

India Economics

Monthly Chartbook

January 2023

Economic Research Department

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Important disclosures are provided at the end of this report.



All eyes on the Union Budget

With global growth slowing (US housing sector/PMIs, China production/retail sales, Eurozone PMIs), domestic growth is also giving mixed signals. While headline PMIs (manufacturing and services) improved in Dec'22, electricity demand, auto sales, tractor sales, property sales volume, states' revenue tax collections are pointing towards marginal slowdown. Going ahead, with inflation coming down, RBI is expected to pause soon, which will help growth in the near-term. Markets also await presentation of the Union Budget, wherein fiscal glide path and market borrowing data will be critical.

Mixed reading: Consumption demand alluded to mixed signals in Q3FY23, post the ending of festive period. RBI's consumer confidence for Nov'22 had signalled that the economy continues to remain on recovery path, with improved outlook for future. In Nov-Dec'22, moderation in electricity demand and slowdown in auto sales added to disappointment. However, steady pace of improvement in digital payments, non-oil-non-gold and electronic imports offered some support. On agriculture front, tractor sales has moderated while Rabi sowing continues to show robustness (higher compared with last year).

Centre on spending spree: Centre's fiscal deficit (% of GDP, 12MMA basis), rose further to 7.1% as of Nov'22 from 6.9% as of Oct'22, as spending continues to maintain momentum. Total expenditure was up by 17.7% as of Nov'22 (FYTD basis), compared with 17.4% growth seen as of Oct'22. This was supported by 63.4% increase in capex (+61.5% as of Oct'22) and 10.8% rise in revenue spending (+10.2% as of Oct'22). On the other hand, revenue growth moderated slightly, with gross tax revenues rising by 15.5% as of Nov'22 versus 18% as of Oct'22. Within this, both direct (23.9% versus 25.9%) and indirect tax collections eased (8.5% versus 11%). Within direct taxes, corporate

tax receipts slowed more than income tax. While in case of indirect taxes, union excise duty collections acted a drag. Receipts from disinvestment still remains lacklustre. We expect overall spending to remain high going forward (capex is at 59.6% of BE and revenue expenditure is at 62.5%) in order to order meet budgetary targets. We expect 0.2-0.3bps slip in fiscal deficit target in FY23.

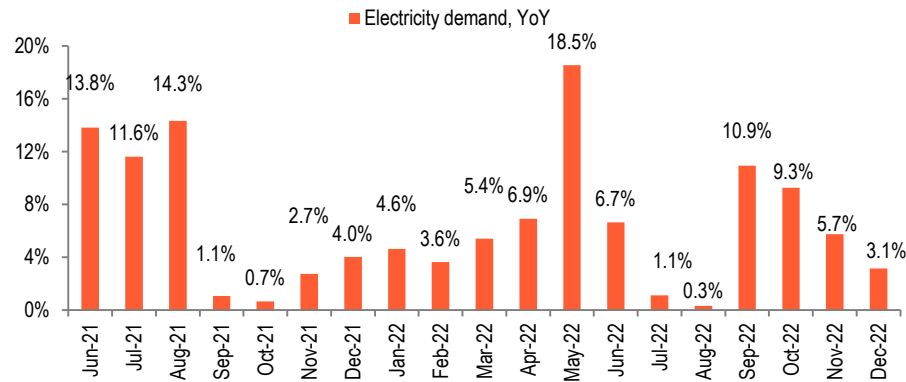
India's 10Y yield inched up in CY22: In line with major global yields, India's 10Y yield rose sharply in CY22. It went up by 87bps, while 10Y yields in Germany, UK and US firmed up by 317bps, 252bps and 217bps respectively. Record high inflation, hawkish policy by major central banks contributed towards the same. In domestic market even liquidity dynamics changed dramatically. From a surplus of Rs 6.3 lakh crore in CY21, average system liquidity surplus dropped to Rs 3.1 lakh crore in CY22. Going forward the upcoming borrowing calendar of the centre and the fiscal deficit will shed light on how yields would play out. Further, if the softening of inflation continues, it would also comfort yields. In Dec'22 as well, we expect headline CPI to moderate to 5.7%.

INR to remain rangebound: INR depreciated by 1.6% in Dec'22, reversing the gains it made in Nov'22. For the year, INR was 10.1% lower. A combination of adverse global as well as domestic factors kept INR under pressure in CY22. However, with a major part of Fed rate hikes been behind us and expectations of rate cuts by the Fed in the later part of the year, the dollar rally is expected to have stalled. Further, global commodity prices especially oil have moderated led by concerns over weak growth. This is also positive for INR. We foresee INR in the range of 81-83/\$ this year.

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

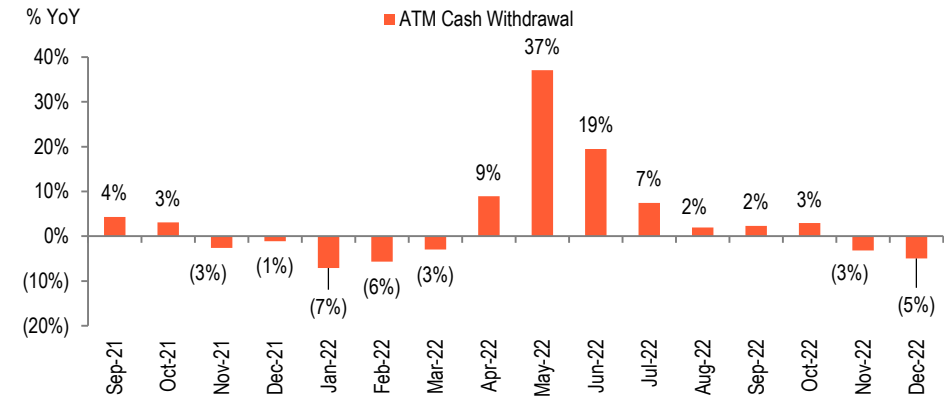
High frequency indicators

Fig 1 – Electricity demand dips



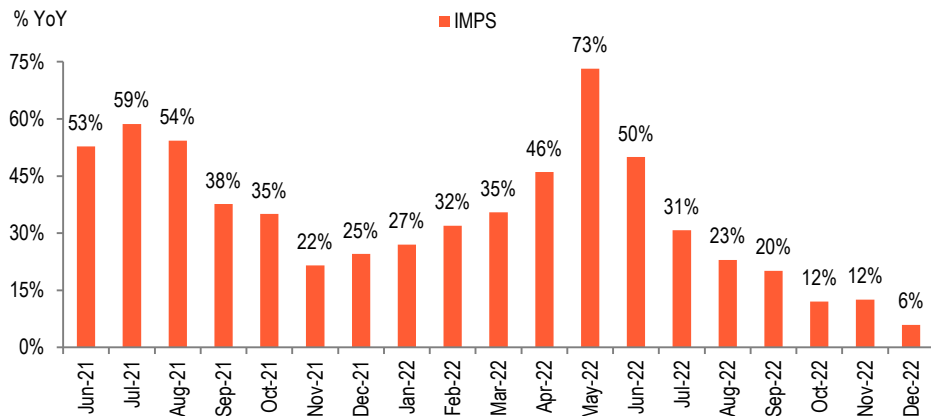
Source: Posoco. Note: Maximum Demand met during peak evening hours (MW)

Fig 2 – Cash withdrawal continues to slip in Dec'22



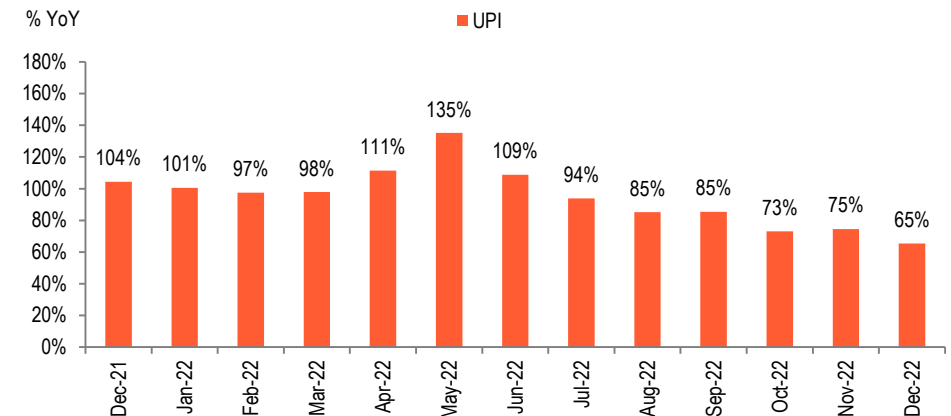
Source: NPCI. Note: NFS Cashwithdrawal amount does not include Card to Card Transfer

Fig 3 – IMPS transactions drop



Source: NPCI

Fig 4 – Growth in UPI payments steady



Source: NPCI

Fig 5 – Robust growth in fertilizer sales

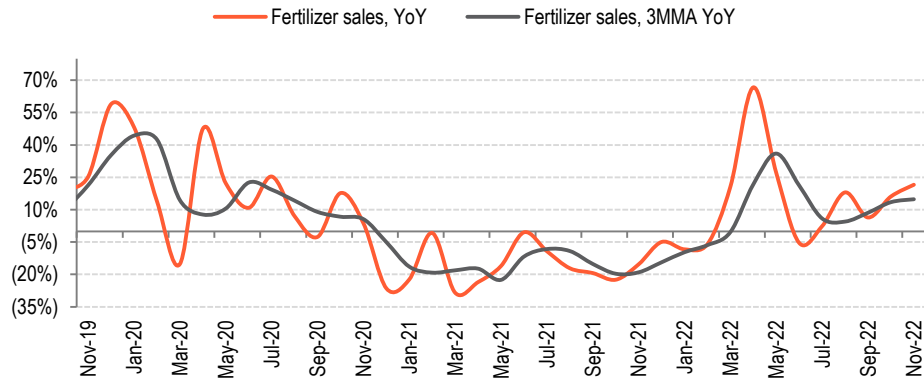
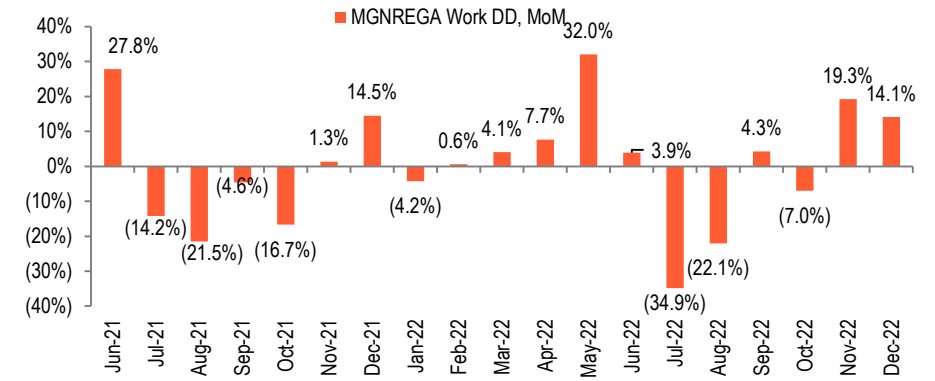


Fig 6 – Slower demand for work (MGNREGA)



Source: MGNREGA

Final consumption expenditure

Fig 7 – Base effect drags down private consumption in Q2FY23

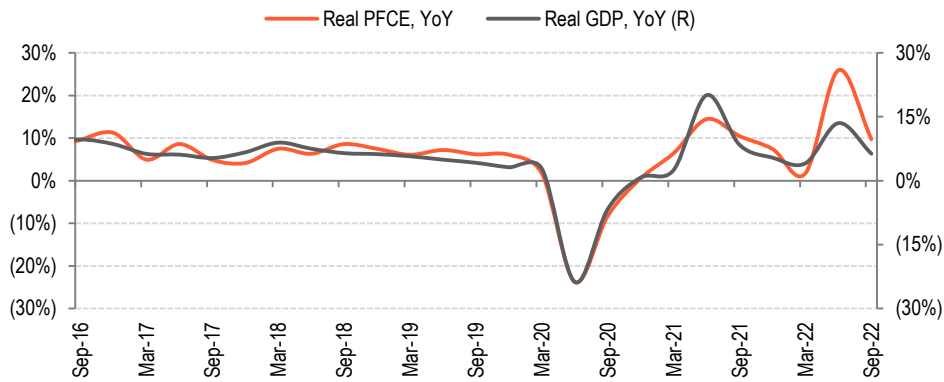


Fig 8 – Government consumption too edges downwards

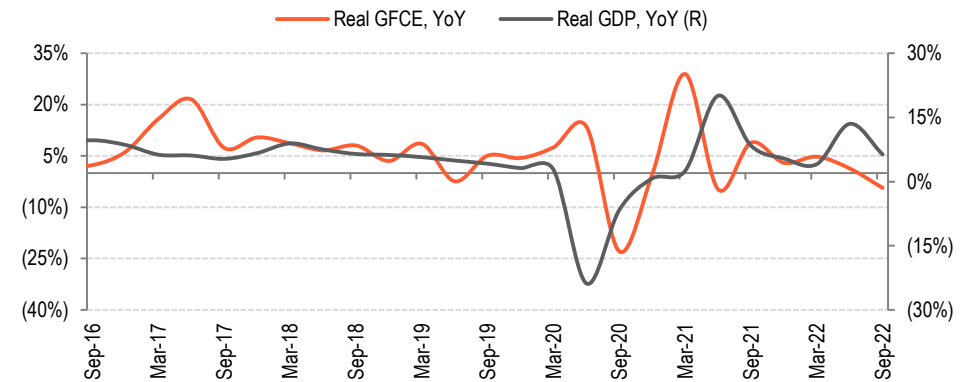


Fig 9 – General govt. revenue spending inches up further

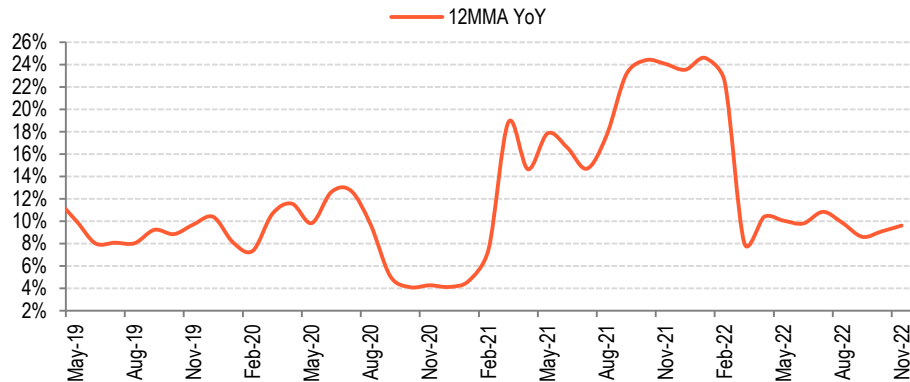
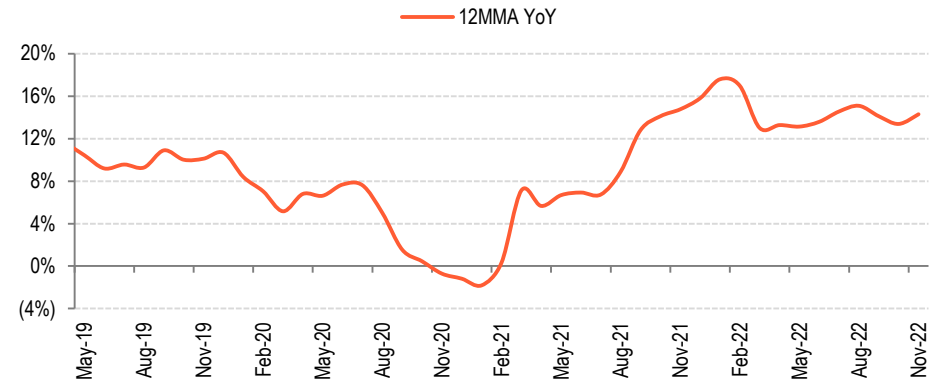


Fig 10 – ...State* govt. revenue spending too moving up



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

Non-oil imports, electronic imports

Fig 11 – Non-oil-non-gold import growth higher in Nov'22 vs Nov'21 (YoY)

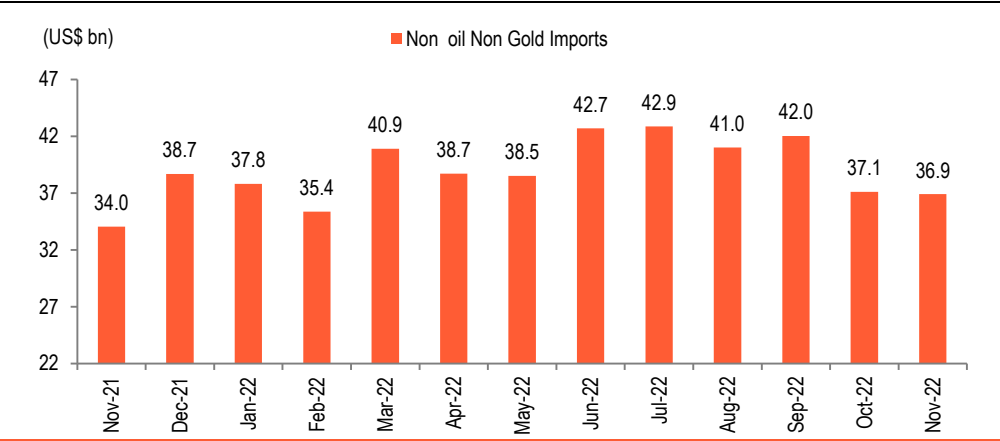


Fig 12 – Growth in electronic import edges upwards

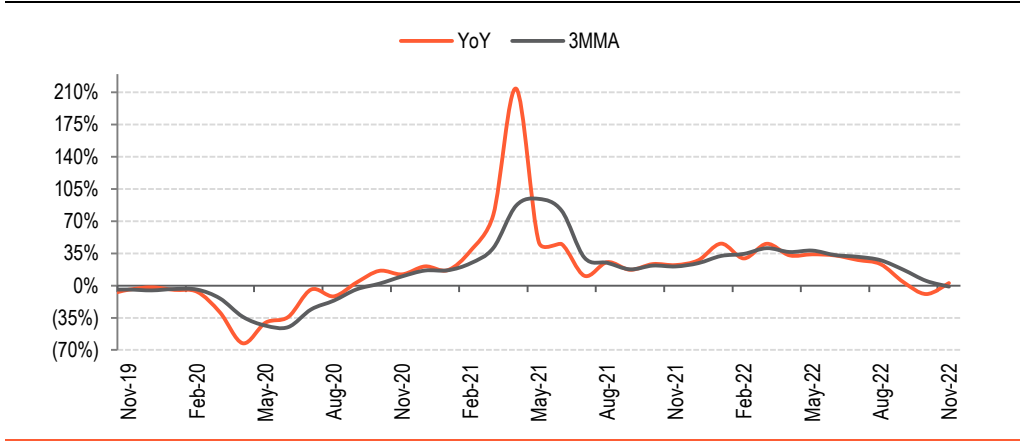
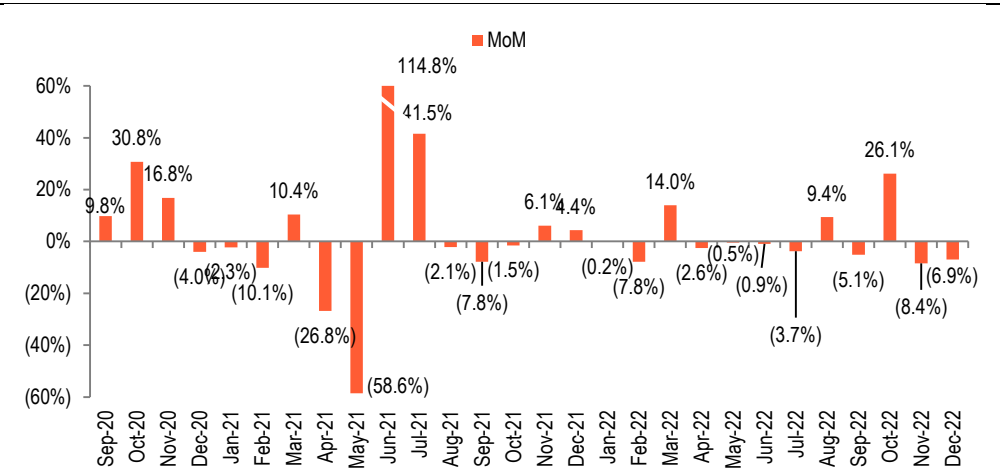
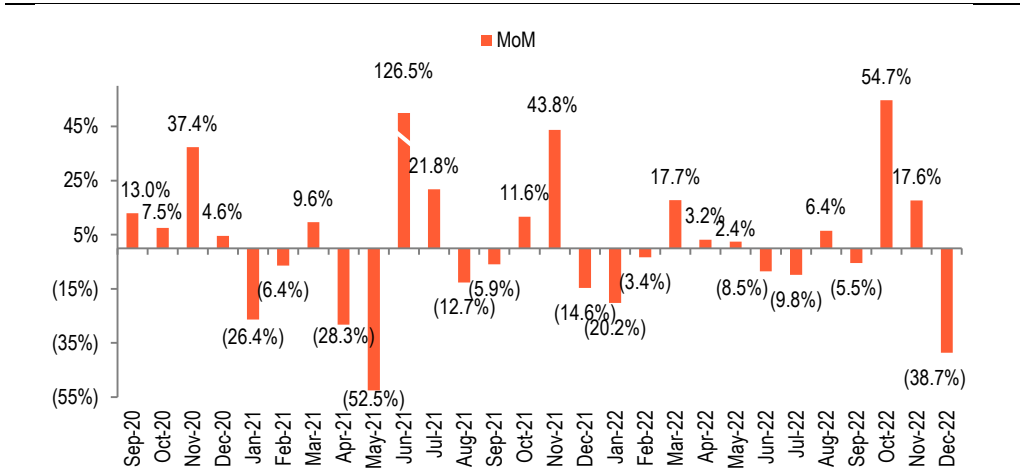


Fig 13 – Retail passenger vehicle sales moderates at a slower pace



Source: FADA

Fig 14 – Two-wheeler sales fall sharply



Credit deployment of personal loans

Fig 15 – Growth in credit card loan moderates

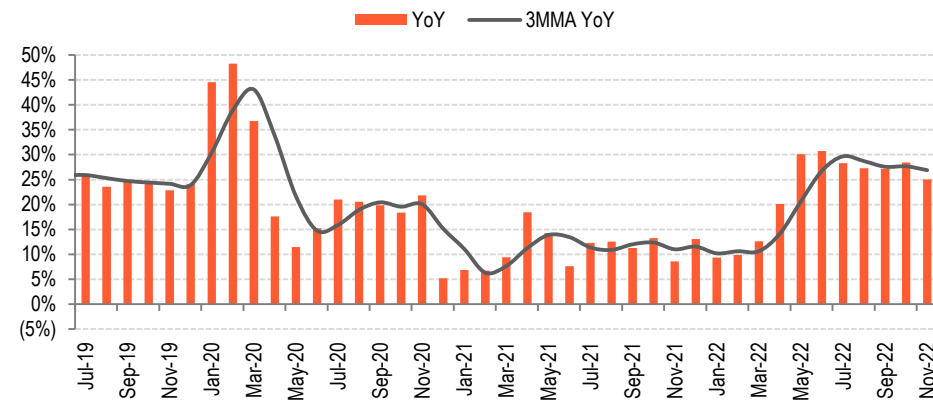


Fig 16 – Growth in personal loan remains steady

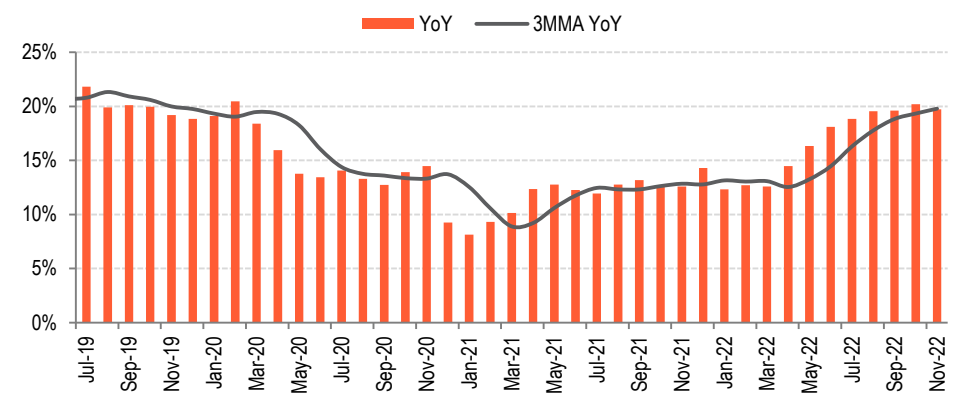


Fig 17 – Vehicle loans register higher growth

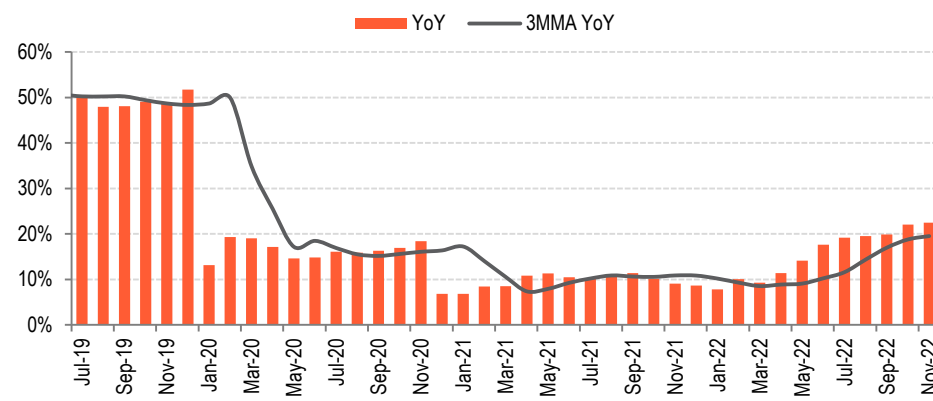


Fig 18 – Consumer's optimism gathers momentum

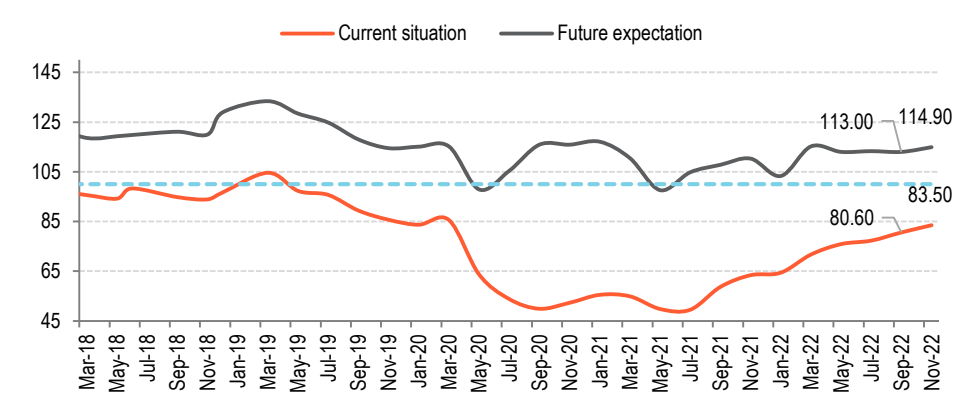


Fig 19 – RBI’s essential spending signals a dip

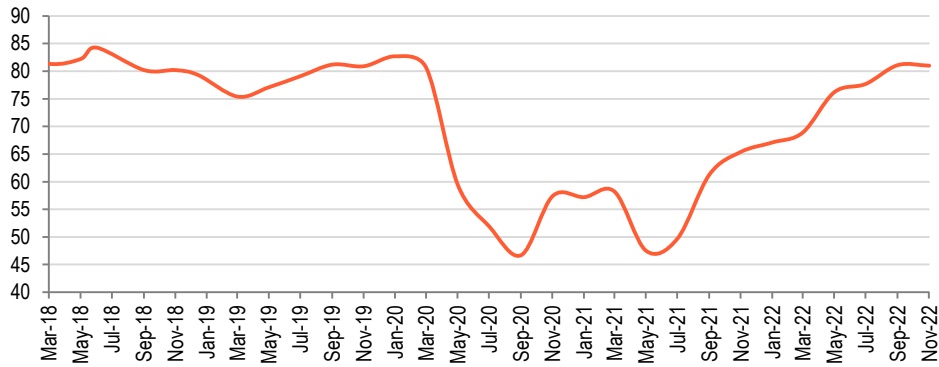
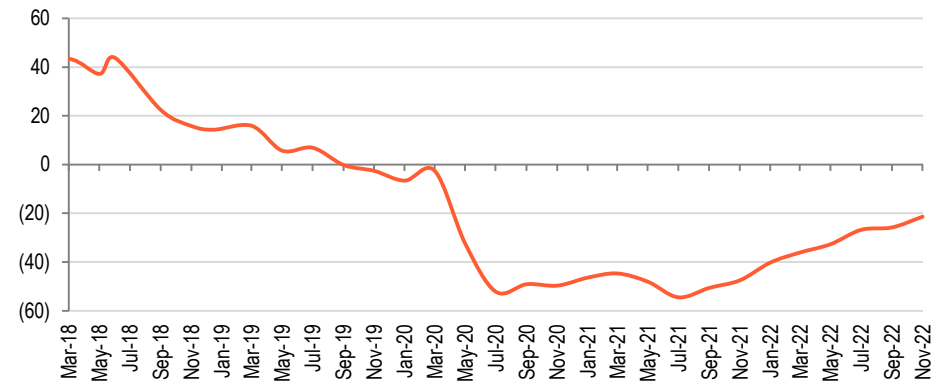


