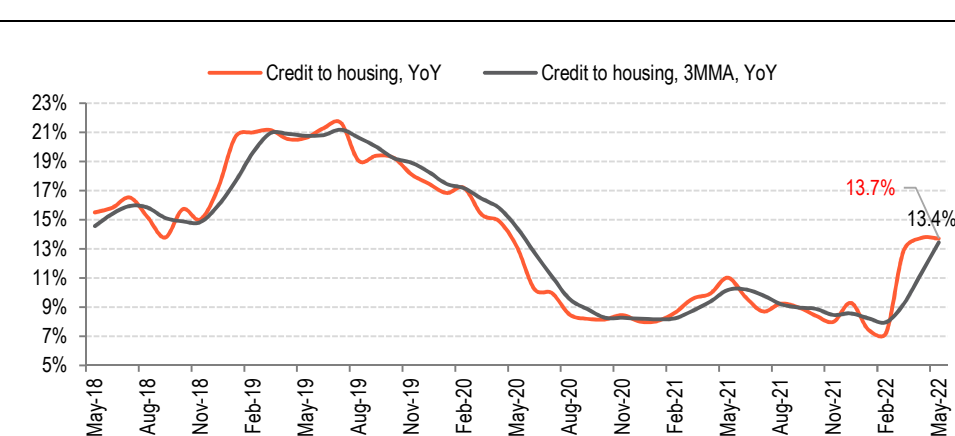
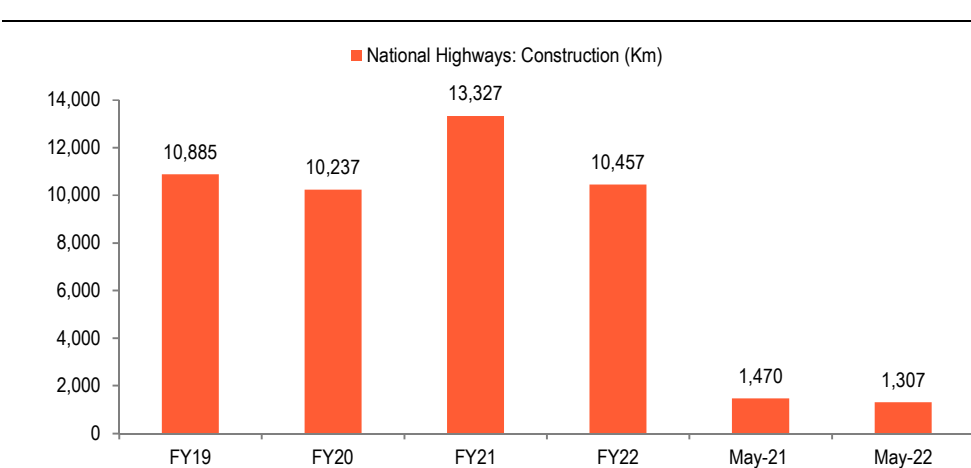
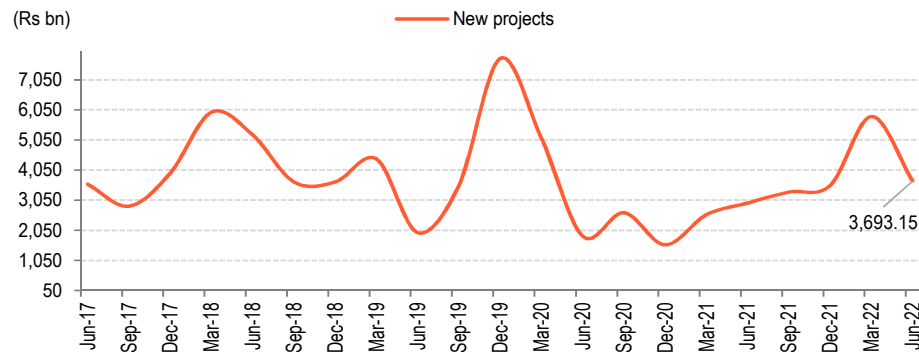


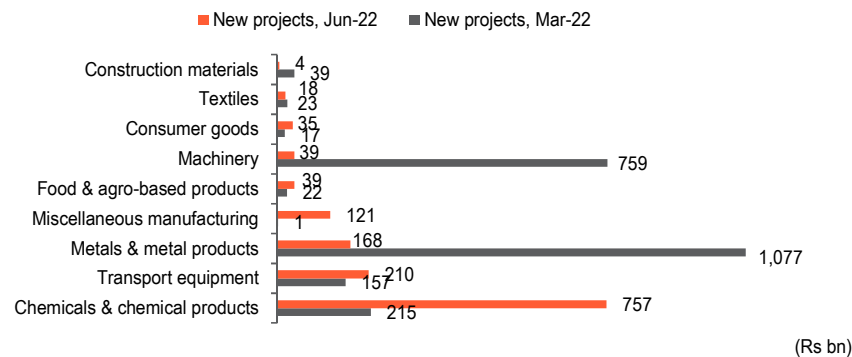
Fig 61 – Pace of National highway construction



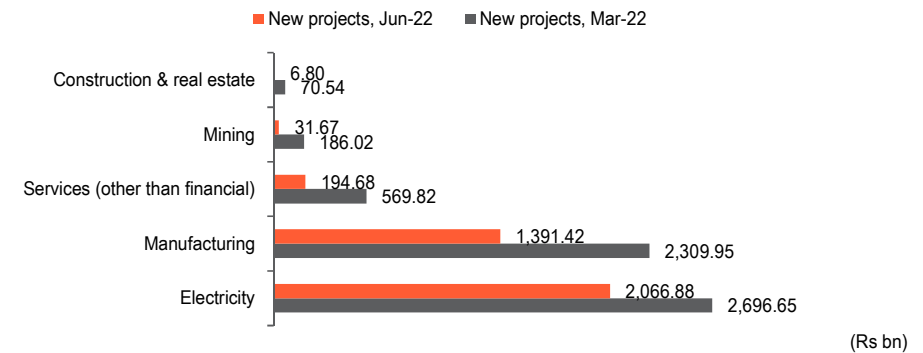
Capex data

Fig 62 – New project announcements fell to Rs 3.7tn in Jun'22 from Rs 5.8tn in Mar'22

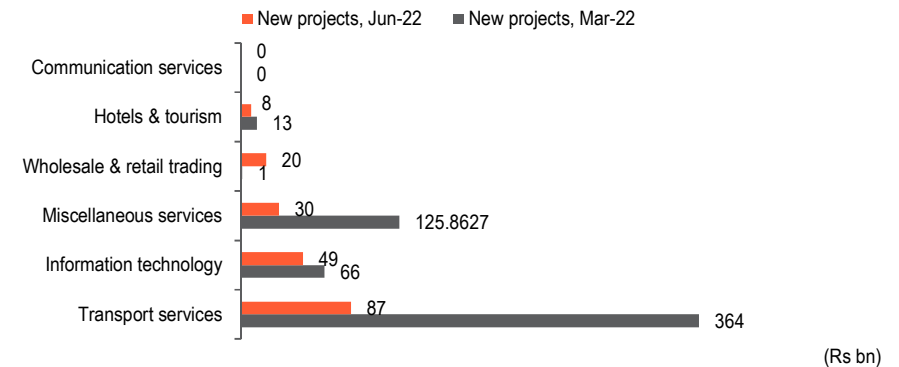
Source: CMIE

Fig 64 – ...Within manufacturing, metals and machinery showed the biggest drop since Mar'22

Source: CMIE

Fig 63 – ...Led by electricity and manufacturing

Source: CMIE

Fig 65 – Within services, transport services and IT fell the most

Source: CMIE

Services sector

Fig 66 – GVA: Services activity eased further in Q4FY22

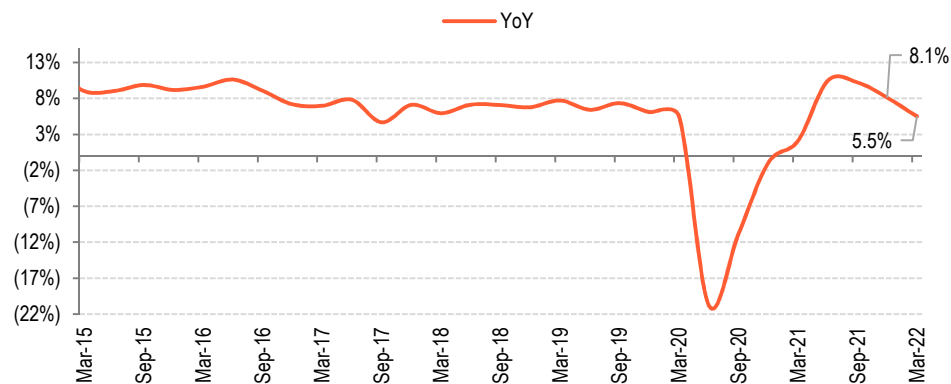
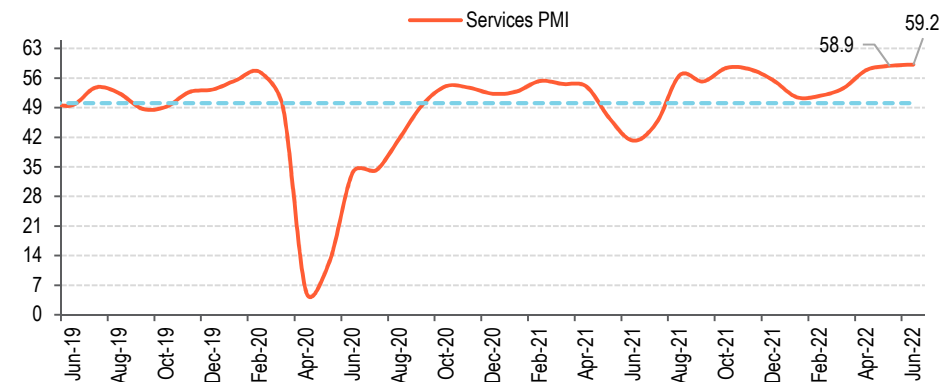


Fig 67 – Services PMI improved further to 59.2 in Jun'22 from 58.9 in May'22



Source: Markit

Fig 68 – GVA: Trade & related services seen stabilizing further in Q4

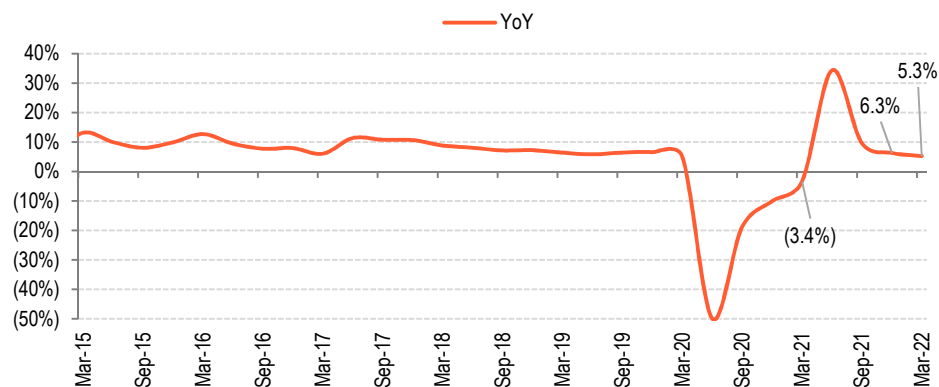
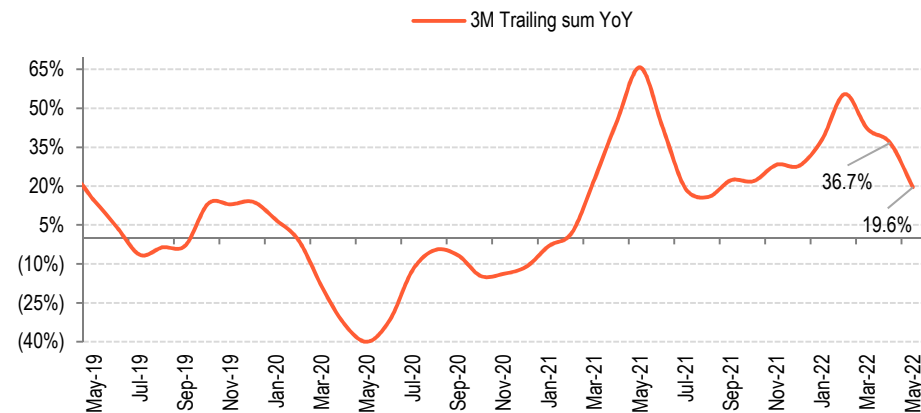


Fig 69 – States tax revenue growth eased further in May'22**



Note: **All states excluding N.E states, A.P, Goa, J&K and W.Bengal

Trade

Fig 70 – Vehicle registrations moderate in Jun'22

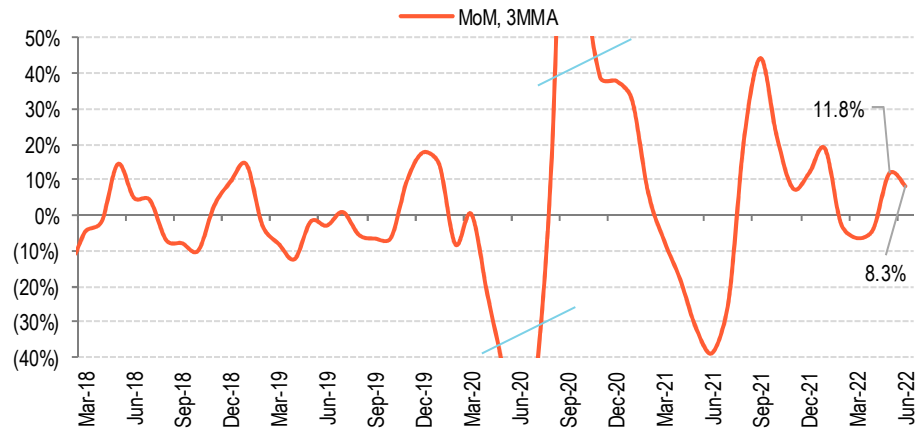


Fig 71 – Diesel consumption also decelerates

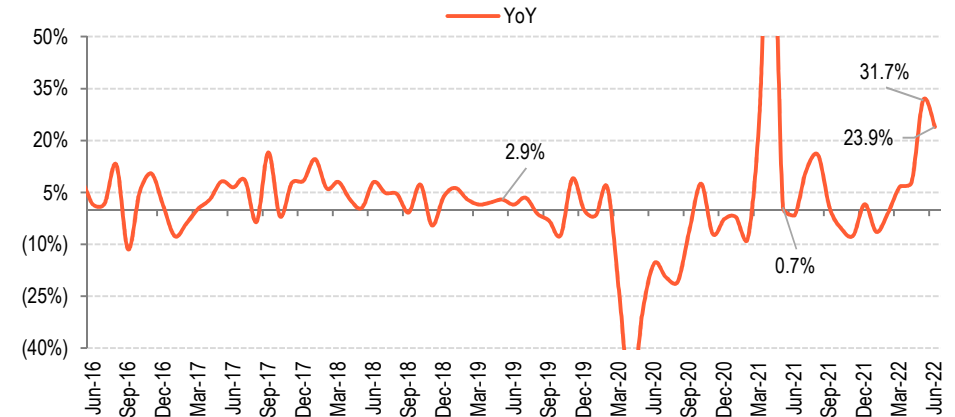


Fig 72 – Railway freight traffic also showing moderation

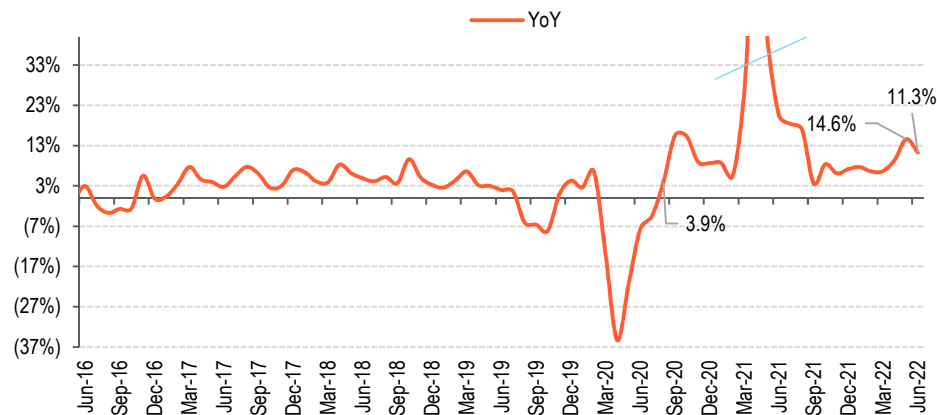


Fig 73 – However, port cargo traffic showing improvement

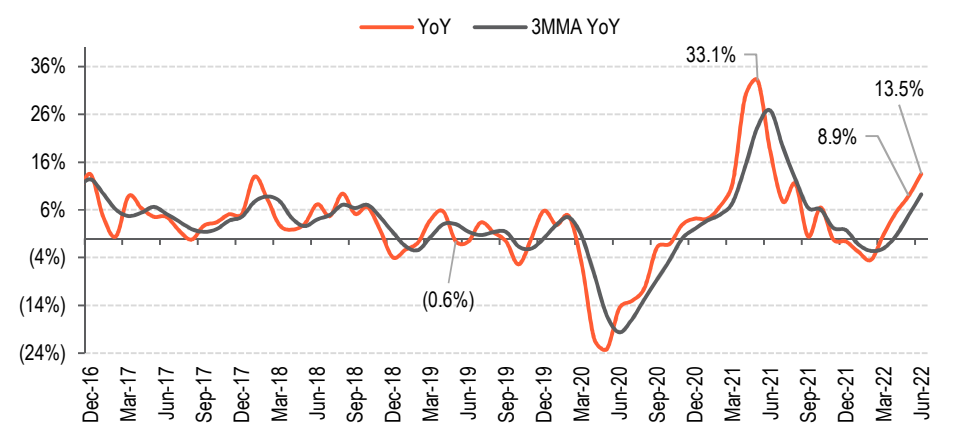
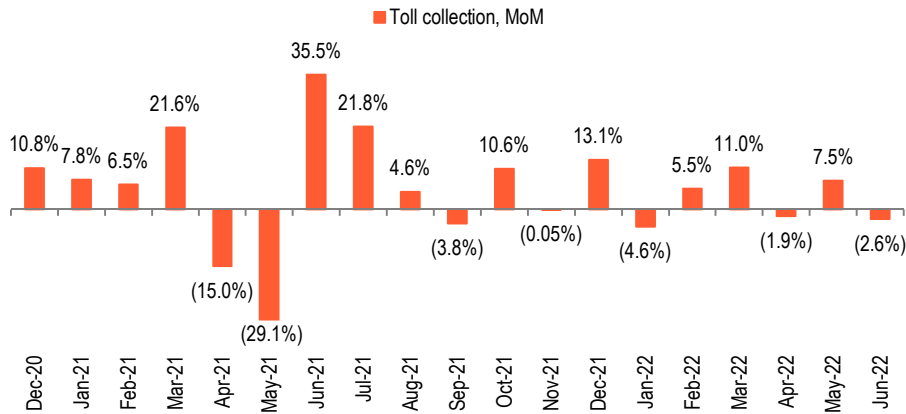


