

# India Economics

## Monthly Chartbook

September 2021

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## India's improving Vaccination rate to boost growth

India's vaccinations run-rate (7-DMA) has increased to 7.5mn. At this pace, as much as 60% of the country will be fully vaccinated by Dec'21. This implies urban economic activity will also normalise in coming months. While near-term rural demand may be impacted by erratic monsoon rains, winter crop outlook looks far better. Government tax collections remain buoyant and give room for accelerated capex spending on roads and railways. Export demand too remains healthy and likely to continue. With food prices moderating, inflation may undershoot RBI's revised trajectory. The above backdrop gives room for yields to remain rangebound between 6.1% and 6.3%. While global central banks are looking at tapering QE injections, RBI is likely to reduce liquidity and then wedge between reverse repo and repo rate in Q4FY22.

**Better outlook on rural demand:** Monsoon was 24% below LPA in Aug'21 with poor rains seen in Punjab, Gujarat and North-East. Kharif sowing is 1.1% below last year's level led by 6.6% decline in cotton and 1.7% fall in edible oils. This will impact production of pandemic resilient agri sector. However, rains in Sep'21 are better. Winter crops sowing should be normal on the back of reservoirs being 94% of 10-year average (80% last year). Government has hiked MSP for mustard (8.6%) and lentils (7.8%) which are seeing highest demand supply mismatch in the country. Thus, outlook on rural demand remains far better than urban which is yet to normalise.

**Centre's tax collections remain buoyant:** Centre's gross tax collections over a 2-year horizon have jumped by 29.1% to Rs 7tn in FYTD22. This is led by 65% rise in corporate tax collections (at Rs 1.5tn) followed by 25% rise in

income tax collections (at Rs 1.6tn). Indirect taxes rose by 21% at Rs 3.9tn. Spending on the other hand is up by 6% over a 2-year horizon, led by capex (+19.4%). Revenue spending is up by 4.3%. In case of states, tax revenue growth has slipped marginally below (-0.8%) pre-pandemic levels at Rs 4.16tn (Rs 4.19tn in FYTD20). However, spending is up by 12.1%, led by 11% rise in revenue expenditure and 8.6% increase in capex. This has been supported by 85% jump in capital receipts (borrowings and loans).

**Yields to remain rangebound:** With robust tax collections, India's 10Y yield has fallen in Sep'21 compared with higher yields in most global markets. Retail inflation may also be lower than RBI's revised trajectory with food prices showing some moderation. Globally, Korea (BoK) raised rates for the first time in 3-years. US Fed is looking at tapering its bond purchases as early as Oct'21. However, spread of delta variant has led to moderation in oil demand and prices. The above backdrop favours 10Y yield to remain rangebound between 6.1-6.3% range. H2 Borrowing calendar will be most important driver in near-term.

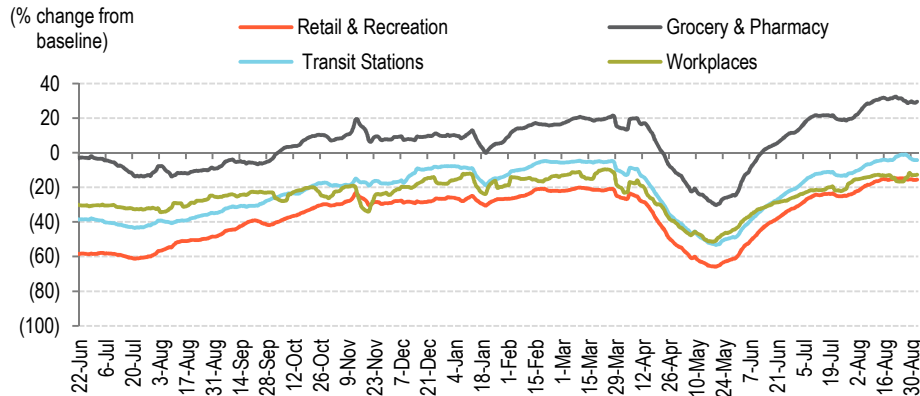
**INR appreciates:** INR rose by 1.9% in Aug'21 supported by FII inflows of US\$ 2.9bn. Softer oil prices (down by 5.1% in Aug'21 MoM) also supported INR. Trade deficit expanded in Aug'21 led by gold imports. While imports are likely to expand further as economic activity improves, strong export momentum is likely to keep trade deficit contained at US\$ 150bn in FY22. This implies that CAD will remain contained at ~1% of GDP in FY22. This should support INR in 73-75/\$ in the near term.

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

## High Frequency Indicators

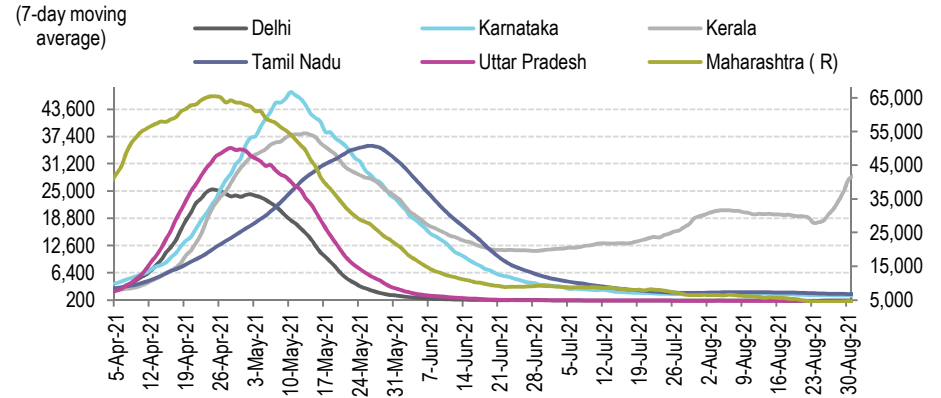
### Mobility index and Covid cases

**Fig 1 – Google mobility index edges lower**



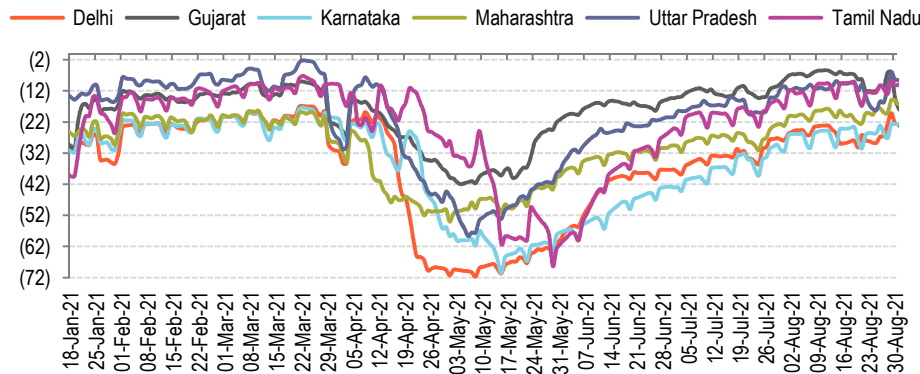
Note: Highlights % change in visits to the place from baseline reading (median value, for the corresponding day of the week, during the five week period 3 Jan – 6 Feb 2020).

**Fig 2 – Statewise cases dropping; Kerala remains an outlier**



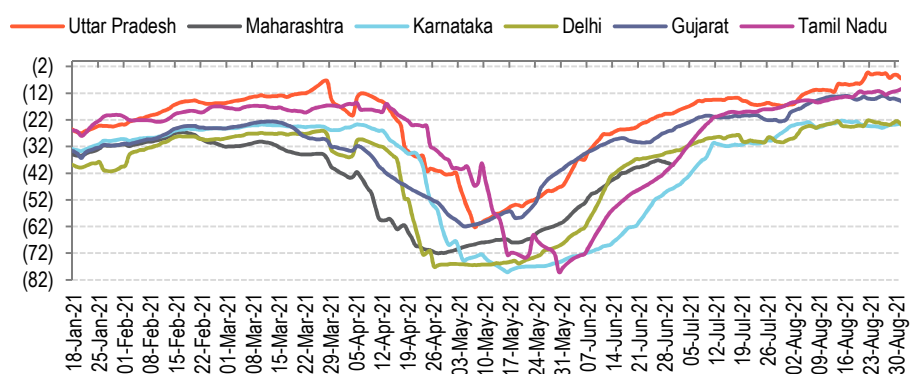
Note: Data taken as 7 days rolling average

**Fig 3 – Workplace mobility slips**



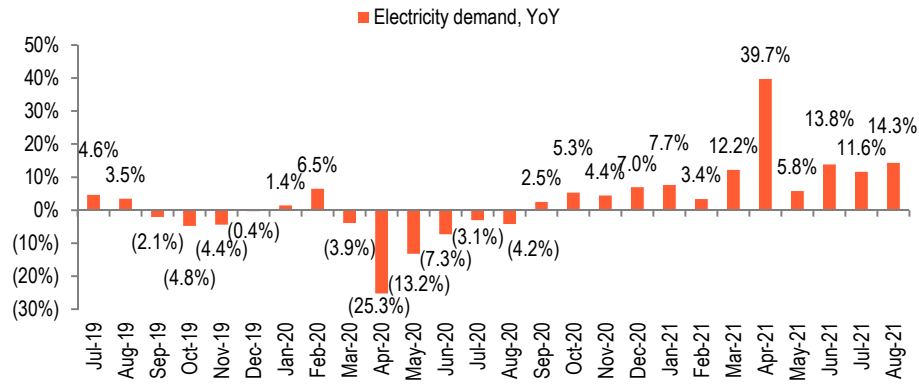
Note: Data taken as 7 days rolling average

**Fig 4 – Retail and recreation remains steady**



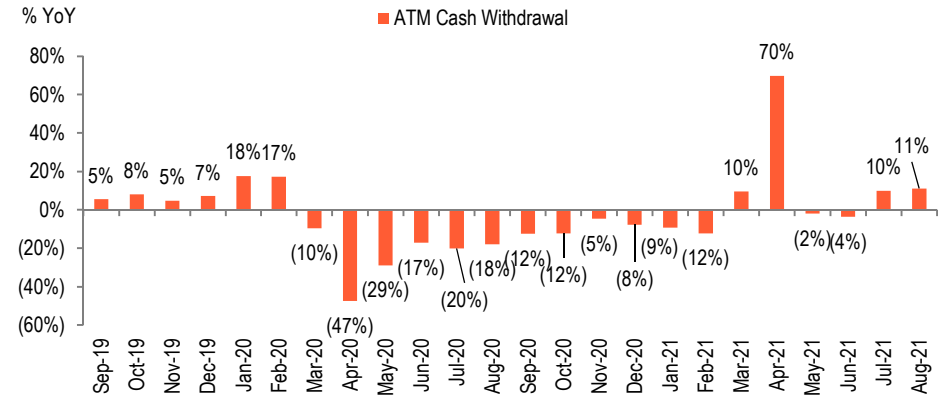
Note: Data taken as 7 days rolling average

**Fig 5 – Electricity demand improves in Aug’21**



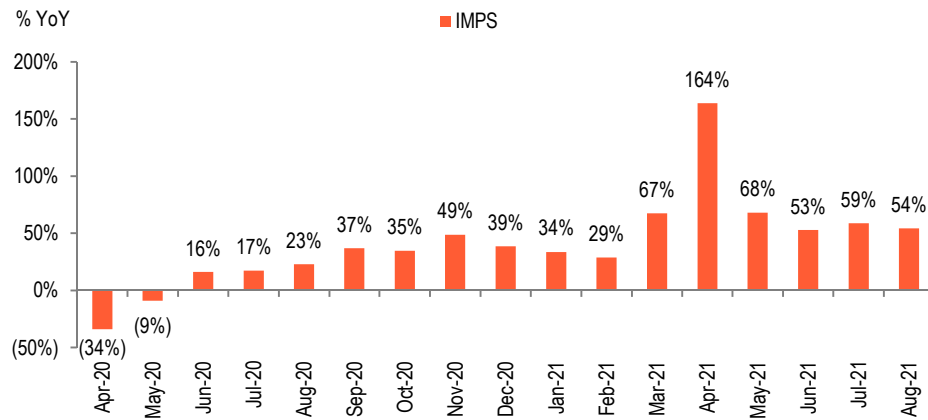
Source: Posoco. Note: Maximum Demand met during peak evening hours (MW)

**Fig 6 – Cash withdrawal inches up**



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

**Fig 7 – IMPS payments dips**



Source: NPCI

**Fig 8 – UPI payments continues to gather momentum**

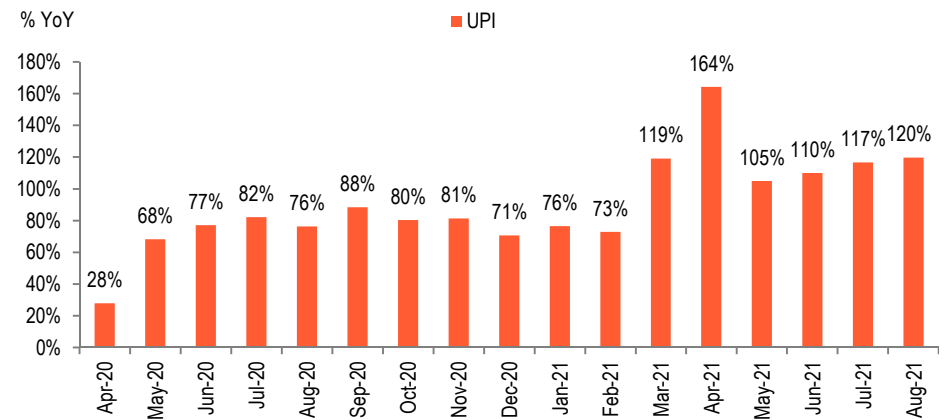


Fig 9 – Fertilizer sales slips

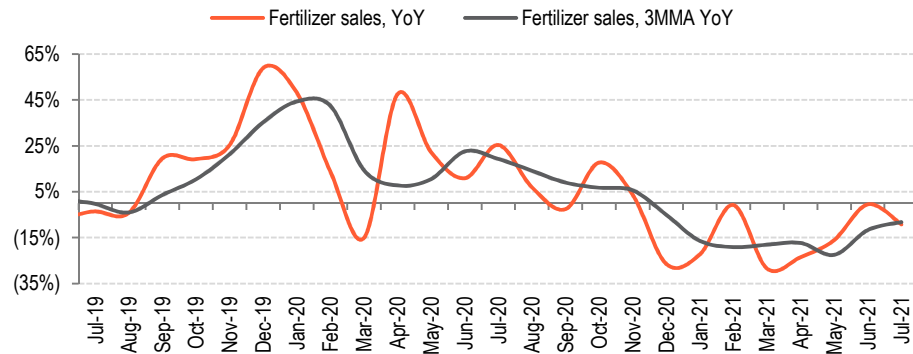
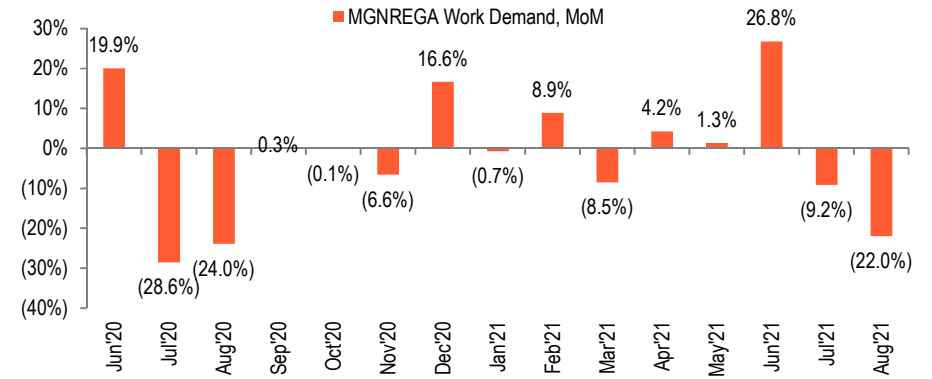


Fig 10 – MGNREGA work demand drops significantly



Source: MGNREGA

Final consumption expenditure

Fig 11 – Private consumption improves in Q1FY22

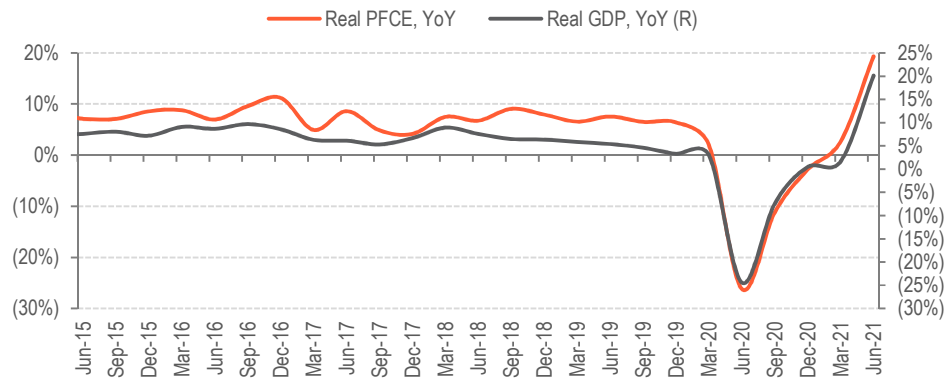


Fig 12 – Government consumption declines

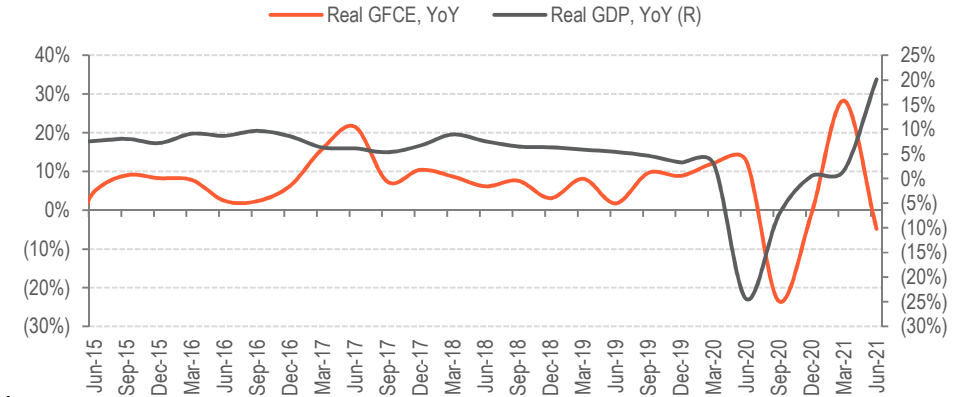


Fig 13 – General govt. revenue spending continues to dip

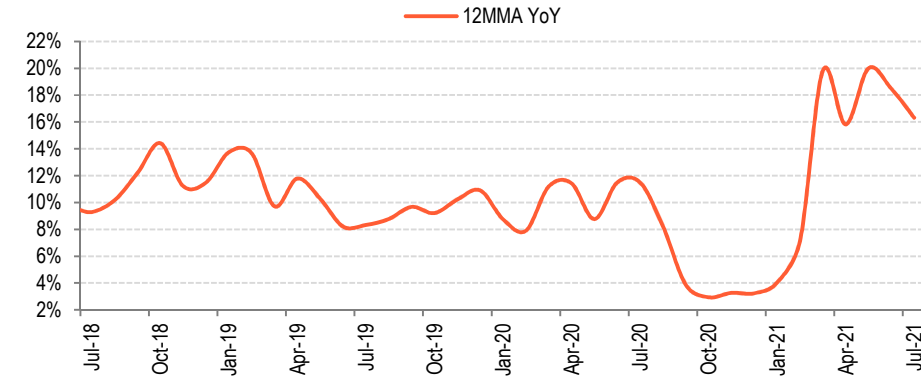
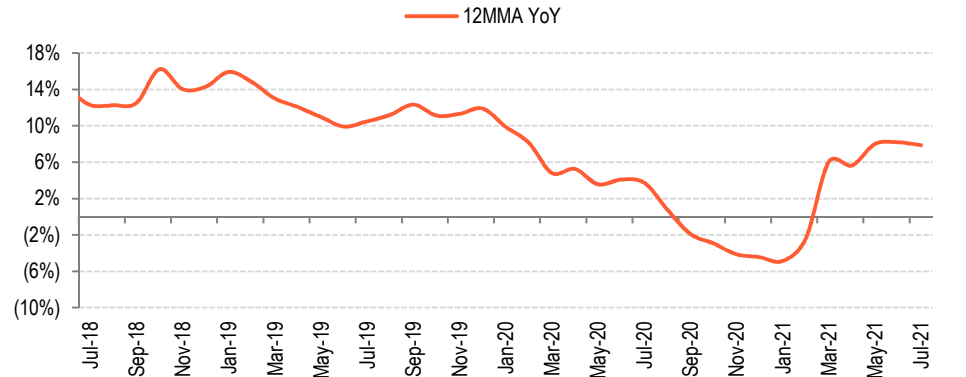


Fig 14 – State\* govt. revenue spending too slips



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

Non-oil imports, electronic imports

Fig 15 – Moderation in non-oil-non-gold imports

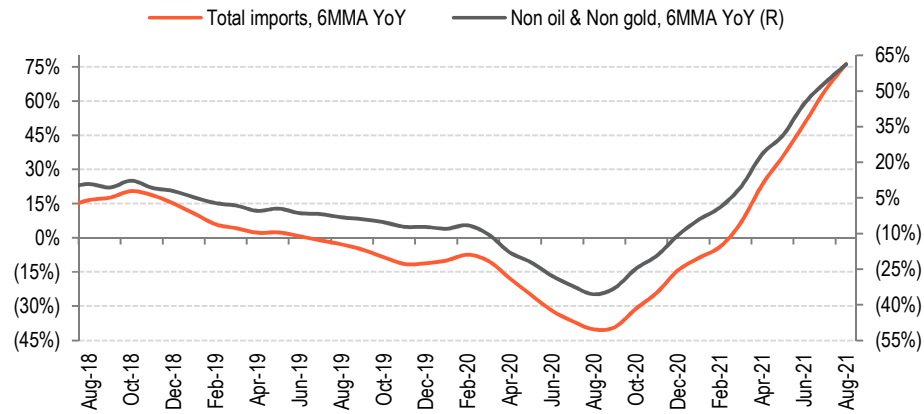


Fig 16 – Electronic imports up in Aug'21

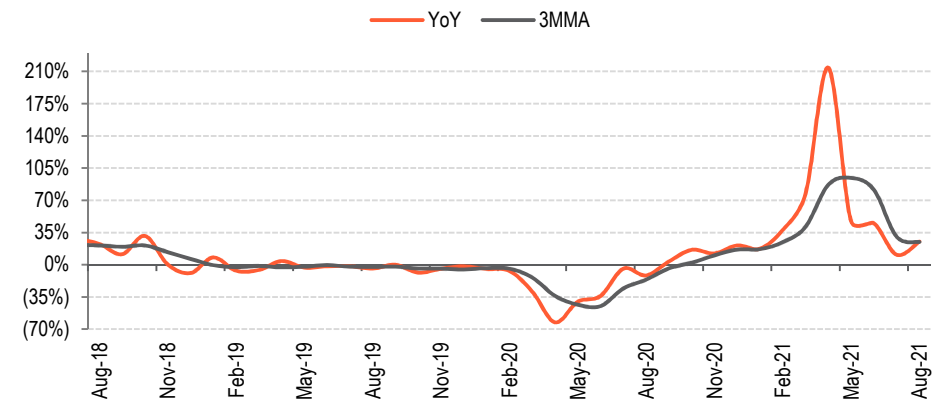
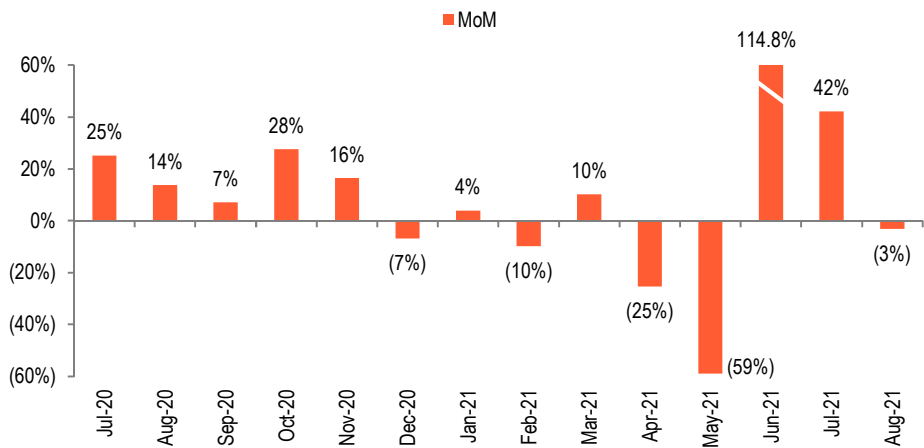
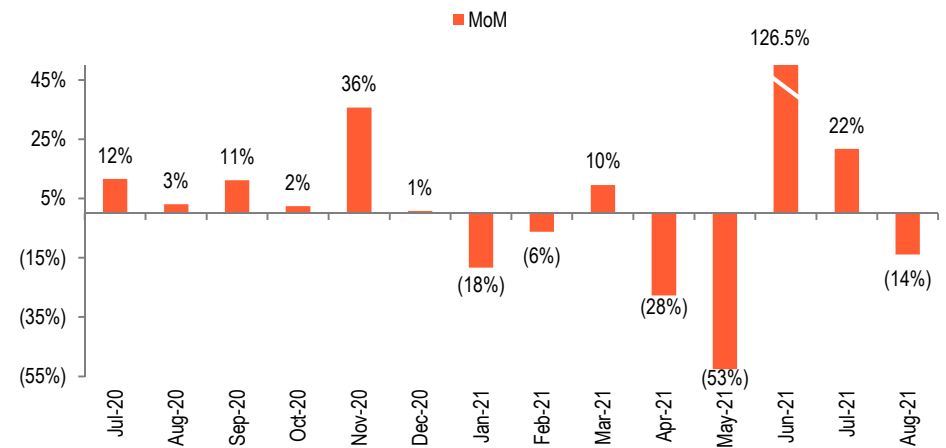