Fig 20 – ...non-essential spending registers an uptick



Consumer durables & non-durables production

Fig 21 – Consumer durables output contracts further

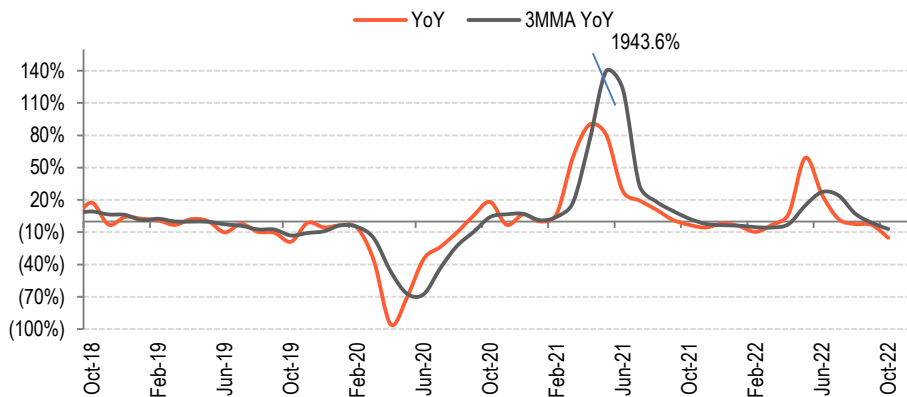
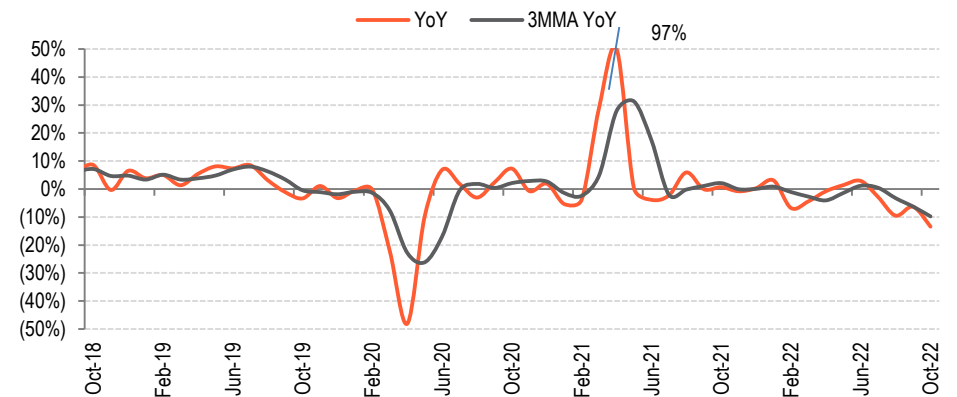


Fig 22 – Double digit contraction in FMCG output



Agriculture

Fig 23 – Robust growth in agriculture sector

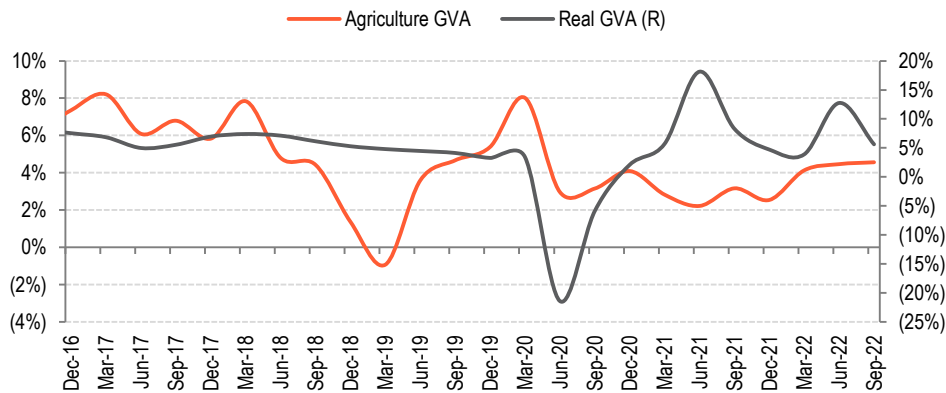
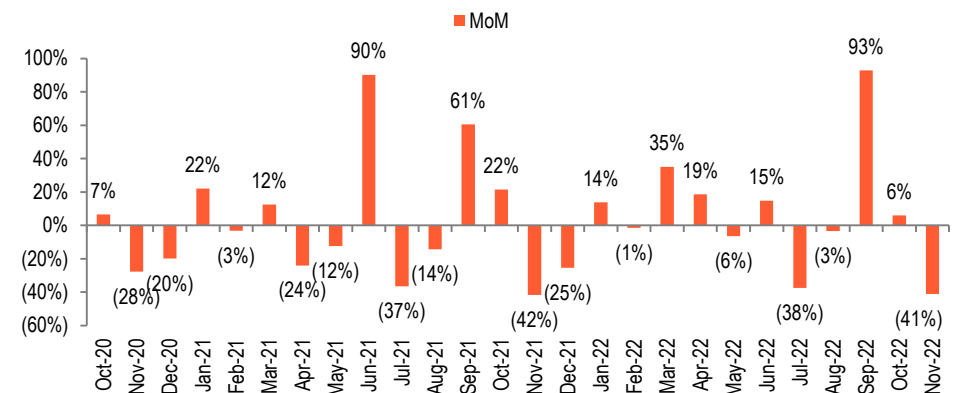


Fig 24 – Tractor sales contracts sharply



Note: Tractor sales including exports

Fig 25 – Agriculture credit inches up

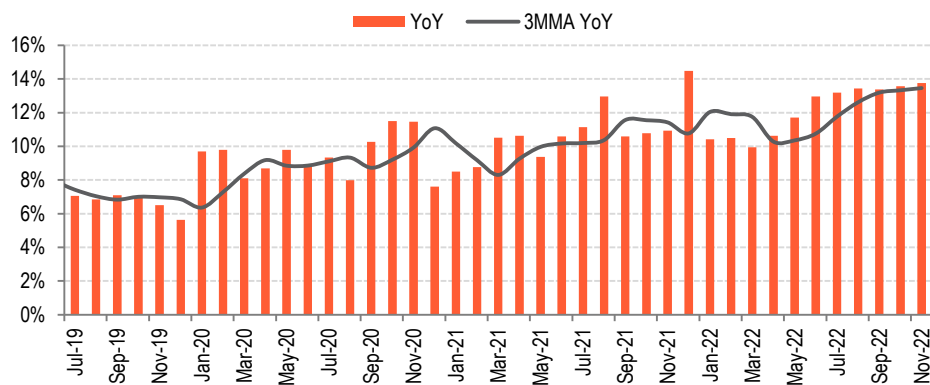
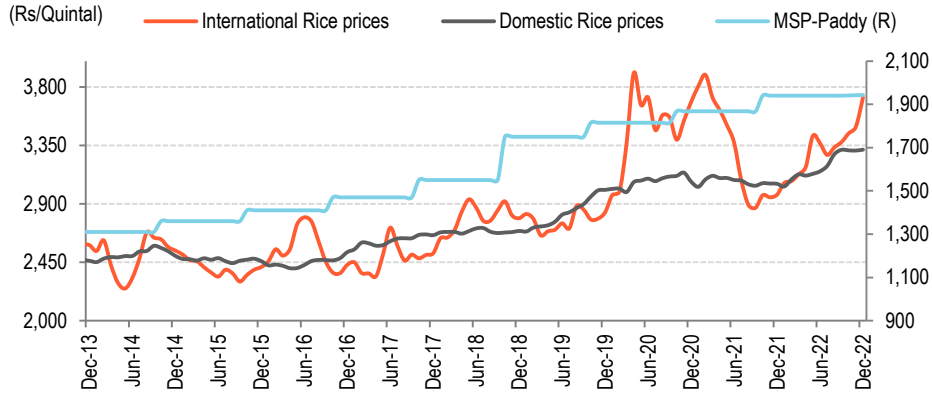


Fig 26 – Procurement of rice and wheat

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	59.27
2022-23	18.8	21.8*

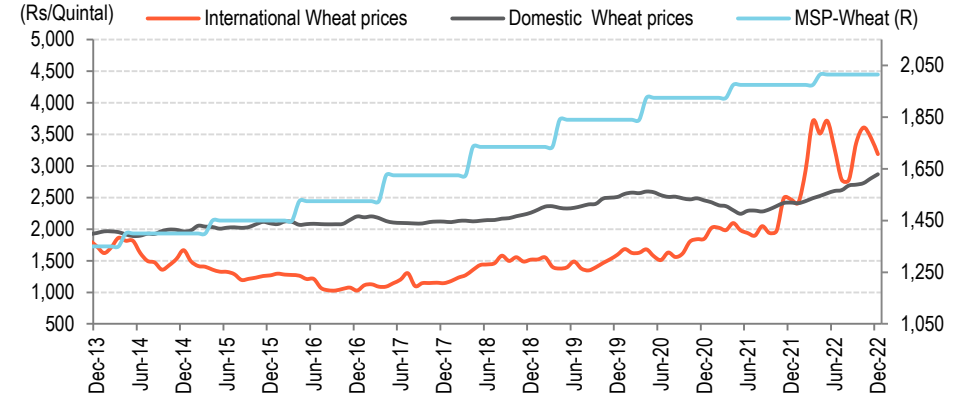
Source: Ministry of Consumer Affairs, Food and Public Distribution | *As on: 30 Nov 2022

Fig 27 – Domestic international rice price moderates; international price inches up



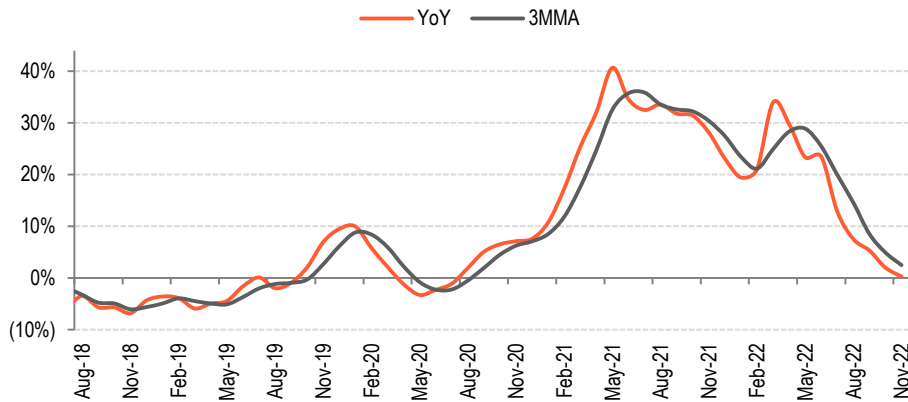
Source: World Bank

Fig 28 – International wheat prices decline further; domestic prices edge up



Source: World Bank

Fig 29 – Global food prices cool-off further



Source: FAO

Fig 30 – Wage growth (men) moves up

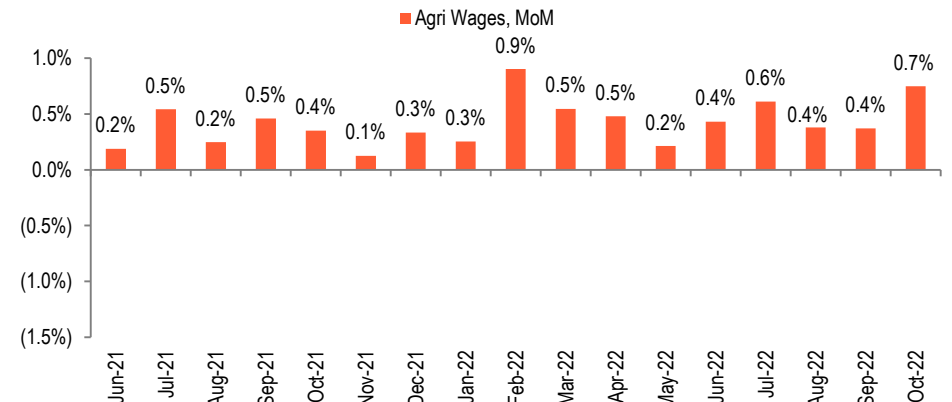


Fig 31 – Rabi sowing is higher compared with last year

Crop Type (mn ha)	Area sown in 2022-23	Area sown in 2021-22	Growth (YoY%)
Wheat	32.5	31.4	3.6
Rice	1.7	1.4	20.7
Coarse Cereals	4.7	4.5	4.1
Pulses	15.3	15.0	2.0
Oilseeds	10.4	9.5	9.1
Total	64.5	42.4	4.5

*Note: Till 30 Dec 2022

Inflation

Fig 32 – Headline CPI moderated to its 11-month low of 5.9% in Nov'22 from 6.8% in Oct'22 on YoY basis, remaining below RBI's upper tolerance band

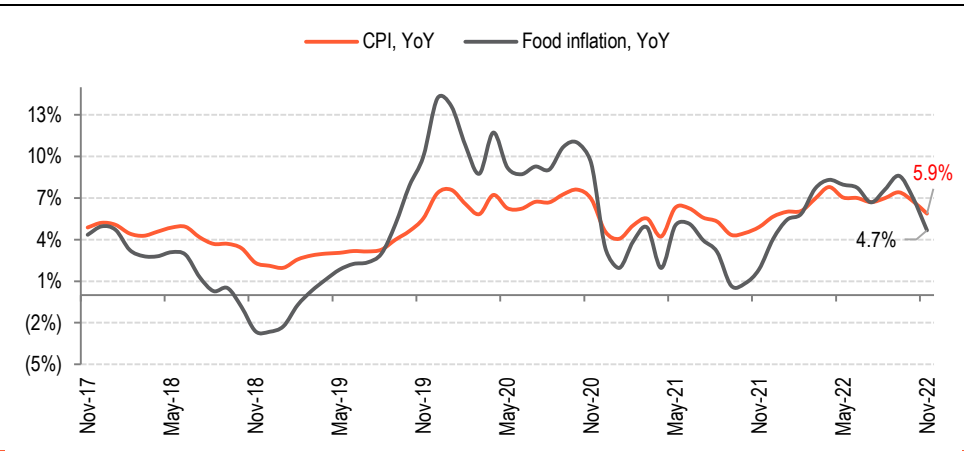


Fig 34 – Stickiness of core inflation persists

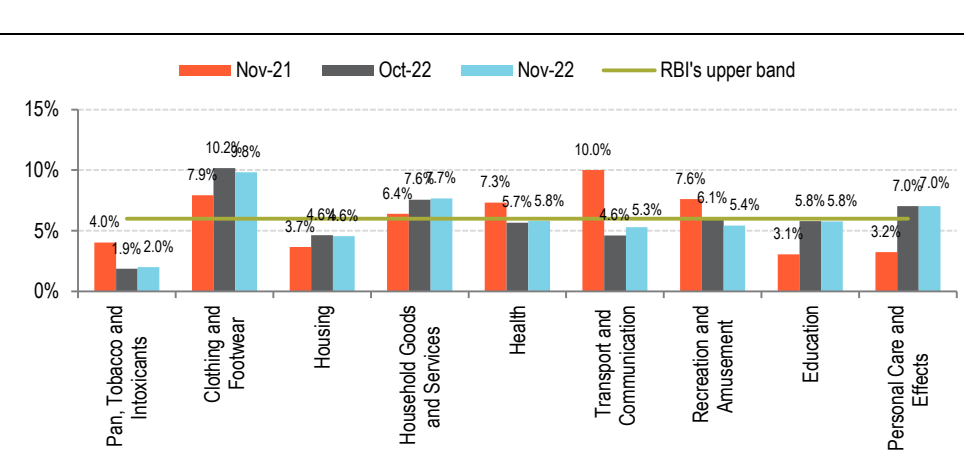


Fig 33 – ...Food inflation got comfort from vegetables and fruits component

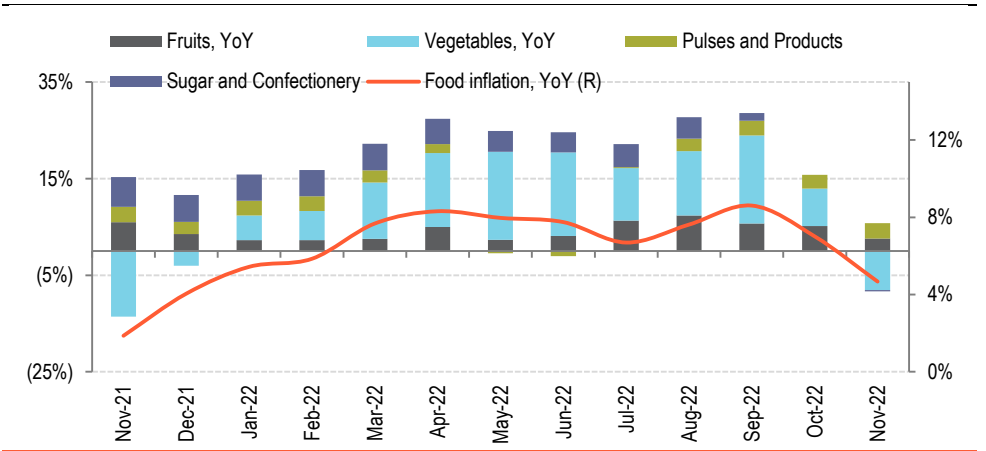
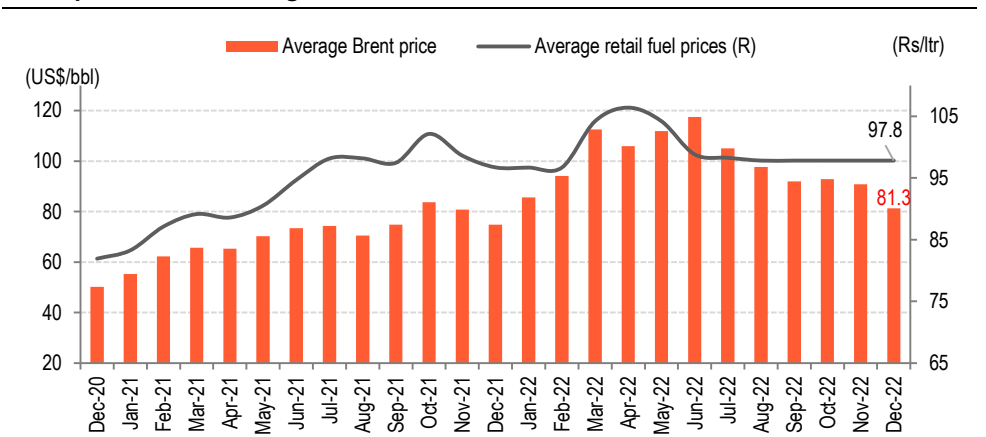


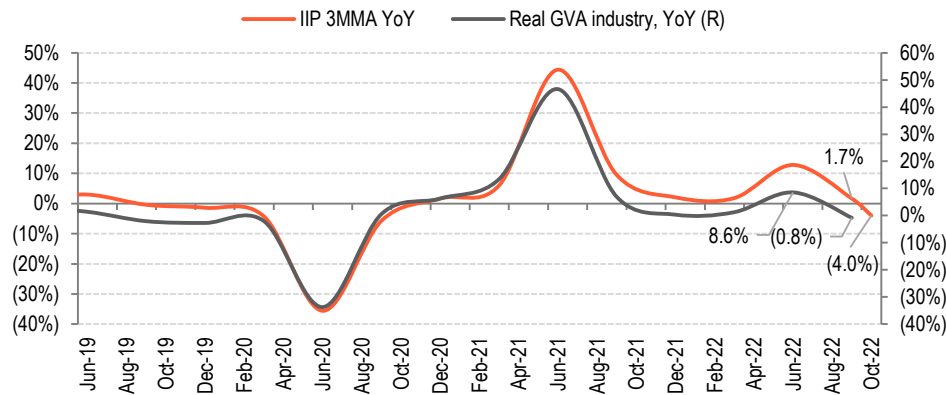
Fig 35 – Domestic retail prices was stable at Rs 98/ltr, however international crude prices on an average fell to US\$ 81/bbl in Dec'22 from US\$ 91/bbl in Nov'22



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

Industry

Fig 36 – IIP growth moderates

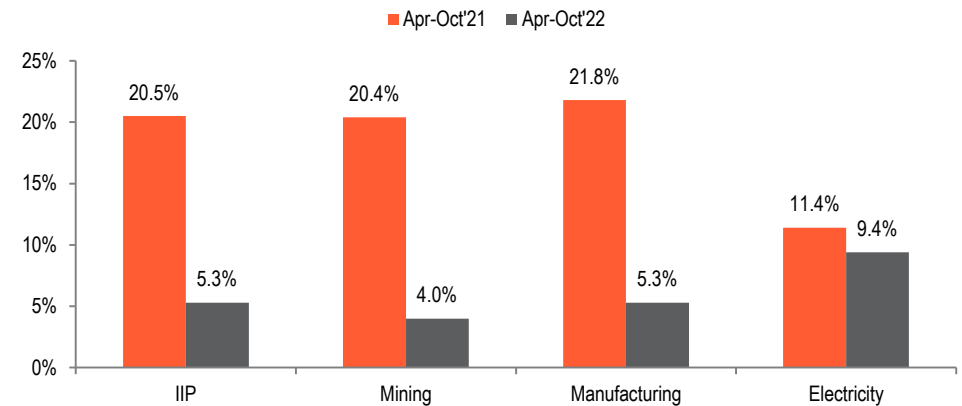


Note: IIP for Oct'22 is on YoY basis

Fig 38 – IIP growth contracts in Oct'22

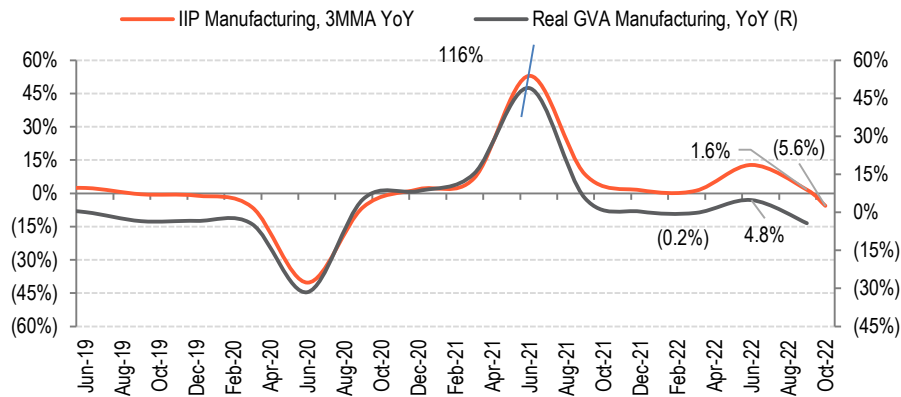
Sectoral (%)	Weight	Oct-22	Sep-22	Oct-21	Apr-Oct'22	Apr-Oct'21
IIP	100.0	(4.0)	3.5	4.2	5.3	20.5
Mining	14.4	2.5	5.2	11.5	4.0	20.4
Manufacturing	77.6	(5.6)	2.2	3.3	5.3	21.8
Electricity	8.0	1.2	11.6	3.1	9.4	11.4
Use-Based						
Primary Goods	34.1	2.0	9.5	9.0	8.2	14.7
Capital Goods	8.2	(2.3)	11.4	(1.6)	14.0	35.4
Intermediate Goods	17.2	(2.8)	1.7	4.6	5.3	28.0
Infrastructure and Construction Goods	12.3	1.0	7.7	6.6	6.5	32.0
Consumer Durables Goods	12.8	(15.3)	(3.2)	(3.2)	6.6	30.4
Consumer Non-Durables Goods	15.3	(13.4)	(6.3)	0.7	(4.2)	7.2

Fig 37 – Sectorwise growth lower, due to base effect



Manufacturing

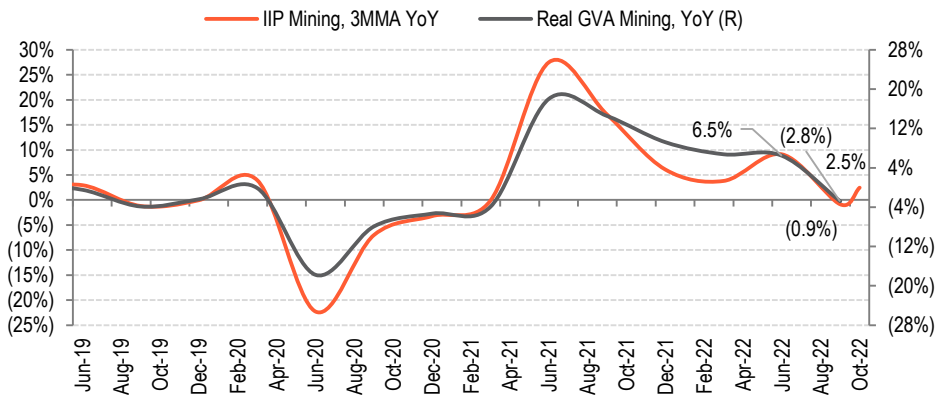
Fig 39 – Manufacturing growth slows



Note: IIP for Oct'22 is on YoY basis

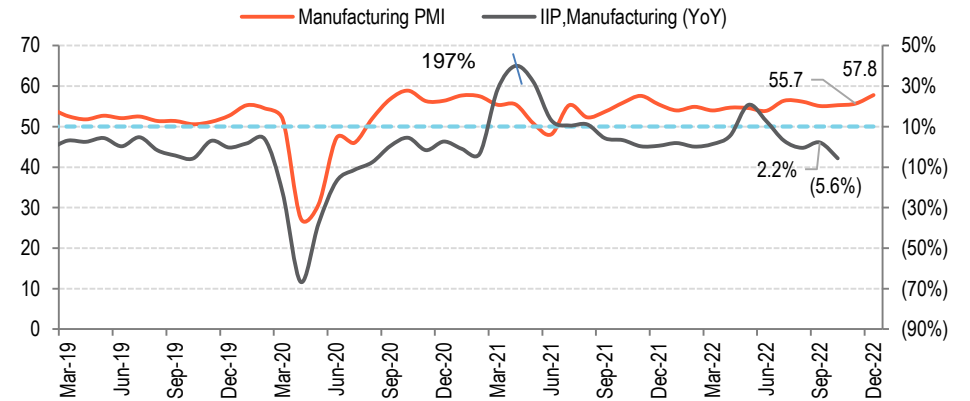
Mining & Electricity

Fig 41 – Mining activity to inch up in Q3



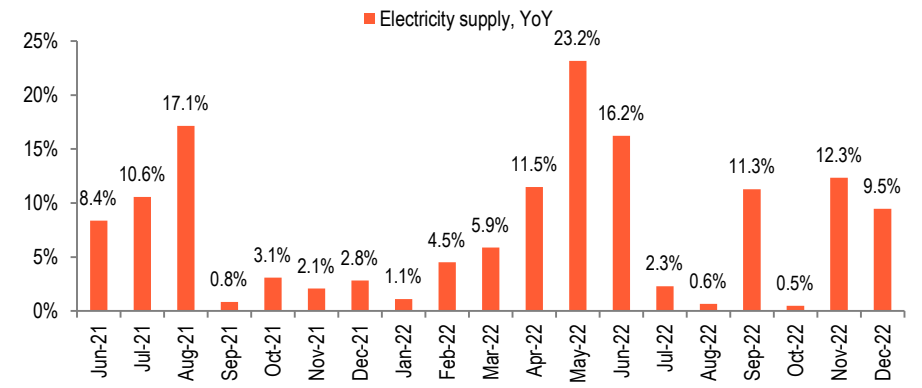
Note: IIP for Oct'22 is on YoY basis

Fig 40 – Manufacturing PMI climbs to highest level in 2-years



Source: Markit

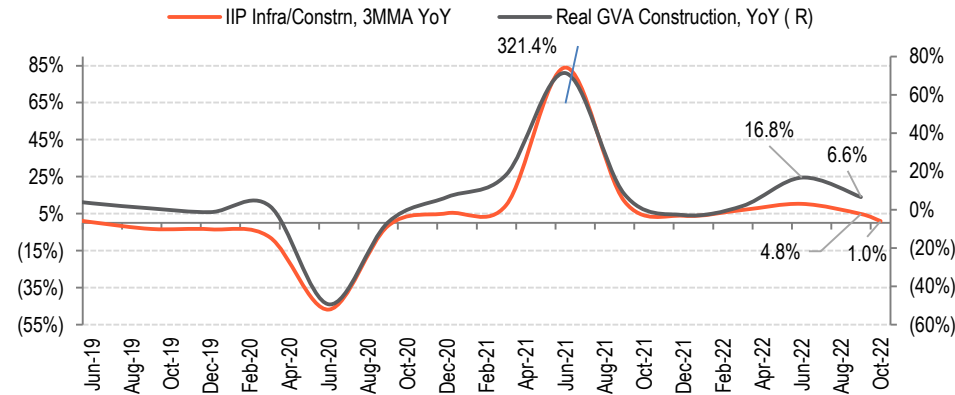
Fig 42 – Moderate growth in electricity supply



