

# India Economics

## Monthly Chartbook

October 2020

Sameer Narang

Dipanjwita Mazumdar | Sonal Badhan

Aditi Gupta | Jahnavi

[chief.economist@bankofbaroda.com](mailto:chief.economist@bankofbaroda.com)



## Green shoots emerging

**A silver lining seems to be emerging with positive growth visible in exports, auto and electricity output, rural wages, GST collections and rail freight. However, government revenues continue to be constrained due to lower tax and non-tax collections, thus impacting capex spending. State government borrowings are rising to bridge the gap between revenue and expenditure which is pushing spread over 10Y benchmark. Supply driven inflationary pressures are also not relenting for now. H2 will be better with a base effect playing out. However, negative policy rates and an estimate of more than 4% inflation in FY22 make us believe that room for further rate cuts is not there. A more supportive fiscal policy will push growth.**

**Silver lining emerging:** Higher electricity demand (+2.5%), GST collections (+3.9%), E-Way bills (+9.6%), 4-wheeler (+14.1%), 2-wheeler (+3%) output, tractor sales (+64.8%) along with pick-up in rural wages (3-year high) show economy is returning to some level of normalisation. However, there are significant local restrictions impacting the services sector which imply economy will not be operating at full potential in the near-term. Rural India continues to remain a bright spot with kharif sowing rising by 4.8% compared with last year and sharp jump in procurement. The government has passed three significant agriculture bills to spur investments in farm infrastructure, a long-term positive.

**Fiscal deficit still elevated:** General government fiscal deficit (12M sum basis) has inched up further to 10.7% of GDP in Aug'20 from 10.3% in Jul'20 on the back of muted revenue growth. Centre's net tax revenue

growth slipped to (-) 38.6% from (-) 30.6% in Jul'20. Centre's direct tax collections remain weak (decline of 34.1% as of Aug'20). Higher excise duties have led to recovery in indirect tax collections. Tax revenues of states have fallen by 21.1% in FYTD21. As a result, capex of both centre (-1.3%) and states (-21.1%) has taken a hit. However, revenue spending remains relatively buoyant. To meet the expenses, market borrowings of states have risen by ~43% on FYTD basis (till Oct'20). Centre's dated and T-bill borrowings are up.

**Inflation not relenting:** Underlying inflationary pressures are visible in Sep'20 with vegetable prices rising by 14% MoM. Inflation in Sep'20 is estimated at 7.15%. While demand side inflation is muted because of lack of demand, supply side factors continue to induce significant inflationary pressures. 10Y yield which had increased by 28bps in Aug'20, fell by 11bps in Sep'20 on the back of RBI's special OMOs and hike in HTM limits for banks. Notably, SDL spreads have again inched up to 25bps due to elevated state borrowings.

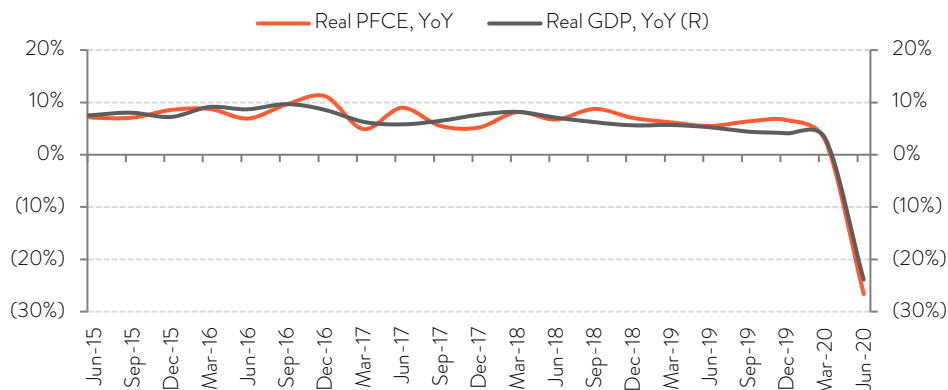
**Lower trade deficit, positive for INR:** After appreciating by 1.6% in Aug'20, INR depreciated by 0.2% in Sep'20 on the back of FII outflows and a rebound in US\$. In Oct'20, INR has appreciated by 0.7% on the back of FII inflows, lower trade deficit and a record high current account surplus. We expect INR to remain rangebound with an appreciating bias.

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

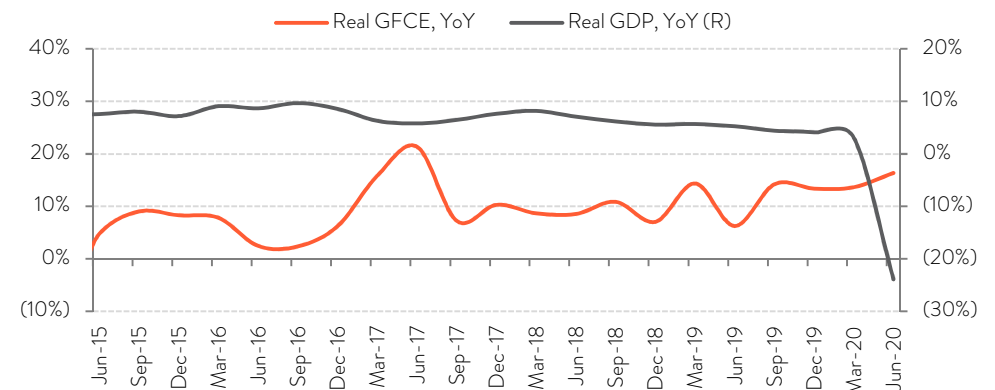
## Consumption

### Final consumption expenditure

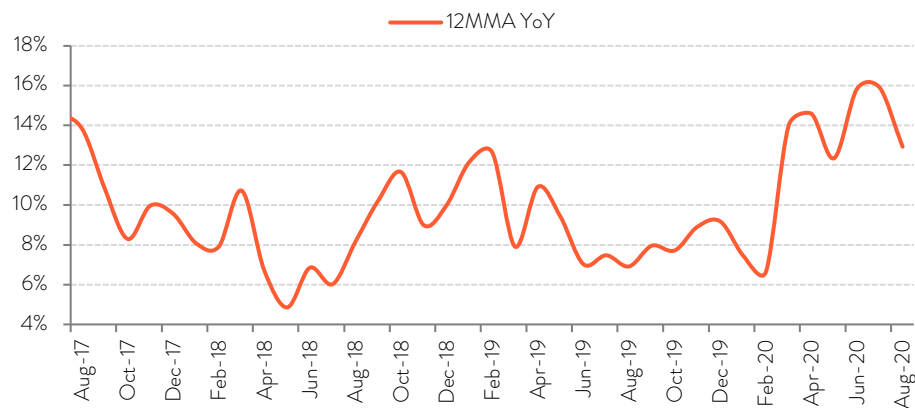
**FIG 1 – CONSUMPTION SLUMPS IN Q1FY21**



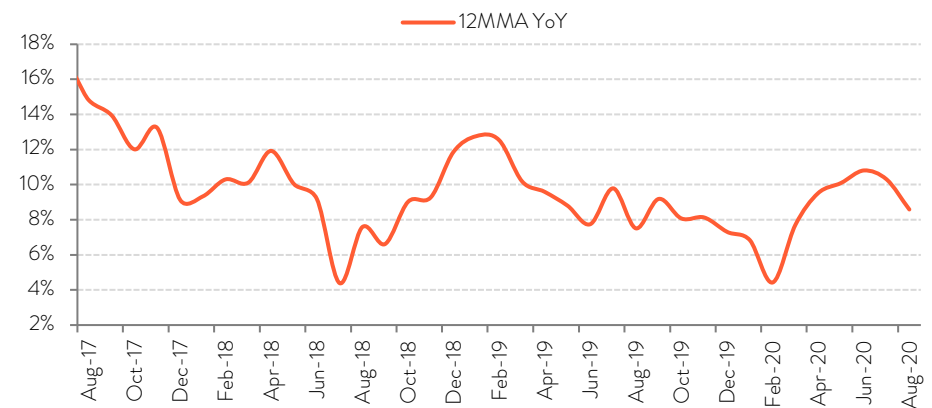
**FIG 2 – GOVERNMENT CONSUMPTION IMPROVES**



**FIG 3 – GENERAL GOV REVENUE SPENDING DROPS FURTHER**



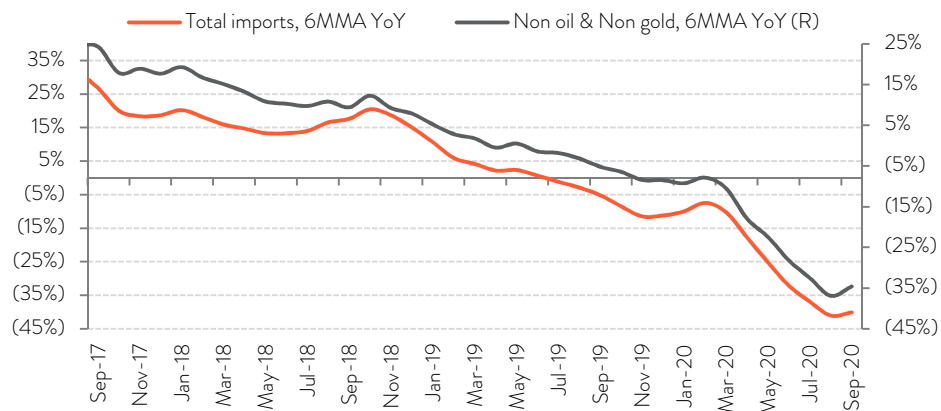
**FIG 4 – STATE\* GOV REVENUE SPENDING TOO FELL**



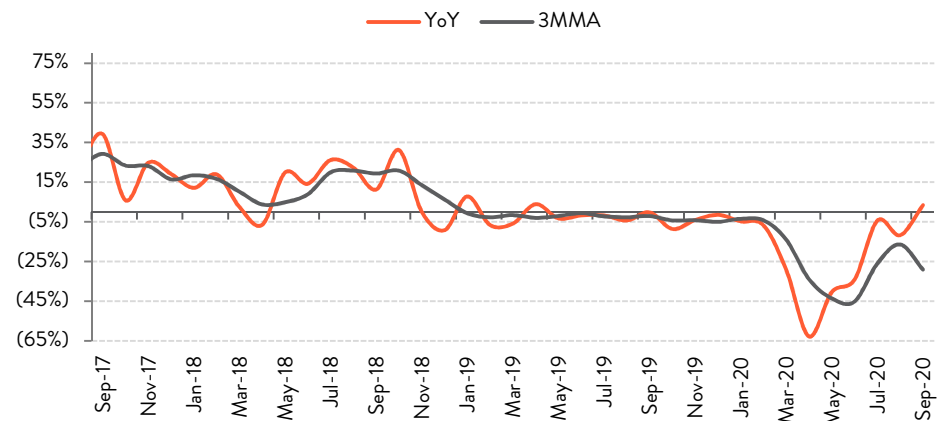
Note: \* All states excluding N.E states, Bihar, Goa, Gujarat, J&K, Maharashtra, Punjab, Rajasthan, T.N., U.P. and W.Bengal

## Non-oil imports, electronic imports

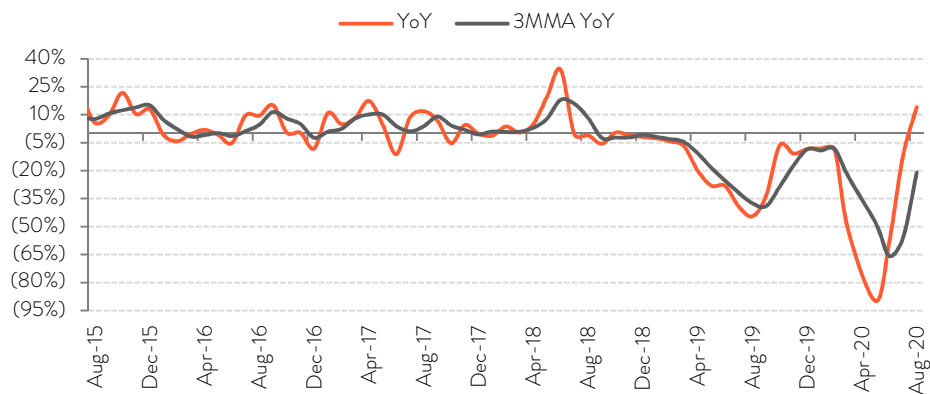
**FIG 5 – NON-OIL-NON-GOLDIMPORTS REBOUND IN SEP'20**



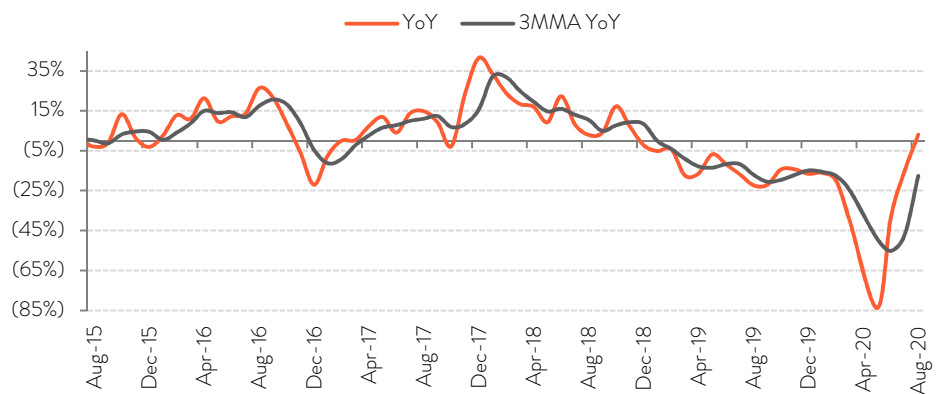
**FIG 6 – ELECTRONIC IMPORTS TOO IMPROVE IN SEP'20**



**FIG 7 – PASSENGER CAR SALES ACCELERATE**

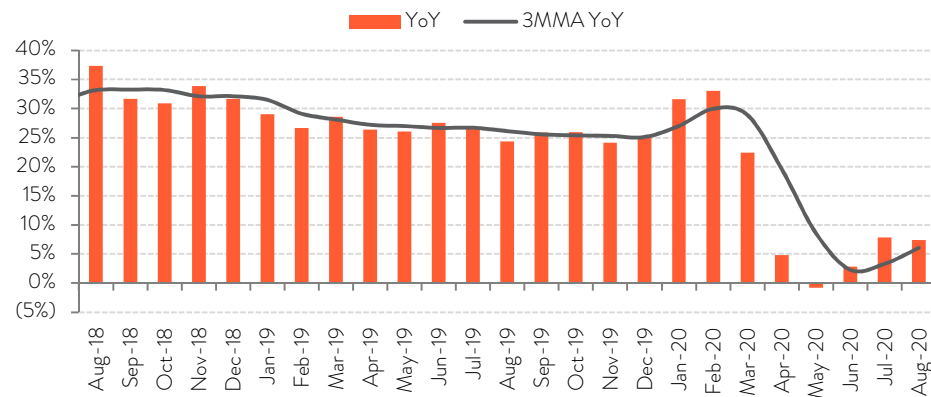


**FIG 8 – TWO-WHEELER SALES TOO ROSE IN AUG'20**

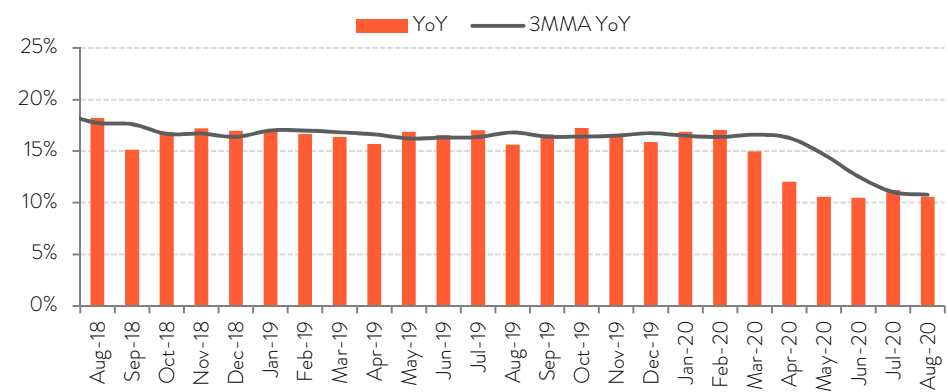


## Credit deployment of personal loans

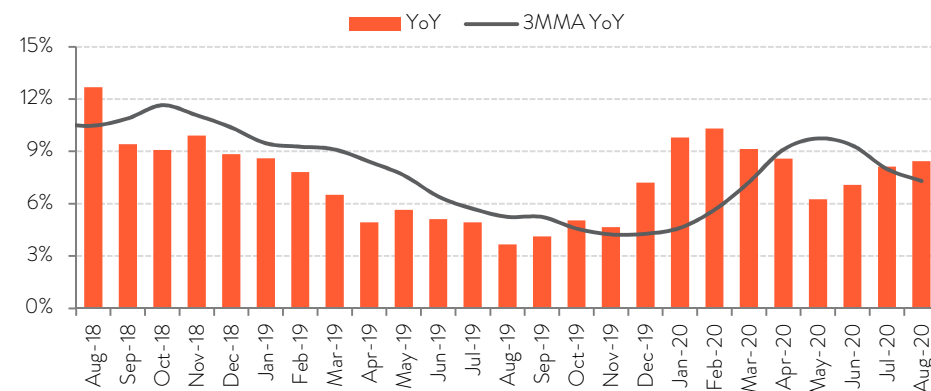
**FIG 9 – GROWTH IN CREDIT CARD OUTSTANDING IMPROVES**



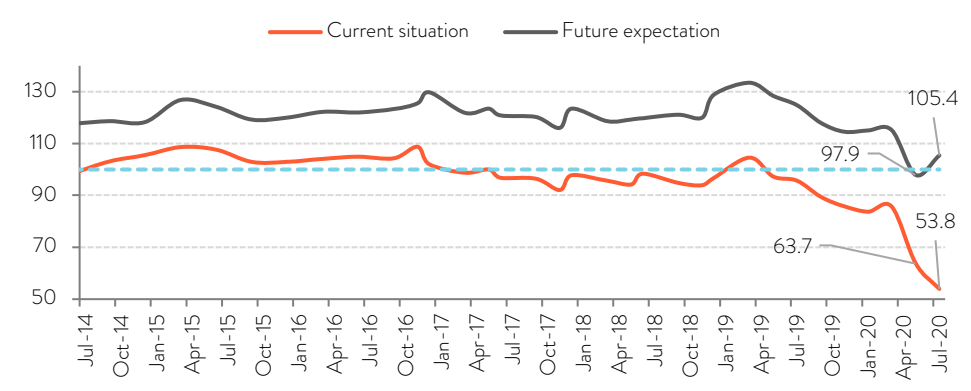
**FIG 10 – GROWTH IN PERSONAL LOAN SLIPS**



**FIG 11 – GROWTH IN VEHICLE LOAN INCHES UP**

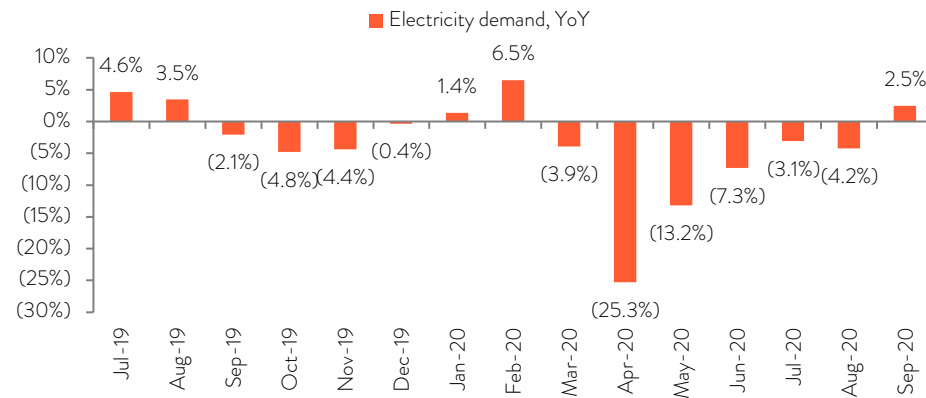


**FIG 12 – CONSUMER CONFIDENCE DROPS TO A RECORD LOW**



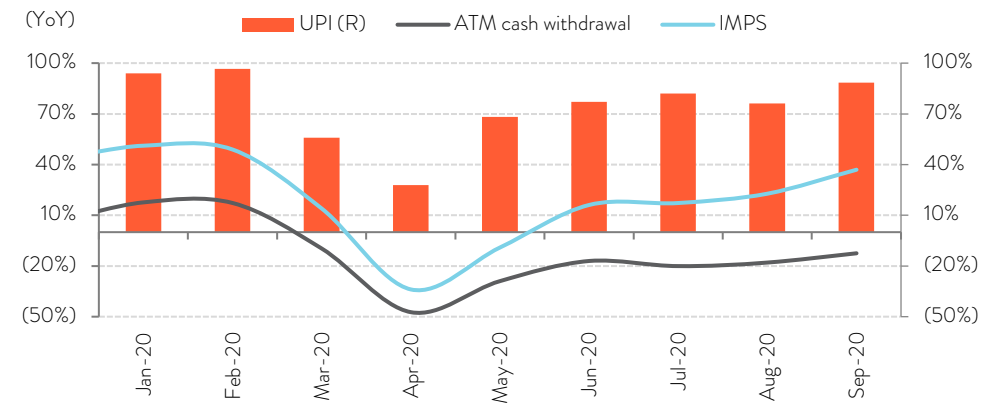
## Electricity Demand, Digital Payments, COVID cases, Google mobility Index

**FIG 13 – ELECTRICITY DEMAND RECOVERS IN SEP'20**



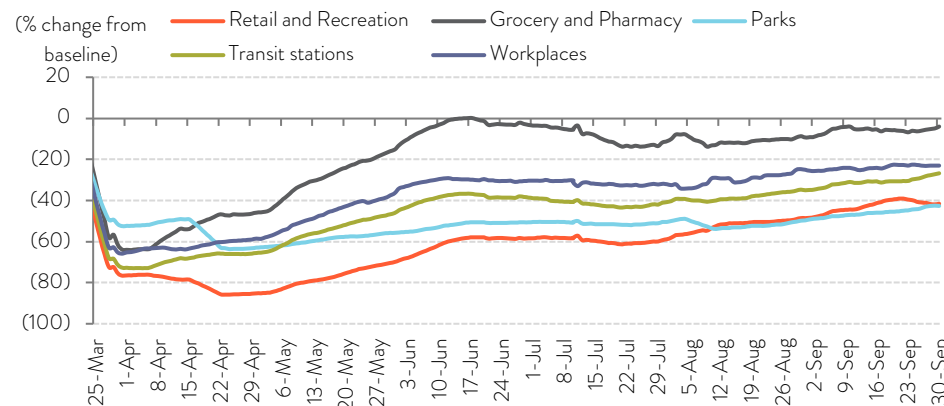
Source: Posco. Note: Maximum Demand met during peak evening hours (MW)

**FIG 14 – DIGITAL PAYMENTS IMPROVE IN SEP'20**



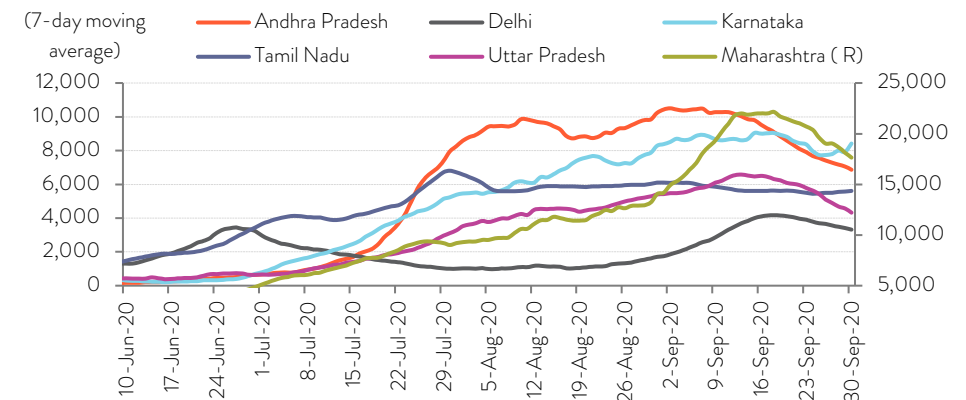
Source: NPCI. Note: NFS Cash withdrawal amount does not include Card to Card Transfer

**FIG 15 – GOOGLE MOBILITY INDEX IS INCHING UP**



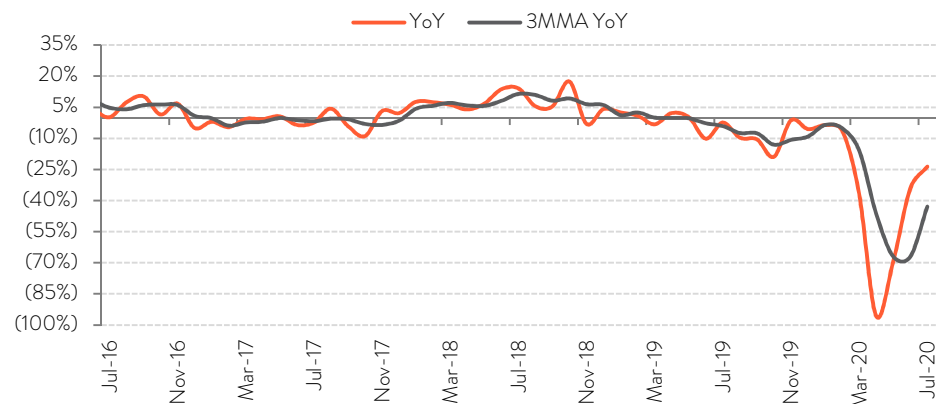
Source: Google Mobility Reports. Note: Highlights percentage change in visits to the place from baseline reading (median value, for the corresponding day of the week, during the five week period 3 Jan – 6 Feb 2020) Note: Data taken as 7 days rolling average

**FIG 16 – DAILY CHANGE IN COVID-19 CASES STATEWISE**

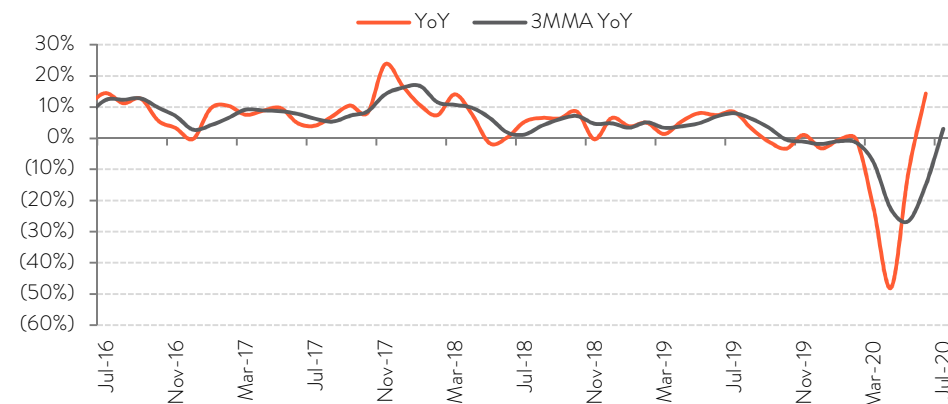


## Consumer durables & non-durables production

**FIG 17 – CONSUMER DURABLES OUTPUT CONTINUES TO IMPROVE**

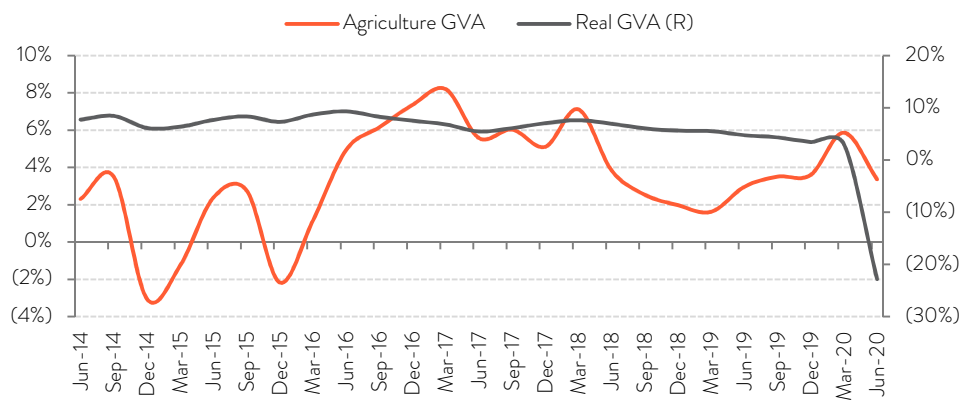


**FIG 18 – FMCG OUTPUT SEES LARGER IMPROVEMENT**

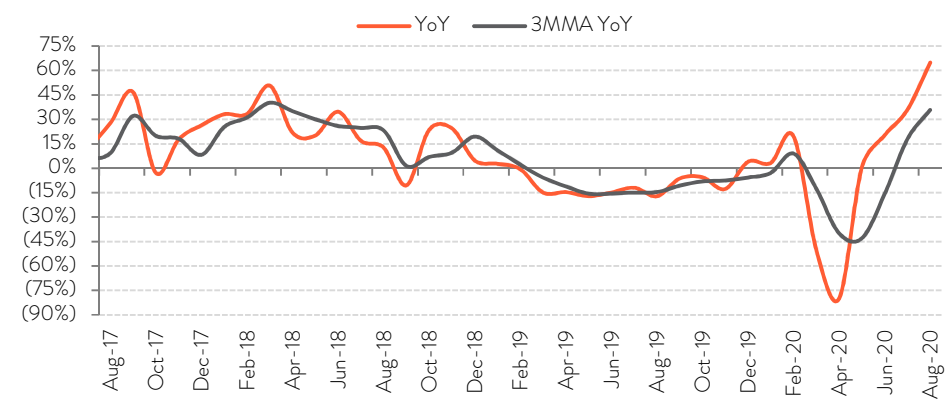


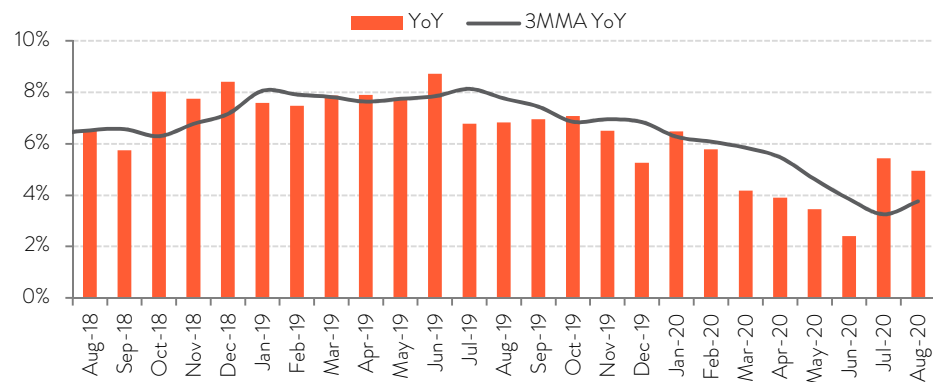
## Agriculture

**FIG 19 – AGRICULTURE GROWTH MODERATED IN Q1FY21 (3.4% VS 5.9% IN Q4FY20)**



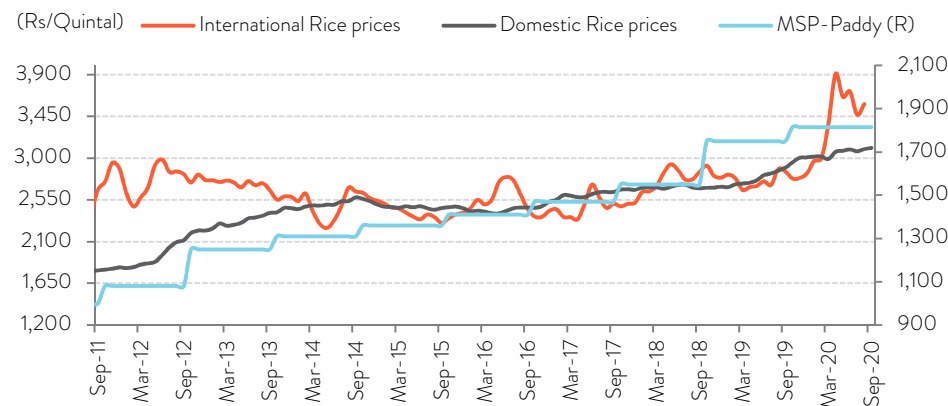
**FIG 20 – GROWTH IN TRACTOR SALES ACCELERATES**



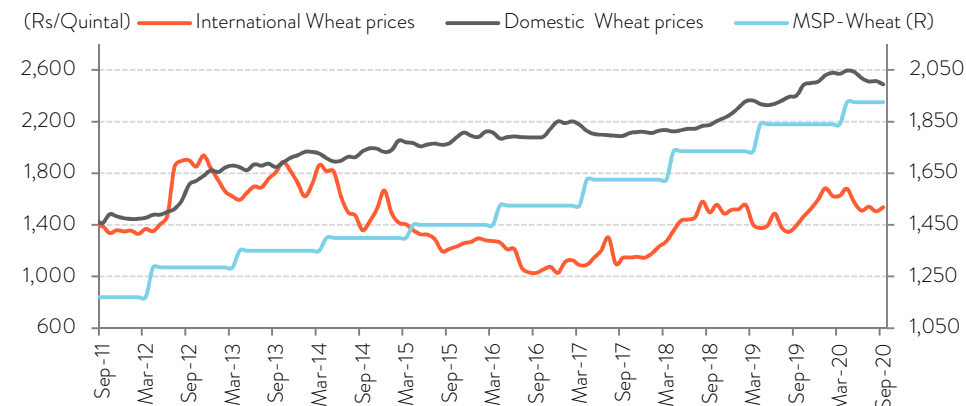
**FIG 21 – GROWTH IN AGRICULTURE CREDIT SLOWS IN AUG'20****FIG 22 – PROCUREMENT INCREASING, LED BY RICE**

Year	Wheat	Rice
2011-12	28.34	35.04
2012-13	38.15	34.04
2013-14	25.09	31.85
2014-15	28.02	32.04
2015-16	28.09	34.22
2016-17	22.96	38.11
2017-18	30.83	38.19
2018-19	35.80	44.39
2019-20	34.13	51.01*
2020-21	38.98*	-

Source: Ministry of Consumer Affairs, Food and Public Distribution | \*As on: 30 Aug 2020