Fig 17 – Passenger car sales dip due to chip shortage



Source: FADA

Fig 18 – Two-wheeler sales contracts



Credit deployment of personal loans

Fig 19 – Growth in credit card outstanding inch up

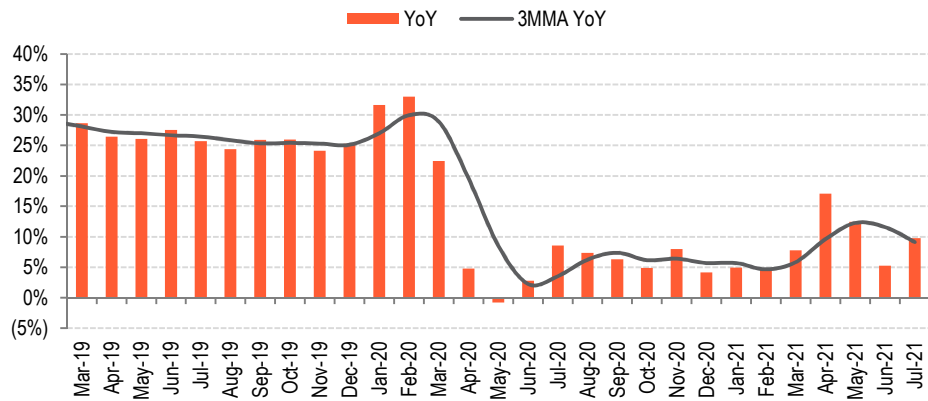


Fig 20 – Growth for personal loans eases

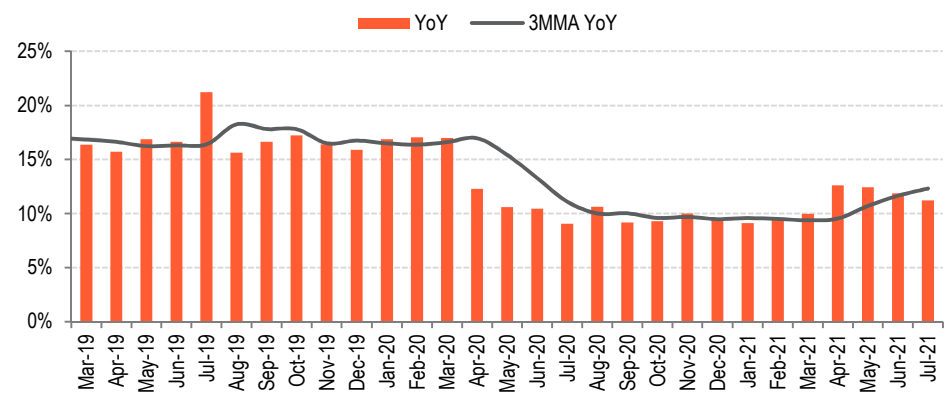


Fig 21 – Growth in vehicle loans slows

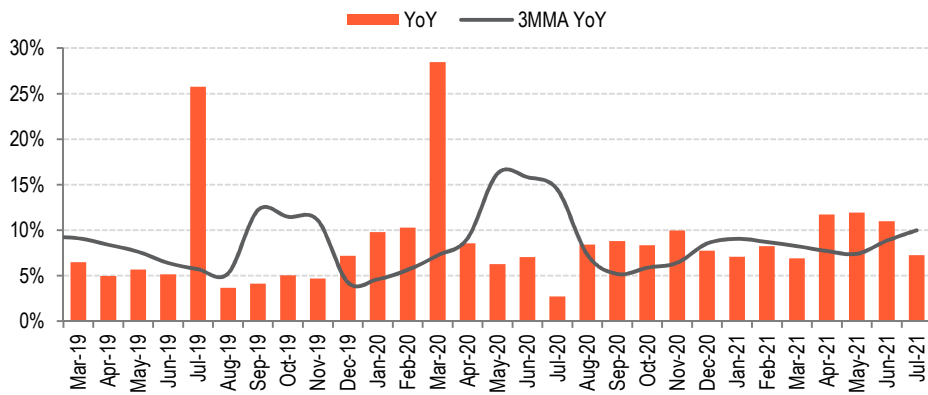
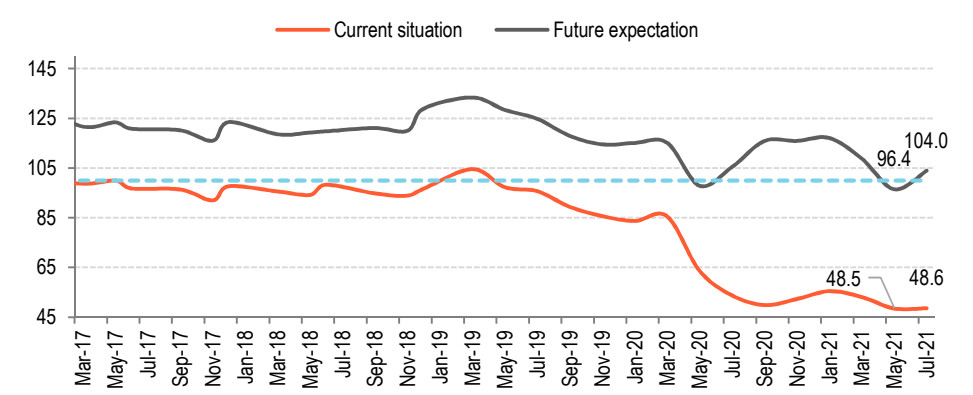
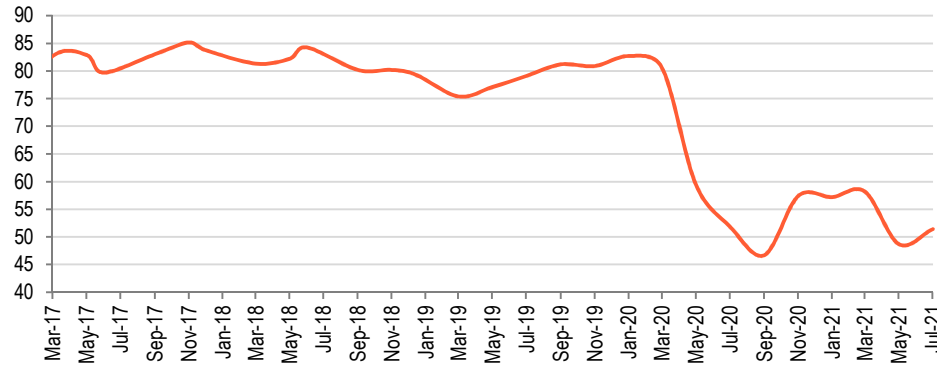


Fig 22 – Consumer confidence remains weak

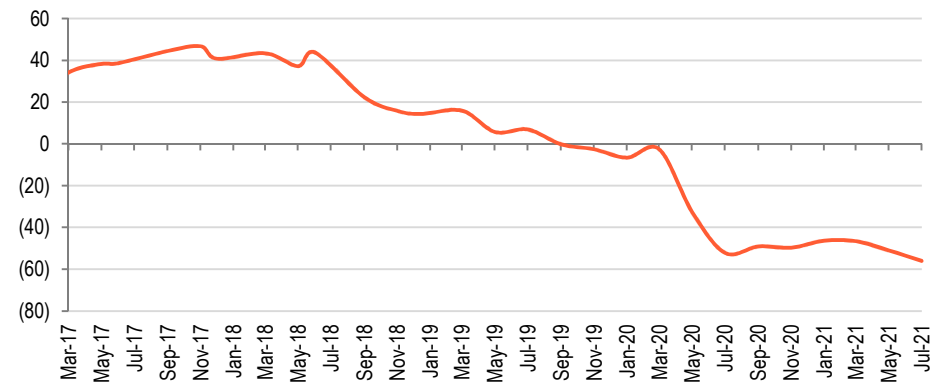




**Fig 23 – RBI’s essential spending higher**

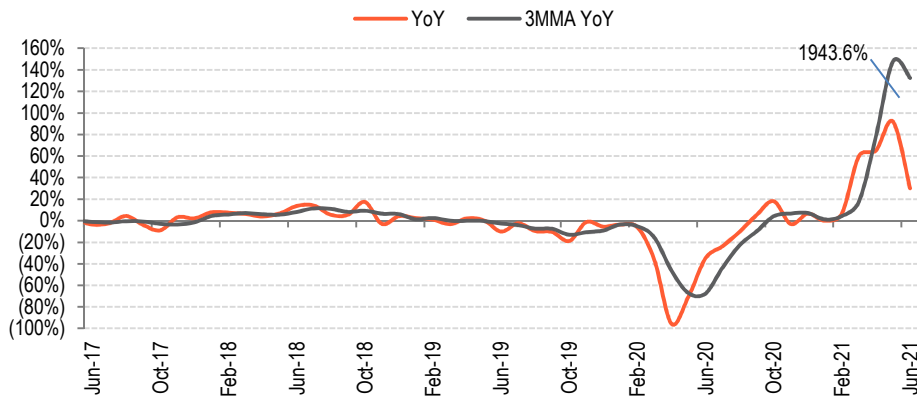


**Fig 24 – ...non-essential spending continues to dip**

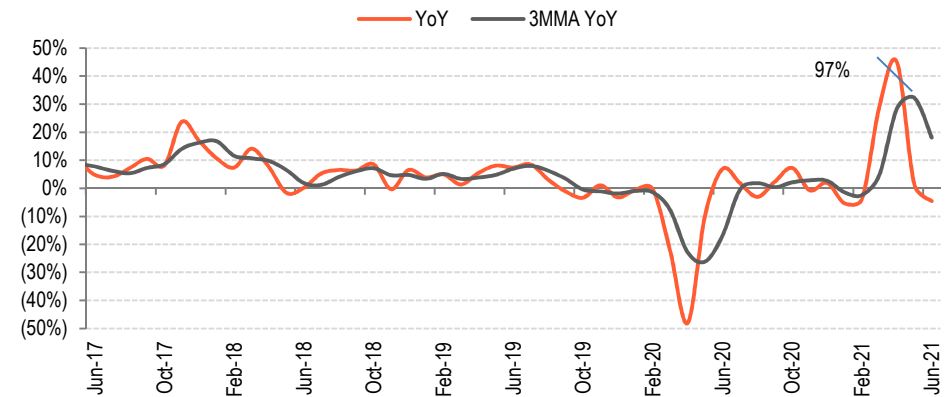


**Consumer durables & non-durables production**

**Fig 25 – Consumer durables output drops**



**Fig 26 – ...FMCG output too moderates**



Agriculture

Fig 27 – Agri growth improves in Q1FY22

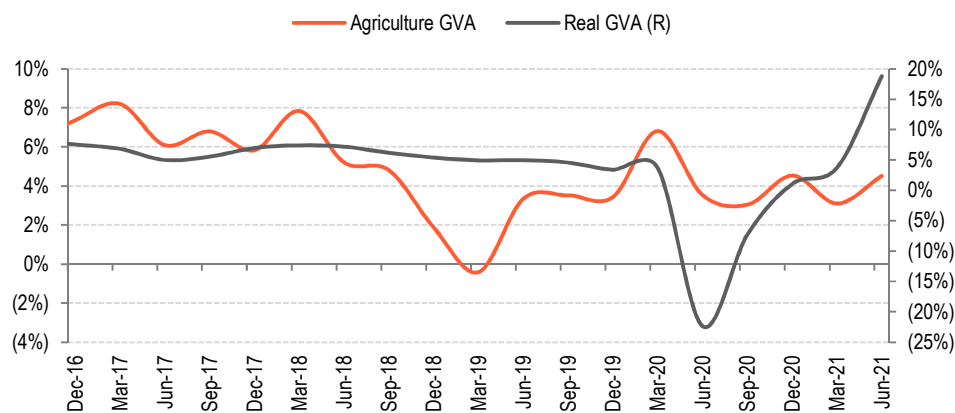


Fig 28 – Tractor sales contracts in Jul'21

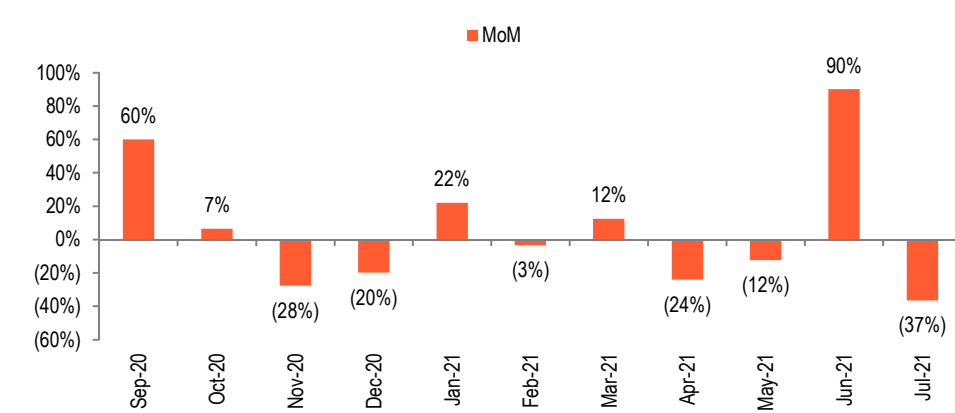


Fig 29 – Agriculture credit scales up

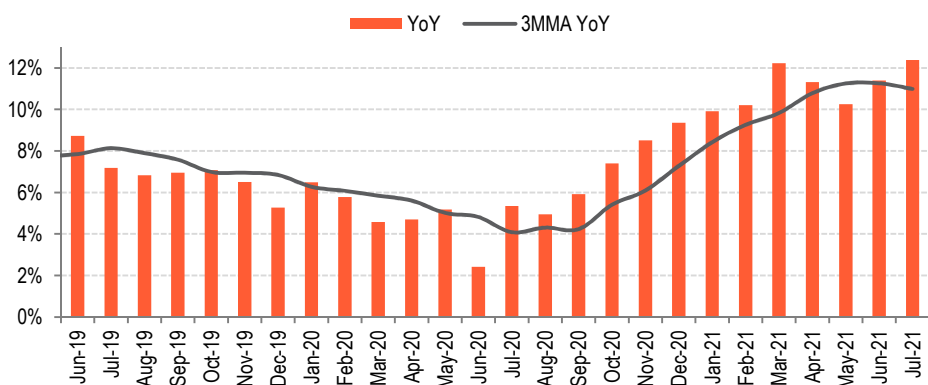
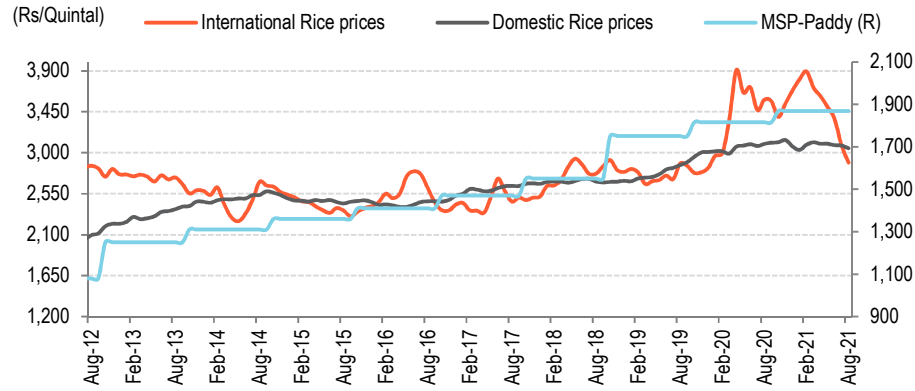


Fig 30 – Procurement of rice and wheat

Year	Wheat	Rice
2012-13	38.15	34.04
2013-14	25.09	31.85
2014-15	28.02	32.04
2015-16	28.09	34.22
2016-17	22.96	38.11
2017-18	30.83	38.19
2018-19	35.80	44.39
2019-20	34.13	51.99
2020-21	38.99	57.63*
2021-22	43.30	

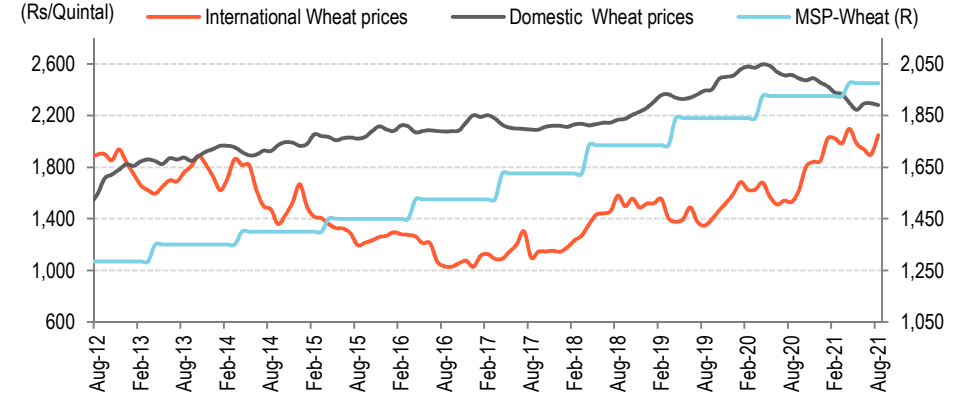
Source: Ministry of Consumer Affairs, Food and Public Distribution | \*As on: 31 Jul 2021

**Fig 31 – Both international and domestic rice price drops**



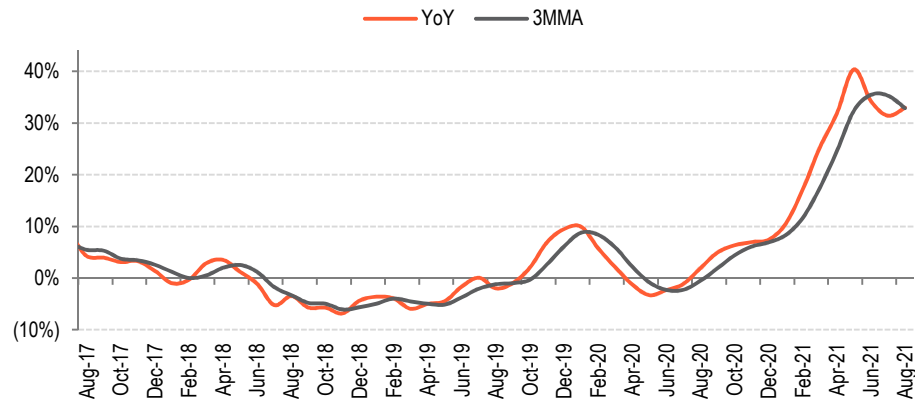
Source: World Bank

**Fig 32 – Higher international price of wheat; domestic price dips**



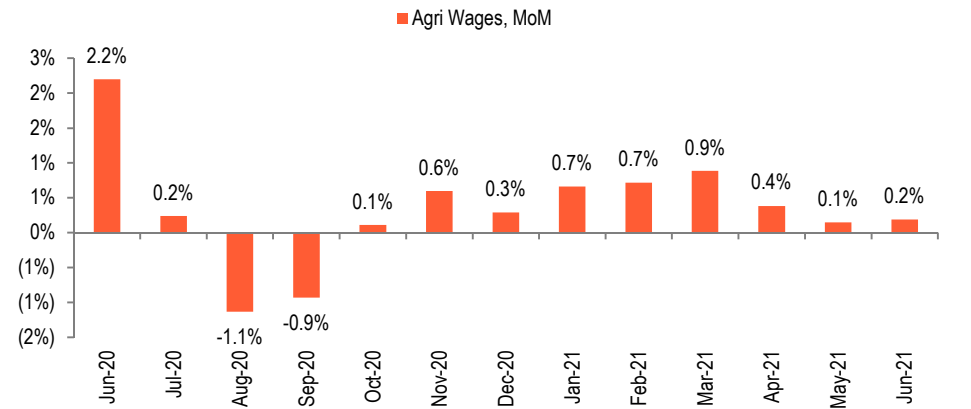
Source: World Bank

**Fig 33 – Global food prices edge upwards**



Source: FAO

**Fig 34 – Wage growth (men) improves marginally**



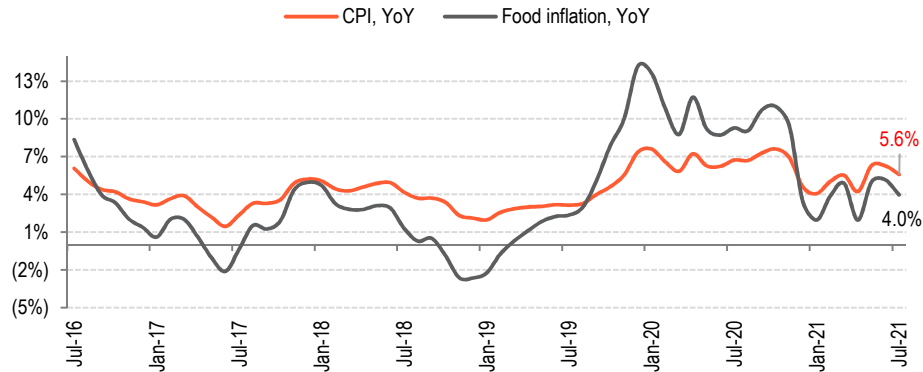
**Fig 35 – Kharif sowing is lower compared with last year**

Crop Type (mn ha)	Area sown in 2021-22	Area sown in 2020-21	Normal Area for whole Kharif season	Growth (YoY%)
Foodgrains	71.1	71.3	71.5	(0.3)
Cereals	57.4	57.7	57.9	(0.6)
Rice	40.1	40.1	39.6	0.2
Pulses	13.7	13.5	13.5	1.2
Oilseeds	19.1	19.4	18.0	(1.7)
Cotton	11.8	12.6	12.4	(6.6)
Sugarcane	5.5	5.4	4.8	1.4
Jute and Mesta	0.7	0.7	0.7	1.2
<b>Total</b>	<b>108.15</b>	<b>109.4</b>	<b>107.3</b>	<b>(1.1)</b>

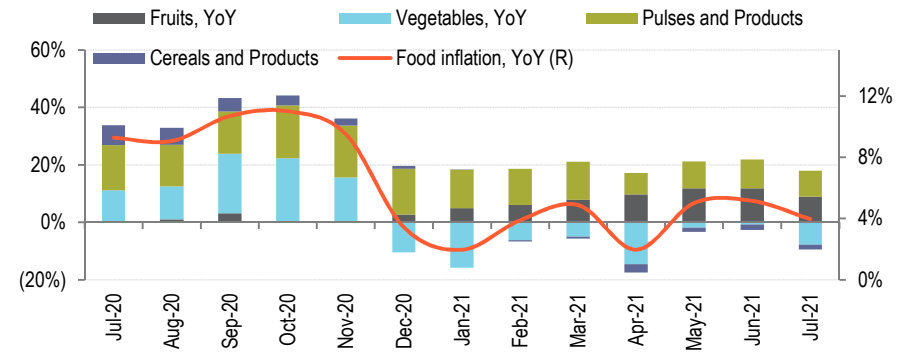
\*Note: Till 3 Sep 2021

## Inflation

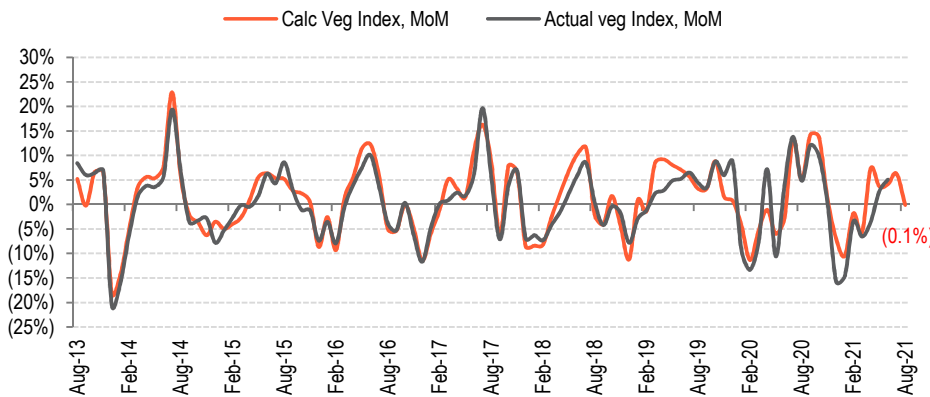
**Fig 36 – Retail inflation edged down to 5.6% in Jul’21 from 6.3% in Jun’21**