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

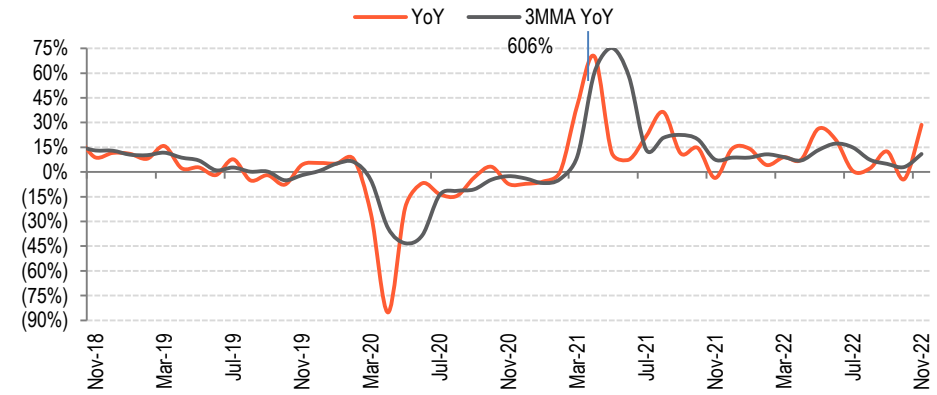
Infrastructure and construction

Fig 43 – Construction sector to improve in Q3FY23



Note: IIP for Oct'22 is on YoY basis

Fig 44 – Cement production rises in Nov'22



Infrastructure index

Fig 45 – Growth in infrastructure index improves

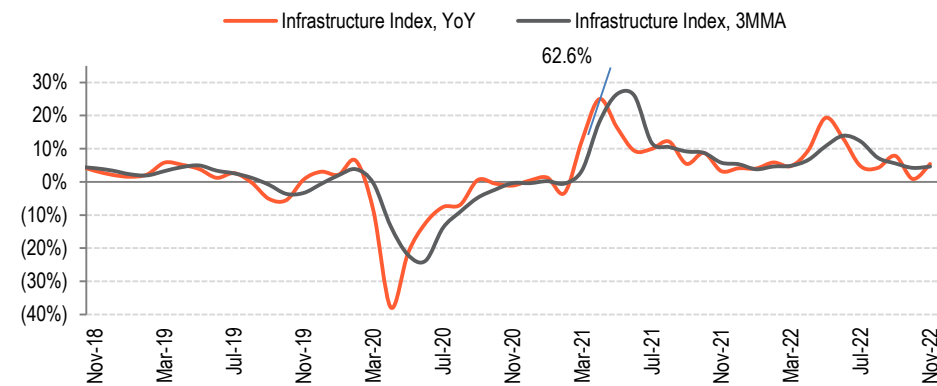
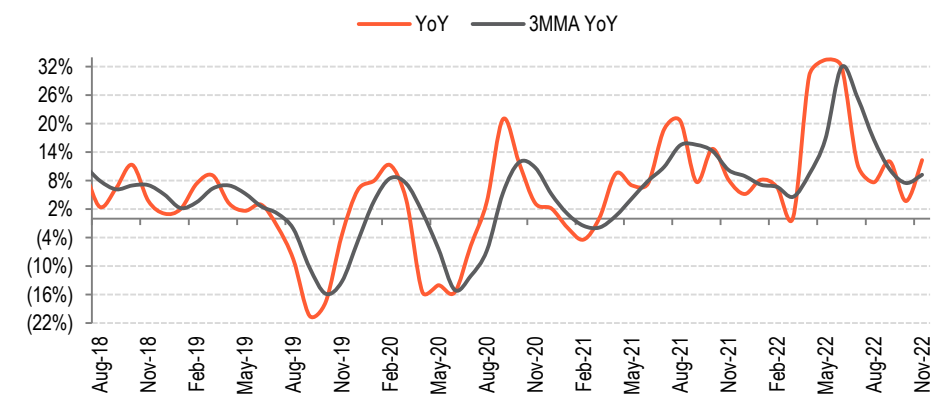


Fig 46 – Coal production edges upwards



Auto production & business expectation index

Fig 47 – Auto production makes a comeback

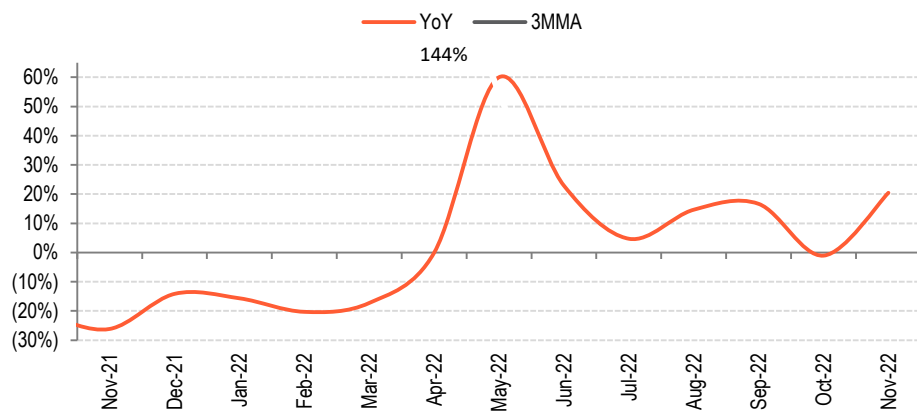


Fig 48 – Business sentiment moderates; Remained optimistic

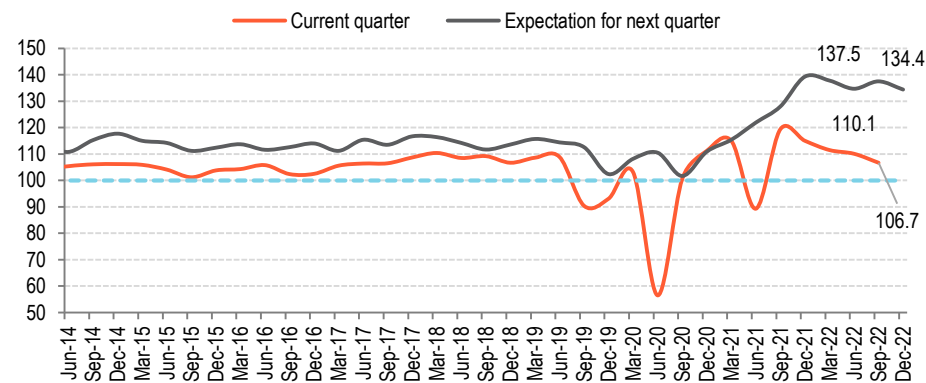
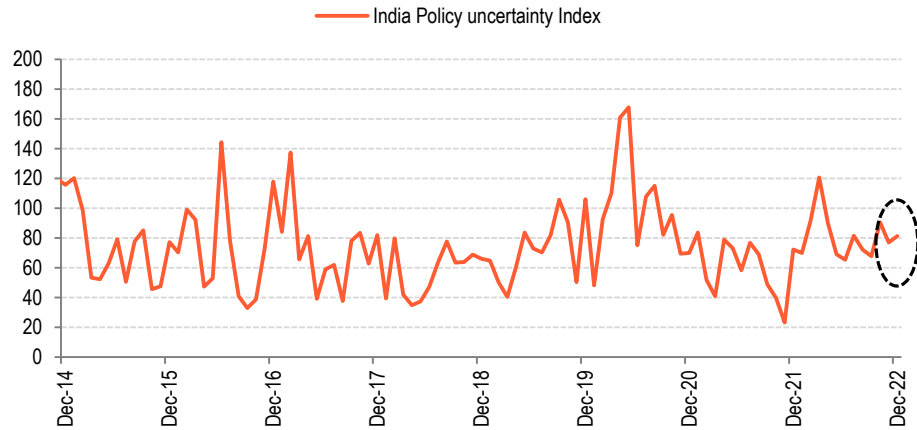


Fig 49 – Core sector output accelerates

(%)	Weight	Nov-22	Oct-22	Nov-21	Apr-Nov'22	Apr-Nov'21
Infrastructure Index	100	5.4	0.9	3.2	8.0	13.9
Coal	10.3	12.3	3.7	8.2	17.2	11.5
Crude Oil	9.0	(1.1)	(2.2)	(2.2)	(1.4)	(2.7)
Natural Gas	6.9	(0.7)	(4.2)	23.7	0.7	22.8
Petroleum Refinery Products	28.0	(9.3)	(3.1)	4.3	5.7	10.6
Fertilizers	2.6	6.4	5.4	2.5	10.0	(0.6)
Steel	17.9	10.8	6.5	0.9	7.1	26.1
Cement	5.4	28.6	(4.3)	(3.6)	10.8	28.2
Electricity	19.9	12.1	1.2	2.1	9.7	10.3

Investment

Fig 50 – Policy uncertainty index in India rose in Dec'22 amidst concerns over impact of global growth slowdown



Source: policyuncertainty.com

Fig 52 – Capital goods production declined by 2.3% in Oct'22 from 11.4% increase in Sep'22

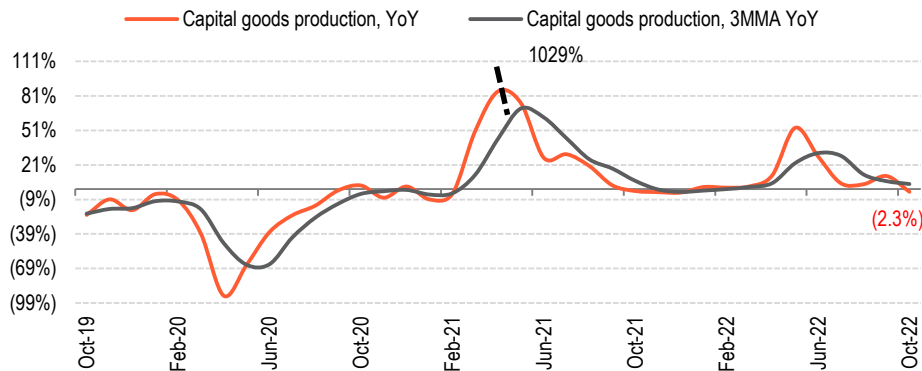
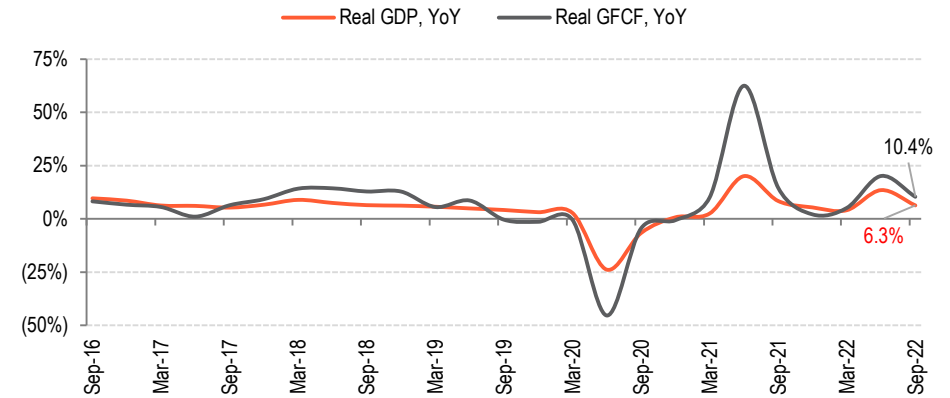


Fig 51 – Real GDP growth moderated to 6.3% in Q2FY23 compared to 13.5% in Q1, GFCF growth also moderated to 10.4% from 20.1% in Q1



Source: policyuncertainty.com

Fig 53 – Capital goods imports rose by 16.2% in Nov'22 from 10.3% in Oct'22 led by favourable base

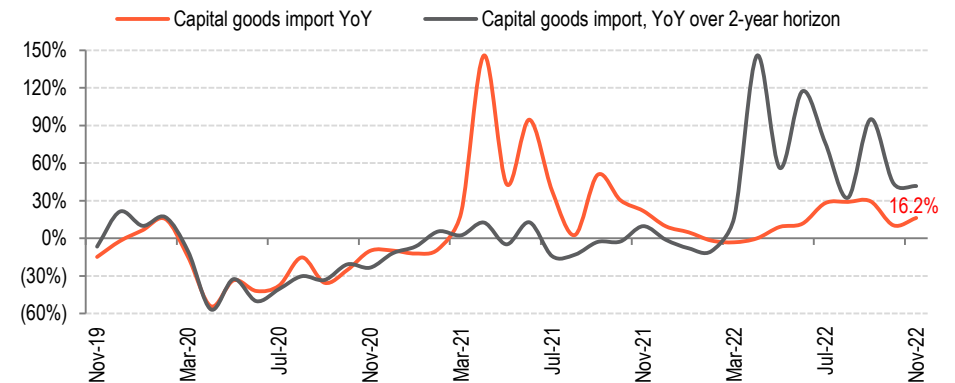


Fig 54 – Centre’s capex spending noted growth of 67.3% in Nov’22 from 55.5% in Oct’22, in FY23, capex spending is likely to rise by 24.5% to Rs 7.5tn

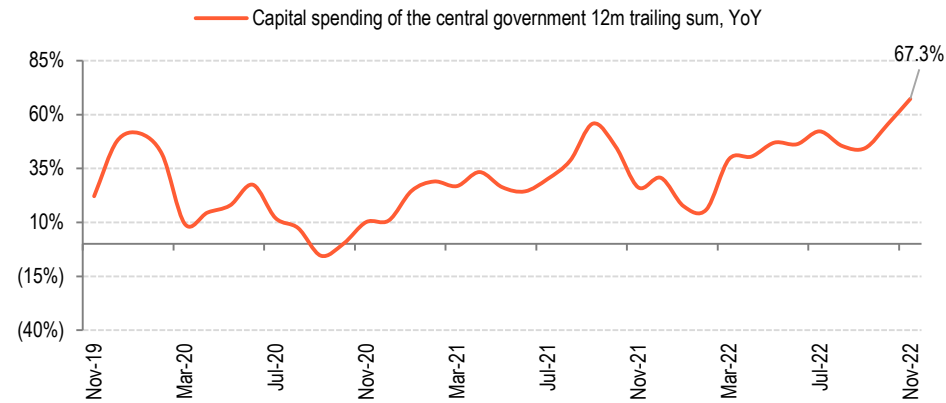


Fig 55 – Credit to micro and small industry was at 19.6% in Nov’22 compared to 20.4% in Oct’22, for medium industry it was at 29.7% from 31%

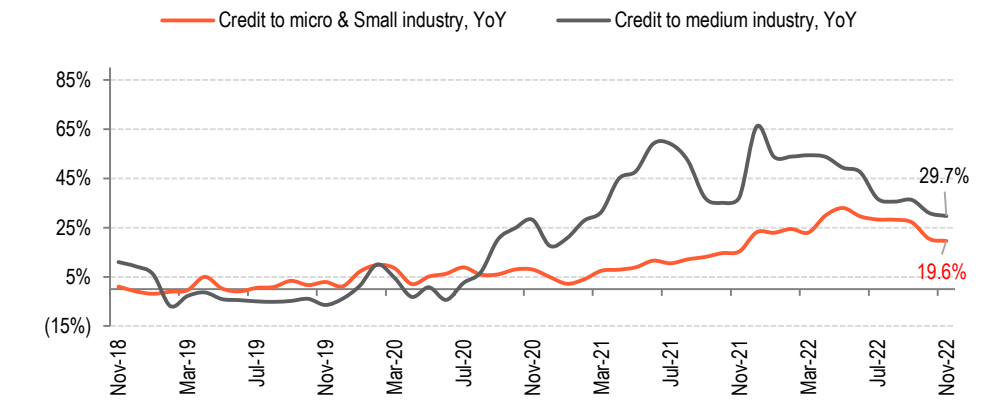


Fig 56 – Credit to housing sector was stable at 16.2% in Nov’22

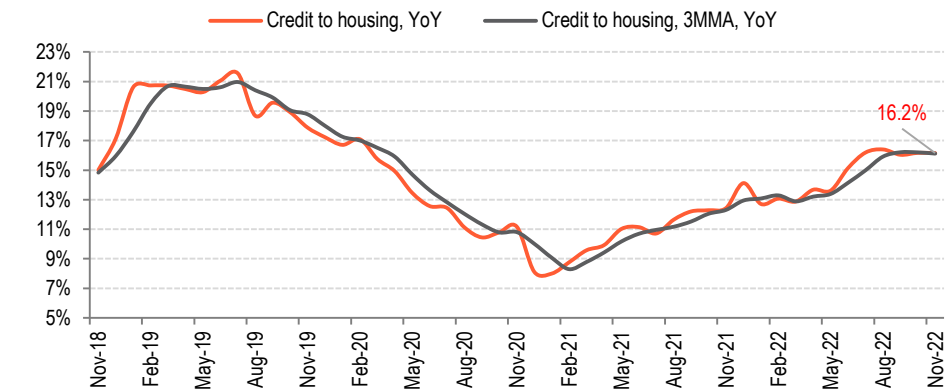
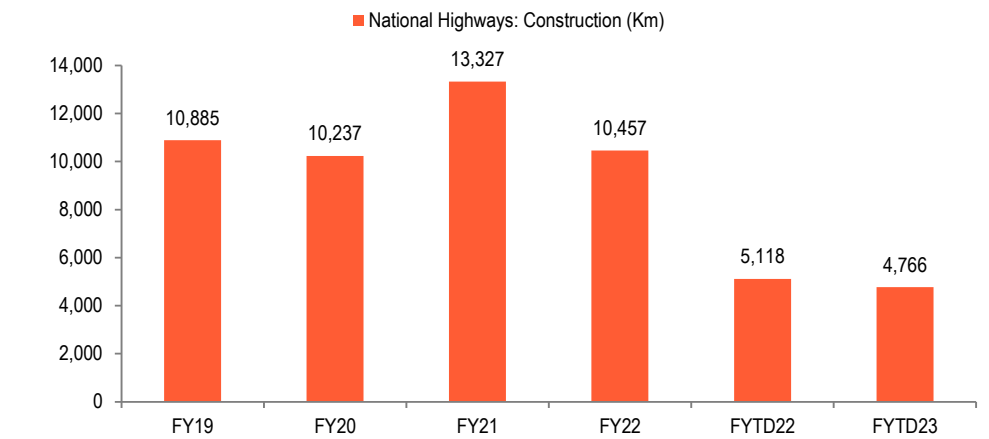


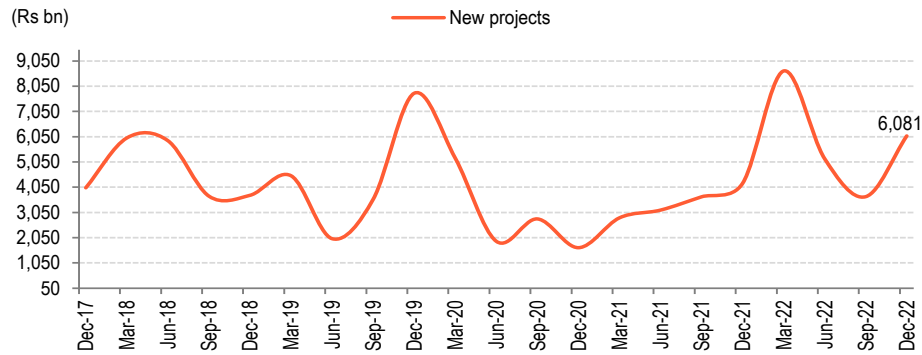
Fig 57 – Pace of National highway construction



Note: FYTD: Apr-Nov

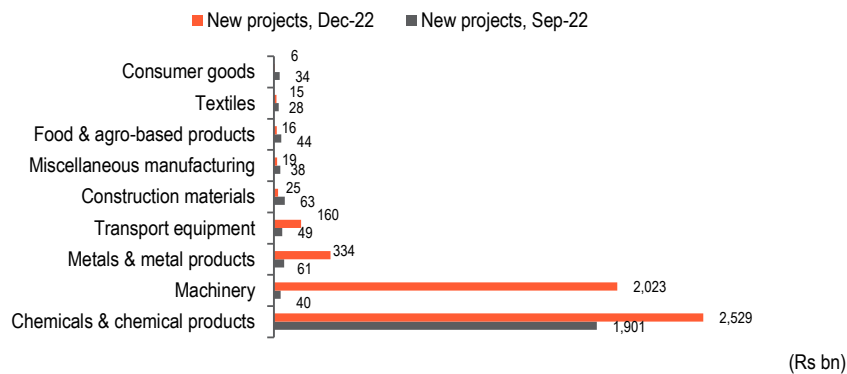
Capex data

Fig 58 – New project announcements rose to Rs 6.1tn in Dec'22 from Rs 3.7tn in Sep'22



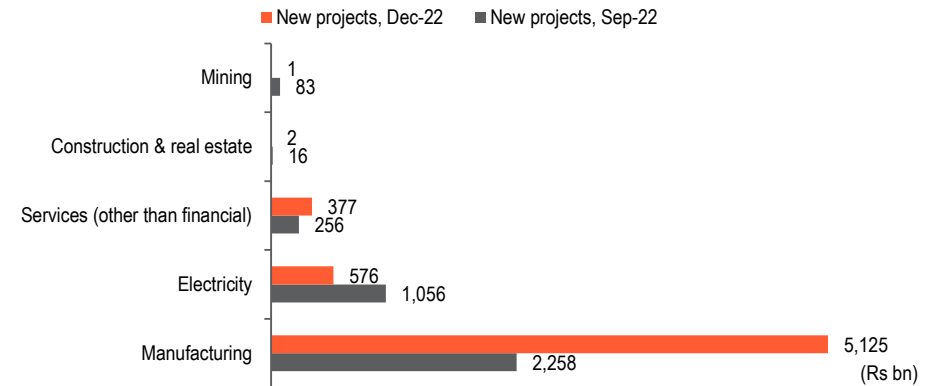
Source: CMIE

Fig 60 – ...Within manufacturing, chemicals, machinery and metals showed the sharpest increase



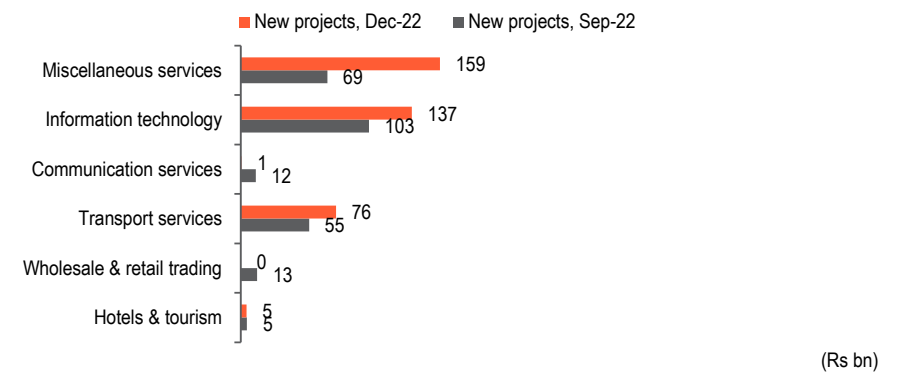
Source: CMIE

Fig 59 – ...Led by manufacturing



Source: CMIE

Fig 61 – Within services, transport services and IT improved



Source: CMIE

Services sector

Fig 62 – GVA: Services activity eased in Q2FY23, largely due to high base; compared to pre-pandemic (FY20), activity rose by 7.4% in Q2 versus 3% in Q1

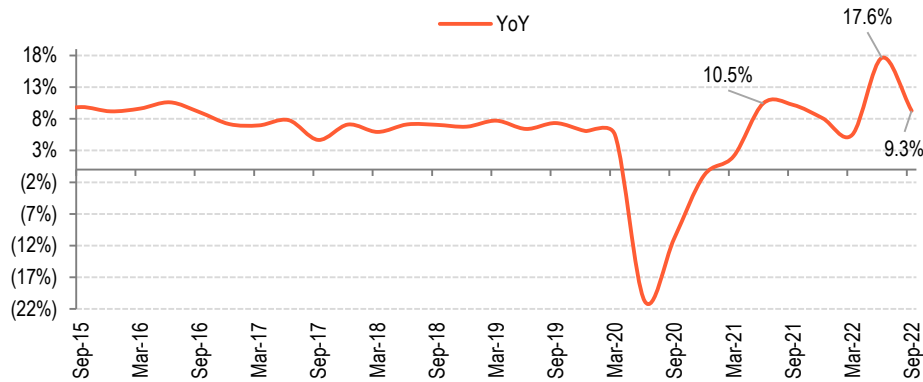
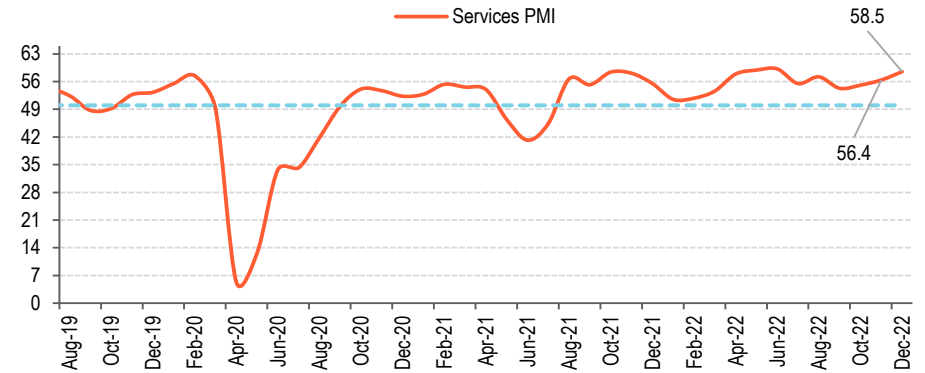


Fig 63 – Services PMI rose further in Dec'22, Q3FY23 average at 56.7 much higher pre-pandemic (Oct-Dec'19) level of 51.7



Source: Markit

Fig 64 – GVA: Trade & related services activity too moderated in Q2

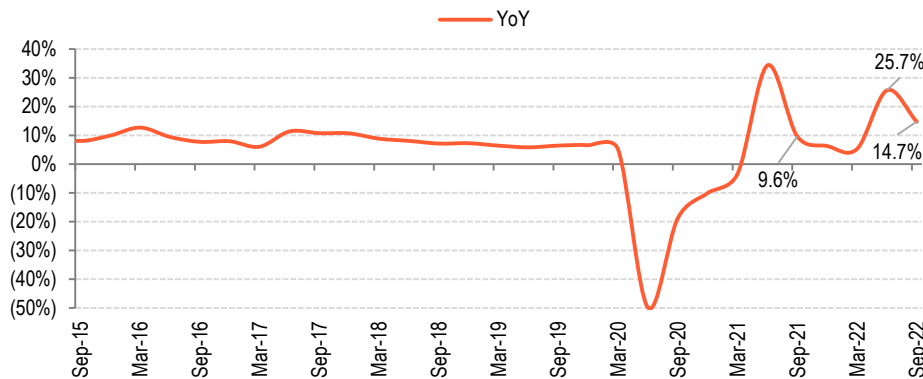
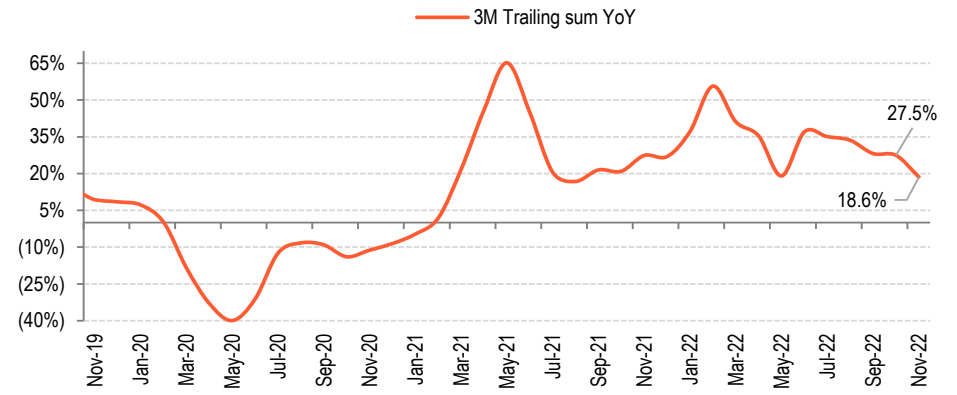


Fig 65 – States tax revenue growth slipped further in Nov'22**



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

Trade

Fig 66 – Vehicle registrations recover (+6.7%) in Q3FY22, following -2.4% decline in Q2

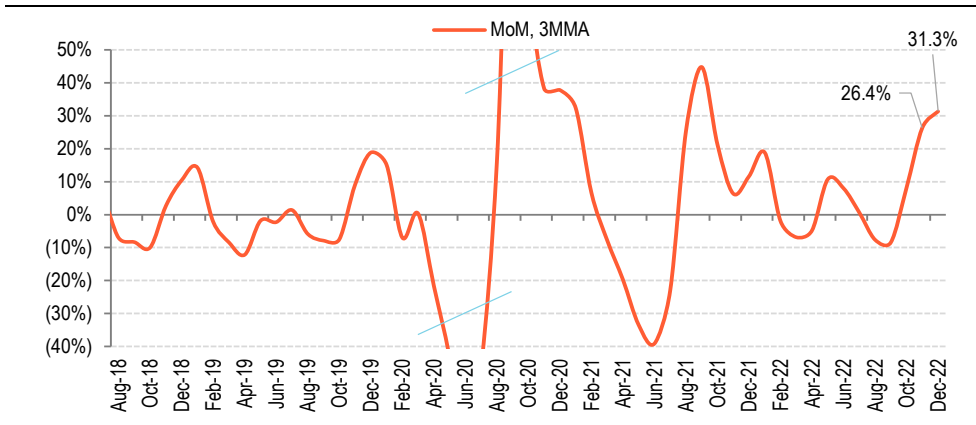


Fig 67 – Diesel consumption slowed in Dec'22; however growth Q3 (+12.5%) still better than Q2 (11.6%) and pre-pandemic period (0.6% in Q3FY20)