Fig 74 – Toll collections decline by 2.6% in Jun'22



Hotels and communications

Fig 76 – Airline passenger traffic growth shows further improvement

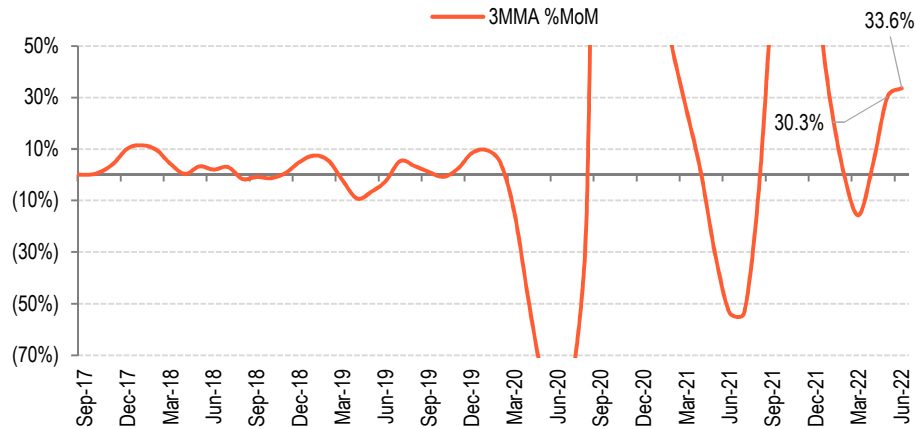


Fig 75 – E-way bill generation improved in Jun'22

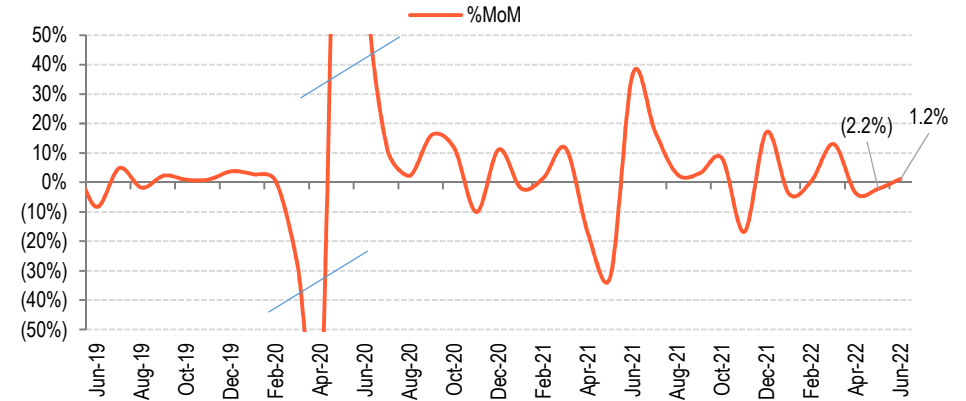


Fig 77 – ...led by revival in domestic passenger movement

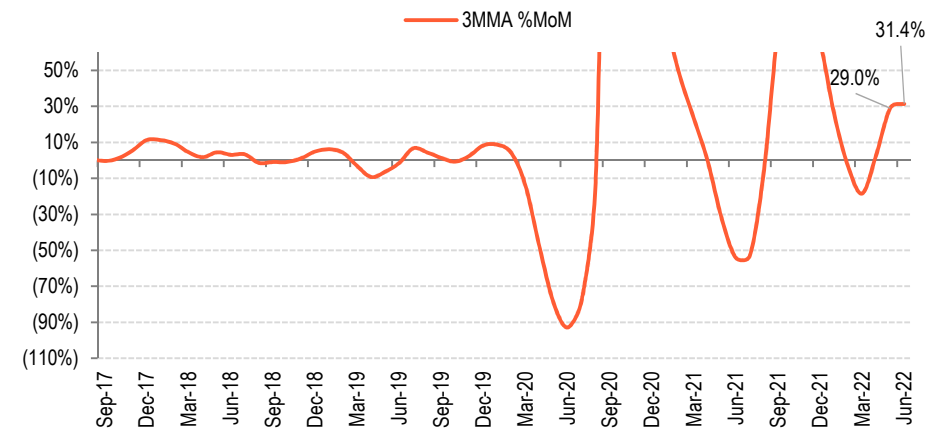
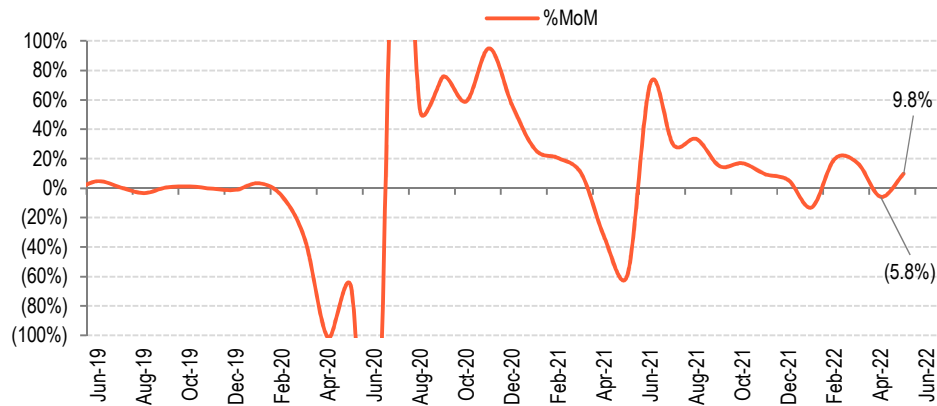
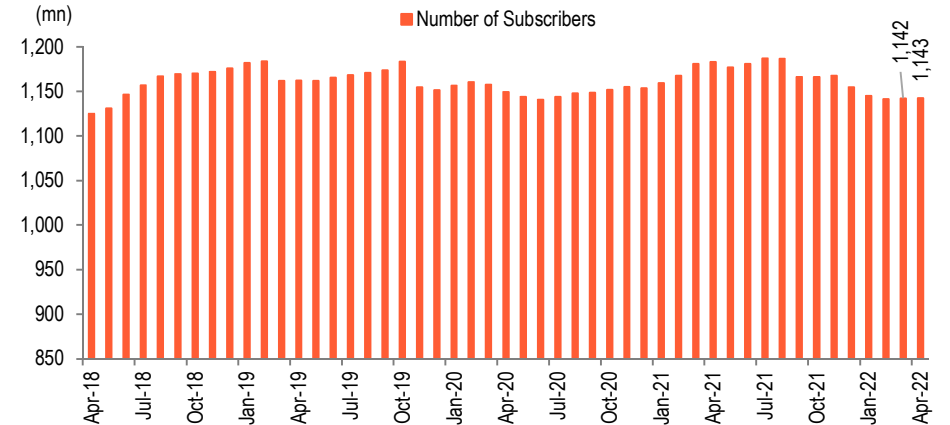
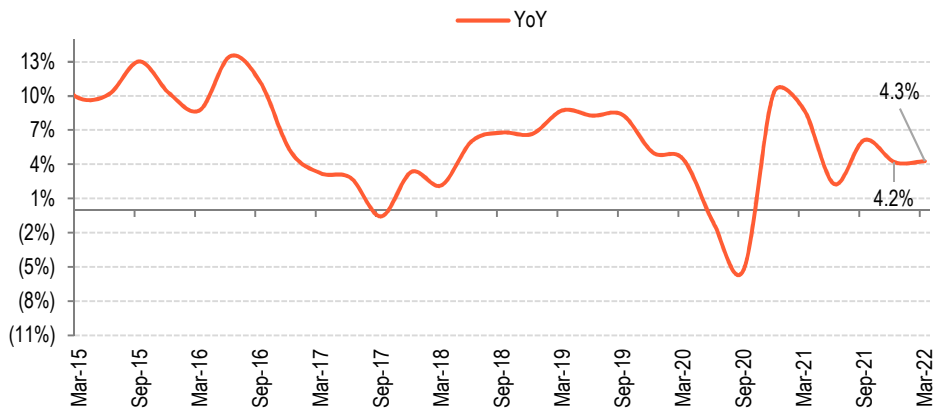
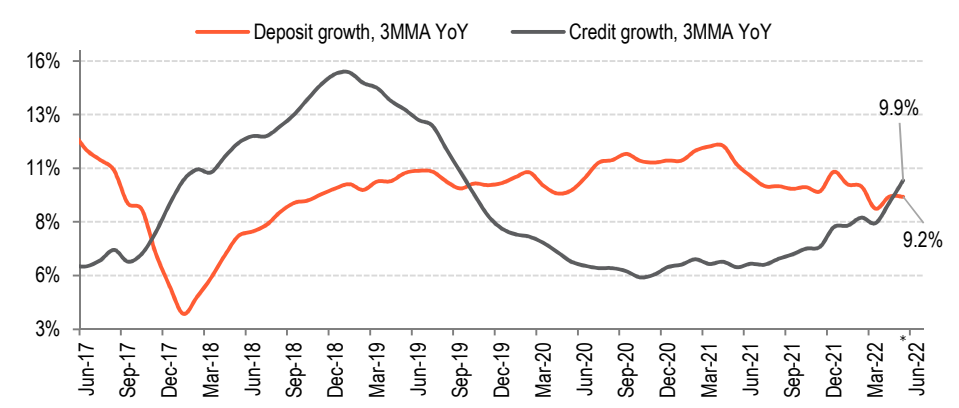
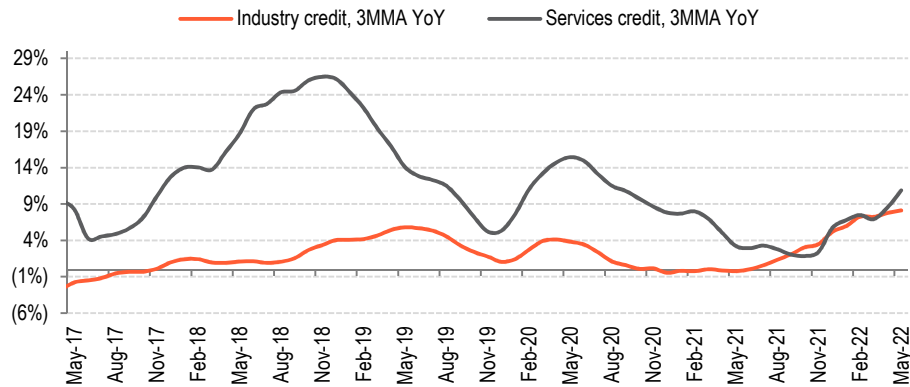
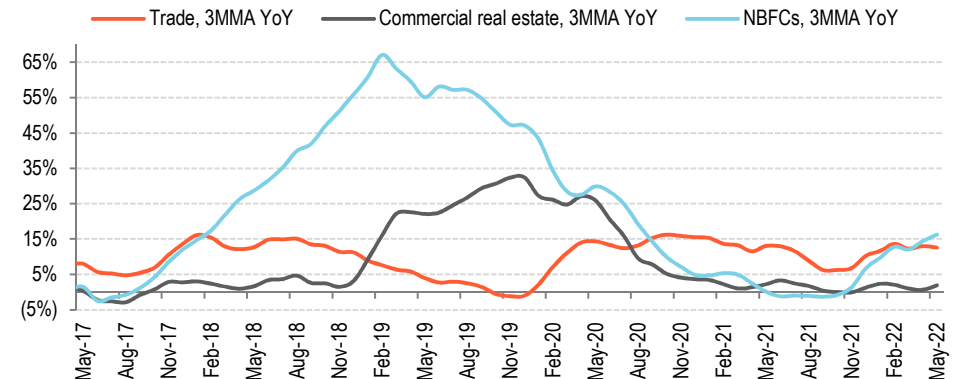
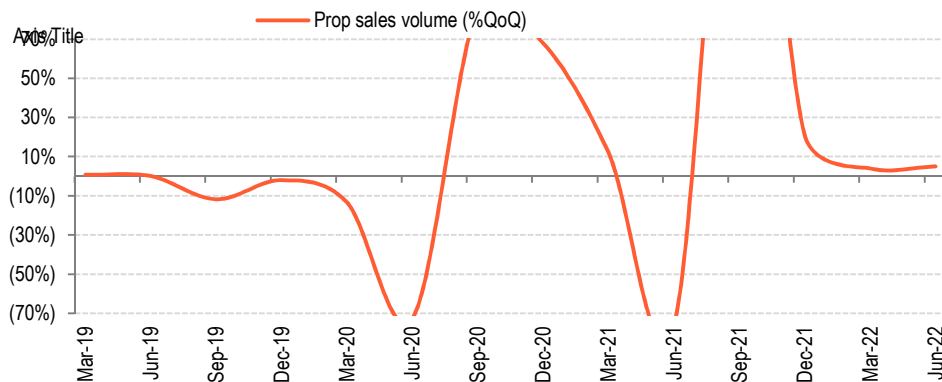


Fig 78 – Railway passenger traffic picks up in Jun'22**Fig 79 – Number of telecom subscribers improves marginally in Apr'22**

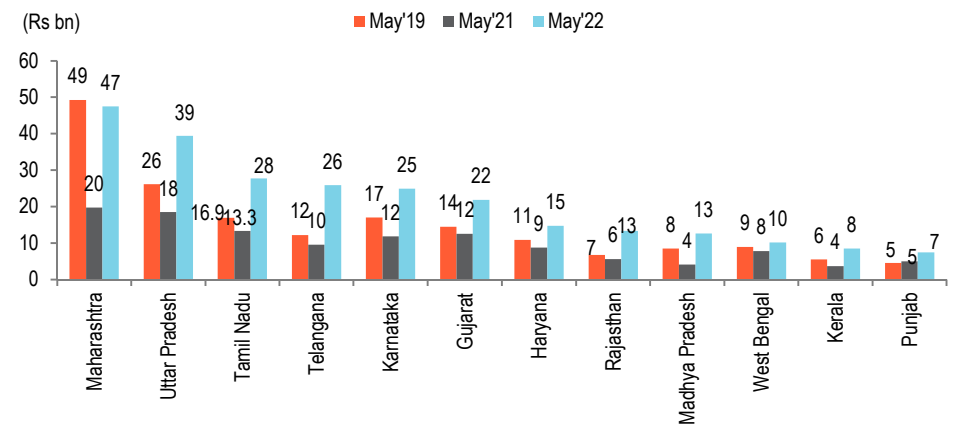
Finance and real estate

Fig 80 – Growth in GVA: Finance, real estate & prof. was stable in Q4**Fig 81 – Credit growth improves further, while deposit growth moderates**

*as of fortnight ending 17 Jun 2022

Fig 82 – Credit to both services and industry picks up further pace**Fig 83 – Credit to NBFCs and commercial real estate lead the trend****Fig 84 – Property sales volumes seen normalising**

Source: Proptiger

Fig 85 – Barring Maharashtra, stamp duty collections showing improvement elsewhere compared with May'19

Labour market

Fig 86 – Naukri job index showed marginal improvement in Jun'22

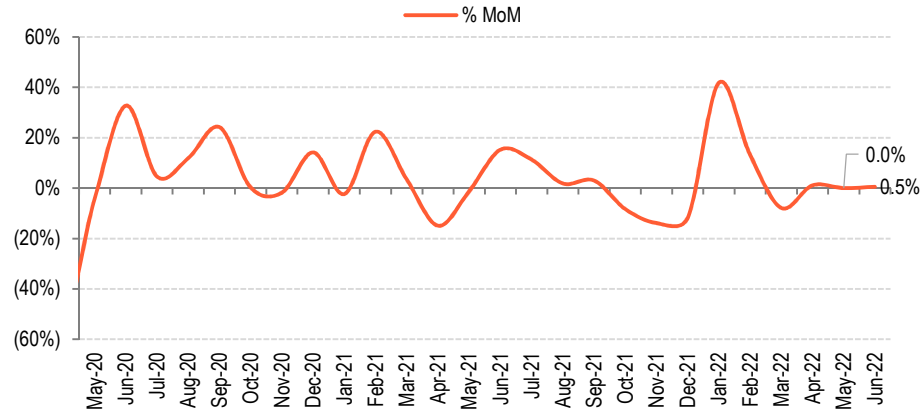
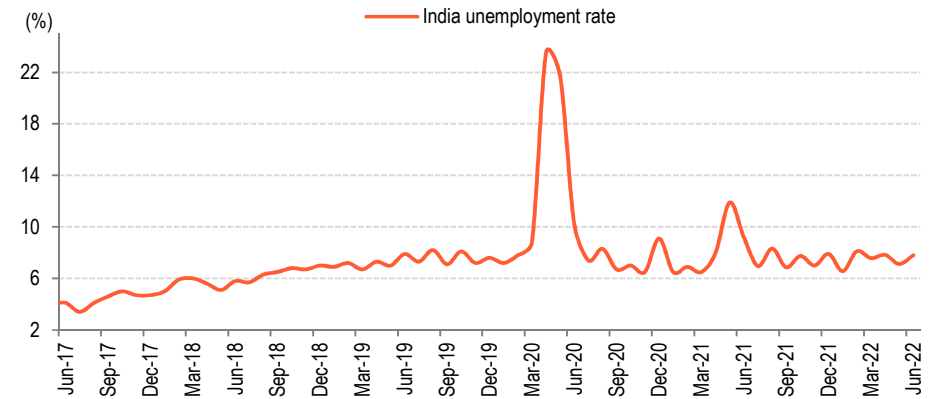


Fig 87 – Overall unemployment rate edged up in Jun'22



Public administration

Fig 88 – Public administration & defence services eased in the last quarter of FY22

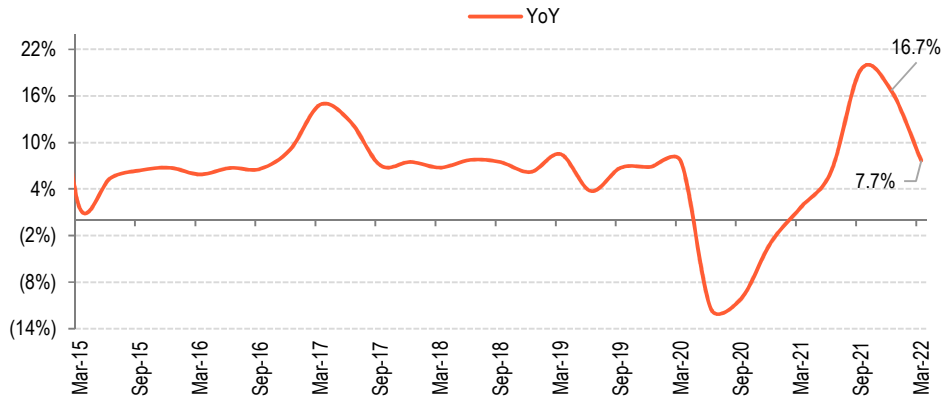


Fig 89 – General govt. spending sees uptick in May'22...