**Fig 37 – ...Food inflation fell to 4% from 5.1% in Jun’21, led by vegetables, fruits**

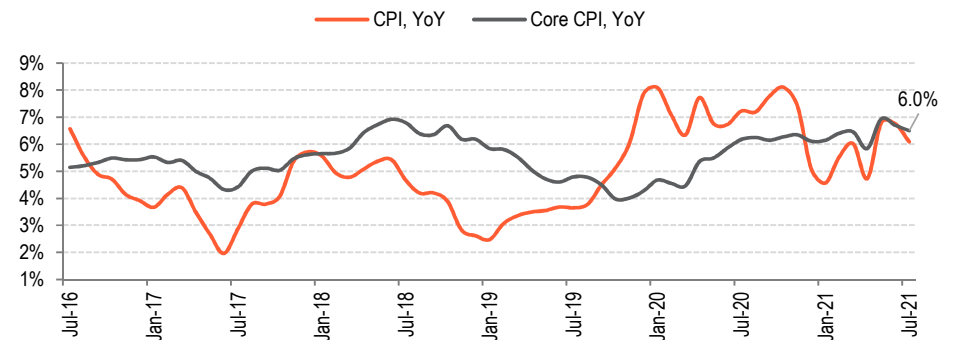


**Fig 38 – Vegetable prices fell by 0.1% (MoM) in Aug’21**

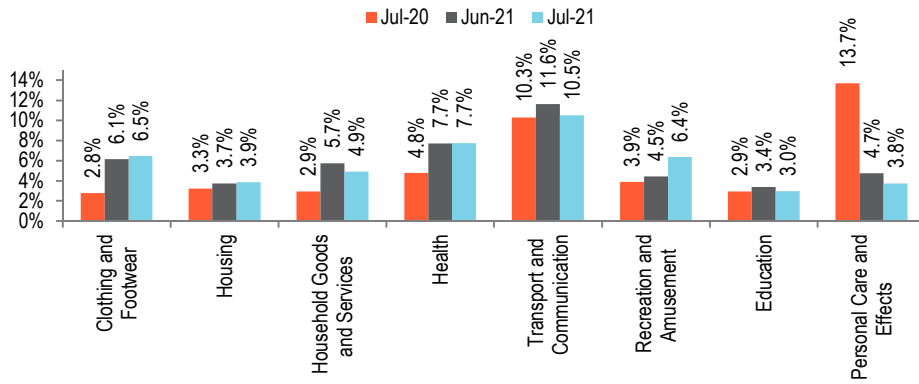


Note: \*vegetable index computed using average retail price of major items

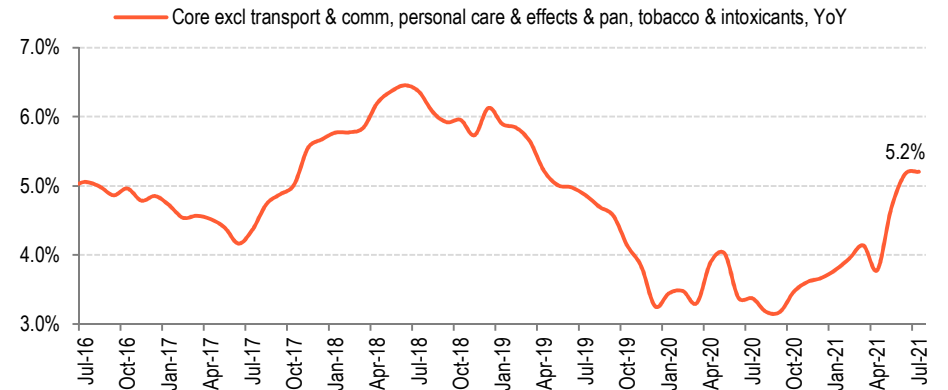
**Fig 39 – CPI excl. food and fuel moderated to 6% from 6.2% in Jun’21**



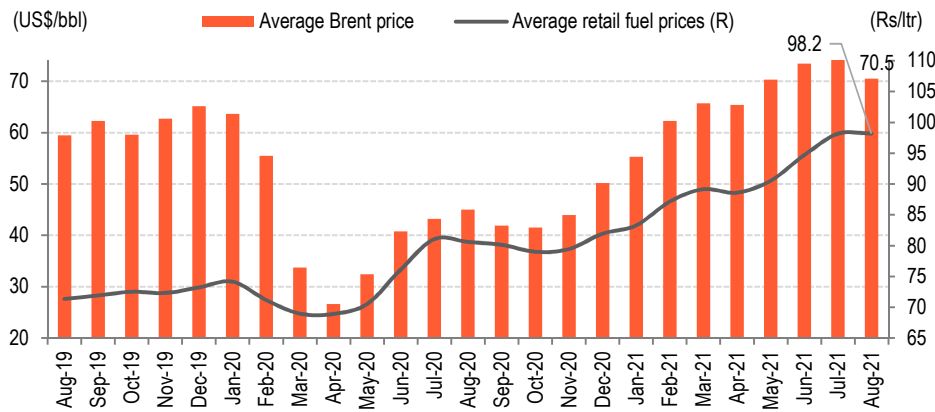
**Fig 40 – ...Led by household goods and services, transport and personal care and effects**



**Fig 41 – However, core excl. major volatile items was still elevated at 5.2%**

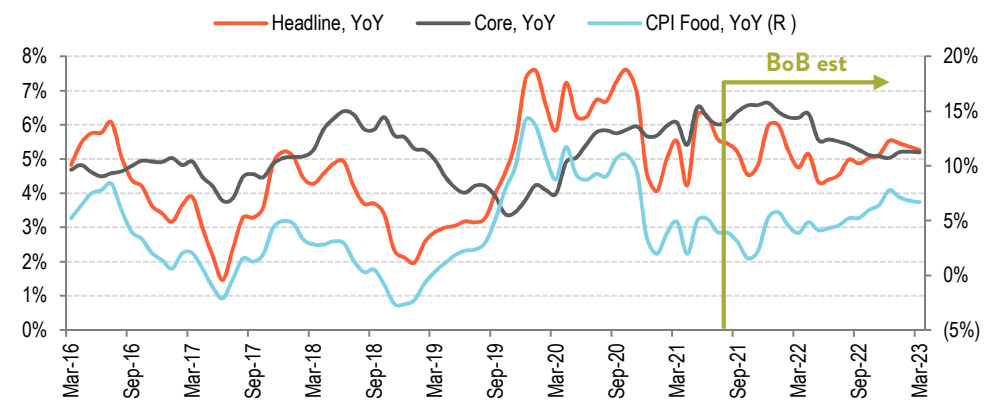


**Fig 42 – Retail fuel prices were at Rs 98.2 same as in Jul'21, crude price moderated to US\$ 70.5/bbl from US\$ 74.3/bbl**



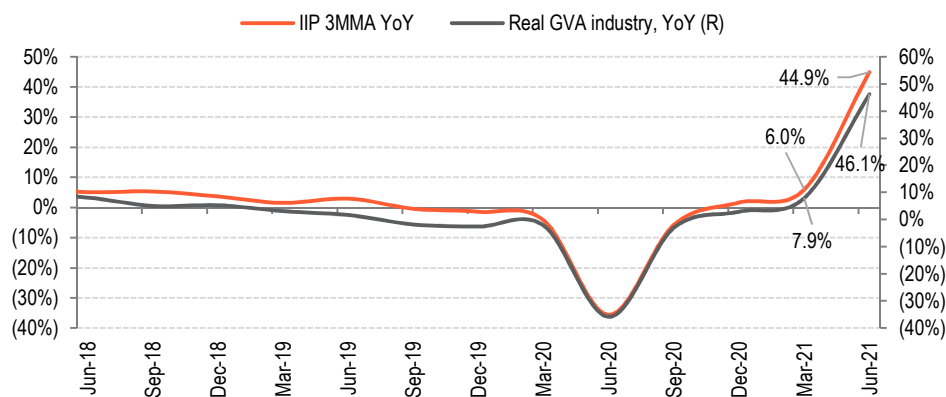
Note: \*Average retail price of Delhi, Kolkata, Mumbai and Chennai

**Fig 43 – Headline CPI is expected to be at 5.5% in FY22**

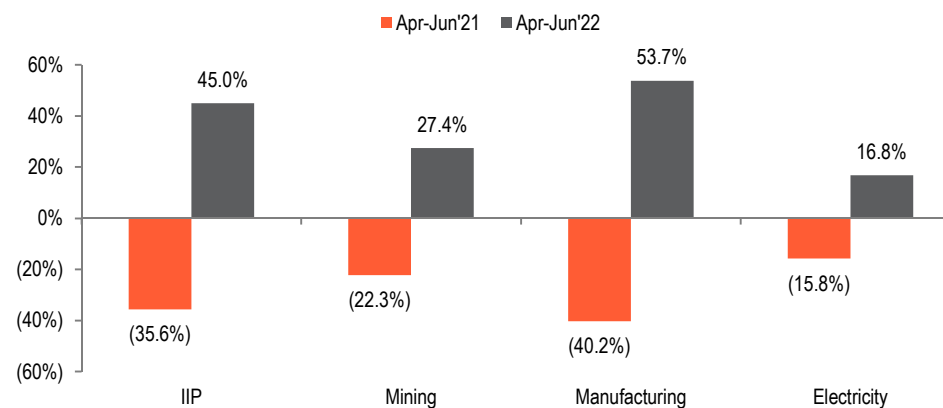


## Industry

**Fig 44 – Industrial growth improves in Q1FY22**



**Fig 45 – Broad based improvement in FYTD'22 due to base effect**

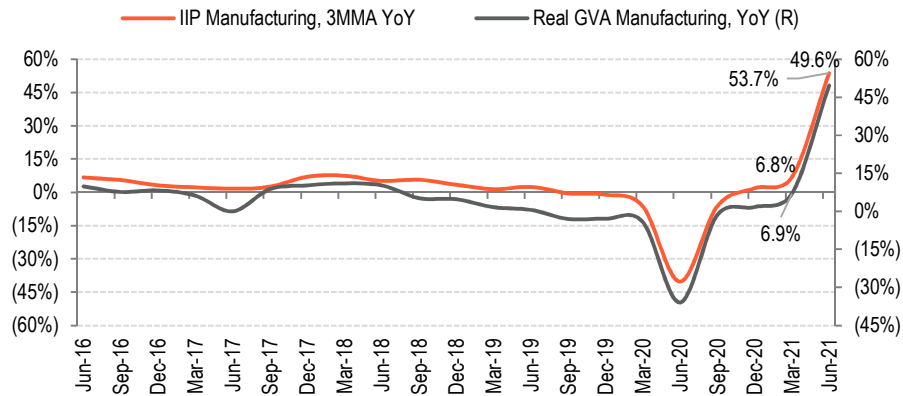


**Fig 46 – IIP growth moderates in Jun'21**

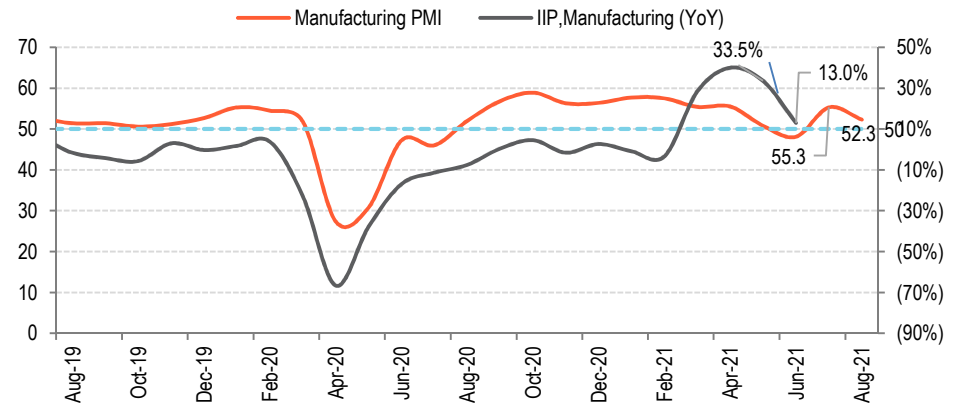
Sectoral (%)	Weight	Jun-21	Jun-20	Apr-Jun'22	Apr-Jun'21
IIP	100.0	13.6	(16.6)	45.0	(35.6)
Mining	14.4	23.1	(19.5)	27.4	(22.3)
Manufacturing	77.6	13.0	(17.0)	53.7	(40.2)
Electricity	8.0	8.3	(10.0)	16.8	(15.8)
<b>Use-Based</b>					
Primary Goods	34.1	12.0	(14.5)	20.7	(20.2)
Capital Goods	8.2	25.7	(37.4)	110.2	(64.8)
Intermediate Goods	17.2	22.6	(20.7)	69.7	(40.8)
Infrastructure and Construction Goods	12.3	19.1	(18.3)	82	(46.9)
Consumer Durables Goods	12.8	30.1	(34.8)	132.6	(67.6)
Consumer Non-Durables Goods	15.3	(4.5)	6.9	18.1	(16.9)

## Manufacturing

**Fig 47 – Manufacturing activity clocks higher growth due to base effect**



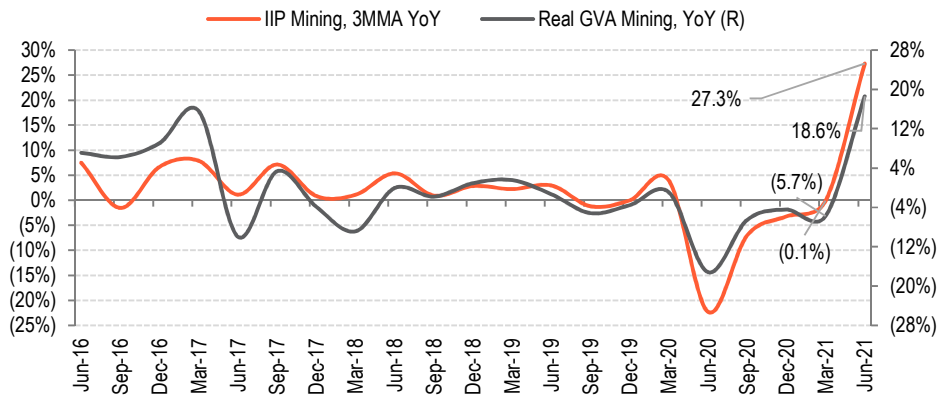
**Fig 48 – Manufacturing PMI drops marginally**



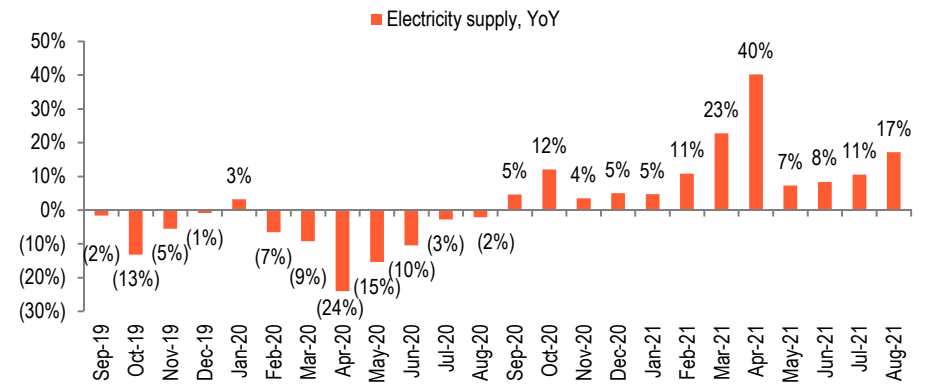
Source: Markit

## Mining & Electricity

**Fig 49 – Mining activity increases in Q1FY22**



**Fig 50 – Electricity output improves further**

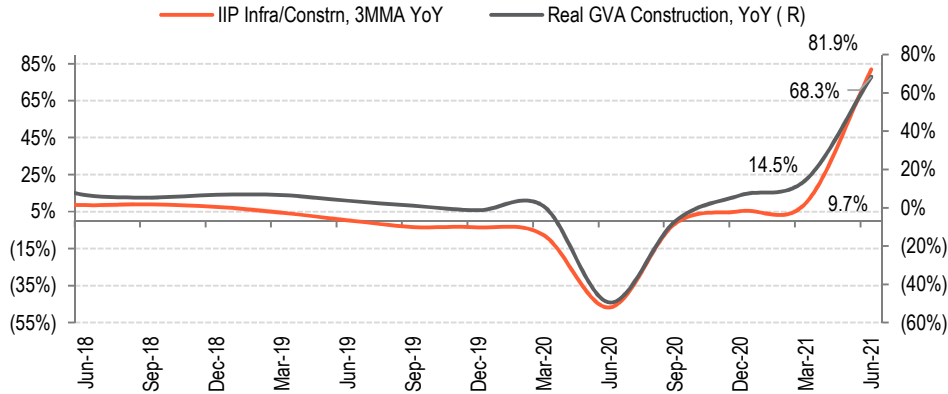


Source: Posoco. Note: Average Energy Met (MU)

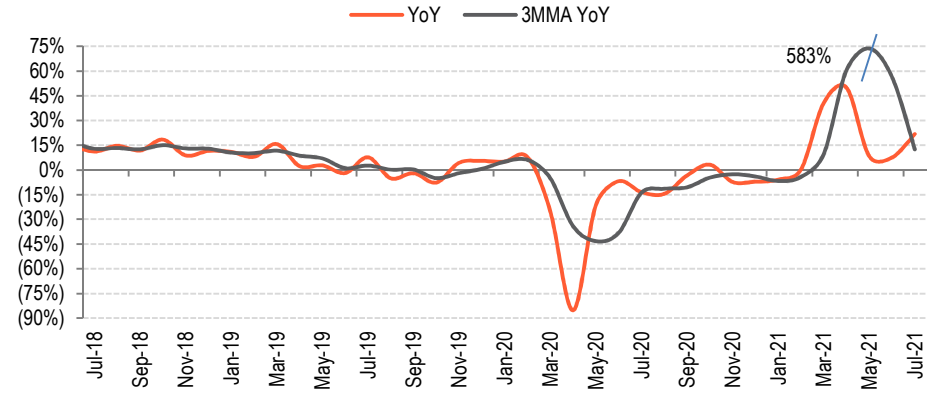


### Infrastructure and Construction

**Fig 51 – Higher growth in construction sector in Q1FY22**

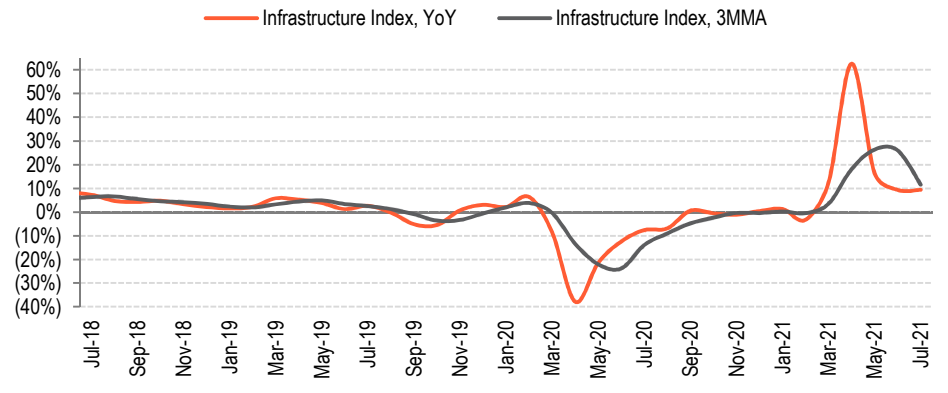


**Fig 52 – cement output rebounds on YoY basis**

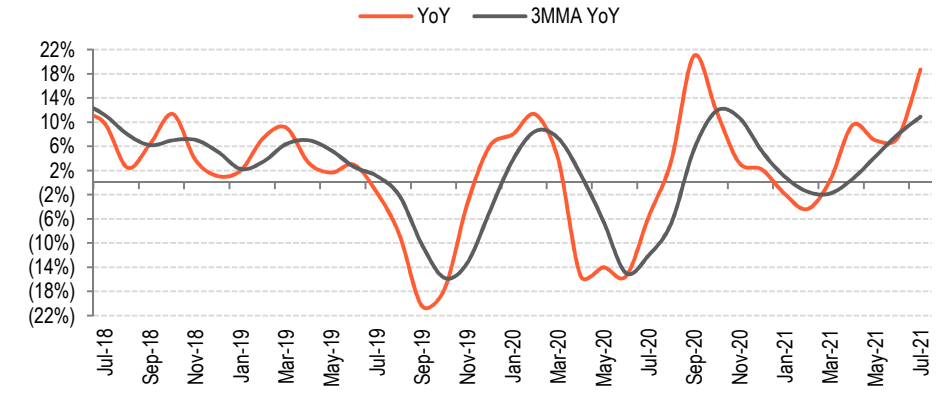


### Infrastructure Index

**Fig 53 – Infra index edges upwards to 9.4% in Jul'21**

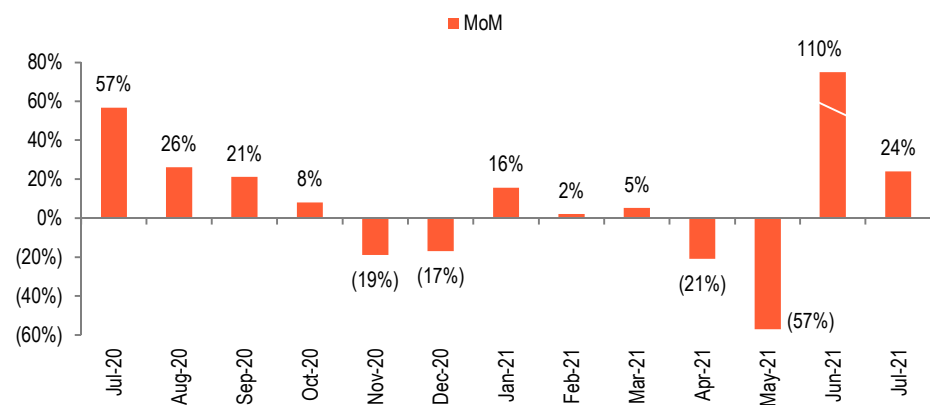


**Fig 54 – Coal Output improves**

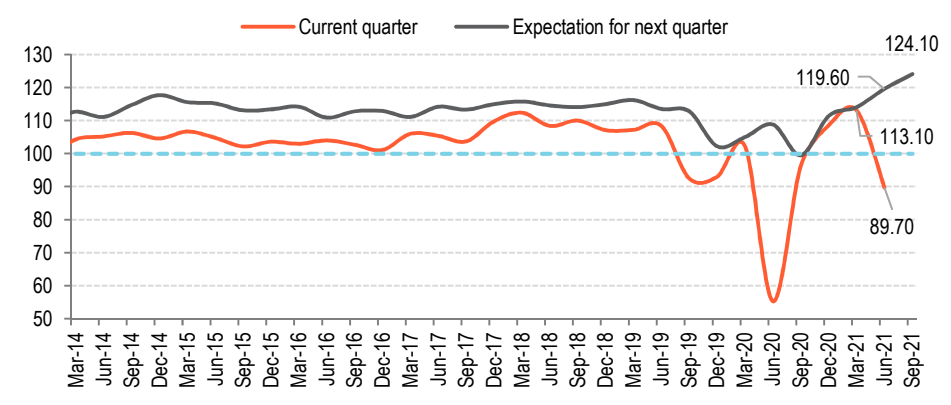


### Auto production & Business expectation index

**Fig 55 – Auto production moderates**



**Fig 56 – Business sentiment turns weaker**

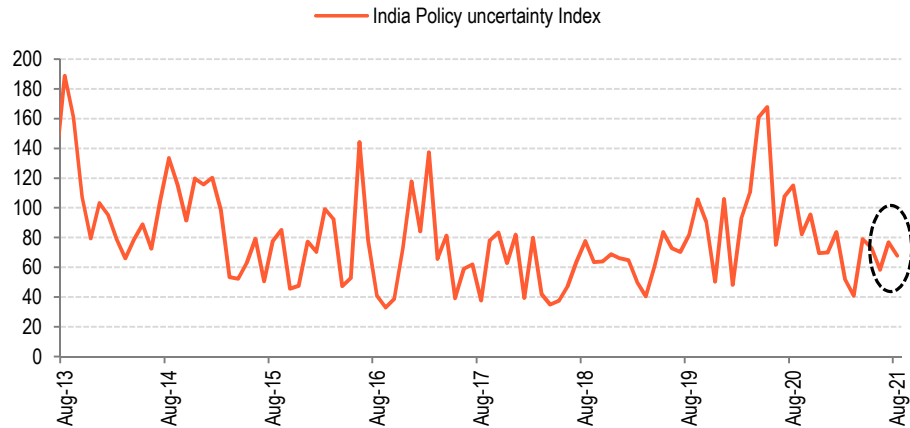


**Fig 57 – Infrastructure index inches up**

(%)	Weight	Jul-21	Jun-21	Jul-20	Apr-Jul'22	Apr-Jul'21
Infrastructure Index	100	9.4	9.3	(7.6)	21.2	(19.8)
Coal	10.3	18.7	7.4	(5.7)	10.5	(12.9)
Crude Oil	9.0	(3.2)	(1.8)	(4.9)	(3.4)	(6.1)
Natural Gas	6.9	18.9	20.6	(10.2)	21.0	(14.7)
Petroleum Refinery Products	28.0	6.7	2.4	(13.9)	13.1	(17.1)
Fertilizers	2.6	0.5	2.0	6.9	(1.1)	3.9
Steel	17.9	9.3	25	(6.5)	59.4	(38.4)
Cement	5.4	21.8	7.5	(13.5)	45.6	(32.2)
Electricity	19.9	9	8.2	(2.4)	14.6	(12.4)