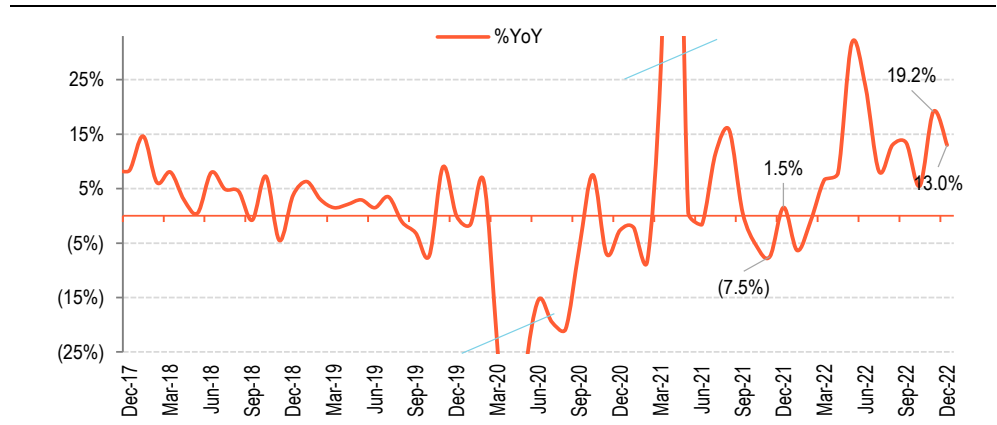


Fig 68 – Railway freight traffic movement eased further in Dec'22; Q3 saw 3.7% average growth versus 8.4% in Q2

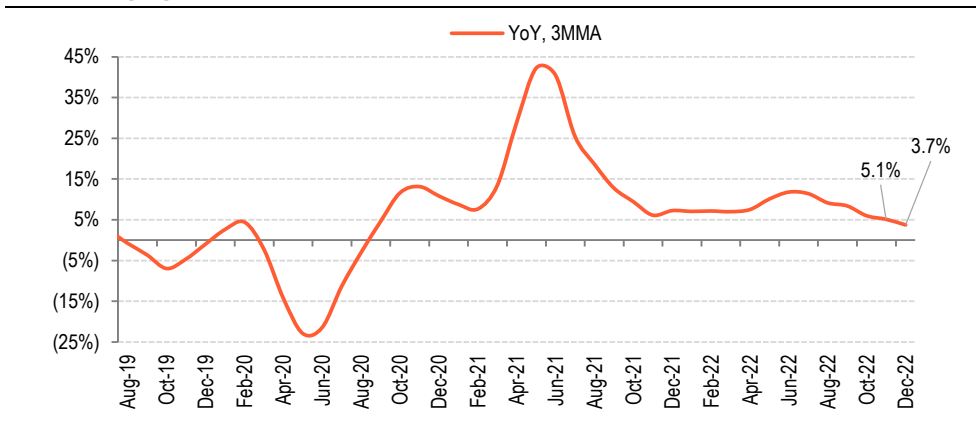


Fig 69 – Port cargo traffic rebounded in Dec'22; however Q3 avg (+5.4%) remains lower than Q2 (+12.6%)

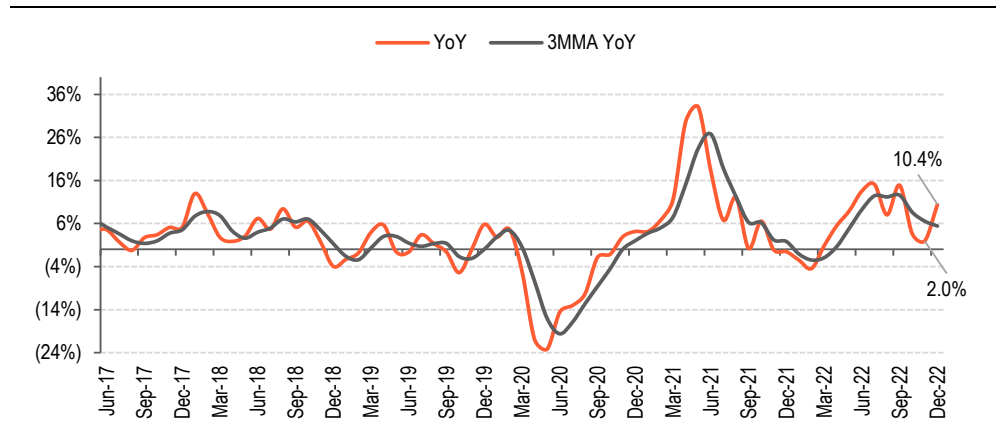


Fig 70 – Toll collections see seasonal gains in Dec'22; in YoY terms, collections in Q3 were lower than Q2

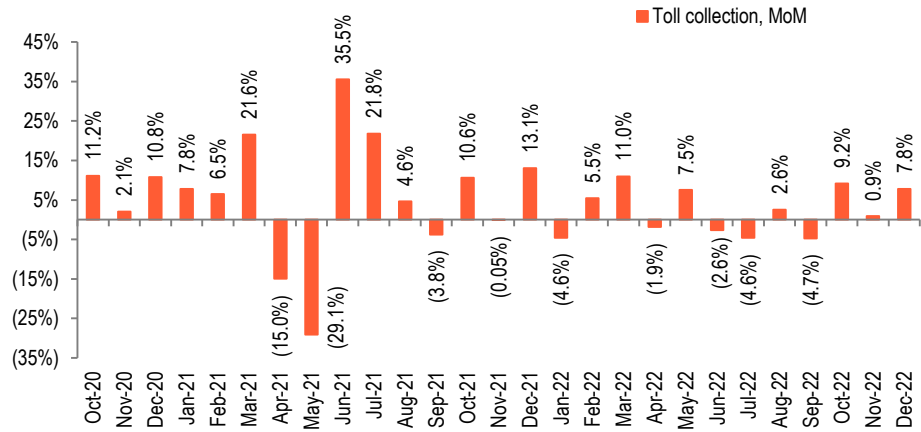
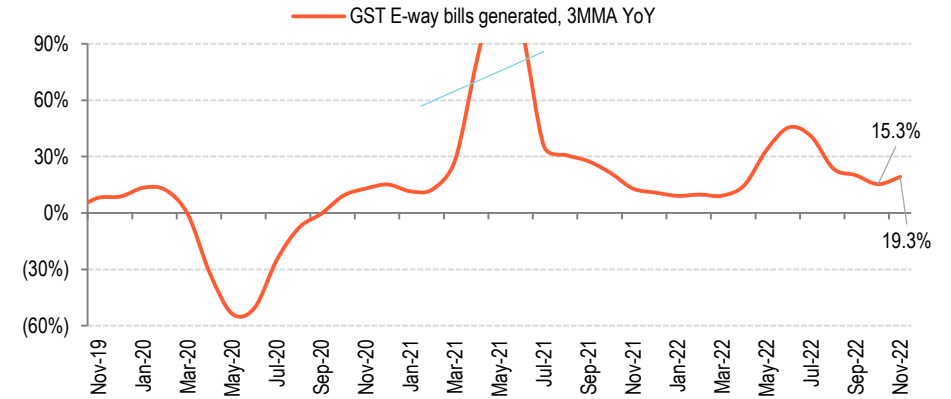


Fig 71 – E-way bill generation sees revival in Nov'22



Hotels and communications

Fig 72 – Airline passenger traffic growth still lower than pre-pandemic (2019) levels

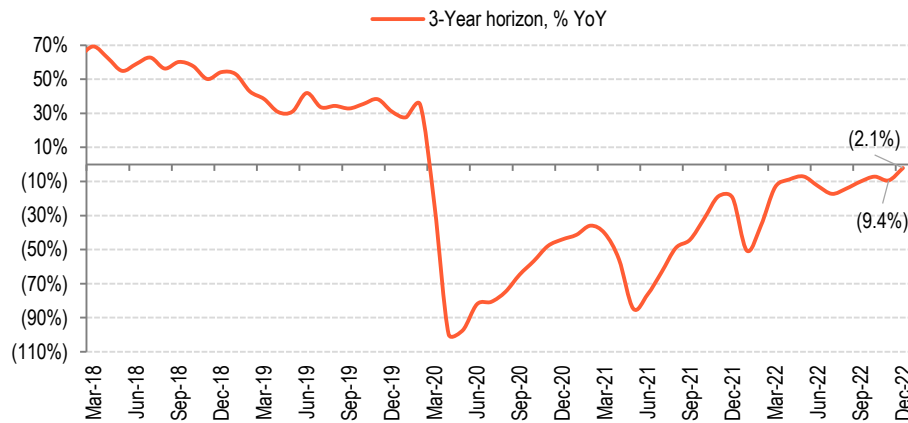


Fig 73 – Domestic passenger growth turns positive for the 1st time since Feb'20

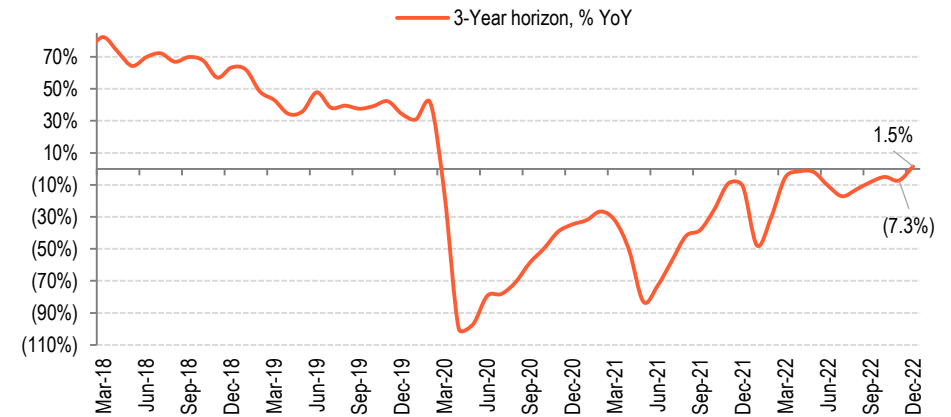


Fig 74 – Railway passenger traffic seen recovering in Dec'22

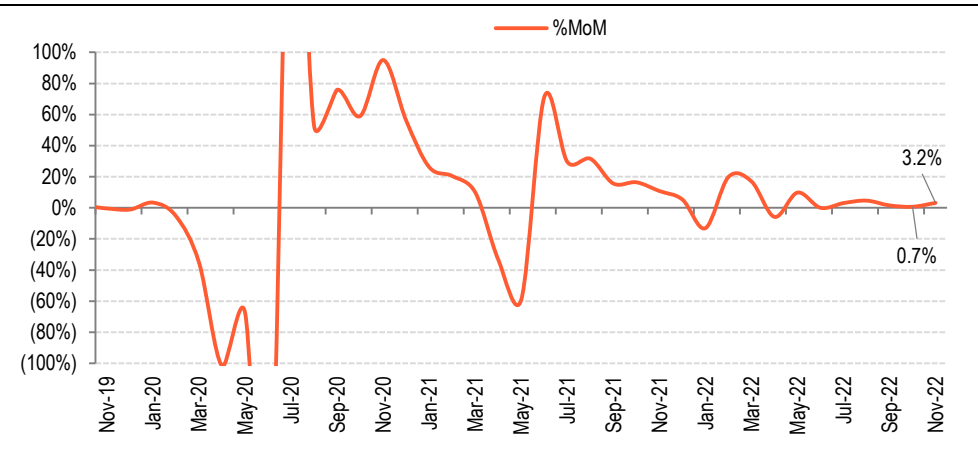
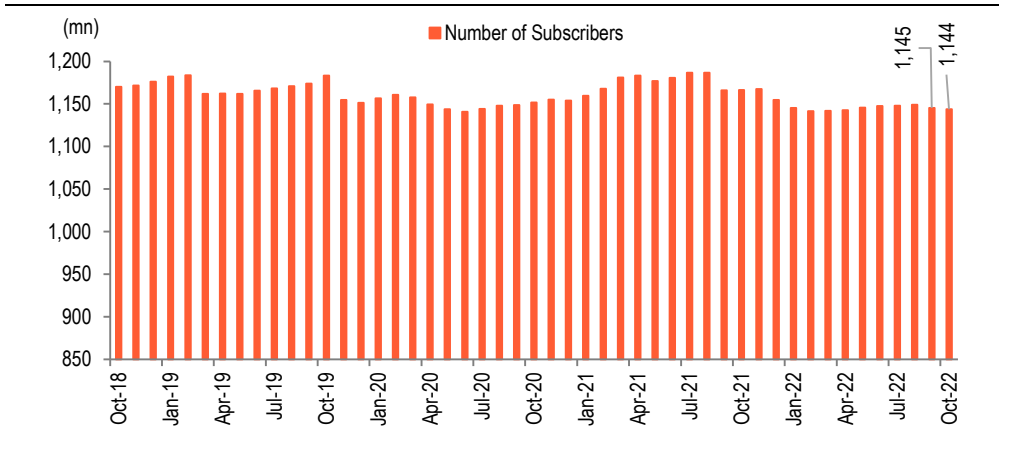


Fig 75 – Number of telecom subscribers fell by 1.8mn in Oct'22, compared with 3.7mn decline in Sep'22



Finance and real estate

Fig 76 – Growth in GVA: Finance, real estate & prof. eased in Q2FY23

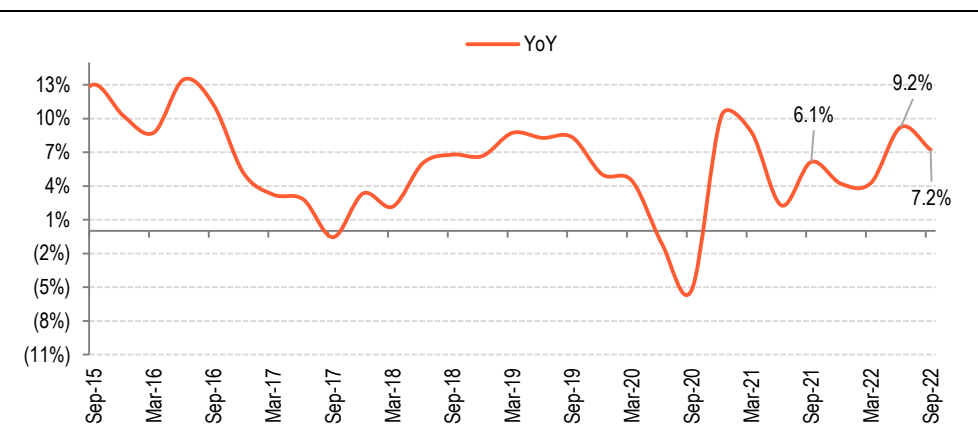
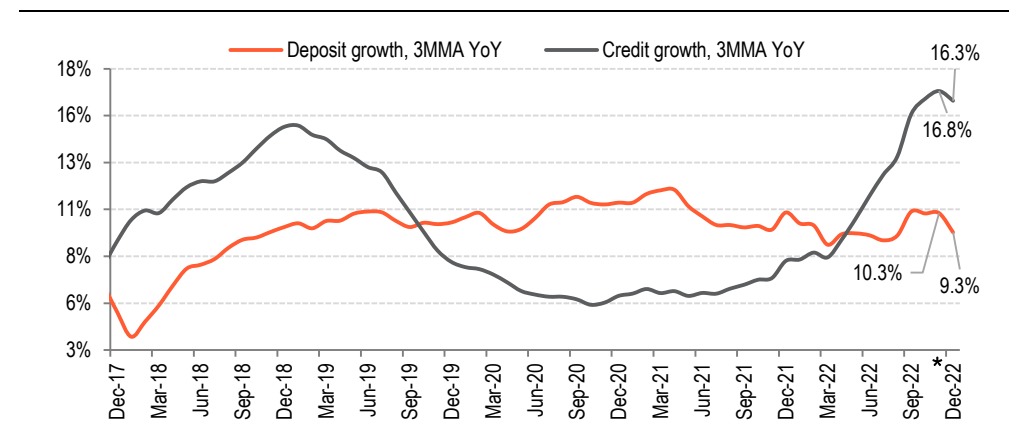


Fig 77 – Both credit and deposit growth eased in Dec'22



*as of fortnight ending 16 Dec 2022

Fig 78 – Credit to services continues to outpace credit to industries

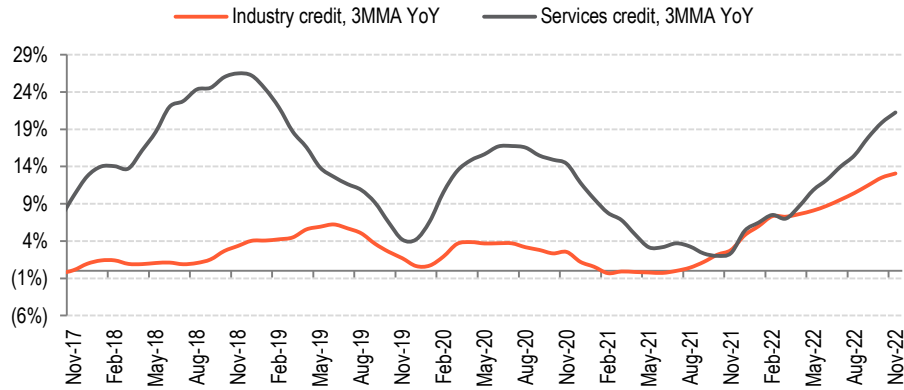


Fig 79 – Credit to NBFCs improving the most; trade records marginal easing

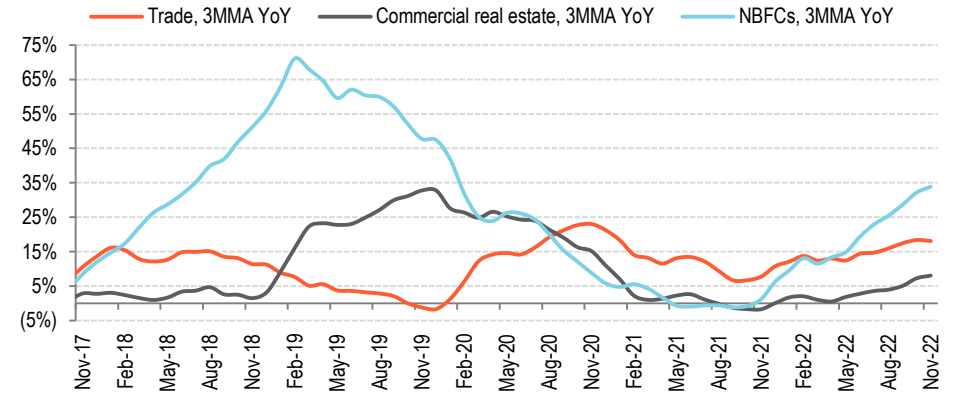
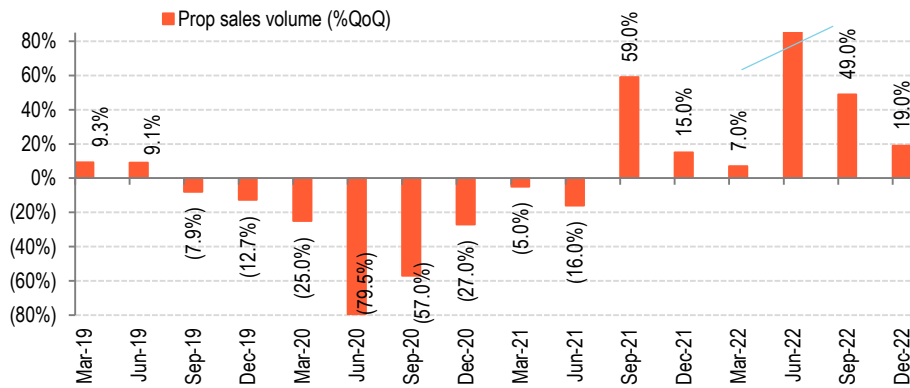
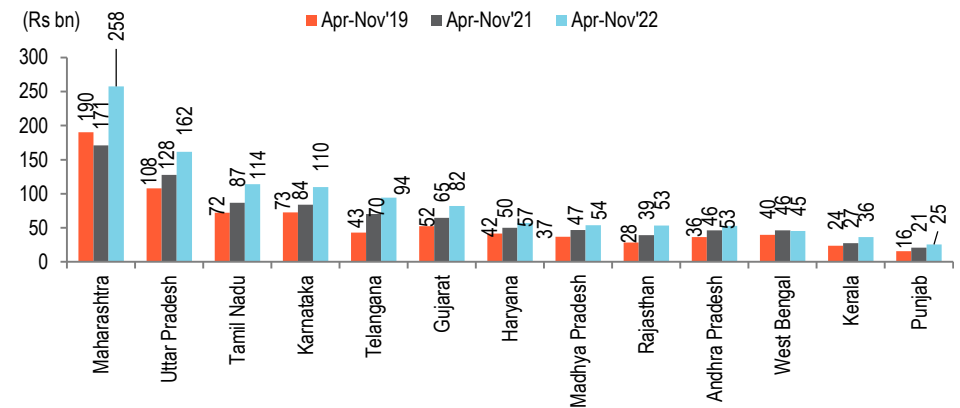


Fig 80 – Property sales volumes moderated in Q3FY23; sales in CY22 were 50% higher than CY21



Source: Proptiger

Fig 81 – Stamp duty collections of all states in FYTD23 continues to surpass pre-pandemic levels (FYTD20)



Labour market

Fig 82 – Naukri job index rebounded in Nov'22; and compared with Nov'19 the index remain 29.4% higher

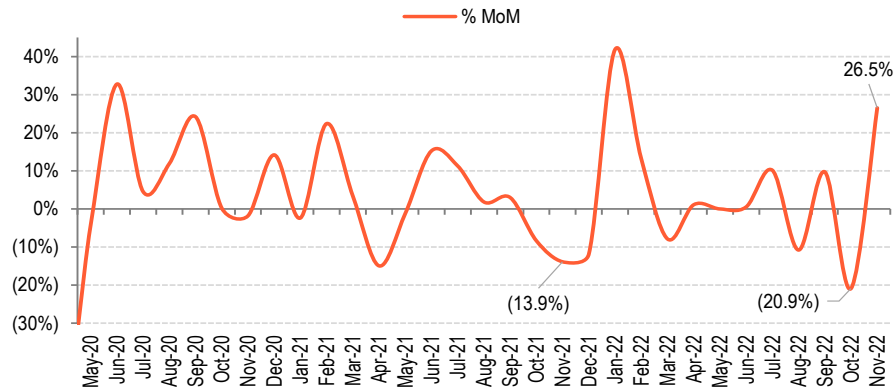


Fig 83 – Overall unemployment rate rose further in Dec'22



Public administration

Fig 84 – Public administration & defence services too dragged services growth down in Q2

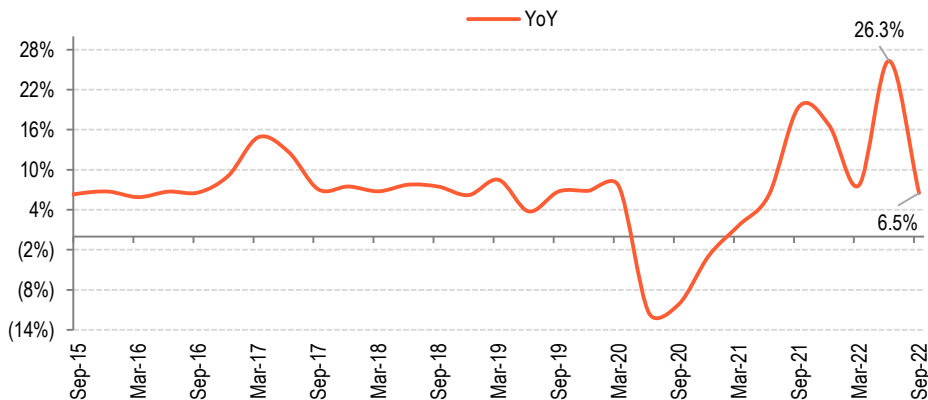


Fig 85 – General govt. spending inched further up in Nov'22

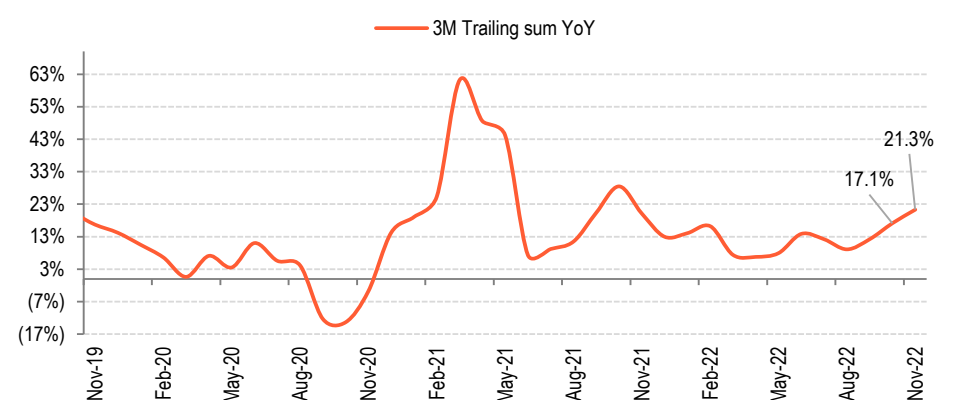


Fig 86 – ...mirroring trend in Central government spending

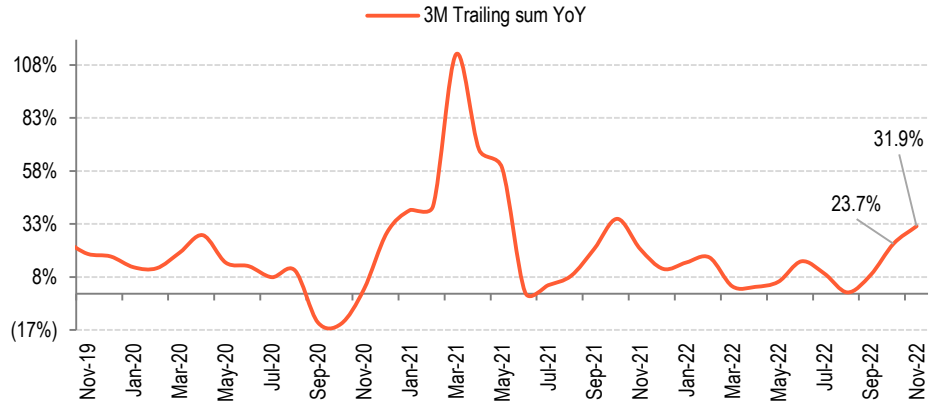
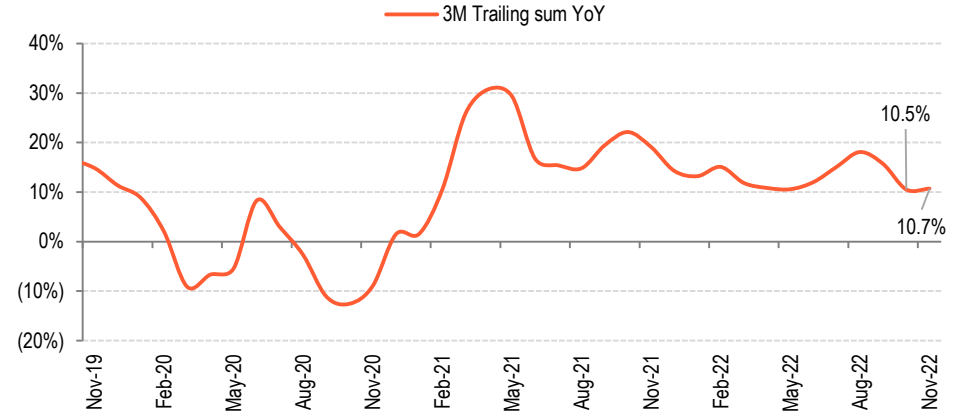