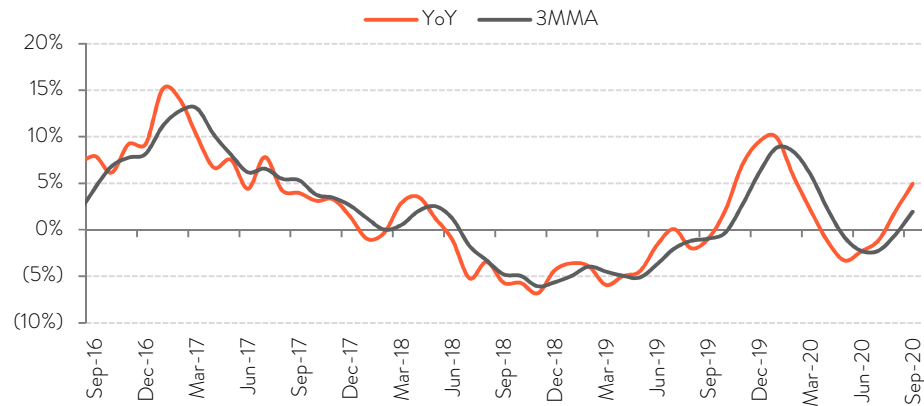
**FIG 23 – DOMESTIC PRICE OF RICE HAS RISEN, INTERNATIONAL PRICES HAVE FALLEN**

Source: World Bank

**FIG 24 – WHILE INTERNATIONAL PRICE OF WHEAT HAS RISEN, DOMESTIC PRICE HAS BEEN MODERATING**

Source: World Bank

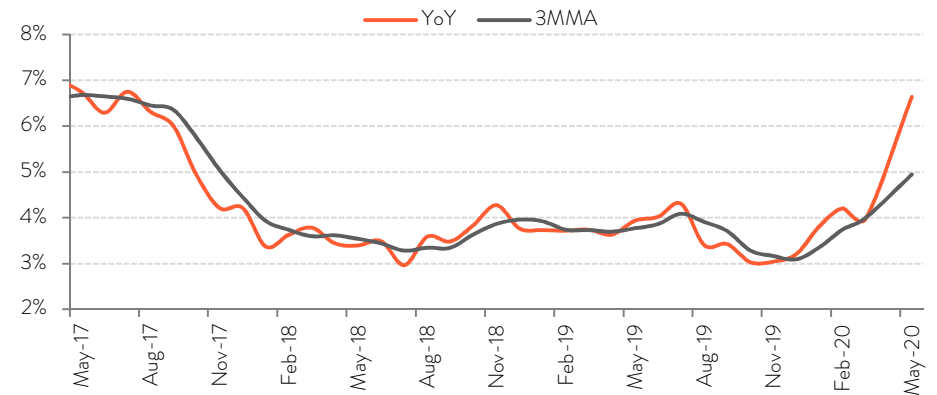


**FIG 25 – GLOBAL FOOD PRICES RISE TO A 7- MONTH HIGH**

Source: FAO

**FIG 27 – GROWTH IN FOODGRAIN PRODUCTION (KHARIF PRODUCTION)**

Crop type (YoY %)	2017	2018	2019 (4th AE)	2020 (1st AE)
Rice	0.9	5.0	(0.1)	0.4
Pulses	(2.8)	(13.1)	(4.6)	13.0
Cereals	1.9	1.7	1.7	2.2
Foodgrain Production	1.5	0.7	1.3	2.8
Sugarcane	24.1	6.7	(12.3)	5.8
Oilseeds	0.6	0.2	6.0	14.9
Cotton	0.7	(14.5)	26.6	15.0

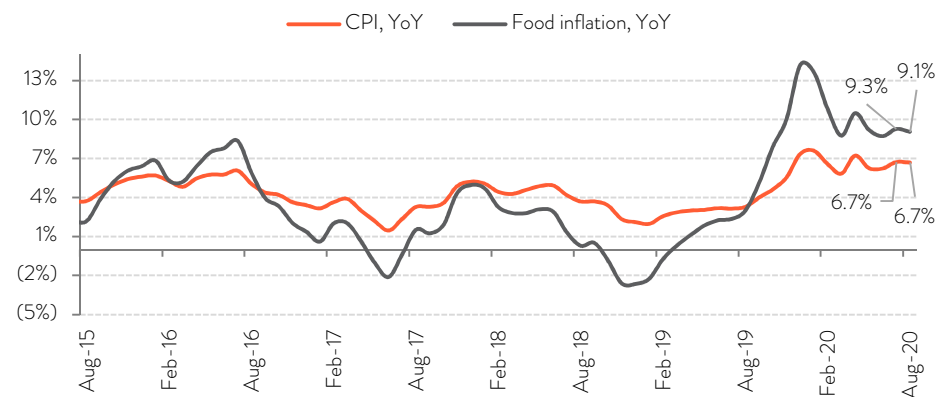
Note: Data for Kharif production based on 1<sup>st</sup> Advance Estimates**FIG 26 – WAGE GROWTH (MEN) IMPROVES****FIG 28 – KHARIF SOWING IS HIGHER COMPARED TO LAST YEAR**

Crop type (ha mn)	Area sown in 2020-21	Area sown in 2019-20	Normal area for whole Kharif season	Growth (YoY%)
Foodgrain	73.0	70.0	71.1	4.2
Cereals	59.0	56.6	58.2	4.3
Rice	40.7	38.6	39.7	5.6
Pulses	13.9	13.4	12.9	4.0
Oilseeds	19.7	18.0	17.8	9.8
Cotton	13.0	12.8	12.2	2.1
Sugarcane	5.3	5.2	4.8	1.8
Jute and Mesta	0.7	0.7	0.8	1.7
<b>Total</b>	<b>111.69</b>	<b>106.61</b>	<b>106.8</b>	<b>4.8</b>

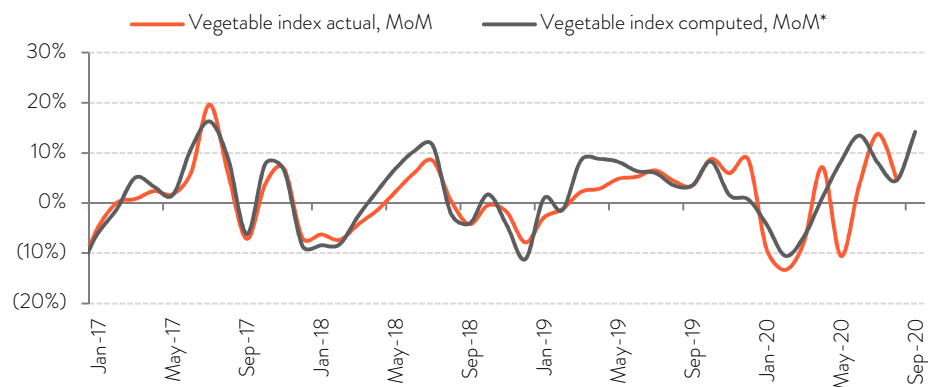
Note: As on 25 September 2020

## Inflation

**FIG 29 – RETAIL INFLATION REMAINED ABOVE RBI'S UPPER BOUND OF 6% FOR THE 5<sup>TH</sup> CONSECUTIVE MONTH IN AUG'20 (6.7%)**

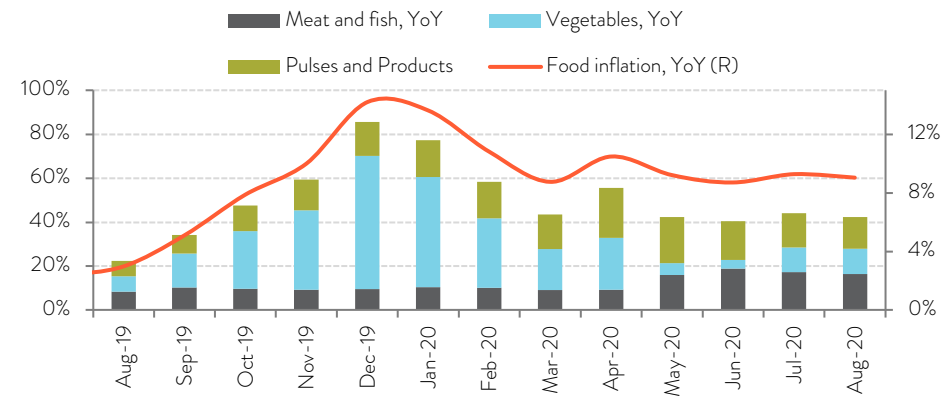


**FIG 31 – VEGETABLE PRICES HAVE INCREASED SIGNIFICANTLY IN SEP'20 (14.2% MOM INCREASE)**



Note: \*Vegetable index computed using average retail price of major items, Sep-20 index is constructed using available prices of potato, tomato and onion

**FIG 30 – FOOD INFLATION EASED TO 9.1% IN AUG'20 FROM 9.3% IN JUL'20 LED BY PULSES, MEAT AND FISH**



**FIG 32 – CPI EXCL. FOOD AND FUEL FELL BY 10BPS TO 5.8% FROM 5.9% IN JUL'20**

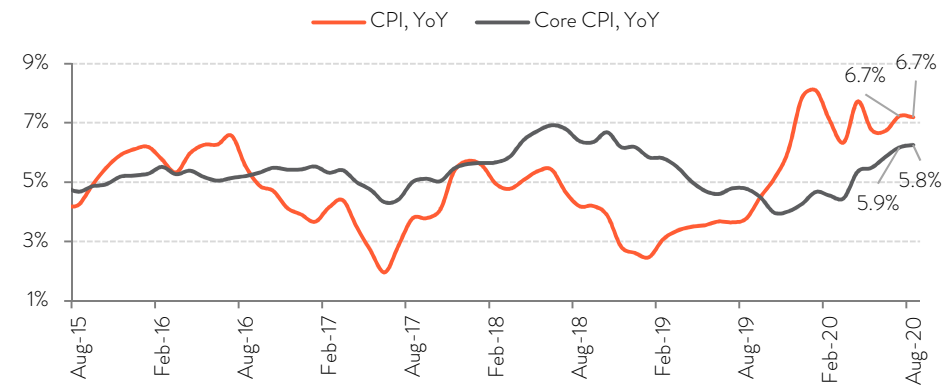


FIG 33 – ...LED BY HEALTH AND EDUCATION SERVICES

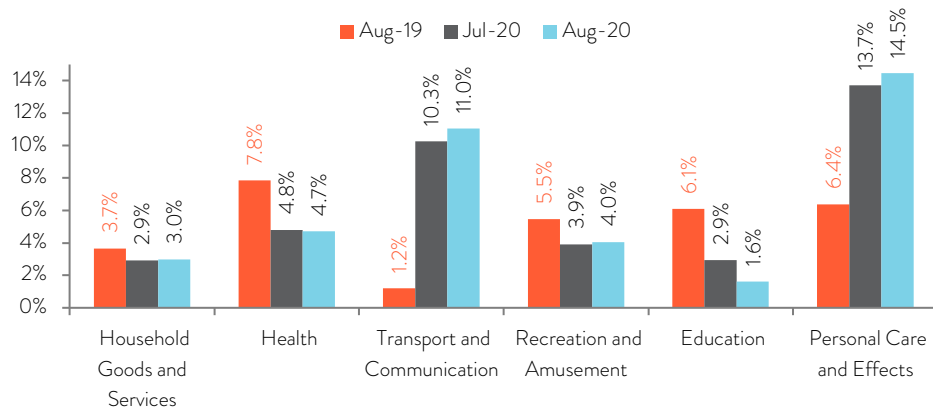


FIG 35 – RBI'S INFLATION INDEX SUGGESTS INFLATION LIKELY TO PICK UP IN THE NEXT THREE MONTHS

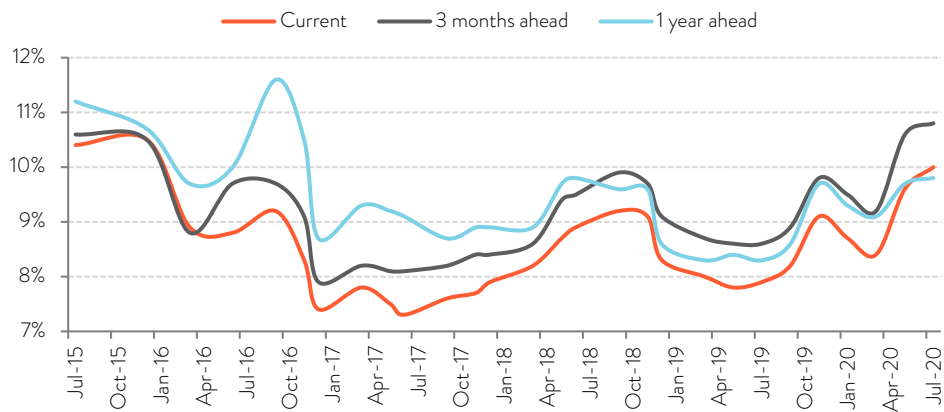
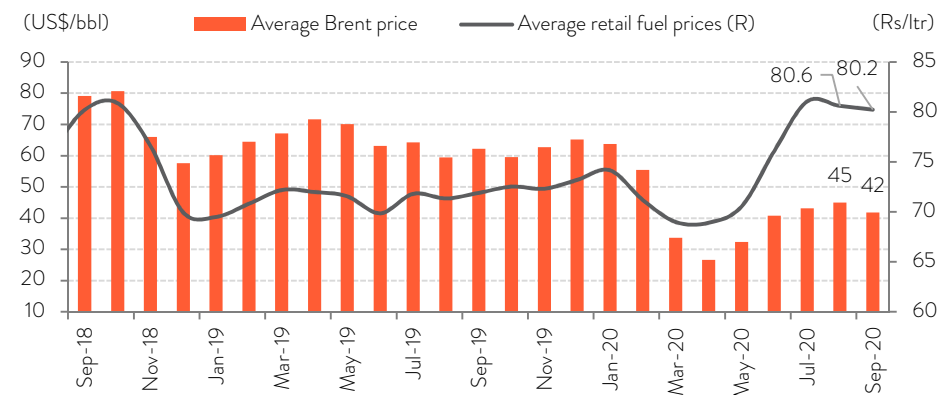
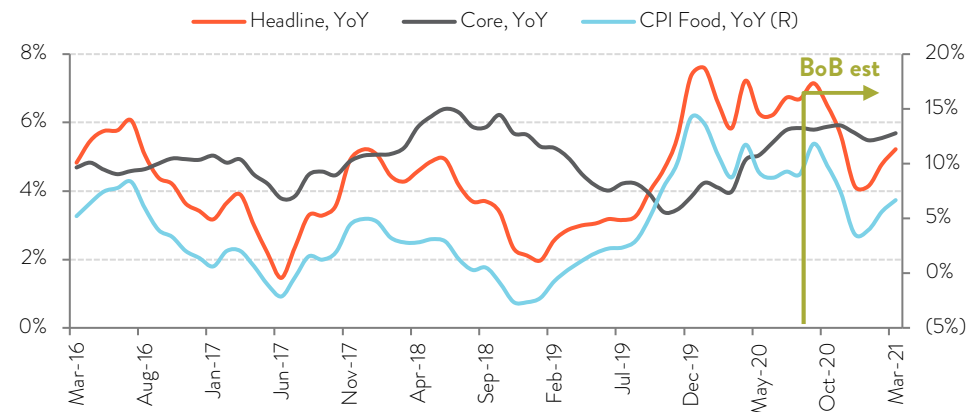


FIG 34 – IN SEP'20, RETAIL FUEL PRICES MODERATED TO RS 80.2/LT (RS 80/6/LT-AUG'20); AND CRUDE FELL TO US\$ 42/BBL FROM US\$ 45/BBL

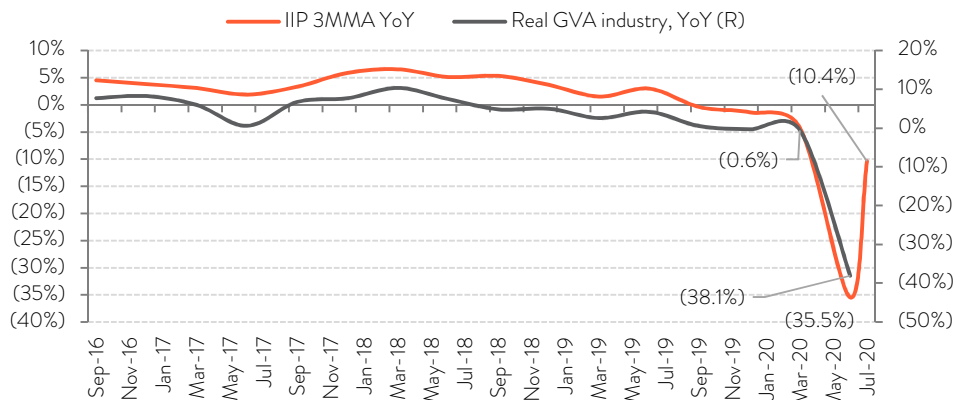


Note: \*Average retail price of Delhi, Kolkata, Mumbai and Chennai

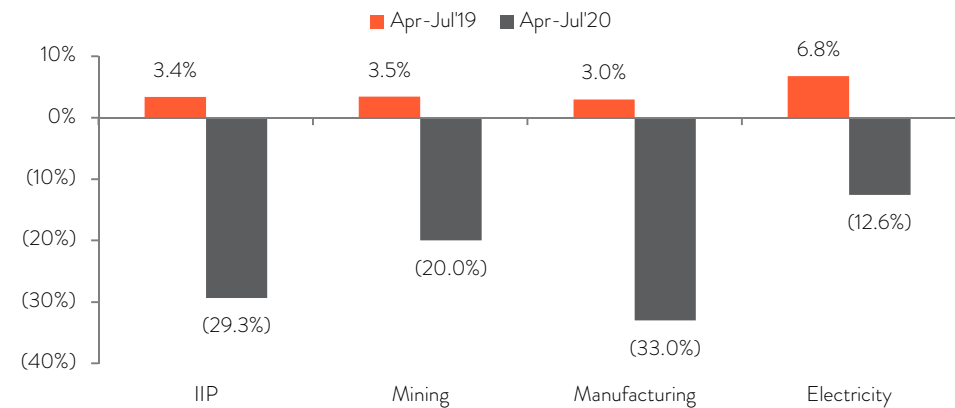
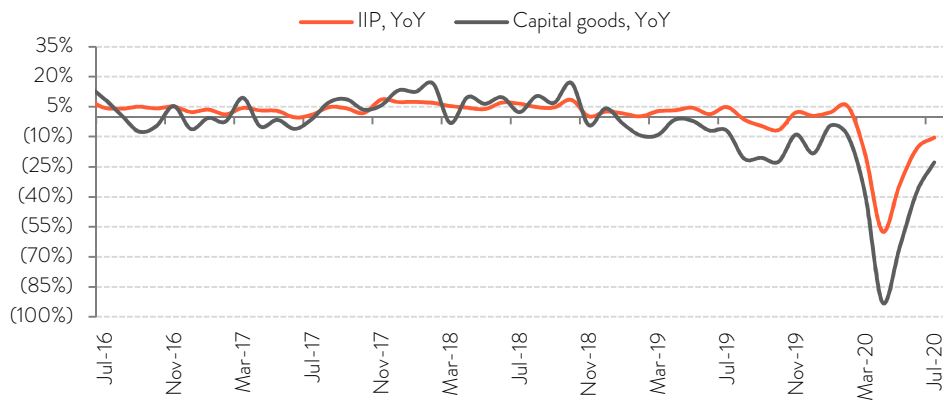
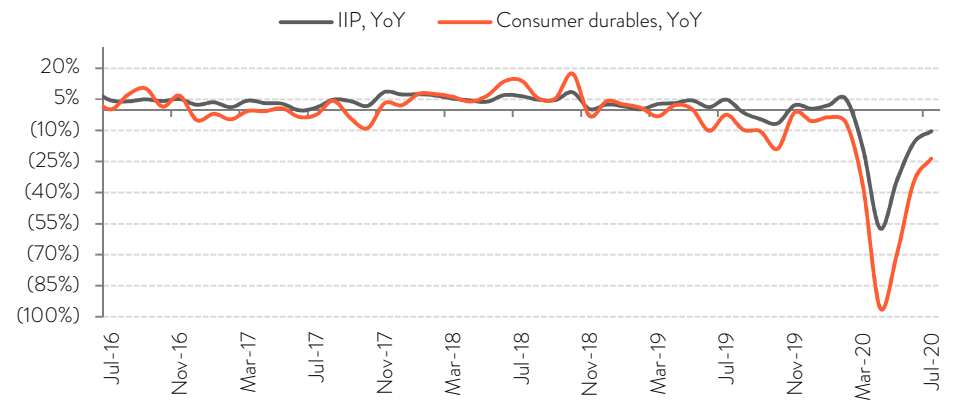
FIG 36 – WE EXPECT HEADLINE CPI TO BEGIN COOLING OFF IN H2FY21



## Industry

**FIG 37 – INDUSTRIAL OUTPUT SHOWING EARLY SIGNS OF RECOVERY**


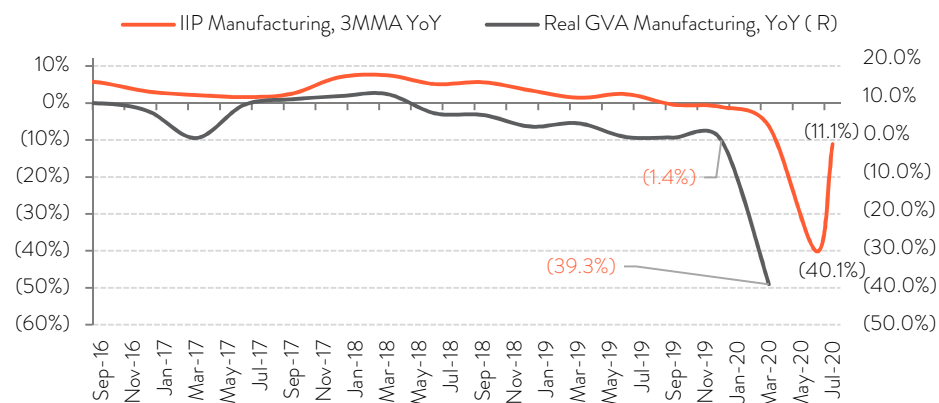
Note: IIP for Jul'20 is on YoY basis

**FIG 38 – BROAD BASED SLOWDOWN ON FYTD BASIS**

**FIG 39 – CAPITAL GOODS PRODUCTION REBOUNDS**

**FIG 40 – CONSUMER DURABLES GOODS TOO DOING THE SAME**


**FIG 41 – INDUSTRIAL PRODUCTION RECOVERS**

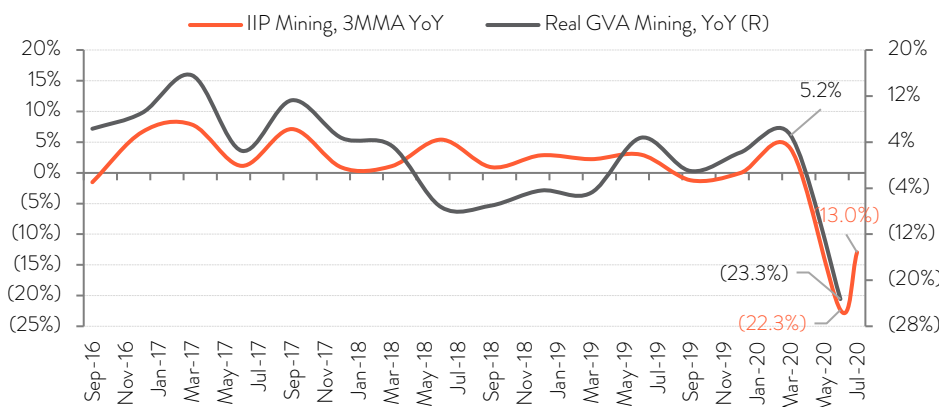
Sectoral (%)	Weight	Jul-20	Jun-20	Jul-19	Apr-Jul'20	Apr-Jul'19
IIP	100.0	(10.4)	(15.8)	4.9	(29.3)	3.4
Mining	14.4	(13.0)	(19.6)	4.9	(20.0)	3.5
Manufacturing	77.6	(11.1)	(16.0)	4.8	(33.0)	3.0
Electricity	8.0	(2.5)	(10.0)	5.2	(12.6)	6.8
<b>Use-Based</b>						
Primary Goods	34.1	(10.9)	(14.5)	3.6	(17.9)	2.9
Capital Goods	8.2	(22.8)	(37.4)	(7.0)	(54.5)	(4.4)
Intermediate Goods	17.2	(12.5)	(23.0)	15.7	(35.0)	10.8
Infrastructure and Construction Goods	12.3	(10.6)	(18.8)	2.9	(38.8)	1.0
Consumer Durables Goods	12.8	(23.6)	(34.3)	(2.4)	(55.7)	(2.5)
Consumer Non-Durables Goods	15.3	6.7	14.3	8.5	(9.5)	7.4

## Manufacturing

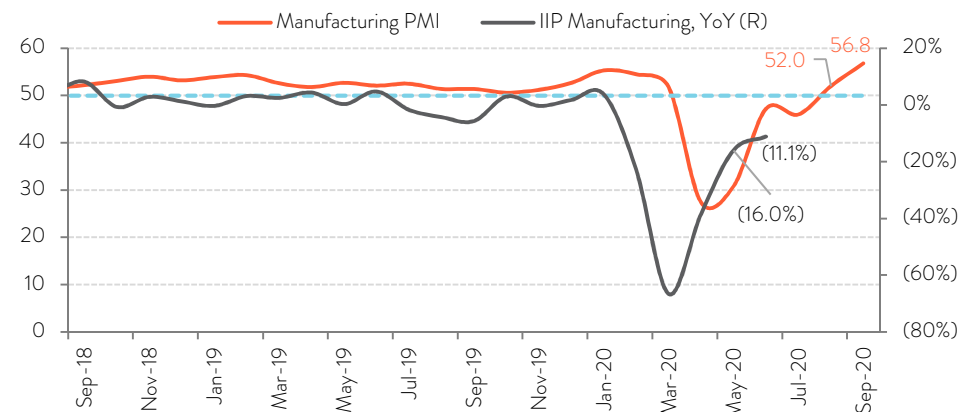
**FIG 42 – EARLY SIGN OF RECOVERY SEEN IN MANUFACTURING OUTPUT**


Note: IIP for Jul'20 is on YoY basis

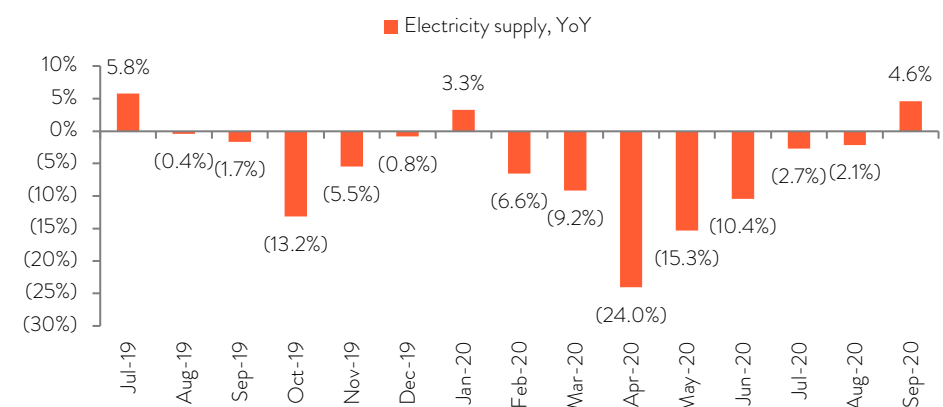
## Mining & Electricity

**FIG 44 – MINING ACTIVITY SHOWING SOME SIGNS OF IMPROVEMENT**


Note: IIP for Jul'20 is on YoY basis

**FIG 43 – MANUFACTURING PMI RISES TO AN 8-YEAR HIGH**


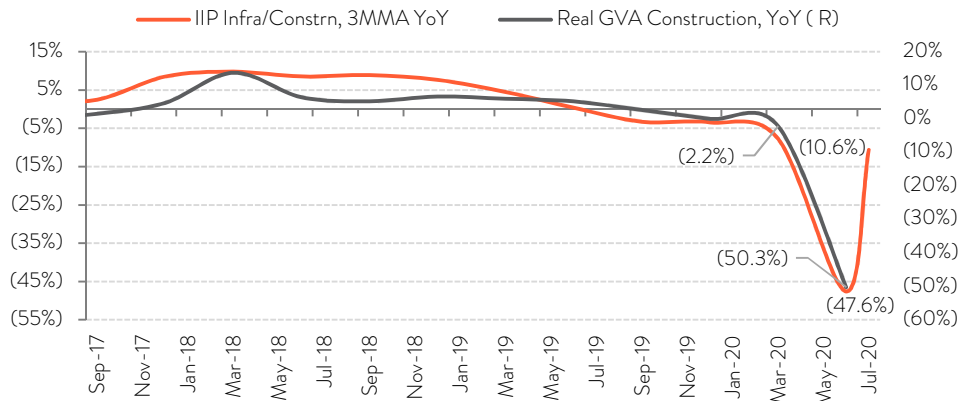
Source: Markit

**FIG 45 – ELECTRICITY OUTPUT IMPROVES**


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

## Infrastructure and Construction

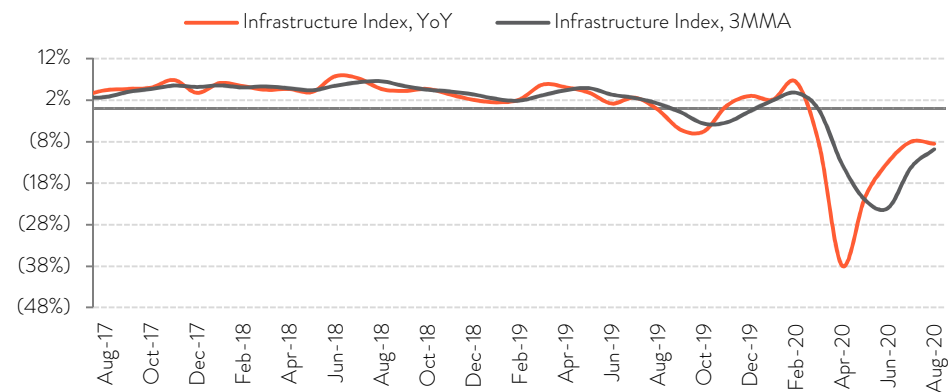
**FIG 46 – GROWTH IN CONSTRUCTION RECOVERING GRADUALLY**



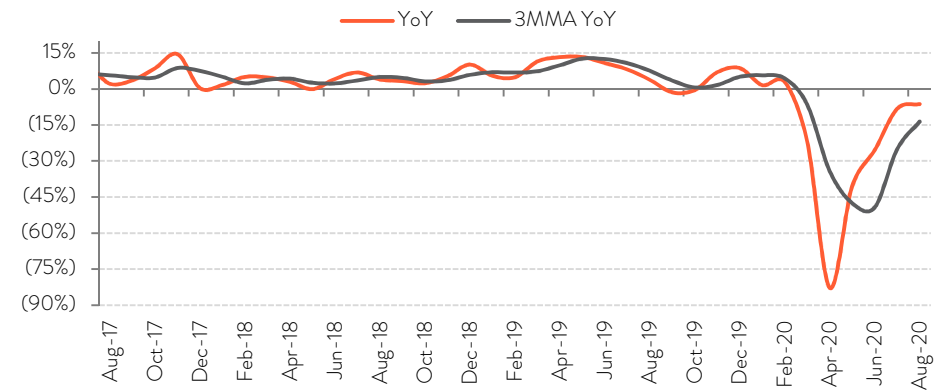
Note: IIP for Jul'20 is on YoY basis

## Infrastructure Index

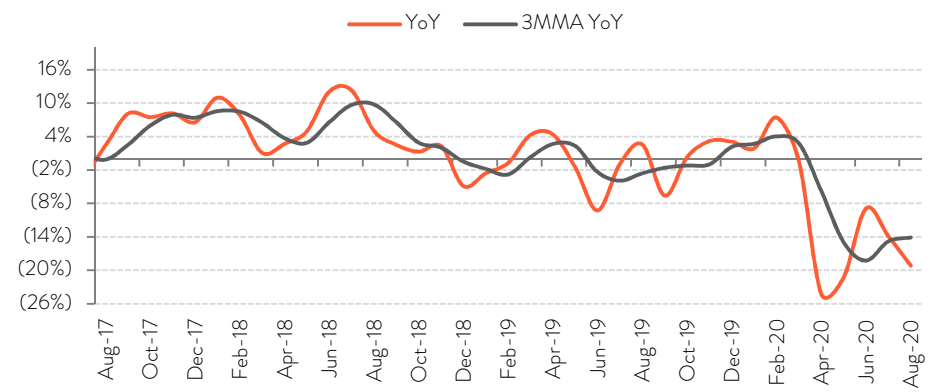
**FIG 48 – INFRA INDEX CONTRACTS AT A FASTER PACE**



**FIG 47 – STEEL PRODUCTION TOO INCHING UP**



**FIG 49 – REFINERY PRODUCTS OUTPUT DROPS SIGNIFICANTLY**



## Auto production & Business expectation index

FIG 50 – AUTO PRODUCTION CONTINUES TO IMPROVE

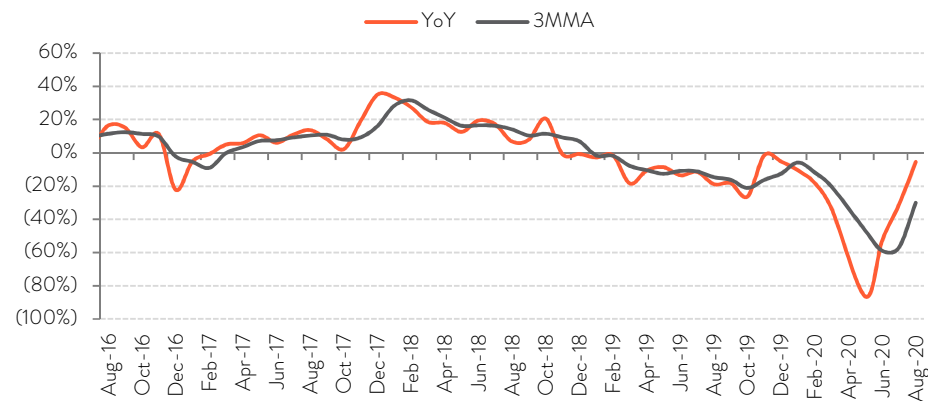


FIG 51 – BUSINESS SENTIMENT TURNS PESSIMISTIC

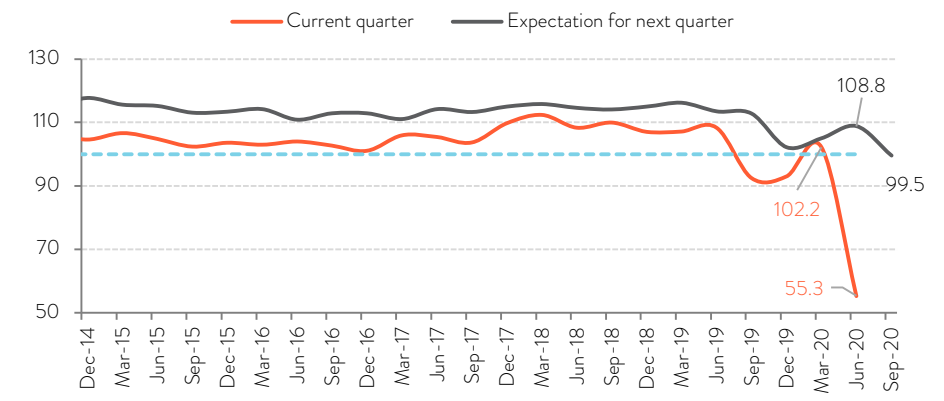


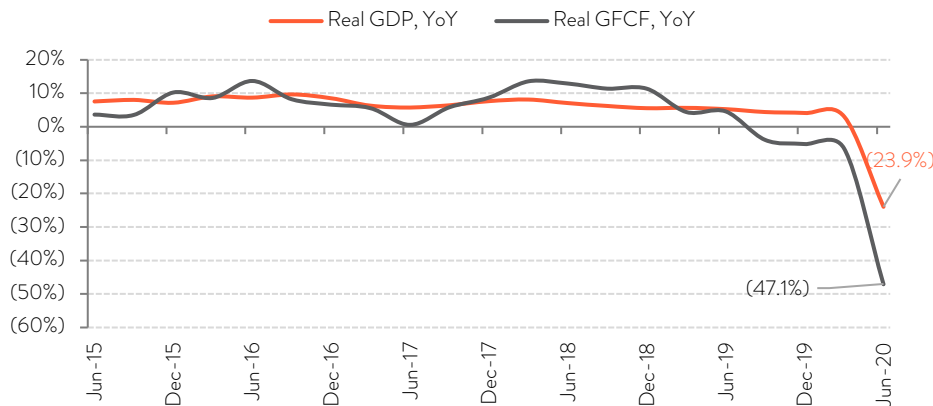
FIG 52 – INFRASTRUCTURE INDEX CONTRACTS FURTHER