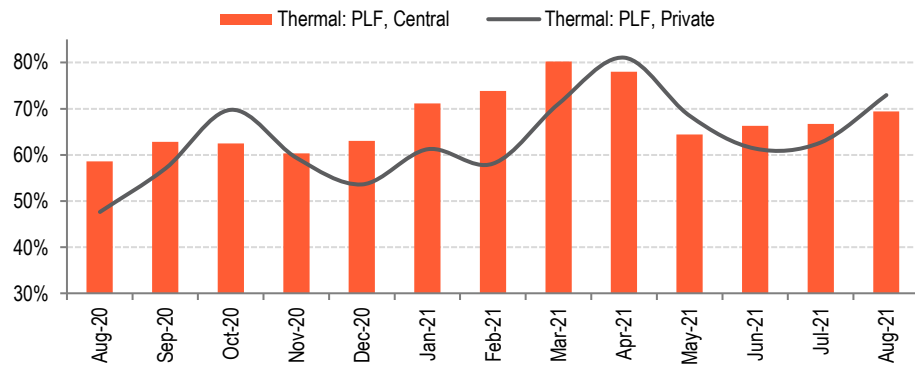
Investment

**Fig 58 – Policy uncertainty in India has fallen in Aug'21 with moderation of Covid cases**

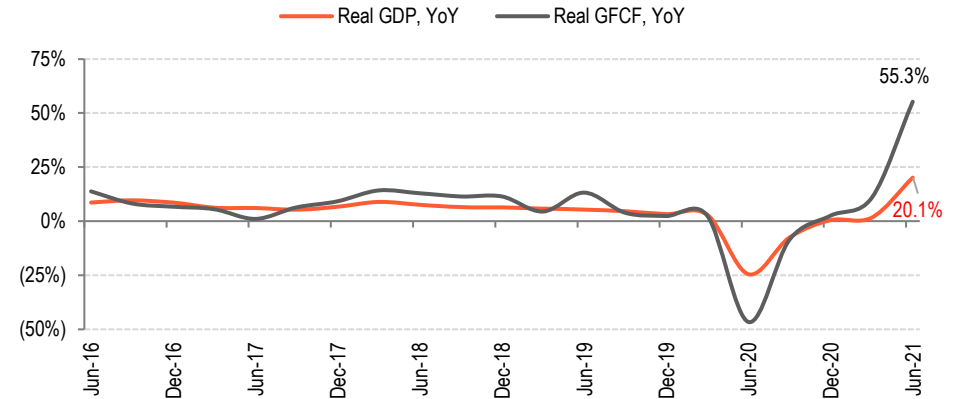


Source: policyuncertainty.com

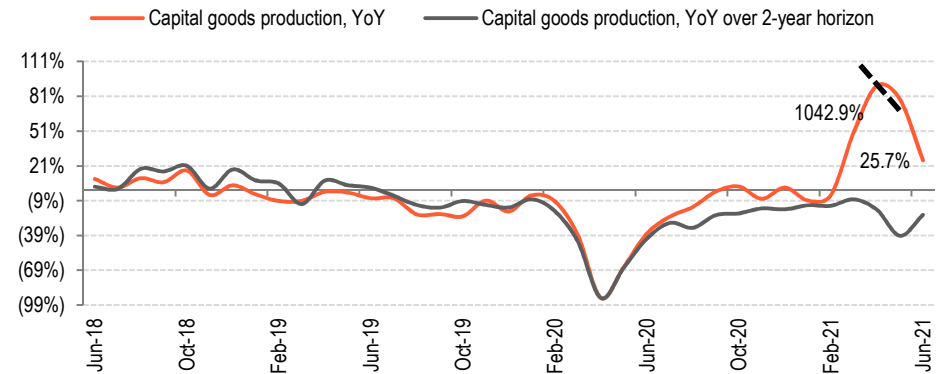
**Fig 60 – PLF of govt. thermal plants improved both for central and private plants**



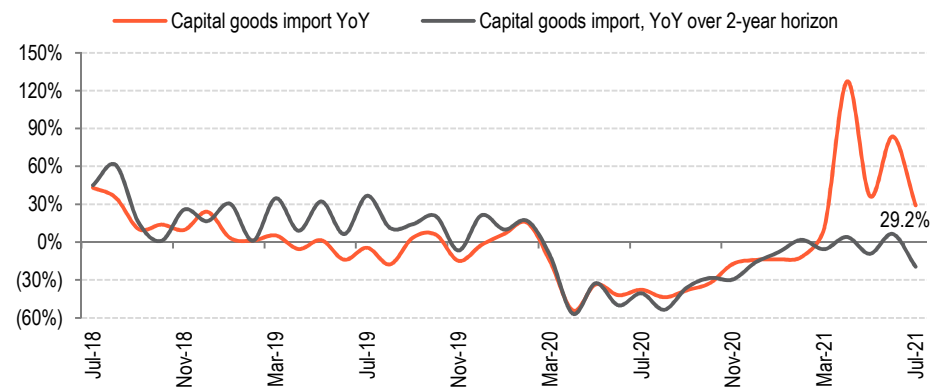
**Fig 59 – Investment demand shot up by 55.3% in Q1FY22 from 10.9% in Q4FY21 due to a low base of (-) 46.6% in Q1FY21**



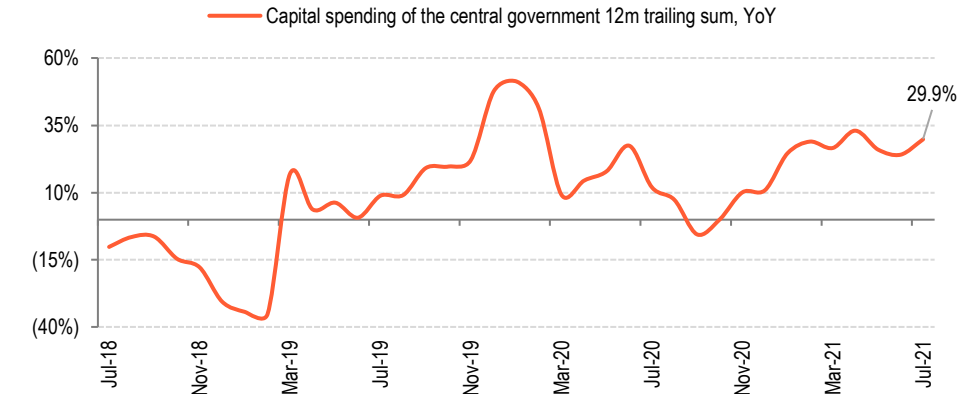
**Fig 61 – Capital goods production edged down to 25.7% in Jun'21 from 78% in May'21**



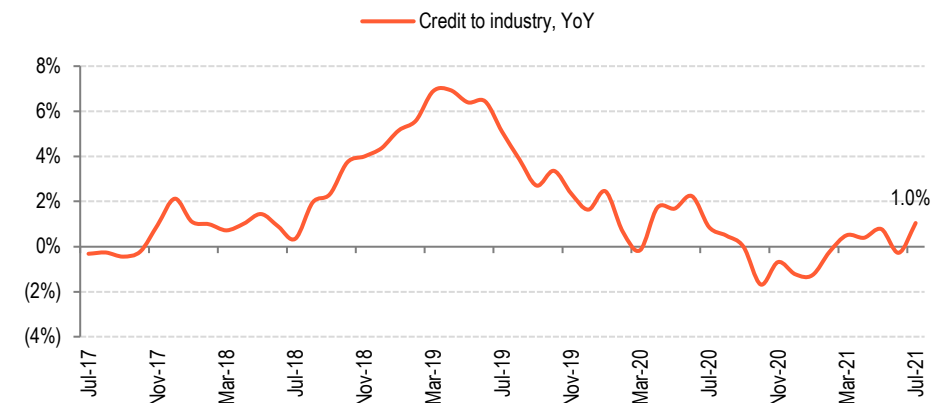
**Fig 62 – Capital goods imports softened to 29.2% in Jul'21 from 83.8% in Jun'21**



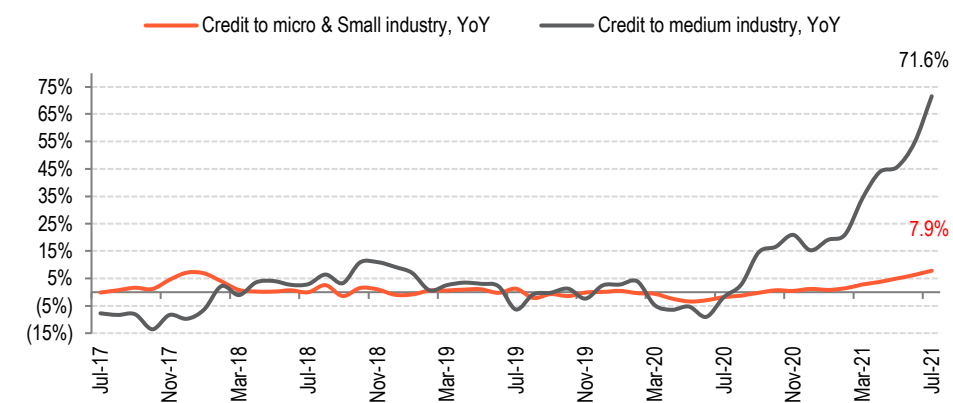
**Fig 63 – Centre’s capex spending moderated rose to 29.9% from 24.2% in Jun'21**



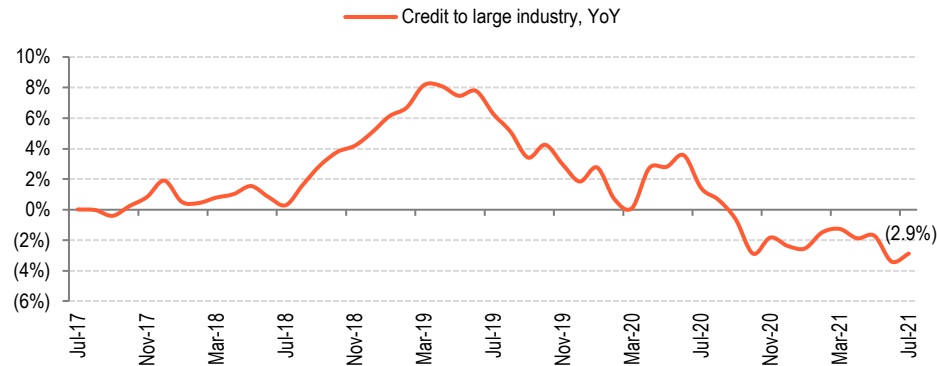
**Fig 64 – Industry credit rose by 1% in Jul'21 from 0.3% decline seen in Jun'21**



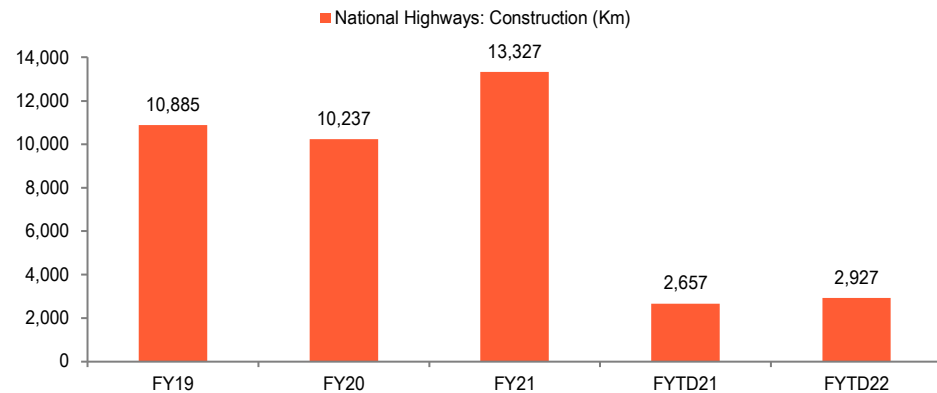
**Fig 65 – Credit to micro & small industry rose to 7.9% from 6.4%, for medium industry it rose to 71.6% from 54.6% supported by ECLGS scheme**



**Fig 66 – Credit to large industry fell at a slower pace of 2.9% from 3.4% decline seen in Jun'21**

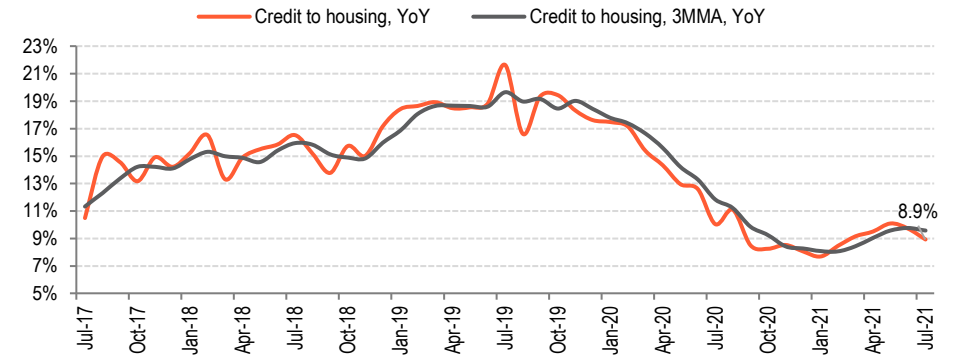


**Fig 68 – Highway construction gaining pace**

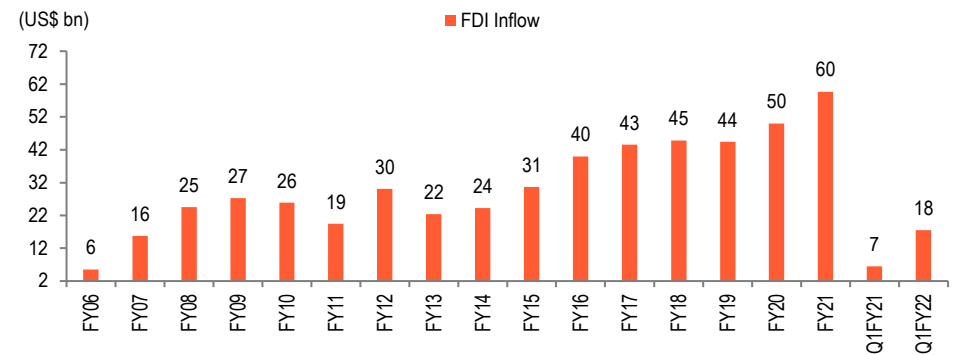


Note: FYTD22: Apr-Jul

**Fig 67 – Housing credit moderated to 8.9% from 9.7% in Jun'21**



**Fig 69 – FDI inflows in Q1FY22 rose to US\$ 18bn versus US\$ 7bn in the same period of previous year**



Source: DIPP

Services sector

Fig 70 – GVA: Services activity picked up in Q1FY22

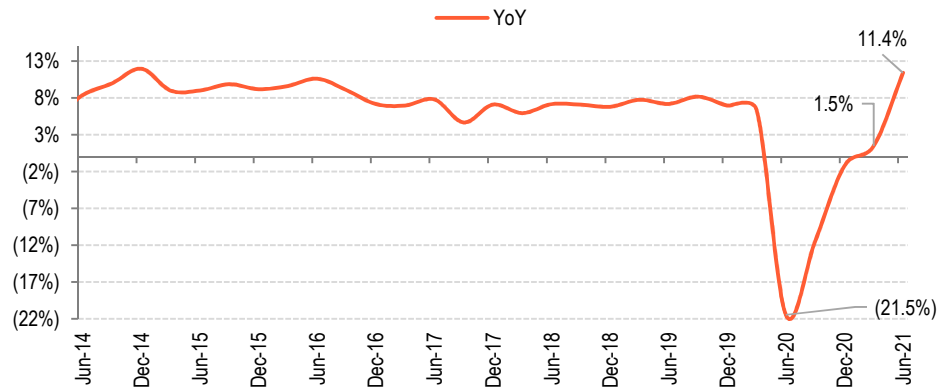
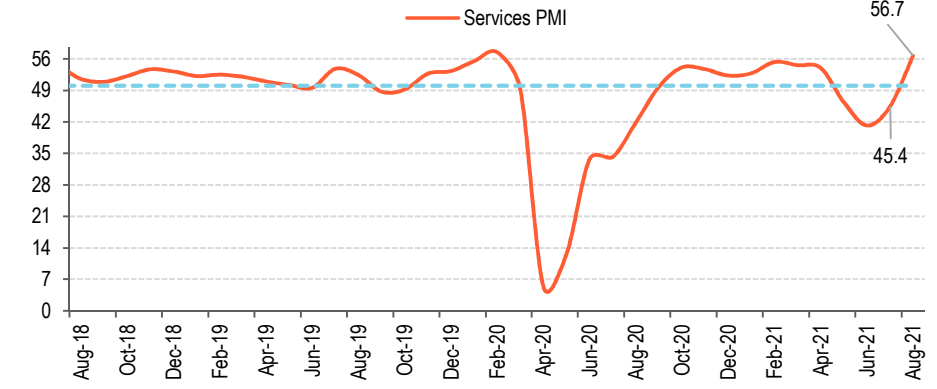


Fig 71 – Services PMI rebounded in Aug'21; Q2 avg (51.1) better than last year (38)



Source: Markit

Fig 72 – GVA: Trade & related services recovered sharply in Q1

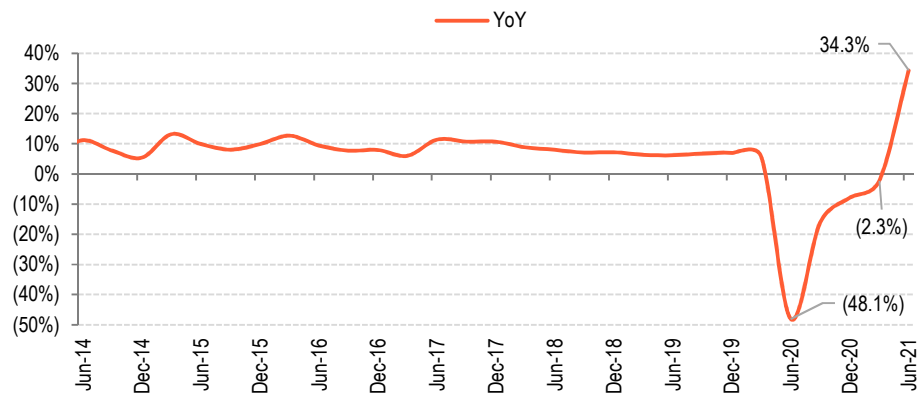
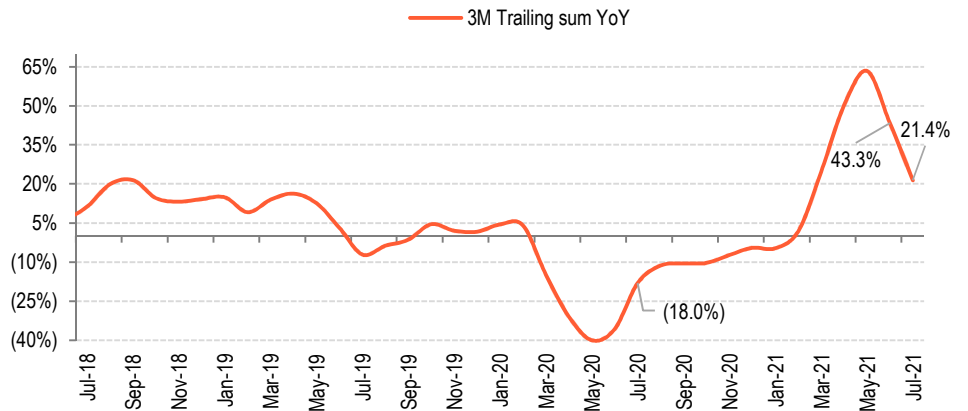


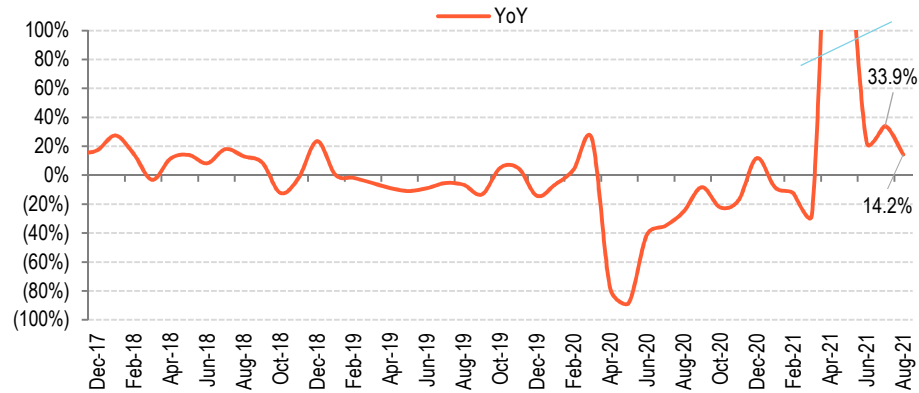
Fig 73 – States\*\* tax revenue growth slipped in Jul'21



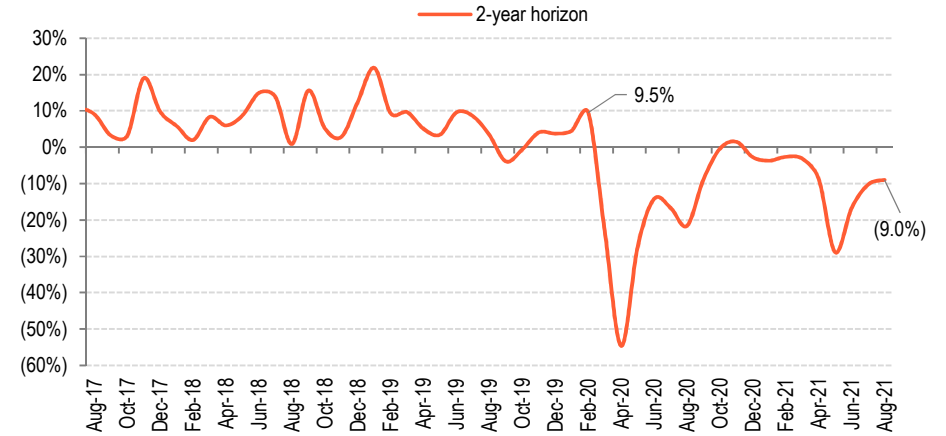
Note: \*All states excluding N.E states, A.P., Bihar, Goa, J&K, Telangana and W.Bengal

Trade

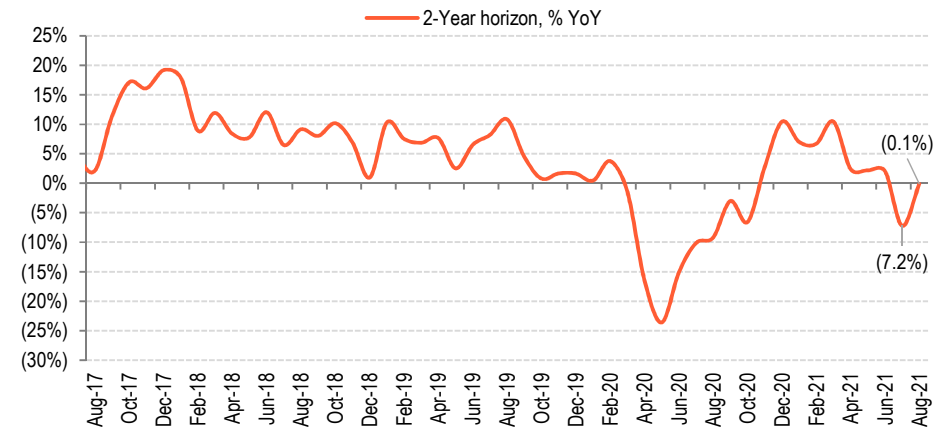
**Fig 74 – Vehicle registration growth slows in Aug'21**