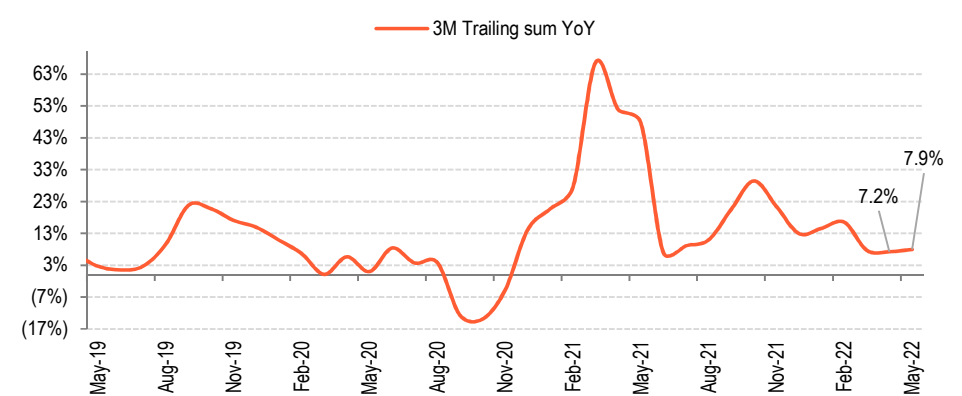


Fig 90 – ...led by Central government

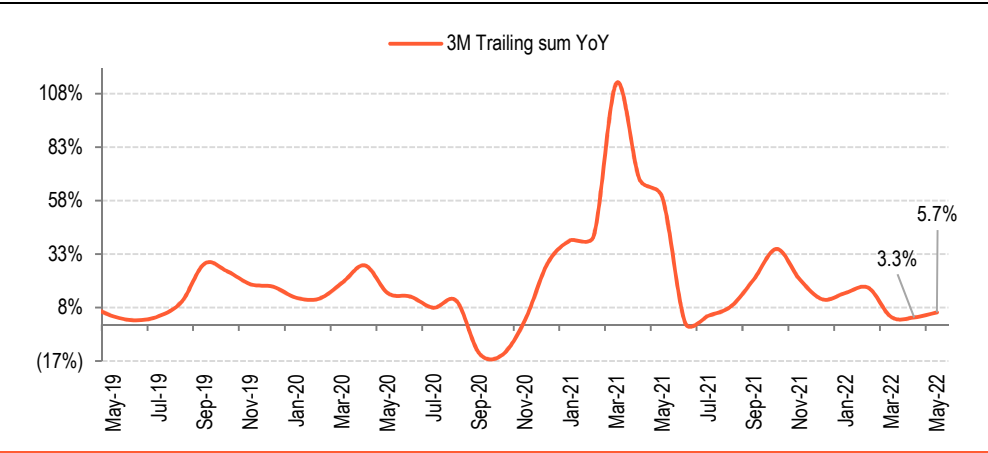
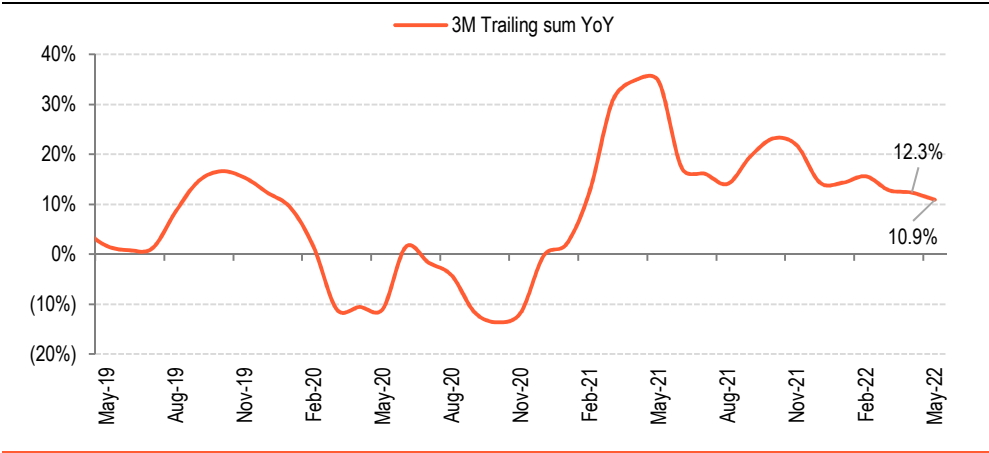


Fig 91 – State* Govt. spending remains weak

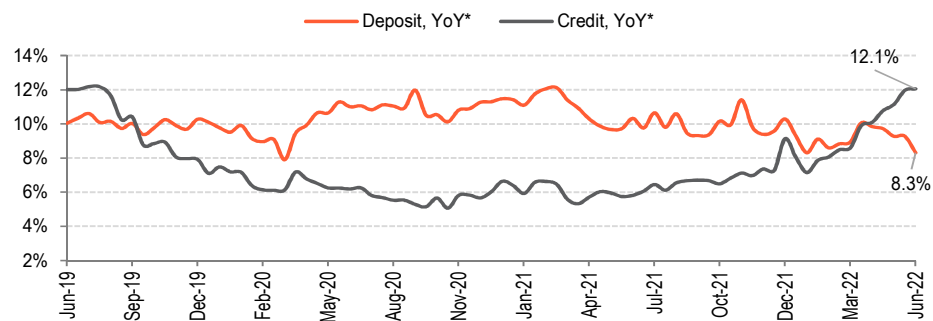


Note: *All states excluding N.E states, A.P, Goa, J&K and W.Bengal

Financial sector

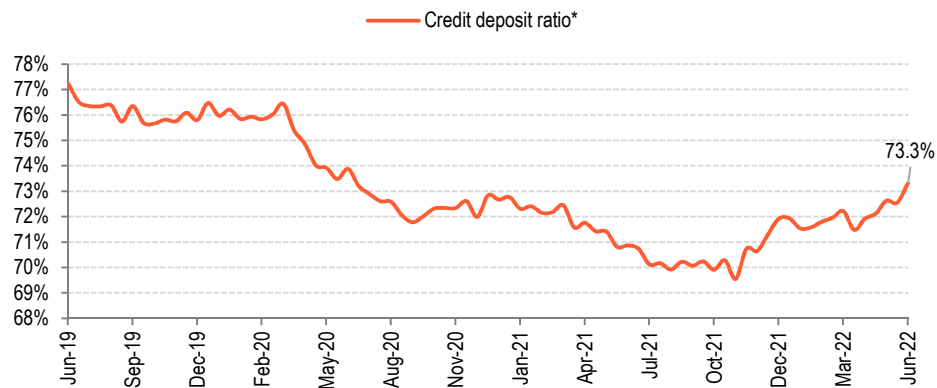
Money and banking

Fig 92 – Credit demand picked up to 12.1% in Jun'22 from 11.1% in May'22, deposit growth moderated to 8.3% from 9.3%



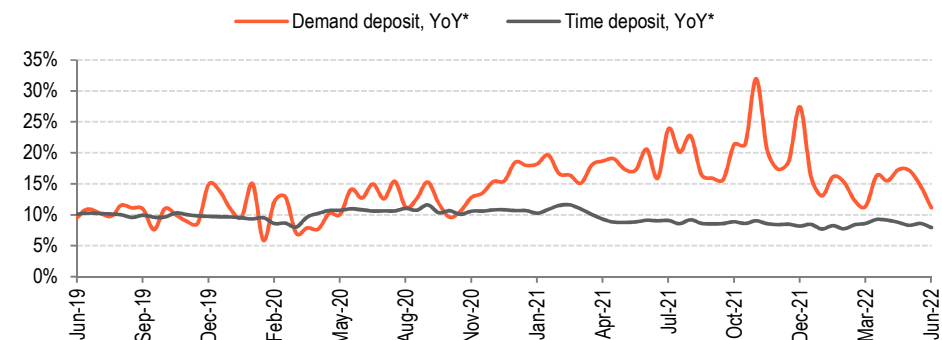
Note: *May'22 implies fortnight as of 17 Jun 2022

Fig 94 – CD ratio was at 73.3%



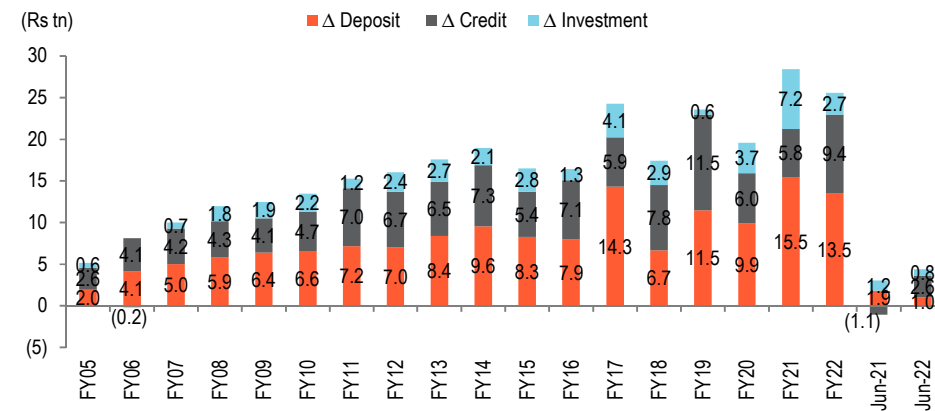
Note: *May'22 implies fortnight as of 17 Jun 2022

Fig 93 – ...Both demand and time deposits moderated



Note: *May'22 implies fortnight as of 17 Jun 2022

Fig 95 – Pace of accretion of credit, investment and deposit



Note: *May'22 implies fortnight as of 17 Jun 2022

Fig 96 – Credit to govt moderated to 5.2% from 6.5% in Apr'22, credit to commercial sector rose to 11.1% from 9.3%

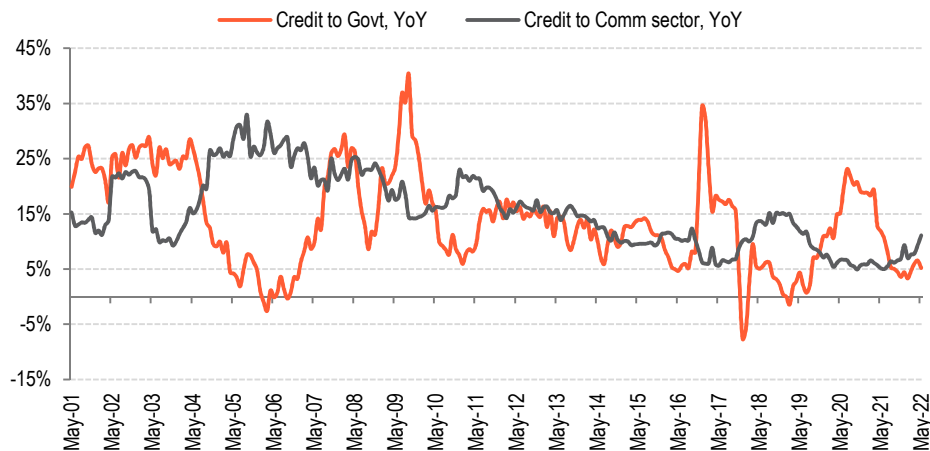


Fig 97 – Spread between call rate and repo

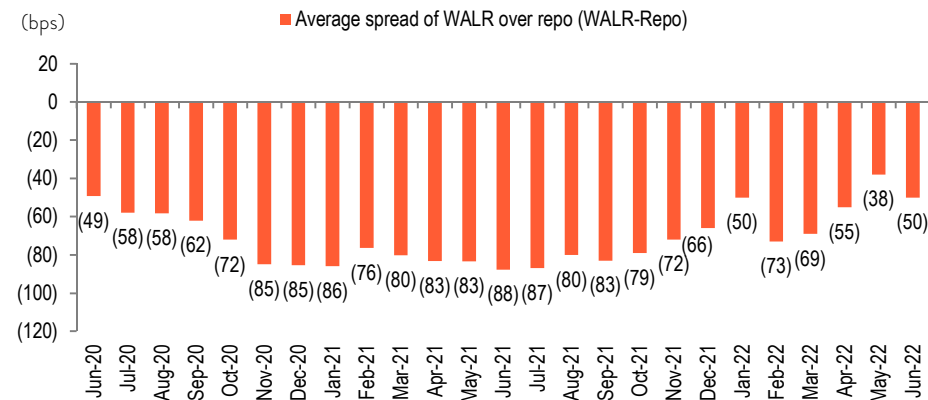


Fig 98 – WALR rose to 7.14% in May'22 from 6.77% in Apr'22, WADTDR also inched up to 5.13% from 5.11%

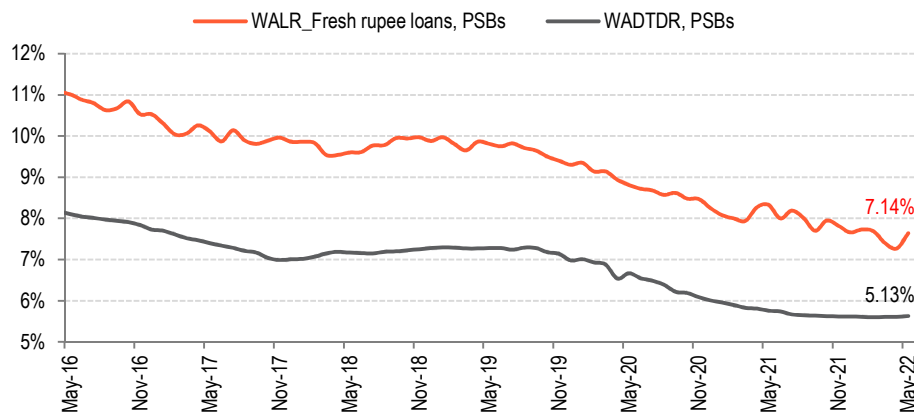


Fig 99 – CIC accretion in Jun'22 has been Rs 819bn lower than same period of last year

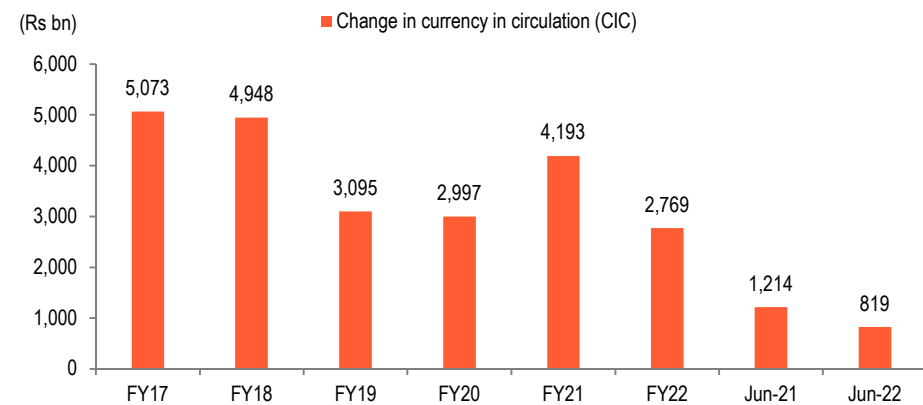
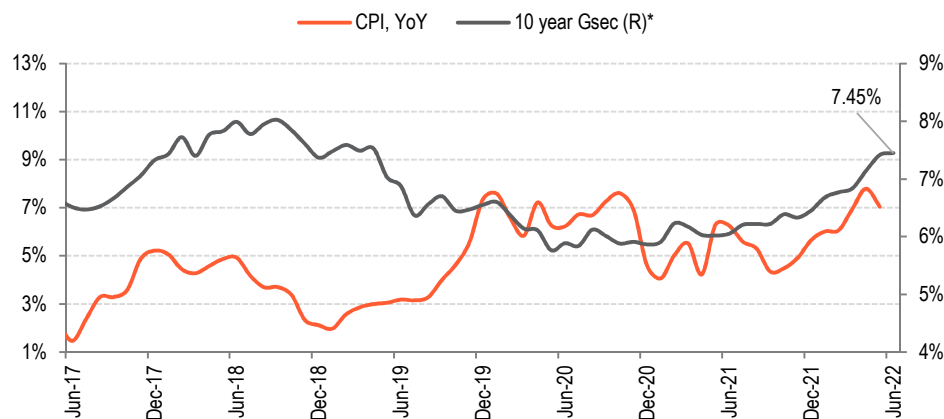


Fig 100 – 10Y GSec yield inched up to 7.45% in Jun'22 and currently trading at 7.43%, inflation moderated to 7% in May'22 from 7.8% in Apr'22, due to favourable base



Note: *As on last trading day of the month

Fig 102 – Corporate debt issuance rose to Rs 180bn from Rs 144bn in Apr'22

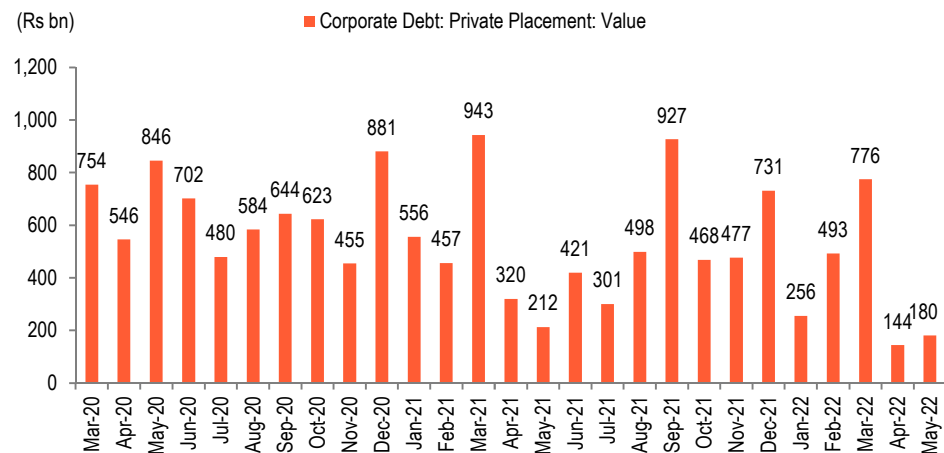
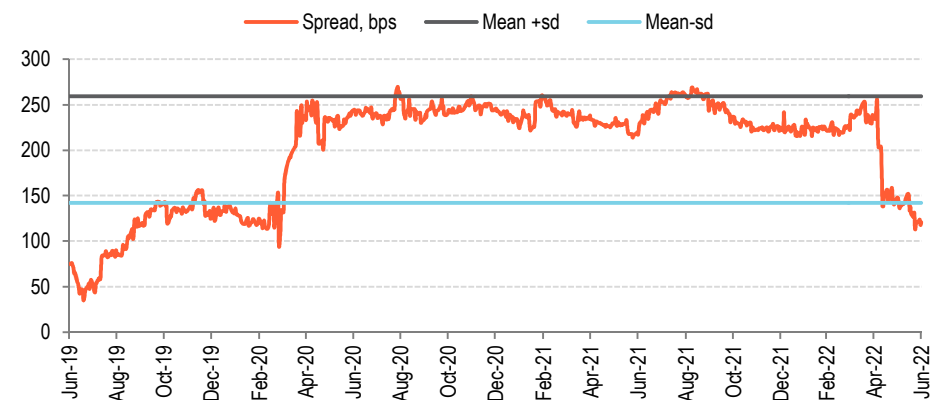
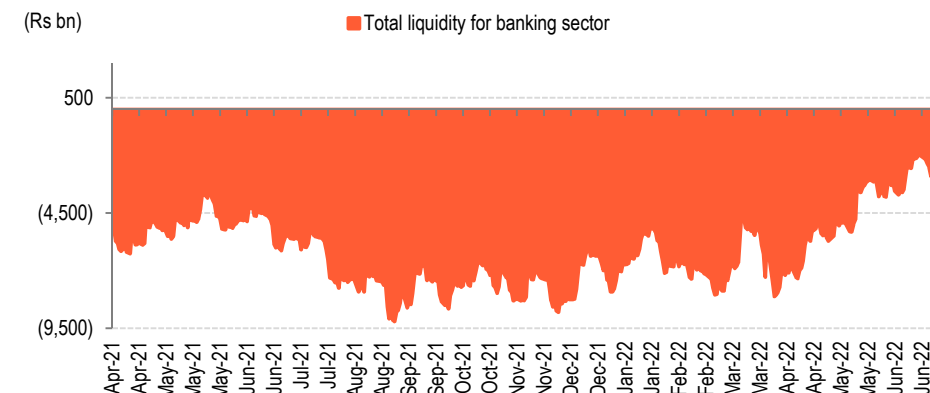


Fig 101 – Spread between 1Y TBill and 10Y Gsec has crossed its lower mean reversion level



Source: Bloomberg

Fig 103 – Average system liquidity surplus has fallen to Rs 2.9tn in Jun'22 from Rs 4.3tn in May'22 and currently lower at Rs 2.2tn



Source: RBI

Fig 104 – 3Y AAA NBFC spread rose to 51bps as on 29 Jun 2022 versus 35bps as on 31 May 2022

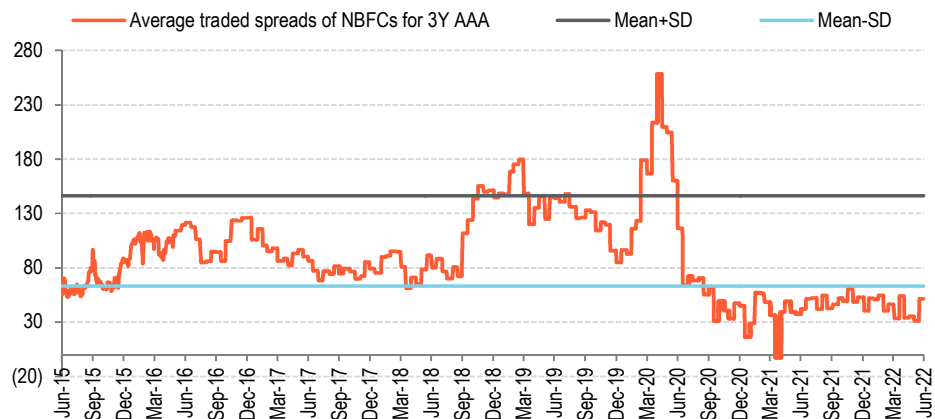


Fig 105 – However, 10Y AAA NBFC spread fell to 22bps as on 29 Jun 2022 against 34bps as on 31 May 2022