(%)	Weight	Aug-20	Jul-20	Aug-19	Apr-Aug'20	Apr-Aug'19
Infrastructure Index	100	(8.5)	(8.0)	(0.2)	(17.8)	2.5
Coal	10.3	3.6	(5.7)	(8.6)	(10.2)	(0.2)
Crude Oil	9.0	(6.3)	(4.9)	(5.4)	(6.1)	(6.1)
Natural Gas	6.9	(9.5)	(10.2)	(3.9)	(13.7)	(1.5)
Petroleum Refinery Products	28.0	(19.1)	(13.9)	2.6	(17.5)	(1.1)
Fertilizers	2.6	7.3	6.9	2.9	4.6	0.3
Steel	17.9	(6.3)	(8.3)	3.8	(33.0)	9.8
Cement	5.4	(14.6)	(13.5)	(5.1)	(29.1)	1.2
Electricity	19.9	(2.7)	(2.5)	(0.9)	(10.5)	5.2

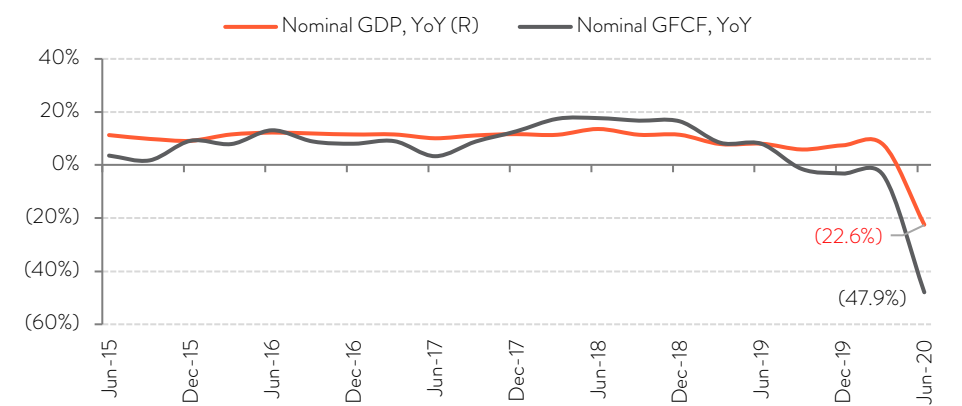


## Investment

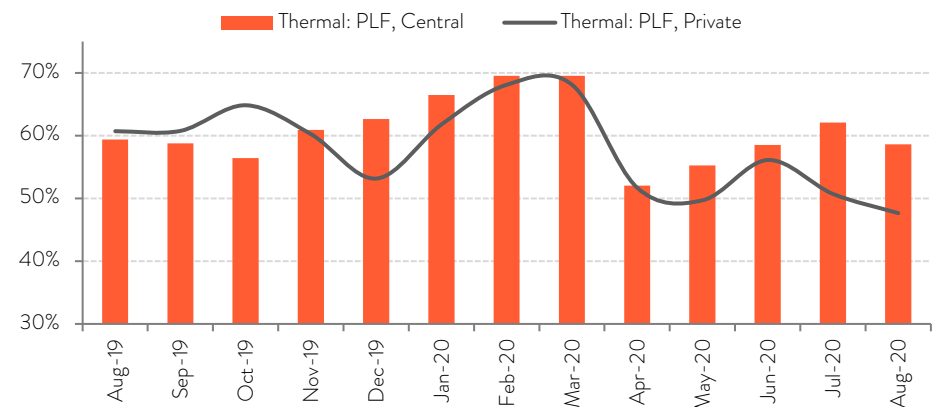
**FIG 53 – REAL GFCF CONTRACTED TO ITS LOWEST IN THE 2011-12 SERIES BY 47.1% IN Q1FY21 VS 6.5% DECLINE IN Q4FY20**



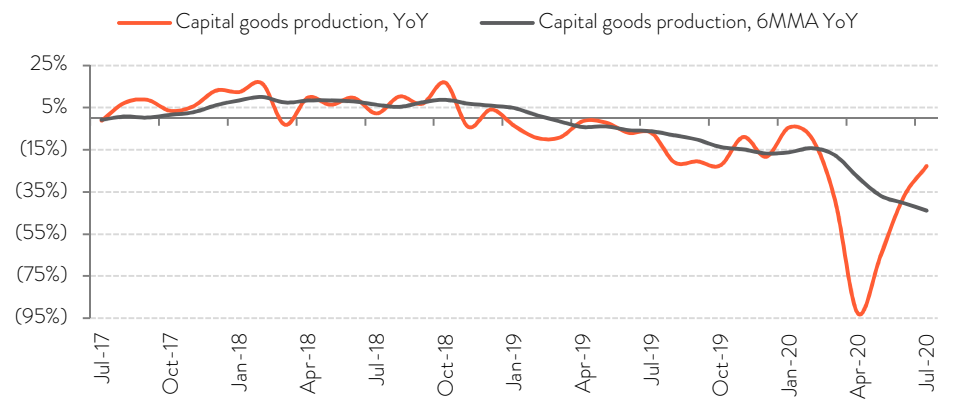
**FIG 54 – IN NOMINAL TERMS AS WELL, GFCF CONTRACTED BY 47.9% VS 4.1% CONTRACTION IN Q4FY20**



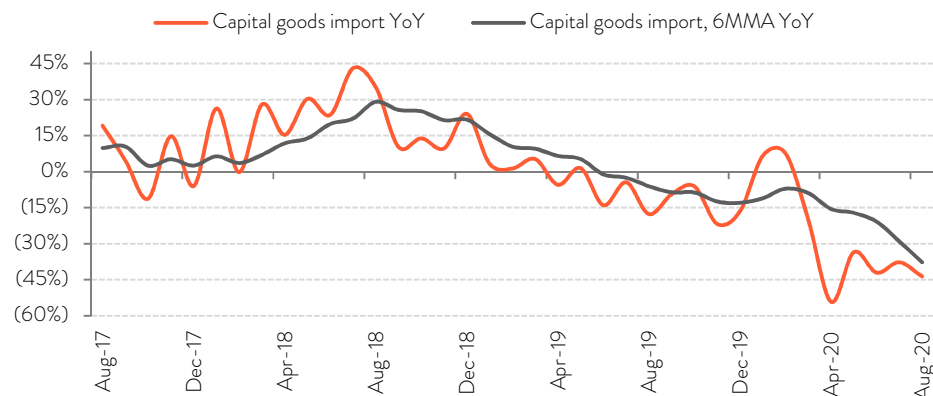
**FIG 55 – PLF OF GOVT. THERMAL PLANTS CONTRACTS IN AUG'20 INDICATING LOWER CAPACITY UTILISATION**



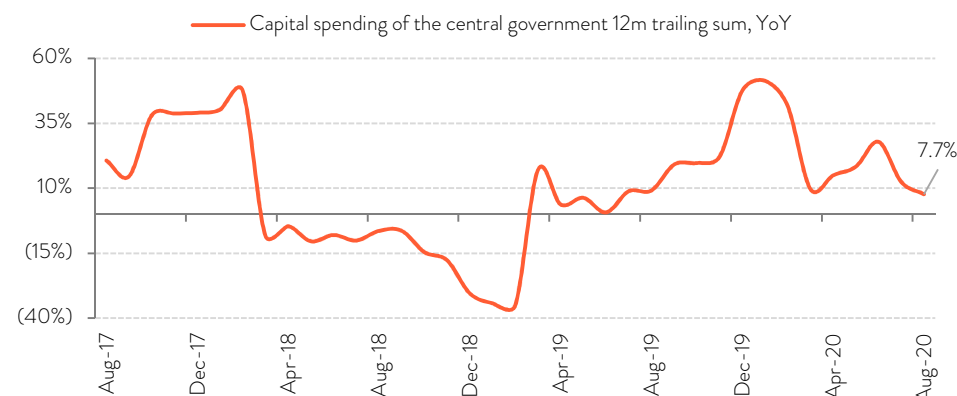
**FIG 56 – PACE OF DECLINE IN CAPITAL GOODS PRODUCTION MODERATED FURTHER IN JUL'20**



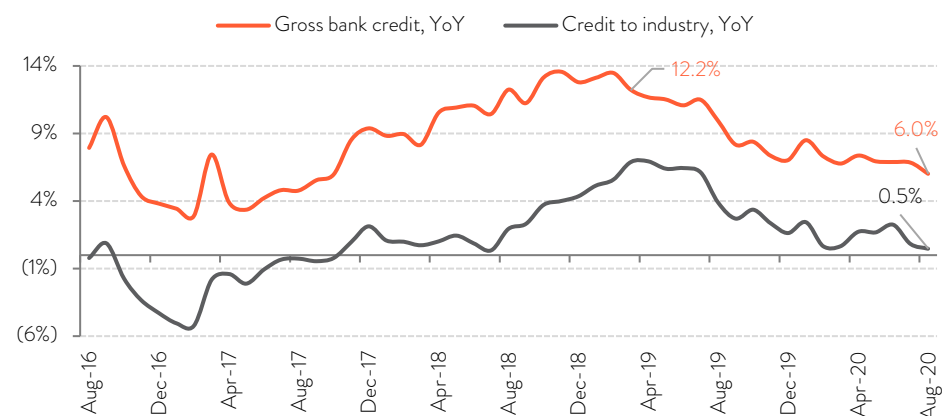
**FIG 57 – CAPITAL GOODS IMPORTS CONTRACTED FURTHER BY 43.7% IN AUG'20 AGAINST A FALL OF 37.7% IN JUL'20**



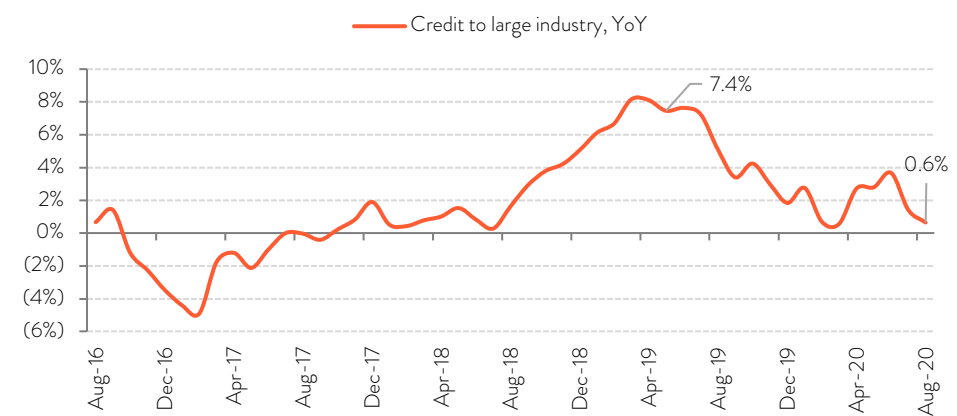
**FIG 58 – CENTRE'S CAPEX SPENDING MODERATED TO 7.7% IN AUG'20 ON A 12MONTH TRAILING BASIS VERSUS 12.4% IN JUL'20**



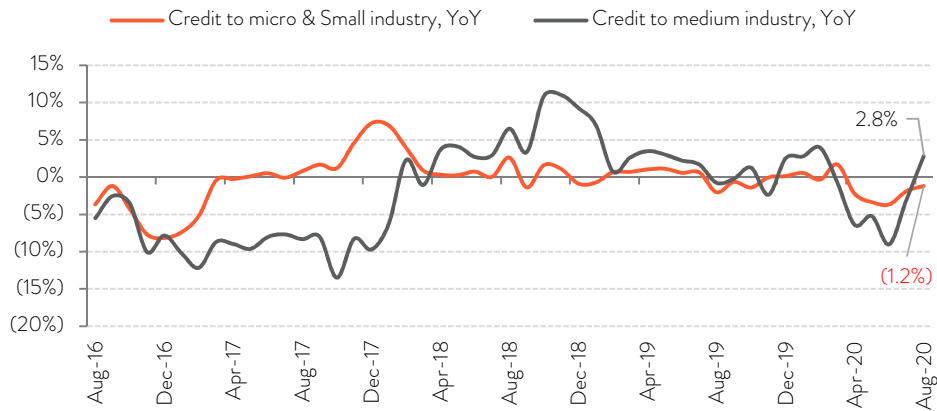
**FIG 59 – INDUSTRY CREDIT GROWTH INCHED DOWN TO 0.5% IN AUG'20 FROM 0.8% IN JUL'20**



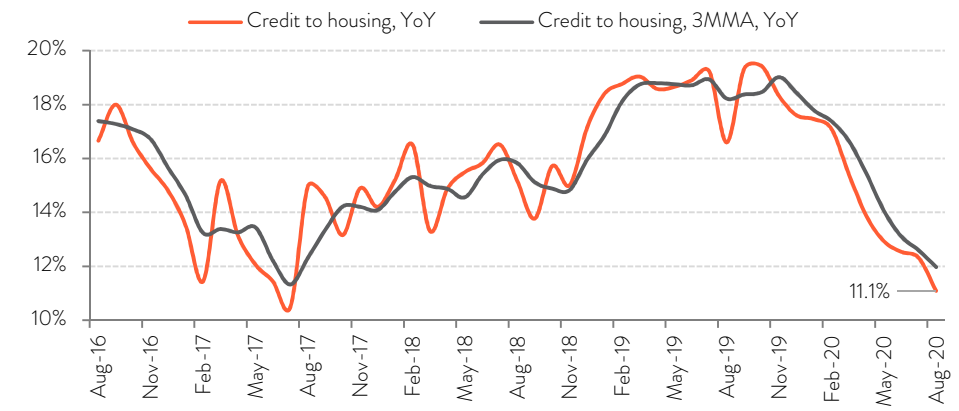
**FIG 60 – LED BY MODERATION IN CREDIT TO LARGE INDUSTRY**



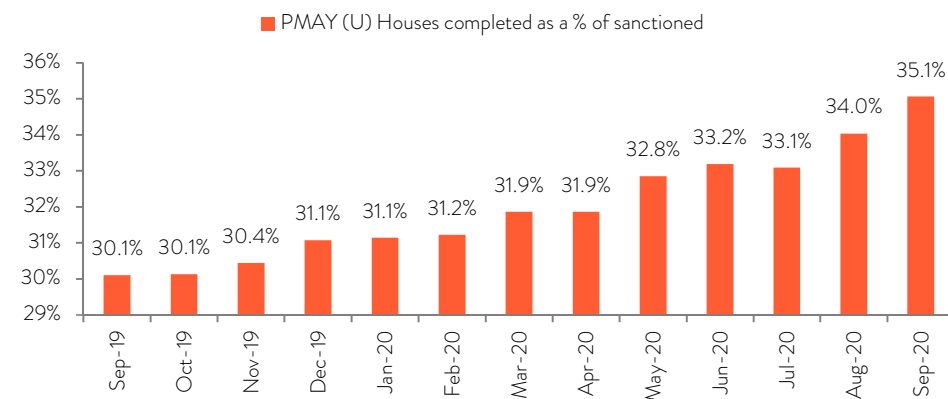
**FIG 61 – HOWEVER, CREDIT TO MEDIUM INDUSTRY ROSE IN AUG'20 AND PACE OF DECLINE IN CREDIT TO MSE ALSO MODERATED**



**FIG 62 – HOUSING CREDIT CONTINUED TO EDGE DOWN TO 11.1% IN AUG'20 FROM 12.3% IN JUL'20**

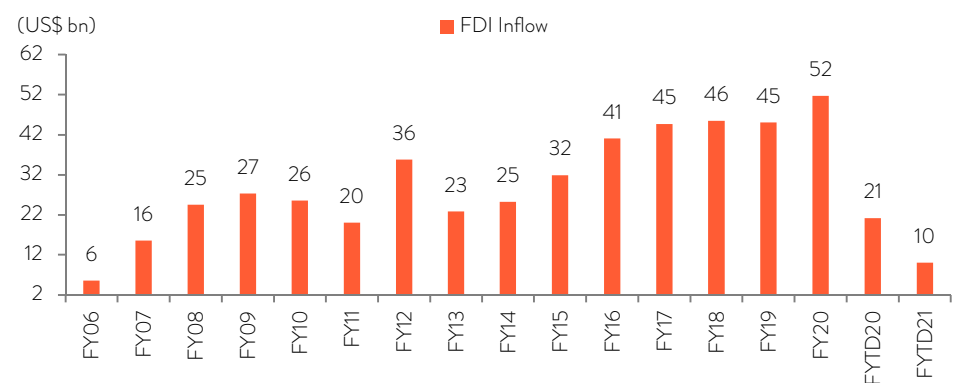


**FIG 63 – HOWEVER, AFFORDABLE HOUSING IS PICKING PACE**



Source: MOHUA

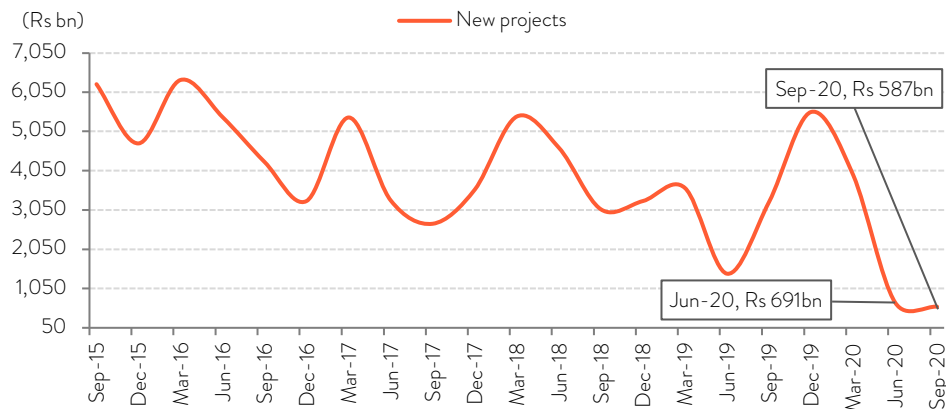
**FIG 64 – FDI INFLOWS ARE LOWER AT US\$ 10BN IN FYTD21\* AGAINST US\$ 21BN IN THE SAME PERIOD OF PREVIOUS YEAR**



Source: RBI, FYTD: Apr-Jul

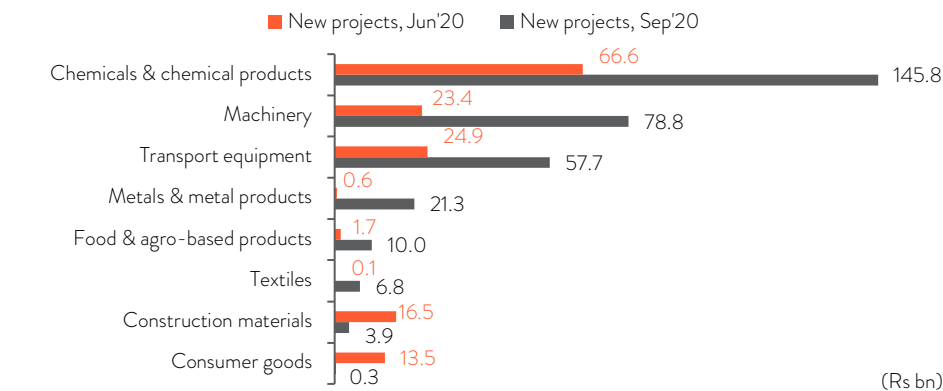
## Capex data

**FIG 65 – NEW PROJECT ANNOUNCEMENTS IN SEP'20 FELL TO RS 587BN AGAINST RS 691BN IN JUN'20**



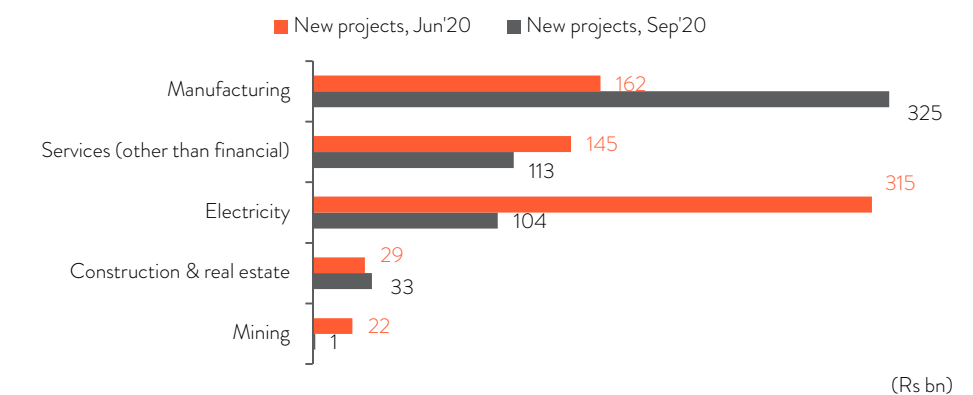
Source: CMIE

**FIG 67 – WITHIN MANUFACTURING, SHARP INCREASE IN ANNOUNCEMENTS IN CHEMICALS SECTOR**



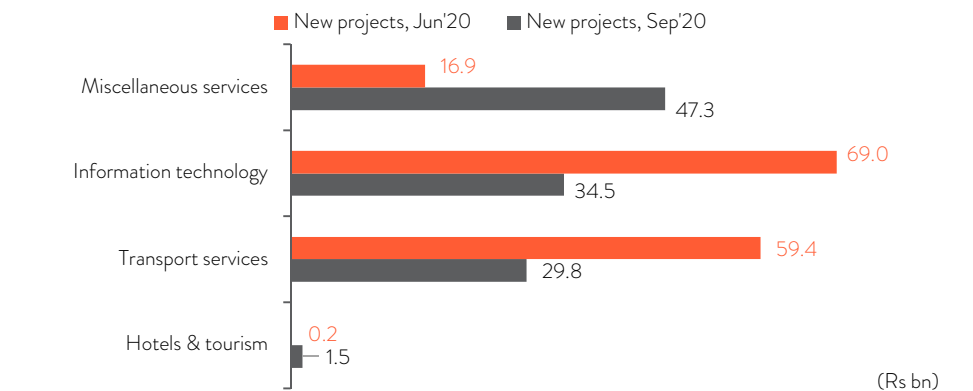
Source: CMIE

**FIG 66 – ...HOWEVER, NEW PROJECTS IN MANUFACTURING SECTOR INCREASED**

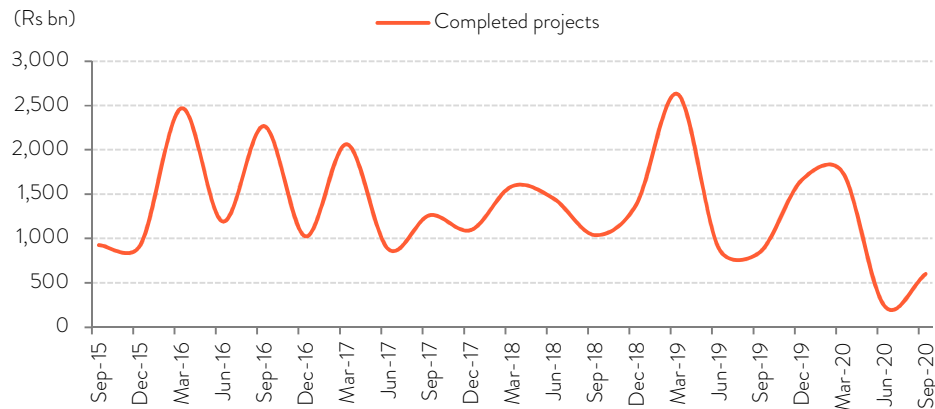


Source: CMIE

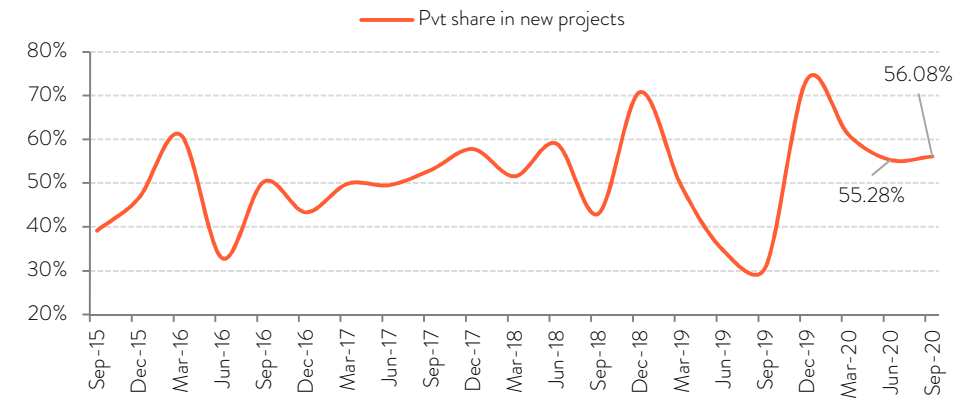
**FIG 68 – ...WITHIN SERVICES, NEW PROJECTS IN MISCELLANEOUS SERVICES INCREASED IN SEP'20**



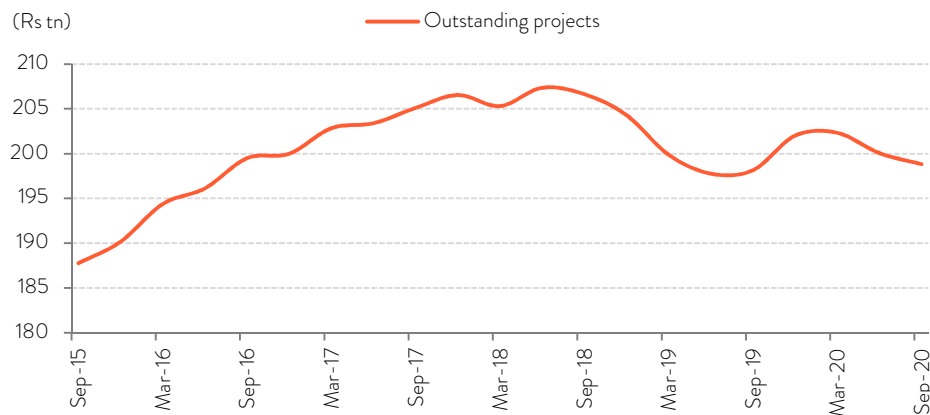
Source: CMIE

**FIG 69 – COMPLETED PROJECTS ROSE TO RS 600BN IN SEP'20 COMPARED WITH RS 240BN IN JUN'20**


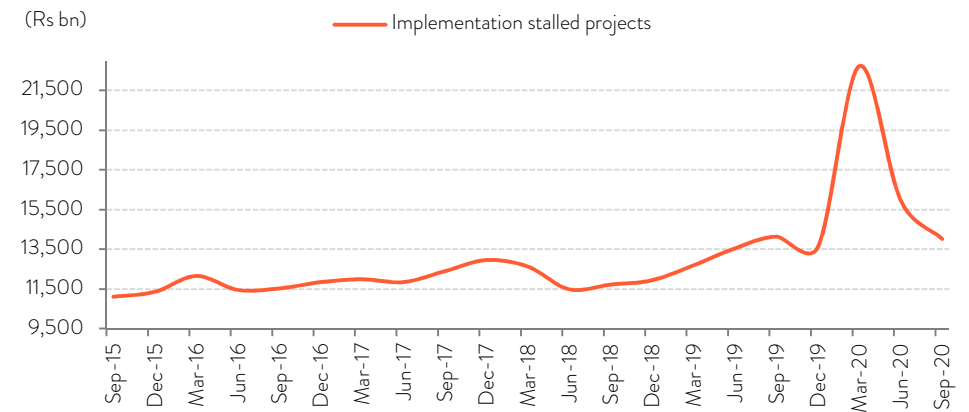
Source: CMIE

**FIG 70 – ... LED BY PRIVATE SECTOR**


Source: CMIE

**FIG 71 – OUTSTANDING PROJECTS MODERATED TO RS 199TN IN SEP'20 COMPARED WITH RS 200TN IN MAR'20**


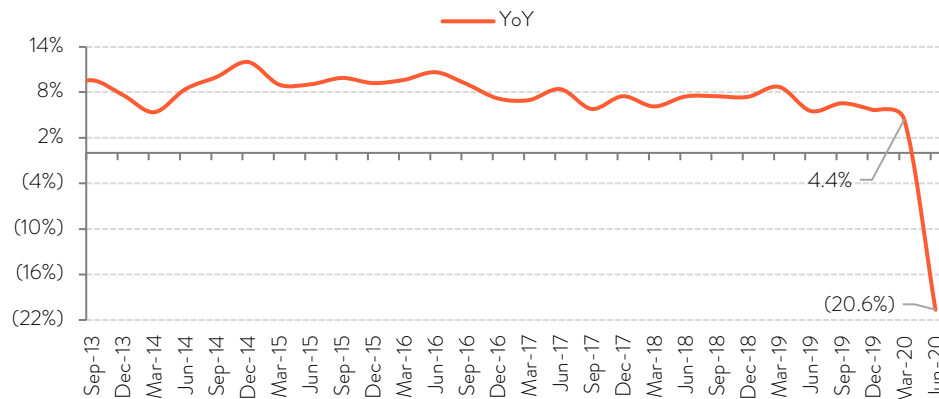
Source: CMIE

**FIG 72 – IMPLEMENTATION STALLED PROJECTS ALSO FELL TO RS 14TN FROM RS 16TN IN JUN'20**


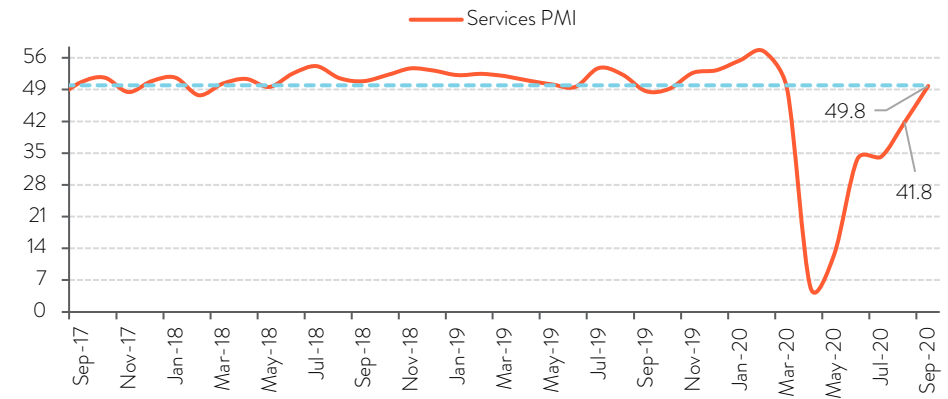
Source: CMIE

## Services sector

**FIG 73 – GVA: SERVICES ACTIVITY CONTRACTED SHARPLY IN Q1FY21**

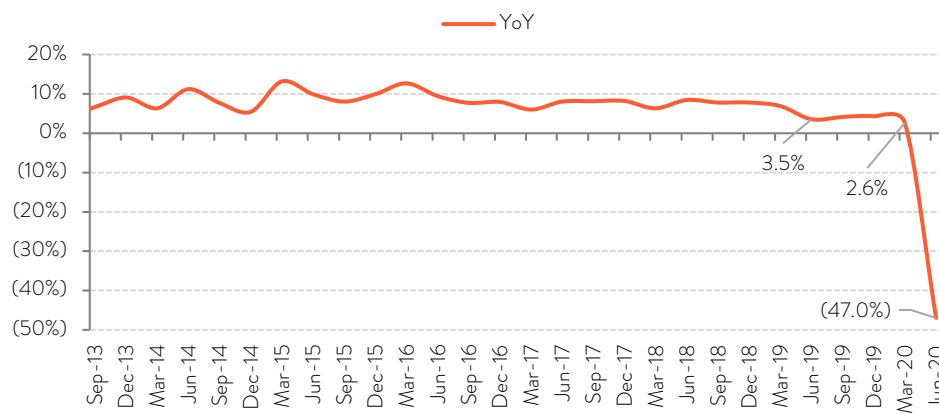


**FIG 74 – SERVICES PMI SHOWS STEADY REBOUND IN ACTIVITY IN SEP'20**

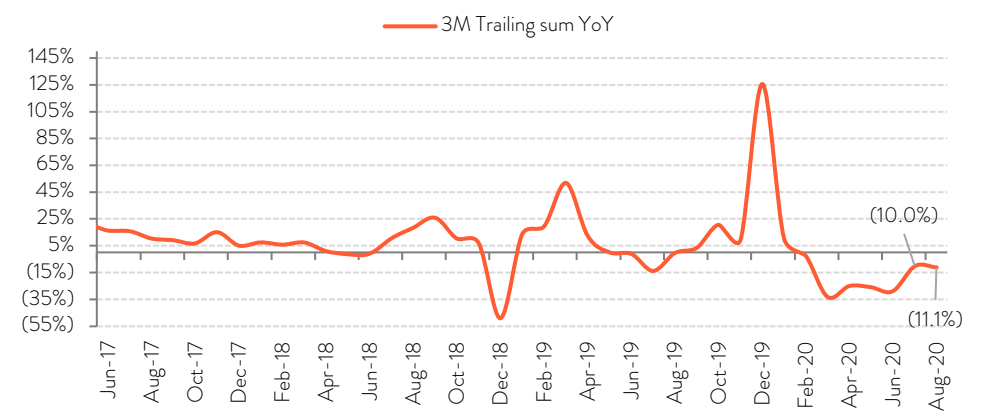


Source: Markit

**FIG 75 – GVA: TRADE & RELATED SERVICES GROWTH WAS THE MOST HIT...**

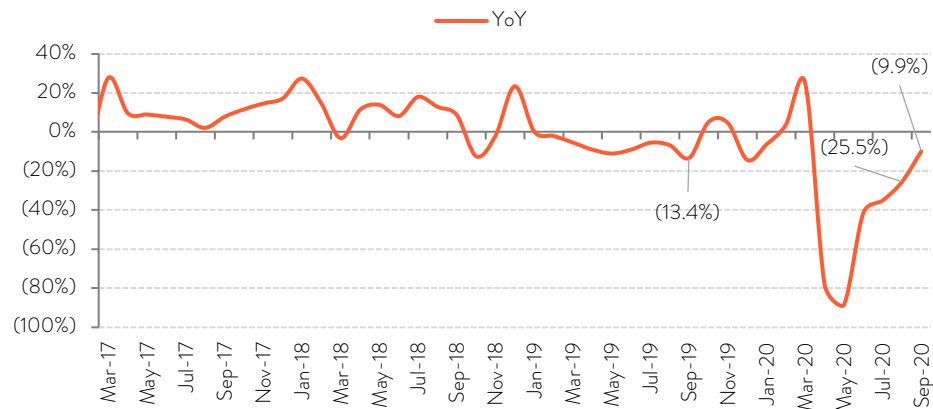


**FIG 76 – STATES\* TAX REVENUE GROWTH SEEN CONTRACTING IN AUG'20**

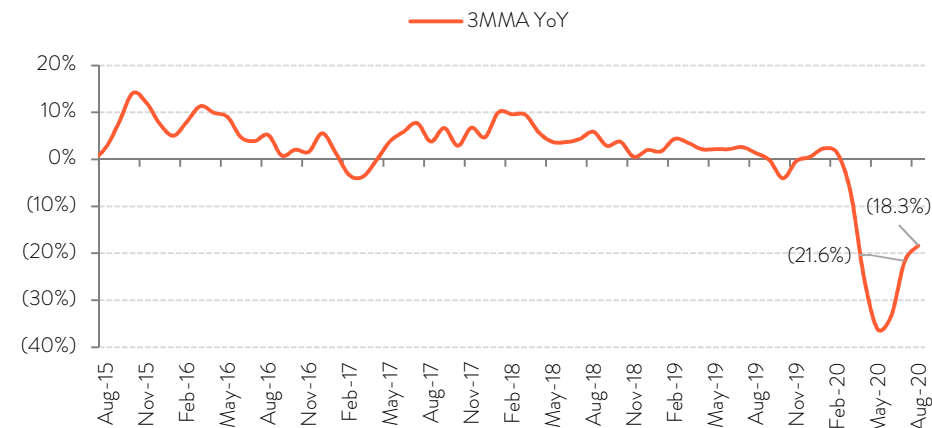


Note: \*All states excluding N.E states, Bihar, Goa, Gujarat, J&K, Maharashtra, Punjab, Rajasthan, T.N., U.P. and W.Bengal