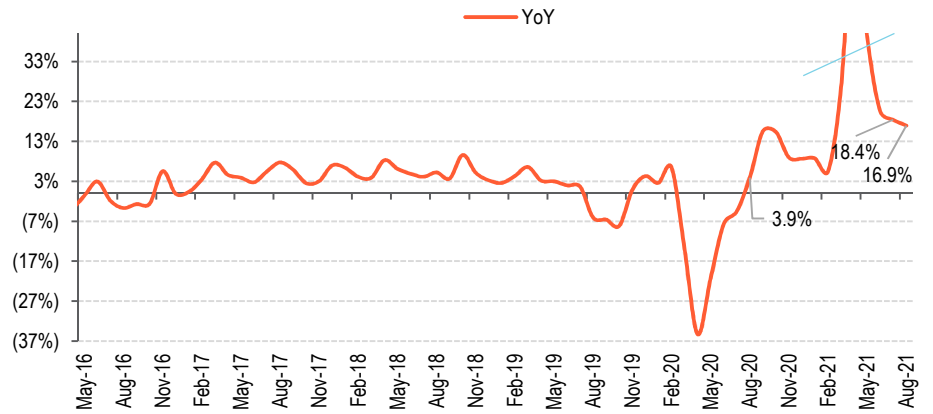
**Fig 75 – Diesel consumption in Aug'21 still 9% lower over 2-year horizon**



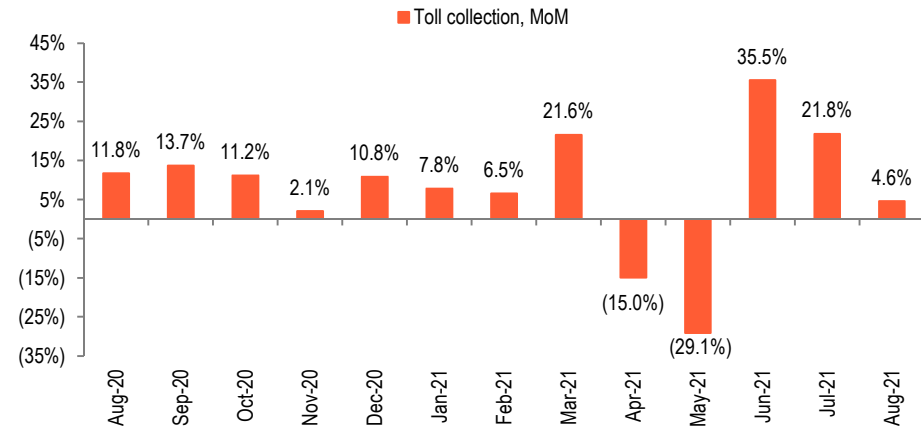
**Fig 76 – Port cargo volumes seen reviving over 2-year horizon**



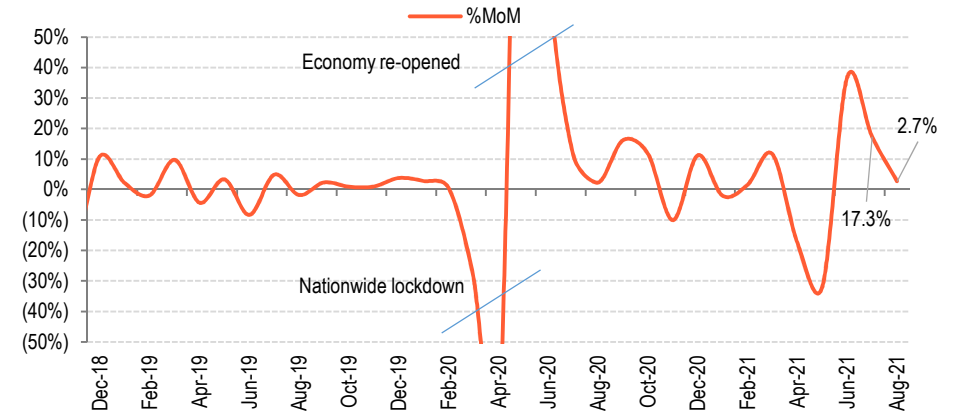
**Fig 77 – Railway freight traffic growth eased in Aug'21, but is better than last year**



**Fig 78 – Toll collection growth eases further in Aug'21**



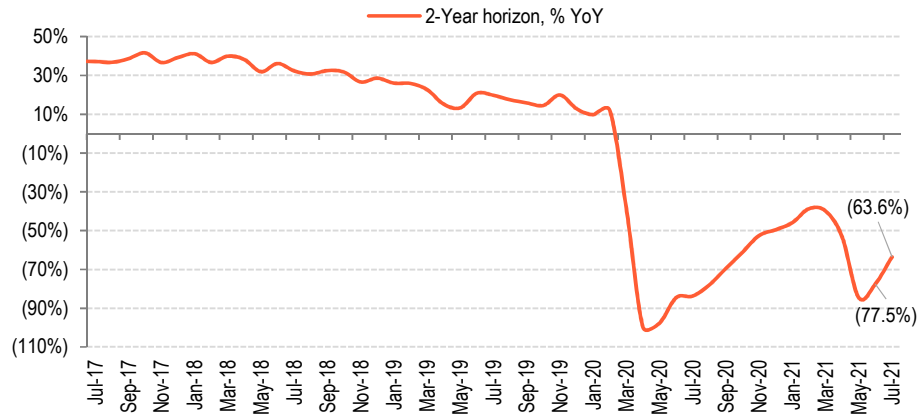
**Fig 79 – E-way bill generation growth seen normalising**



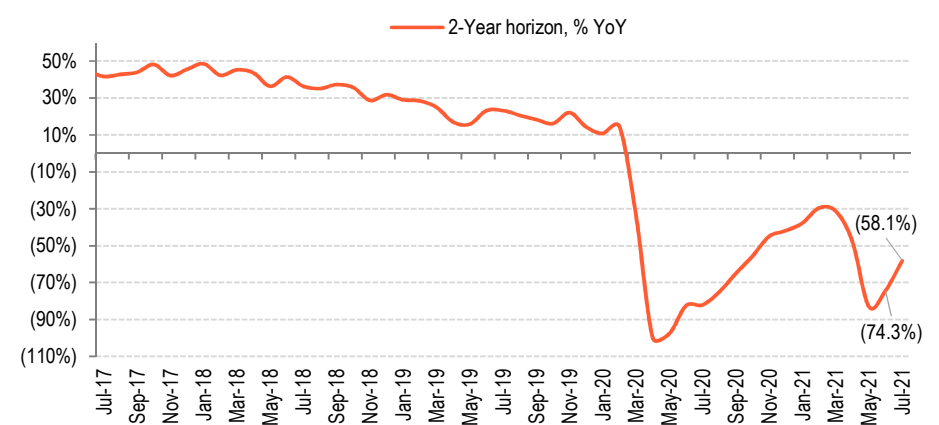


Hotels and communications

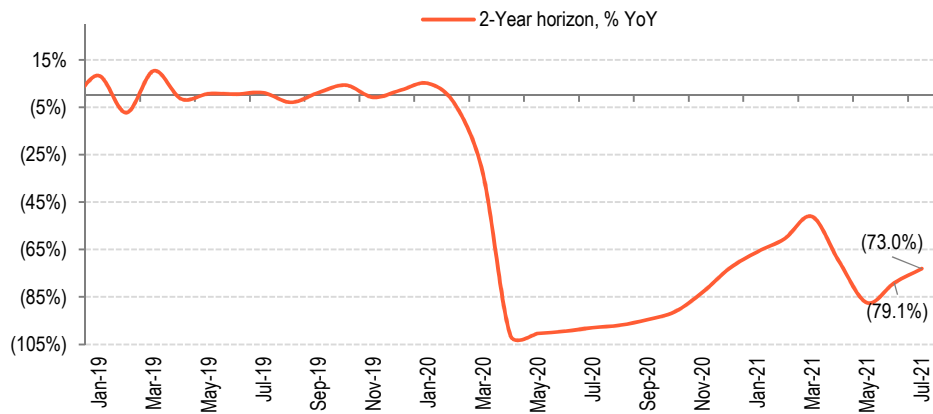
**Fig 80 – Airline passenger traffic growth contracted less sharply in Jul'21...**



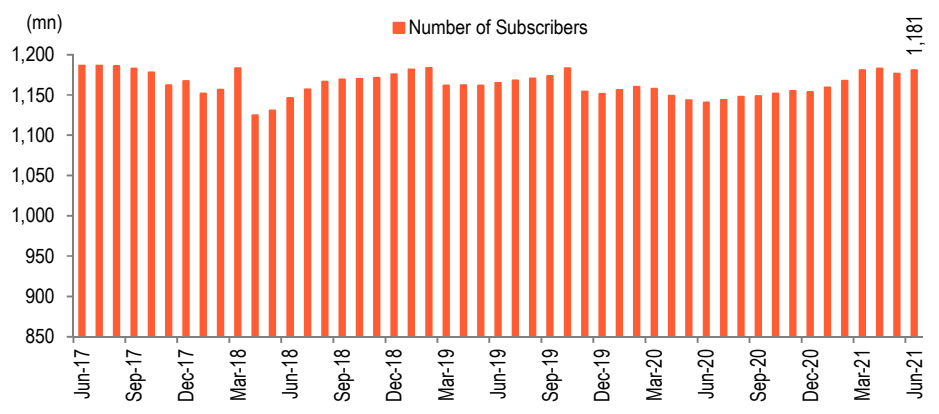
**Fig 81 – ...supported by domestic passenger growth**



**Fig 82 – Railway passenger traffic still far lower than pre-pandemic levels**

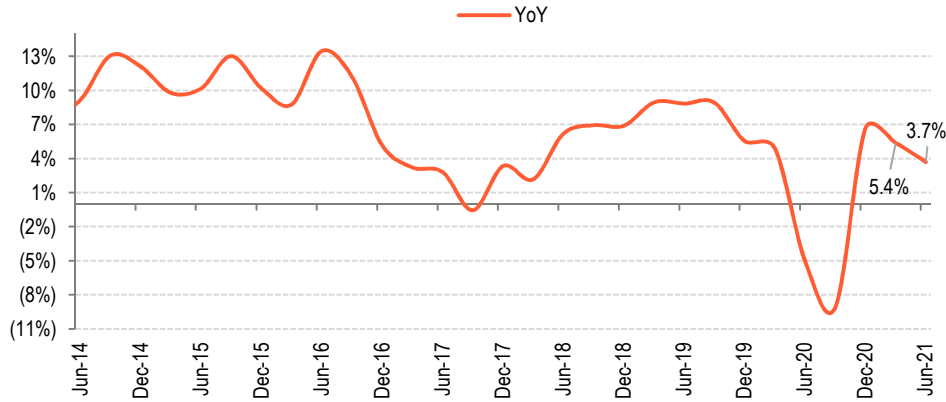


**Fig 83 – Telecom sector added 4mn wireless subscribers in Jun'21 versus decline of 6.3mn subscribers in May'21**

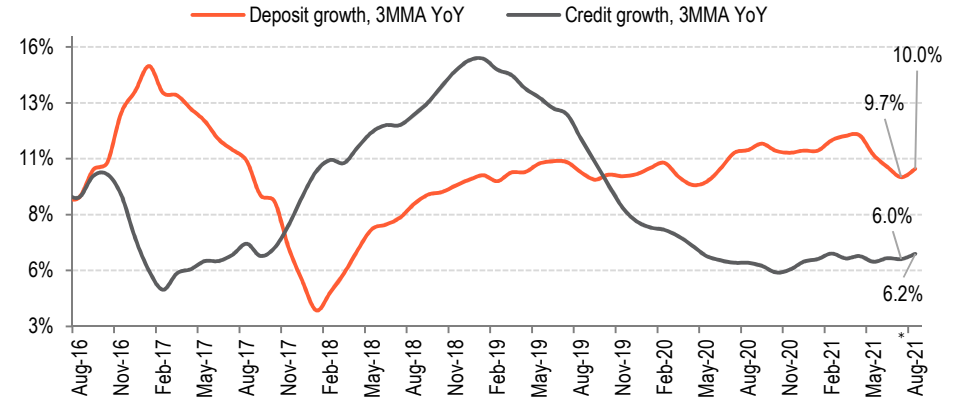


Finance and real estate

**Fig 84 – Growth in GVA: Finance, real estate & prof. services eased further in Q1FY22**

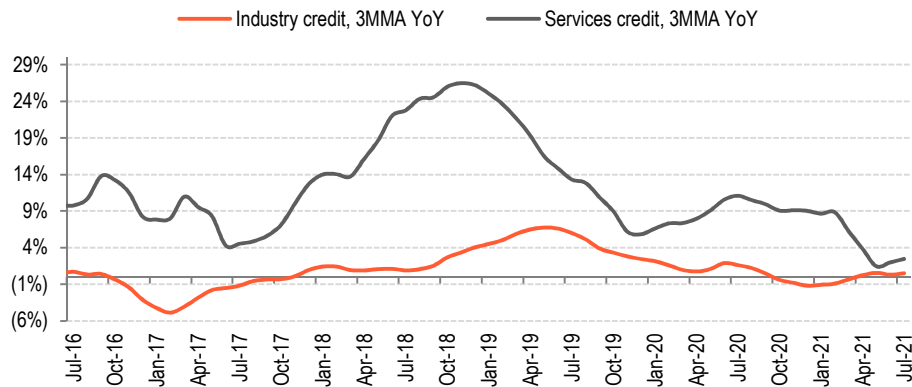


**Fig 85 – Both deposit and credit growth seen recovering**

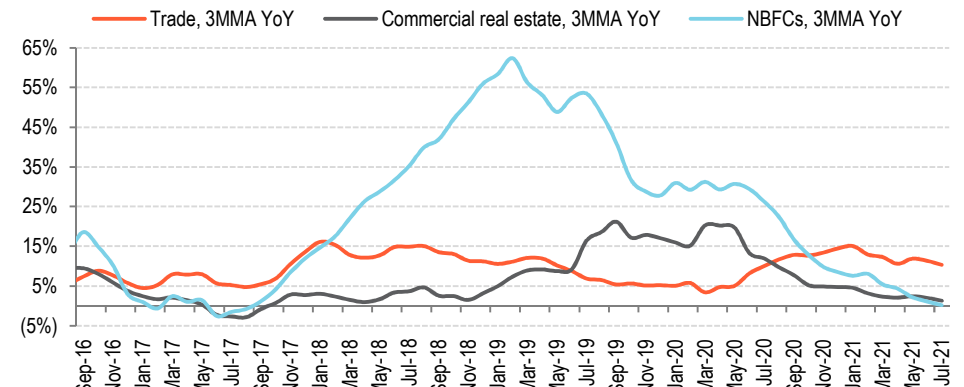


Note: \*Aug 21 implies fortnight as of 13 Aug 2021

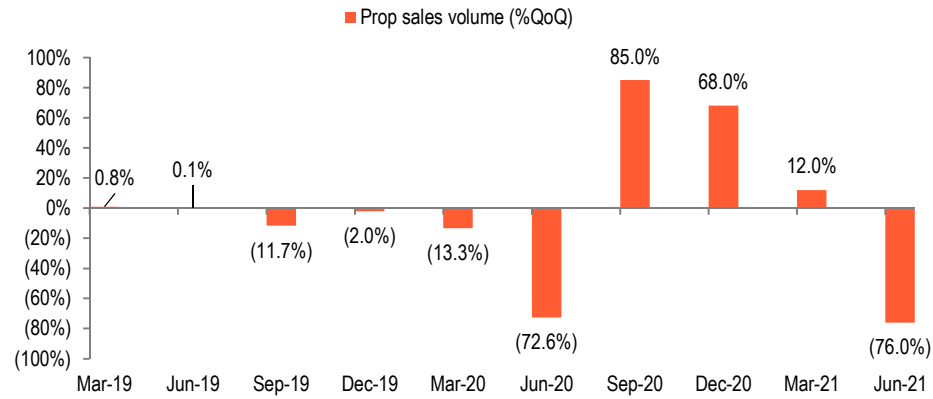
**Fig 86 – Credit to services sector inches up, credit to industry still muted**



**Fig 87 – Credit to NBFCs and commercial real estate subdued in Jul'21**

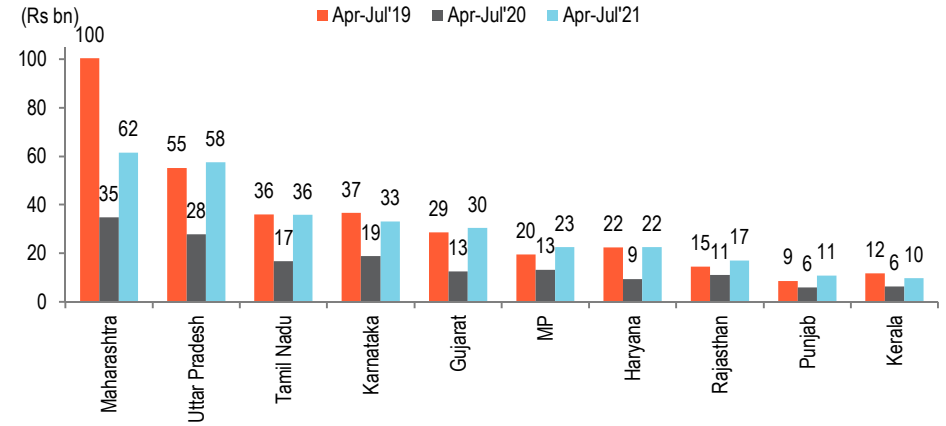


**Fig 88 – Property sale volumes dipped again in Q1FY22, similar to last year**



Source: Proptiger

**Fig 89 – Stamp duty collection in Maharashtra, Karnataka and Kerala remain below pre-pandemic levels**



Labour market

Fig 90 – Formal employment, as shown by Naukri job index improved in Aug’21

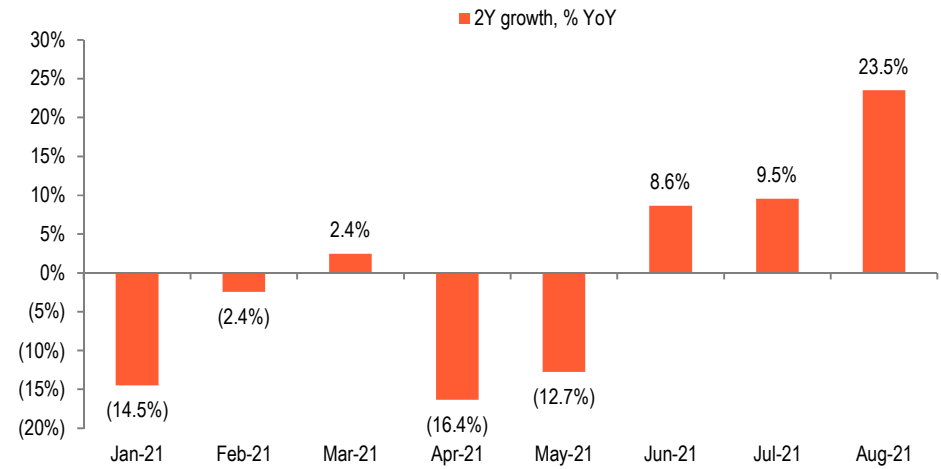


Fig 91 – Unemployment rate picks up in Aug’21



Public administration

Fig 92 – Public administration & defence services contributed positively in Q1FY22

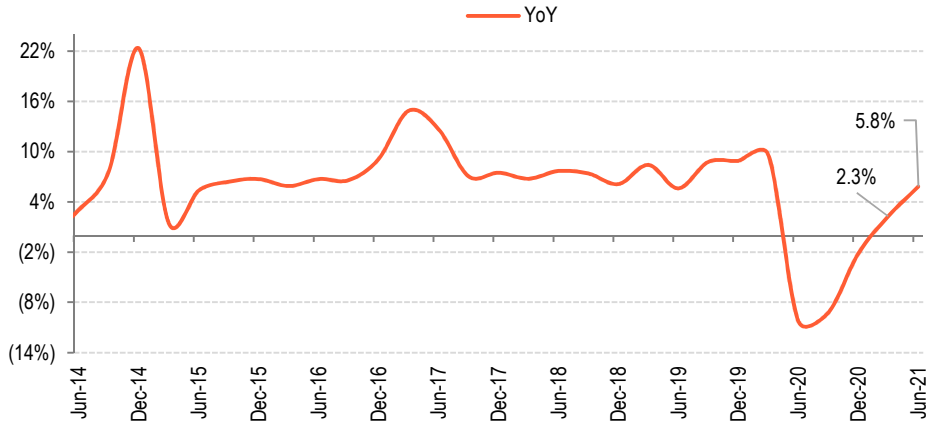


Fig 93 – General govt. spending showing signs of revival in Jul'21

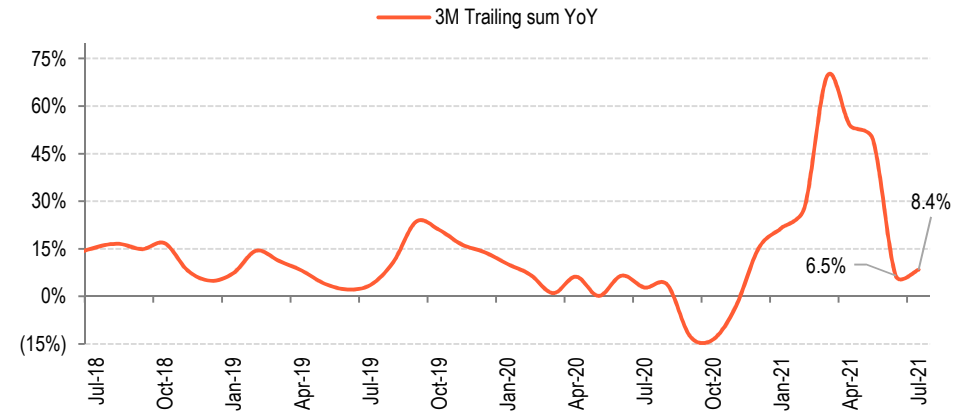


Fig 94 – ...supported by Central government spending

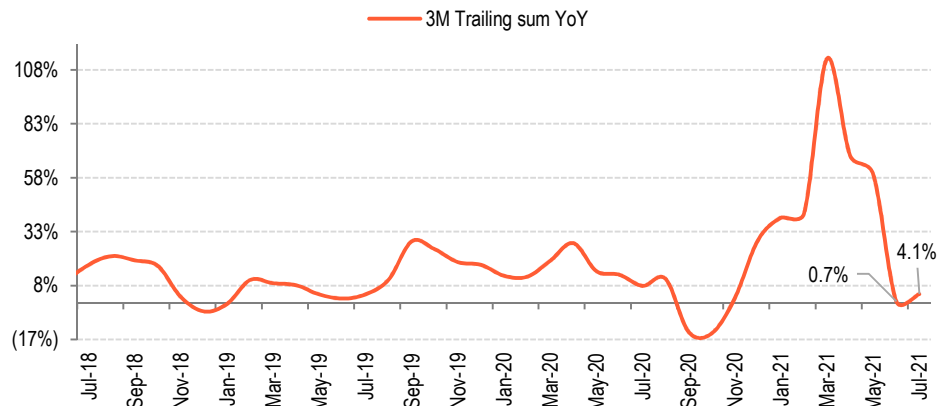
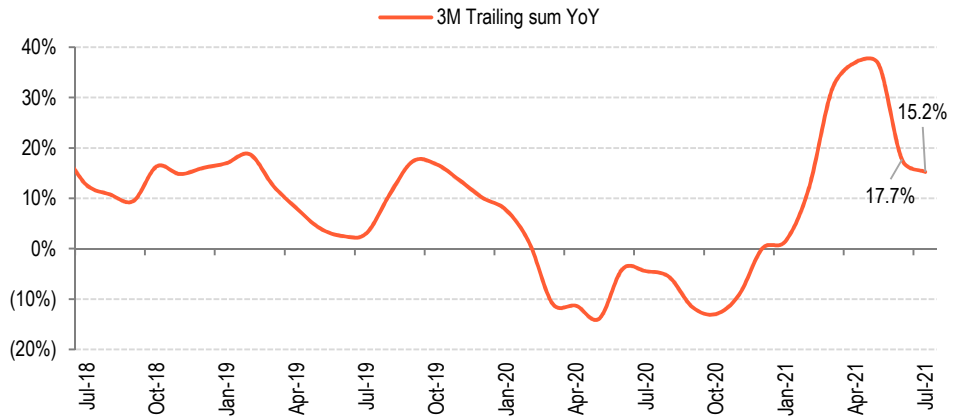