Fig 87 – State* Govt. spending broadly steady

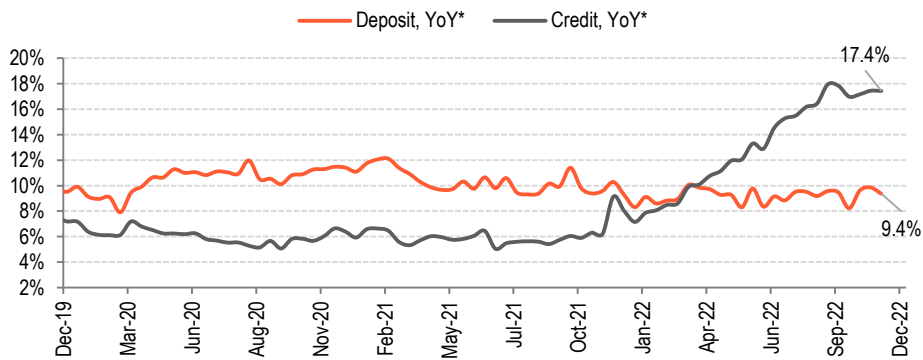


Note: *All states excluding N.E states, Goa, and J&K

Financial sector

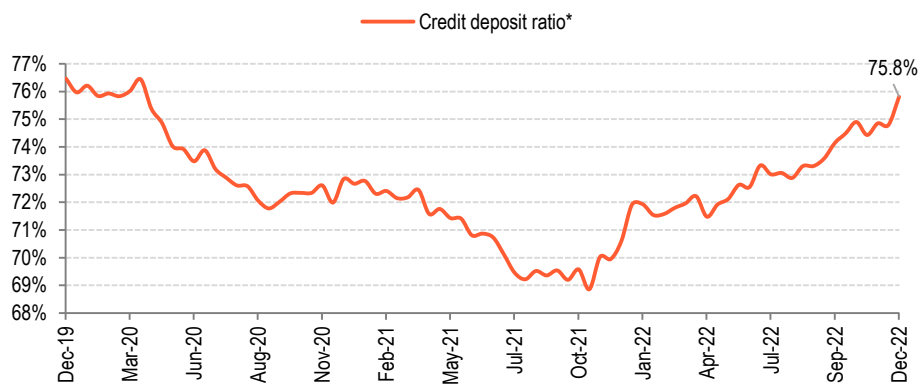
Money and banking

Fig 88 – Credit demand rose to 17.4% in Dec'22 from 17.2% in Nov'22, deposit growth stood at 9.4% against 9.6% in Nov'22



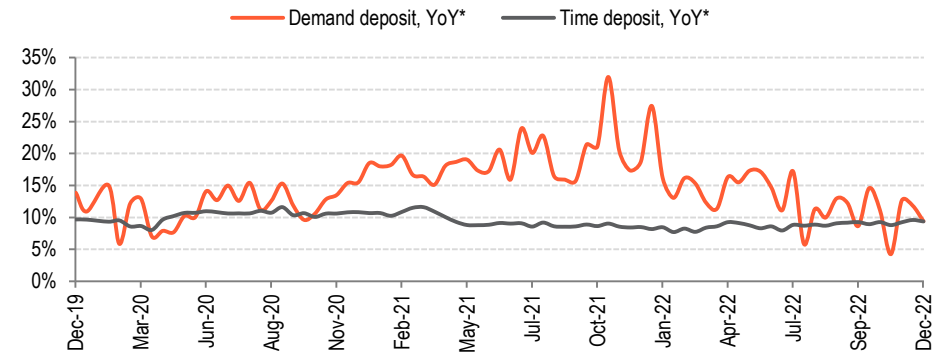
Note: *Dec'22 implies fortnight as of 16 Dec 2022

Fig 90 – CD ratio rose to 75.8%



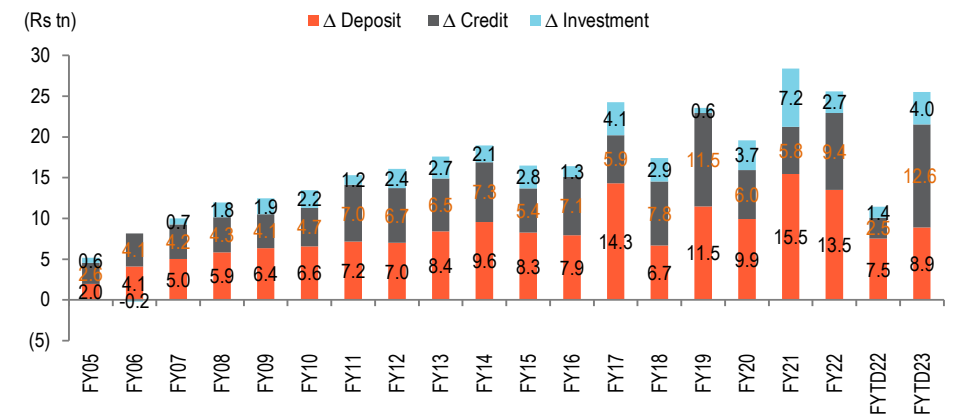
Note: *Dec'22 implies fortnight as of 16 Dec 2022

Fig 89 – ...Time deposits inched up; demand deposits moderated



Note: *Dec'22 implies fortnight as of 16 Dec 2022

Fig 91 – Pace of accretion of credit, investment and deposit



Note: FYTD:Apr-Dec

Fig 92 – Credit to govt rose to 9% in Oct'22 from 8.9% in Sep'22, credit to commercial sector rose to 16.3% from 15.1%

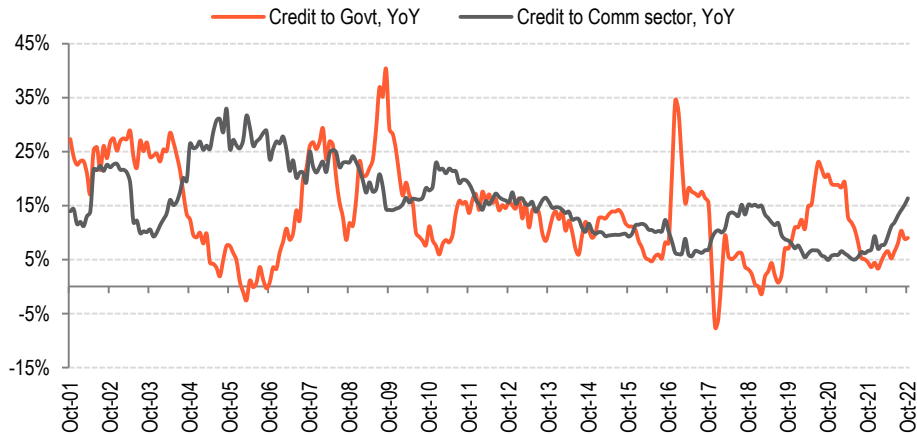


Fig 94 – WALR rose to 8.26% in Nov'22 from 7.98% in Oct'22, WADTDR also inched up to 5.62% from 5.49%

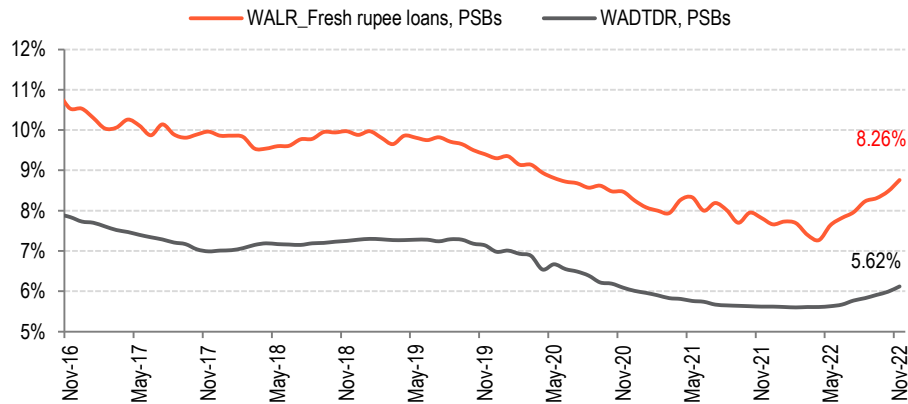


Fig 93 – Spread between call rate and repo

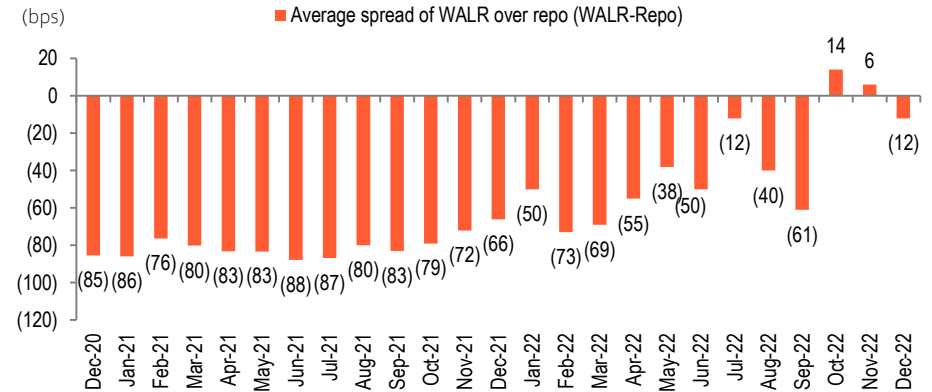
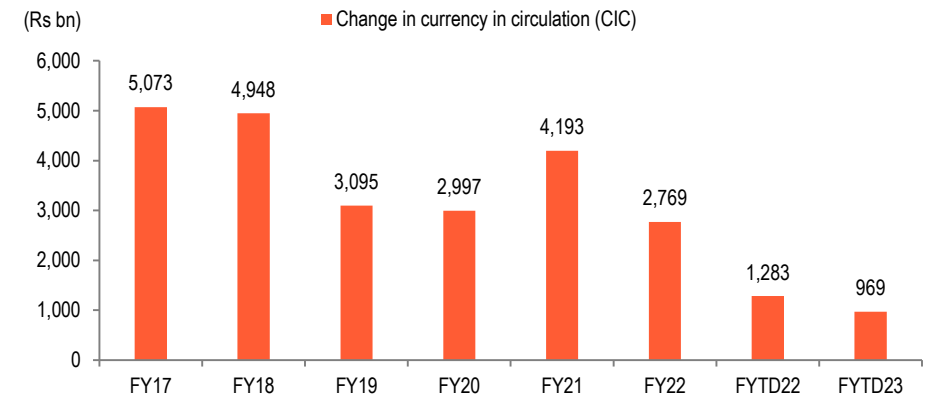
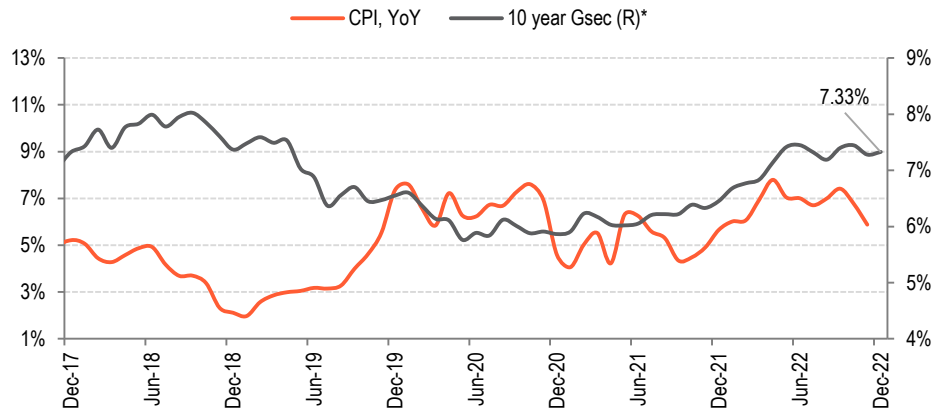


Fig 95 – CIC accretion in FYTD23 is at Rs 969bn against Rs 1.3tn seen in the same period of last year



Note: FYTD:Apr-Dec

Fig 96 – 10Y GSec yield rose edged down to 7.33% from 7.28% in Nov'22 and currently trading at the same level, inflation moderated to 5.9% in Nov'22



Note: *As on last trading day of the month

Fig 98 – Corporate debt issuance rose to Rs 766bn in Nov'22 from Rs 347bn in Oct'22

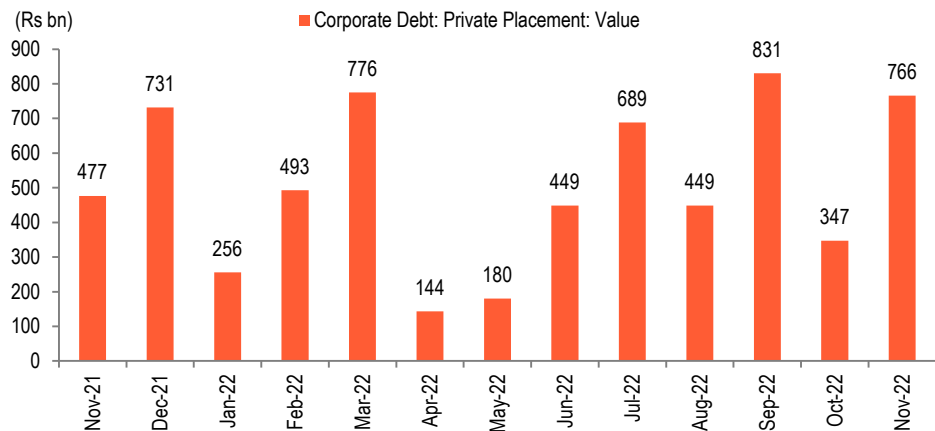
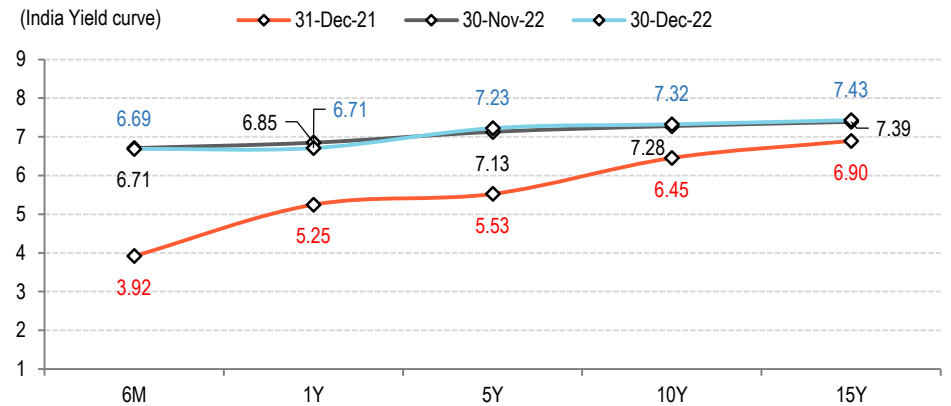
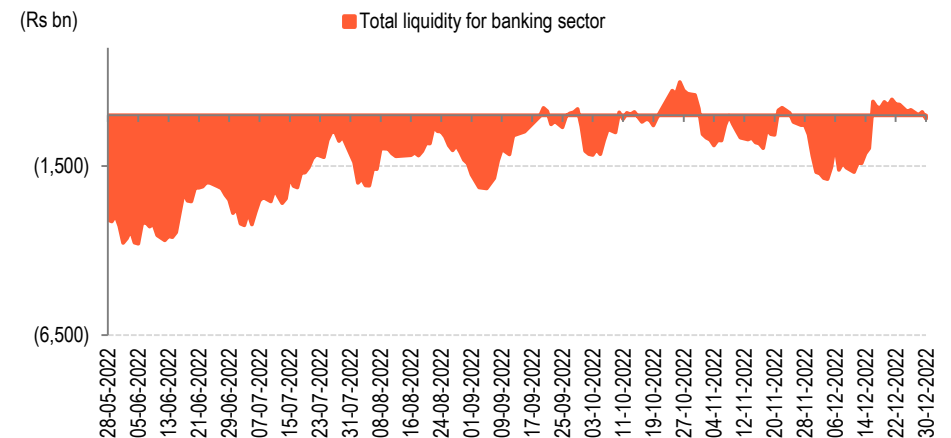


Fig 97 – Yield curve has flattened considerably compared to last year



Source: Bloomberg

Fig 99 – Average system liquidity surplus was at Rs 632bn in Dec'22 from Rs 481bn in Nov'22 and currently higher at Rs 1.5tn surplus



Source: RBI

Fig 100 – 3Y AAA NBFC spread rose to 57bps as on 30 Dec 2022 compared to 27bps as on 30 Nov 2022

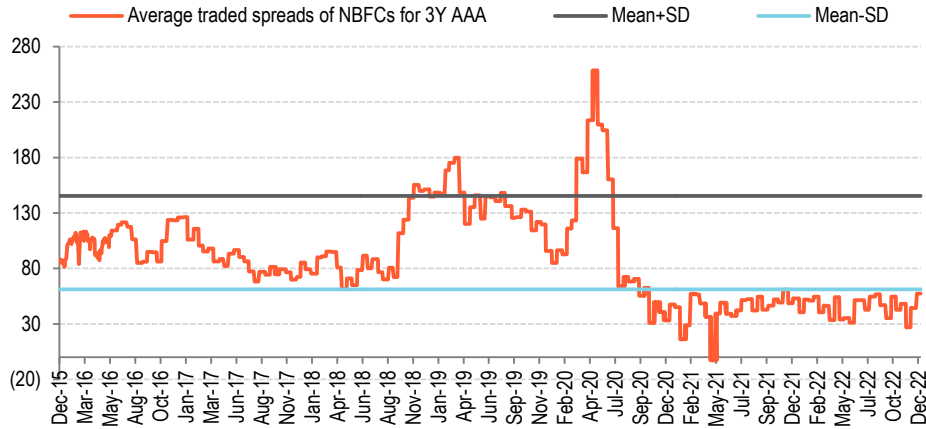


Fig 101 – For 10Y AAA NBFC it fell to 32bps as on 30 Dec 2022 from 42bps as on 30 Nov 2022

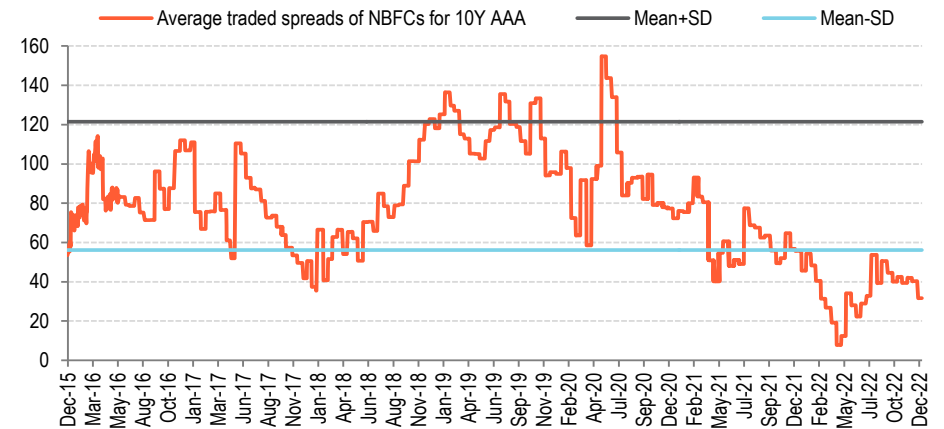


Fig 102 – 3Y AAA corp it rose to 42bps from 14bps as on 30 Nov 2022

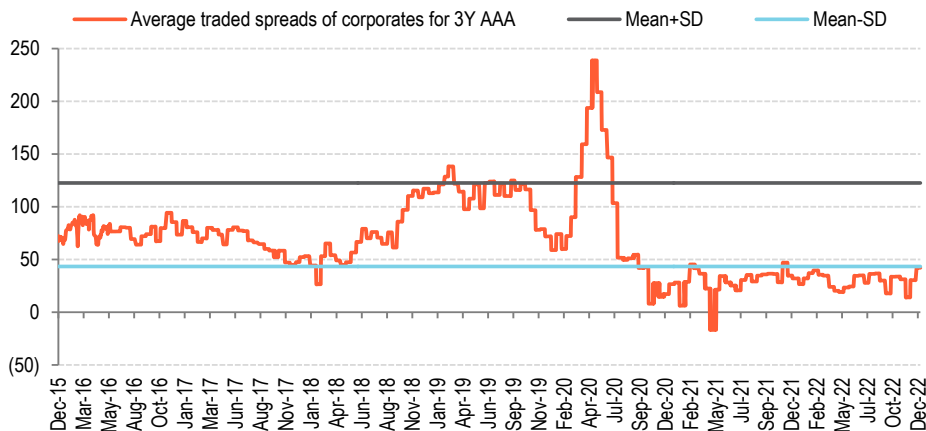


Fig 103 – For 10Y AAA corp spread it remained stable at 31bps

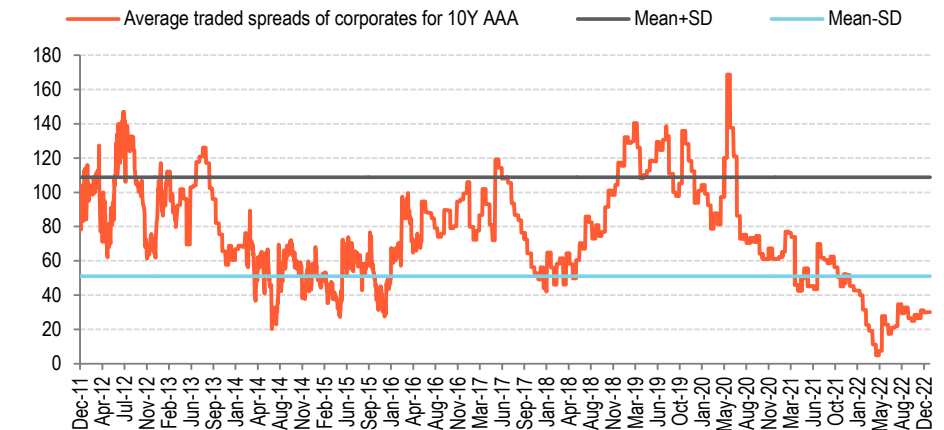


Fig 104 – INR 3Y swap was at 6.41 as on 30 Dec 2022 against 6.33 as on 30 Nov 2022

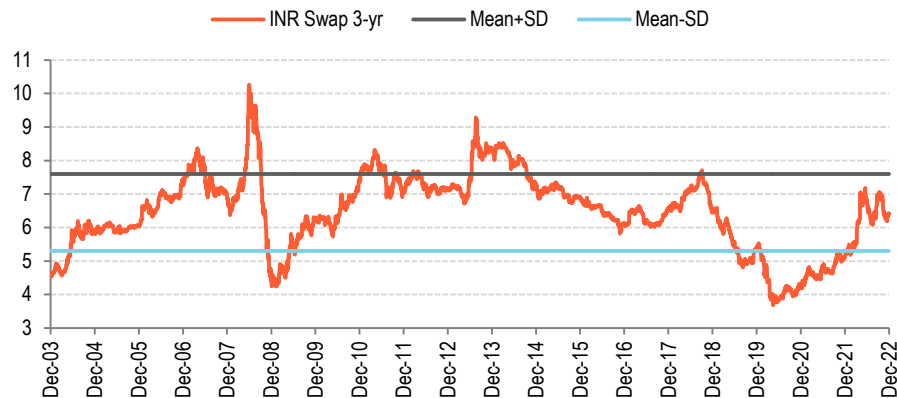
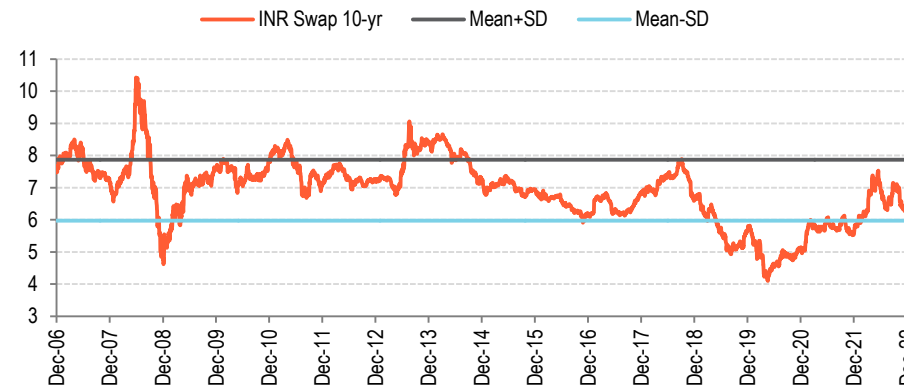


Fig 105 – For 10Y, it was at 6.55 compared to 6.42 seen on 30 Nov 2022



Interest rates on small savings schemes

Fig 106 – Interest rates on small savings scheme increased in Q4 as well

Instrument (%)	Q4FY20	Q1FY21	Q2FY21	Q3FY21	Q4FY21	Q1FY22	Q2FY22	Q3FY22	Q4FY22	Q1FY23	Q2FY23	Q3FY23	Q4FY23
Savings deposit	4.0	4.0	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	5.5	6.6
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	5.7	6.8
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	5.8	6.9
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	6.7	7.0
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	5.8	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	7.6	8.0
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	6.7	7.1
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	6.8	7.0
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	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	7.0	7.2
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	7.6	7.6

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

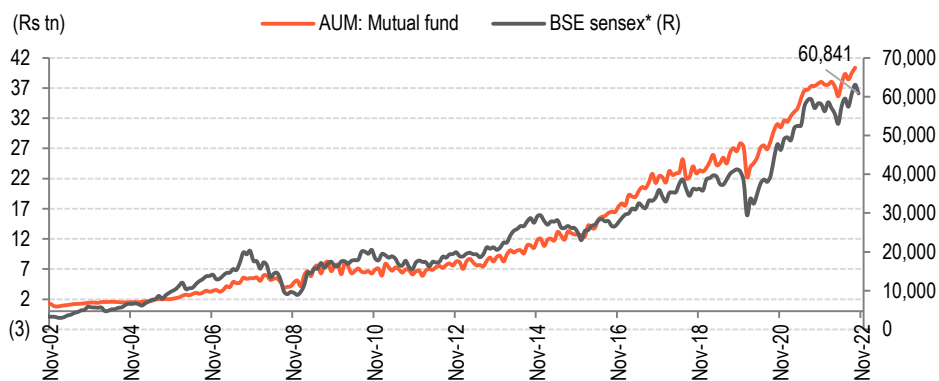
Fig 107 – MCLR rate of banks increased

1Y MCLR (%)	Oct'21	Nov'21	Dec'21	Jan'22	Feb'22	Mar'22	Apr'22	May'22	Jun'22	Jul'22	Aug'22	Sep'22	Oct'22	Nov'22	Dec'22
Public Sector Banks															
Bank of Baroda	7.30	7.30	7.30	7.30	7.30	7.30	7.35	7.40	7.50	7.65	7.70	7.80	7.95	8.05	8.30
Bank of India	7.25	7.25	7.25	7.25	7.25	7.25	7.25	7.25	7.35	7.50	7.60	7.70	7.80	7.95	8.15
Canara Bank	7.25	7.25	7.25	7.25	7.25	7.25	7.25	7.35	7.40	7.50	7.65	7.75	7.90	8.10	8.15
Indian Bank	7.35	7.30	7.30	7.30	7.30	7.30	7.30	7.30	7.40	7.55	7.65	7.75	7.85	8.10	8.20
Punjab National Bank	7.25	7.25	7.25	7.25	7.25	7.25	7.25	7.25	7.40	7.55	7.65	7.70	7.75	8.05	8.10
State Bank of India	7.00	7.00	7.00	7.00	7.00	7.00	7.10	7.20	7.40	7.50	7.70	7.70	7.95	8.05	8.30
Union Bank of India	7.25	7.25	7.25	7.25	7.25	7.25	7.25	7.35	7.45	7.55	7.70	7.75	7.90	8.20	8.25
Private Sector Banks															
Axis Bank Ltd.	7.35	7.35	7.35	7.35	7.35	7.35	7.40	7.75	7.95	8.00	8.05	8.10	8.35	8.45	8.75
HDFC Bank Ltd.	7.20	7.20	7.20	7.20	7.20	7.25	7.25	7.50	7.85	8.05	8.10	8.20	8.20	8.55	8.60
ICICI Bank Ltd.	7.25	7.25	7.25	7.25	7.25	7.25	7.25	7.25	7.55	7.75	7.90	8.00	8.10	8.30	8.40
Indusind Bank	8.45	8.45	8.45	8.45	8.45	8.50	8.55	8.75	9.00	9.10	9.30	9.40	9.55	9.80	9.95
Kotak Mahindra Bank	7.20	7.20	7.20	7.25	7.30	7.35	7.40	7.65	7.85	8.05	8.10	8.20	8.45	8.55	8.65

Source: RBI

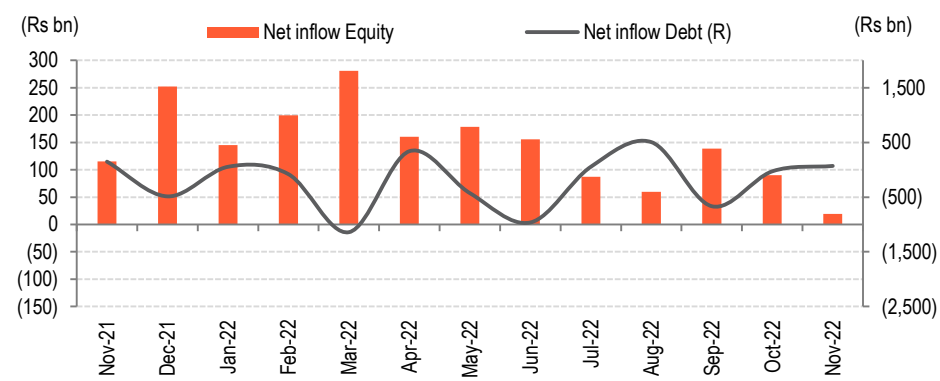
Mutual fund (MF) indicators

Fig 108 – Sensex fell by 3.6% to 60,841 in Dec'22, AUM of MFs rose to Rs 40.4tn in Nov'22 compared to Rs 39.5tn in Oct'22