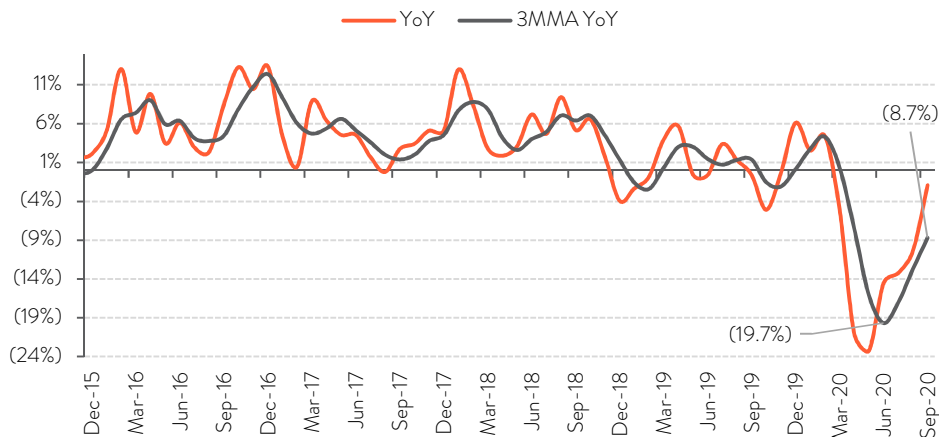
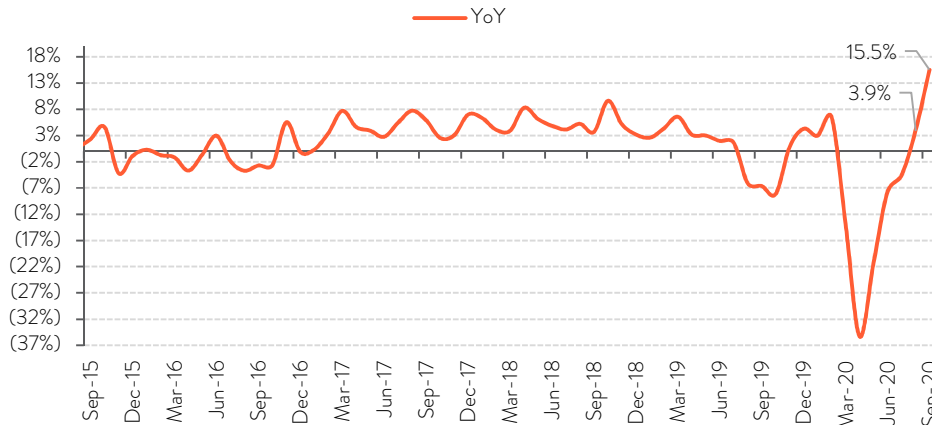
## Trade

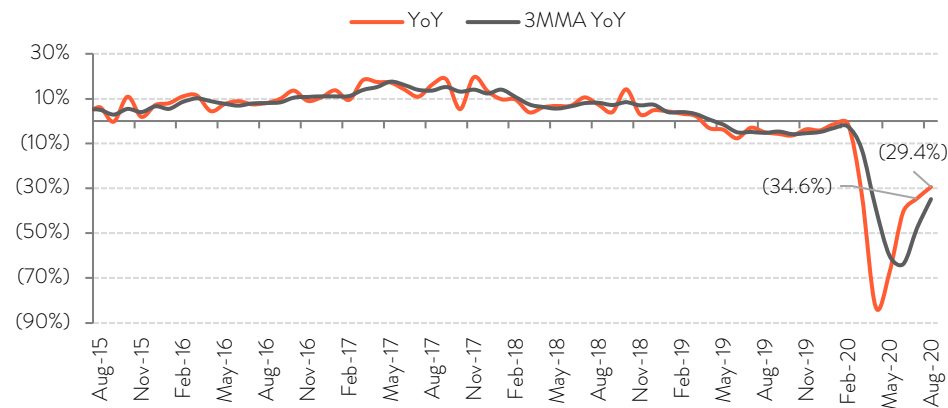
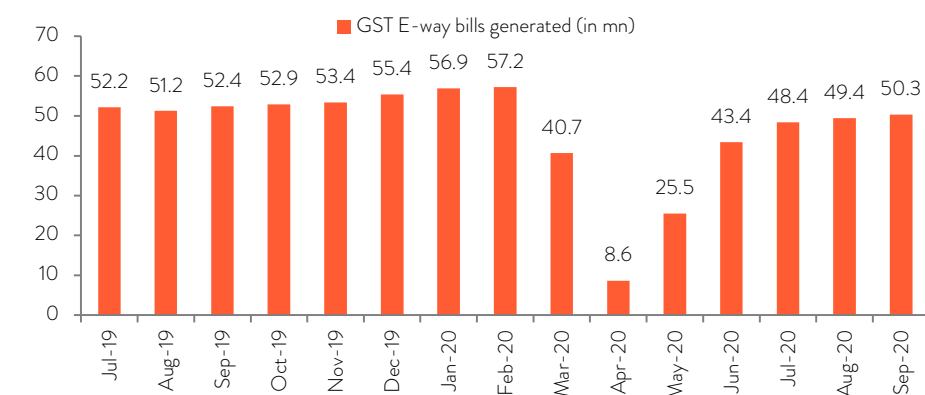
**FIG 77 – VEHICLE REGISTRATIONS HAVE IMPROVED FURTHER IN SEP'20**

Source: MoRTH

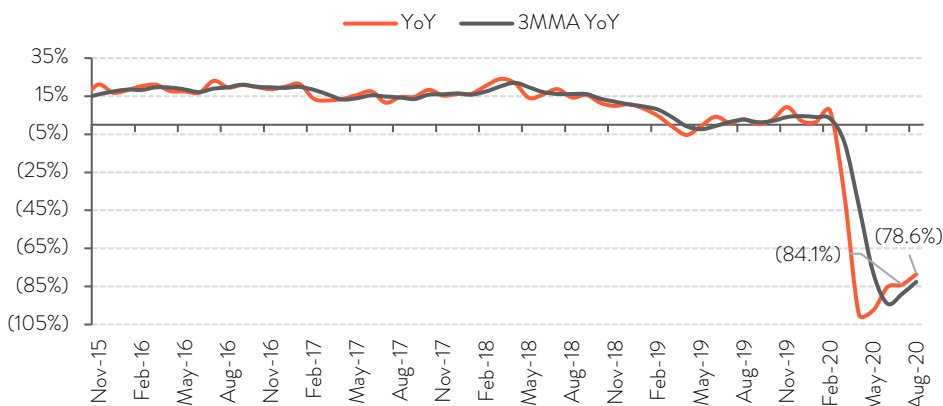
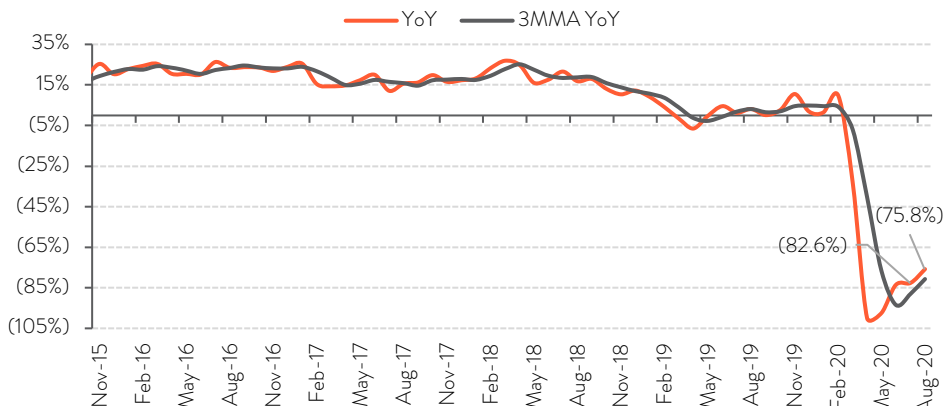
**FIG 78 – DIESEL CONSUMPTION IMPROVING, ALBEIT AT A SLOWER PACE**

Source: PPAC

**FIG 79 – PORT CARGO VOLUMES IMPROVED SIGNIFICANTLY IN Q2FY21****FIG 80 – RAILWAY FREIGHT TRAFFIC STEADILY PICKING UP**

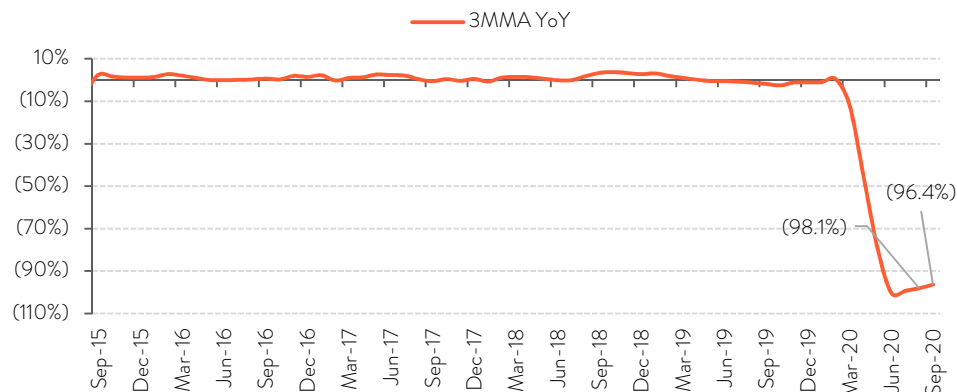
**FIG 81 – AIR CARGO VOLUMES ALSO IMPROVING IN AUG'20****FIG 82 – E-WAY BILLS GENERATION NEARLY STEADY IN SEP'20**

## Hotels and Communications

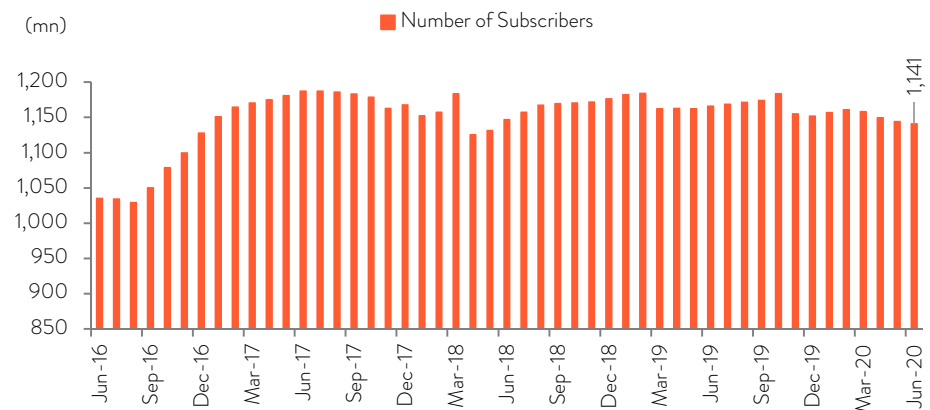
**FIG 83 – AIRLINE PASSENGER TRAFFIC GROWTH REMAINS WEAK...****FIG 84 – ...AS DOMESTIC PASSENGER GROWTH IS YET TO SEE A REVIVAL**



**FIG 85 – RAILWAY PASSENGER TRAFFIC GROWTH REMAINS IN FREE FALL EVEN IN JUL'20**

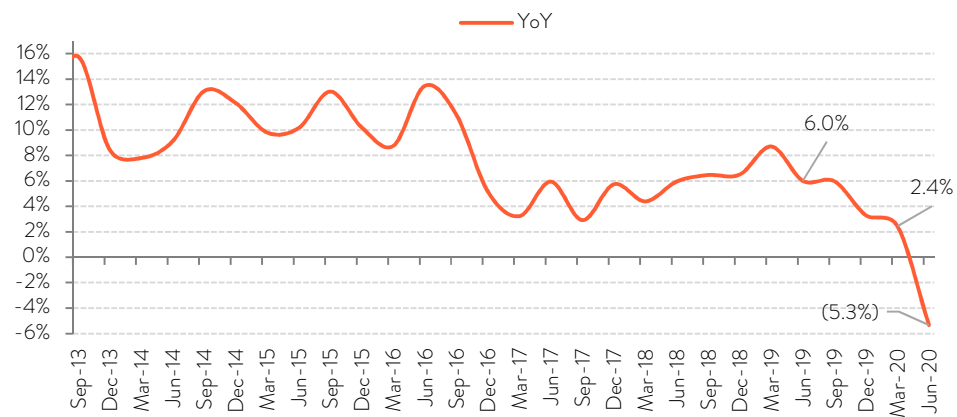


**FIG 86 – TELECOM SECTOR LOST 3.2MN WIRELESS SUBSCRIBERS IN JUN'20**

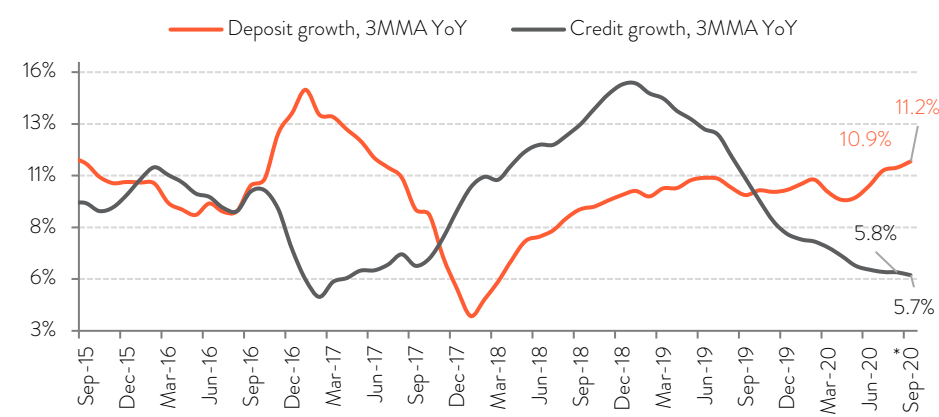


## Finance and Real estate

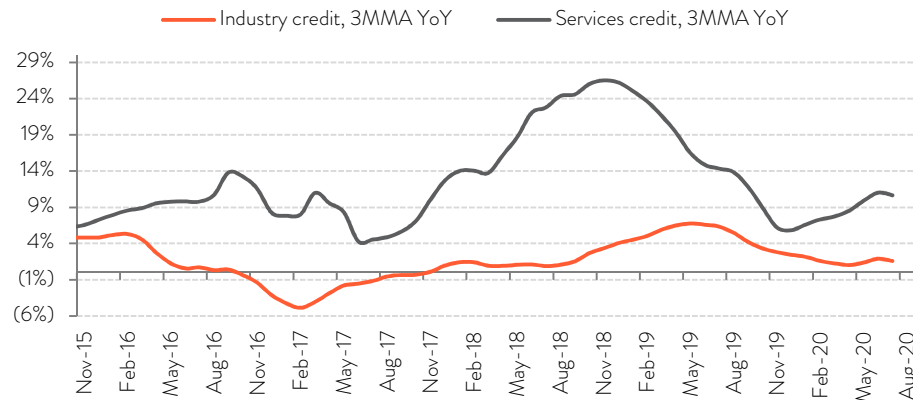
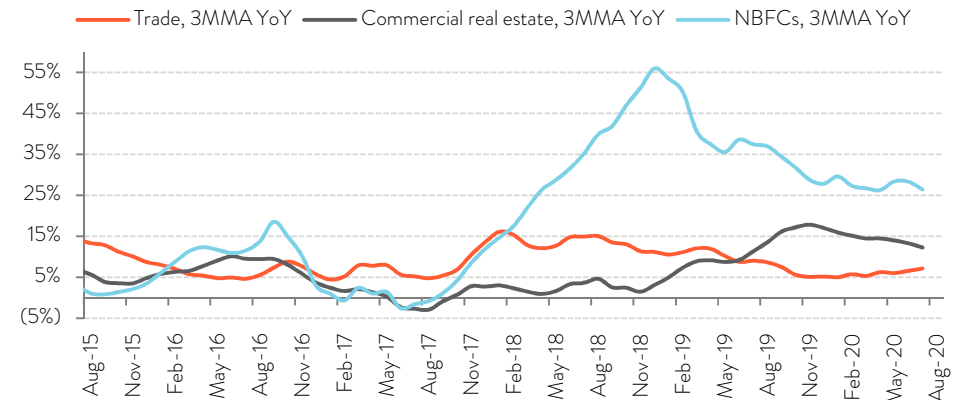
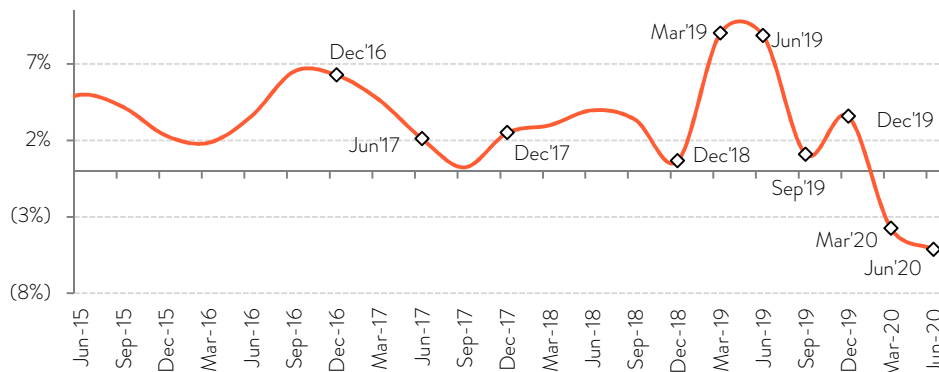
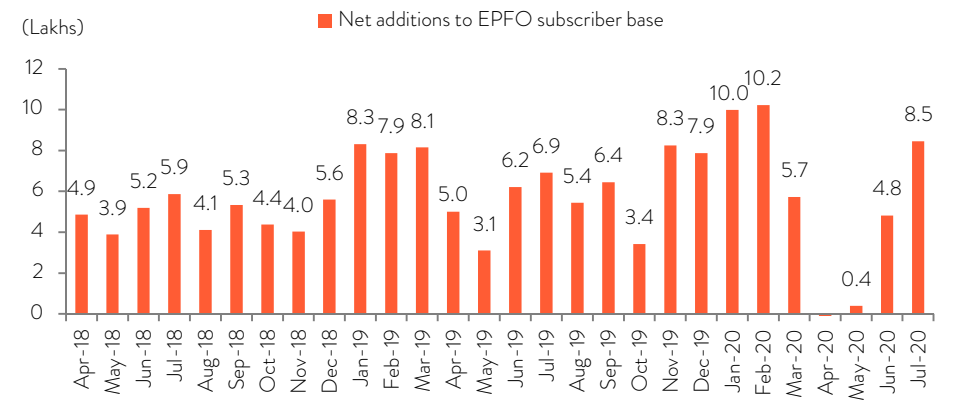
**FIG 87 – GROWTH IN GVA: FINANCE, REAL ESTATE & PROF. SERVICES TOO CONTRACTED IN Q1FY21**



**FIG 88 – CREDIT GROWTH REMAINS SUBDUED; DEPOSIT GROWTH STEADY IN SEP'20**

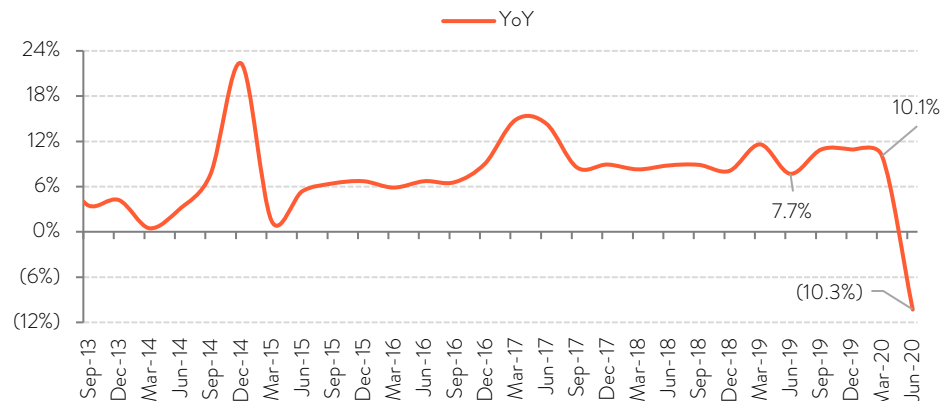
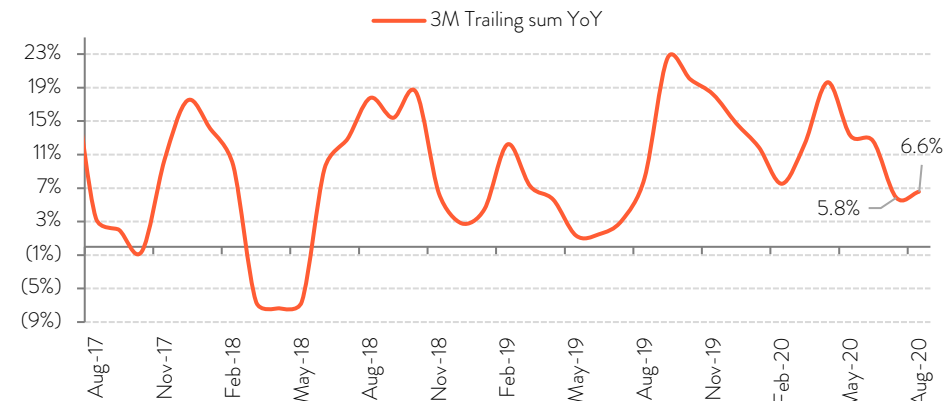
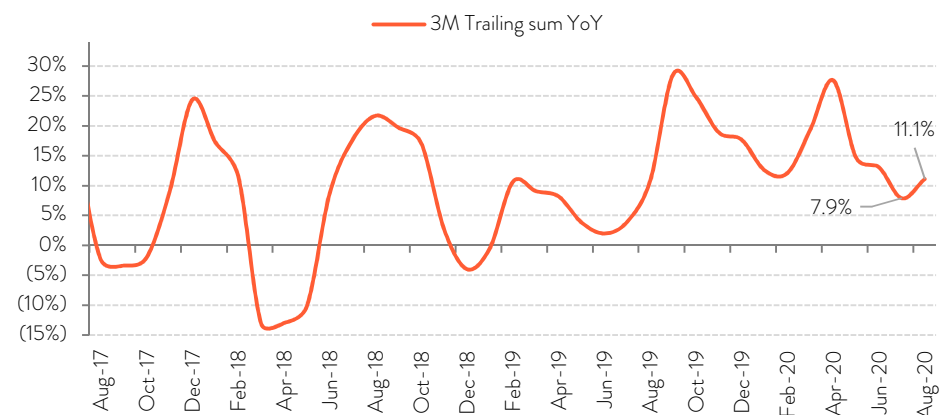
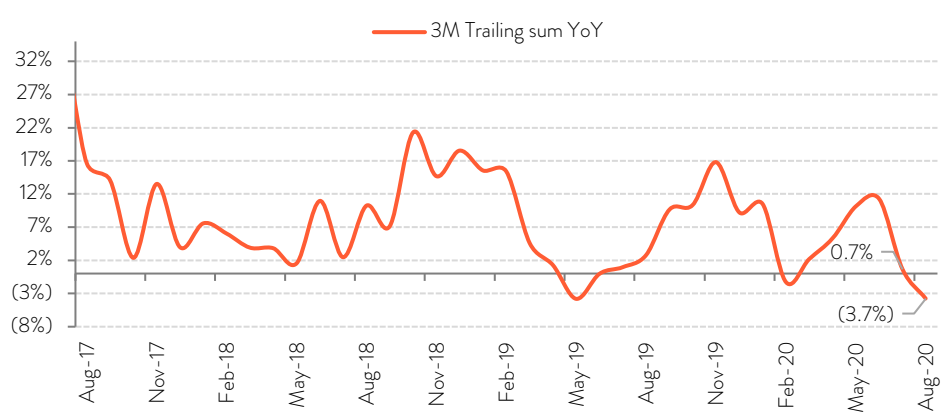


Note: \*Sep'20 implies fortnight as of 25 Sep 2020

**FIG 89 – CREDIT TO BOTH MANUFACTURING AND SERVICES SECTOR SAW A DIP IN AUG'20**

**FIG 90 – CREDIT TO TRADE SERVICES STEADY, REAL ESTATE AND NBFC SEE A DECLINE IN AUG'20**

**FIG 91 – AVERAGE PROPERTY PRICE INDEX\* CONTINUES TO EASE IN Q1FY21**

**FIG 92 – NET ADDITIONS TO EPFO SUBSCRIBER BASE CONTINUES TO SHOW SIGNIFICANT IMPROVEMENT**


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

## Public administration

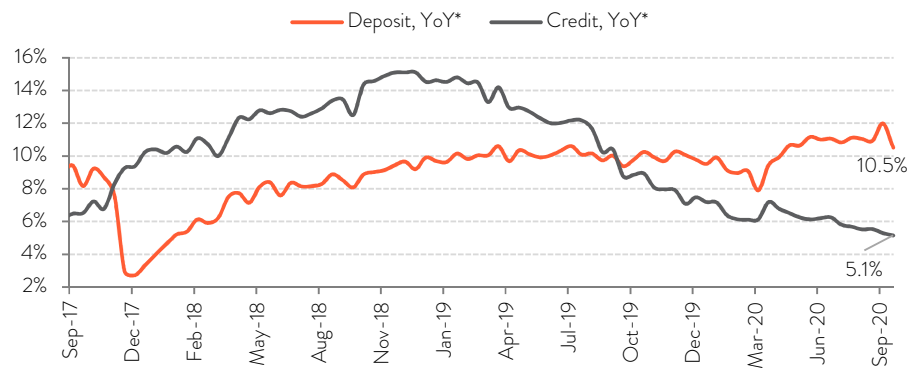
**FIG 93 – PUBLIC ADMINISTRATION & DEFENCE SERVICES ALSO ACTED AS A DRAG IN Q1FY21...****FIG 94 – GENERAL GOVT. SPENDING SLIGHTLY UP IN AUG'20...****FIG 95 – ...SUPPORTED BY CENTRAL GOVERNMENT****FIG 96 – STATE\* GOVT. SPENDING CONSIDERABLY WEAK**

Note: \*All states excluding N.E states, Bihar, Goa, Gujarat, J&K, Maharashtra, Punjab, Rajasthan, T.N., U.P. and W.Bengal

## Financial sector

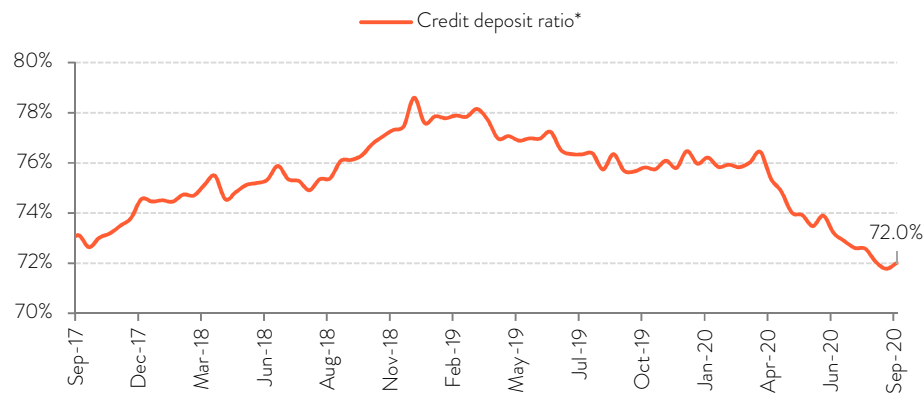
### Money and banking

**FIG 97 – CREDIT GROWTH MODERATED TO 5.1% IN SEP'20 FROM 5.5% IN AUG'20 AND DEPOSIT GROWTH WAS AT 10.5% FROM 10.9% IN AUG'20**



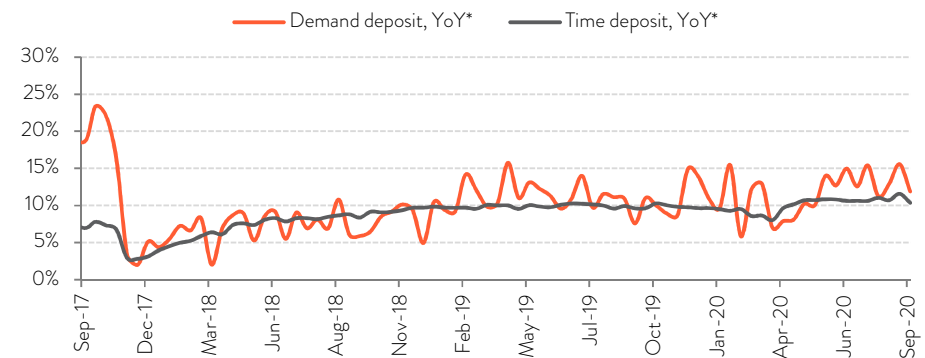
Note: \*Sep20 implies fortnight as of 25 Sep 2020

**FIG 99 – CD RATIO SLIGHTLY UP AT 72%**



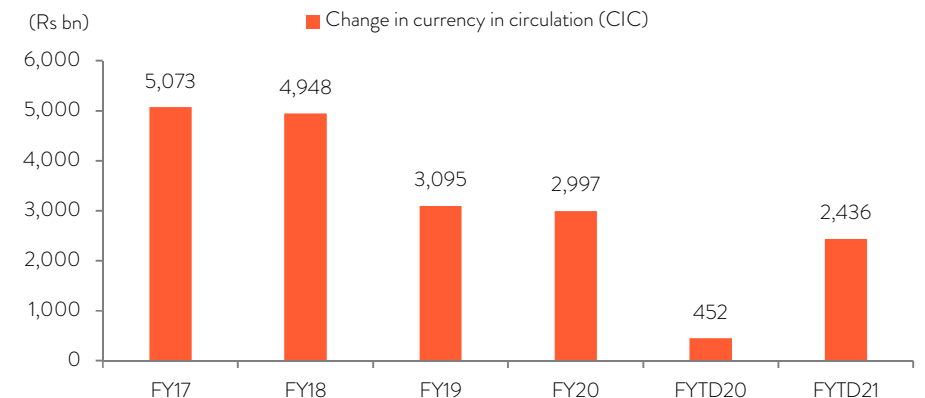
Note: \*Sep20 implies fortnight as of 25 Sep 2020

**FIG 98 – DEMAND DEPOSITS EDGED DOWN TO 11.9% FROM 12.8% IN AUG'20; TIME DEPOSITS ALSO EASED TO 10.3% FROM 10.7% IN AUG'20**

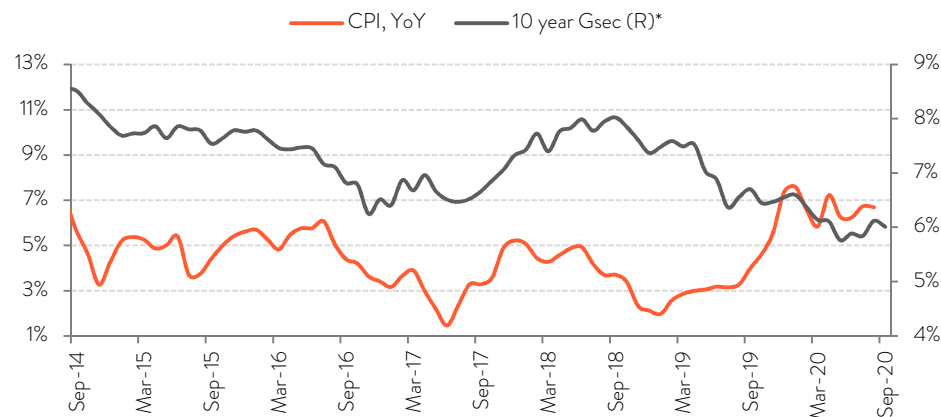


Note: \*Sep20 implies fortnight as of 25 Sep 2020

**FIG 100 – CIC ACCRETION WAS FAR HIGHER AT RS 2.4TN IN FYTD21 COMPARED WITH RS 452BN IN FYTD20**

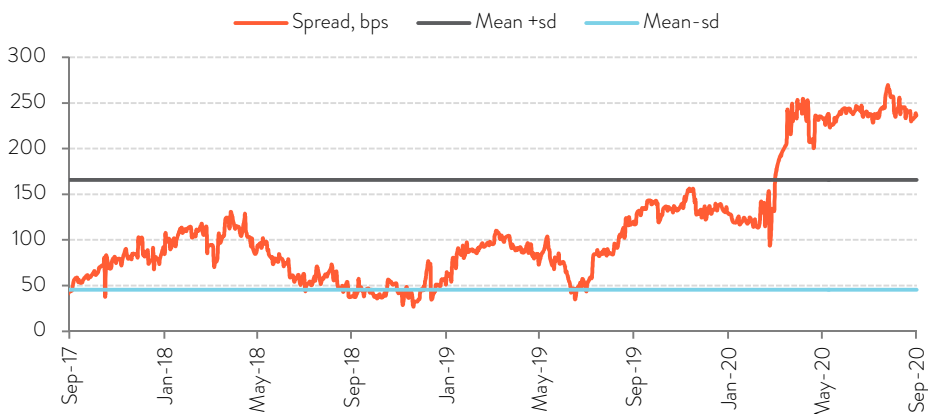


**FIG 101 – 10Y GSEC YIELD EASED TO 6% IN SEP'20; IT IS TRADING AT 5.9% SUPPORTED BY RBI'S MEASURES**



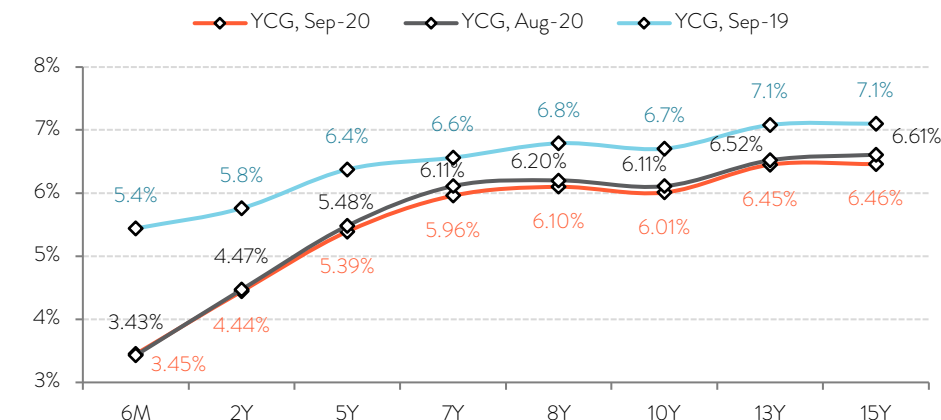
Note: \*As on last trading day of the month, 5.77GS2030 benchmark security is taken

**FIG 103 – SPREAD BETWEEN 10Y GSEC AND 1Y TBILL EASED TO 236BPS FROM 257BPS IN AUG'20; STILL FAR HIGHER ITS MEAN REVERSION LEVELS**