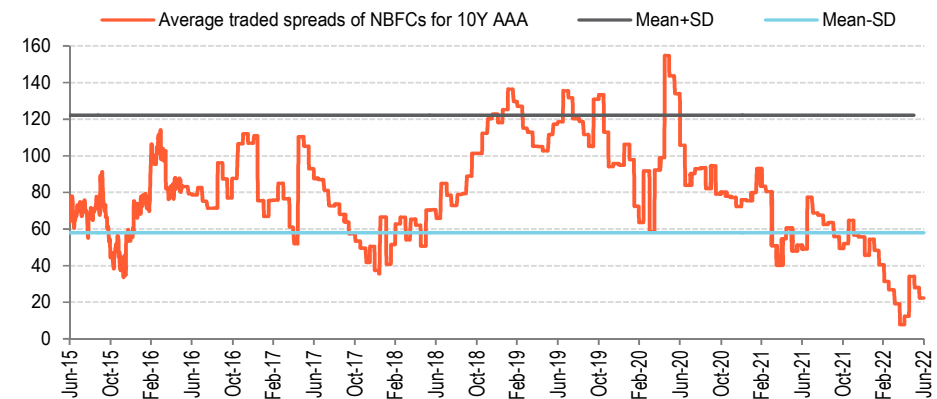


Fig 106 – 3Y AAA corp rose to 34bps from 23bps as on 31 May 2022

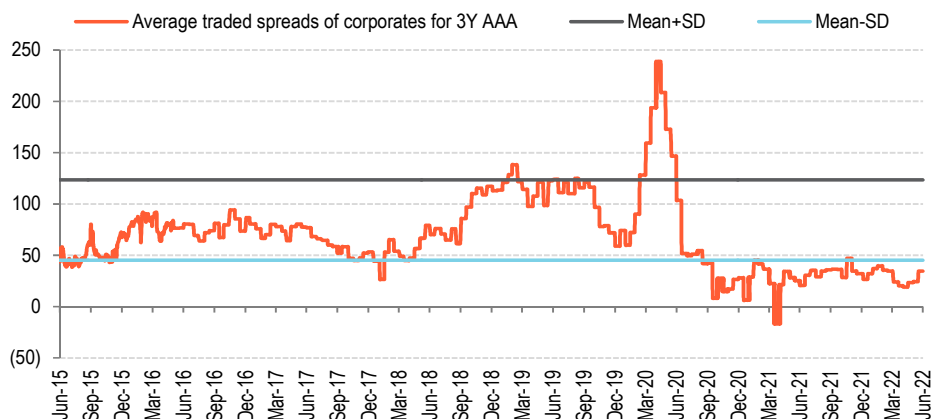


Fig 107 – However, 10Y AAA corp spread fell to 17bps from 27bps as on 31 May 2022

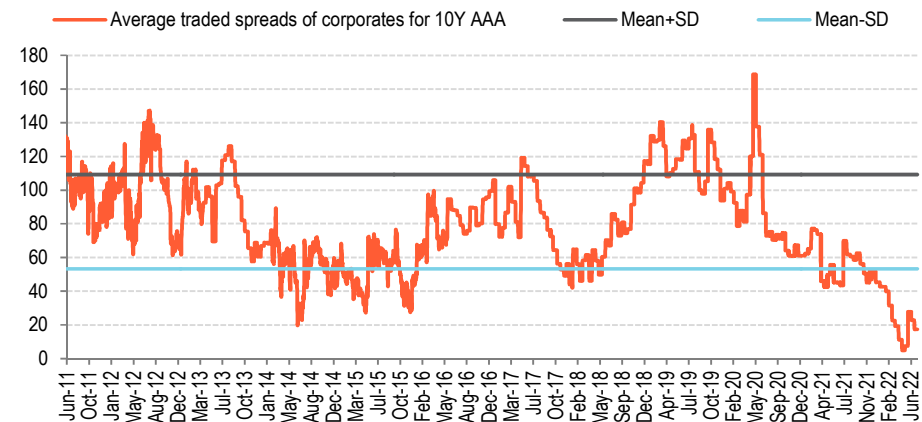
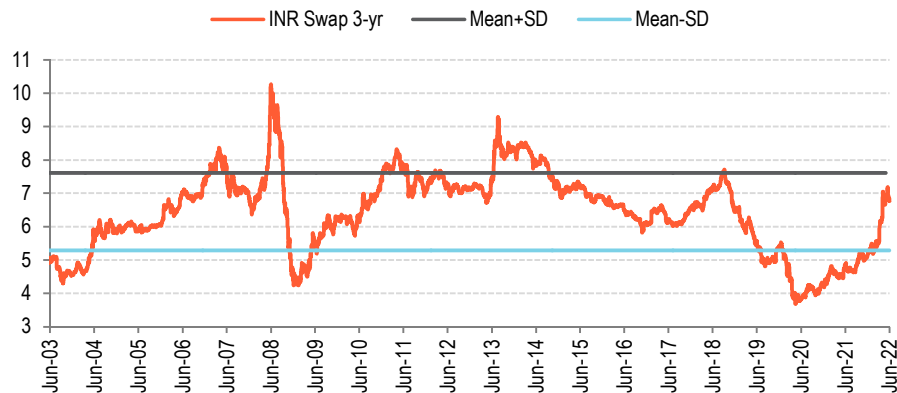
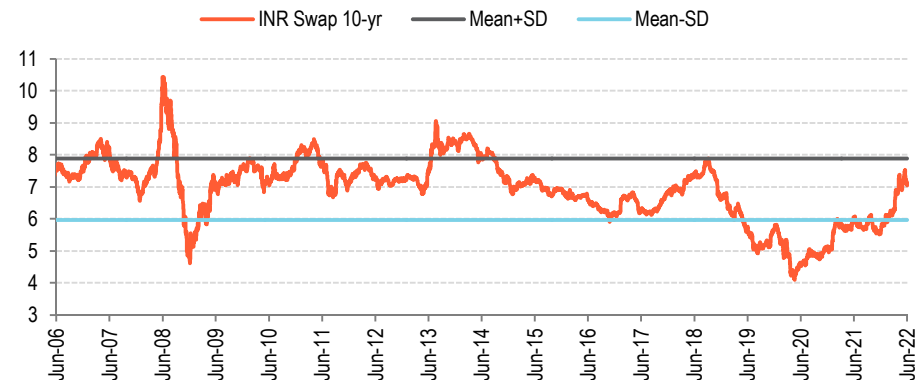


Fig 108 – INR 3Y swap was at 6.76 from 6.80 as on 31 May 2022**Fig 109 – For 10Y, it was at 7.05 from 7.12 as on 31 May 2022**

Interest rates on small savings schemes

Fig 110 – Interest rates on small savings scheme to remain unchanged in Q2FY23 as well

Instrument (%)	Q4FY20	Q1FY21	Q2FY21	Q3FY21	Q4FY21	Q1FY22	Q2FY22	Q3FY22	Q4FY22	Q1FY23	Q2FY23
Savings deposit	4.0	4.0	4.0	4.0	4.0	4.0	4.0	4.0	4.0	4.0	4.0
1 year time deposit	6.9	5.5	5.5	5.5	5.5	5.5	5.5	5.5	5.5	5.5	5.5
2 year time deposit	6.9	5.5	5.5	5.5	5.5	5.5	5.5	5.5	5.5	5.5	5.5
3 year time deposit	6.9	5.5	5.5	5.5	5.5	5.5	5.5	5.5	5.5	5.5	5.5
5 year time deposit	7.7	6.7	6.7	6.7	6.7	6.7	6.7	6.7	6.7	6.7	6.7
5 year recurring deposit	7.2	5.8	5.8	5.8	5.8	5.8	5.8	5.8	5.8	5.8	5.8
5 year senior citizen savings scheme	8.6	7.4	7.4	7.4	7.4	7.4	7.4	7.4	7.4	7.4	7.4
5 year monthly income scheme	7.6	6.6	6.6	6.6	6.6	6.6	6.6	6.6	6.6	6.6	6.6
5 year national savings certificate	7.9	6.8	6.8	6.8	6.8	6.8	6.8	6.8	6.8	6.8	6.8
Public provident fund scheme	7.9	7.1	7.1	7.1	7.1	7.1	7.1	7.1	7.1	7.1	7.1
Kisan vikas patra	7.6	6.9	6.9	6.9	6.9	6.9	6.9	6.9	6.9	6.9	6.9
Sukanya samriddhi account scheme	8.4	7.6	7.6	7.6	7.6	7.6	7.6	7.6	7.6	7.6	7.6

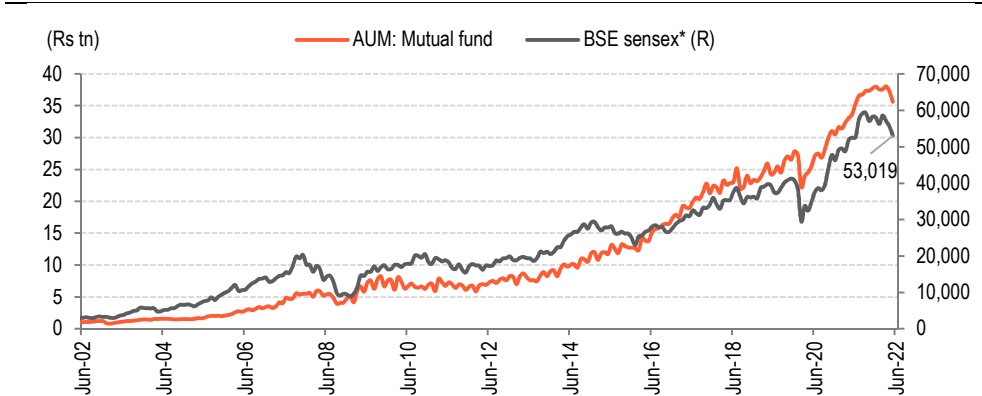
Source: Department of Economic Affairs, Ministry of Finance, Government of India

Fig 111 – MCLR rate of banks increased

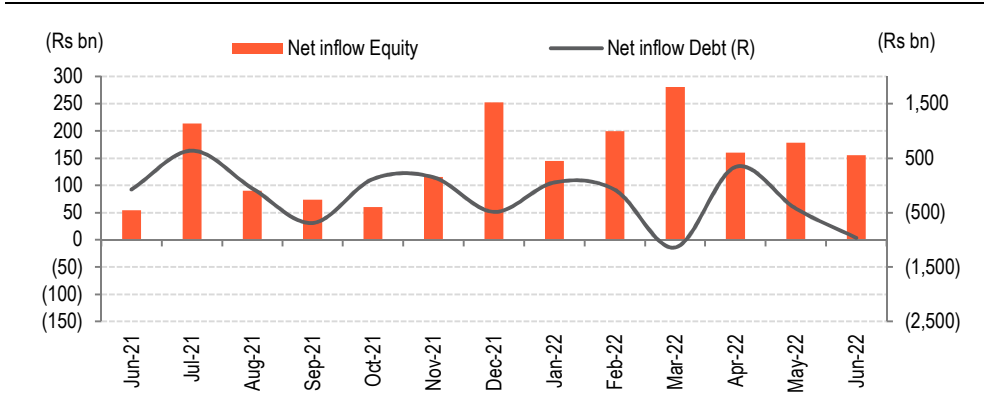
1Y MCLR (%)	Apr-21	May-21	Jun-21	Jul-21	Aug-21	Sep-21	Oct-21	Nov-21	Dec-21	Jan-22	Feb-22	Mar-22	Apr-22	May-22	Jun-22
Public Sector Banks															
Bank of Baroda	7.40	7.40	7.35	7.35	7.35	7.35	7.30	7.30	7.30	7.30	7.30	7.30	7.35	7.40	7.50
Bank of India	7.35	7.35	7.35	7.30	7.25	7.25	7.25	7.25	7.25	7.25	7.25	7.25	7.25	7.25	7.35
Canara Bank	7.35	7.35	7.35	7.35	7.35	7.35	7.25	7.25	7.25	7.25	7.25	7.25	7.25	7.35	7.40
Indian Bank	7.30	7.30	7.30	7.30	7.35	7.35	7.35	7.30	7.30	7.30	7.30	7.30	7.30	7.30	7.40
Punjab National Bank	7.35	7.35	7.30	7.30	7.30	7.30	7.25	7.25	7.25	7.25	7.25	7.25	7.25	7.25	7.40
State Bank of India	7.00	7.00	7.00	7.00	7.00	7.00	7.00	7.00	7.00	7.00	7.00	7.00	7.10	7.20	7.40
Union Bank of India	7.20	7.20	7.20	7.20	7.20	7.20	7.25	7.25	7.25	7.25	7.25	7.25	7.25	7.35	7.45
Private Sector Banks															
Axis Bank Ltd.	7.40	7.35	7.35	7.35	7.35	7.35	7.35	7.35	7.35	7.35	7.35	7.35	7.40	7.75	7.95
HDFC Bank Ltd.	7.20	7.20	7.20	7.20	7.20	7.20	7.20	7.20	7.20	7.20	7.20	7.25	7.25	7.50	7.85
ICICI Bank Ltd.	7.30	7.30	7.30	7.25	7.25	7.25	7.25	7.25	7.25	7.25	7.25	7.25	7.25	7.25	7.55
Indusind Bank	8.60	8.60	8.60	8.55	8.45	8.45	8.45	8.45	8.45	8.45	8.45	8.50	8.55	8.75	9.00
Kotak Mahindra Bank	7.25	7.25	7.25	7.25	7.25	7.20	7.20	7.20	7.20	7.25	7.30	7.35	7.40	7.65	7.85

Source: RBI

Mutual fund (MF) indicators

Fig 112 – Sensex fell by 4.6% to 53,019 in Jun'22, AUM of MFs was lower at Rs 36tn in Jun'22 from Rs 37tn in May'22

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

Fig 113 – MF equity inflows moderated to Rs 155bn from Rs 179bn in May'22; debt outflow rose to Rs 963bn from Rs 427bn outflow in May'22

Insurance sector indicators

Fig 114 – Sale of life insurance policies was at 32.8% in Jun'22 from 103.3% in May'22

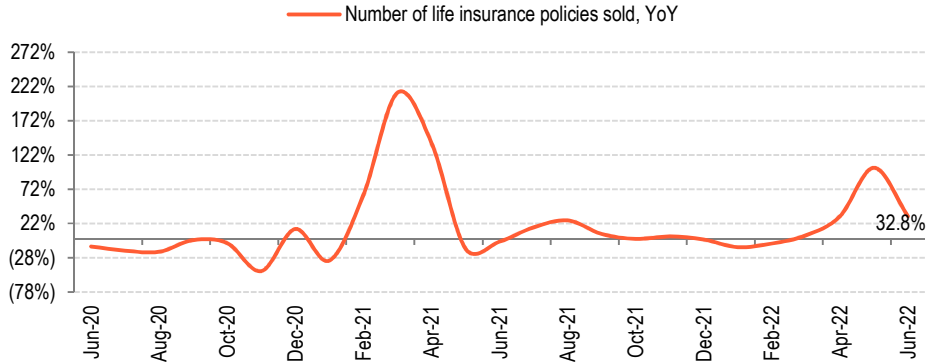
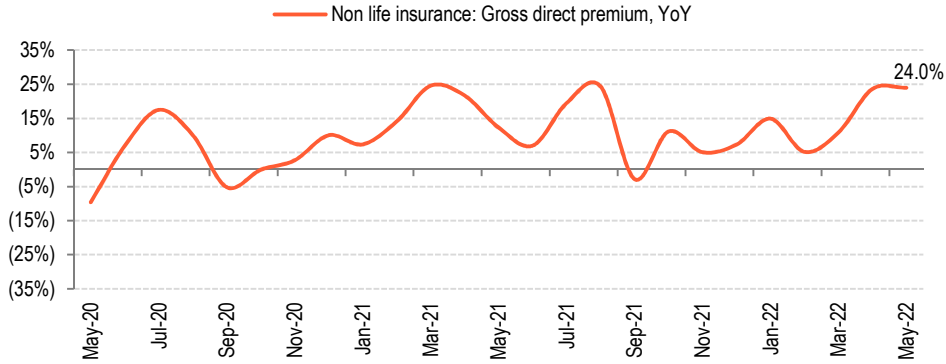


Fig 115 – Gross direct premium for non-life insurance was stable at 24% in May'22



Public finance

Central government finances

Fig 116 – Fiscal deficit rose to 6.7% of GDP in May'22

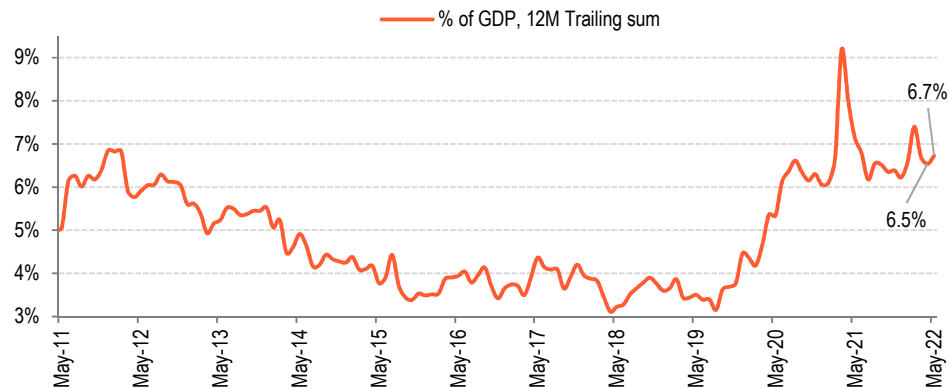


Fig 117 – Revenue deficit also picked up

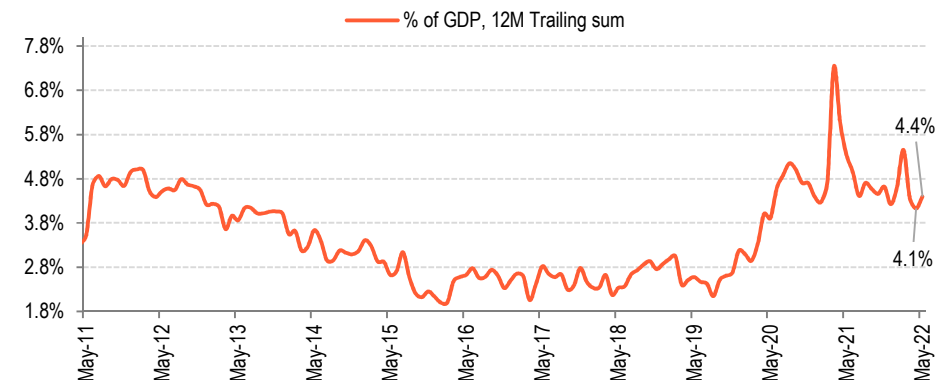


Fig 118 – ... similar trend in primary deficit

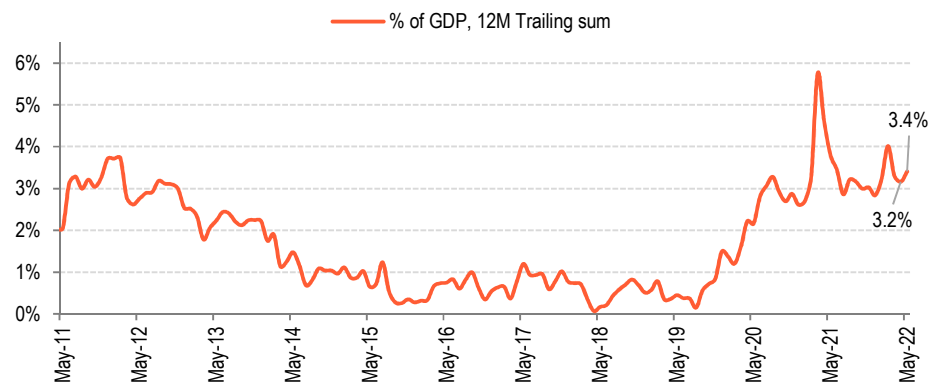


Fig 119 – Government spending rose by 12.3% in May'22 (12MMA) as government front-loads its expenditure