Fig 95 – State\* Govt. spending continues to ease

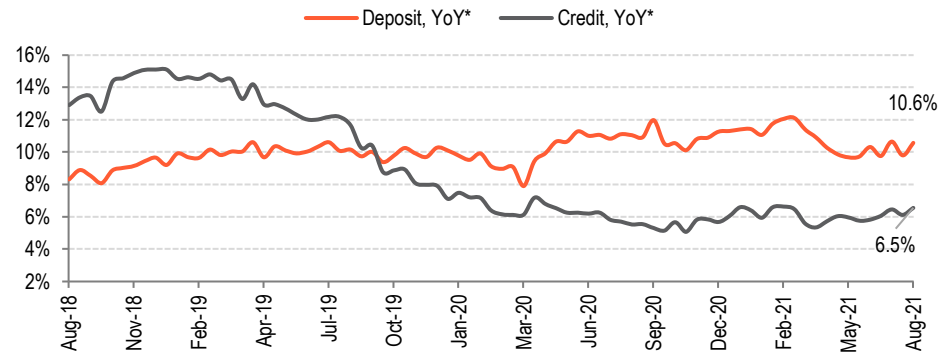


Note: \*All states excluding N.E states, A.P., Bihar, Goa, J&K, Telangana and W.Bengal

Financial sector

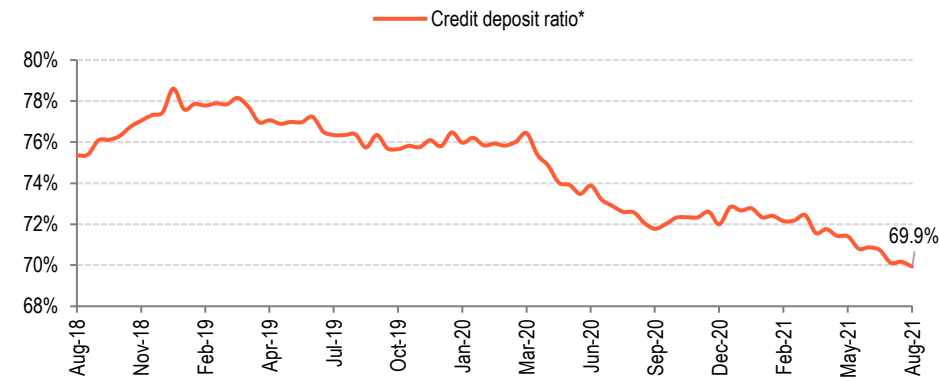
Money and banking

**Fig 96 – Credit demand picked up to 6.5% in Jul’21 from 6.1% in Jul’21, deposit growth rose to 10.6% from 9.8% ...**



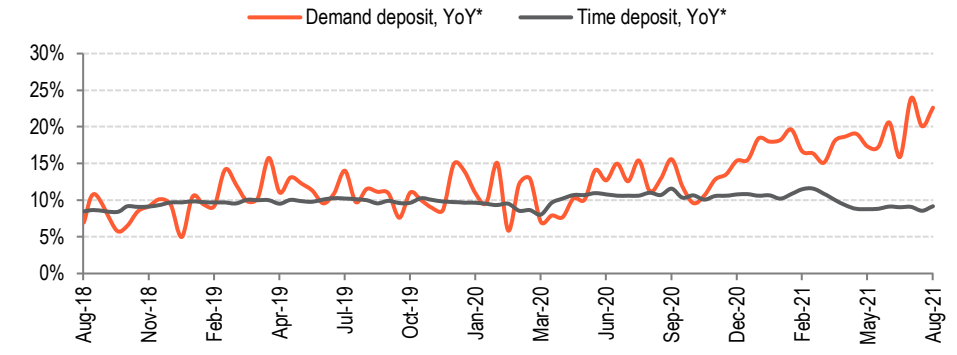
Note: \*Aug-21 implies fortnight as of 13 Aug 2021

**Fig 98 – CD ratio moderated to 69.9% from 70.2%**



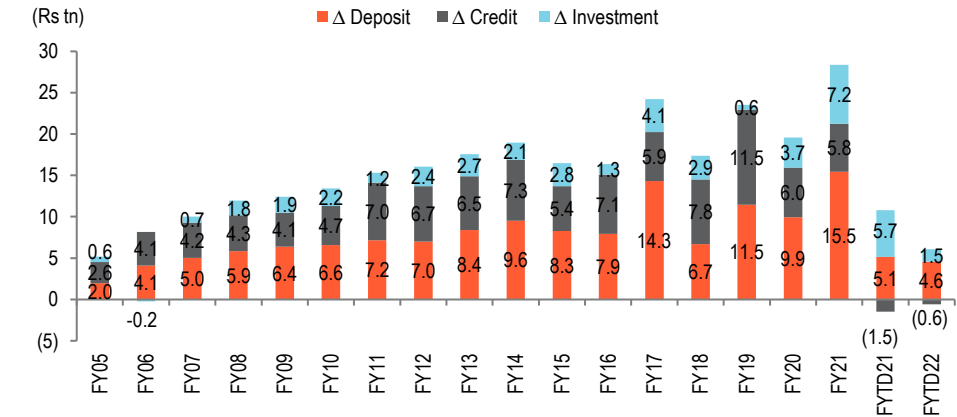
Note: \*Aug-21 implies fortnight as of 13 Aug 2021

**Fig 97 – ...Both demand and time deposits inched rose to 22.6% and 9.2% respectively from 20.1% and 8.6% in Jul’21**



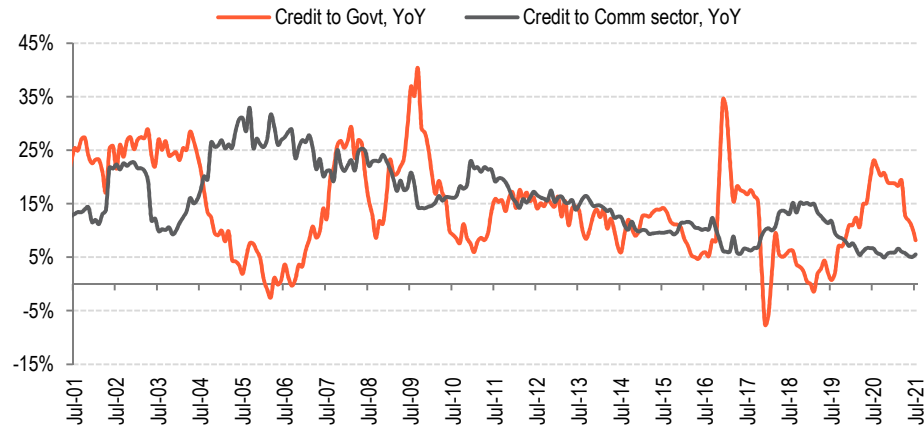
Note: \*Aug-21 implies fortnight as of 13 Aug 2021

**Fig 99 – Pace of accretion of credit, investment and deposit**

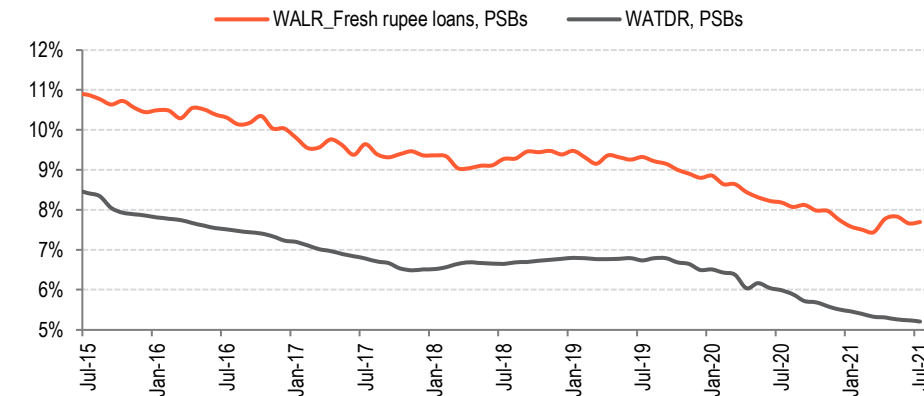


FYTD: Till 13 Aug 2021

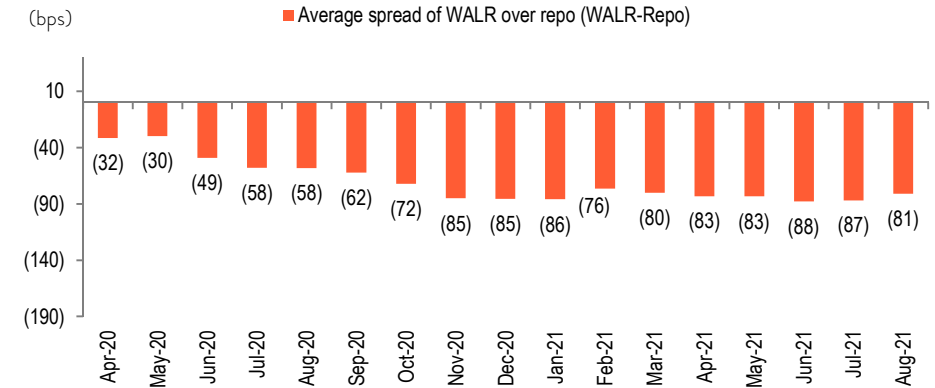
**Fig 100 – Credit to govt moderated to 8.2% from 10.6% in Jun'21, credit to commercial sector however rose to 5.5% from 5%**



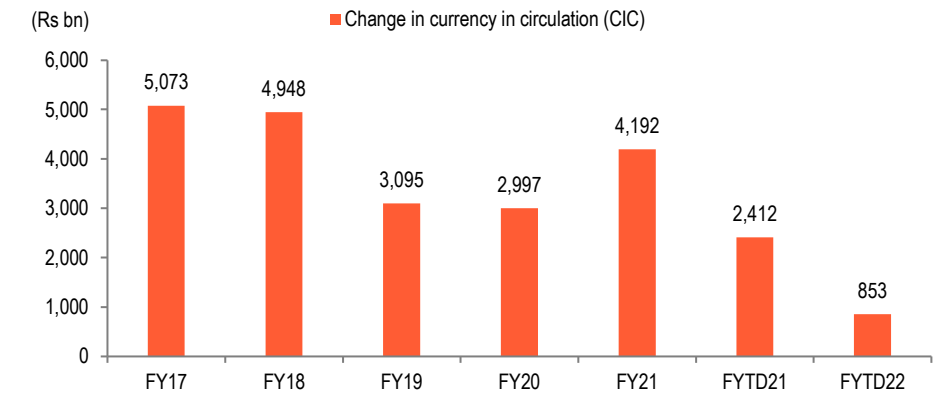
**Fig 102 – WATDR inched down to 5.21% from 5.24% in Jun'21, WALR rose to 7.69% from 7.66%**



**Fig 101 – Spread between call rate and repo**

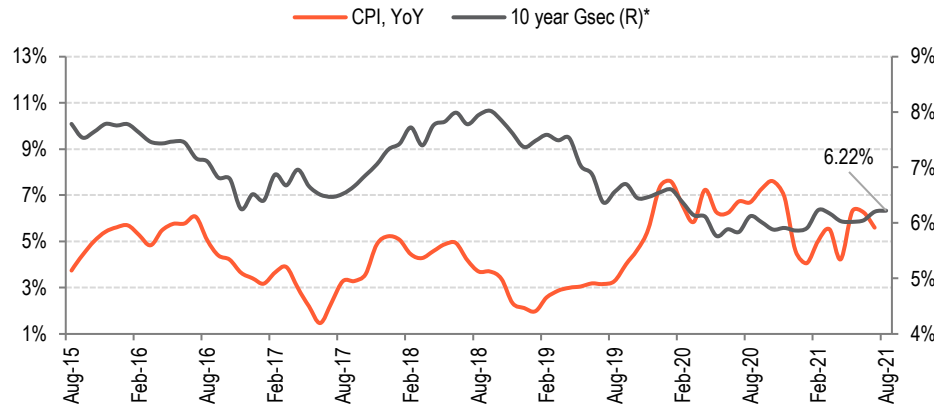


**Fig 103 – CIC accretion is happening at a much slower pace of Rs 853bn in FYTD22 against Rs 2.4tn in the same period of previous year**



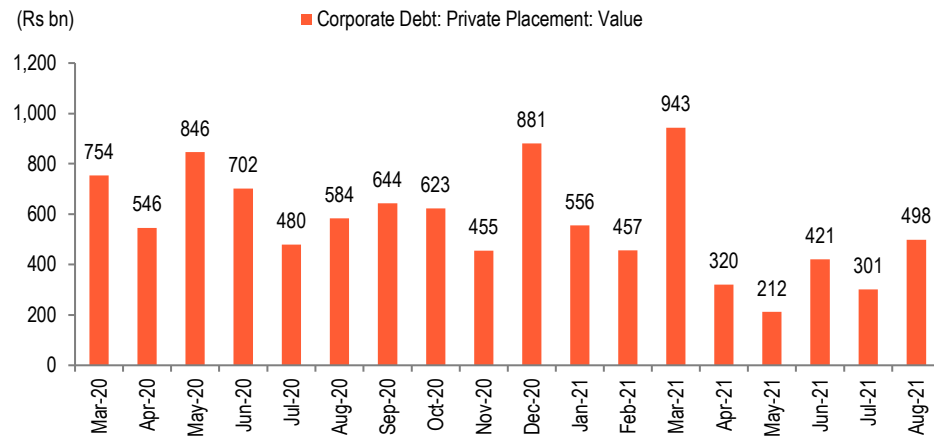
FYTD: Apr-Aug

**Fig 104 – 10Y GSec yield rose to 6.22% from 6.2% in Jul’21 and currently at 6.19%, inflation edged down to 5.6% from 6.3% in Jun’21**

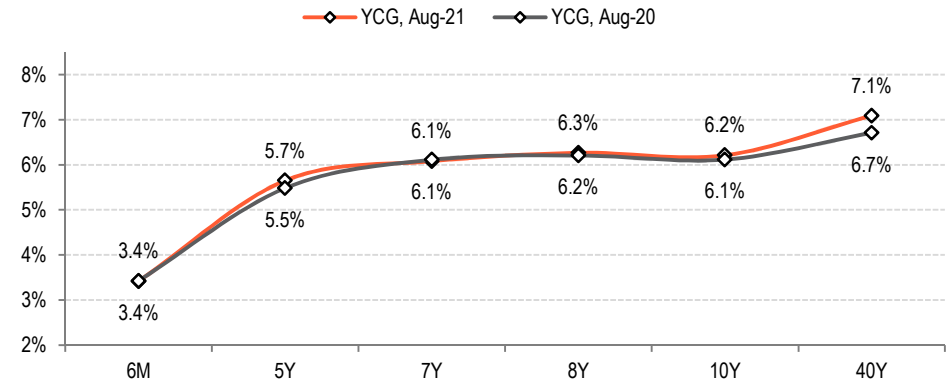


Note: \*As on last trading day of the month, 6.10GS2031 benchmark security is taken

**Fig 106 – Corporate debt issuance rose to Rs 498bn in Aug’21 from Rs 301bn in Jul’21**

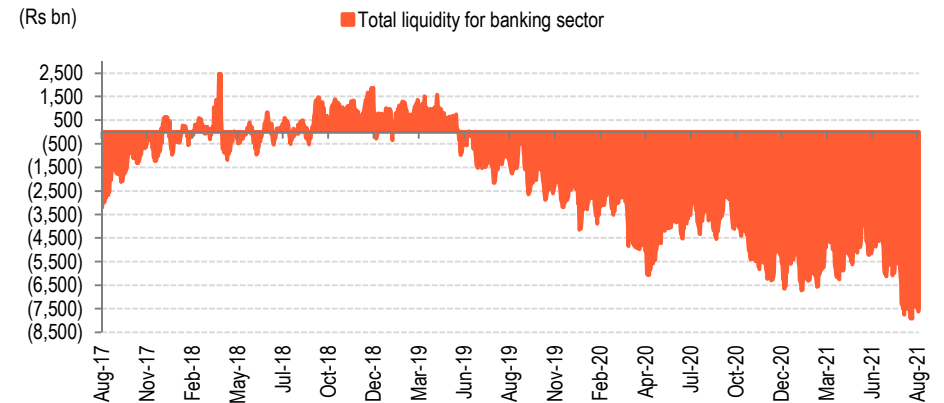


**Fig 105 – Yield curve graph (YCG) shows steepening bias**



Source: Bloomberg

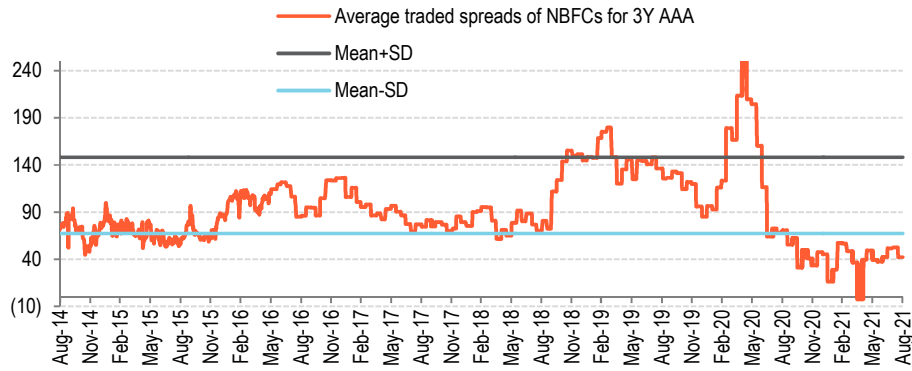
**Fig 107 – Average system liquidity surplus was higher at Rs 7.4tn as against Rs 5.8tn in Jul’21 and currently at Rs 8.4tn**



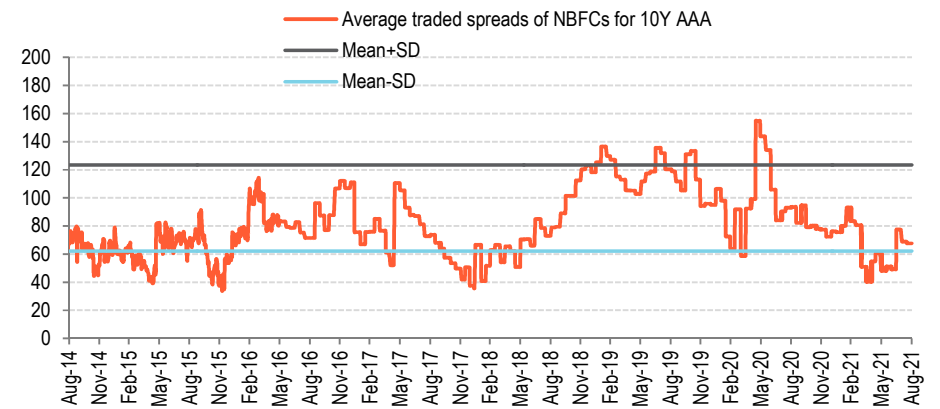
Source: RBI



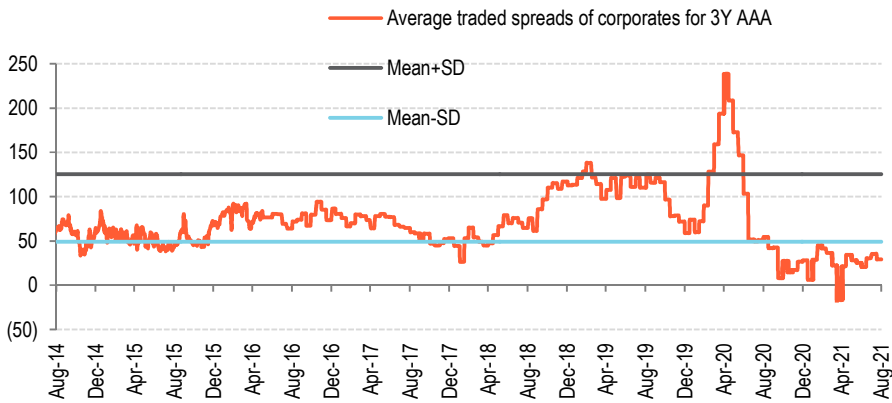
**Fig 108 – 3Y AAA NBFC spread fell to 42bps as on 31 Aug 2021 versus 51bps as on 29 Jul 2021**



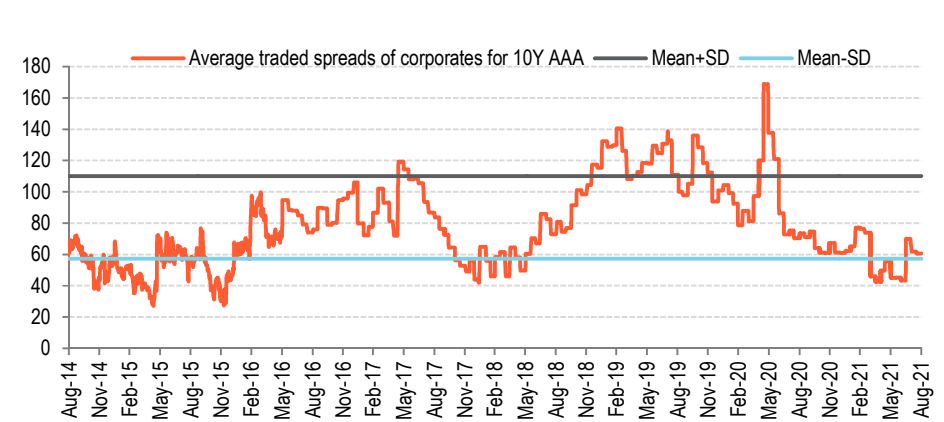
**Fig 109 – 10Y AAA NBFC spread fell to 68bps as on 31 Aug 2021 versus 77bps as on 29 Jul 2021**



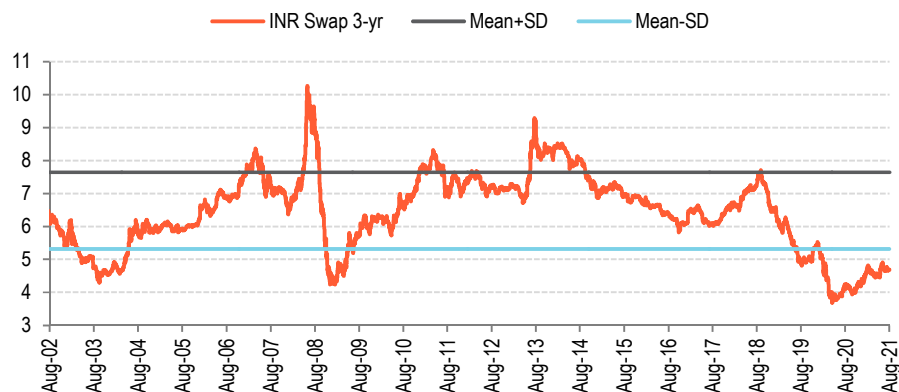
**Fig 110 – 3Y AAA corp fell marginally to 29bps as on 31 Aug 2021 versus 30bps as on 29 Jul 2021**



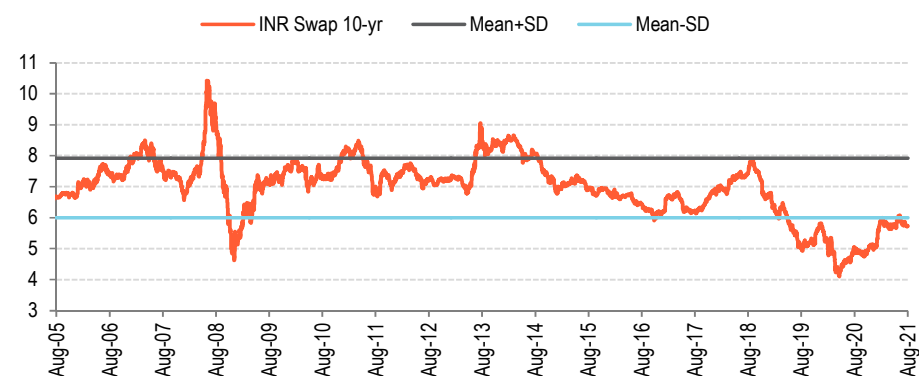
**Fig 111 – 10Y AAA corp spread fell to 61bps as on 31 Aug 2021 versus 70bps as on 29 Jul 2021**



**Fig 112 – INR 3Y swap moderated marginally to 4.69 as on 31 Aug 2021 versus 4.7 as on 30 Jul 2021**



**Fig 113 – For 10Y, it edged down to 5.73 as on 31 Aug 2021 versus 5.81 as on 30 Jul 2021**



### Interest rates on small savings schemes

**Fig 114 – Interest rates on small savings scheme to remain unchanged in Q2FY22**

Instrument (%)	Q1FY20	Q2FY20	Q3FY20	Q4FY20	Q1FY21	Q2FY21	Q3FY21	Q4FY21	Q1FY22	Q2FY22	GSec Yield (1 Sep 2021)
Savings deposit	4.0	4.0	4.0	4.0	4.0	4.0	4.0	4.0	4.0	4.0	
1 year time deposit	7.0	6.9	6.9	6.9	5.5	5.5	5.5	5.5	5.5	5.5	3.63
2 year time deposit	7.0	6.9	6.9	6.9	5.5	5.5	5.5	5.5	5.5	5.5	4.10
3 year time deposit	7.0	6.9	6.9	6.9	5.5	5.5	5.5	5.5	5.5	5.5	4.44
5 year time deposit	7.8	7.7	7.7	7.7	6.7	6.7	6.7	6.7	6.7	6.7	5.61
5 year recurring deposit	7.3	7.2	7.2	7.2	5.8	5.8	5.8	5.8	5.8	5.8	5.61
5 year senior citizen savings scheme	8.7	8.6	8.6	8.6	7.4	7.4	7.4	7.4	7.4	7.4	5.61
5 year monthly income scheme	7.7	7.6	7.6	7.6	6.6	6.6	6.6	6.6	6.6	6.6	5.61
5 year national savings certificate	8	7.9	7.9	7.9	6.8	6.8	6.8	6.8	6.8	6.8	5.61
Public provident fund scheme	8	7.9	7.9	7.9	7.1	7.1	7.1	7.1	7.1	7.1	6.20
Kisan vikas patra	7.7	7.6	7.6	7.6	6.9	6.9	6.9	6.9	6.9	6.9	-
Sukanya samridhi account scheme	8.5	8.4	8.4	8.4	7.6	7.6	7.6	7.6	7.6	7.6	-