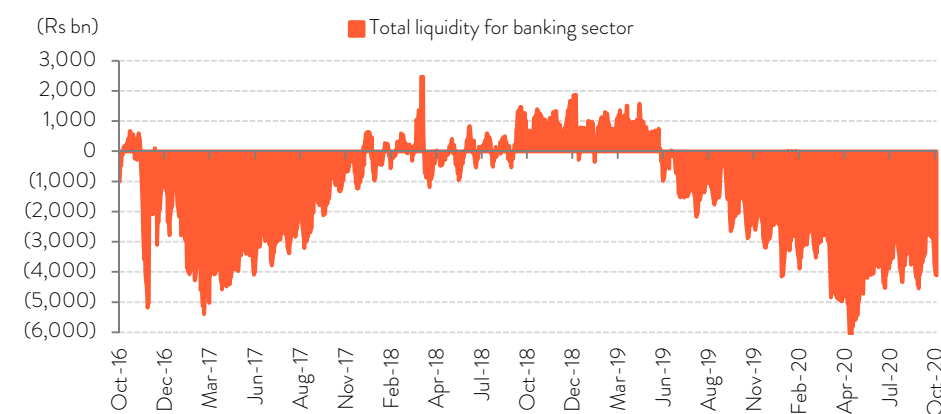
Source: Bloomberg

**FIG 102 – INDIA YIELD CURVE GRAPH (YCG)**



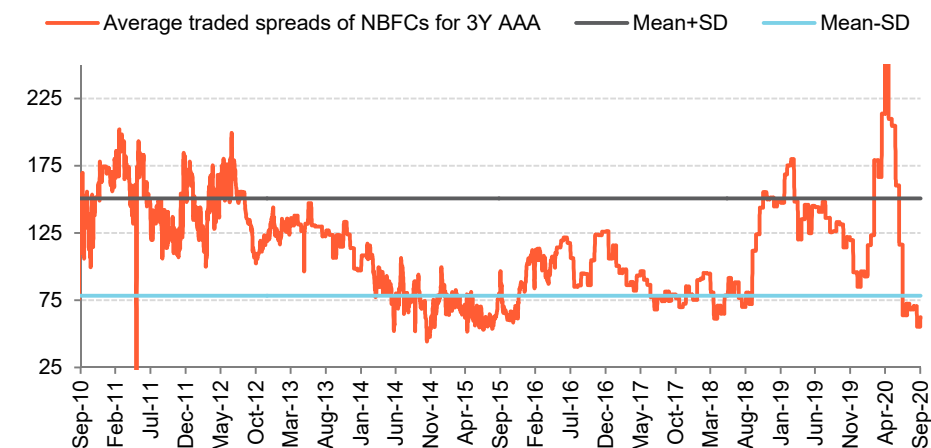
Source: Bloomberg

**FIG 104 – AVERAGE SYSTEM LIQUIDITY SURPLUS FELL TO RS 3.2TN IN SEP'20 FROM RS 3.7TN IN AUG'20 BUT IS CURRENTLY HIGHER AT ~RS 4TN**

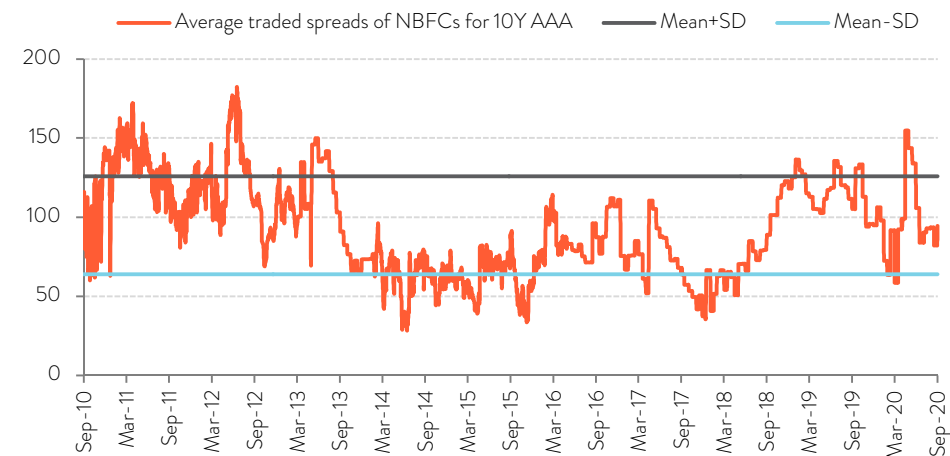


Source: RBI

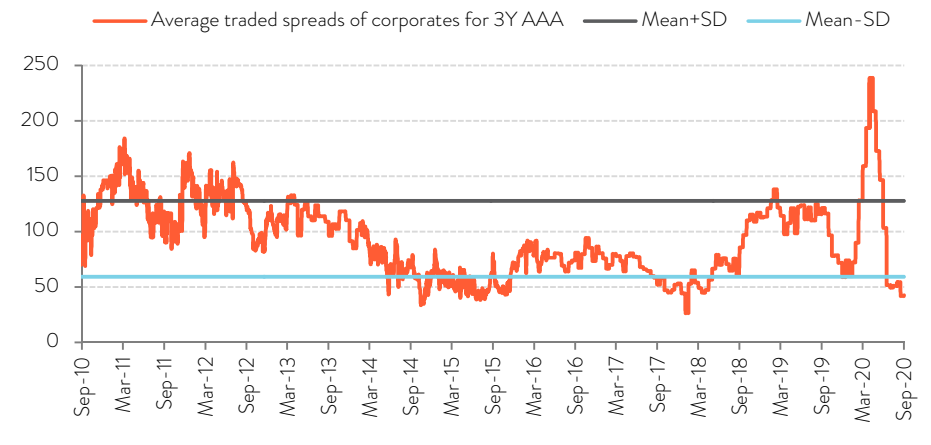
**FIG 105 – NBFC 3Y AAA SPREAD HAS FALLEN TO ITS MULTI YEAR LOWS OF 63BPS AS ON 30 SEP 2020**



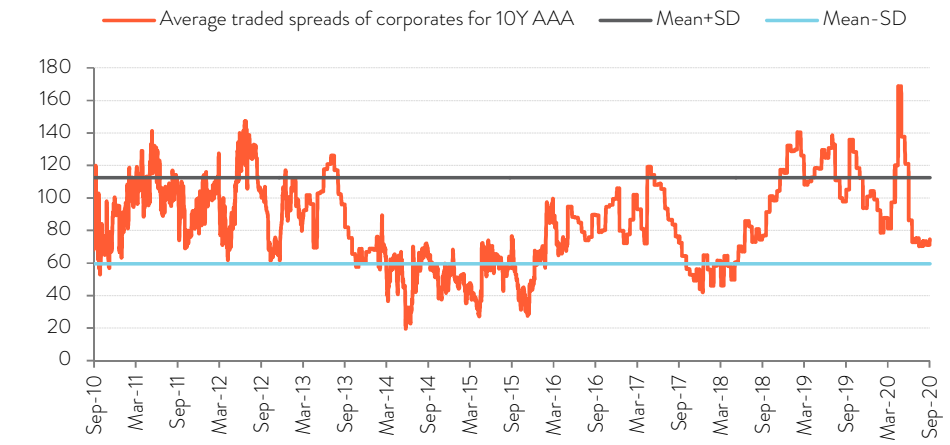
**FIG 106 – FOR 10Y AAA RATED PAPER IT HAS RISEN HIGHER TO 95BPS**



**FIG 107 – CORPORATE 3Y AAA HAS FALLEN SHARPLY TO 43BPS ON 30 SEP 2020**



**FIG 108 – FOR 10YAAA RATED PAPER IT HAS RISEN TO 75BPS ON 30 SEP 2020**



## Interest rates on small savings schemes

**FIG 109 – INTEREST RATES ON SMALL SAVINGS SCHEME TO REMAIN UNCHANGED IN Q3FY21**

Instrument (%)	Q1FY20	Q2FY20	Q3FY20	Q4FY20	Q1FY21	Q2FY21	Q3FY21	GSec Yield (1 Oct 2020)
Savings deposit	4.0	4.0	4.0	4.0	4.0	4.0	4.0	-
1 year time deposit	7.0	6.9	6.9	6.9	5.5	5.5	5.5	-
2 year time deposit	7.0	6.9	6.9	6.9	5.5	5.5	5.5	4.36
3 year time deposit	7.0	6.9	6.9	6.9	5.5	5.5	5.5	4.87
5 year time deposit	7.8	7.7	7.7	7.7	6.7	6.7	6.7	5.29
5 year recurring deposit	7.3	7.2	7.2	7.2	5.8	5.8	5.8	5.29
5 year senior citizen savings scheme	8.7	8.6	8.6	8.6	7.4	7.4	7.4	5.29
5 year monthly income scheme	7.7	7.6	7.6	7.6	6.6	6.6	6.6	5.29
5 year national savings certificate	8	7.9	7.9	7.9	6.8	6.8	6.8	5.29
Public provident fund scheme	8	7.9	7.9	7.9	7.1	7.1	7.1	5.99
Kisan vikas patra	7.7	7.6	7.6	7.6	6.9	6.9	6.9	-
Sukanya samriddhi account scheme	8.5	8.4	8.4	8.4	7.6	7.6	7.6	-

Source: Department of Economic Affairs, Ministry of Finance, Government of India, \*10Y benchmark yield 5.77GS2030

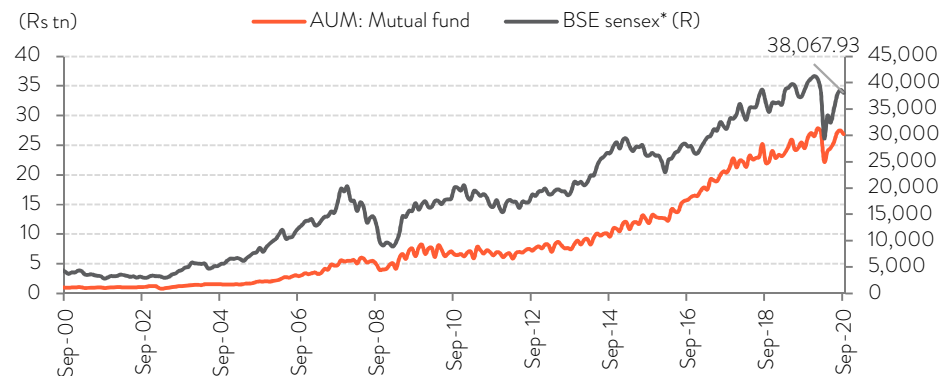
**FIG 110 – INTEREST RATES CHARGED BY LEADING BANKS**

1Y MCLR (%)	Jul'19	Aug'19	Sep'19	Oct'19	Nov'19	Dec'19	Jan'20	Feb'20	Mar'20	Apr'20	May'20	Jun'20	Jul'20	Aug'20	Sep'20
<b>Public Sector Banks</b>															
Bank of Baroda	8.60	8.45	8.40	8.35	8.30	8.25	8.20	8.15	8.15	8.00	7.80	7.65	7.60	7.60	7.55
Bank of India	8.60	8.35	8.35	8.30	8.30	8.20	8.20	8.20	8.20	8.20	7.95	7.70	7.60	7.45	7.40
Canara Bank	8.60	8.50	8.40	8.40	8.35	8.35	8.35	8.20	8.20	7.85	7.85	7.65	7.55	7.45	7.40
Indian Bank	8.60	8.60	8.45	8.35	8.35	8.35	8.30	8.25	8.25	8.10	7.80	7.50	7.40	7.35	7.30
Punjab National Bank	8.40	8.30	8.30	8.25	8.15	8.15	8.05	8.05	8.05	7.75	7.75	7.60	7.60	7.35	7.35
State Bank of India	8.40	8.25	8.15	8.05	8.00	7.90	7.90	7.85	7.75	7.40	7.25	7.00	7.00	7.00	7.00
Union Bank of India	8.55	8.50	8.35	8.30	8.25	8.20	8.10	8.10	8.00	7.75	7.70	7.60	7.40	7.25	7.20
<b>Private Sector Banks</b>															
Axis Bank Ltd.	8.65	8.55	8.45	8.35	8.25	8.15	8.15	8.15	8.10	7.95	7.80	7.75	7.65	7.55	7.50
HDFC Bank Ltd.	8.70	8.60	8.45	8.35	8.30	8.15	8.15	8.15	8.15	7.95	7.95	7.65	7.45	7.35	7.30
ICICI Bank Ltd.	8.65	8.65	8.55	8.45	8.35	8.25	8.20	8.20	8.15	8.00	7.75	7.70	7.55	7.45	7.40
Indusind Bank	9.70	9.65	9.55	9.45	9.45	9.40	9.30	9.30	9.25	9.25	9.25	9.15	9.05	8.95	8.85
Kotak Mahindra Bank	8.85	8.75	8.75	8.60	8.50	8.40	8.40	8.35	8.35	8.10	7.90	7.75	7.60	7.50	7.50

Source: RBI

## Mutual fund (MF) indicators

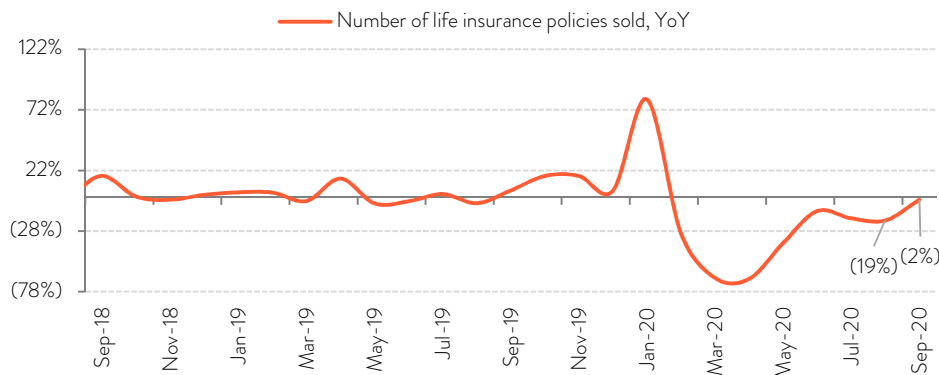
**FIG 111 – SENSEX FELL BY 1.5% TO 38,068 IN SEP'20, AUM OF MFS ALSO EASED TO RS 26.9TN IN SEP'20 FROM 27.5TN IN AUG'20**



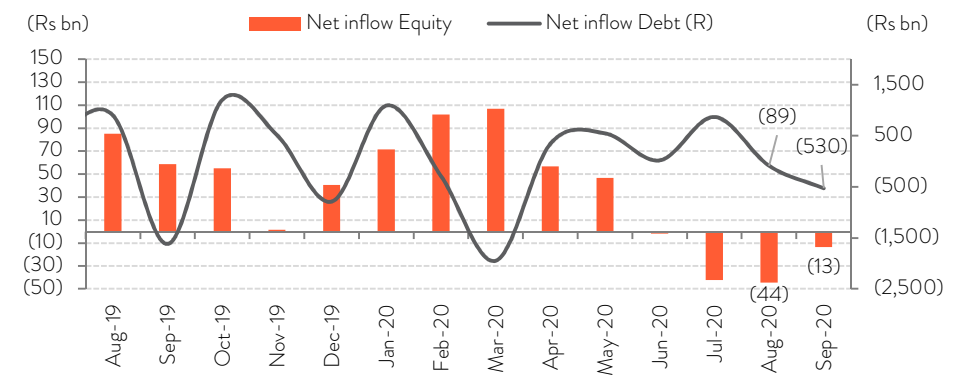
Source: \*Sensex as on last trading day of the month.

## Insurance sector indicators

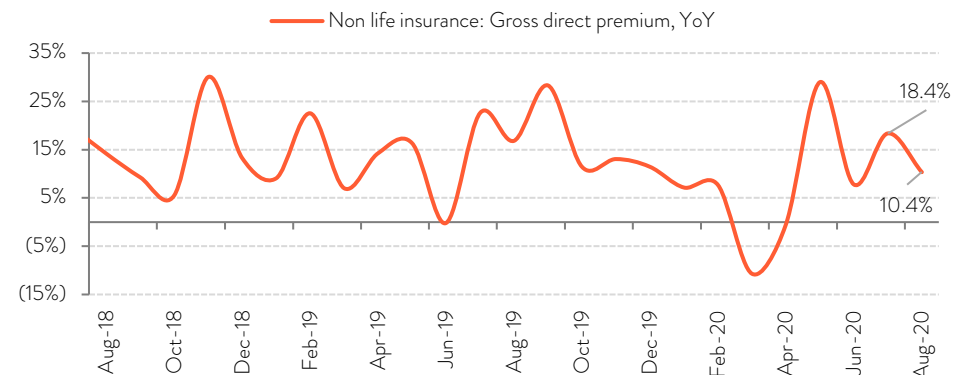
**FIG 113 – LIFE INSURANCE POLICIES SOLD IN SEP'20 FELL BY 2% AGAINST 19% IN AUG'20**



**FIG 112 – MF EQUITY OUTFLOW EASED TO RS 13BN IN SEP'20, WHILE DEBT OUTFLOW ROSE TO RS 530BN (RS 89BN INFLOW IN AUG'20)**



**FIG 114 – GROSS DIRECT PREMIUM FOR NON LIFE INSURANCE EASED TO 10.4% IN AUG'20 FROM 18.4% IN JUL'20**

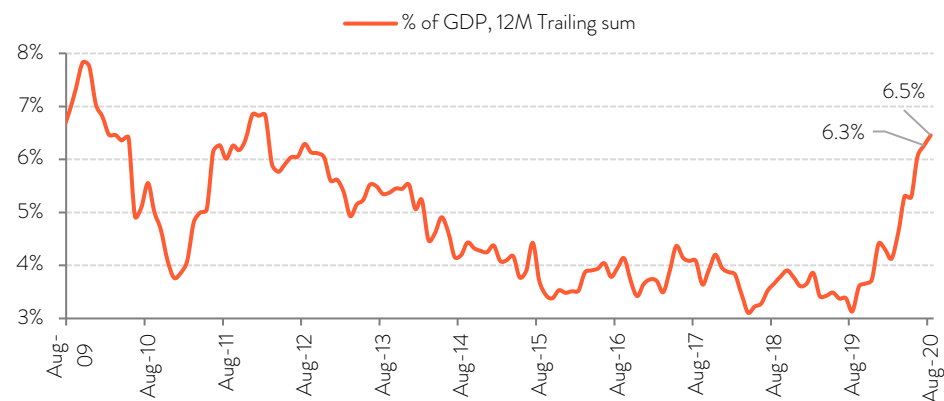




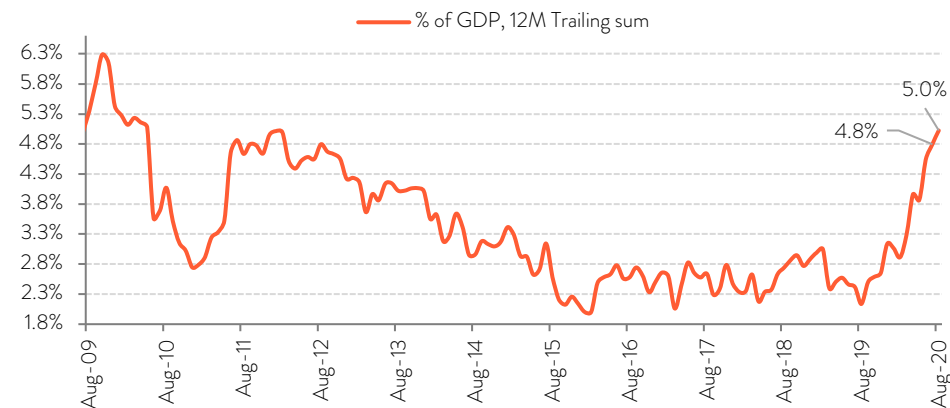
## Public finance

### Central government finances

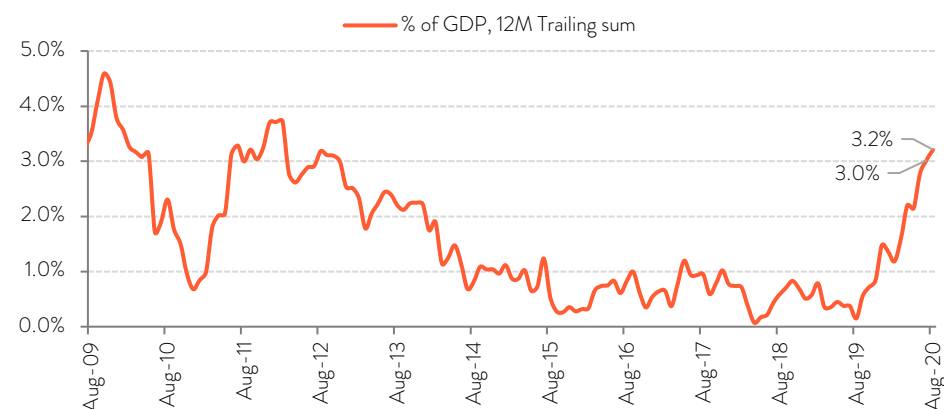
**FIG 115 – FISCAL DEFICIT CONTINUES TO REMAIN ELEVATED**



**FIG 116 – REVENUE DEFICIT ALSO SIGNIFICANTLY HIGH**



**FIG 117 – PRIMARY DEFICIT JUMPED TO 3.2% IN AUG'20**



**FIG 118 – GOVERNMENT SPENDING COOLS FURTHER IN AUG'20 (12MMA)**

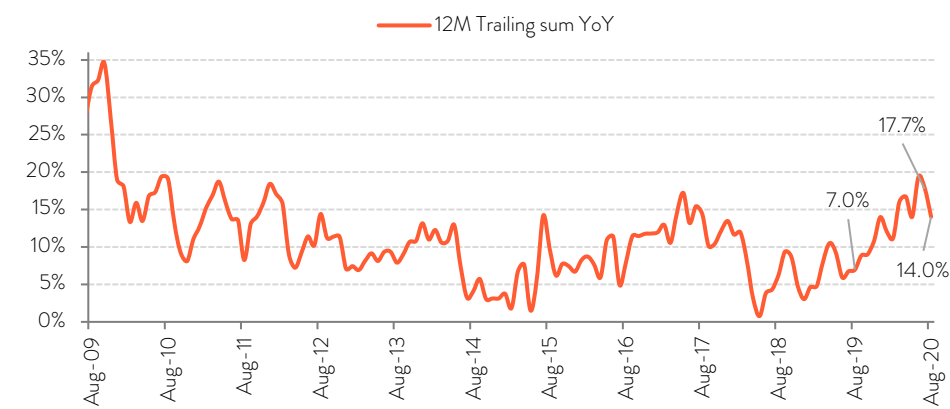


FIG 119 – ...LED BY BOTH CAPEX SPENDING

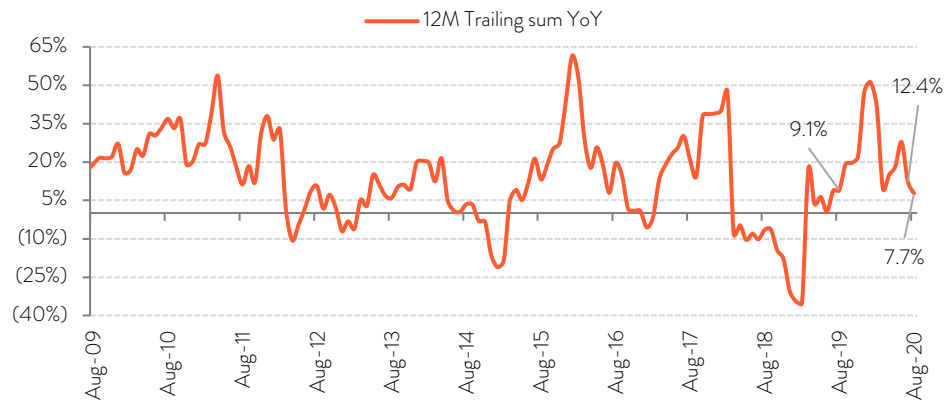


FIG 120 – AND REVENUE SPENDING

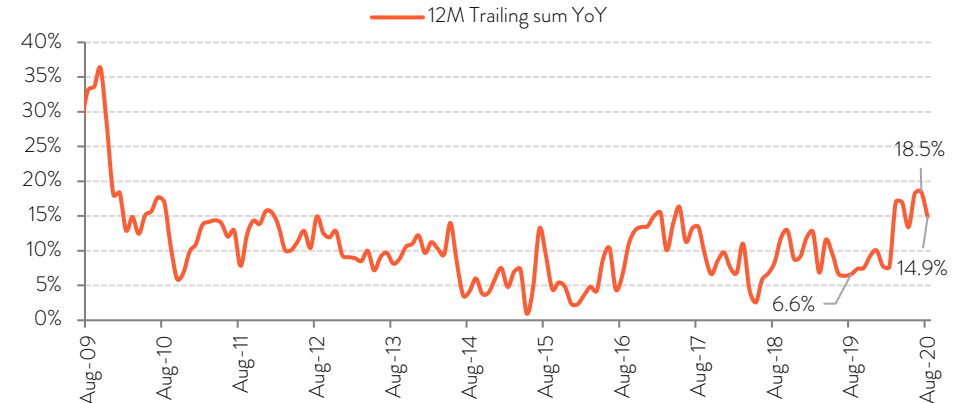
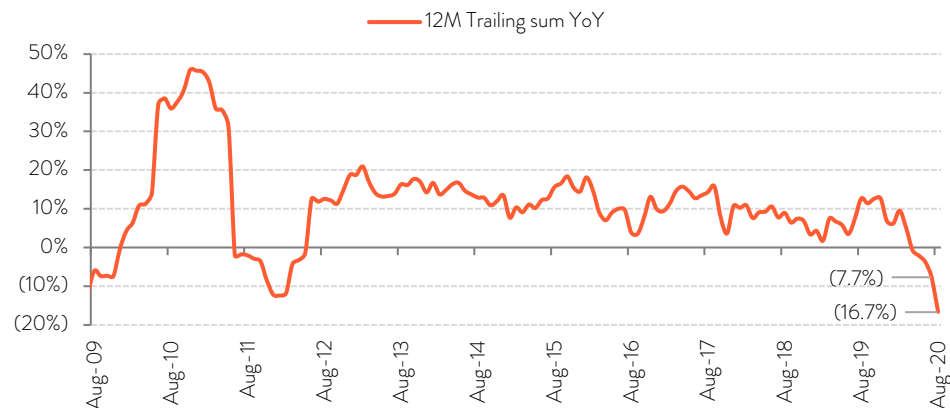
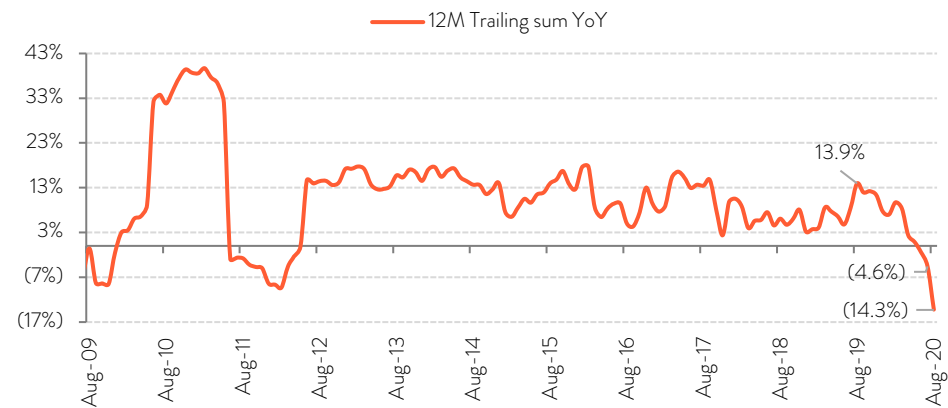
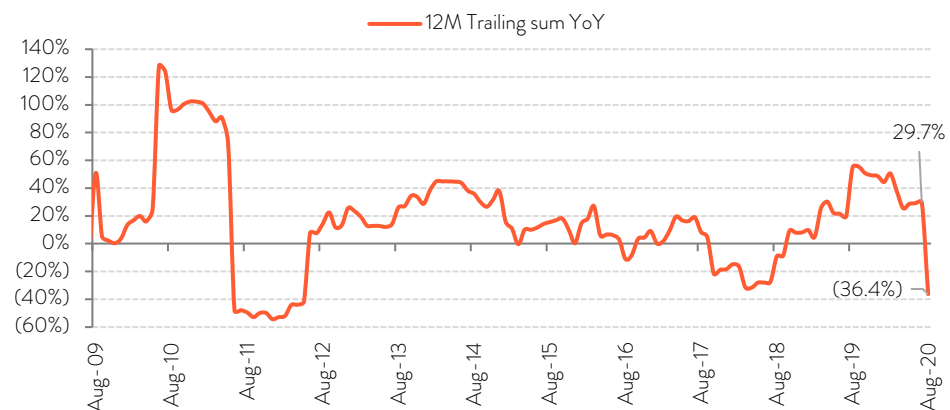
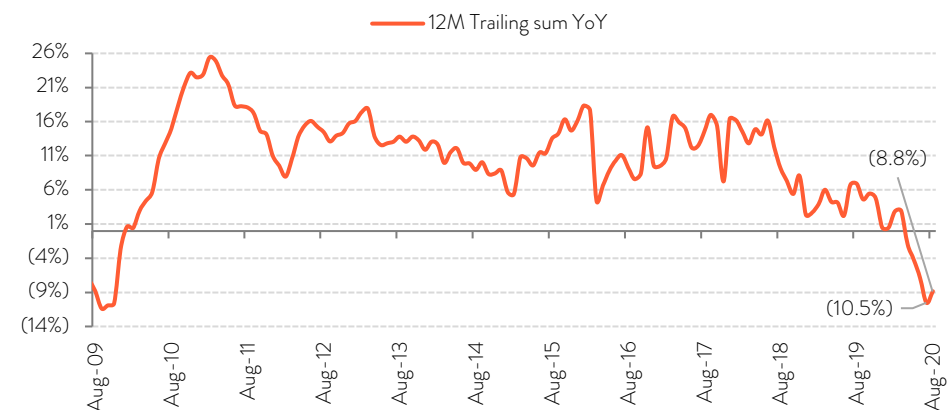


FIG 121 – LOWER SPENDING BY MINISTRIES OF CONSUMER AFFAIR, DEFENCE AND PETROLEUM CONTRIBUTE TO EASING EXPENDITURE GROWTH (FYTD BASIS)

Ministry	Apr'18-Aug'18 (Rs bn)	Apr'19-Aug'19 (Rs bn)	% change	Apr'20-Aug'20 (Rs bn)	% change
Ministry of Finance	3,144	3,669	16.7	4,306	17.4
Ministry of Defence	1,917	2,184	14.0	1,930	(11.6)
Ministry of Consumer Affairs, Food and Public Distribution	1,222	1,146	(6.2)	864	(24.6)
Ministry of Rural Development	638	610	(4.3)	1,151	88.6
Ministry of Home Affairs	521	551	5.7	586	6.5
Ministry of Human Resource Development	265	282	6.3	260	(7.8)
Ministry of Road Transport and Highways	356	322	(9.6)	374	16.3
Ministry of Chemicals and Fertilisers	308	477	54.8	433	(9.2)
Ministry of Petroleum and Natural Gas	216	310	43.4	197	(36.7)
Ministry of Agriculture	276	383	39.0	619	61.5
Ministry of Health and Family Welfare	240	263	9.9	332	25.9

**FIG 122 – RECEIPT GROWTH DROPPED FURTHER IN AUG'20****FIG 123 – ...AS REVENUE RECEIPTS CONTRACTED SIGNIFICANTLY****FIG 124 – NON-TAX RECEIPT GROWTH LED THE DECLINE****FIG 125 – TAX REVENUES SEE MARGINAL IMPROVEMENT IN AUG'20**

**FIG 126 – CENTRE'S DIRECT TAX COLLECTIONS A MAJOR WORRY, OVERALL SPENDING ALSO SLOWING (FYTD BASIS)**

	Apr'18-Aug'18 (Rs bn)	Apr'19-Aug'19 (Rs bn)	% change	Apr'20-Aug'20 (Rs bn)	% change
Gross Tax revenue	6,341	6,608	4.2	5,042	(23.7)
Direct taxes	2,525	2,767	9.6	1,825	(34.1)
Corp Tax	1,063	1,112	4.6	647	(41.8)
Income Tax	1,462	1,655	13.2	1,177	(28.9)
Indirect taxes	3,816	3,841	0.7	3,217	(16.2)
Non-tax revenue	983	1,986	102.0	861	(56.6)
Centre's revenue (net)	4,645	6,032	29.8	3,706	(38.6)
Total expenditure	10,709	11,753	9.8	12,477	6.2
Capital exp	1,322	1,362	3.0	1,344	(1.3)
Revenue exp	9,386	10,391	10.7	11,132	7.1
Fiscal deficit	5,913	5,538	-	8,703	-

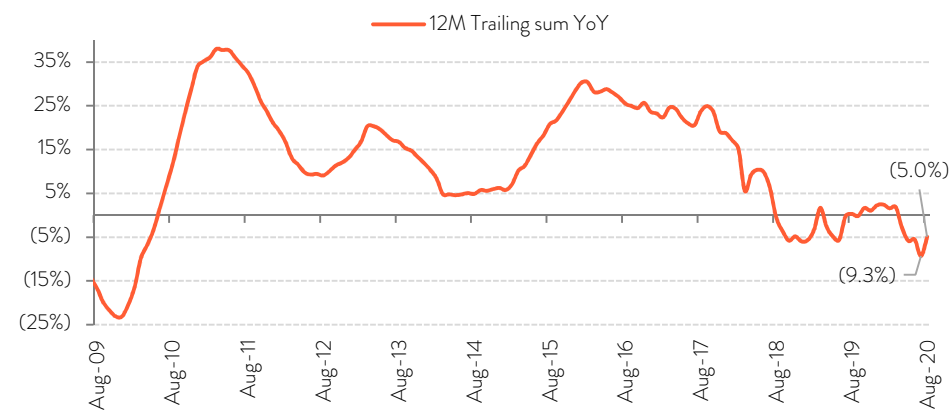
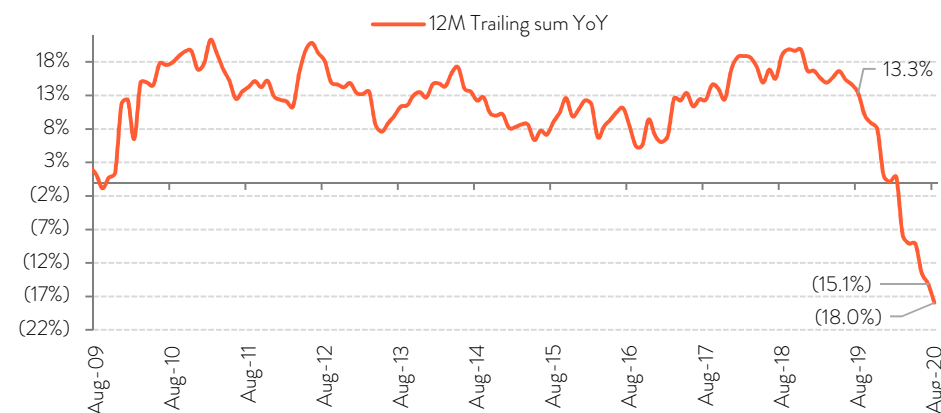
**FIG 127 – GROSS INDIRECT TAX COLLECTIONS SUPPORTING TAX RECEIPTS****FIG 128 – GROSS DIRECT TAX COLLECTIONS WEAKEN FURTHER...**