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

Fig 109 – MF equity inflows moderated to Rs 19bn from Rs 90bn in Oct'22; however, debt inflow rose to Rs 70bn from Rs 28bn outflow seen in Oct'22



Insurance sector indicators

Fig 110 – Sale of life insurance policies fell by 1.2% in Nov’22 much slower compared to 17% decline seen in Oct’22

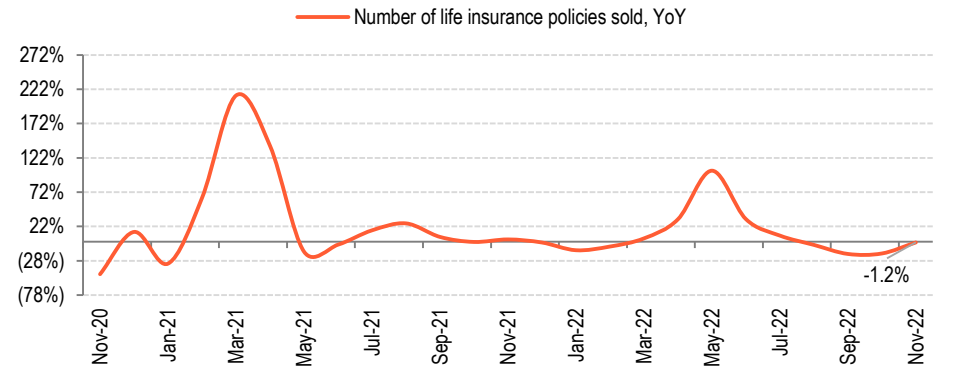
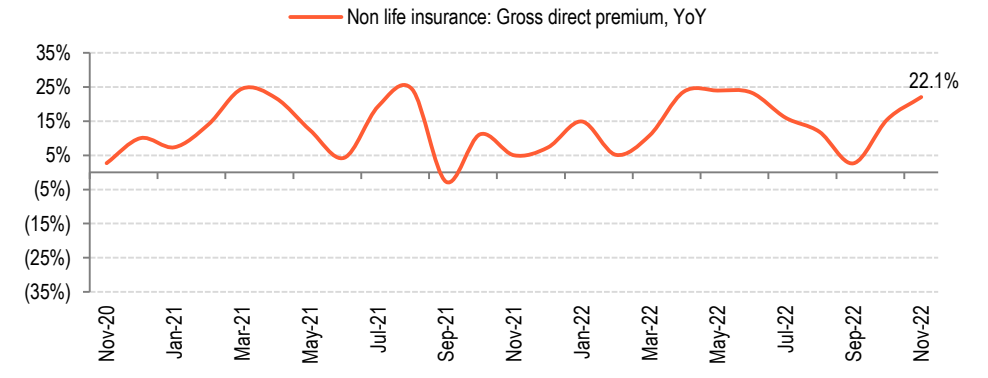


Fig 111 – Gross direct premium for non-life insurance rose to 22.1% in Nov’22 from 15.5% in Oct’22, led by favourable base



Public finance

Central government finances

Fig 112 – Fiscal deficit breaches 7% mark in Nov'22

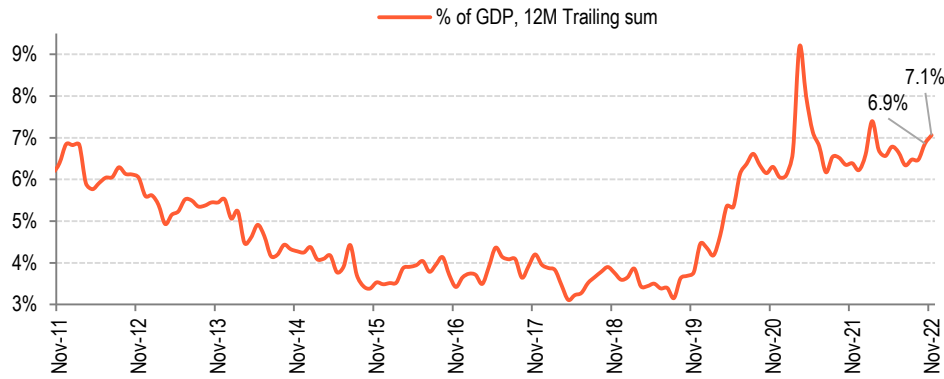


Fig 113 – Revenue deficit too picking up

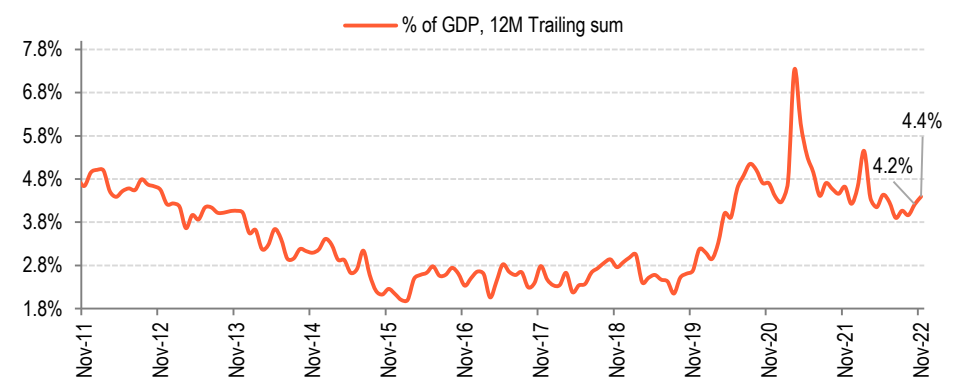


Fig 114 – ...similar trend was visible in primary deficit

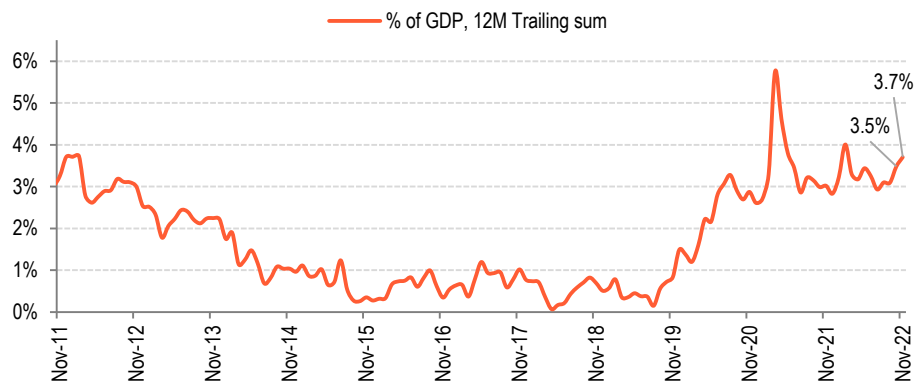


Fig 115 – Government spending too picking up pace (12MMA)

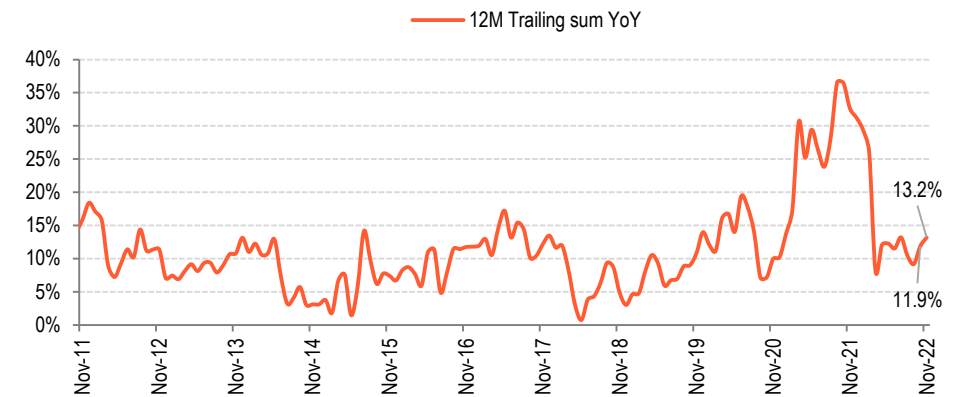


Fig 116 – ...supported by revenue spending

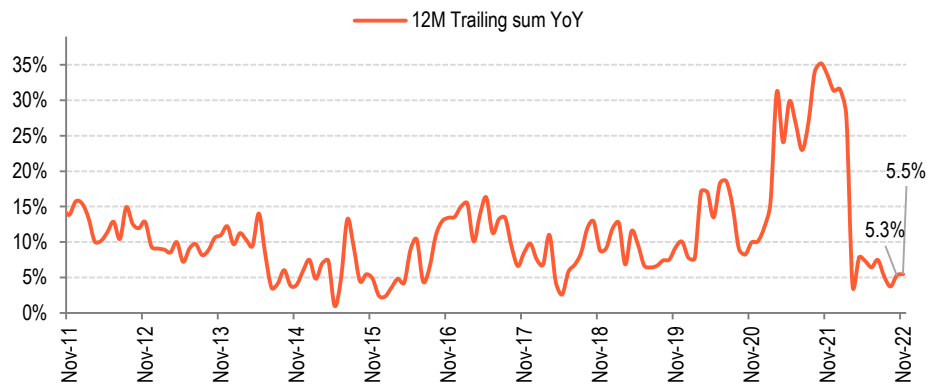


Fig 117 – ...and sharp pick up in Capex

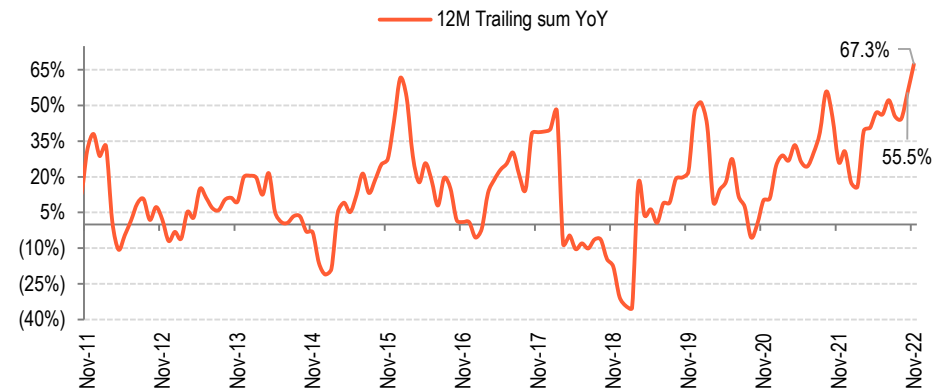


Fig 118 – In FYTD23, ministries of road transport, chemicals, HRD, have supported pick up government spending

Ministry	Apr-Nov'20	Apr-Nov'21	% change	Apr-Nov'22	% change
Ministry of Finance	6,803	7,701	13.2	8,459	9.8
Ministry of Defence	2,980	3,174	6.5	3,354	5.6
Ministry of Consumer Affairs, Food and Public Distribution	1,403	1,763	25.7	1,481	(16.0)
Ministry of Rural Development	1,470	968	(34.2)	955	(1.3)
Ministry of Home Affairs	954	1,077	12.9	1,210	12.4
Ministry of Human Resource Development	409	443	8.3	587	32.6
Ministry of Road Transport and Highways	595	806	35.4	1,580	96.1
Ministry of Chemicals and Fertilisers	662	656	(0.9)	1,526	132.7
Ministry of Petroleum and Natural Gas	231	43	(81.3)	23	(46.5)
Ministry of Agriculture	747	664	(11.1)	682	2.6
Ministry of Health and Family Welfare	499	470	(5.7)	433	(8.0)

Fig 119 – Receipt growth inched up slightly in Nov'22, led by pickup in capital receipts

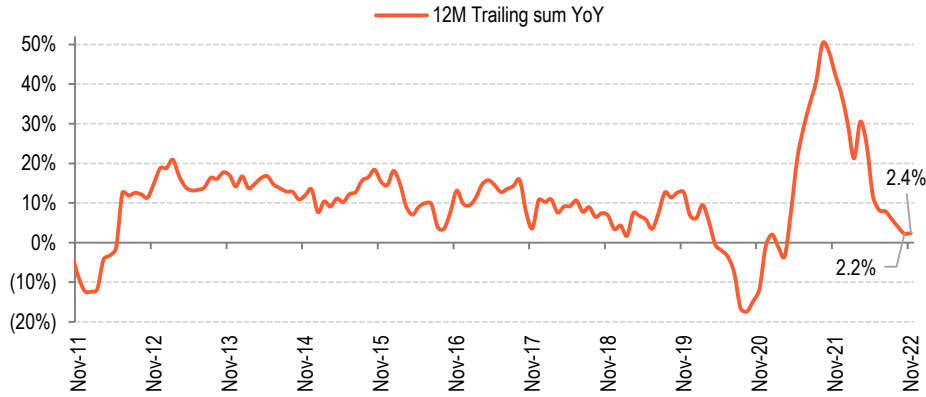


Fig 120 – Revenue receipts eased a tad

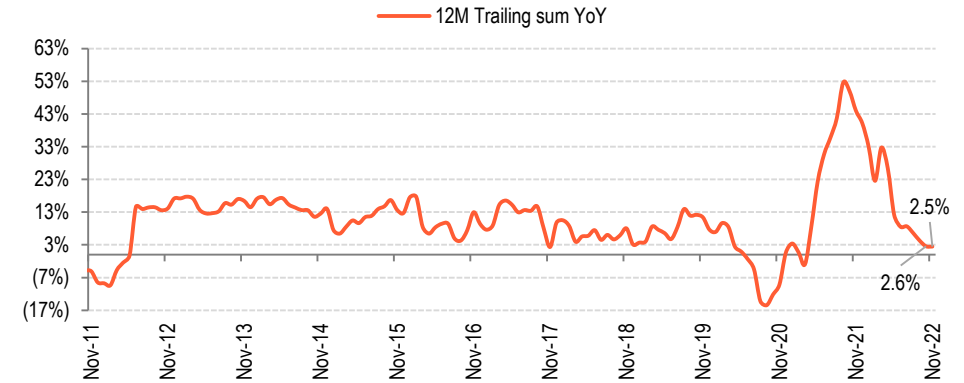


Fig 121 – Tax receipts seen picking up on 12MMA basis

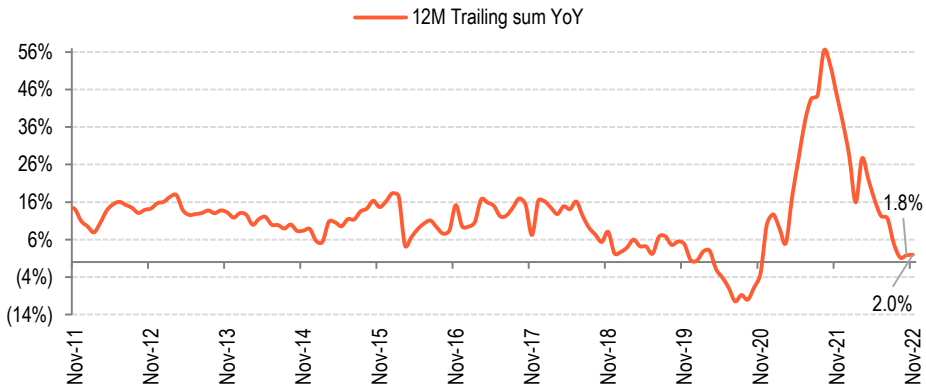


Fig 122 – Non-tax revenue growth however continues to moderate

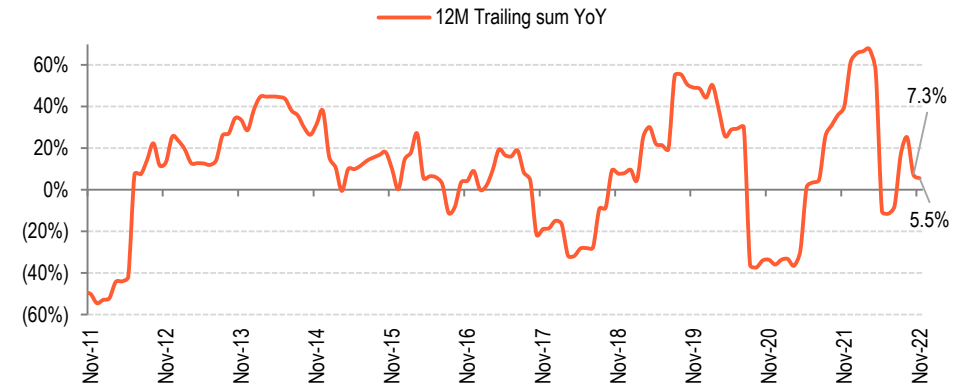


Fig 123 – Centre’s spending continues maintain momentum, revenues seeing some slowdown

	Apr-Nov'20	Apr-Nov'21	% change	Apr-Nov'22	% change
Gross Tax revenue	10,261	15,419	50.3	17,807	15.5
Direct taxes	4,207	6,997	66.3	8,668	23.9
Corp Tax	1,857	3,536	90.4	4,282	21.1
Income Tax	2,350	3,461	47.2	4,386	26.7
Indirect taxes	6,053	8,423	39.1	9,138	8.5
Non-tax revenue	1,243	2,230	79.5	1,983	(11.1)
Centre's revenue (net)	8,127	13,583	67.1	14,232	4.8
Total expenditure	19,064	20,746	8.8	24,428	17.7
Capital exp	2,412	2,736	13.5	4,471	63.4
Revenue exp	16,652	18,010	8.2	19,957	10.8
Fiscal deficit	10,755	6,956	-	9,782	-

Fig 124 – Gross direct tax collections slowed in Nov'22

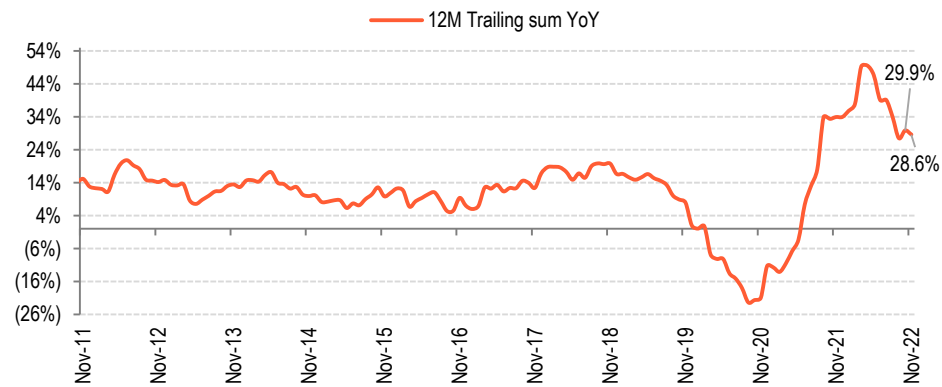


Fig 125 – Gross indirect tax collections also seen coming down

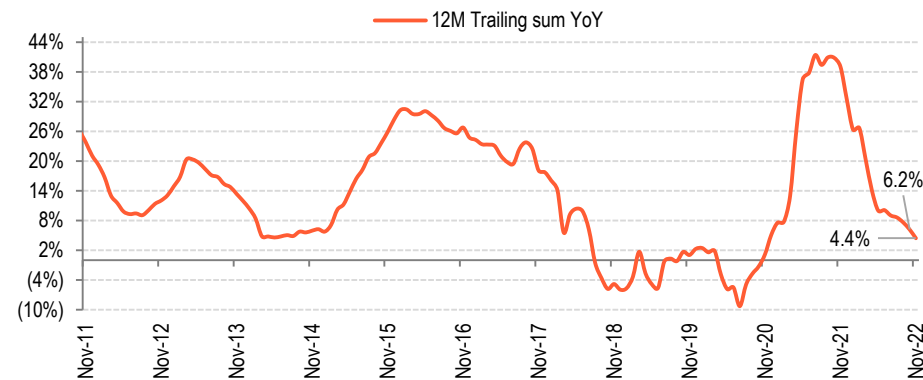


Fig 126 – Corporate tax collections cooling off...

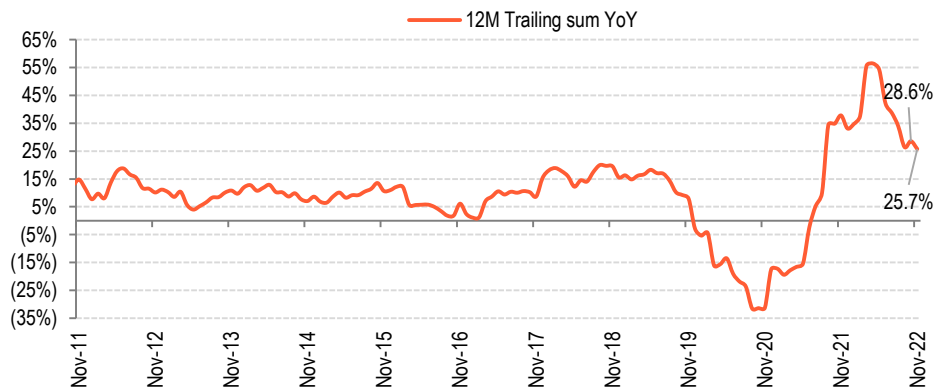


Fig 127 – ...while income tax collections are holding ground

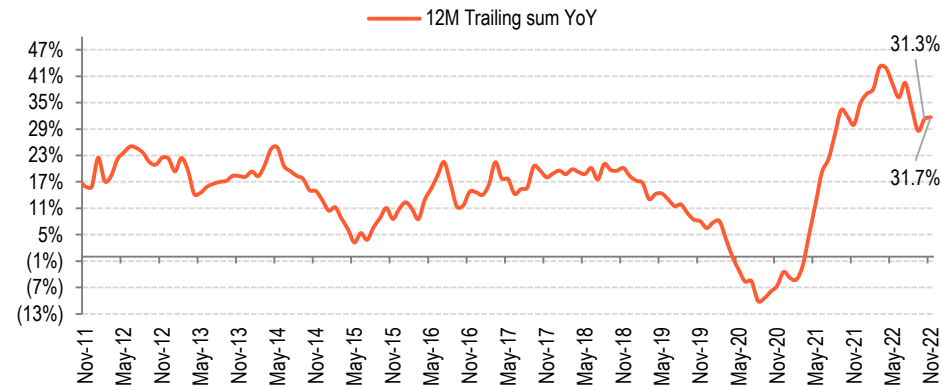


Fig 128 – GST collections for Oct'22 eased a tad; Although collections still remain above Rs 1.4 lakh crore mark for the 11th consecutive month

(Rs bn)	Nov-21	Dec-21	Jan-22	Feb-22	Mar-22	Apr-22	May-22	Jun-22	Jul-22	Aug-22	Sep-22	Oct-22	Nov-22	Monthly run rate (FY23)	FYTD23	FY23 (BE)
CGST	492	462	697	482	633	641	499	654	554	519	547	722	578	589	4,714	6,600
UT GST	1.2	2.5	4.3	1.6	12.3	1.6	2.4	2.6	1.6	1.5	4.1	6.0	5.2	3	25	-
IGST	72	146	(279)	79	(145)	113	47	(164)	69	89	100	(194)	(26)	4	35	-
SGST*	637	681	814	758	1,084	549	796	890	705	768	767	821	834	766	6,130	-
Cess	94	91	95	101	91	104	102	107	107	99	100	103	103	103	825	1,200
Total GST	1,298	1,384	1,330	1,421	1,675	1,409	1,446	1,490	1,436	1,477	1,517	1,459	1,495	1,466	11,729	-

Source: PIB | *Computed from PIB and CGA data

Fig 129 – Rising central government debt a key concern

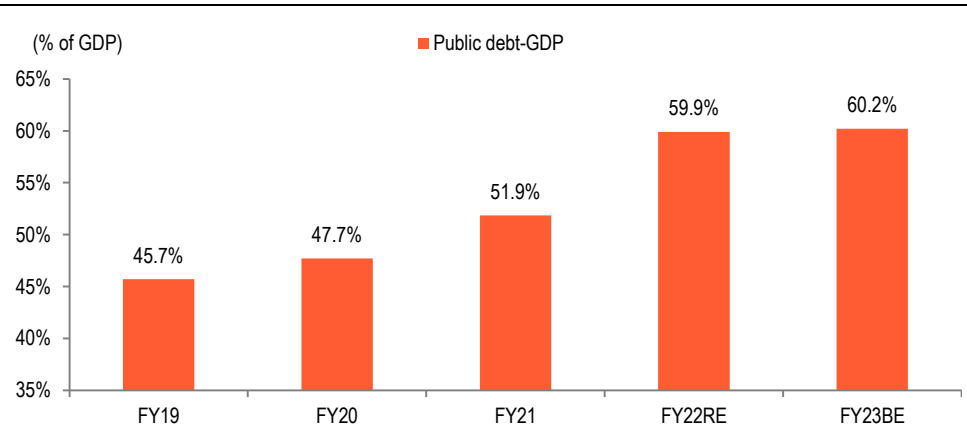
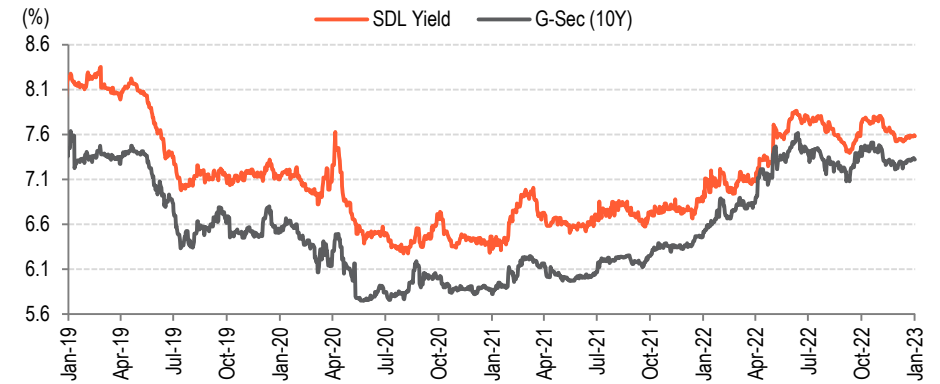
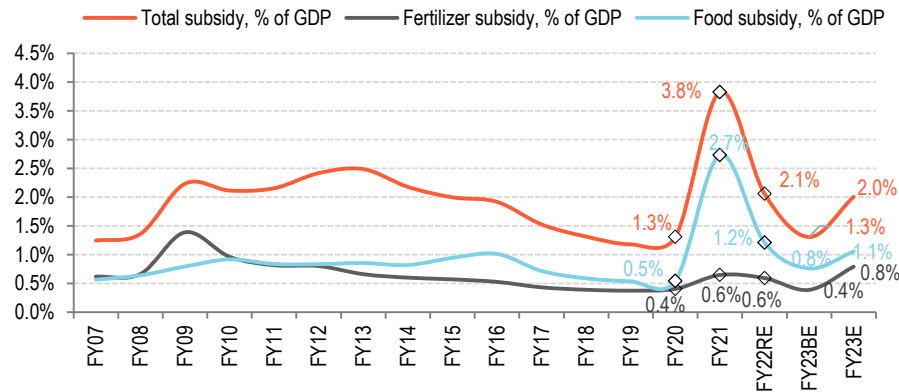


Fig 130 – Spread between 10Y G-sec and SDL yield fell significantly in Dec'22, and is further down in Jan'23 so far



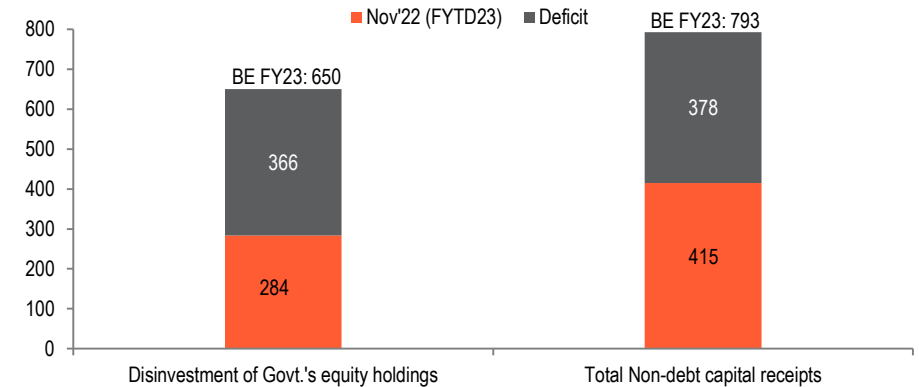
Source: CCIL

Fig 131 – Subsidy burden to inch up in FY23E



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

Fig 132 – Central gov't. FY23 disinvestment status showing weakperformance so far



Central government borrowing

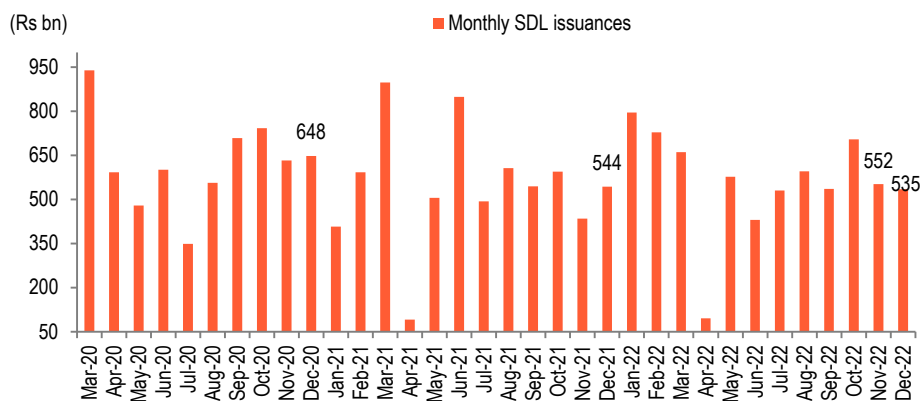
Fig 133 – Centre’s T-bill issuances in Q3FY23 has been at Rs 3.6tn