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

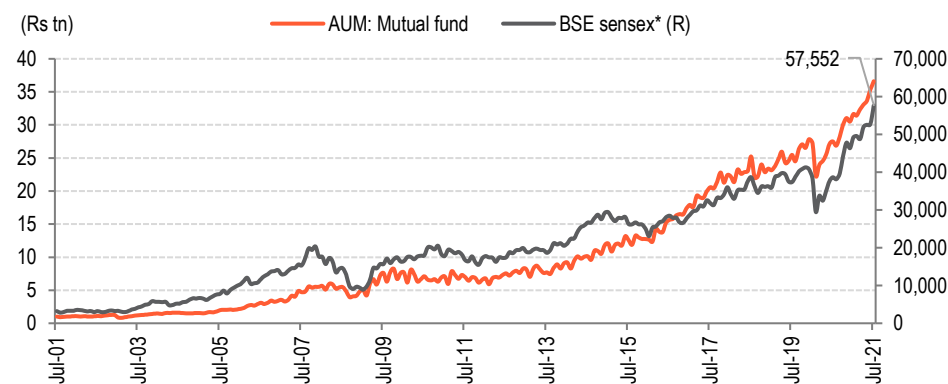
**Fig 115 – Interest rates charged by leading banks**

1Y MCLR (%)	Jun'20	Jul'20	Aug'20	Sep'20	Oct'20	Nov'20	Dec-20	Jan-21	Feb-21	Mar-21	Apr-21	May-21	Jun'21	Jul'21	Aug'21
<b>Public Sector Banks</b>															
Bank of Baroda	7.65	7.60	7.60	7.55	7.50	7.45	7.40	7.40	7.40	7.40	7.40	7.40	7.35	7.35	7.35
Bank of India	7.70	7.60	7.45	7.40	7.35	7.35	7.35	7.35	7.35	7.35	7.35	7.35	7.35	7.30	7.25
Canara Bank	7.65	7.55	7.45	7.40	7.40	7.35	7.35	7.35	7.35	7.35	7.35	7.35	7.35	7.35	7.35
Indian Bank	7.50	7.40	7.35	7.30	7.30	7.30	7.30	7.30	7.30	7.30	7.30	7.30	7.30	7.30	7.35
Punjab National Bank	7.60	7.60	7.35	7.35	7.35	7.35	7.35	7.35	7.35	7.35	7.35	7.35	7.30	7.30	7.30
State Bank of India	7.00	7.00	7.00	7.00	7.00	7.00	7.00	7.00	7.00	7.00	7.00	7.00	7.00	7.00	7.00
Union Bank of India	7.60	7.40	7.25	7.20	7.20	7.20	7.20	7.20	7.20	7.20	7.20	7.20	7.20	7.20	7.20
<b>Private Sector Banks</b>															
Axis Bank Ltd.	7.75	7.65	7.55	7.50	7.45	7.45	7.45	7.40	7.40	7.40	7.40	7.35	7.35	7.35	7.35
HDFC Bank Ltd.	7.65	7.45	7.35	7.30	7.30	7.25	7.25	7.25	7.20	7.20	7.20	7.20	7.20	7.20	7.20
ICICI Bank Ltd.	7.70	7.55	7.45	7.40	7.35	7.35	7.35	7.30	7.30	7.30	7.30	7.30	7.30	7.25	7.25
Indusind Bank	9.15	9.05	8.95	8.85	8.75	8.70	8.65	8.65	8.60	8.60	8.60	8.60	8.60	8.55	8.45
Kotak Mahindra Bank	7.75	7.60	7.50	7.50	7.45	7.35	7.35	7.35	7.30	7.25	7.25	7.25	7.25	7.25	7.25

Source: RBI

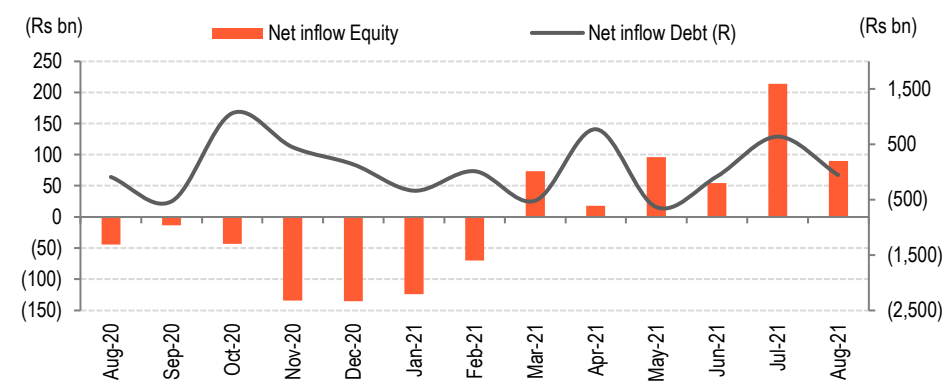
### Mutual fund (MF) indicators

**Fig 116 – Sensex rose by 9.4% to 57,552 in Aug'21, AUM of MFs also rose to Rs 37tn from Rs 35tn in Jul'21**

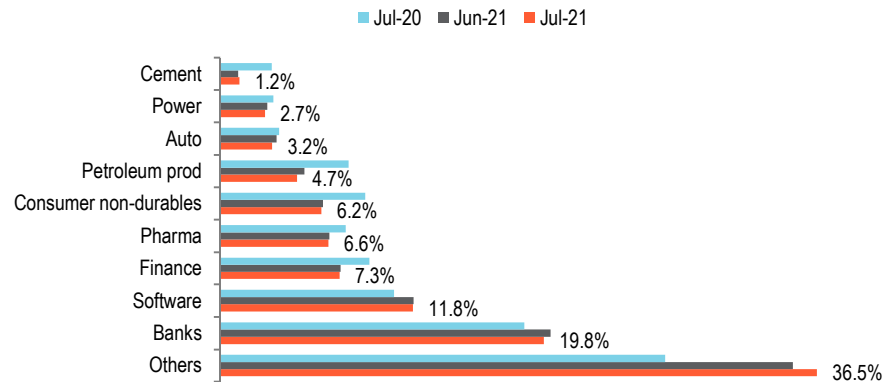


Source: \*Sensex as on last trading day of the month.

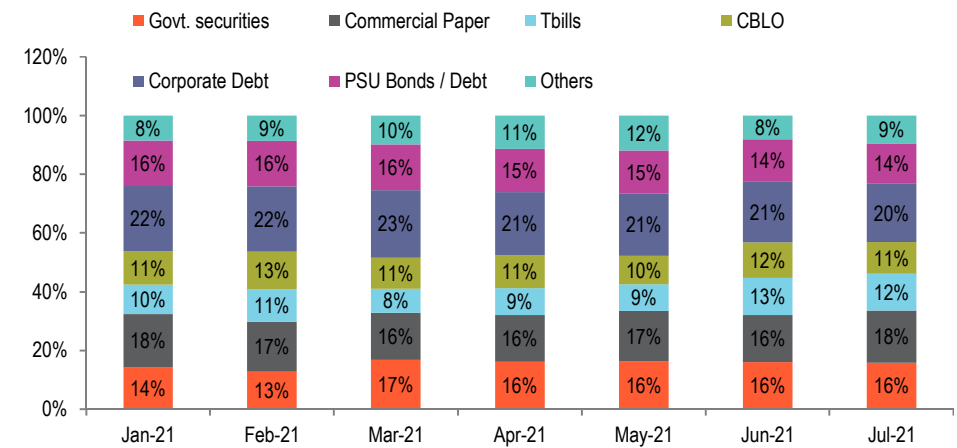
**Fig 117 – MF equity inflow moderated to Rs 90bn from Rs 214bn in Jul'21; debt outflow stood at Rs 54bn from Rs 639bn inflow in Jul'21**



**Fig 118 – Pattern of MF deployment of equity funds**

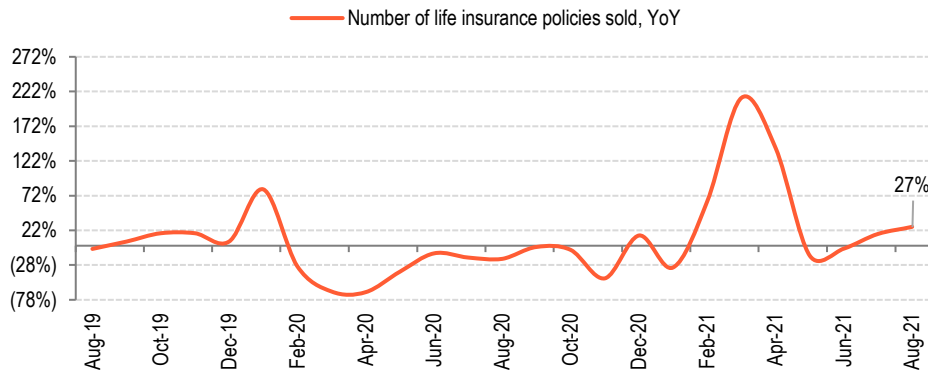


**Fig 119 – MF deployment of debt funds**

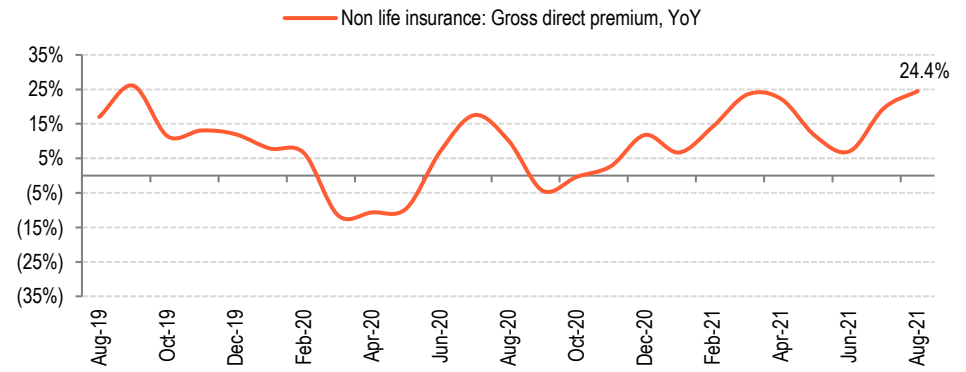


**Insurance sector indicators**

**Fig 120 – Sale of life insurance policies picked up to 27% in Aug’21 from 16% in Jul’21**



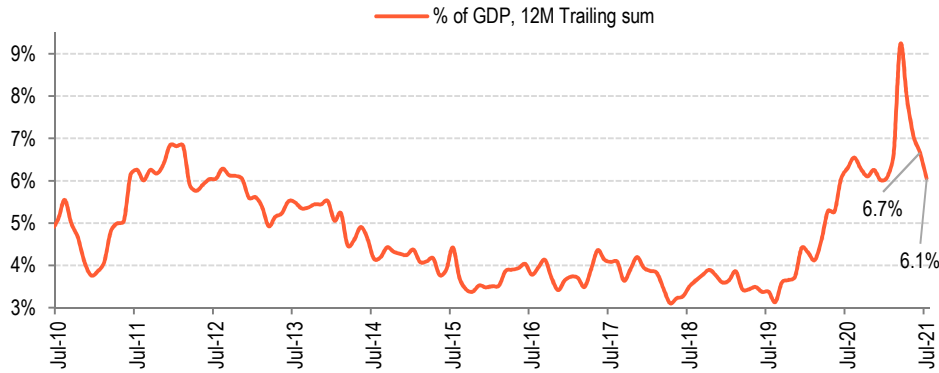
**Fig 121 – Gross direct premium for non life insurance rose to 24.4% from 19.5% in Jul’21 driven by a favourable base**



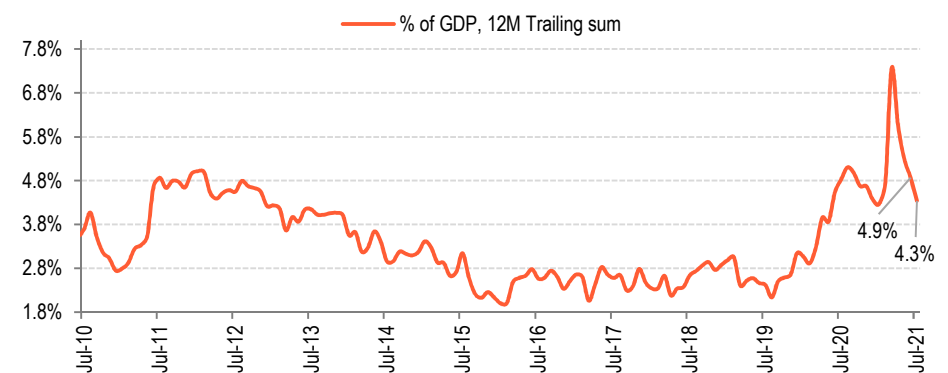
**Public finance**

**Central government finances**

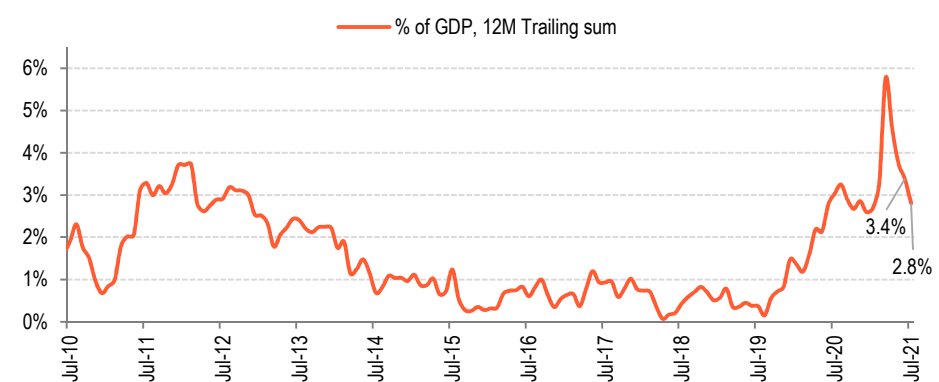
**Fig 122 – Fiscal deficit eases further in Jul’21 to to 6.1%**



**Fig 123 – Revenue deficit also down**



**Fig 124 – Primary deficit at 2.8% in Jul’21**



**Fig 125 – Government spending slowed further in Jul’21 (12MMA)...**

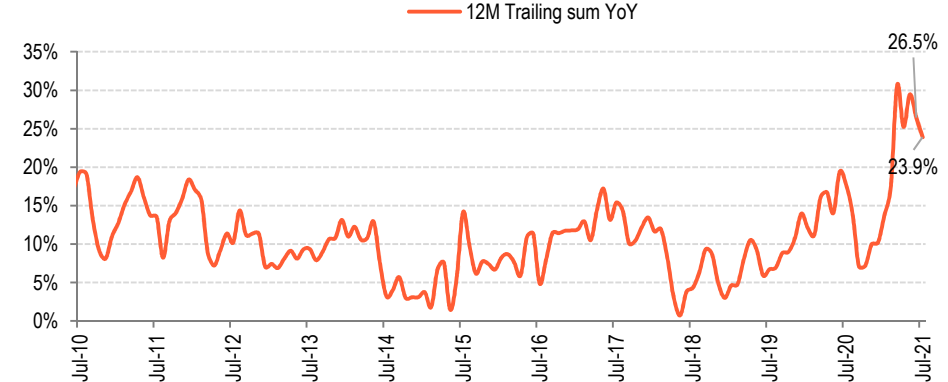


Fig 126 – ...led by revenue spending

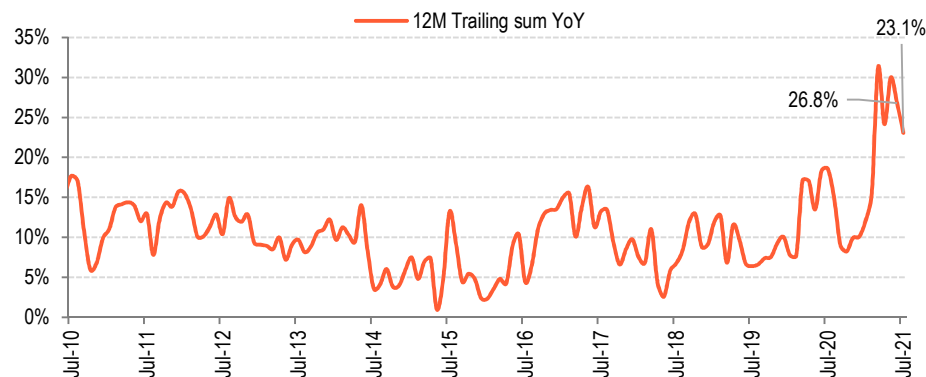


Fig 127 – Capex picked up pace in Jul'21

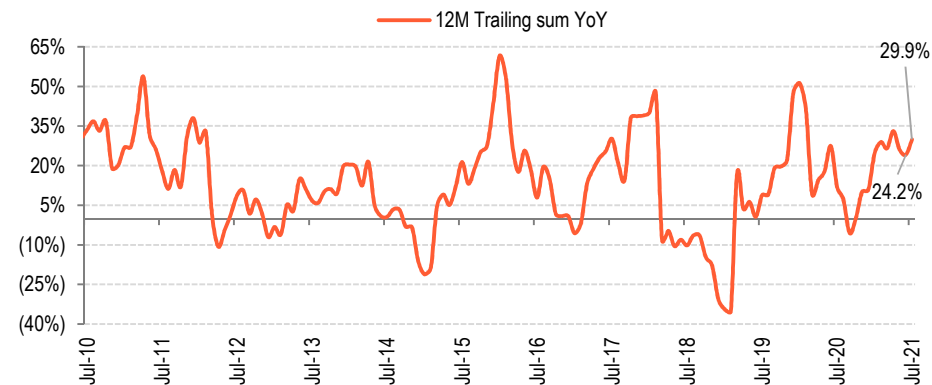


Fig 128 – Spending by ministries of road transport, consumer affairs, and HRD see pick up in Jul'21

Ministry	Apr-Jul'19 (Rs bn)	Apr-Jul'20 (Rs bn)	% change	Apr-Jul'21 (Rs bn)	% change
Ministry of Finance	3,009	3,786	25.8	3,557	(6.0)
Ministry of Defence	1,607	1,593	(0.8)	1,472	(7.6)
Ministry of Consumer Affairs, Food and Public Distribution	1,091	700	(35.9)	991	41.6
Ministry of Rural Development	417	1,023	145.5	539	(47.3)
Ministry of Home Affairs	438	504	15.2	566	12.3
Ministry of Human Resource Development	231	202	(12.5)	237	17.2
Ministry of Road Transport and Highways	321	266	(17.3)	515	93.7
Ministry of Chemicals and Fertilisers	329	313	(5.0)	268	(14.2)
Ministry of Petroleum and Natural Gas	309	196	(36.8)	25	(87.0)
Ministry of Agriculture	358	505	41.2	340	(32.7)
Ministry of Health and Family Welfare	202	271	34.2	249	(7.8)

Fig 129 – Receipt growth remains robust in Jul’21...

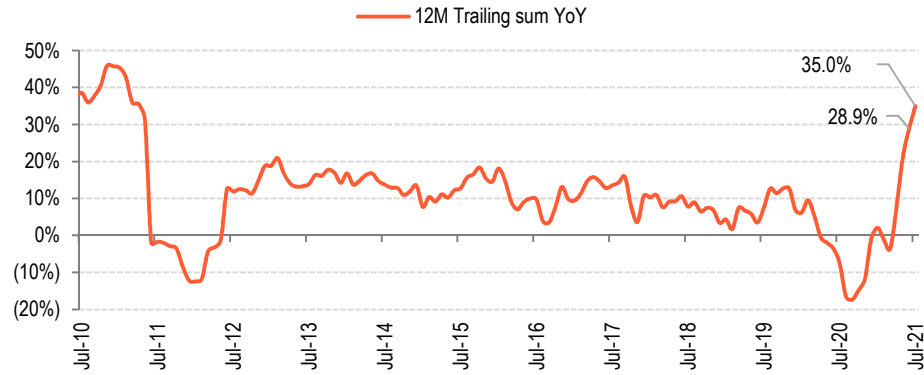


Fig 130 – ...as revenue receipts continue to improve

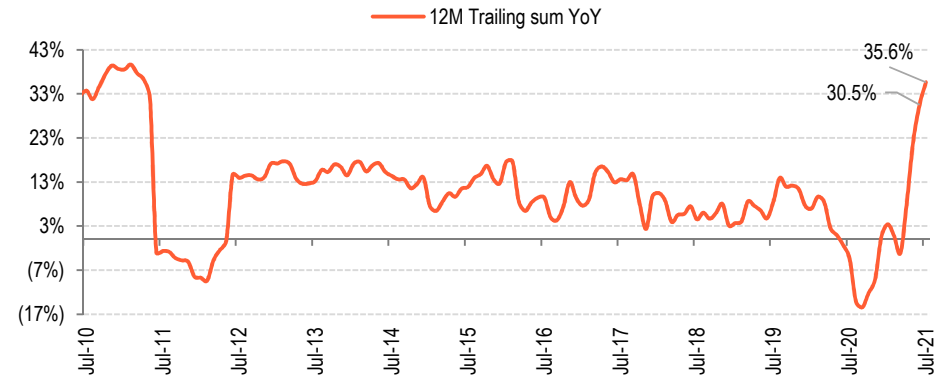


Fig 131 – Tax receipts jumped sharply

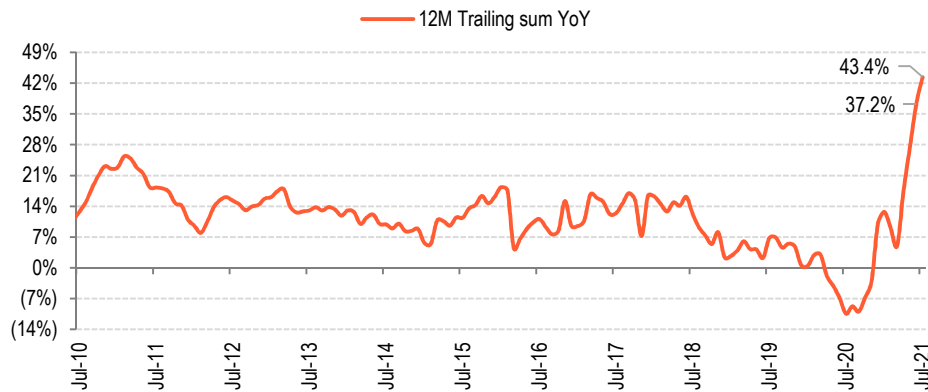
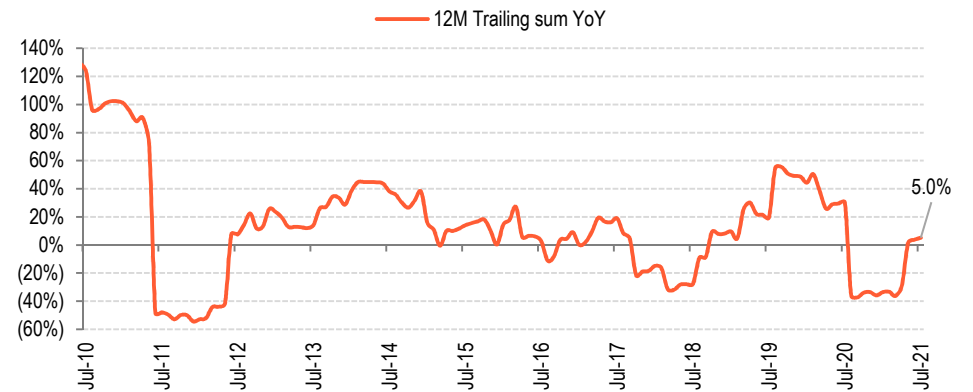