FIG 129 – ...LED BY BOTH INCOME TAX

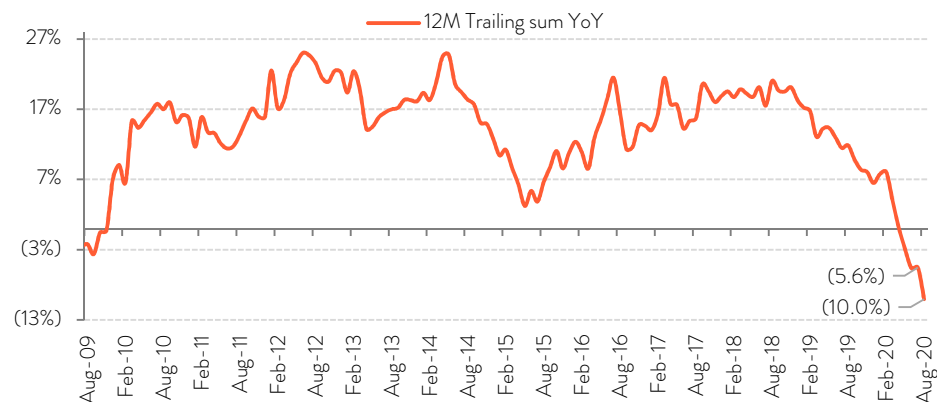


FIG 130 – AND CORPORATE TAX COLLECTIONS

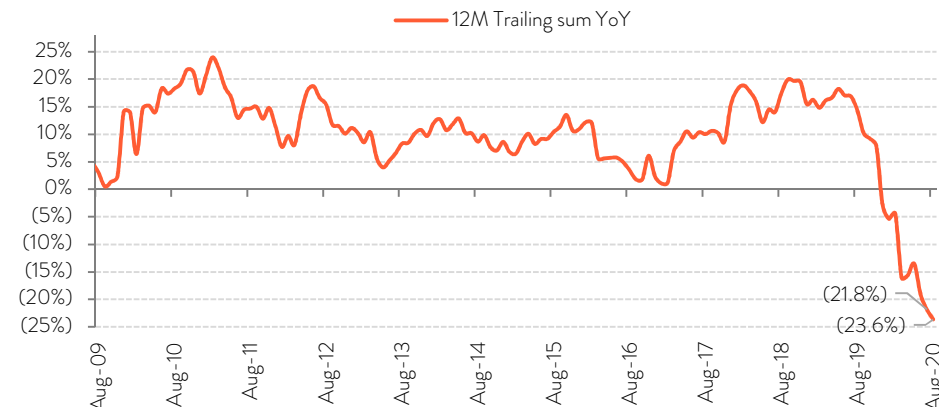
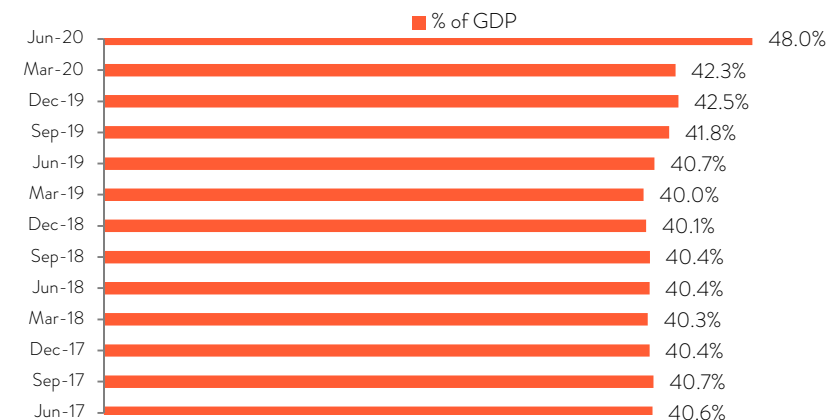
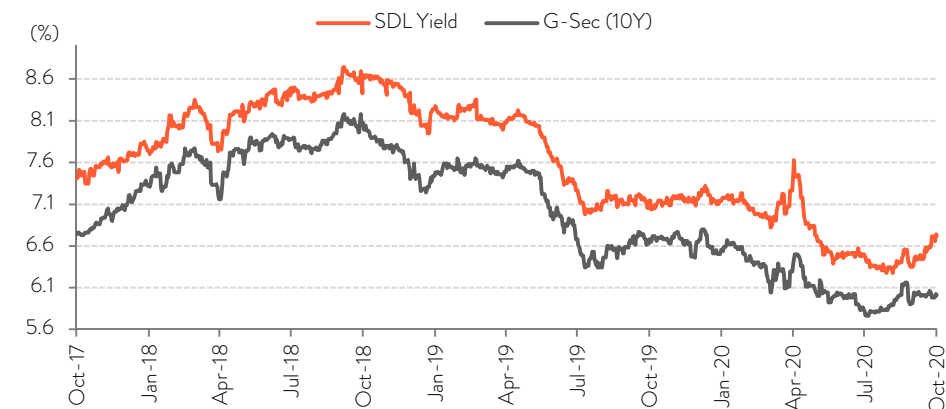


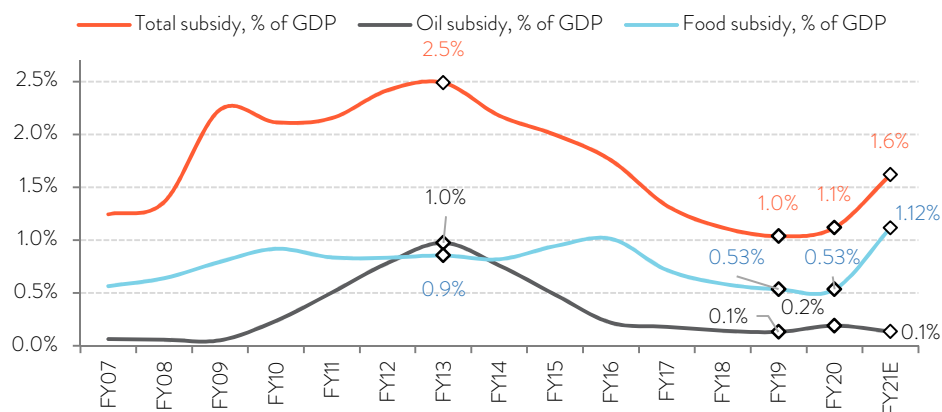
FIG 131 – TOTAL GST COLLECTIONS BEGINNING TO PICK UP AGAIN

(Rs bn)	Aug-19	Sep-19	Oct-19	Nov-19	Dec-19	Jan-20	Feb-20	Mar-20	Apr-20	May-20	Jun-20	Jul-20	Aug-20	Monthly run rate (FY21)	FYTD21	FY21 (BE)
CGST	685	381	371	437	405	438	413	402	59	190	302	379	324	251	1,253	5,800
UT GST	1.2	4.8	1.9	2.0	1.7	1.6	1.6	4.5	0.3	1.1	1.5	2.2	1.9	1	7	2.0
IGST	(461)	(37)	196	2	(18)	21	6	24	97	96	97	(60)	52	56	282	253
SGST*	625	533	379	520	641	509	470	(189)	454	562	400	475	509	480	2,400	405
Cess	68	71	87	71	79	84	86	81	10	60	75	68	69	56	282	82
Total GST	919	954	1,035	1,032	1,108	1,054	976	322	622	909	874	864	955	845	4,224	982
GST 3B Filing by deadline (mn)	7.6	7.4	7.8	8.1	8.3	8.4	7.7	-	-	-	-	-	-	-	-	7.6

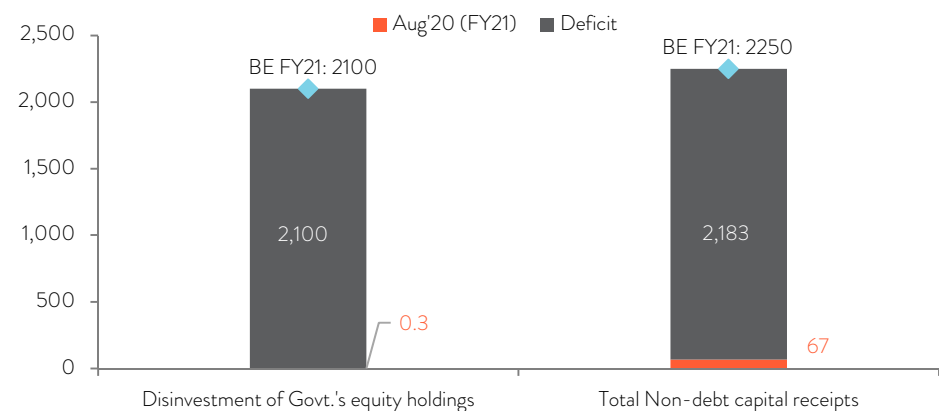
Source: PIB | \*Computed from PIB and CGA data.

**FIG 132 – CENTRAL GOVT. PUBLIC DEBT SIGNIFICANTLY HIGHER IN Q1FY21****FIG 133 – GAP BETWEEN AVG. YIELD ON SDL & 10Y G-SEC ROSE BY 5BPS IN SEP'20; AND HAS SPIKED FURTHER UP IN OCT'20 SO FAR (25BPS)**

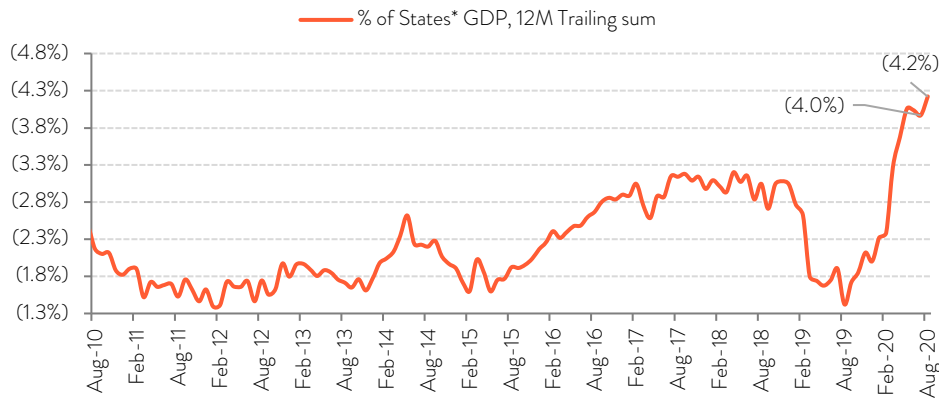
Source: CCIL

**FIG 134 – SUBSIDY BURDEN TO INCREASE IN FY21E**

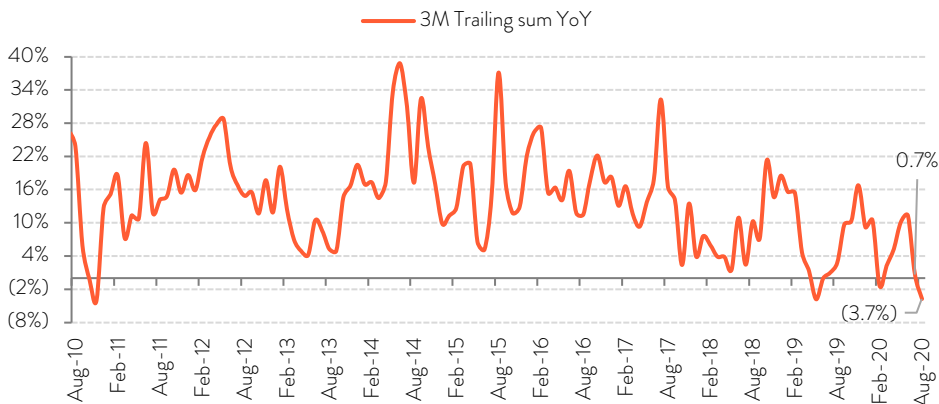
E - Bank of Baroda estimates

**FIG 135 – CENTRAL GOVT.'S FY21 DISINVESTMENT STATUS**

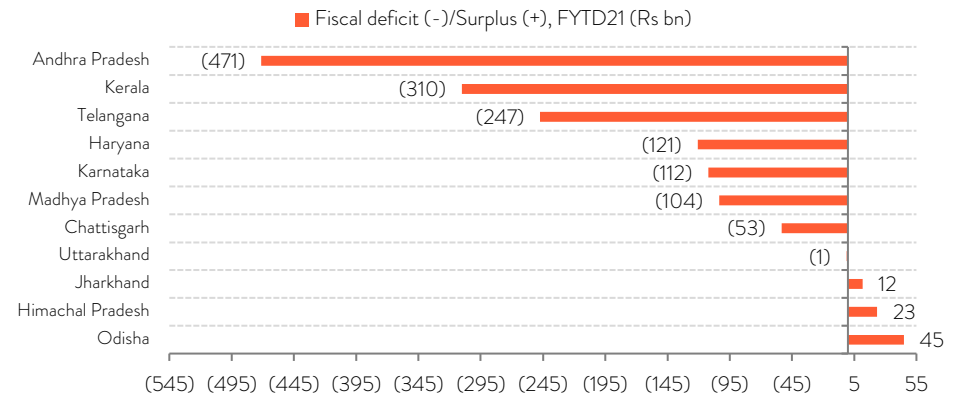
## State government finances

**FIG 136 – STATES\* FISCAL DEFICIT REMAINS ELEVATED IN AUG'20**

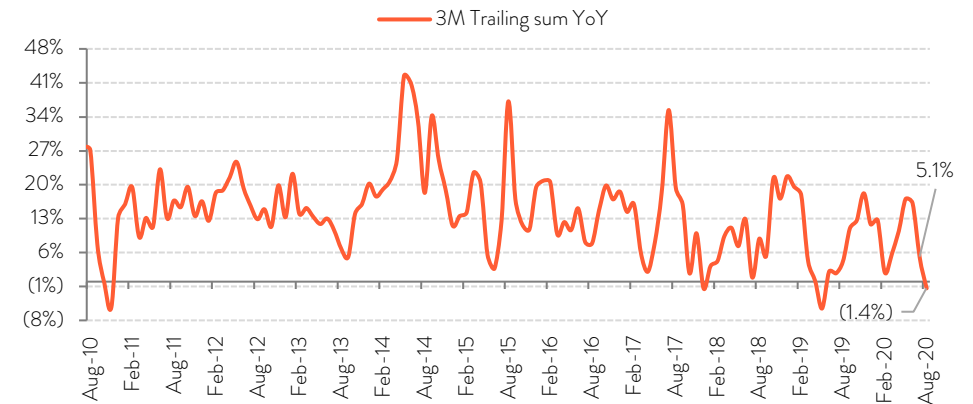
Note: \*All states excluding N.E states, Bihar, Goa, Gujarat, J&K, Maharashtra, Punjab, Rajasthan, T.N., U.P. and W.Bengal

**FIG 138 – TOTAL EXPENDITURE OF STATES\* SEEN CONTRACTING IN AUG'20**

Note: \*All states excluding N.E states, Bihar, Goa, Gujarat, J&K, Maharashtra, Punjab, Rajasthan, T.N., U.P. and W.Bengal

**FIG 137 – A.P AND KERALA LEAD THE FISCAL DEFICIT CHART IN FYTD21**

Note: FYTD is Apr'20-Aug'20

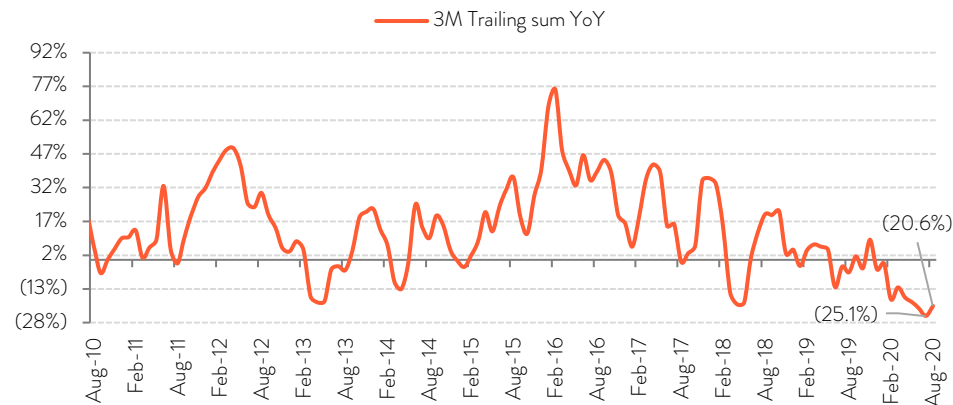
**FIG 139 – ...LED BY DIP IN REVENUE SPENDING OF STATES\***

Note: \*All states excluding N.E states, Bihar, Goa, Gujarat, J&K, Maharashtra, Punjab, Rajasthan, T.N., U.P. and W.Bengal

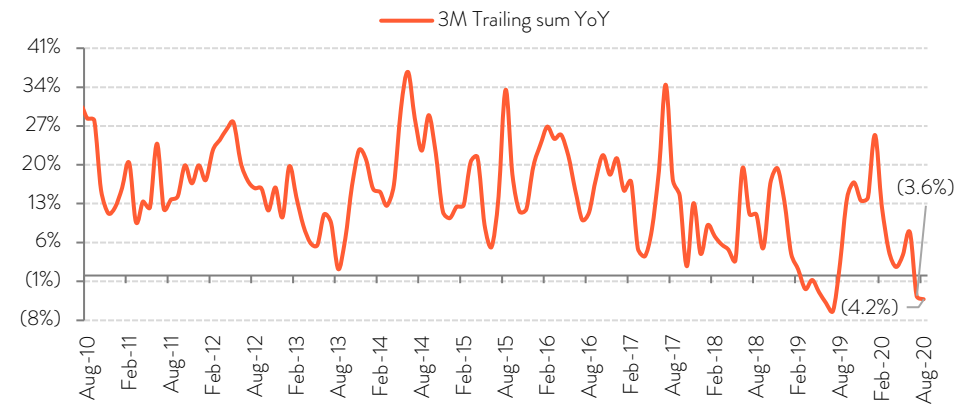
**FIG 140 – STATE\* GOVT. TAX REVENUES AND CAPEX CONTINUE REMAIN UNDER PRESSURE IN Q2 SO FAR (FYTD BASIS)**

	Apr'18-Aug'18 (Rs bn)	Apr'19-Aug'19 (Rs bn)	% change	Apr'20-Aug'20 (Rs bn)	% change
Total Receipts	4,423	4,558	3.0	4,611	1.2
Revenue Receipts	3,514	3,744	6.5	3,347	(10.6)
Receipts: Tax Revenue	2,665	2,687	0.8	2,120	(21.1)
Receipts: Non-Tax Revenue	274	300	9.4	235	(21.5)
Receipts: Grant in aid & contribution	575	682	18.5	1,073	57.4
Capital Receipts	909	813	(10.5)	1,264	55.4
Total Expenditure	4,364	4,484	2.8	4,610	2.8
Revenue Expenditure	3,756	3,907	4.0	4,154	6.3
Capital Expenditure	608	577	(5.0)	456	(21.0)
Revenue Surplus or Deficit	(242)	(163)	(32.8)	(678)	316.9
Fiscal Surplus or Deficit	(924)	(686)	(25.8)	(1340)	95.3

Note: \*All states excluding N.E states, Bihar, Goa, Gujarat, J&K, Maharashtra, Punjab, Rajasthan, T.N., U.P. and W.Bengal

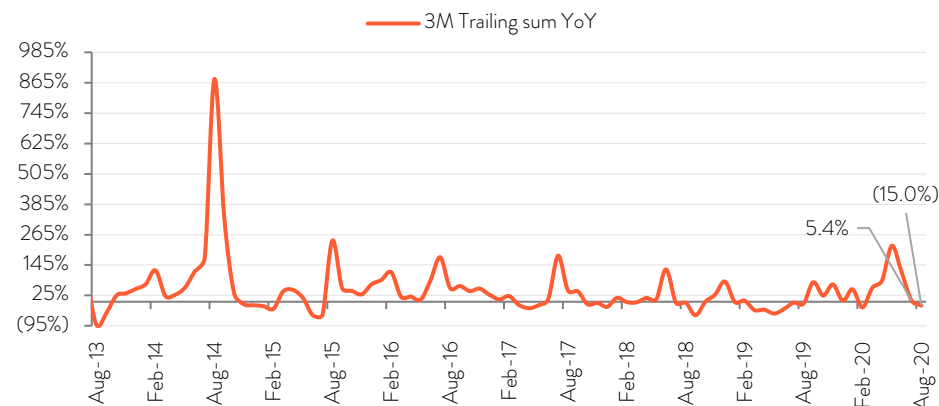
**FIG 141 – CONTRACTION IN CAPEX OF STATES\* REMAINS HIGH**

Note: \*All states excluding N.E states, Bihar, Goa, Gujarat, J&K, Maharashtra, Punjab, Rajasthan, T.N., U.P. and W.Bengal

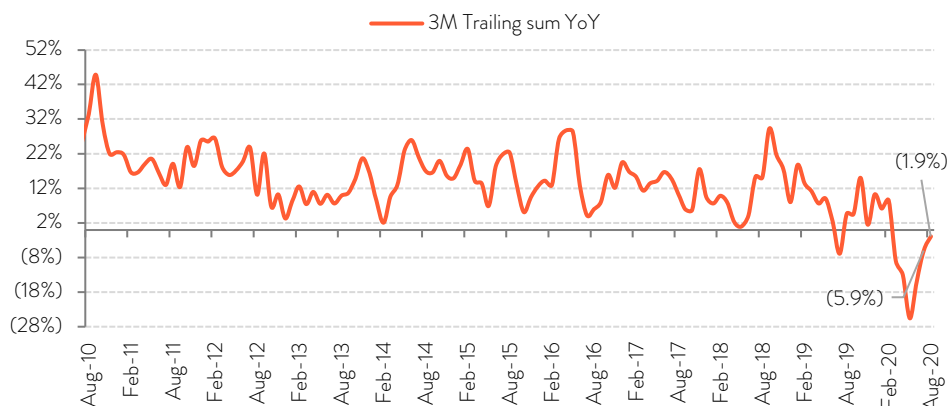
**FIG 142 – TOTAL RECEIPT GROWTH OF STATES\* DROP FURTHER IN AUG'20**

Note: \*All states excluding N.E states, Bihar, Goa, Gujarat, J&K, Maharashtra, Punjab, Rajasthan, T.N., U.P. and W.Bengal

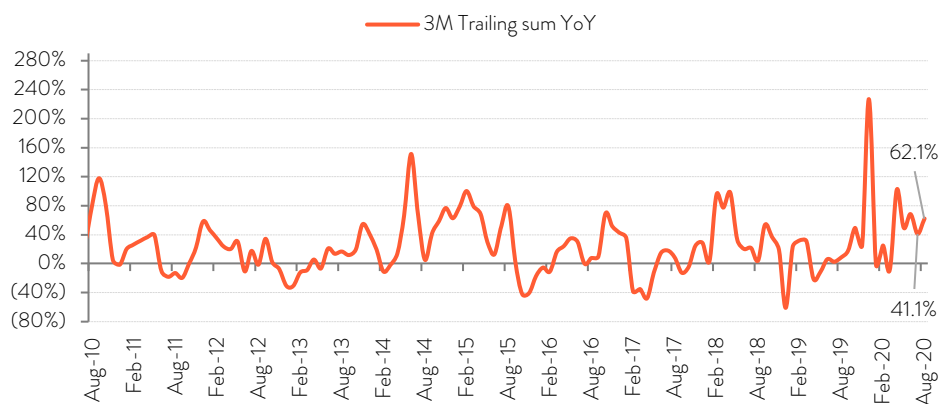


**FIG 143 – ...AS CAPITAL RECEIPTS OF STATES\* DIPPED**

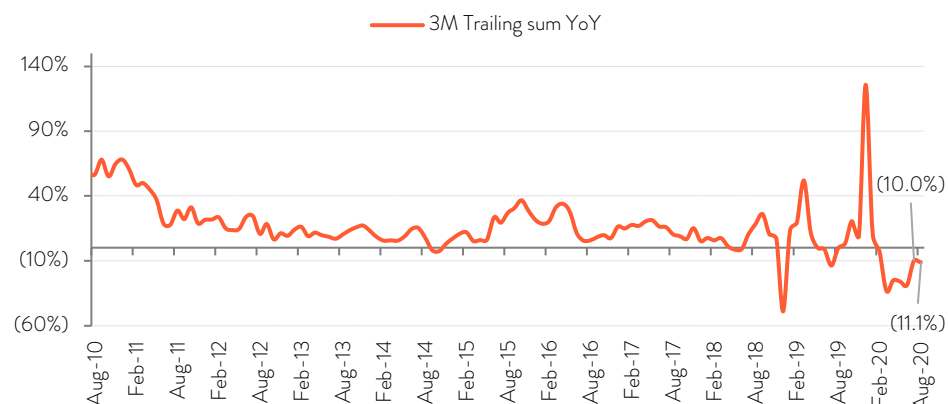
Note: \*All states excluding N.E states, Bihar, Goa, Gujarat, J&K, Maharashtra, Punjab, Rajasthan, T.N., U.P. and W.Bengal

**FIG 144 – REVENUE RECEIPTS OF STATES\* CONTRACT LESS SHARPLY IN AUG'20**

Note: \*All states excluding N.E states, Bihar, Goa, Gujarat, J&K, Maharashtra, Punjab, Rajasthan, T.N., U.P. and W.Bengal

**FIG 145 – SUPPORTED BY GRANTS IN AID FROM CENTRE TO STATES\***

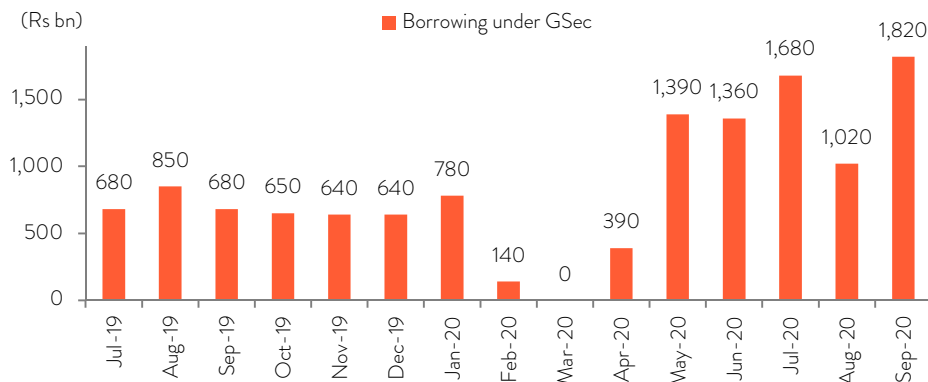
Note: \*All states excluding N.E states, Bihar, Goa, Gujarat, J&K, Maharashtra, Punjab, Rajasthan, T.N., U.P. and W.Bengal

**FIG 146 – TAX REVENUE OF STATES\* REMAIN UNDER STRESS**

Note: \*All states excluding N.E states, Bihar, Goa, Gujarat, J&K, Maharashtra, Punjab, Rajasthan, T.N., U.P. and W.Bengal

## Central government borrowing

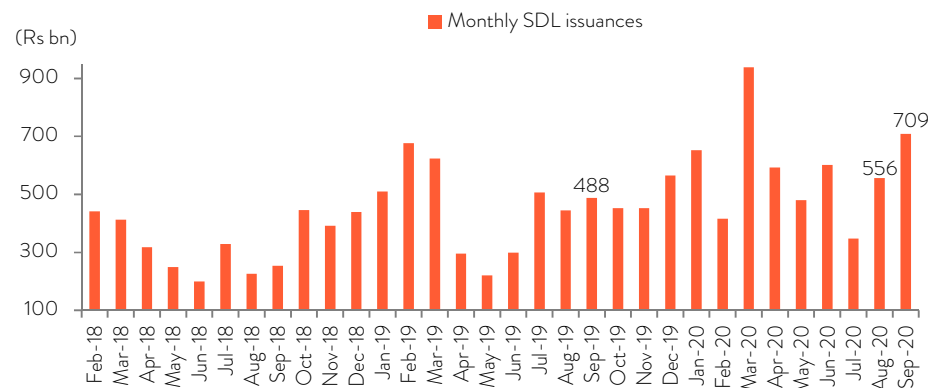
**FIG 147 – CENTRE'S GROSS BORROWING IN SEP'20 WAS AT RS 1.8TN VERSUS RS 1TN IN AUG'20**



Source: RBI

## State government borrowing

**FIG 149 – STATE GOVERNMENT BORROWINGS SIGNIFICANTLY UP IN SEP'20**



Source: RBI

**FIG 148 – CENTRE'S GROSS BORROWING FOR Q2 AT RS 4.5TN**

Total accepted amount (G-Sec), (Rs bn)	FY15	FY16	FY17	FY18	FY19	FY20	FY21 (actual)	FY21 (planned)
Q1	1,830	1,740	1,500	1,680	1,320	2,040	3,140	3,380*
Q2	1,570	1,630	1,910	1,890	1,440	2,210	4,520	3,600*
Q3	1,430	1,640	1,610	1,640	1,270	1,930		-
Q4	1,090	840	800	670	1,680	920		-
<b>Total</b>	<b>5,920</b>	<b>5,850</b>	<b>5,820</b>	<b>5,880</b>	<b>5,710</b>	<b>7,100</b>		<b>12,000</b>

Source: RBI; \*Includes Rs 240bn FRBs

**FIG 150 – MARKET BORROWINGS OF STATES EXPECTED TO INCH UP IN Q3**

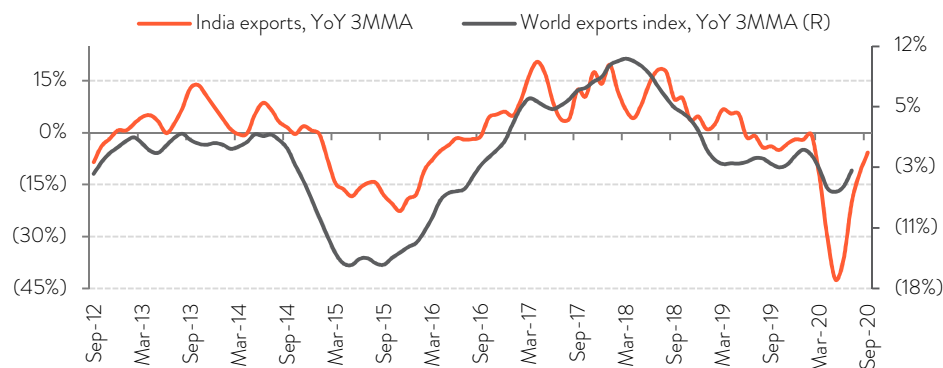
Quarterly SDL issuances, (Rs bn)	FY16	FY17	FY18	FY19	FY20	FY21 (actual)	FY21 (planned)
Q1	502	548	650	766	815	1,673	1,272
Q2	627	792	1,130	809	1,439	1,614	1,783
Q3	858	1,214	1,054	1,277	1,470	223*	2,022
Q4	959	1,322	1,348	1,809	2,006	-	-
<b>Total</b>	<b>2,946</b>	<b>3,876</b>	<b>4,182</b>	<b>4,661</b>	<b>5,731</b>	<b>3,510</b>	<b>-</b>

Source: RBI; \*As of 6 Oct 2020

## External sector

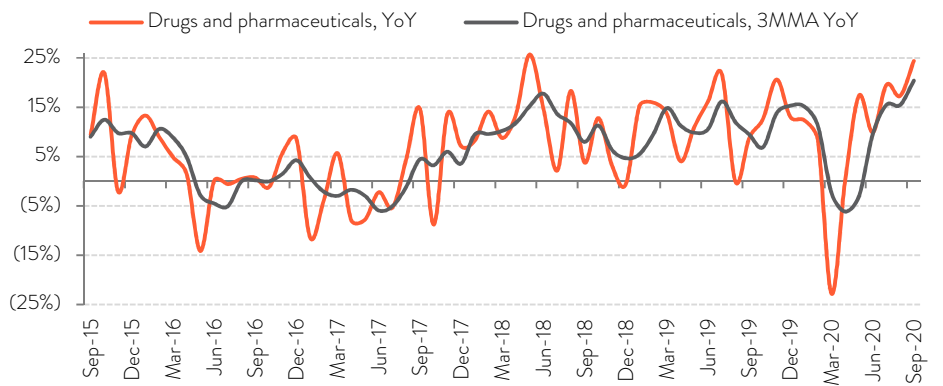
### Exports

**FIG 151 – INDIA'S EXPORTS RISE FOR THE FIRST TIME IN 6-MONTHS, GLOBAL EXPORTS ALSO IMPROVING**

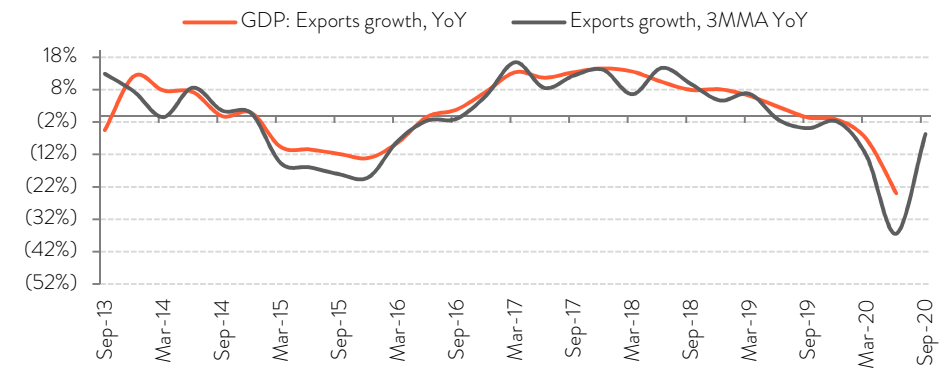


### Exports by major sectors

**FIG 153 – DRUGS AND PHARMA EXPORTS PICK UP FURTHER IN SEP'20**

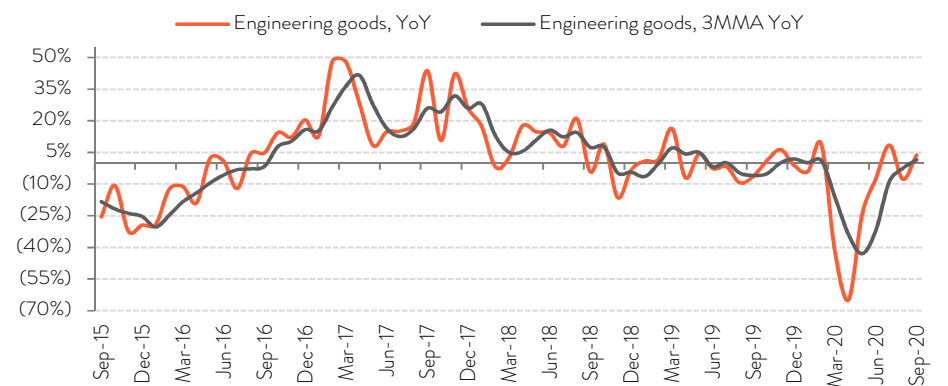


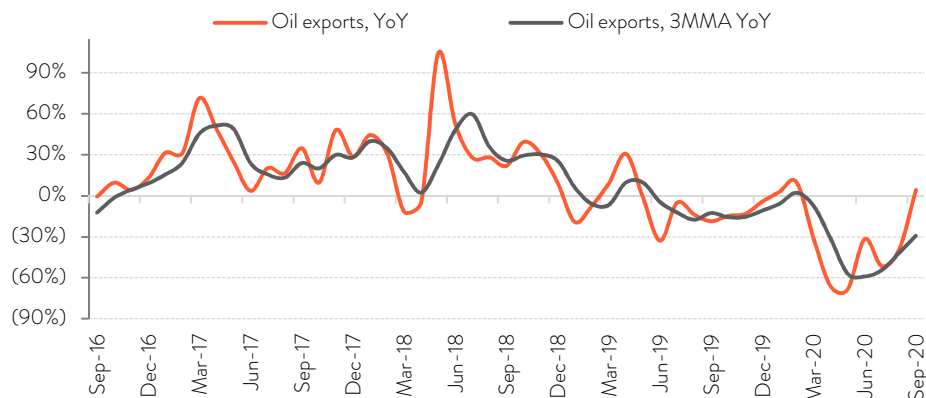
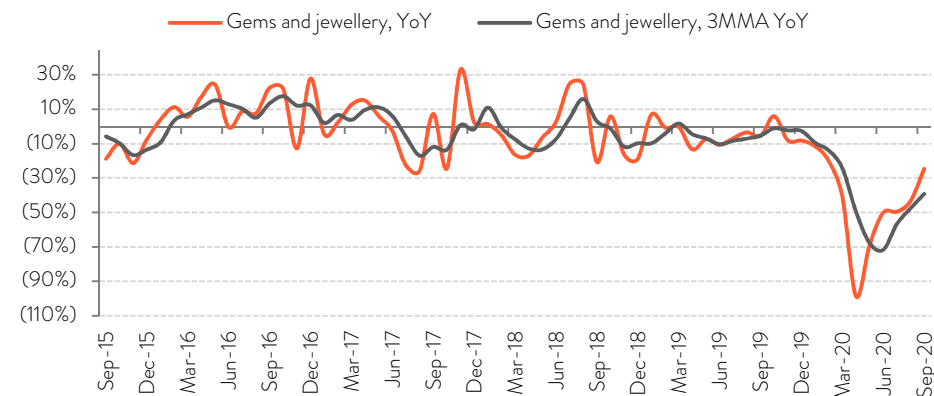
**FIG 152 – INDIA'S EXPORT GROWTH CONTRACTED BY 5.7% IN Q2FY21 COMPARED WITH A DECLINE OF 36.2% IN Q1FY21**