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	3,704	2,730
Q3	2,747	2,632	3,070	2,889	3,745	3,630	3,589	2,860
Q4	1,684	2,486	1,812	2,511	2,714	4,766	-	3,800
Total	9,811	11,192	11,271	11,788	17,204	16,986		13,710

Source: RBI

State government borrowing

Fig 135 – State government borrowings slowed further in Dec’22



Source: RBI

Fig 134 – Centre’s gross borrowing in Q3FY23 is at Rs 3.5tn

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	4,390	4,550
Q3	1,610	1,640	1,270	1,930	2,910	3,190	3,530	2,320
Q4	800	670	1,680	920	3,191	1,370	-	3,440
Total	5,820	5,880	5,710	7,100	13,461^	11,273	-	14,210

Source: RBI^ Against budgeted Rs 12.8tn

Fig 136 – States’ market borrowings have reached only 48% of the planned amount so far (FYTD basis)

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	1,661	2,116
Q3	1,214	1,054	1,277	1,470	2,023	1,653	1,879	2,531
Q4	1,322	1,348	1,809	2,006	1,898	2,184	135*	3,408
Total	3,876	4,182	4,661	5,731	7,206	6,927	4,778*	9,958

Source: RBI; *as of 3 Jan 2023

External sector

Exports

Fig 137 – Global exports moderating

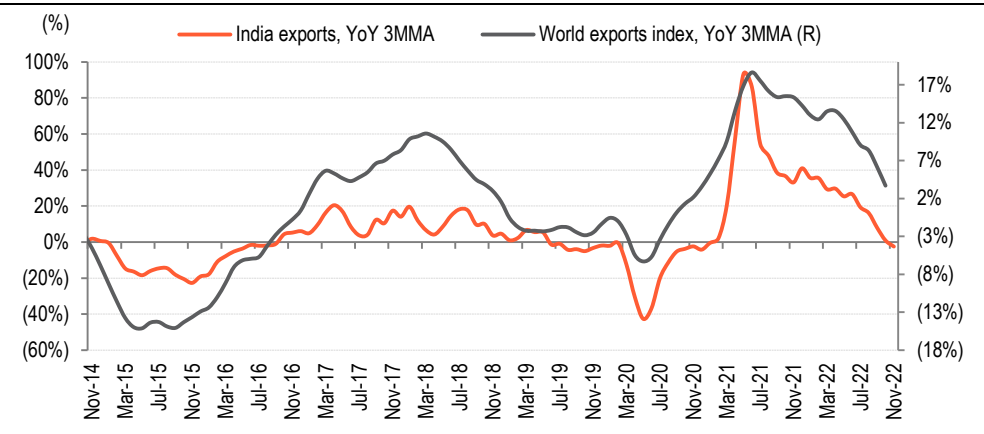
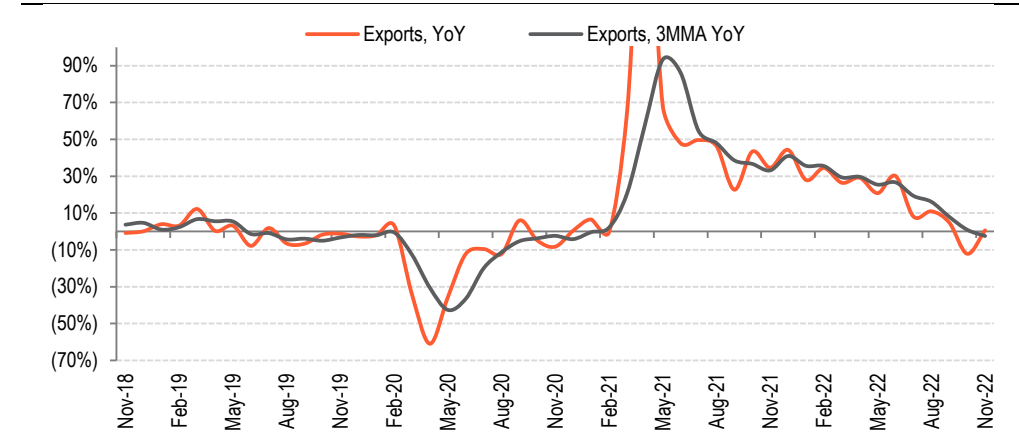


Fig 138 – After falling by 16.1% in Oct'22, India's exports increase marginally by 0.6% in Nov'22



Exports by major sectors

Fig 139 – Non-oil exports increased by 1.1% in Nov'22, recovering from a 17.4% drop in Oct'22

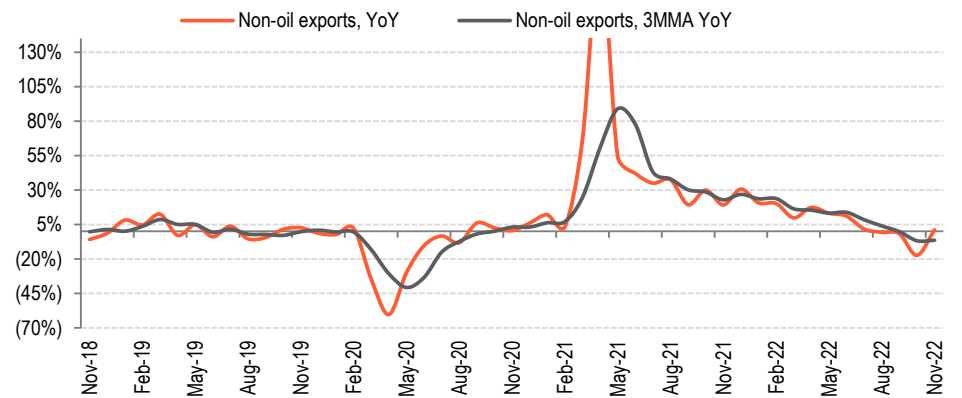


Fig 140 – Exports of gems and jewellery record an increase of 4.6% in Nov'22 compared with a decline of 21.6% in Oct'22

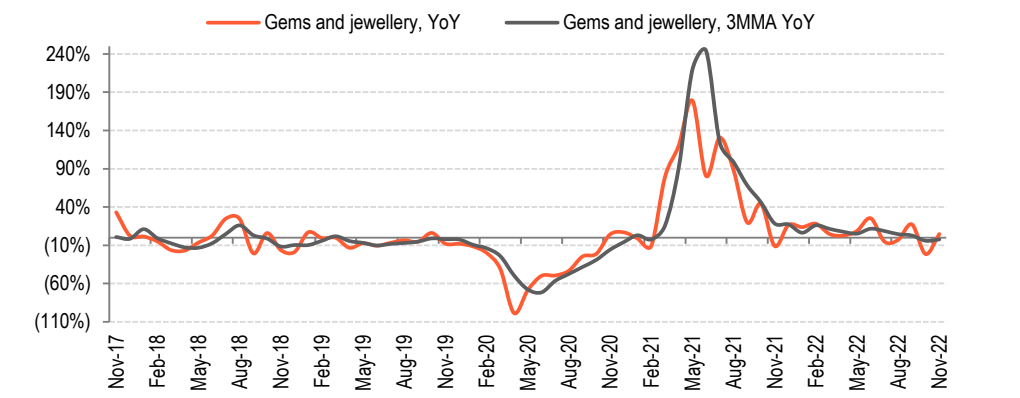


Fig 141 – Improvement in agricultural exports

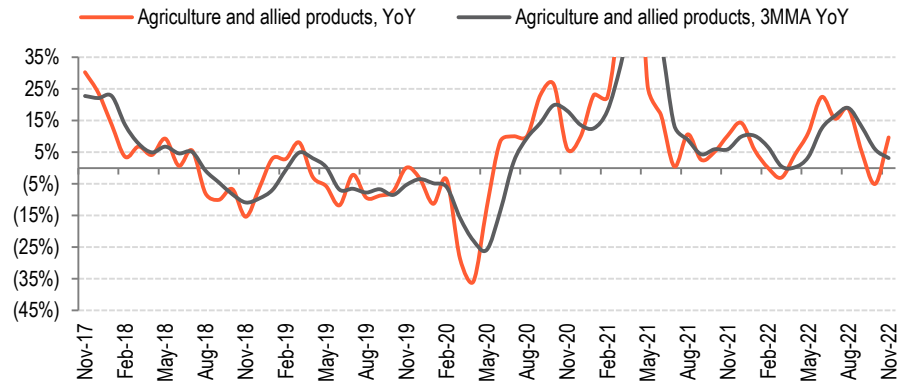
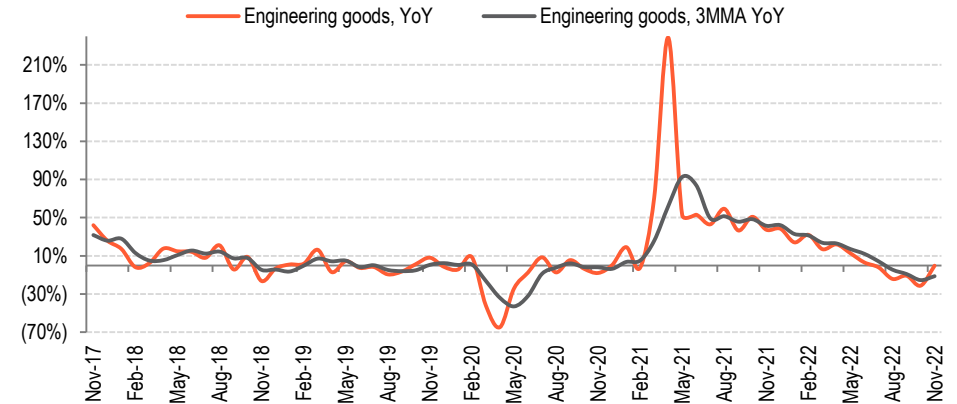


Fig 142 – Engineering goods exports contract at the slowest pace in 5 months



Imports

Fig 143 – Import growth slows down to 5.4% in Nov'22 from 10% in Oct'22

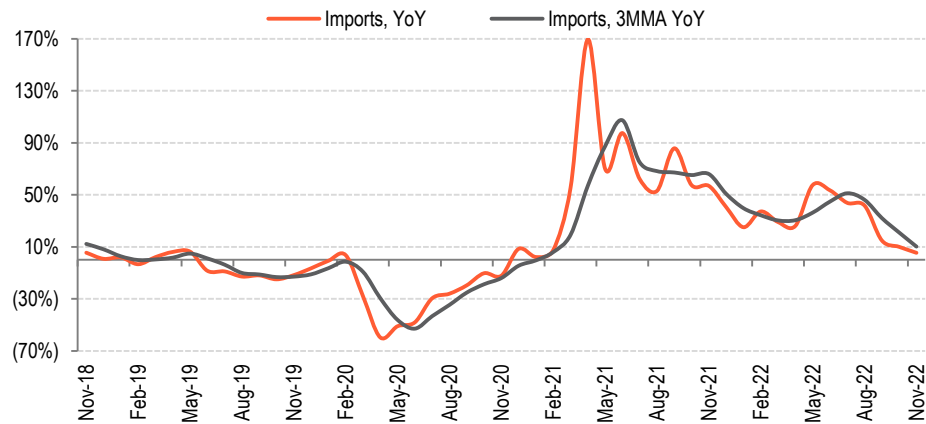


Fig 144 – .. led by a moderation in oil imports

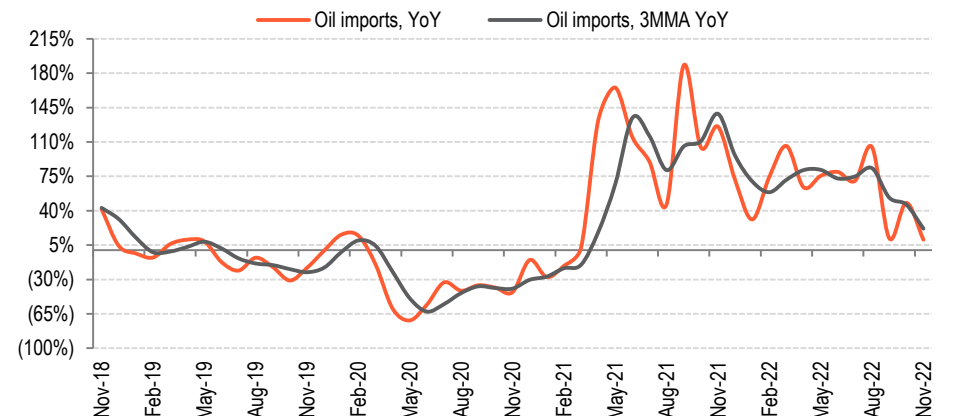


Fig 145 – Project goods imports fall sharply by 43% in Nov'22, after increasing 9% in Oct'22

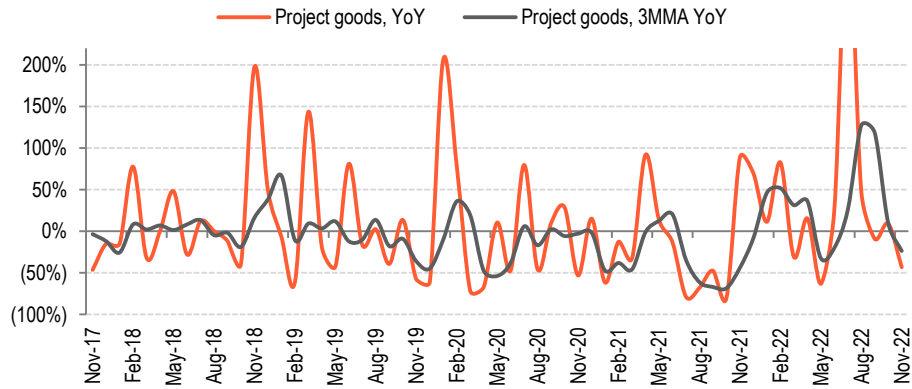


Fig 146 – Import of chemicals and related products also moderates

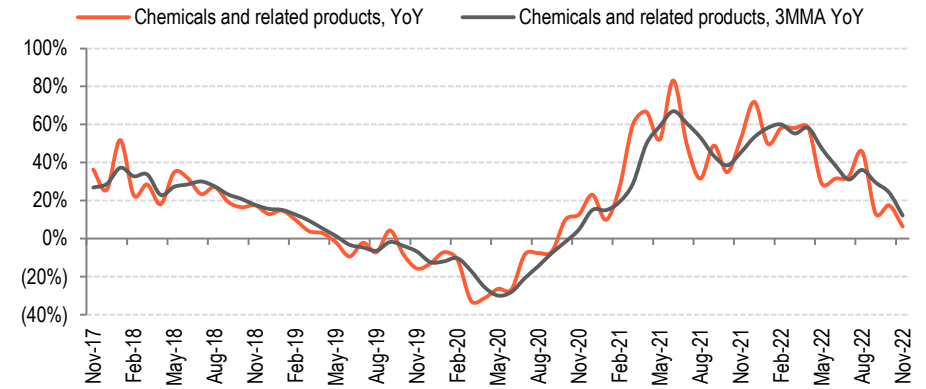


Fig 147 – Imports of vegetable oils continues to dip

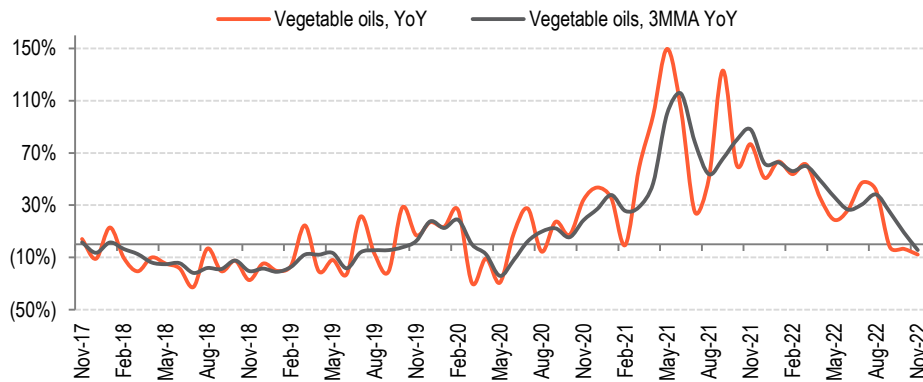
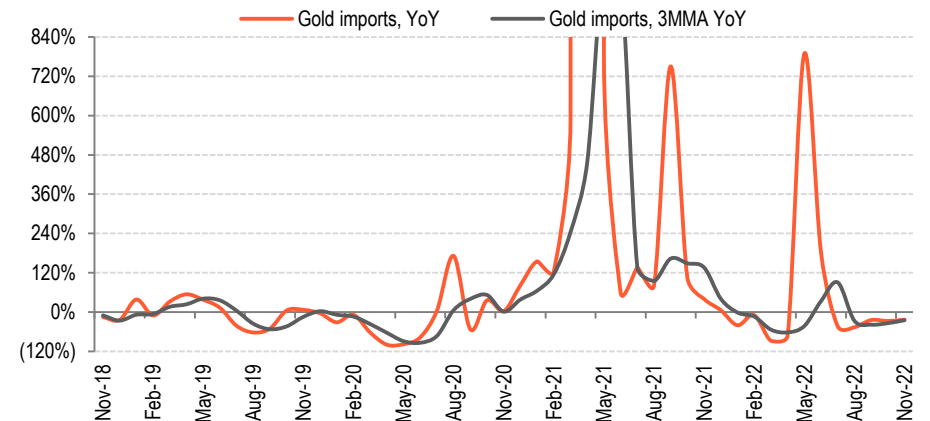


Fig 148 – Gold imports stagnant



Exports and imports by major regions

Fig 149 – Exports to China have declined sharply in FYTD23

Region (% YoY)	Share in FY22	FYTD22	FYTD23	Sep-22	Oct-22	Nov-22
Americas	23.8	55.8	13.0	(0.9)	(15.7)	12.5
Asia and Pacific (Ex. China)	27.2	51.6	0.2	(1.4)	(21.4)	(17.4)
China	5.1	14.4	(36.6)	(39.9)	(44.2)	(31.0)
Europe	20.6	64.2	18.6	4.8	(4.5)	17.7
Middle East and Africa	22.8	56.6	31.2	26.1	2.5	36.6
Other	0.6	32.8	155.2	103.3	20.5	183.2

Fig 150 – Imports from all regions have moderated in FYTD23

Region (% YoY)	Share in FY22	FYTD22	FYTD23	Sep-22	Oct-22	Nov-22
Americas	11.8	69.7	22.6	(8.4)	2.1	14.5
Asia and Pacific (Ex. China)	24.2	59.5	31.2	19.2	3.3	5.6
China	15.4	52.4	14.8	2.9	(9.7)	(5.4)
Europe	13.9	74.4	4.2	(1.1)	(15.2)	2.9
Middle East and Africa	32.3	106.1	34.9	13.5	19.3	(0.9)
Other	2.3	45.2	295.8	294.5	397.1	395.3

Trade deficit

Fig 151 – Trade deficit narrowed to US\$ 23.9bn in Nov'22 from US\$ 27.6bn in Oct'22

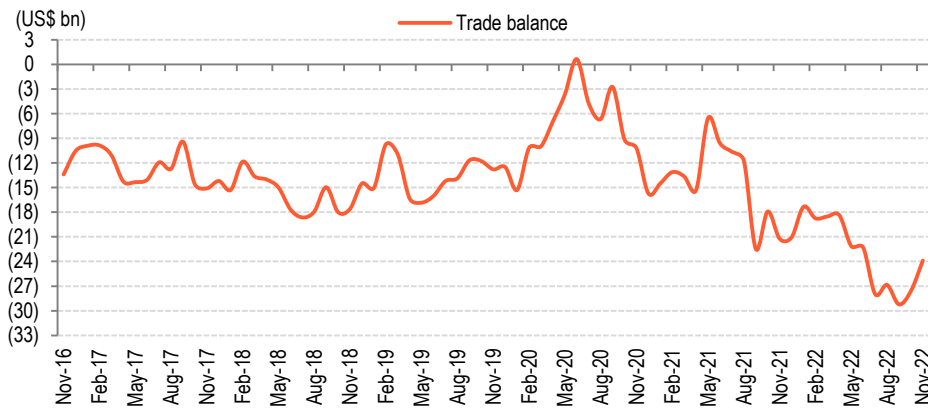
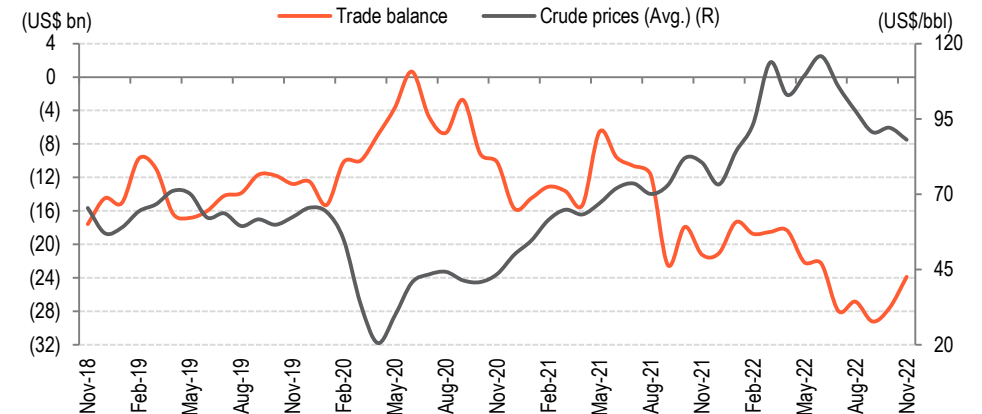
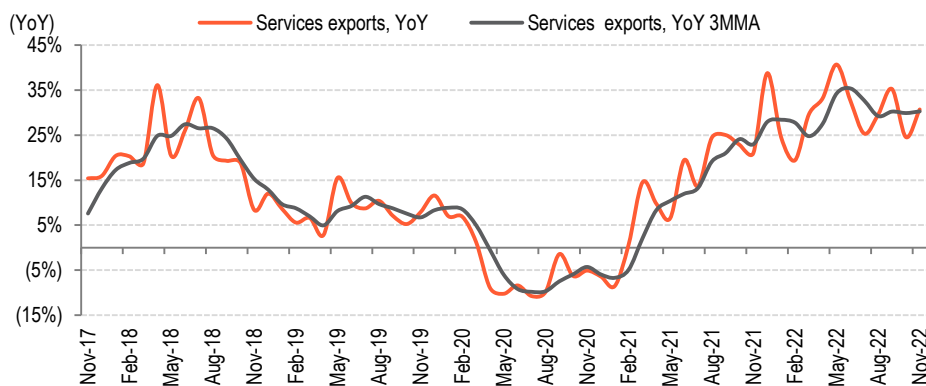


Fig 152 – ... as oil prices declined



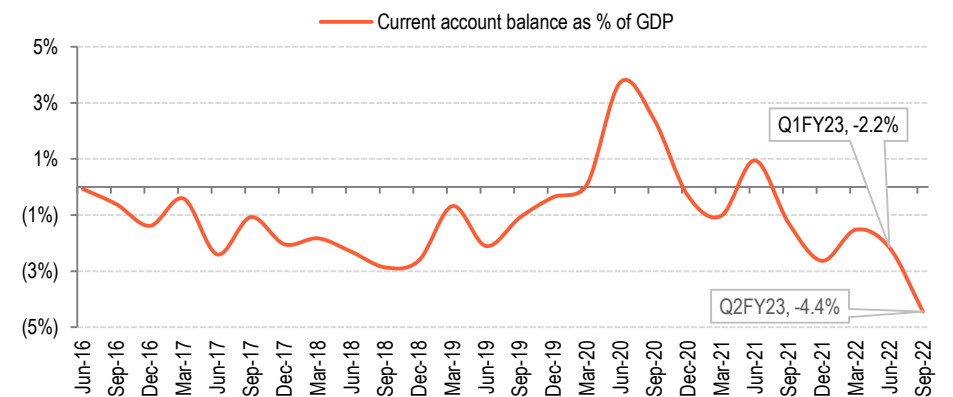
Trade in services

Fig 153 – Services exports rise by 30.7% in Nov'22 from 24.6% in Oct'22



BoP

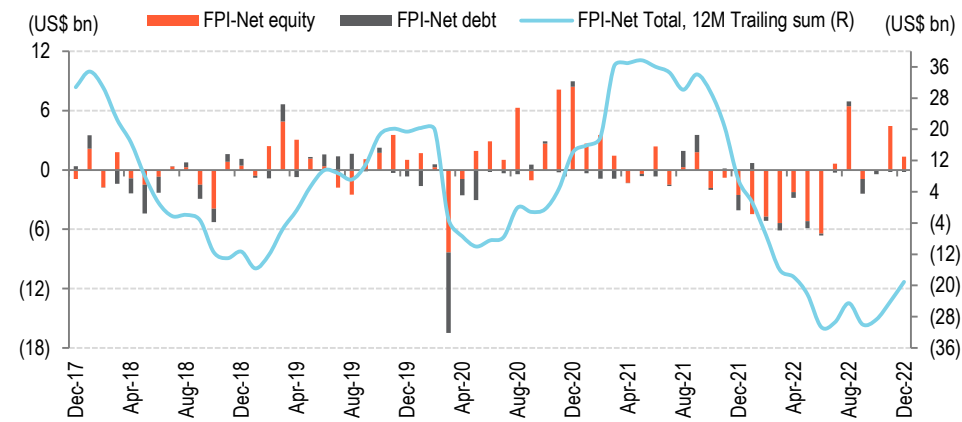
Fig 154 – India's current account deficit expanded to 4.4% of GDP in Q2FY23 from 2.2% of GDP in Q1FY23



Foreign inflows

FPI inflows

Fig 155 – FPI inflows of US\$ 1.1bn in Dec'22 compared with inflows of US\$ 4.4bn in Nov'22



Source: Bloomberg

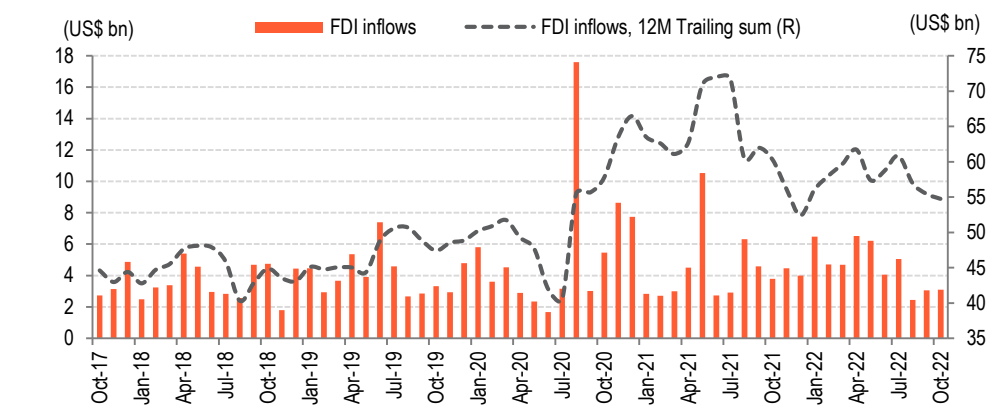
Fig 157 – FDI inflows moderated across industries in Q2FY23

Sector	% Share FY22	FYTD22	FYTD23	Q4FY22	Q1FY23	Q2FY23
Computer software and hardware	43.8	7.1	6.3	4.2	3.4	2.9
Construction (Infrastructure) activities	13.2	1.2	1.0	1.7	0.7	0.3
Services Sector	8.5	3.2	4.2	1.8	2.6	1.6
Trading	4.4	2.1	3.3	1.5	2.0	1.2
Automobile industry	2.7	4.9	0.9	1.0	0.7	0.2
Drugs and Pharmaceuticals	2.5	0.6	0.7	0.2	0.5	0.2
Metallurgical industries	2.2	1.3	0.1	0.9	0.1	0.0

Source: DIPP

FDI inflows

Fig 156 – FDI equity inflows almost stagnant



Source: RBI, Bank of Baroda Research

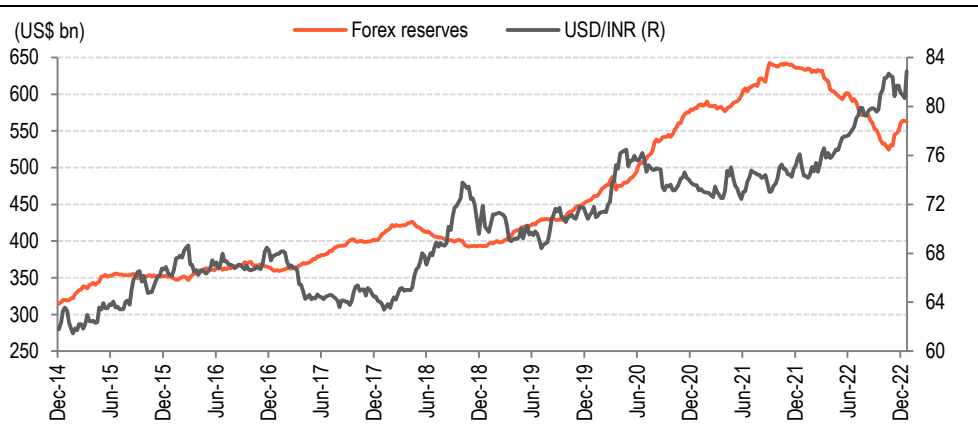
Fig 158 – Barring UK, FDI inflows from other regions slowed down in Q2FY23