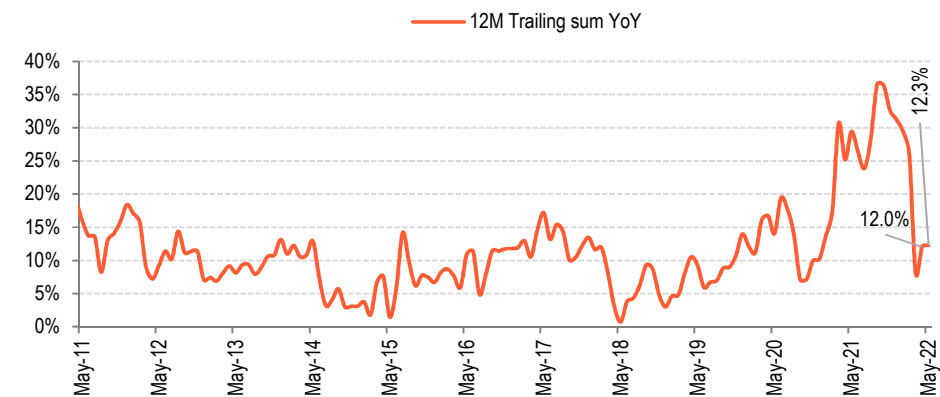
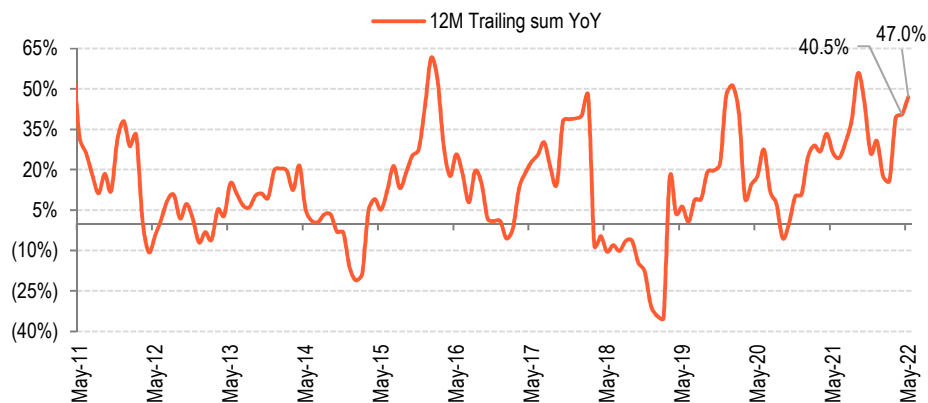
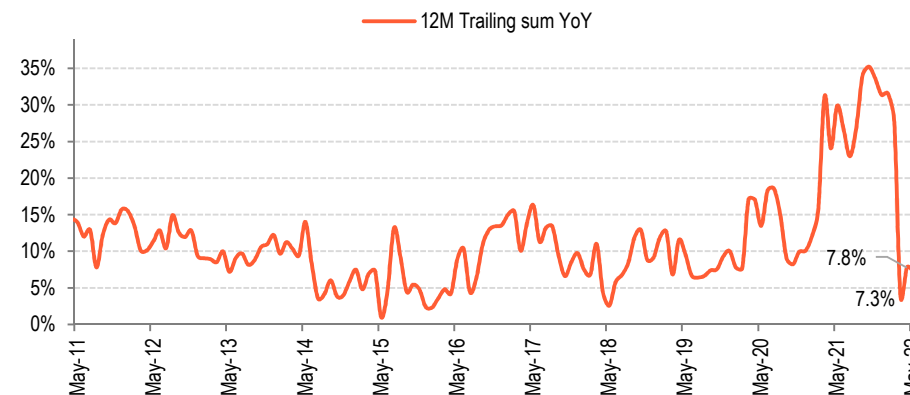


Fig 120 – ...led by capex spending**Fig 121 – Revenue expenditure a tad bit lower****Fig 122 – Front-loading of spending in FY23 is undertaken by ministries of Finance, Defence, Road transport and Fertilizers**

Ministry	Apr-May'20	Apr-May'21	% change	Apr-May'22	% change
Ministry of Finance	1,447	1,532	5.9	2,329	52.1
Ministry of Defence	719	669	(6.9)	899	34.4
Ministry of Consumer Affairs, Food and Public Distribution	466	597	28.0	351	(41.2)
Ministry of Rural Development	596	221	(62.9)	116	(47.7)
Ministry of Home Affairs	211	283	33.8	365	28.8
Ministry of Human Resource Development	102	155	51.7	83	(46.4)
Ministry of Road Transport and Highways	126	250	98.2	432	72.5
Ministry of Chemicals and Fertilisers	233	69	(70.2)	108	55.9
Ministry of Petroleum and Natural Gas	114	4	(96.2)	0	(98.8)
Ministry of Agriculture	317	305	(4.1)	239	(21.6)
Ministry of Health and Family Welfare	169	83	(51.1)	59	(28.8)

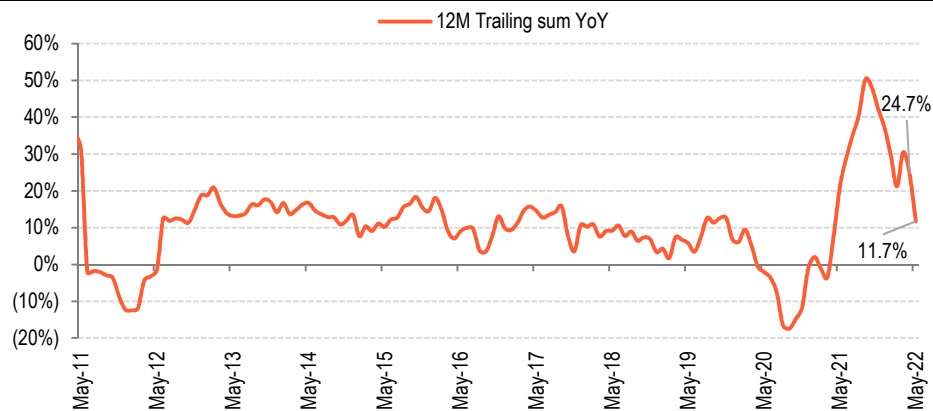
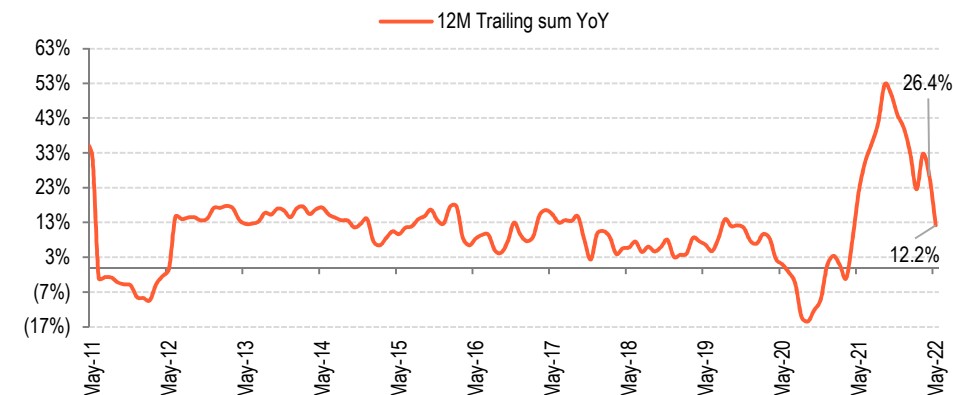
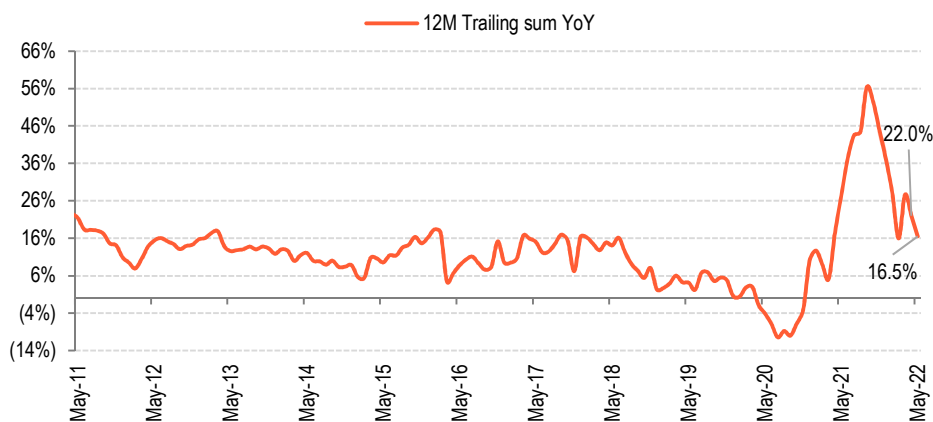
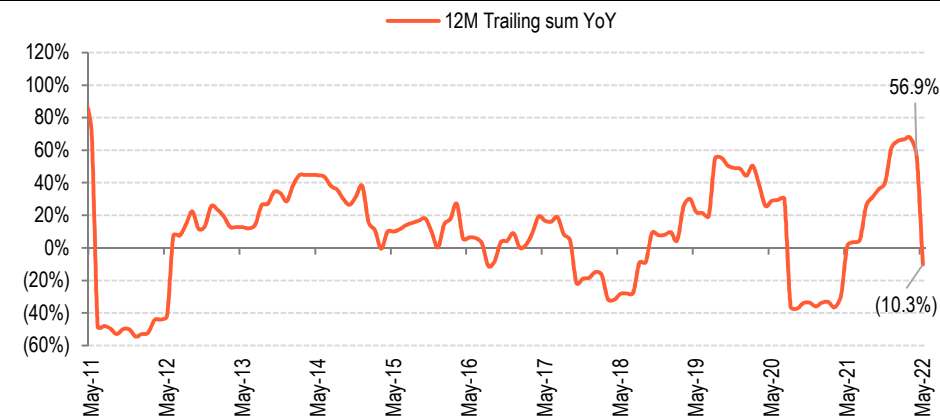
Fig 123 – Receipt growth off to a slow start in FY23...**Fig 124 – ...dragged by revenue receipts****Fig 125 – Tax receipts also seeing moderation on 12MMA basis****Fig 126 – Non-tax revenue growth falls sharply**

Fig 127 – Centre's spending buoyant FY23; revenue collections also strong

	Apr-May'20	Apr-May'21	% change	Apr-May'22	% change
Gross Tax revenue	1,261	3,127	147.9	4,035	29.1
Direct taxes	527	1,188	125.5	1,916	61.2
Corp Tax	170	435	155.9	785	80.7
Income Tax	357	754	111.0	1,130	49.9
Indirect taxes	734	1,938	164.1	2,120	9.3
Non-tax revenue	108	1,164	976.2	493	(57.7)
Centre's revenue (net)	339	2,336	590.0	3,076	31.7
Total expenditure	5,118	4,780	(6.6)	5,858	22.6
Capital exp	552	630	14.0	1,071	70.1
Revenue exp	4,566	4,150	(9.1)	4,787	15.3
Fiscal deficit	4,663	1,232	-	2,039	-

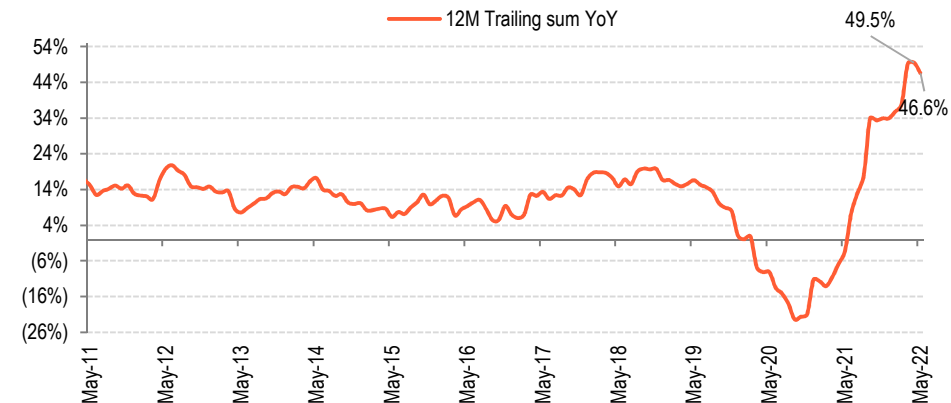
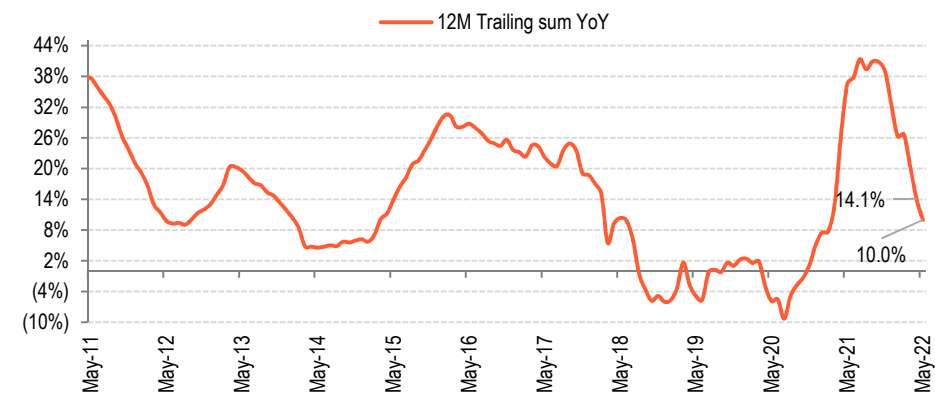
Fig 128 – Gross direct tax collections dip marginally in May'22**Fig 129 – Gross indirect tax collections also edging down**

Fig 130 – Both, corporate tax collections...

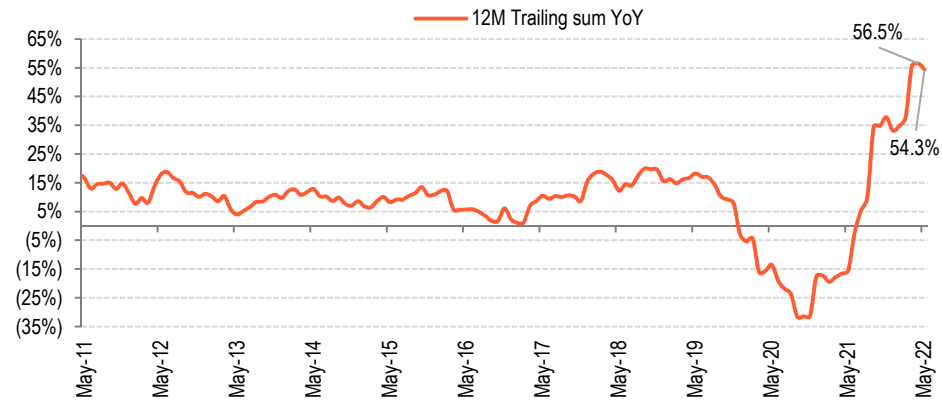


Fig 131 – ...and income tax collections show some moderation in May'22

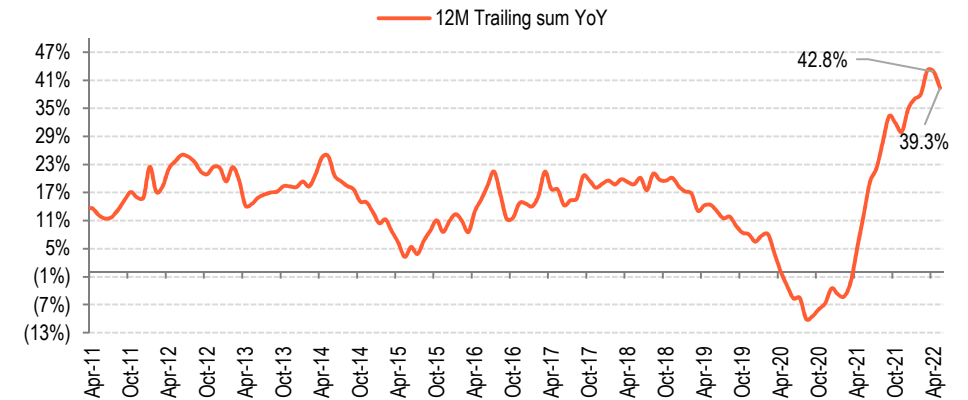


Fig 132 – GST collections for May'22 soar further higher

(Rs bn)	May-21	Jun-21	Jul-21	Aug-21	Sep-21	Oct-21	Nov-21	Dec-21	Jan-22	Feb-22	Mar-22	Apr-22	May-22	Monthly run rate (FY23)	FYTD23	FY23 (BE)
CGST	283	337	479	533	474	485	492	462	697	482	633	641	499	570	1,140	6,600
UT GST	1.6	1.7	2.5	2.9	2.2	1.4	1.2	2.5	4.3	1.6	12.3	1.6	2.4	2	4	-
IGST	153	64	(37)	(162)	(6)	90	72	146	(279)	79	(145)	113	47	80	161	-
SGST*	402	696	601	711	747	656	637	681	814	758	1,084	549	796	672	1,344	-
Cess	89	66	75	85	85	82	94	91	95	101	91	104	102	103	206	1,200
Total GST	928	1,164	1,120	1,170	1,301	1,315	1,298	1,384	1,330	1,421	1,675	1,409	1,446	1,428	2,855	-

Source: PIB | *Computed from PIB and CGA data

Fig 133 – Rising central government debt a key concern

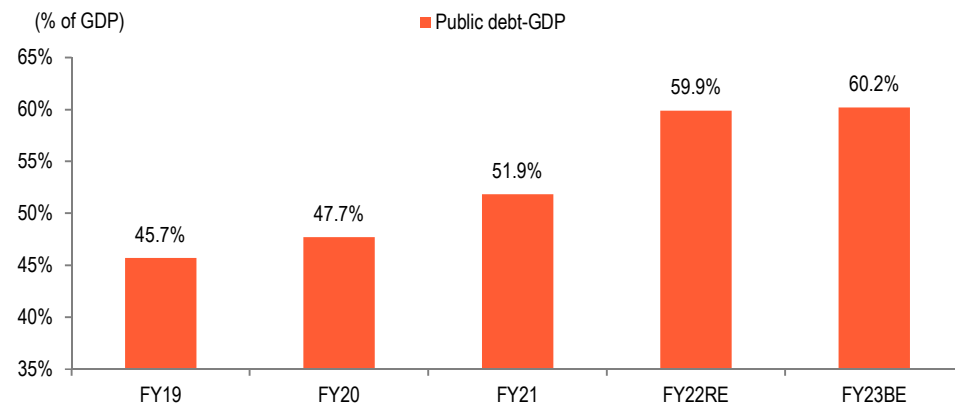
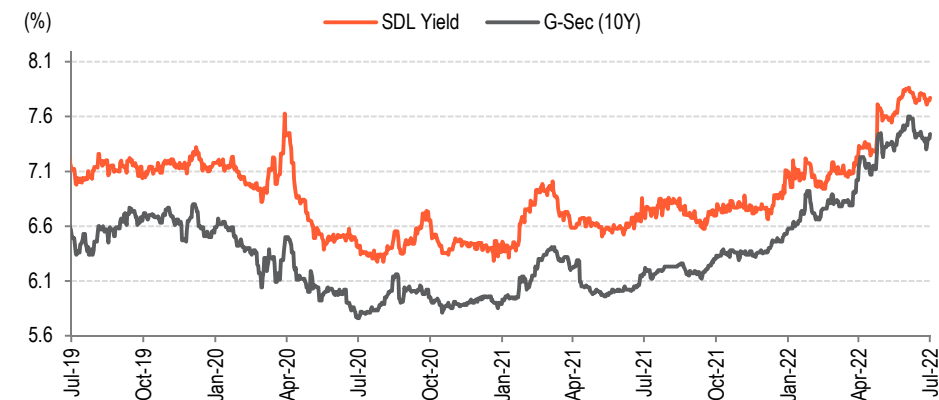
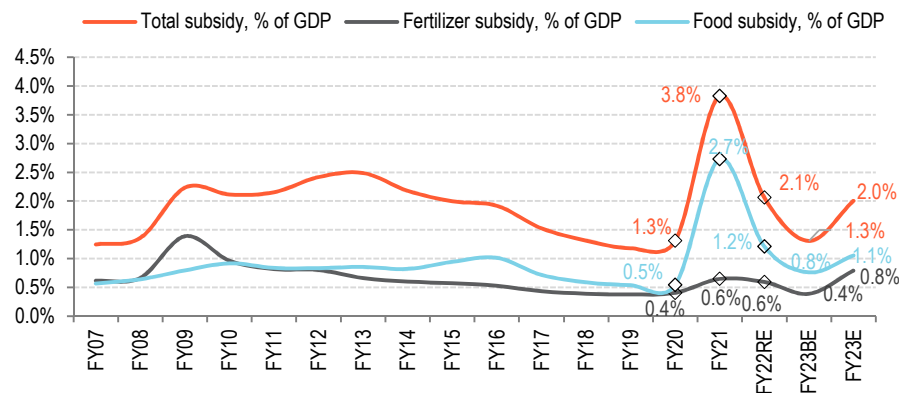


Fig 134 – Spread between 10Y G-sec and SDL yield widened further in Jun'22, and is even higher in Jul'22 so far