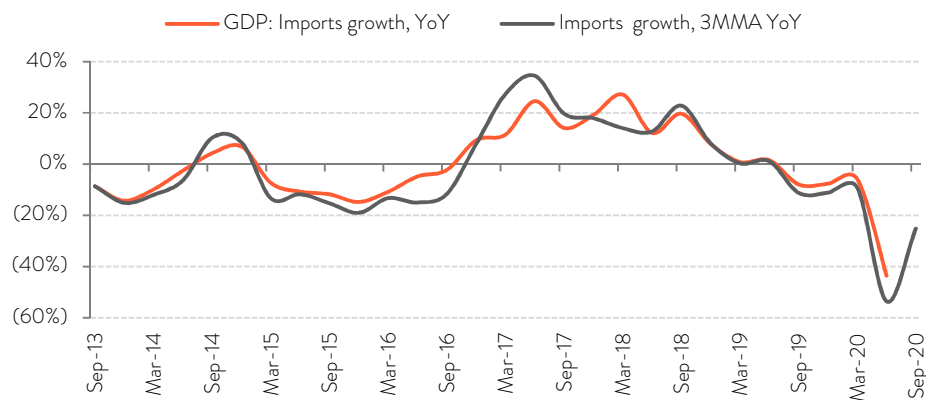
Note: Figure for Sep'20 is average for the period Jul-Sep'20

**FIG 154 – EXPORTS OF ENGINEERING GOODS ALSO RISES BY 3.7% IN SEP'20**

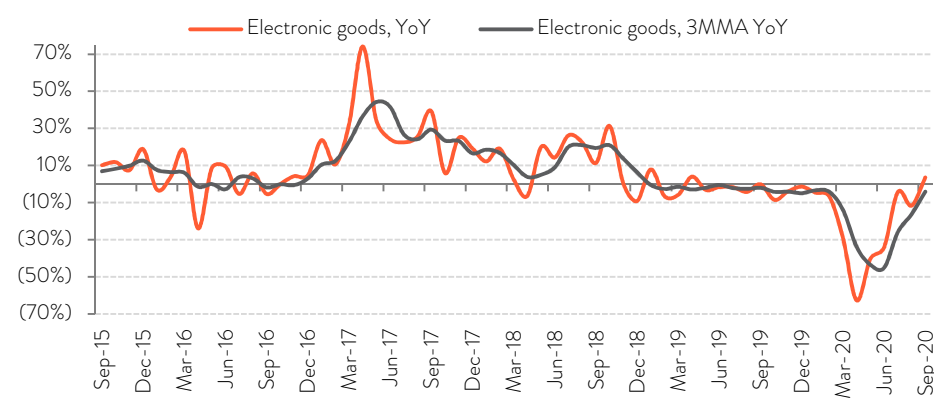


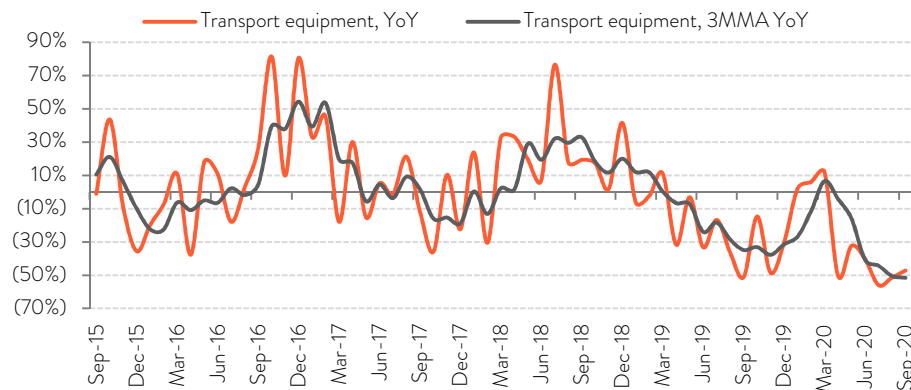
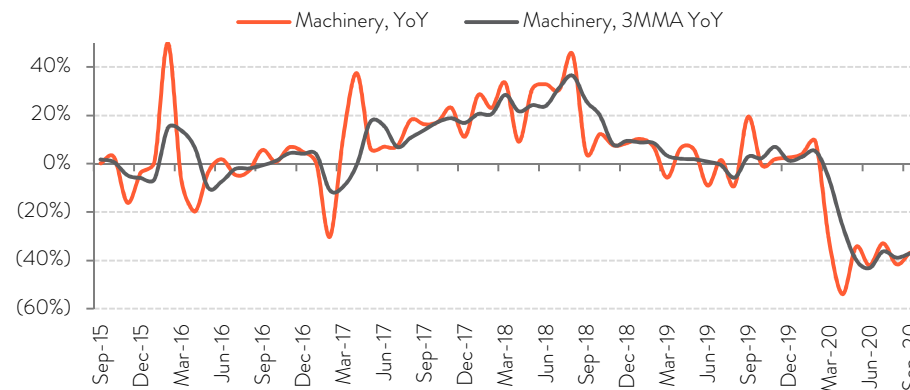
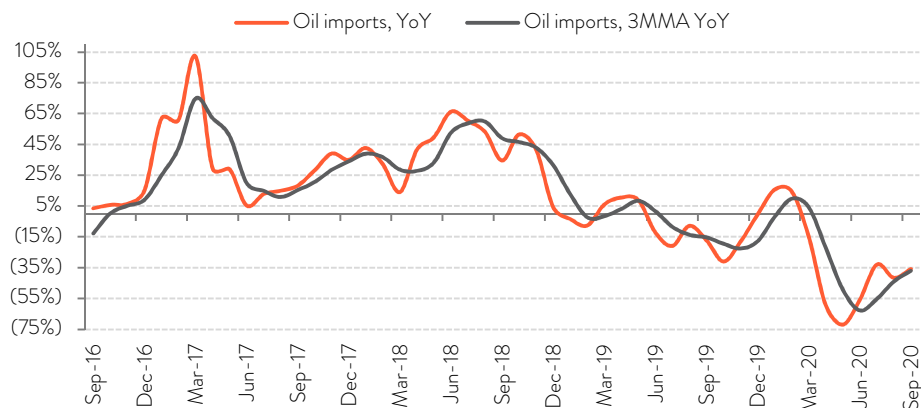
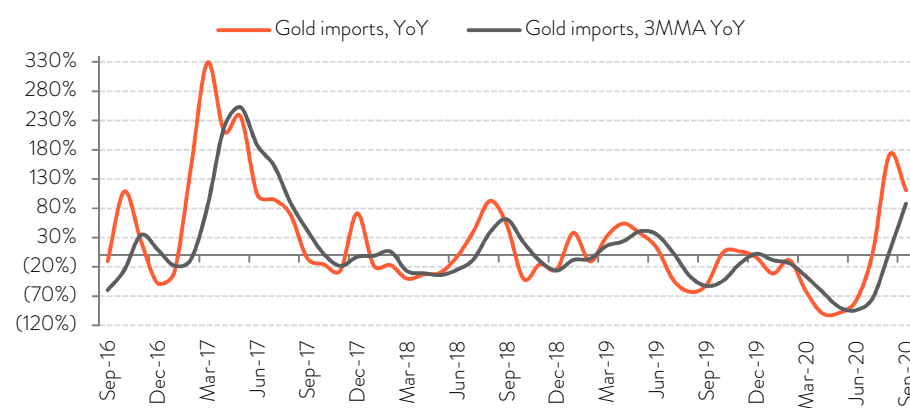
**FIG 155 – OIL EXPORTS ALSO IMPROVE IN SEP'20****FIG 156 – HOWEVER GEMS AND JEWELLERY EXPORTS CONTINUE TO CONTRACT ALBEIT AT A SLOWER PACE**

## Imports

**FIG 157 – IMPORT GROWTH ALSO SHOWS STEADY IMPROVEMENT**

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

**FIG 158 – IMPORT OF ELECTRONIC GOODS PICKED UP IN SEP'20**

**FIG 159 – MARGINAL PICKUP IN IMPORTS OF TRANSPORT EQUIPMENT..****FIG 160 – ... AND MACHINERY****FIG 161 – CONTRACTION IN OIL IMPORTS EASES TO 35.9% IN SEP'20 VERSUS 41.6% DROP IN AUG'20****FIG 162 – GOLD IMPORTS SHOW SOME DECELERATION IN SEP'20**

## Exports and imports by major regions

**FIG 163 – EXPORTS TO CHINA HAVE CONTINUED TO REMAIN BUOYANT IN FYTD21**

Region (% YoY)	Share (in %) FY20	Jun'20	Jul'20	Aug'20	FYTD20	FYTD21
Americas	22.5	(13.7)	(3.6)	(5.9)	1.2	(25.0)
Asia and Pacific (Ex. China)	25.5	3.4	(3.2)	(13.1)	(8.9)	(20.7)
China	5.4	77.8	23.5	15.3	9.6	27.4
Europe	19.5	(24.5)	(10.3)	(12.8)	(2.9)	(32.1)
Middle East and Africa	25.9	(27.4)	(27.9)	(21.8)	0.5	(39.3)
Other	1.1	(93.5)	(77.6)	(77.0)	10.9	(77.1)

Note: FYTD is Apr-Aug

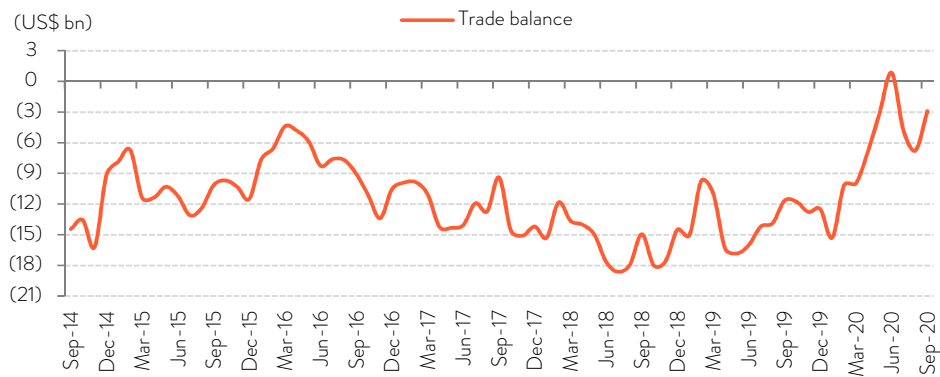
**FIG 164 – IMPORTS FROM ALL REGIONS HOWEVER CONTINUE TO DECLINE**

Region (% YoY)	Share in FY20	Jun'20	Jul'20	Aug'20	FYTD20	FYTD21
Americas	12.8	(48.0)	(31.3)	(14.7)	(2.6)	(42.0)
Asia and Pacific (Ex. China)	25.0	(48.4)	(30.1)	(26.3)	(2.6)	(40.6)
China	13.8	(43.7)	(9.8)	(21.8)	(0.3)	(27.6)
Europe	15.0	(49.0)	(39.1)	(21.9)	(4.0)	(49.8)
Middle East and Africa	30.8	(51.2)	(37.8)	(33.7)	(8.7)	(51.7)
Other	2.6	(23.7)	17.4	(33.3)	27.9	(29.8)

Note: FYTD is Apr-Aug

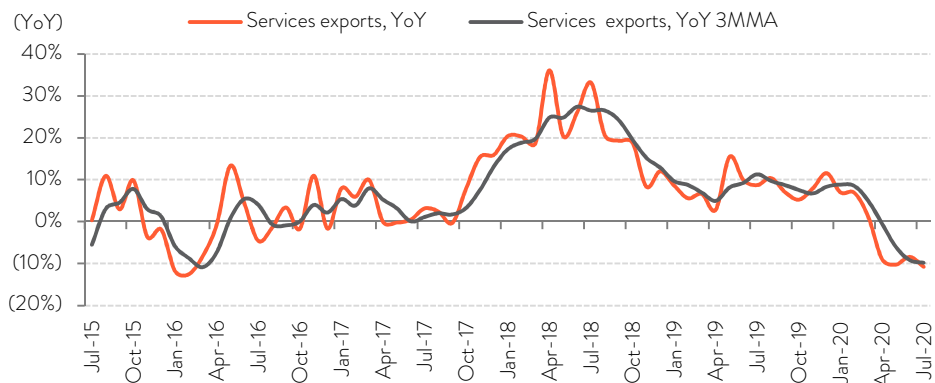
## Trade deficit

**FIG 165 – TRADE DEFICIT NARROWS TO US\$ 2.9BN IN SEP'20 FROM US\$ 6.8BN IN AUG'20**

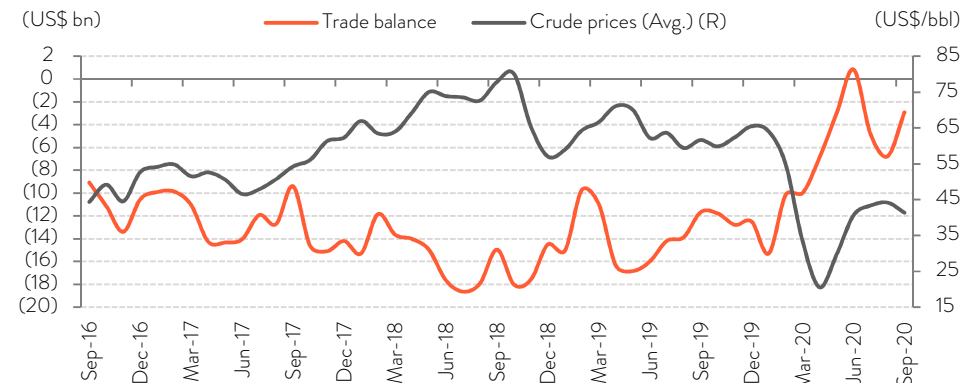


## Trade in services

**FIG 167 – SERVICES EXPORT CONTRACT AT A FASTER PACE OF 10.8% IN JUL'20 VERSUS 8.4% DROP IN JUN'20**



**FIG 166 – OIL PRICES ALSO WERE LOWER IN SEP'20**



## BoP

**FIG 168 – CURRENT ACCOUNT SURPLUS RISES TO A RECORD HIGH AT 3.9% OF GDP IN Q1FY21**

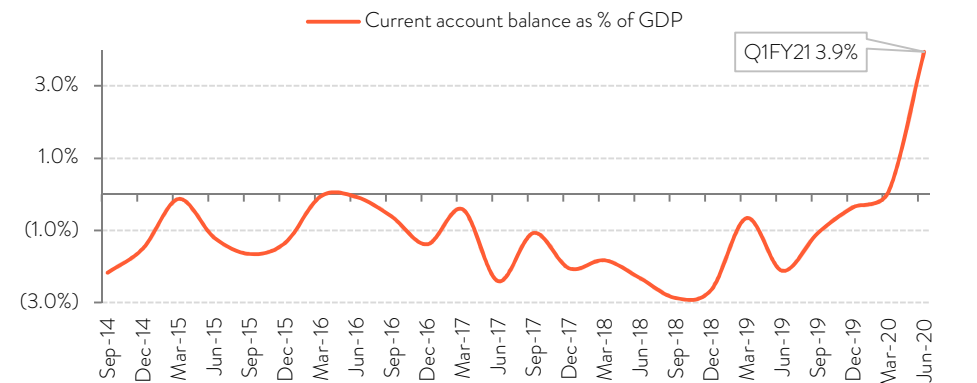


FIG 169 – LED BY LOWER TRADE DEFICIT

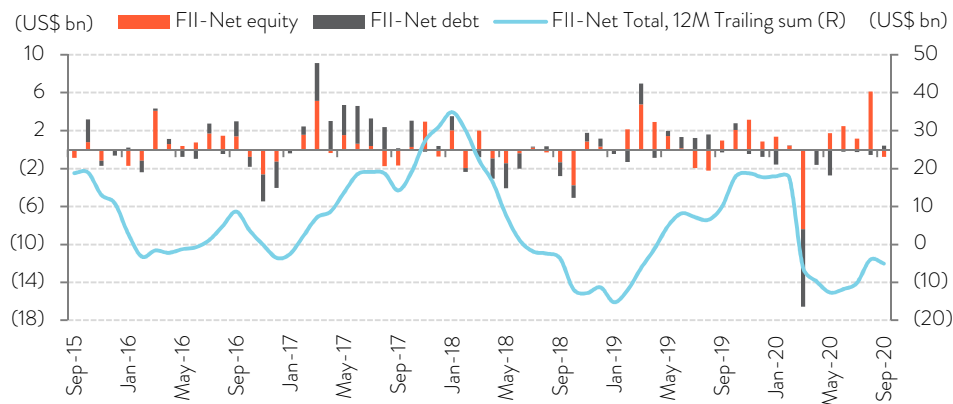
(US\$ bn)	Q1FY20	Q2FY20	Q3FY20	Q4FY20	Q1FY21
<b>Current account</b>	<b>(15.0)</b>	<b>(7.6)</b>	<b>(2.6)</b>	<b>0.6</b>	<b>19.8</b>
<b>CAD/GDP (%)</b>	<b>(2.1)</b>	<b>(1.1)</b>	<b>(0.4)</b>	<b>0.1</b>	<b>3.9</b>
Trade balance	(46.8)	(39.6)	(36.0)	(35.0)	(10.0)
- Merchandise exports	82.7	80.0	81.2	76.5	52.3
- Merchandise imports	129.5	119.6	117.3	111.6	62.3
--Oil imports	35.3	29.6	31.4	32.4	33.4
--Non-oil imports	94.2	90.0	85.9	79.2	28.9
- Net Services	20.1	20.9	21.9	22.0	20.5
--Software	<b>21.0</b>	<b>21.1</b>	<b>21.5</b>	<b>21.1</b>	<b>20.8</b>
Transfers	18.0	20.0	18.9	18.4	17.0
Other invisibles	(6.3)	(8.8)	(7.4)	(4.8)	(7.7)
<b>Capital account</b>	<b>28.7</b>	<b>13.6</b>	<b>23.6</b>	<b>17.4</b>	<b>0.6</b>
<b>% of GDP</b>	<b>4.1</b>	<b>1.9</b>	<b>3.3</b>	<b>2.4</b>	<b>0.1</b>
Foreign investments	18.8	9.8	17.6	(1.8)	0.2
- FDI	14.0	7.3	9.7	12.0	(0.4)
- FII	4.8	2.5	7.8	(13.7)	0.6
Banking capital	3.4	(1.8)	(2.3)	(4.6)	2.2
Short-term credit	2.0	(0.6)	(1.4)	(1.0)	(0.2)
ECBs	6.1	3.3	3.2	10.3	(1.6)
External assistance	1.5	0.4	1.3	0.6	4.1
Other capital account items	(3.1)	2.5	5.2	13.8	(4.2)
E&O	0.4	(0.9)	0.6	0.9	(0.5)
<b>Overall balance</b>	<b>14.0</b>	<b>5.1</b>	<b>21.6</b>	<b>18.8</b>	<b>19.9</b>



## Foreign inflows

### FII inflows

**FIG 170 – FII OUTFLOWS WERE US\$ 357MN IN SEP'20, LED BY EQUITY**



Source: Bloomberg

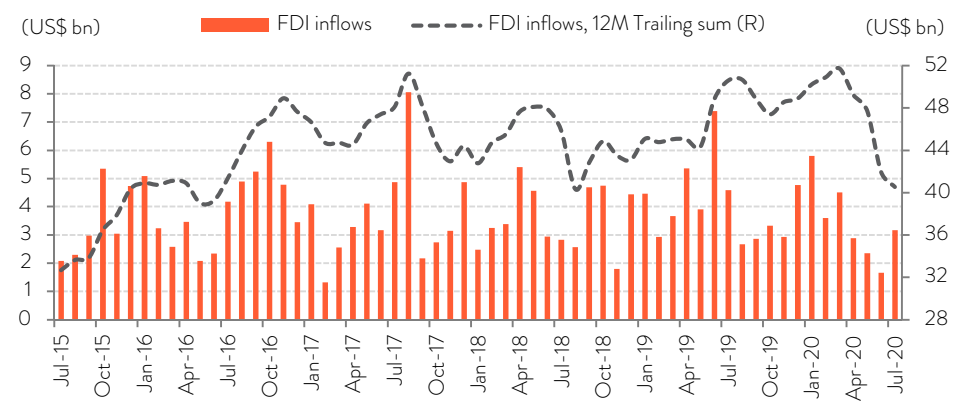
**FIG 172 – FDI INFLOWS INTO ALL SECTORS SEE A DIP IN Q1FY21**

Sector	% Share FY20	Jun'19	Sep'19	Dec'19	Mar'20	Jun'20
Services Sector	15.7	2.8	1.7	2.1	1.3	1.1
Computer software and hardware	15.4	2.2	1.8	2.3	1.3	1.1
Trading	9.2	1.1	1.0	1.4	1.1	0.4
Telecommunications	8.9	4.2	0.1	0.0	0.2	0
Automobile industry	5.7	1.0	1.2	0.4	0.3	0.3

Source: DIPP

### FDI inflows

**FIG 171 – FDI INFLOWS AT US\$ 10.1BN IN FYTD21 VERSUS US\$ 21.3BN IN FYTD20**



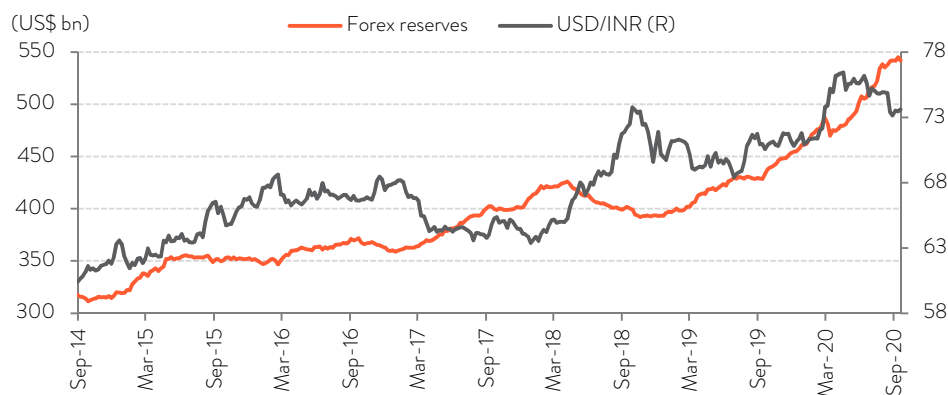
Source: RBI, Bank of Baroda Research

**FIG 173 – FDI INFLOWS FROM SINGAPORE DECELERATE THE MOST IN Q1FY21**

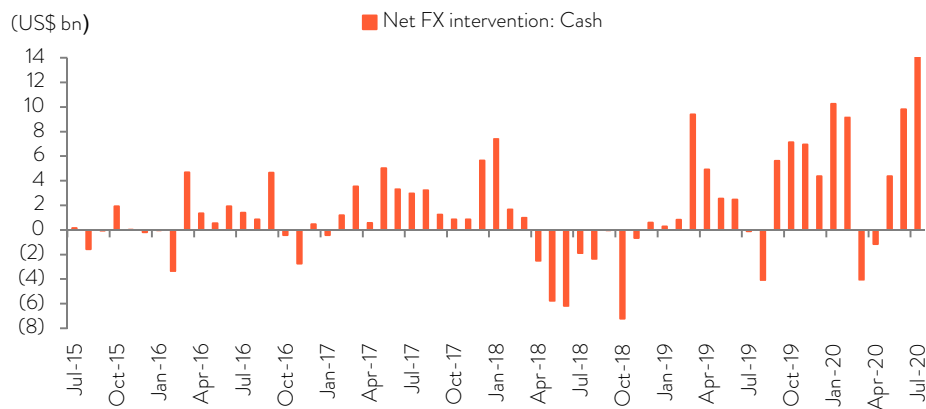
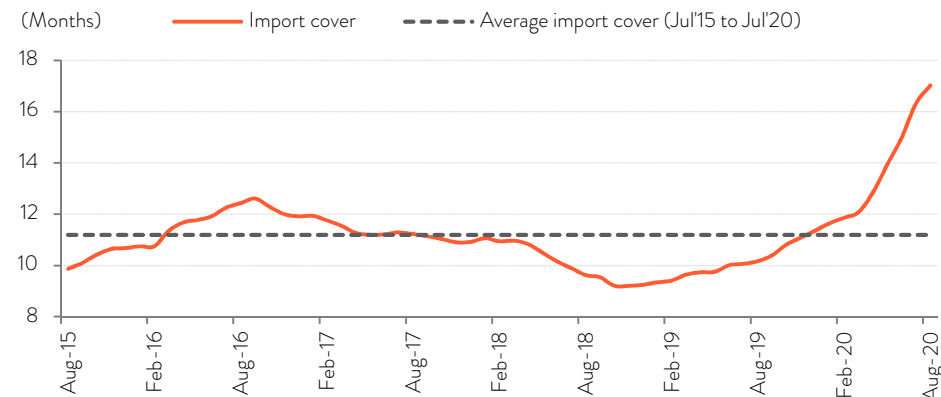
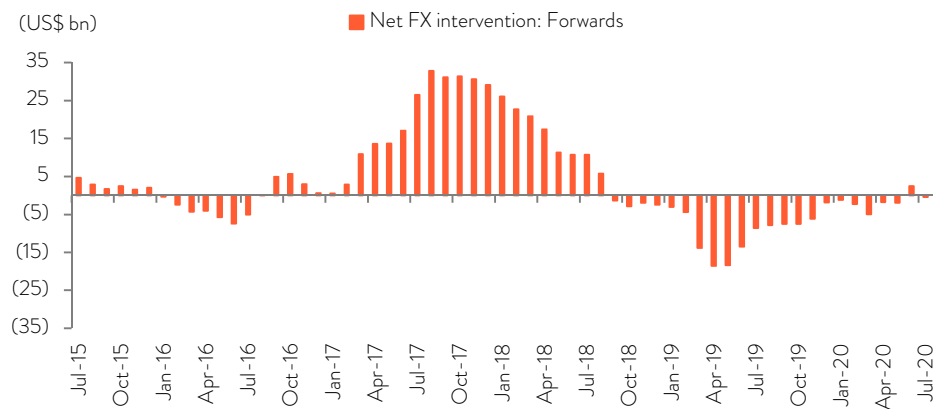
Country (US\$ bn)	% Share in FY20	Jun'19	Sep'19	Dec'19	Mar'20	Jun'20
Singapore	29.4	5.3	2.7	3.6	3.0	1.8
Mauritius	16.5	4.7	1.7	1.1	0.8	0.9
Netherlands	13.0	1.4	1.0	1.2	3.0	1.1
Japan	6.5	0.5	1.3	1.0	0.4	0.4
UK	2.8	0.3	0.6	0.3	0.3	0.2

Source: DIPP

## Forex reserves and external debt

**FIG 174 – INDIA'S FX RESERVES AT US\$ 542BN IN SEP'20**

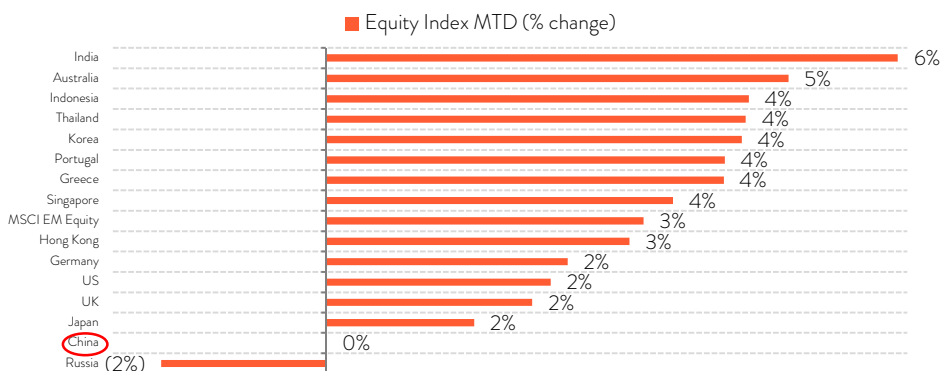
Source: Bloomberg | Weekly data as of 25 Sep 2020

**FIG 176 – RBI'S BOUGHT US\$ 16BN IN THE SPOT MARKET IN JUL'20 VERSUS PURCHASE OF US\$ 9.8BN IN JUN'20****FIG 175 – IMPORT COVER RISES TO 17 MONTHS IN AUG'20****FIG 177 – IN FORWARDS MARKET, RBI SOLD US\$ 2.8BN IN JUL'20, OUTSTANDING POSITION AT US\$ 0.4BN IN JUL'20**

## Markets

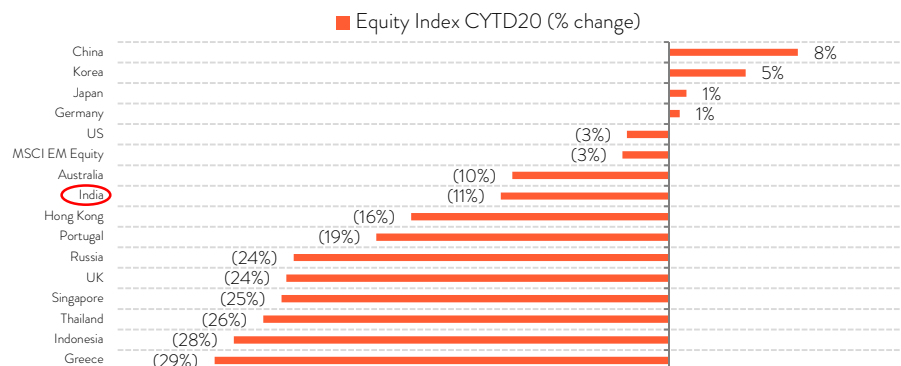
### Equity

**FIG 178 – IN OCT'20, SENSEX ROSE BY 6% IN CONSTANT CURRENCY TERMS**



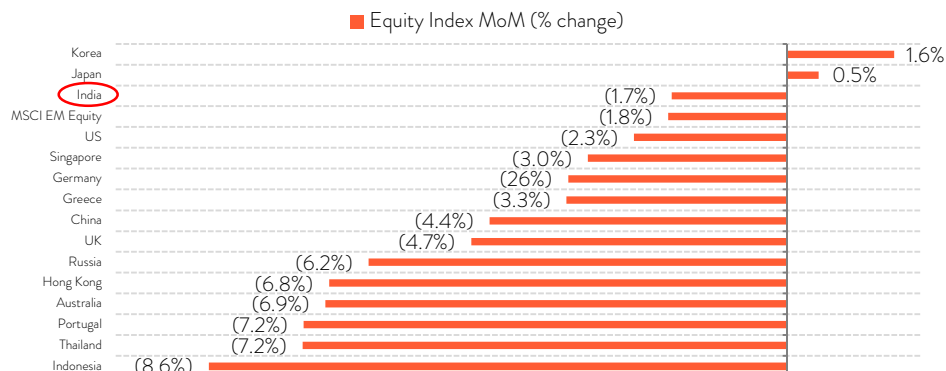
Source: Bloomberg | \* As on 8 Oct 2020, Indices are in US\$ terms

**FIG 180 – HOWEVER, SENSEX FELL SHARPLY BY 11% ON CYTD20 BASIS**



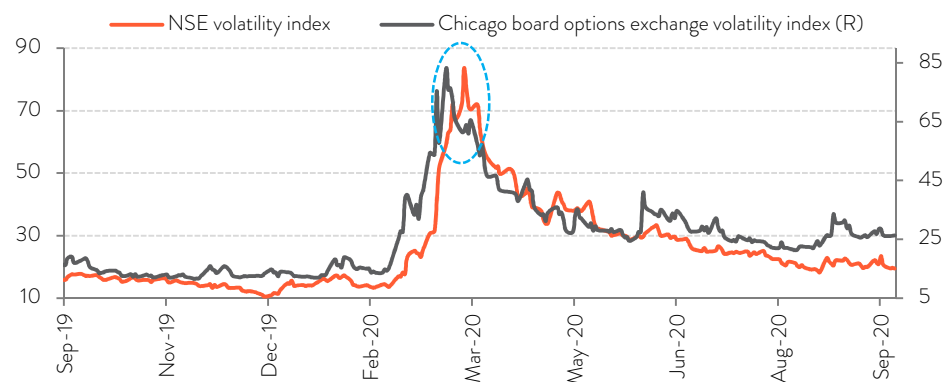
Source: Bloomberg | \* As on 30 Sep 2020, Indices are in US\$ terms