Country (US\$ bn)	% Share FY22	FYTD22	FYTD23	Q4FY22	Q1FY23	Q2FY23
Singapore	27.0	8.1	10.0	4.2	5.7	4.3
US	17.9	4.6	2.6	3.0	1.5	1.1
Mauritius	16.0	4.3	3.3	2.8	2.4	0.9
Netherlands	7.9	2.1	1.8	2.0	1.1	0.7
UK	2.8	1.1	0.9	0.2	0.3	0.6
Japan	2.5	0.8	1.2	0.6	0.9	0.3

Source: DIPP

Forex reserves and external debt

Fig 159 – India’s FX reserves at US\$ 553bn in Dec’22, down US\$ 54.8bn in FYTD23



Source: Bloomberg | Weekly data as of 23 Dec 2022

Fig 160 – India’s import cover improves marginally in Nov’22 supported by increase in FX reserves

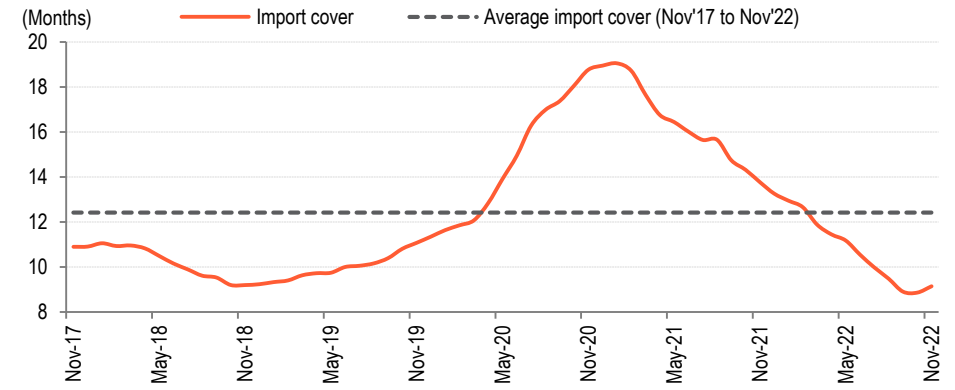


Fig 161 – RBI’s sold US\$ 922mn in the spot market in Oct’22

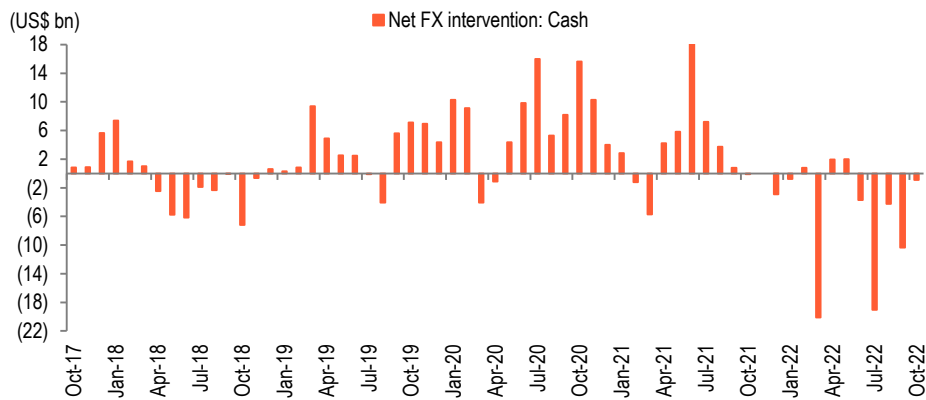
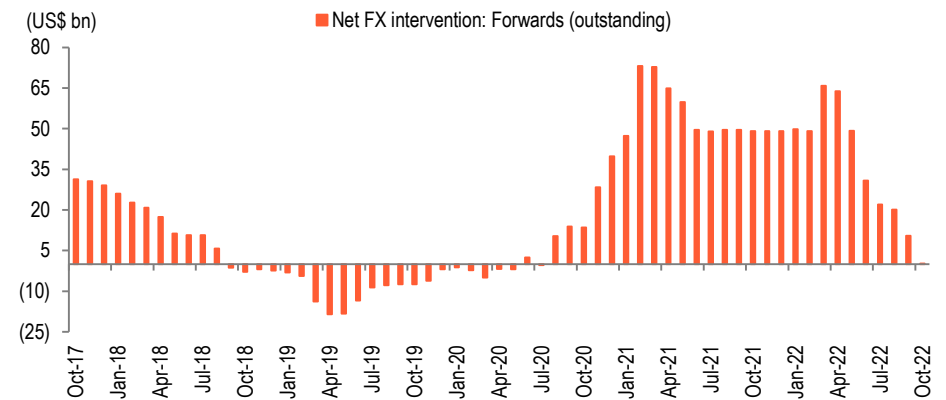


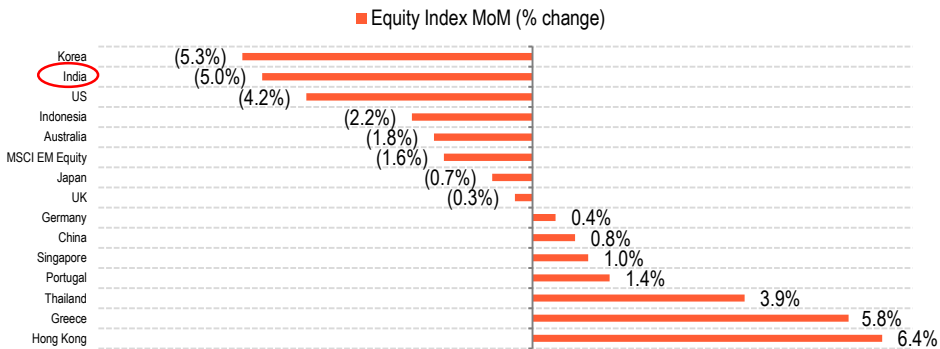
Fig 162 – RBI’s outstanding forwards position dips sharply in Oct’22



Markets

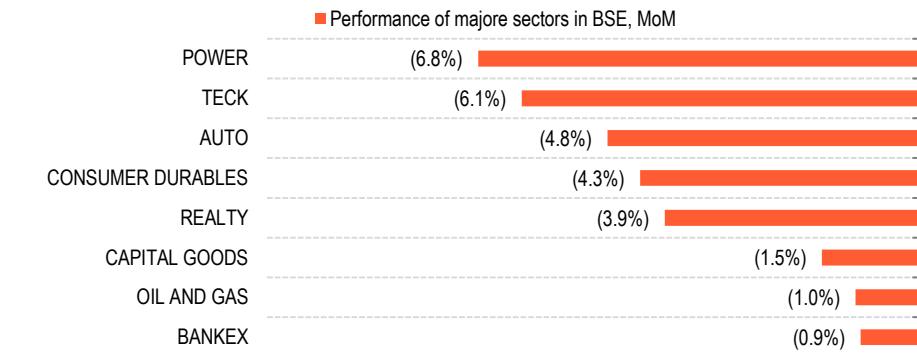
Equity

Fig 163 – In Dec'22, Sensex fell by 5%, MSCI EM was down by 1.6%



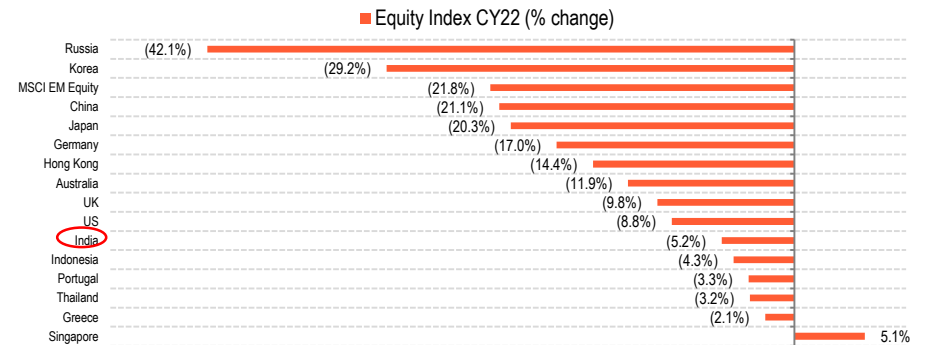
Source: Bloomberg | * As on 30 Dec 2022, Indices are in US\$ terms

Fig 165 – Power and technology stocks fell the most in Dec'22



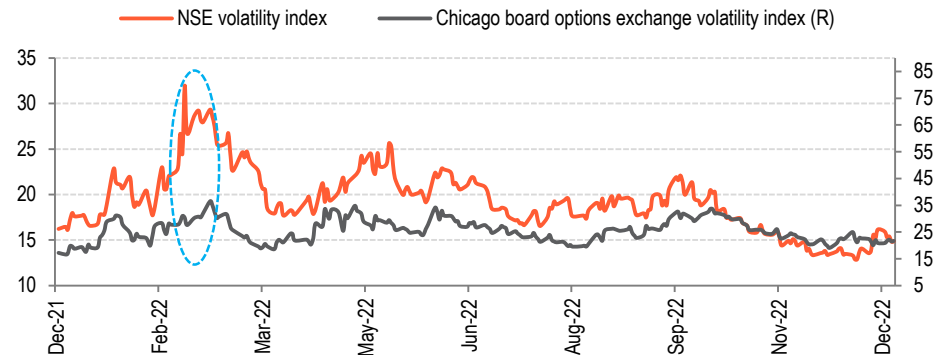
Source: Bloomberg | As on 30 Dec 2022

Fig 164 – In CY22 as well, Sensex fell by 5.2%



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

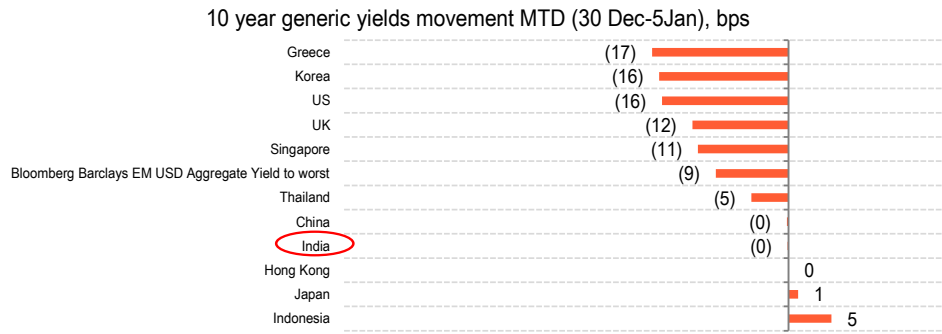
Fig 166 – VIX index rose to 14.87 in Dec'22 from 13.81 in Nov'22



Source: Bloomberg

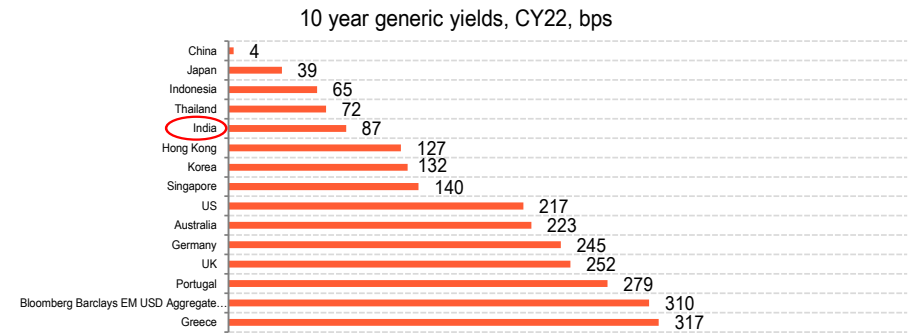
10-year bond yields

Fig 167 – On MTD basis, India’s 10Y yield remained flat



Source: Bloomberg | As on 5 Jan 2023

Fig 168 – In CY22, India’s 10Y yield rose by 87bps, in line with global yields



Source: Bloomberg | As on 30 Dec 2022

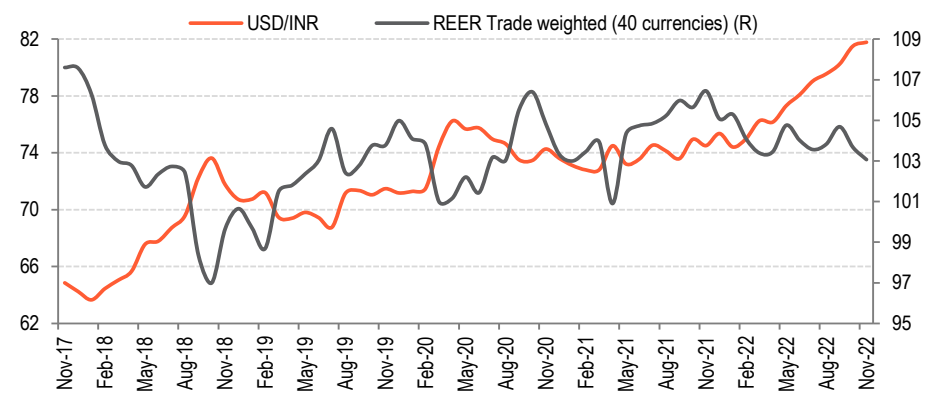
Currencies

Fig 169 – INR depreciated by 1.6% in Dec’22



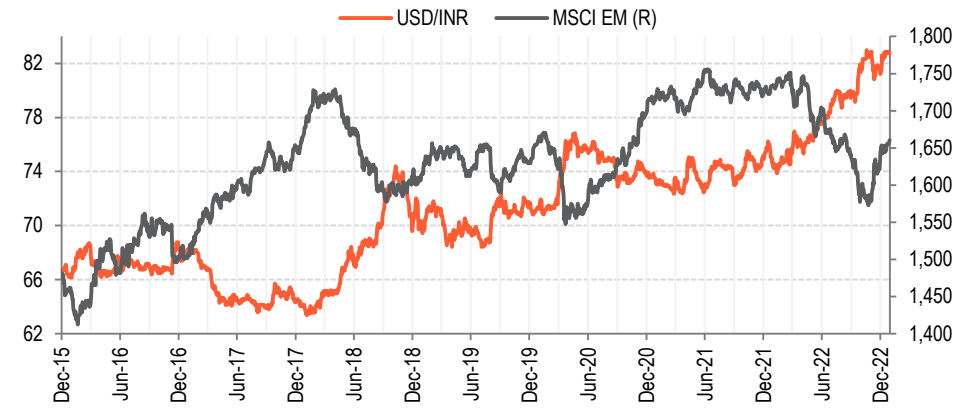
Source: Bloomberg | *As on 30 Dec 2022

Fig 170 – INR still overvalued by 3.1% (Nov’22)



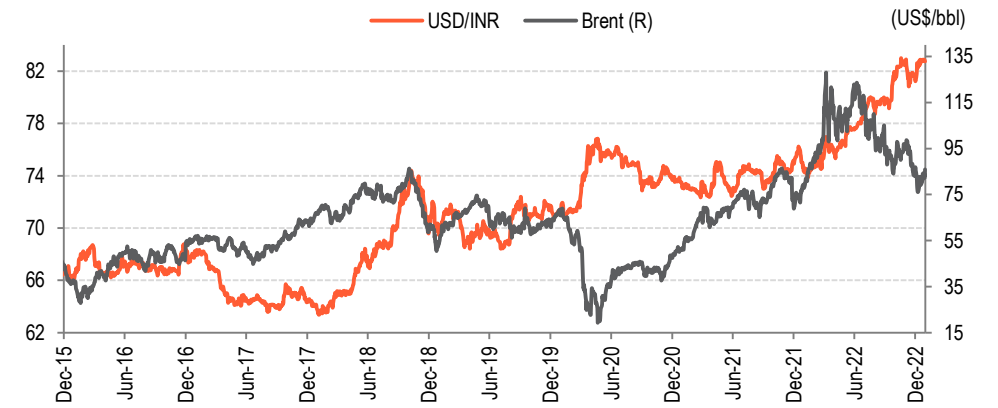
Source: Bloomberg

Fig 171 – However other EM currencies gained..



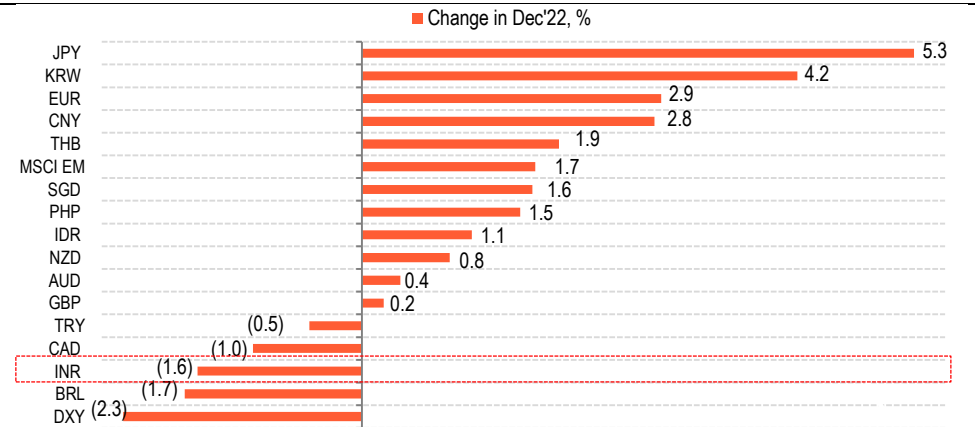
Source: Bloomberg | *As on 30 Dec 2022

Fig 172 – .. as oil prices were lower on an average



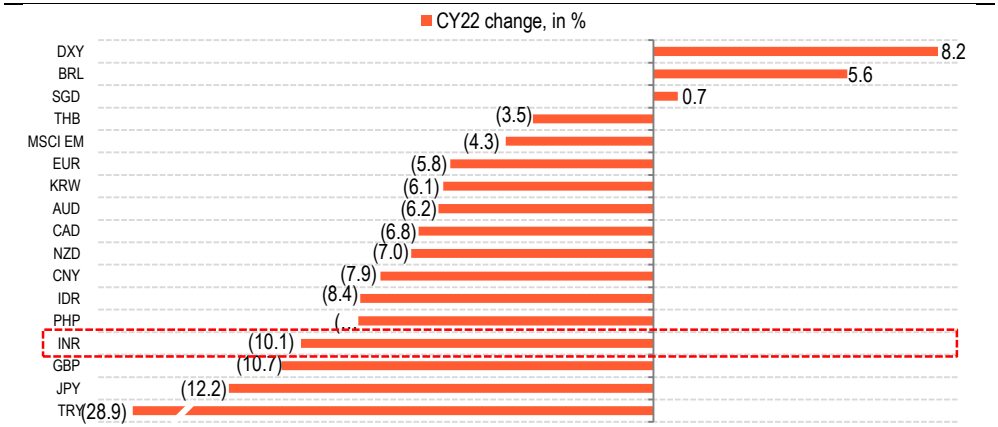
Source: Bloomberg | *As on 30 Dec 2022

Fig 173 – INR depreciated by 1.6% in Dec'22



Source: Bloomberg | *As on 30 Dec 2022

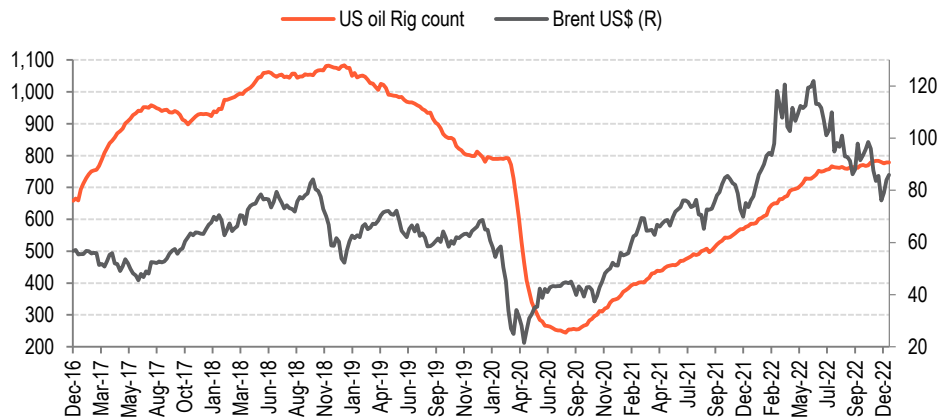
Fig 174 – In CY22, INR has depreciated by 10.1%



Source: Bloomberg | *As on 30 Dec 2022

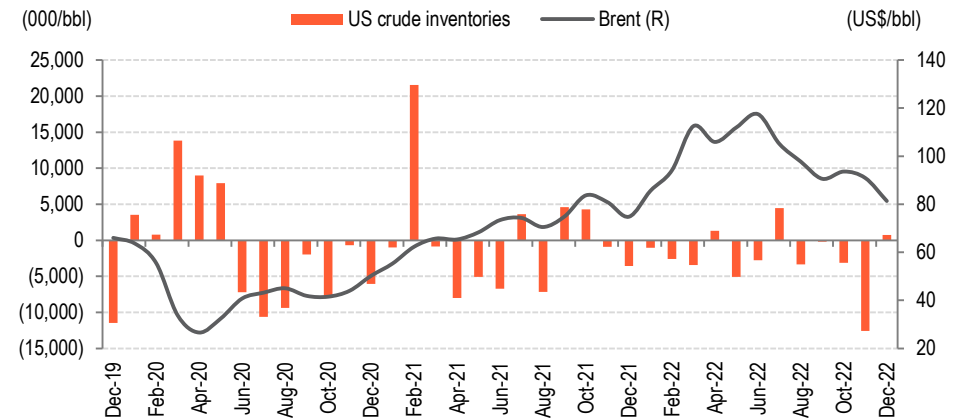
Commodities

Fig 175 – US rig count was stable in Dec'22



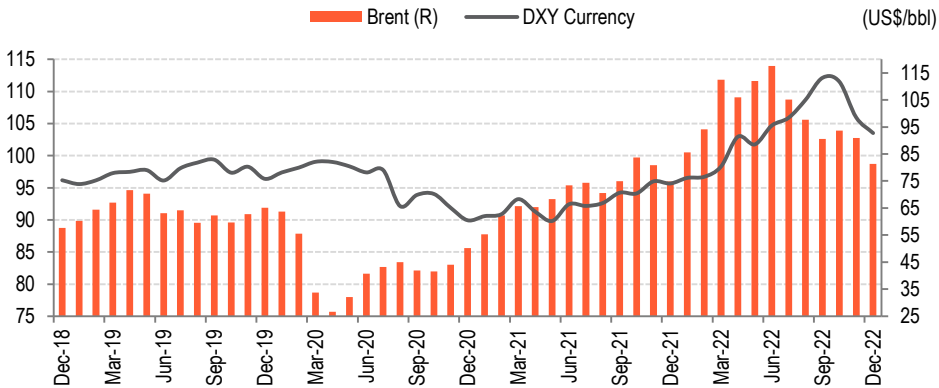
Source: Bloomberg

Fig 176 – US crude oil inventory rose in Dec'22



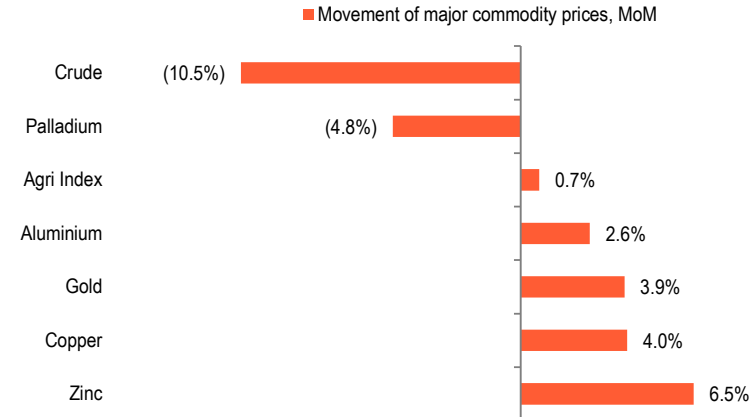
Source: Bloomberg

Fig 177 – Oil prices on an average fell to US\$ 81/bbl from US\$ 91/bbl in Nov'22, DXY fell to 103.52 from 105.95 amidst expectation of moderation in rate hike by Fed



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

Fig 178 – Crude prices fell the most amongst major commodities in Dec'22 compared to Nov'22



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

Fig 179 – Performance of high frequency indicators

Indicators	Dec-21	Jan-22	Feb-22	Mar-22	Apr-22	May-22	Jun-22	Jul-22	Aug-22	Sep-22	Oct-22	Nov-22	Dec-22
Agriculture													
Tractor sales	(22.5)	(27.8)	(26.4)	(11.6)	38.1	47.7	(10.9)	(12.2)	(1.0)	18.9	3.6	4.4	-
Two wheeler sales	(19.9)	(13.4)	(10.7)	(4.0)	38.1	197.7	20.2	(10.9)	8.5	9.0	51.1	23.6	(11.2)
MNREGA work (HH, MoM)	14.5	(4.2)	0.6	4.1	7.7	32.0	3.9	(34.9)	(22.1)	4.3	(7.0)	19.3	14.1
Manufacturing													
IIP: General index	1.0	2.0	1.2	2.2	6.7	19.7	12.6	2.2	(0.7)	3.5	(4.0)	-	-
IIP: Manufacturing	0.6	1.9	0.2	1.4	5.6	20.7	12.9	3.0	(0.5)	2.2	(5.6)	-	-
IIP: Capital goods	(3.0)	1.8	1.3	2.4	12.0	53.3	28.6	5.7	4.3	11.4	(2.3)	-	-
IIP: Infra & construction goods	2.0	5.9	8.6	6.7	4.0	18.4	9.4	3.8	2.1	7.7	1.0	-	-
IIP: Consumer goods	(1.9)	(4.4)	(9.7)	(3.1)	7.2	59.1	25.2	2.3	(2.5)	(3.2)	(15.3)	-	-
Steel	(0.6)	3.8	5.6	4.1	2.5	15.1	3.3	7.5	5.2	5.7	6.5	10.8	-
Cement	14.2	14.1	4.2	9.0	7.4	26.2	19.7	0.7	1.8	12.4	(4.3)	28.6	-
Electricity	2.9	0.9	4.5	6.1	11.8	23.5	16.5	2.3	1.4	11.6	1.2	12.1	-
PMI: Manufacturing	55.5	54.0	54.9	54.0	54.7	54.6	53.9	56.4	56.2	55.1	55.3	55.7	57.8
Services													
Services PMI index	55.5	51.5	51.8	53.6	57.9	58.9	59.2	55.5	57.2	54.3	55.1	56.4	58.5
Automobile sales	(16.1)	(10.7)	(9.2)	(2.9)	37.3	206.8	27.2	(7.8)	8.3	10.9	47.6	25.7	(5.4)
Passenger vehicle sales	(10.9)	(10.1)	(7.8)	(4.9)	26.6	204.3	40.2	(4.7)	6.5	9.7	40.6	21.3	8.1
Vehicle registration	(16.7)	(12.4)	(9.3)	(3.6)	38.0	212.8	22.3	(7.7)	8.9	9.0	51.0	20.9	(5.4)
Rail freight traffic	7.2	7.7	6.6	6.7	9.4	14.6	11.3	8.3	7.9	9.1	1.4	5.2	4.5
Port cargo volume	(0.3)	(2.8)	(4.5)	0.8	5.5	8.9	13.5	15.1	8.0	14.9	3.6	2.0	10.4
Credit growth	9.4	7.1	8.1	8.6	10.0	11.4	12.3	13.4	14.3	19.0	15.8	15.6	17.4
Deposit growth	12.1	8.3	8.6	8.9	10.0	8.8	8.6	9.2	9.5	12.5	8.9	9.6	9.4
CIC	7.8	8.0	8.6	9.7	10.1	8.6	8.0	8.1	8.1	8.2	9.0	7.9	8.2
Toll collection (in mn)	242.1	231.0	243.6	270.4	265.4	285.4	277.9	265.2	272.0	259.2	283.0	285.6	308.0
Diesel consumption	1.5	(6.4)	(0.9)	6.6	7.9	31.7	23.9	8.2	13.0	13.4	5.5	19.2	13.0
GST E-way bill (in mn)	71.6	68.8	69.1	78.2	75.2	73.6	74.5	75.6	78.2	84.0	76.9	80.7	-
External Trade													
Merchandise exports	44.3	27.9	34.5	26.4	29.1	20.8	30.2	8.1	10.9	4.8	(12.1)	0.6	-
Merchandise imports	40.5	25.1	37.2	29.0	26.1	57.5	53.4	43.8	41.7	14.9	10.0	5.4	-
Services exports	35.2	24.2	19.1	29.3	25.1	32.2	24.6	20.2	24.3	29.7	24.6	30.7	-
Services imports	29.5	33.8	24.8	25.0	46.1	52.7	45.5	22.3	27.1	28.1	15.9	21.7	-

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

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