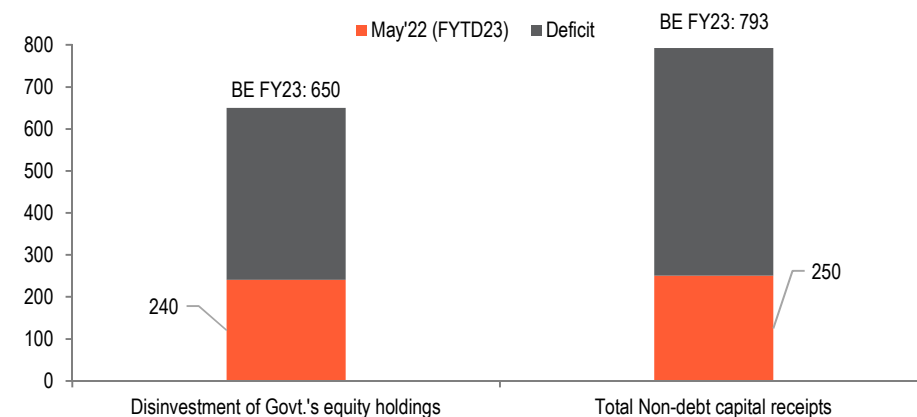
Source: CCIL

Fig 135 – Subsidy burden to inch up in FY23E



RE-Revised Estimates; BE-Budget Estimates; E-Bank of Baroda estimates

Fig 136 – Central govt. FY23 disinvestment status



Central government borrowing

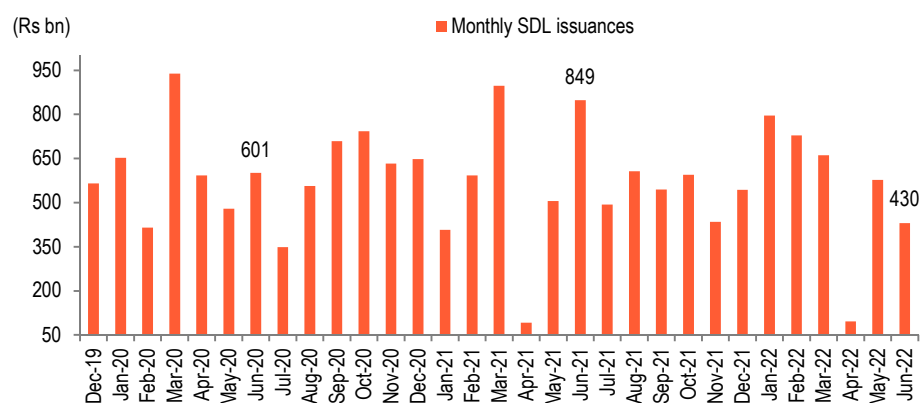
Fig 137 – Centre's T-bill issuances in Q1FY23 has been at Rs 5.2tn

Total accepted amount (G-Sec), (Rs bn)	FY17	FY18	FY19	FY20	FY21	FY22	FY23	FY23 (planned)
Q1	2,797	2,888	3,089	3,364	5,328	5,375	5,247	4,320
Q2	2,584	3,186	3,299	3,024	5,417	3,215	452*	2,730
Q3	2,747	2,632	3,070	2,889	3,745	3,630		-
Q4	1,684	2,486	1,812	2,511	2,714	4,766		-
Total	9,811	11,192	11,271	11,788	17,204	16,986		-

Source: RBI *Till 06 Jul 2022

State government borrowing

Fig 139 – State government borrowings in Jun'22 much lower than previous 2 years



Source: RBI

Fig 138 – Centre's gross borrowing in Q1Y23 is at Rs 3.6tn

Total accepted amount (G-Sec), (Rs bn)	FY17	FY18	FY19	FY20	FY21	FY22	FY23	FY23 (planned)
Q1	1,500	1,680	1,320	2,040	3,140	3,064	3,570	3,900
Q2	1,910	1,890	1,440	2,210	4,220	3,649	640*	4,550
Q3	1,610	1,640	1,270	1,930	2,910	3,190		-
Q4	800	670	1,680	920	3,191	1,370		-
Total	5,820	5,880	5,710	7,100	13,461^	11,273		-

Source: RBI^ Against budgeted Rs 12.8tn *Till 8 Jul 2022

Fig 140 – States' Q1 market borrowings in FY23 was only 58% of the planned amount

Quarterly SDL issuances, (Rs bn)	FY17	FY18	FY19	FY20	FY21	FY22	FYTD23 (actual)	FY23 (planned)
Q1	548	650	766	815	1,673	1,446	1,102	1,904
Q2	792	1,130	809	1,439	1,614	1,644	135*	2,116
Q3	1,214	1,054	1,277	1,470	2,023	1,653		
Q4	1,322	1,348	1,809	2,006	1,898	2,184		
Total	3,876	4,182	4,661	5,731	7,206	6,927		

Source: RBI; *as of 5 Jul 2022

External sector

Exports

Fig 141 – Global exports moderating

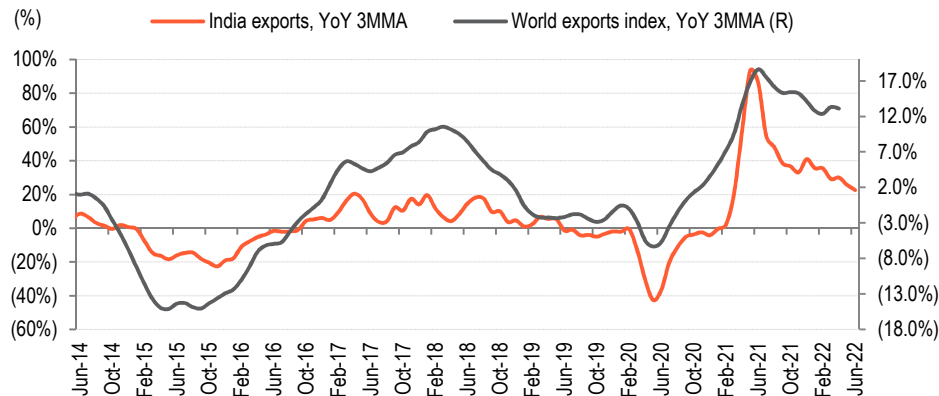
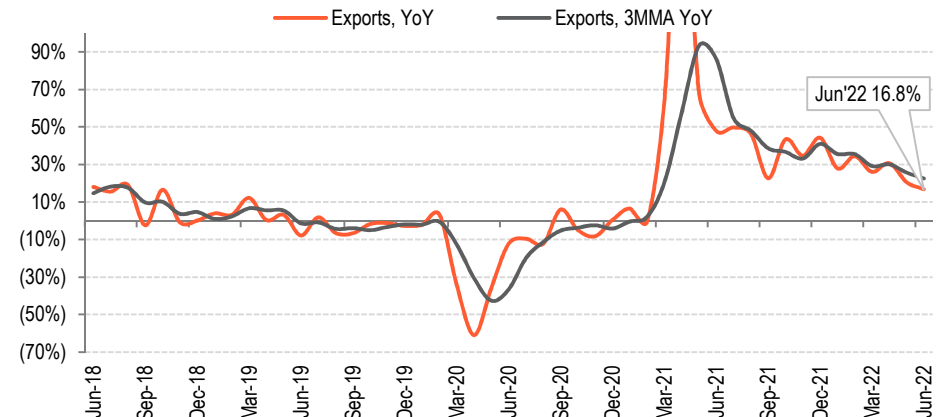


Fig 142 – India's export growth also moderated to 16.8% in Jun'22 from 20.6% in May'22



Exports by major sectors

Fig 143 – ...led by deceleration in non-oil exports

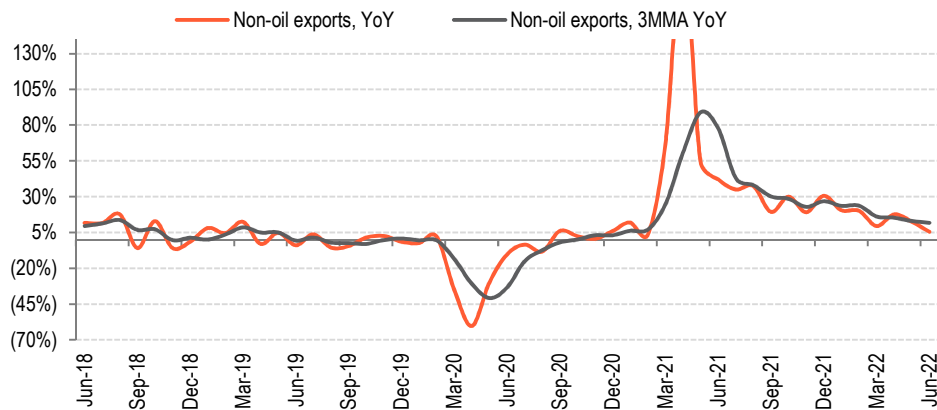


Fig 144 – Engineering exports decline for the first time in 16-months

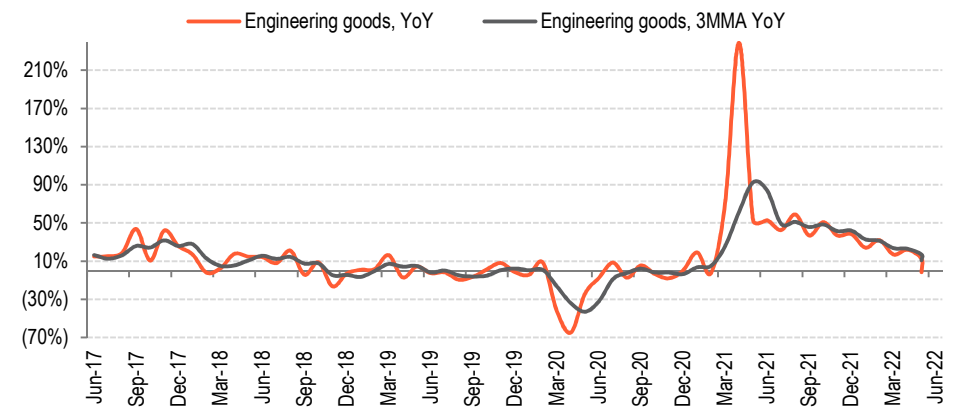


Fig 145 – Exports of drugs and pharmaceuticals declined by 1.3% compared with an increase of 10.3% in May'22

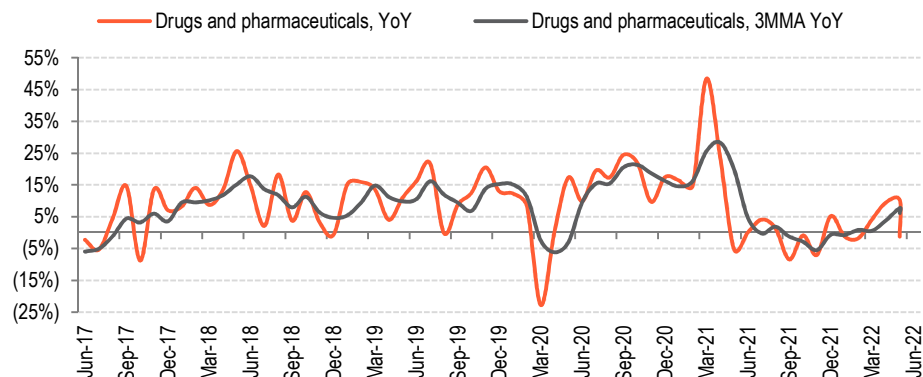
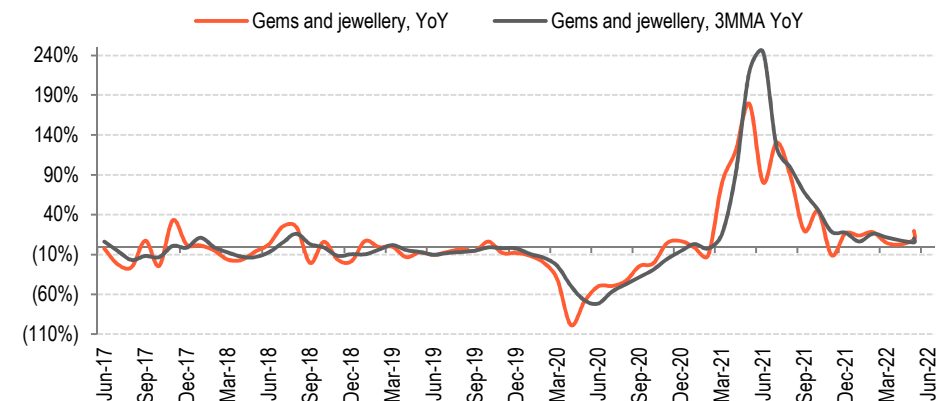


Fig 146 – However, exports of gems and jewellery improved to 19.4% in Jun'22 from 8.7% in May'22



Imports

Fig 147 – Imports rose to a fresh historic high of US\$ 63.6bn in Jun'22 from US\$ 63.2bn in May'22

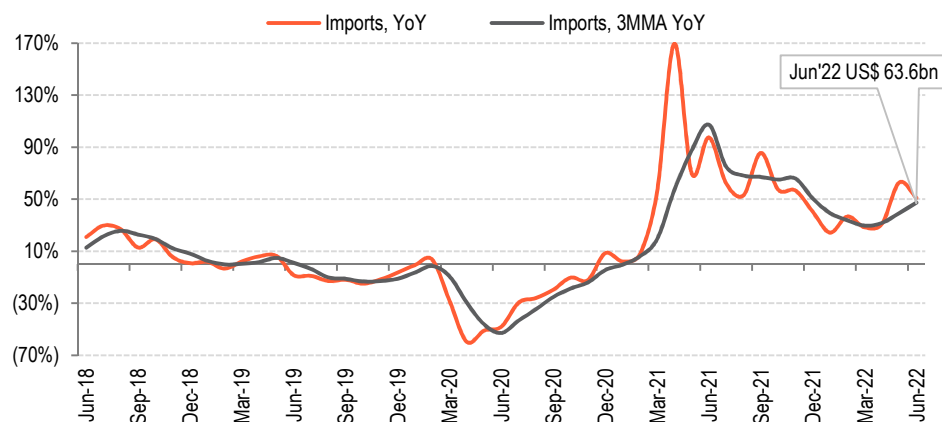


Fig 148 – Oil imports continue to remain elevated

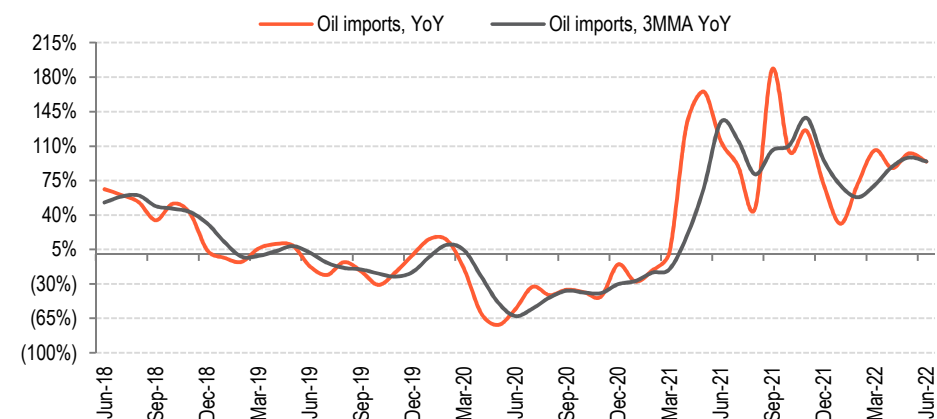
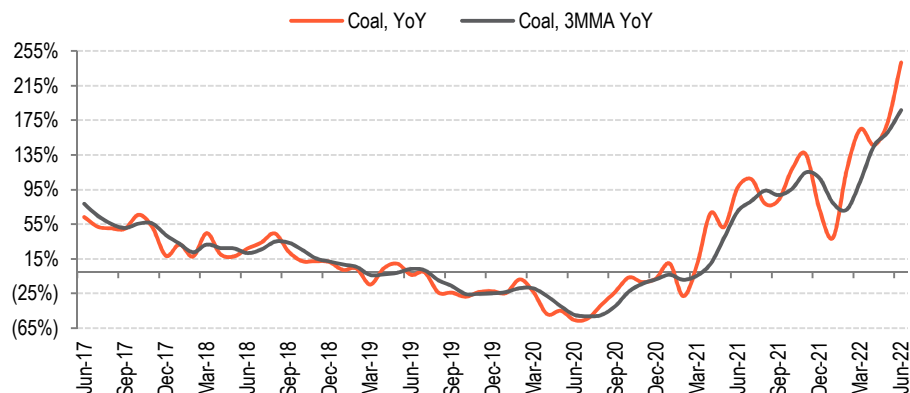
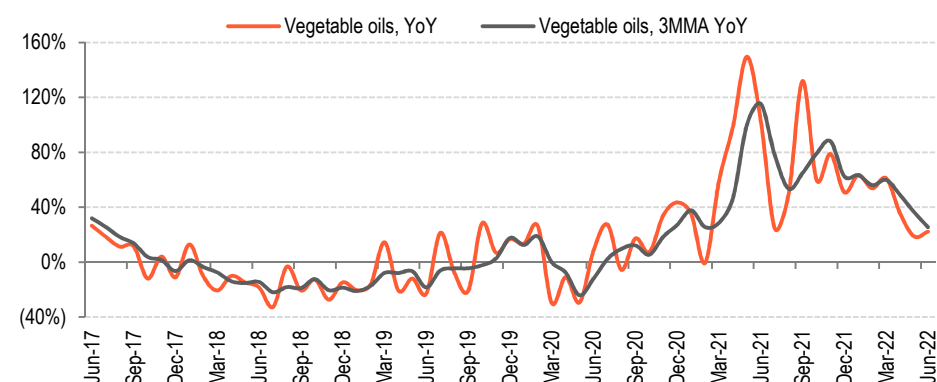
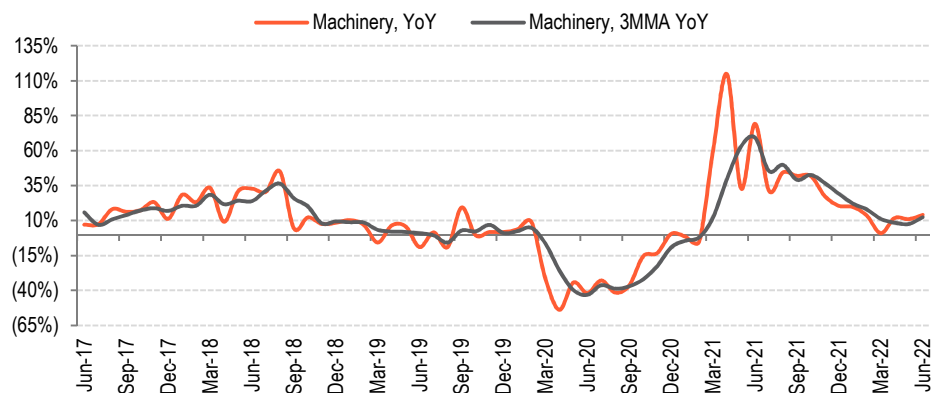
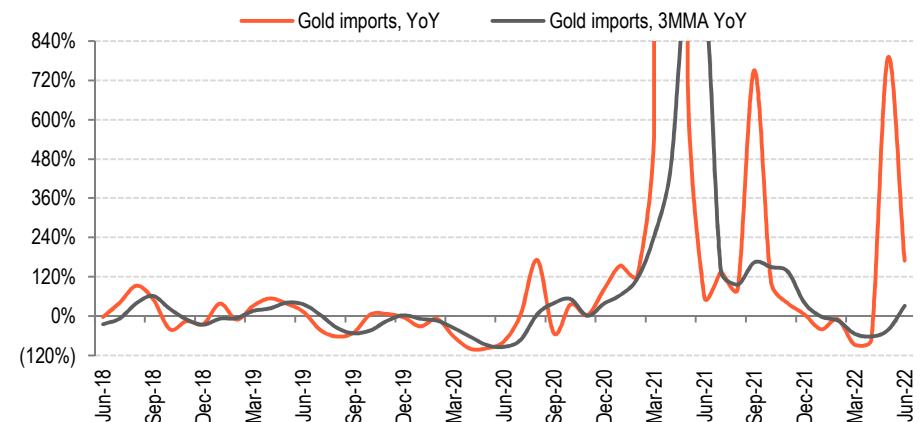


Fig 149 – Sharp surge in coal imports**Fig 150 – Import of vegetable oils also shows an uptick on a YoY basis****Fig 151 – Improvement in imports of machinery****Fig 152 – .. However gold imports moderated in Jun'22**

Exports and imports by major regions

Fig 153 – Exports to China have declined sharply in FYTD23

Region (% YoY)	Share in FY22	FYTD22	FYTD23	Mar-22	Apr-22	May-22
Americas	23.8	151.4	32.1	32.4	32.5	31.7
Asia and Pacific (Ex. China)	27.2	122.0	8.2	6.7	15.7	1.1
China	5.1	29.6	(31.0)	(45.3)	(36.4)	(25.2)
Europe	20.6	130.7	47.5	46.8	56.1	39.6
Middle East and Africa	22.8	112.0	39.4	56.0	46.8	32.9
Other	0.6	(24.5)	198.1	239.1	198.2	198.1