**FIG 179 – SENSEX FELL BY 1.7% IN SEP'20 IN LINE WITH MSCI EM INDEX (1.8% DECLINE)**

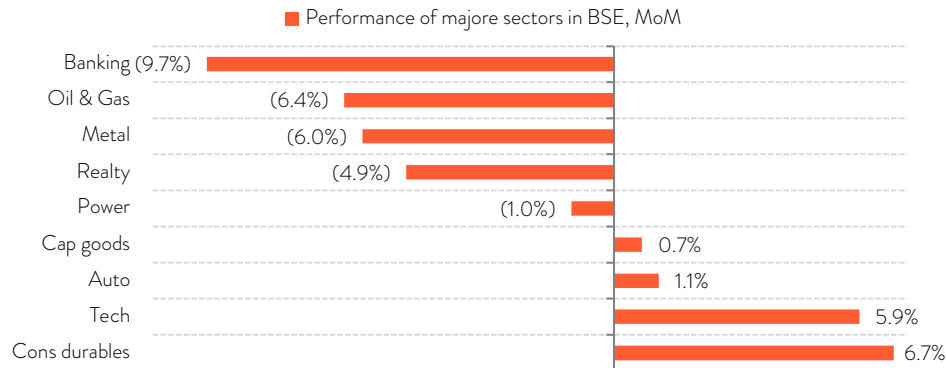


Source: Bloomberg | \* As on 30 Sep 2020, Indices are in US\$ terms

**FIG 181 – VIX INDEX WAS AT 19.5 IN SEP'20 VERSUS 22.84 IN AUG'20**

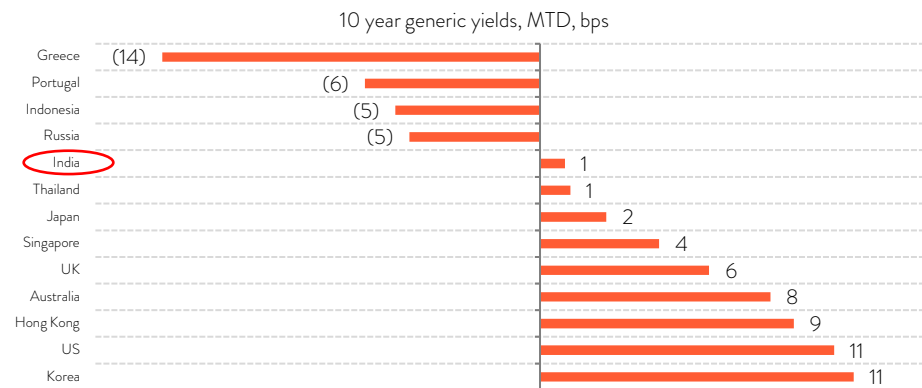


Source: Bloomberg

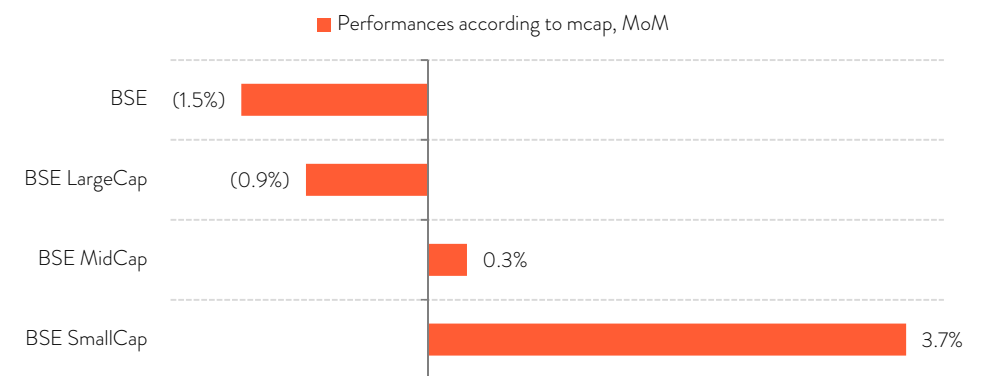
**FIG 182 – CONSUMER DURABLES STOCK ROSE THE MOST**

Source: Bloomberg | As on 30 Sep 2020

## 10 year bond yields

**FIG 184 – IN OCT'20, INDIA'S 10Y YIELD ROSE marginally BY 1BPS; IT IS HOWEVER TRADING LOWER AFTER RBI POLICY**

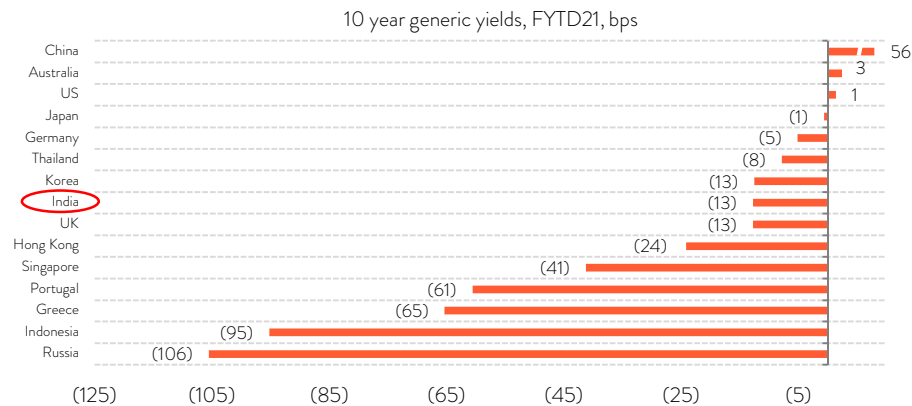
Source: Bloomberg | \*As on 8 Oct 2020, Note: For India 5.77GS2030 yield is taken

**FIG 183 – SMALL CAPS ROSE THE MOST IN SEP'20**

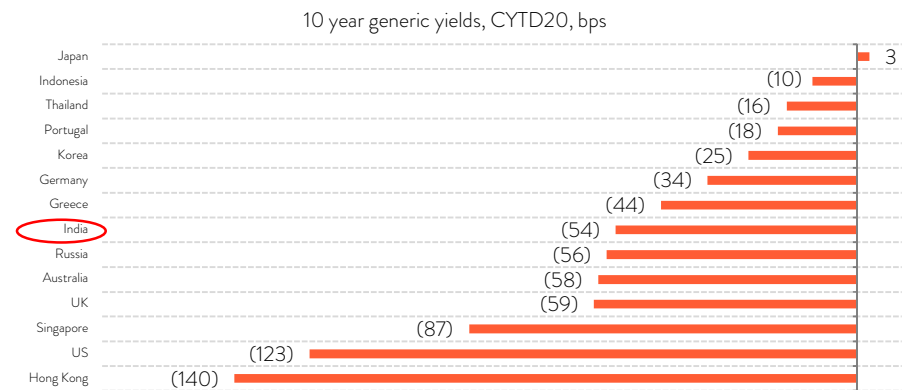
Source: Bloomberg | As on 30 Sep 2020

**FIG 185 – INDIA'S 10Y YIELD FELL BY 11BPS IN SEP'20 ON THE BACK OF LOWER OIL PRICES**

Source: Bloomberg | \* As on 30 Sep 2020, Note: For India 5.77GS2030 yield is taken

**FIG 186 – IN FYTD21, INDIA'S 10Y YIELD HAS FALLEN BY 13BPS**

Source: Bloomberg | \* As on 30 Sep 2020, Note: For India 5.77GS2030 yield is taken

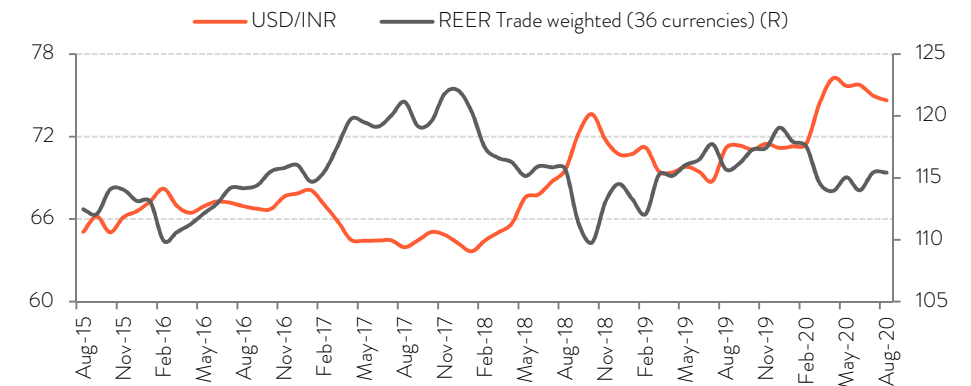
**FIG 187 – IN CYTD20, INDIA'S 10Y YIELD FELL SHARPLY BY 54BPS, US 10Y YIELD FELL BY 123BPS**

Source: Bloomberg | \* As on 30 Sep 2020, Note: For India 5.77GS2030 yield is taken

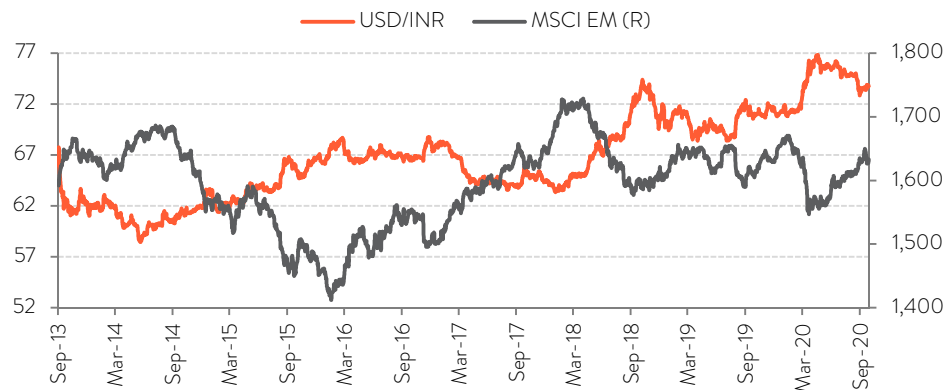
## Currencies

**FIG 188 – INR DEPRECIATED marginally IN SEP'20**

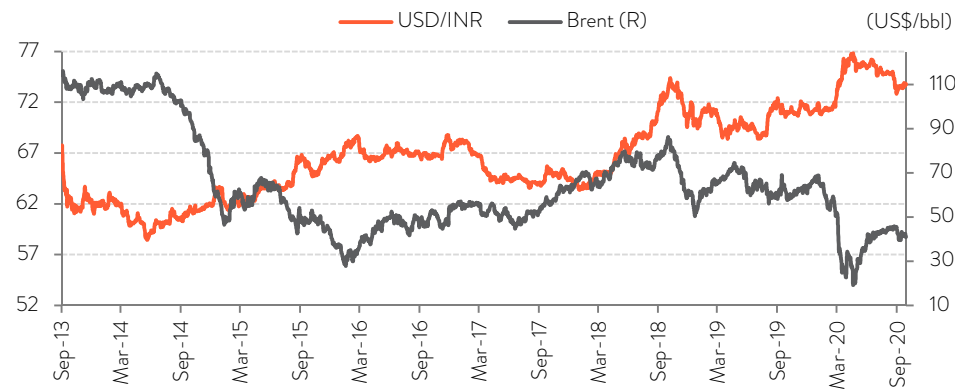
Source: Bloomberg | \*As on 30 Sep 2020

**FIG 189 – INR STILL OVERVALUED BY 15.4% (AUG'20)**

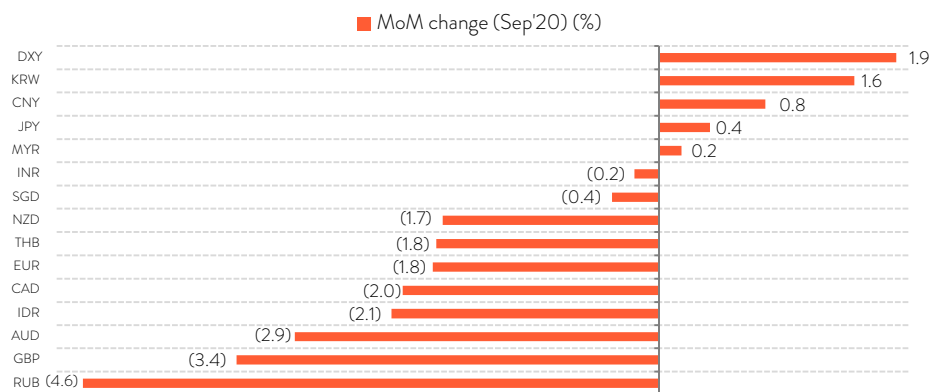
Source: Bloomberg

**FIG 190 – EM CURRENCIES ROSE BY 0.4% IN SEP'20**

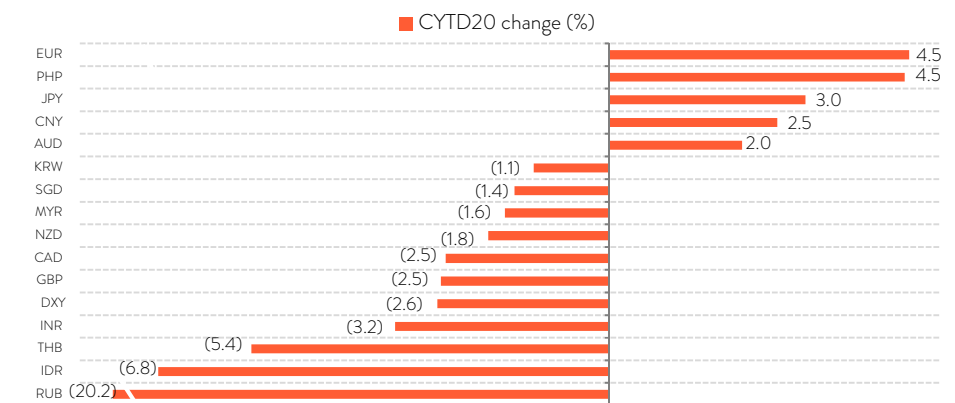
Source: Bloomberg | \*As on 30 Sep 2020

**FIG 191 – SUPPORTED BY LOWER OIL PRICES**

Source: Bloomberg | \*As on 30 Sep 2020

**FIG 192 – GLOBAL CURRENCIES CLOSED MOSTLY LOWER AS DOLLAR REBOUNDED**

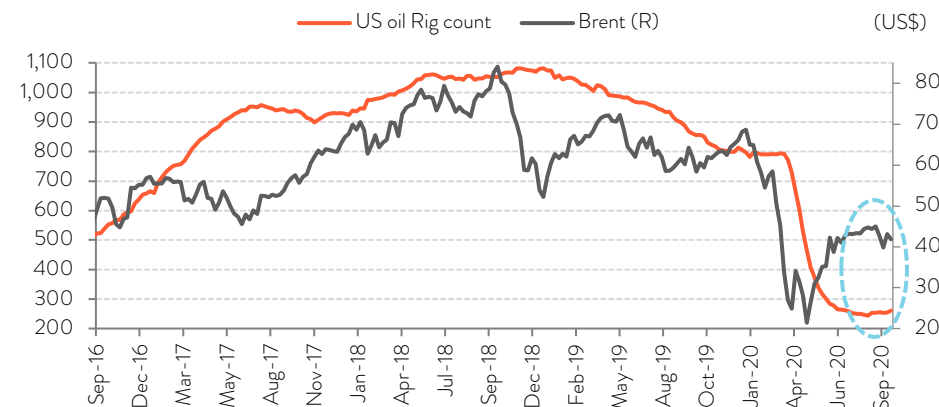
Source: Bloomberg | \*As on 30 Sep 2020

**FIG 193 – IN CYTD20, INR HAS DEPRECIATED BY 3.2%**

Source: Bloomberg | \*As on 30 Sep 2020

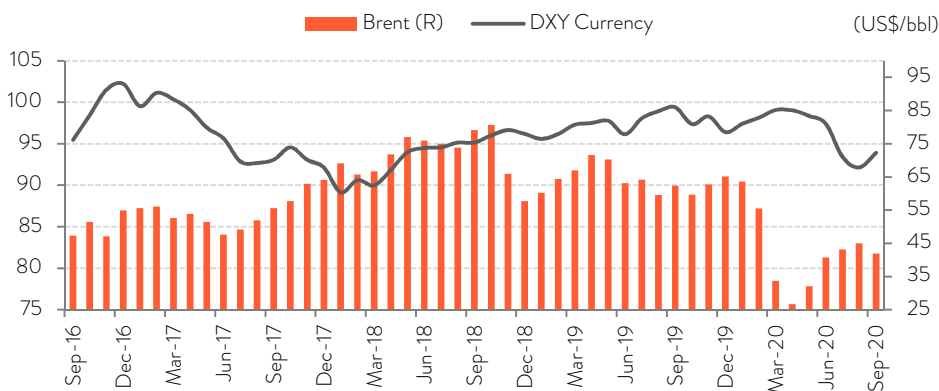
## Commodities

**FIG 194 – OIL PRICES ON AN AVERAGE FELL TO US\$ 42/BBL IN SEP'20 (US\$ 45/BBL IN AUG'20); US RIG COUNT WAS HIGHER AT 261 FROM 254 IN AUG'20**



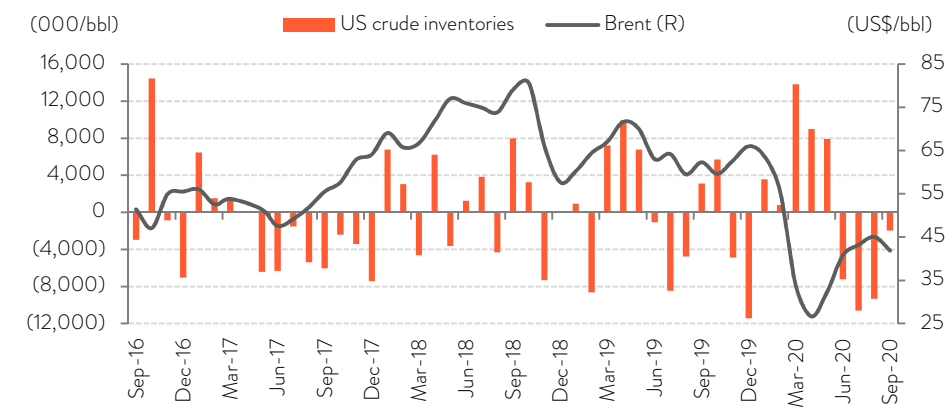
Source: Bloomberg

**FIG 196 – DXY INCHED UP TO 93.9 IN SEP'20 FROM 92.14 IN AUG'20; OIL PRICES ON THE OTHER HAND DECLINED**



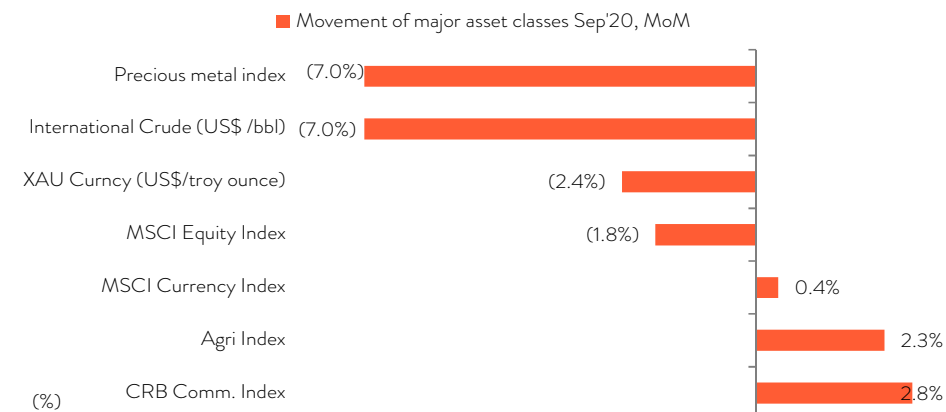
Source: Bloomberg | DXY Index as on last trading day of the month

**FIG 195 – DRAWDOWN IN US CRUDE OIL INVENTORIES EASED IN SEP'20**



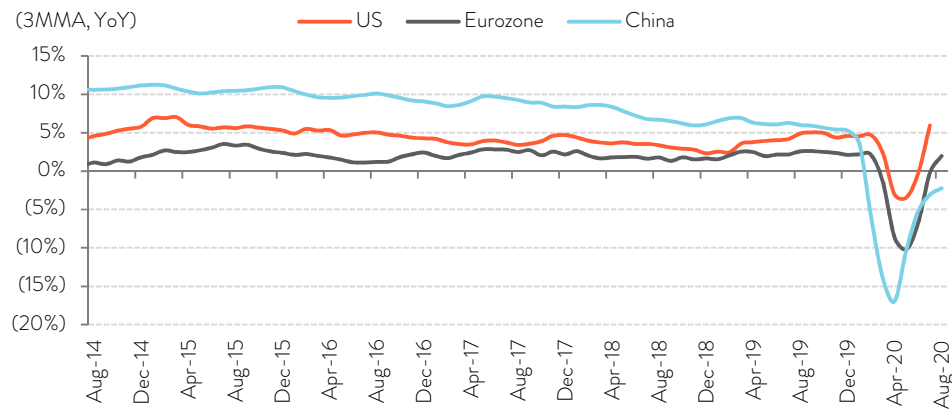
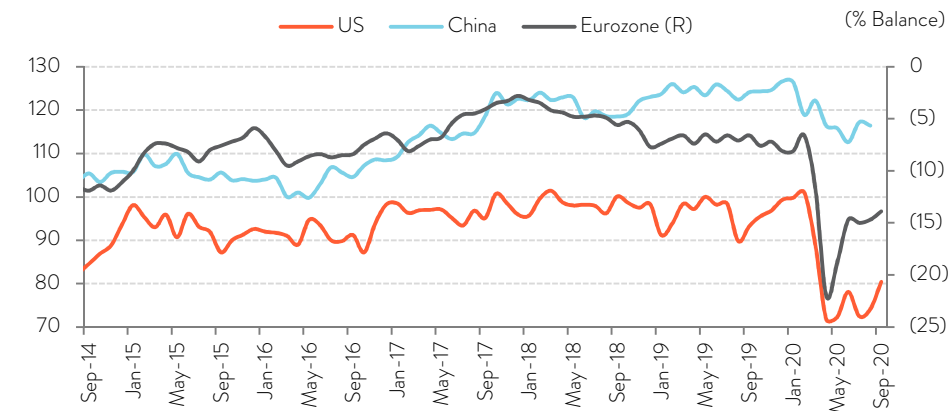
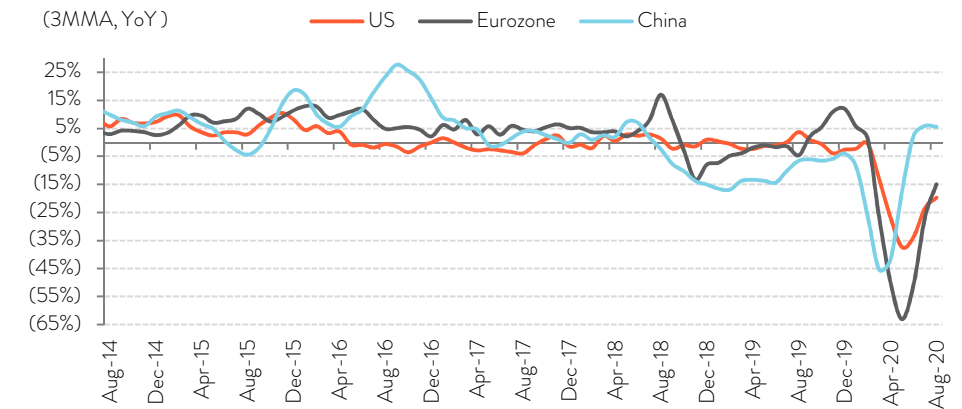
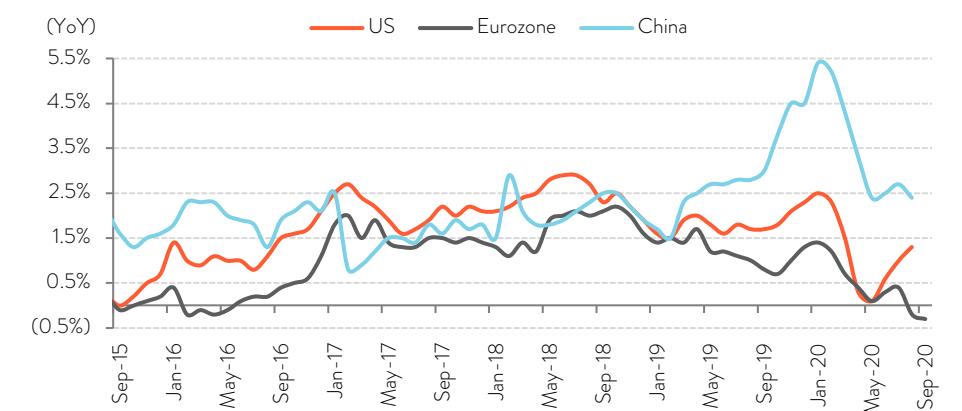
Source: Bloomberg

**FIG 197 – GOLD PRICES FELL BY 2.4% IN SEP'20 ON A MOM BASIS**



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

## Global consumption

**FIG 198 – RETAIL SALES IMPROVE IN US AND EUROZONE**

**FIG 200 – CONSUMER CONFIDENCE HIGHER FOR US; DIPS FOR EUROZONE**

**FIG 199 – AUTO SALES SLIPS IN AUG'20**

**FIG 201 – CPI CONTRACTS FOR EUROZONE; EDGES UPWARDS FOR US**




## Policy

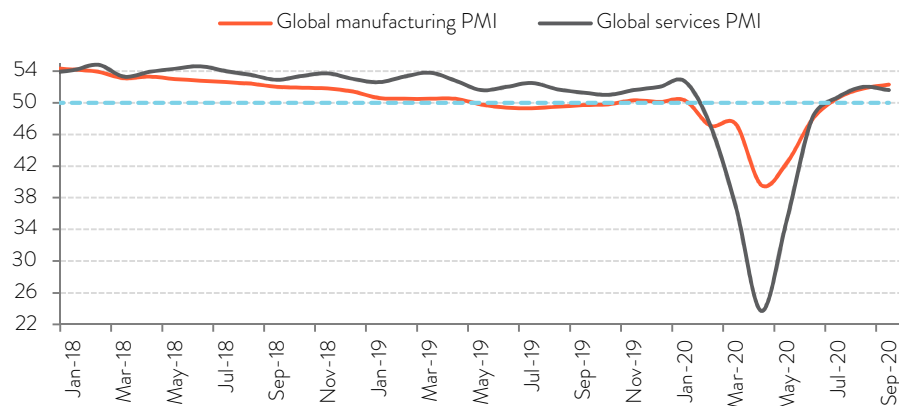
**FIG 202 – GLOBAL CENTRAL BANKS ARE ON MONETARY EASING CYCLE**

Country	Current inflation rate (%)	Current policy rate (%)	CY19 (change in bps)	CYTD20 (change in bps)	Direction of policy rate in CYTD20
Germany	(0.2)	0.0	0	0	-
Japan	0.2	(0.1)	0	0	-
China	2.4	4.4	0	0	-
Australia	(0.3)	0.3	(75)	(50)	↓
UK	0.2	0.1	0	(65)	↓
Korea	1.0	0.5	(50)	(75)	↓
Thailand	(0.7)	0.5	(50)	(75)	↓
Indonesia	1.4	4.0	(100)	(100)	↓
India	6.7	4.0	(135)	(115)	↓
Malaysia	(1.4)	1.8	(25)	(125)	↓
US	1.3	0.3	(75)	(150)	↓
Turkey	11.8	10.3	(1,200)	(175)	↓
Phillipines	2.3	2.3	(75)	(175)	↓
Russia	3.7	4.3	(150)	(200)	↓
Brazil	2.4	2.0	(200)	(250)	↓
Mexico	4.1	4.3	(100)	(300)	↓

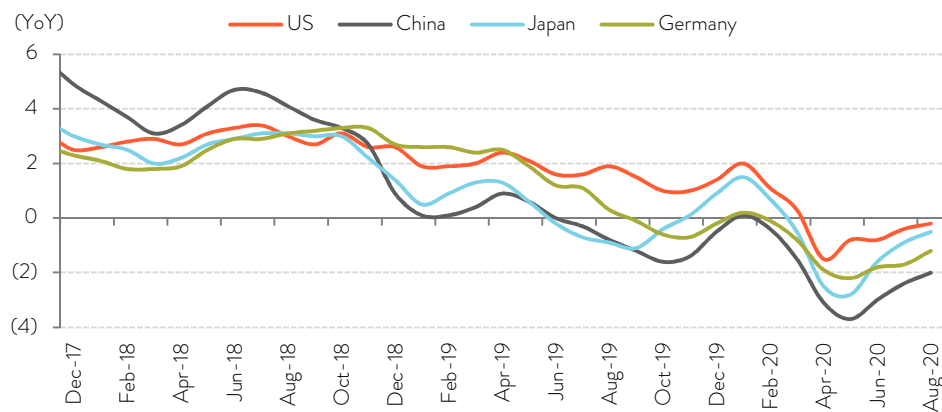
Source: Bloomberg

## Global investment and manufacturing

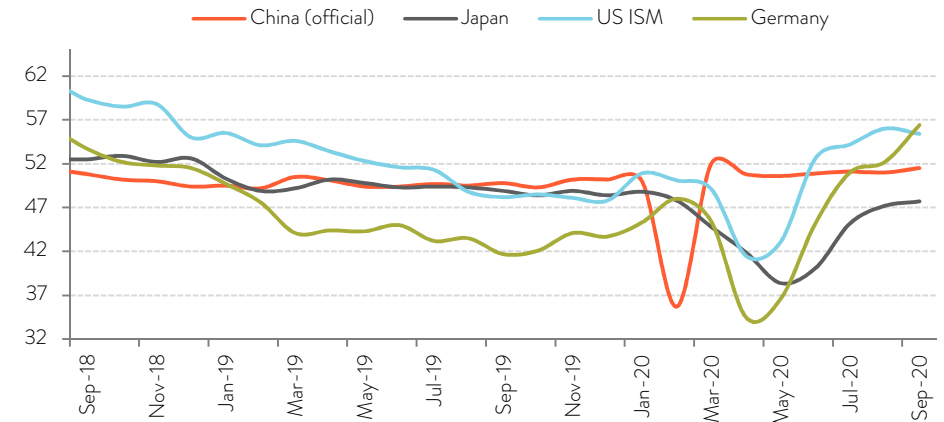
**FIG 203 – GLOBAL MANUFACTURING AND SERVICES ACTIVITY MAINTAIN STEADY MOMENTUM IN AUG'20**



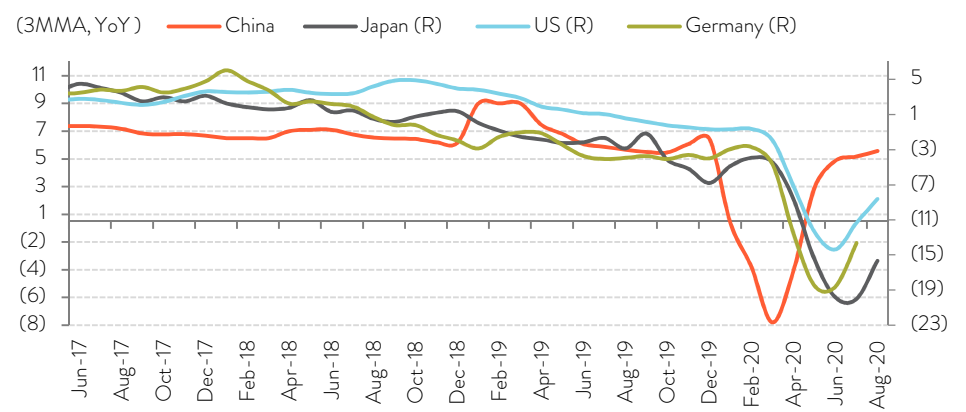
**FIG 205 – PRODUCER PRICES CONTINUE TO INCH UP ACROSS COUNTRIES IN AUG'20**



**FIG 204 – BARRING US, MANUFACTURING ACTIVITY (PMI) STEADY IN OTHER MAJOR ECONOMIES**



**FIG 206 – GLOBAL INDUSTRIAL PRODUCTION CRAWLING UPWARD IN AUG'20**



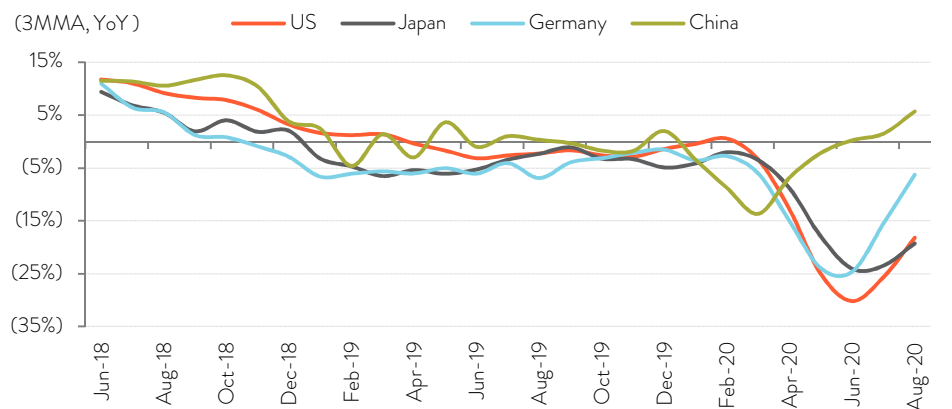
## Global trade

**FIG 207 – WORLD TRADE VOLUME SHOWED IMPROVEMENT IN JUL'20**



Source: NPB, World Trade Monitor

**FIG 209 – EXPORTS FROM ALL MAJOR COUNTRIES PICK UP IN AUG'20**



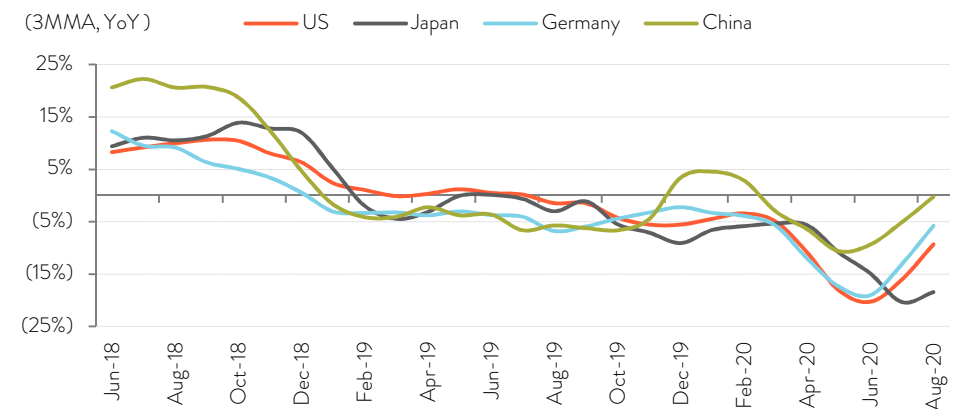
Source: Bloomberg

**FIG 208 – .... LED BY CHINA**

Country/Region (% YoY)	Feb-20	Mar-20	Apr-20	May-20	Jun-20	Jul-20
Africa and Middle East	(1.7)	(1.0)	(0.7)	(3.0)	(6.2)	(8.3)
China	1.3	(3.6)	(2.6)	(1.7)	0	3.3
Eastern Europe / CIS	(0.7)	(1.3)	(3.3)	(5.7)	(8.3)	(9.0)
Emerging Asia (ex. China)	0.1	(0.4)	(3.2)	(8.8)	(10.7)	(9.0)
Euro Area	(2.0)	(4.9)	(13.2)	(20.1)	(20.7)	(14.6)
Japan	(3.5)	(3.9)	(5.3)	(7.9)	(11.9)	(14.2)
Latin America	(3.6)	(2.1)	(5.9)	(14.5)	(17.4)	(16.0)
US	(2.2)	(3.4)	(8.7)	(16.0)	(19.8)	(16.2)

Source: NPB, World Trade Monitor

**FIG 210 – IMPORTS TOO SHOW IMPROVEMENT**



Source: Bloomberg

## Disclaimer

The views expressed in this research note are personal views of the author(s) and do not necessarily reflect the views of Bank of Baroda. Nothing contained in this publication shall constitute or be deemed to constitute an offer to sell/ purchase or as an invitation or solicitation to do so for any securities of any entity. Bank of Baroda and/ or its Affiliates and its subsidiaries make no representation as to the accuracy; completeness or reliability of any information contained herein or otherwise provided and hereby disclaim any liability with regard to the same. Bank of Baroda Group or its officers, employees, personnel, directors may be associated in a commercial or personal

capacity or may have a commercial interest including as proprietary traders in or with the securities and/ or companies or issues or matters as contained in this publication and such commercial capacity or interest whether or not differing with or conflicting with this publication, shall not make or render Bank of Baroda Group liable in any manner whatsoever & Bank of Baroda Group or any of its officers, employees, personnel, directors shall not be liable for any loss, damage, liability whatsoever for any direct or indirect loss arising from the use or access of any information that may be displayed in this publication from time to time.

Visit us at [www.bankofbaroda.com](http://www.bankofbaroda.com)



For further details about this publication, please contact:

### Economics Research Department

Bank of Baroda

[chief.economist@bankofbaroda.com](mailto:chief.economist@bankofbaroda.com)