Fig 154 – Imports from Europe have moderated in FYTD23

Region (% YoY)	Share in FY22	FYTD22	FYTD23	Mar-22	Apr-22	May-22
Americas	11.8	73.3	40.7	23.8	34.8	47.2
Asia and Pacific (Ex. China)	24.2	94.1	42.2	26.0	32.0	53.8
China	15.4	77.3	12.7	31.9	20.7	5.5
Europe	13.9	135.1	6.2	(40.4)	(33.3)	72.1
Middle East and Africa	32.3	183.8	78.4	81.0	61.3	100.1
Other	2.3	64.7	185.6	76.7	192.6	179.7

Trade deficit

Fig 155 – Trade deficit widened to a fresh record-high of US\$ 25.6bn in jun'22 from US\$ 24.3bn in May'22

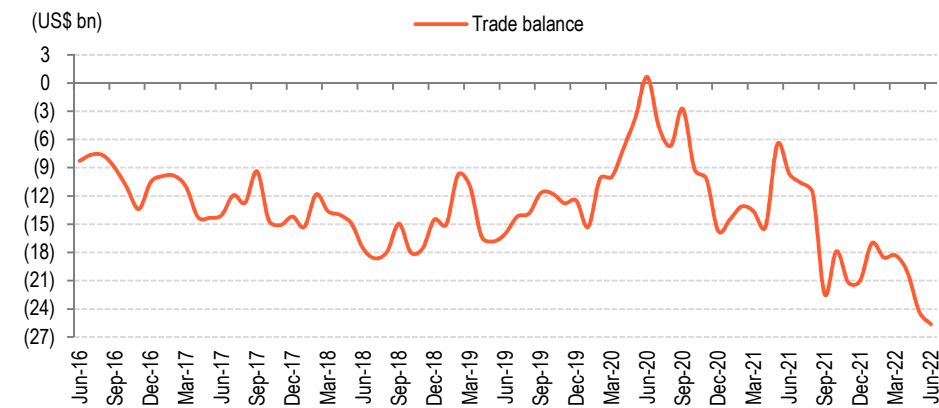
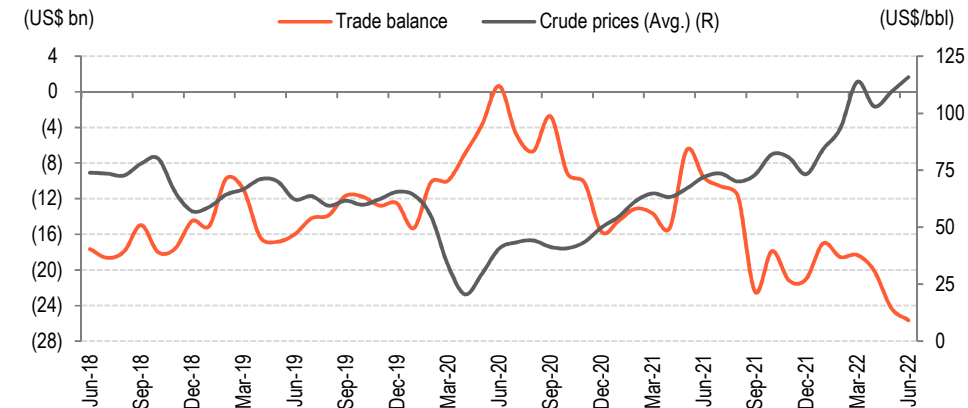
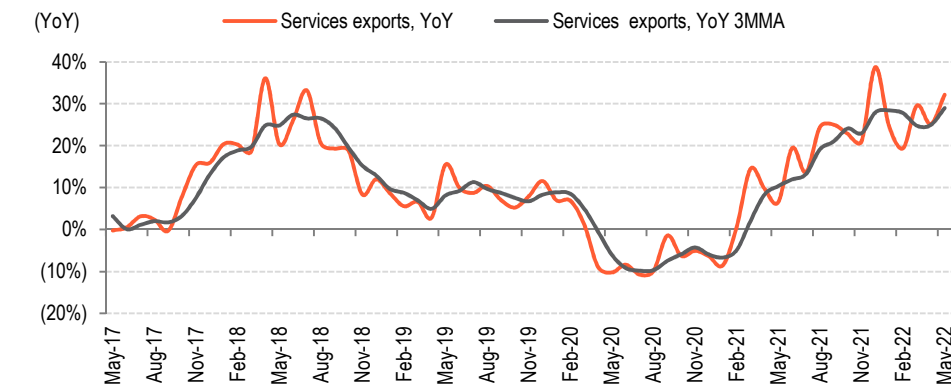


Fig 156 – .. as oil prices remain elevated



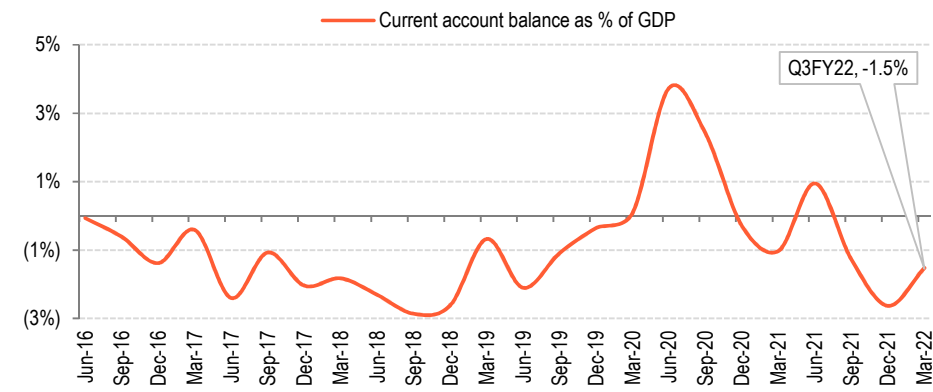
Trade in services

Fig 157 – Services exports rise by 32.2% in May'22 versus 25.1% in Apr'22



BoP

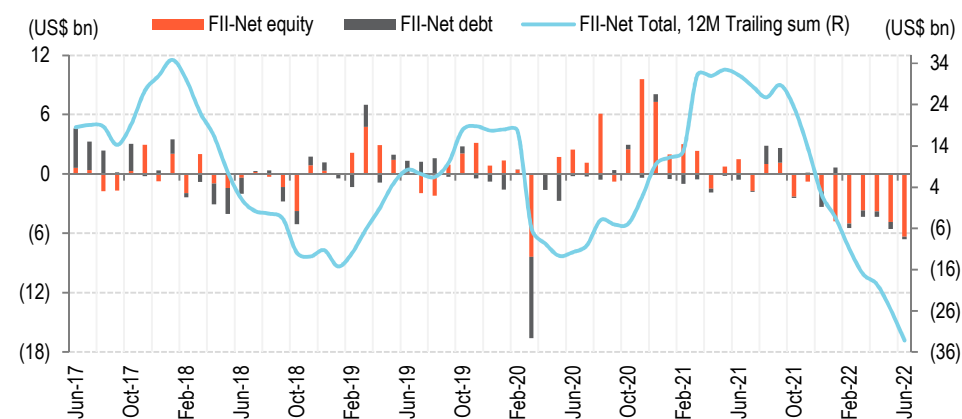
Fig 158 – India's current account deficit narrowed to 1.5% of GDP in Q4FY22 from 2.7% of GDP in Q3FY22



Foreign inflows

FII inflows

Fig 159 – FII outflows accelerate further to US\$ 6.6bn in Jun'22 from US\$ 5.6bn in May'22, outflows of US\$ 30.5bn in CY22



Source: Bloomberg

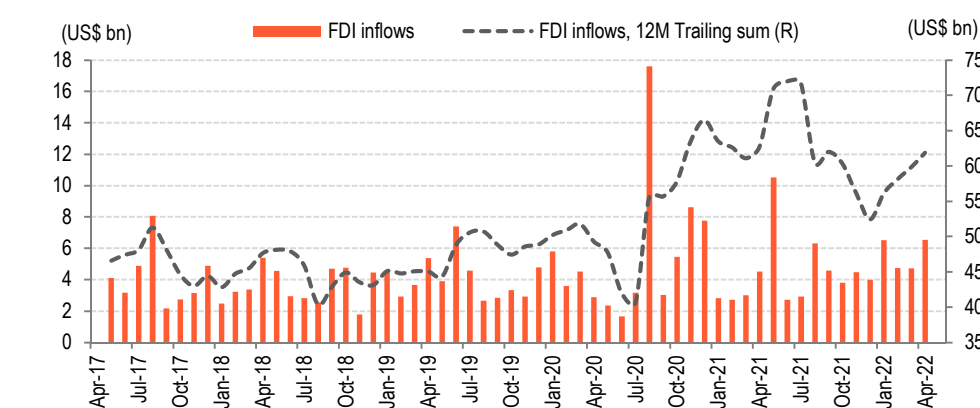
Fig 161 – FDI inflows in services and auto sector rise in FY22

Sector	% Share FY22	FY18	FY19	FY20	FY21	FY22
Computer software and hardware	43.8	6.2	6.4	7.7	26.1	14.5
Construction (Infrastructure) activities	13.2	2.7	2.3	2.0	7.9	3.2
Services Sector	8.5	6.7	9.2	7.9	5.1	7.1
Trading	4.4	4.3	4.5	4.6	2.6	4.5
Automobile industry	2.7	2.1	2.6	2.8	1.6	7.0
Metallurgical industries	2.2	0.4	0.6	2.1	1.3	2.3
Telecommunications	0.7	6.2	2.7	4.4	0.4	0.7

Source: DIPP

FDI inflows

Fig 160 – FDI equity inflows rise to US\$ 6.5bn in Apr'22 from US\$ 4.7bn in Mar'22



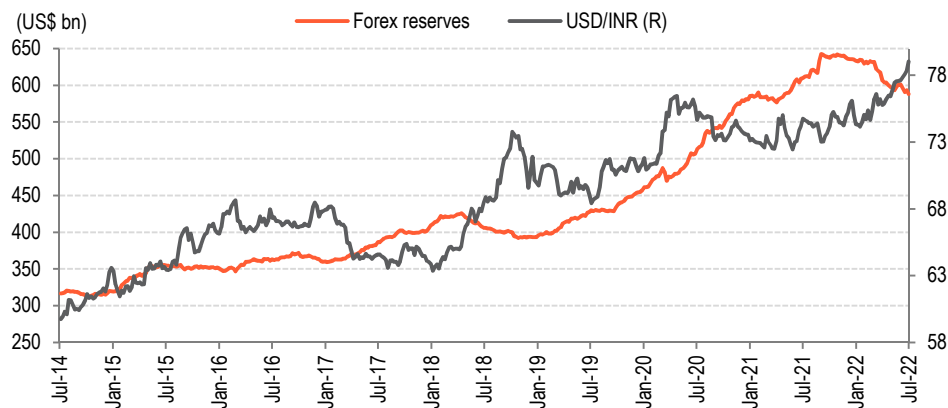
Source: RBI, Bank of Baroda Research

Fig 162 – FDI inflows from Mauritius accelerate the most in FY22

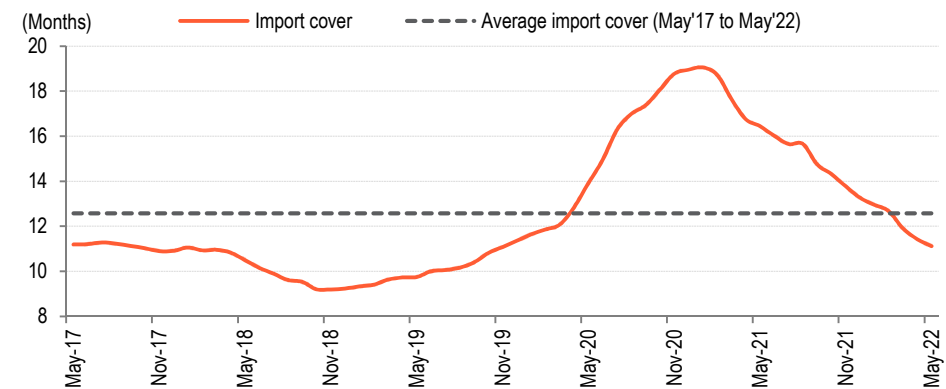
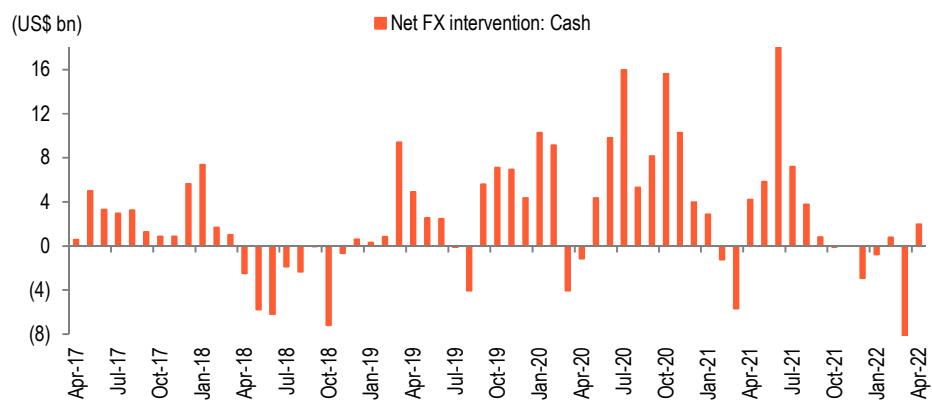
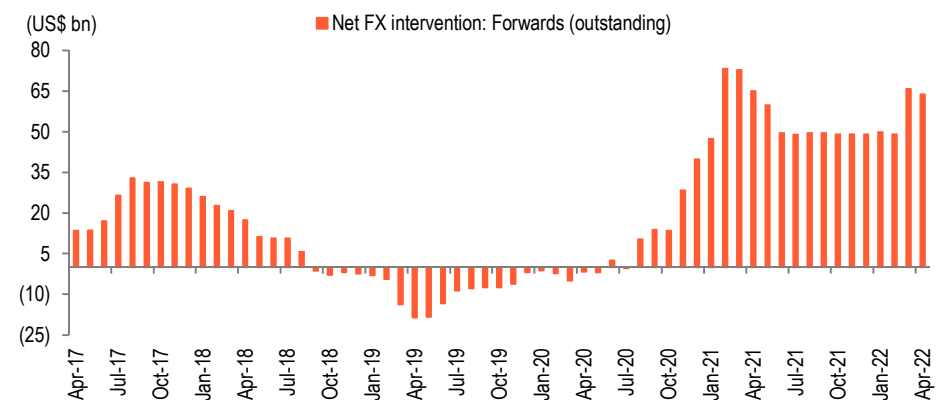
Country (US\$ bn)	% Share in FY22	FY18	FY19	FY20	FY21	FY22
Singapore	27.0	12.2	16.2	14.7	17.4	15.9
US	17.9	2.1	3.1	4.2	13.8	10.5
Mauritius	16.0	15.9	8.1	8.2	5.6	9.4
Netherlands	7.9	2.8	3.9	6.5	2.8	4.6
UK	2.8	0.8	1.4	1.4	2.0	1.6
Japan	2.5	1.6	3.0	3.2	1.9	1.5

Source: DIPP

Forex reserves and external debt

Fig 163 – India's FX reserves fall to US\$ 588.3bn, down US\$ 45.3bn in CYTD22

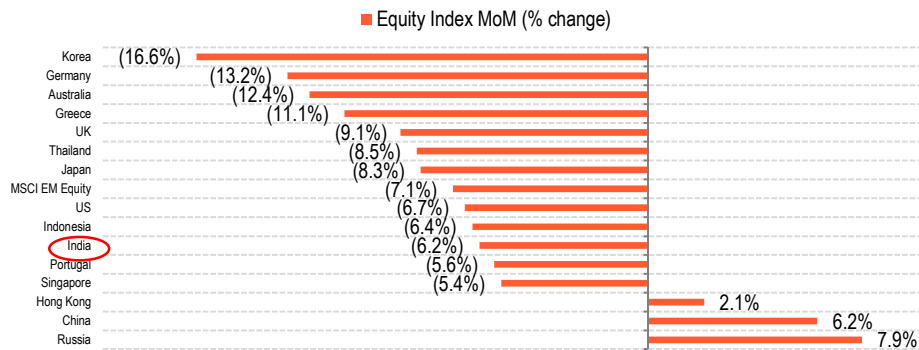
Source: Bloomberg | Weekly data as of 1 Jul 2022

Fig 164 – India's import cover falls below long-term average**Fig 165 – RBI's bought US\$ 2bn in the spot market in Apr'22****Fig 166 – RBI's outstanding forwards position at US\$ 63.8bn as of end Apr'22**

Markets

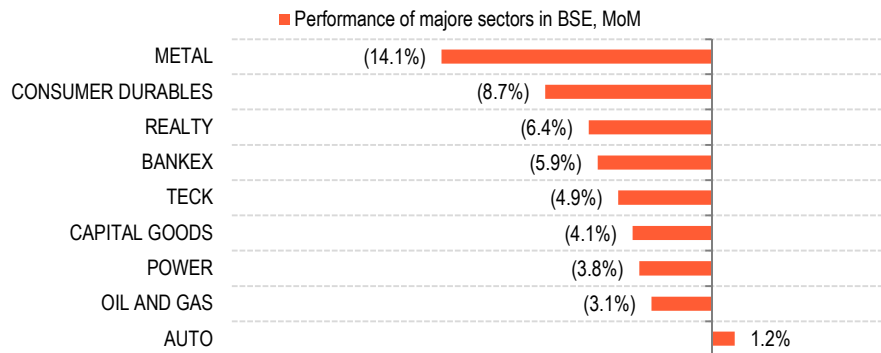
Equity

Fig 167 – In Jun'22, Sensex fell by 6.2%, MSCI EM fell by 7.1%



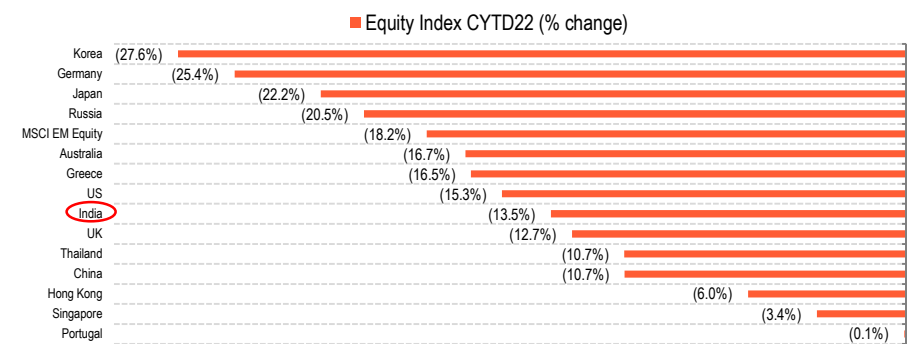
Source: Bloomberg | * As on 30 Jun 2022, Indices are in US\$ terms

Fig 169 – Metal and consumer durable stocks fell the most



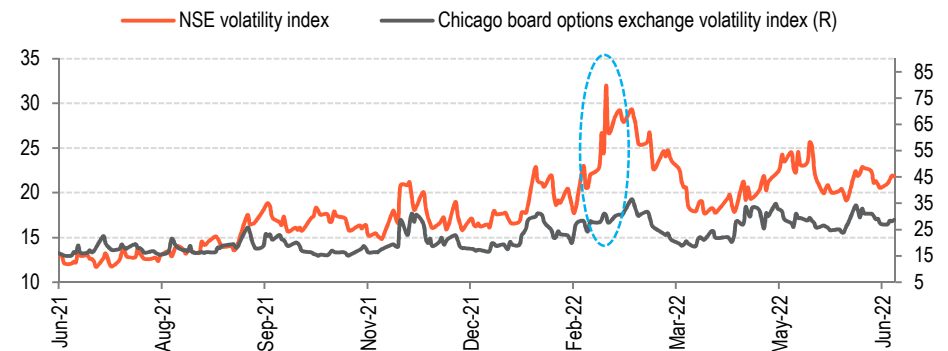
Source: Bloomberg | As on 30 Jun 2022

Fig 168 – In CYTD22 as well, Sensex fell by 13.5%



Source: Bloomberg | * As on 30 Jun 2022, Indices are in US\$ terms

Fig 170 – VIX index rose to 21.84 in Jun'22 from 20.48 in May'22

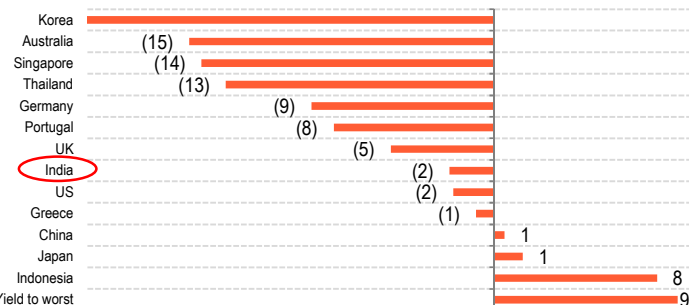


Source: Bloomberg

10-year bond yields

Fig 171 – On MTD basis, India's 10Y yield fell by 2bps

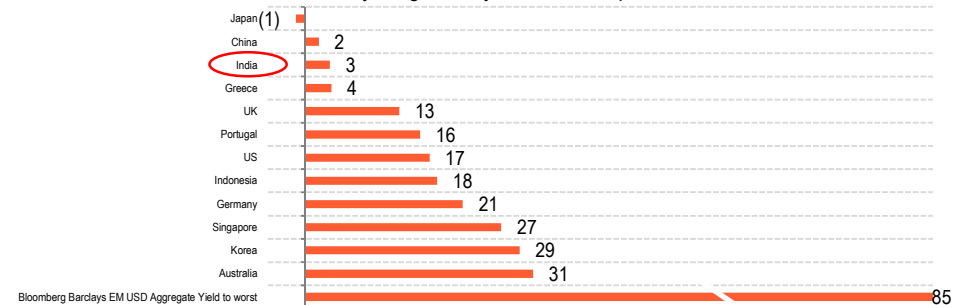
10 year generic yields movement MTD (Jun-11-Jul), bps



Source: Bloomberg | As on 11 Jul 2022

Fig 172 – In Jun'22, India's 10Y yield rose by 3bps

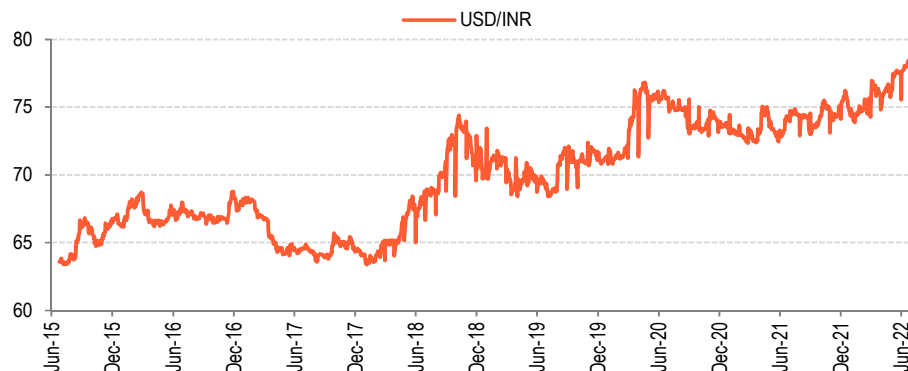
10 year generic yields, MoM, bps



Source: Bloomberg | As on 30 Jun 2022

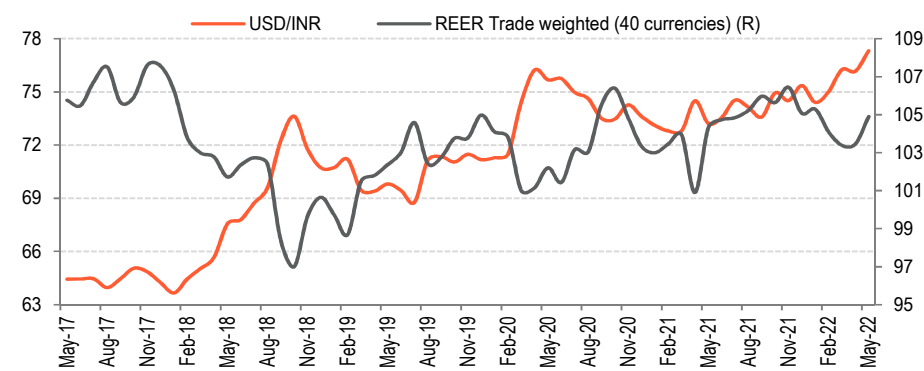
Currencies

Fig 173 – Stronger dollar weighing on INR

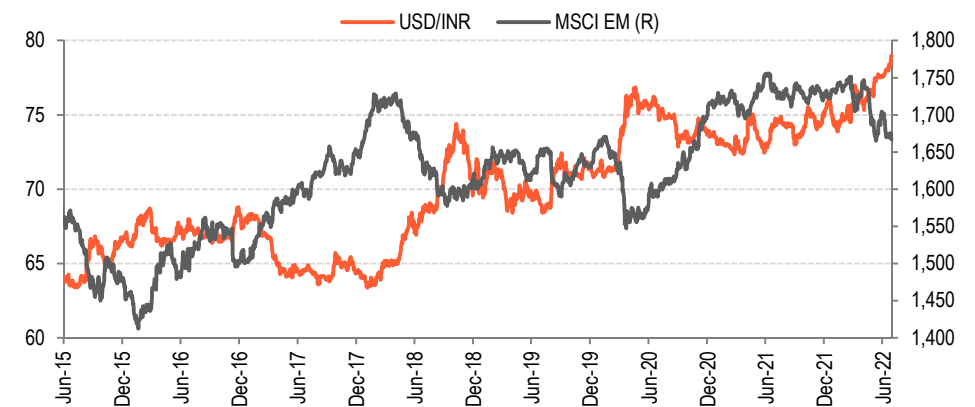
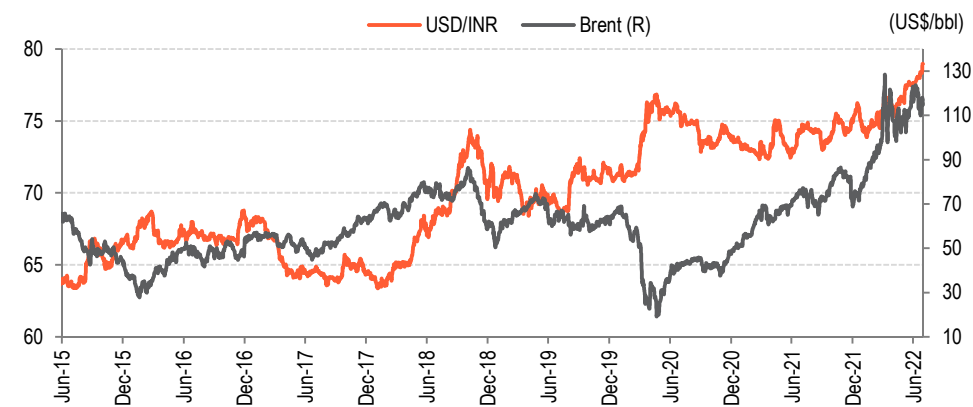
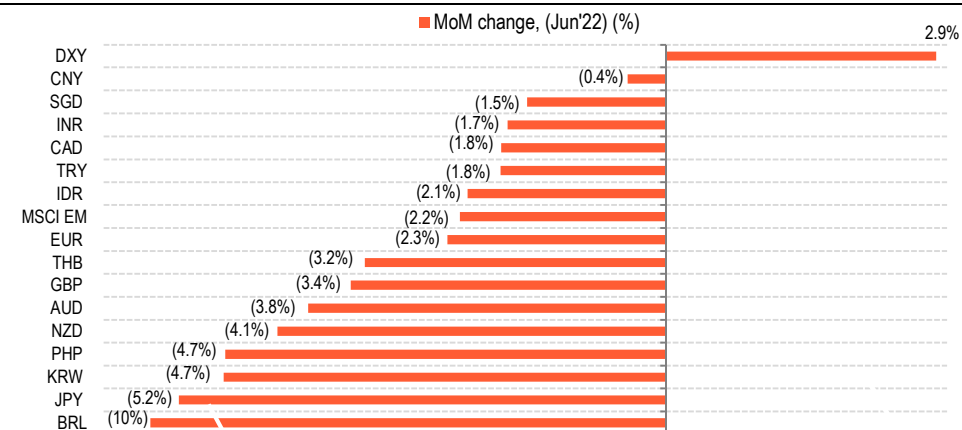
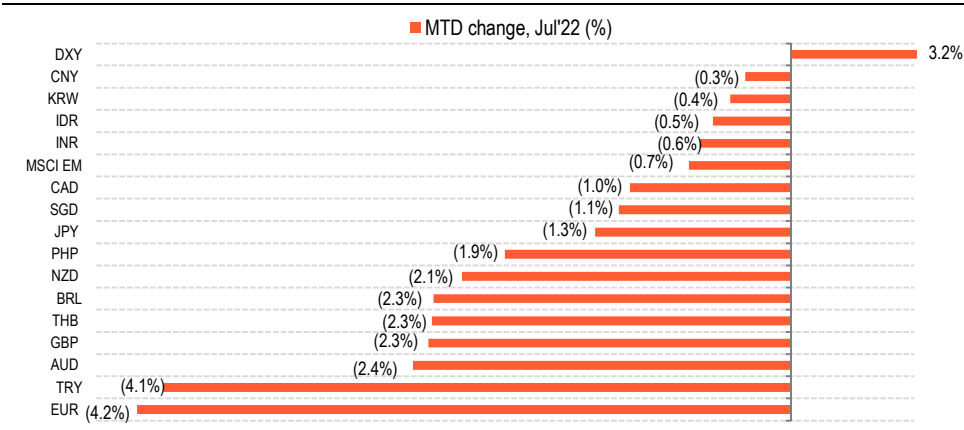


Source: Bloomberg | *As on 30 Jun 2022

Fig 174 – INR still overvalued by 4.9% (May'22)

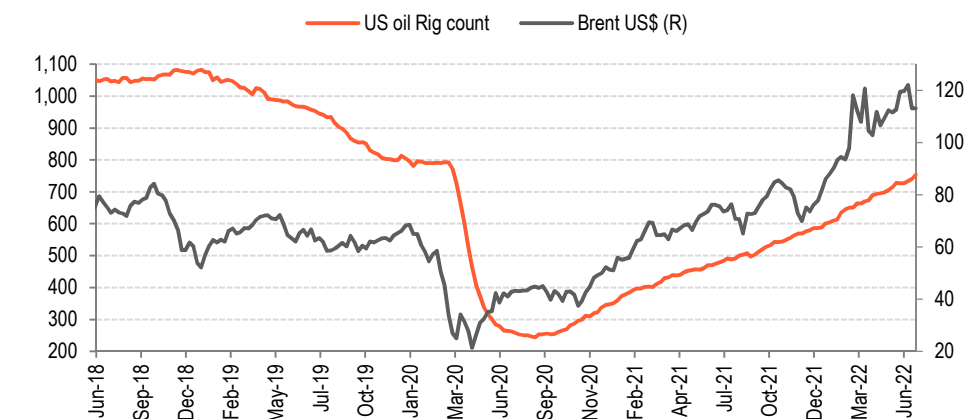


Source: Bloomberg

Fig 175 – Other EM currencies also depreciated against the dollar**Fig 176 – .. as oil prices remain elevated****Fig 177 – INR depreciated by 1.7% in Apr'22****Fig 178 – INR has depreciated further by 0.6% in Jul'22**

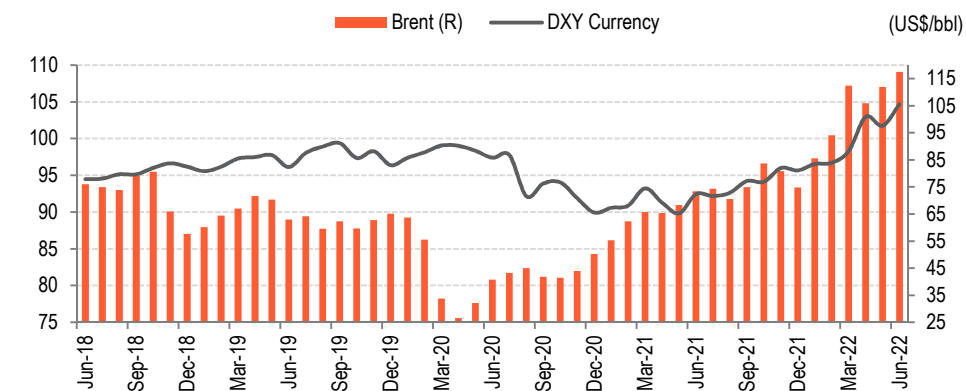
Commodities

Fig 179 – US rig count inched up



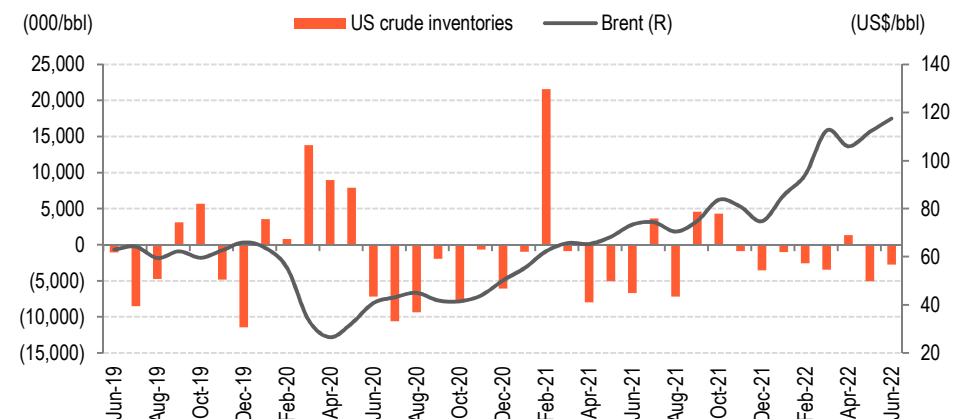
Source: Bloomberg

Fig 181 – Oil prices averaged to US\$ 118/bbl in Jun'22 from US\$ 112/bbl in May'22, DXY rose to 104.69



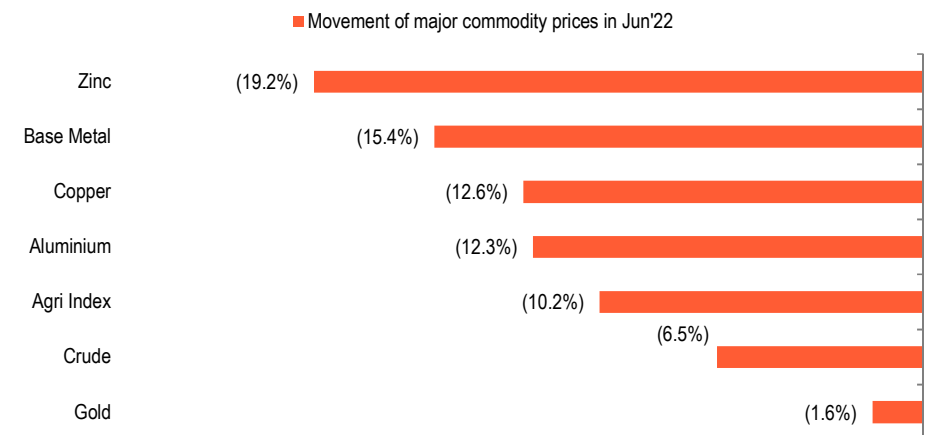
Source: Bloomberg | DXY Index as on last trading day of the month

Fig 180 – US crude oil inventory fell in Jun'22



Source: Bloomberg

Fig 182 – Prices seen falling for major items



Source: Bloomberg | As on last trading day of the month

Fig 183 – Performance of high frequency indicators

Indicators	Jun-21	Jul-21	Aug-21	Sep-21	Oct-21	Nov-21	Dec-21	Jan-22	Feb-22	Mar-22	Apr-22	May-22	Jun-22
Agriculture													
Tractor sales	22.1	8.2	(9.8)	(9.5)	3.2	(16.7)	(22.5)	(27.8)	(26.4)	(11.6)	38.1	47.7	(10.9)
Two wheeler sales	16.9	27.6	6.7	(11.5)	(6.1)	(0.8)	(19.9)	(13.4)	(10.7)	(4.0)	38.1	197.7	20.2
MNREGA work (HH, MoM)	26.8	(9.2)	(22.0)	(2.6)	(14.4)	2.2	13.5	(2.8)	1.8	1.1	(3.3)	32.2	3.3
Manufacturing													
IIP: General index	13.8	11.5	13.0	4.4	4.2	1.0	1.0	2.0	1.5	2.2	7.1	-	-
IIP: Manufacturing	13.2	10.5	11.1	4.3	3.3	0.3	0.6	1.9	0.5	1.4	6.3	-	-
IIP: Capital goods	27.3	30.3	20.0	3.3	(1.6)	(2.6)	(3.0)	1.8	2.0	2.0	14.7	-	-
IIP: Infra & construction goods	20.0	12.3	13.5	9.3	6.6	3.1	2.0	5.9	9.1	6.7	3.8	-	-
IIP: Consumer goods	28.0	19.4	11.1	1.6	(3.2)	(5.7)	(1.9)	(4.4)	(8.7)	(2.6)	8.5	-	-
Steel	25.2	9.4	6.9	7.1	5.9	0.9	(0.6)	3.8	5.6	5.0	2.2	15.0	-
Cement	7.5	21.7	36.3	11.3	14.6	(3.6)	14.2	14.1	4.2	9.0	7.4	26.3	-
Electricity	8.2	11.0	16.0	0.9	3.2	2.1	2.9	0.9	4.5	6.1	11.8	22.0	-
PMI: Manufacturing	48.1	55.3	52.3	53.7	55.9	57.6	55.5	54.0	54.9	54.0	54.7	54.6	53.9
Services													
Services PMI index	41.2	45.4	56.7	55.2	58.4	58.1	55.5	51.5	51.8	53.6	57.9	58.9	59.2
Automobile sales	22.6	34.1	14.5	(5.3)	(5.3)	(2.7)	(16.1)	(10.7)	(9.2)	(2.9)	37.3	206.8	27.2
Passenger vehicle sales	43.5	62.9	38.7	16.3	(11.4)	(19.4)	(10.9)	(10.1)	(7.8)	(4.9)	26.6	204.3	40.2
Vehicle registration	22.5	34.0	14.6	(5.3)	(5.3)	(2.7)	(16.0)	(10.6)	(9.0)	(2.8)	37.3	207.5	26.1
Rail freight traffic	20.5	18.4	16.9	3.6	8.4	6.1	7.2	7.7	6.6	6.7	9.4	14.6	11.3
Port cargo volume	19.5	6.7	11.4	0.4	6.5	(0.2)	(0.6)	(2.8)	(4.5)	0.8	5.5	8.9	13.5
Credit growth	6.1	6.1	6.7	6.7	6.9	6.9	9.4	7.1	8.1	8.6	9.6	11.2	12.1
Deposit growth	9.8	9.8	9.5	9.4	10.0	8.9	12.1	8.3	8.6	8.9	8.9	8.6	12.1
CIC	12.0	10.3	9.8	9.0	8.5	7.7	7.8	8.0	8.6	9.7	10.1	8.6	8.0
Toll collection (in mn)	157.9	192.3	201.2	193.6	214.2	214.1	242.1	231.0	243.6	270.4	265.4	285.4	277.9
Diesel consumption	(1.6)	11.4	15.8	0.5	(5.5)	(7.6)	1.6	(6.4)	(0.8)	6.7	7.9	31.7	23.9
GST E-way bill (in mn)	54.7	64.2	65.9	67.9	73.5	61.2	71.6	68.8	69.1	78.2	75.2	73.6	74.5
External Trade													
Merchandise exports	47.9	49.7	46.3	22.7	43.4	34.6	44.3	27.9	34.4	26.1	30.7	20.6	16.8
Merchandise imports	97.5	62.0	52.9	85.6	57.3	56.7	40.4	24.3	36.7	28.4	31.0	62.8	51.0
Services exports	19.4	8.8	19.1	19.6	19.7	17.9	35.2	24.2	19.1	29.3	25.1	32.2	-
Services imports	8.8	10.1	20.0	20.5	21.8	24.4	29.5	33.8	24.8	25.0	46.1	52.7	-

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

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