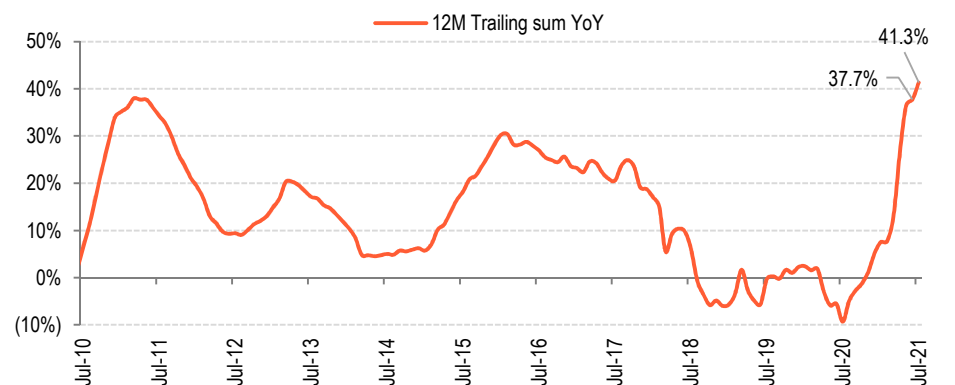
Fig 132 – Non-tax revenue growth remains subdued



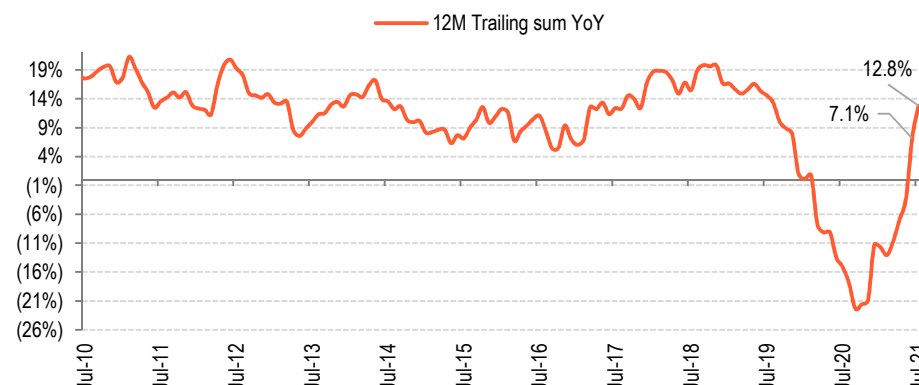
**Fig 133 – Centre’s revenue situation in Jul’21 remains healthy; Capex growth improves while revenue spending seen declining**

	Apr-Jul’19 (Rs bn)	Apr-Jul’20 (Rs bn)	% change	Apr-Jul’21 (Rs bn)	% change	FY22BE/FY21PA % change
Gross Tax revenue	5,391	3,800	(29.5)	6,959	83.1	9.5
Direct taxes	2,171	1,450	(33.2)	3,071	111.8	19.6
Corp Tax	884	537	(39.2)	1,459	171.5	19.6
Income Tax	1,288	912	(29.1)	1,612	76.7	19.6
Indirect taxes	3,219	2,350	(27.0)	3,888	65.4	2.6
Non-tax revenue	439	246	(43.9)	1,400	468.6	16.8
Centre's revenue (net)	3,826	2,274	(40.6)	6,692	194.3	9.6
Total expenditure	9,473	10,542	11.3	10,044	(4.7)	(0.8)
Capital exp	1,076	1,118	3.9	1,284	14.8	30.5
Revenue exp	8,397	9,424	12.2	8,760	(7.0)	(5.1)
Fiscal deficit	5,476	8,213	50.0	3,211	(60.9)	-

**Fig 134 – Gross indirect tax collections remain elevated**

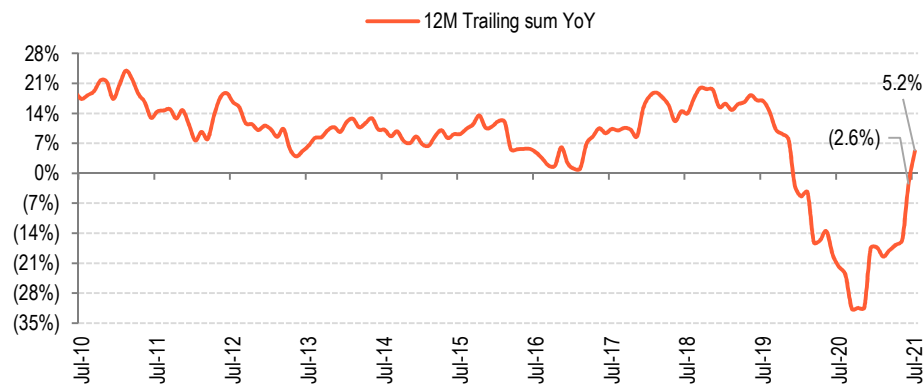


**Fig 135 – Gross direct tax collections also picking up...**

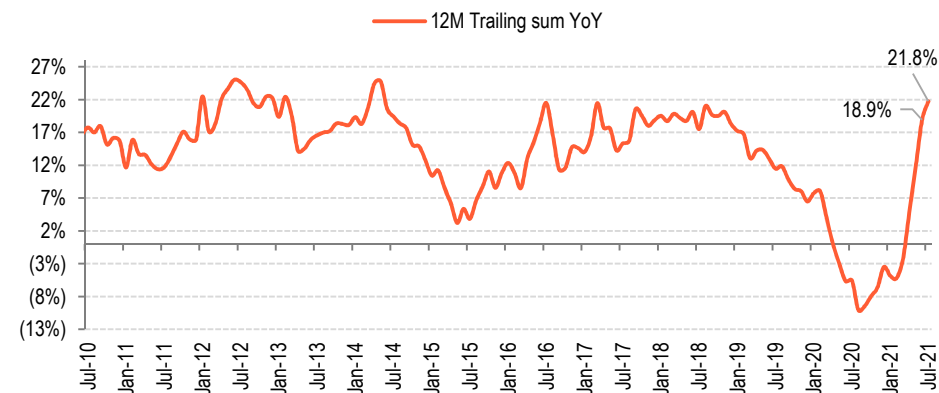




**Fig 136 – ...as corporate tax collections rebound**



**Fig 137 – Income tax collections maintain momentum**

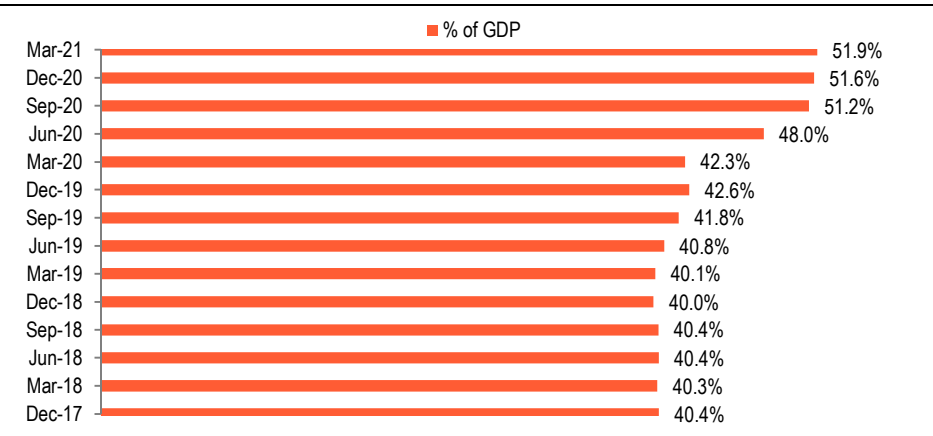


**Fig 138 – GST collections in Jul'21 remained above Rs 1tn mark, albeit slowed marginally from Jun'21**

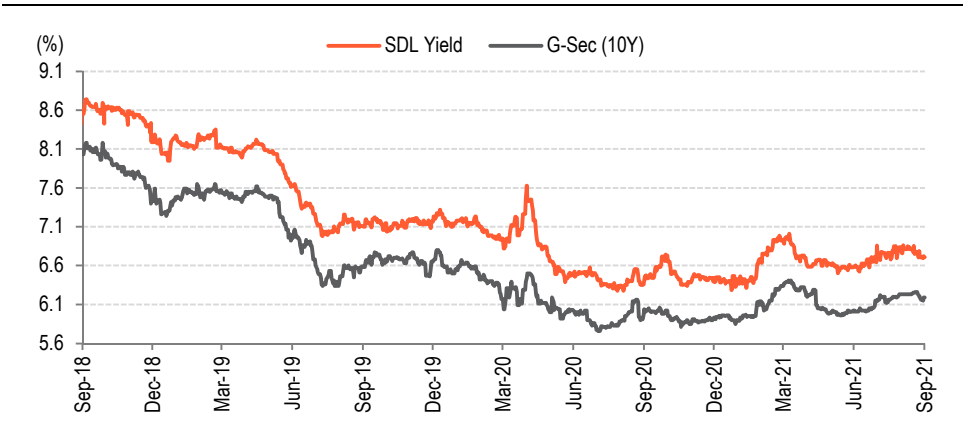
(Rs bn)	Jul-20	Aug-20	Sep-20	Oct-20	Nov-20	Dec-20	Jan-21	Feb-21	Mar-21	Apr-21	May-21	Jun-21	Jul-21	Monthly run rate (FY22)	FYTD22	FY22 (BE)
CGST	379	324	372	429	398	430	447	666	568	555	283	337	479	413	1,653	5,300
UT GST	2.2	1.9	2.4	1.4	1.3	1.4	3.2	4.1	3.2	1.6	1.6	1.7	2.5	2	7	-
IGST	(60)	52	(3)	2	76	124	68	(373)	(104)	48	153	64	(37)	57	228	-
SGST*	475	509	612	539	596	560	531	848	862	331	402	696	601	507	2,029	-
Cess	68	69	68	78	80	82	83	93	84	92	89	66	75	80	322	1,000
<b>Total GST</b>	<b>864</b>	<b>955</b>	<b>1,052</b>	<b>1,050</b>	<b>1,152</b>	<b>1,198</b>	<b>1,131</b>	<b>1,239</b>	<b>1,414</b>	<b>1,027</b>	<b>928</b>	<b>1,164</b>	<b>1,120</b>	<b>1,060</b>	<b>4,240</b>	<b>-</b>

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

**Fig 139 – Central govt. public debt rose sharply in FY21**

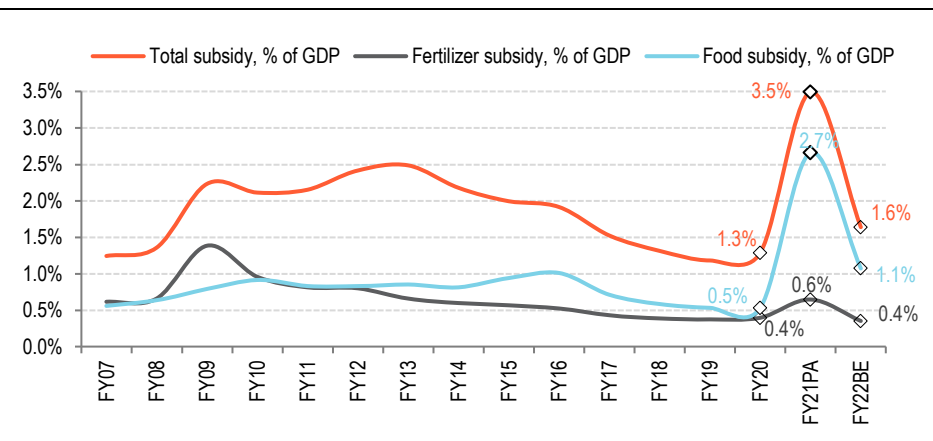


**Fig 140 – Gap between avg. yield on SDL and 10Y G-sec lowered in Aug'21; and is further down in Sep'21 so far**



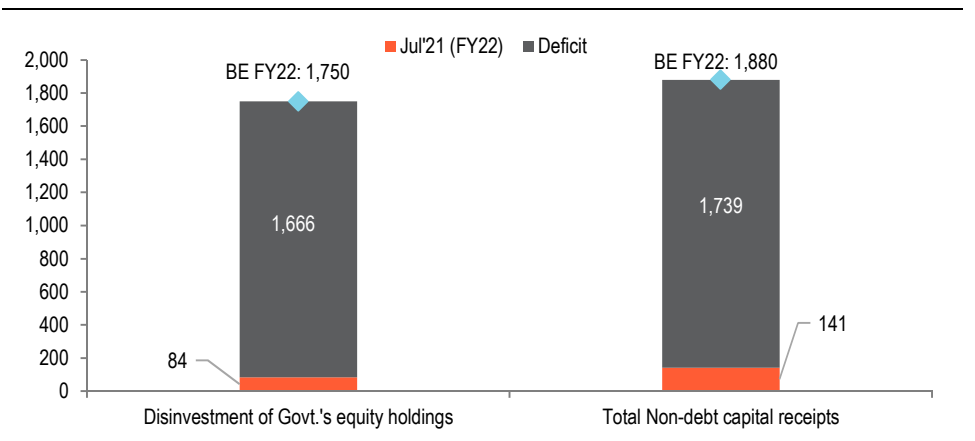
Source: CCIL

**Fig 141 – Subsidy burden increased significantly in FY21**



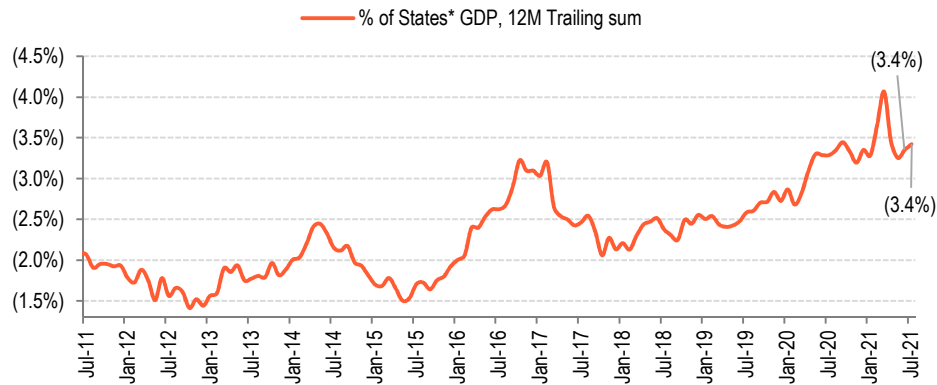
PA-Provisional Actual; BE-Budget Estimates

**Fig 142 – Central govt. FY22 disinvestment status**



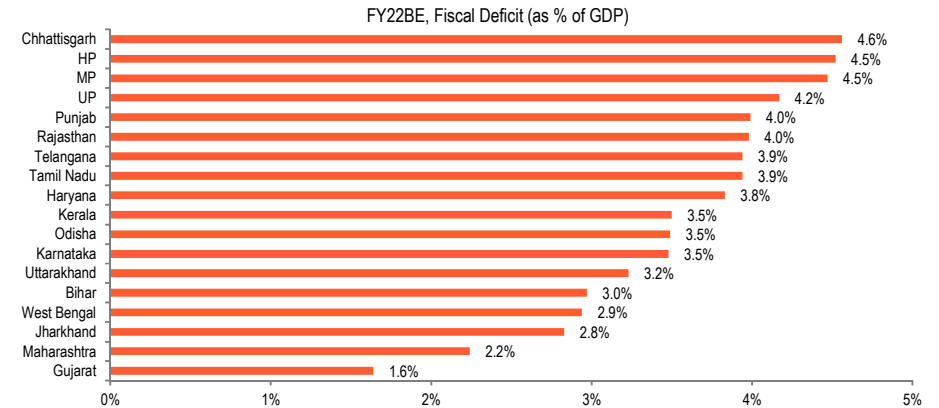
State government finances

Fig 143 – States\* fiscal deficit remained steady in Jul'21



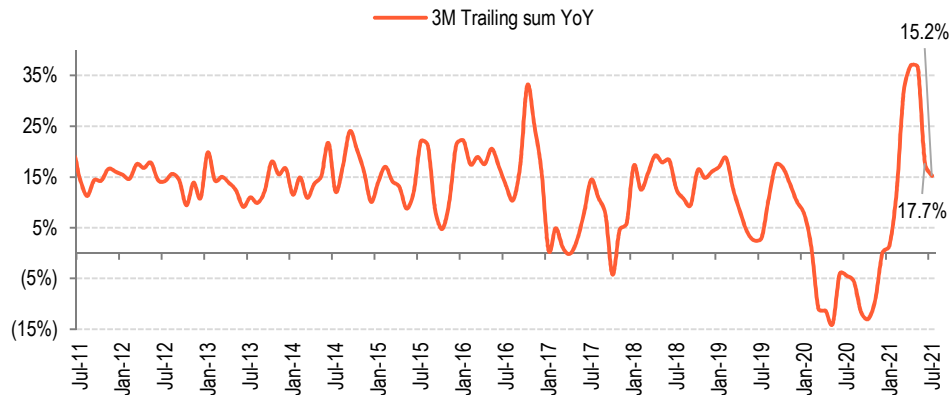
Note: \*All states excluding N.E states, A.P., Bihar, Goa, J&K, Telangana and W.Bengal

Fig 144 – Chhattisgarh, M.P., U.P, to remain higher deficit states in FY22 (BE)



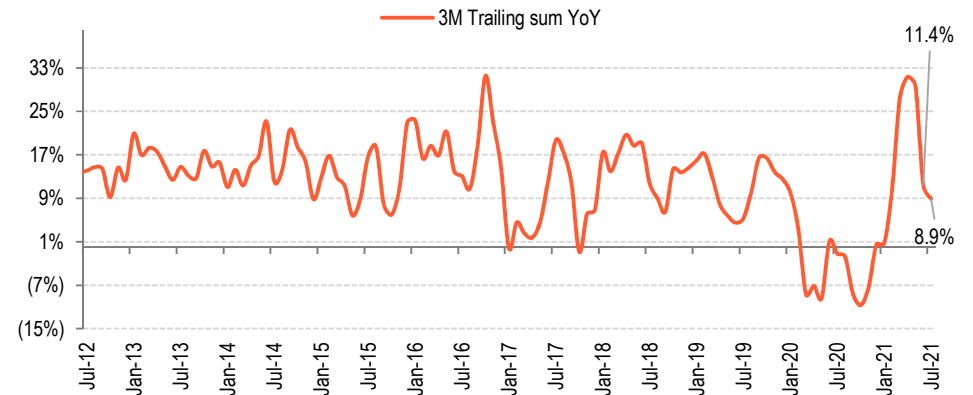
Source: Budget documents

Fig 145 – Total expenditure of states\* cooled further in Jul'21



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

Fig 146 – ...as revenue spending by states\* fell



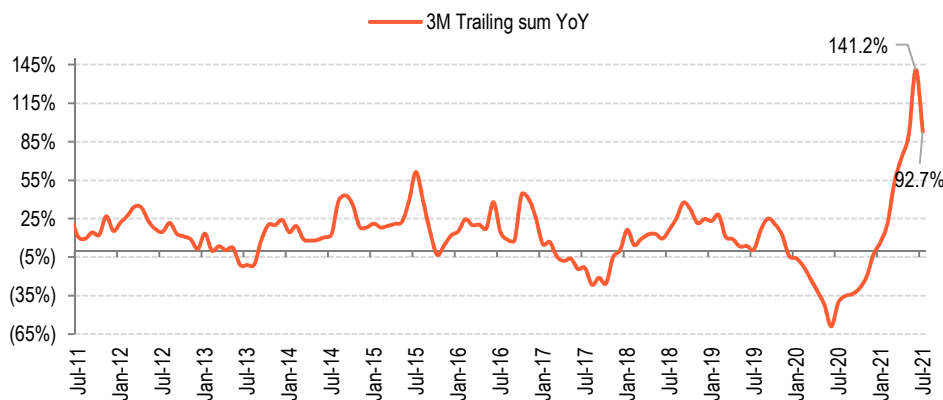
Note: \*All states excluding N.E states, A.P., Bihar, Goa, J&K, Telangana and W.Bengal

**Fig 147 – State\* govt. tax revenue receipts in Jul’21 remains below pre-pandemic (Jul’19) levels; spending still higher than Jul’19**

	Apr-Jul’19 (Rs bn)	Apr-Jul’20 (Rs bn)	% change	Apr-Jul’21 (Rs bn)	% change
Total Receipts	6,316	6,030	(4.5)	7,043	16.8
Revenue Receipts	5,580	4,716	(15.5)	5,682	20.5
Receipts: Tax Revenue	4,193	3,055	(27.1)	4,160	36.2
Receipts: Non-Tax Revenue	404	334	(17.4)	484	44.8
Receipts: Grant in aid & contribution	928	1,455	56.8	1,118	(23.1)
Capital Receipts	736	1,314	78.6	1,361	3.6
Total Expenditure	6,182	6,035	(2.4)	6,930	14.8
Revenue Expenditure	5,538	5,662	2.2	6,152	8.7
Capital Expenditure	716	373	(47.9)	777	108.5
Revenue Surplus or Deficit	28	(1,031)	-	(522)	-
Fiscal Surplus or Deficit	(732)	(1,397)	-	(682)	-

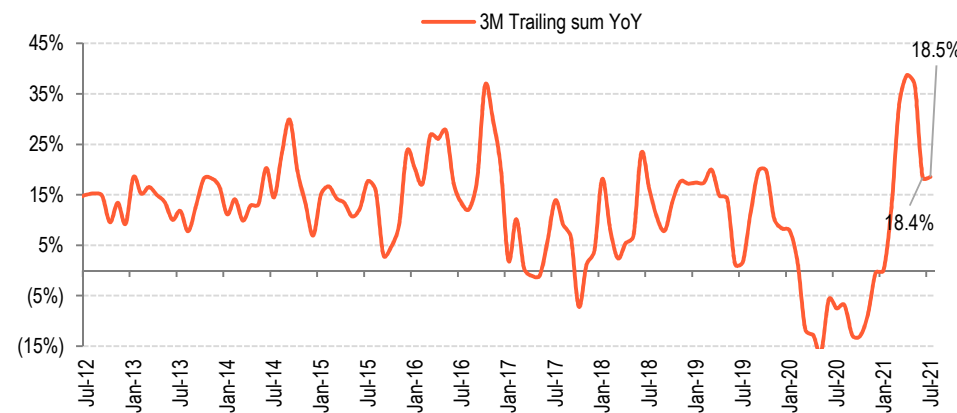
Note: \*All states excluding N.E states, A.P., Bihar, Goa, J&K, Telangana and W.Bengal

**Fig 148 – Capex spending of states\* also down**



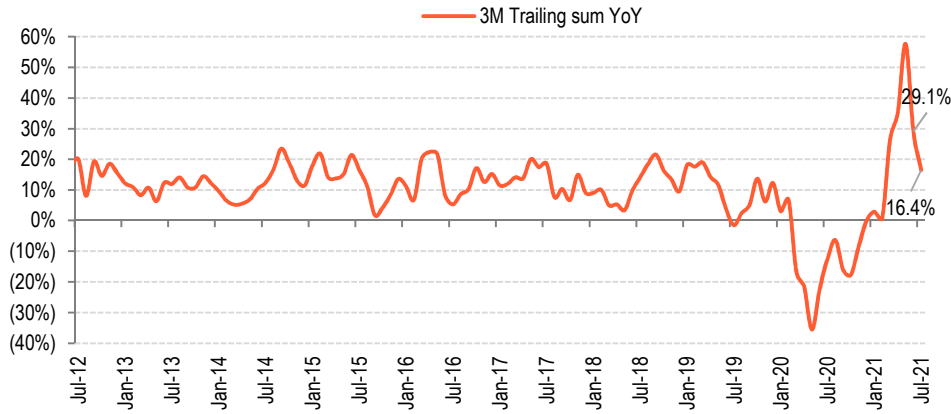
Note: \*All states excluding N.E states, A.P., Bihar, Goa, J&K, Telangana and W.Bengal

**Fig 149 – Total receipt of states\* broadly stable in Jul’21**



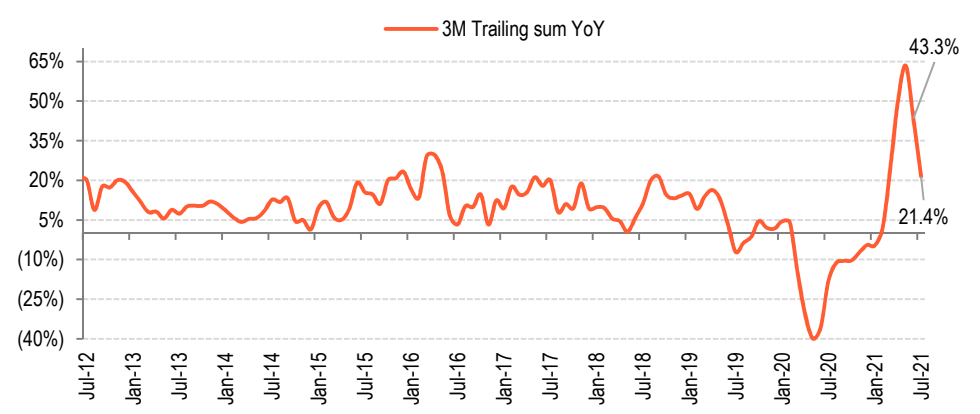
Note: \*All states excluding N.E states, A.P., Bihar, Goa, J&K, Telangana and W.Bengal

**Fig 150 – Revenue receipts of states\* seen easing...**



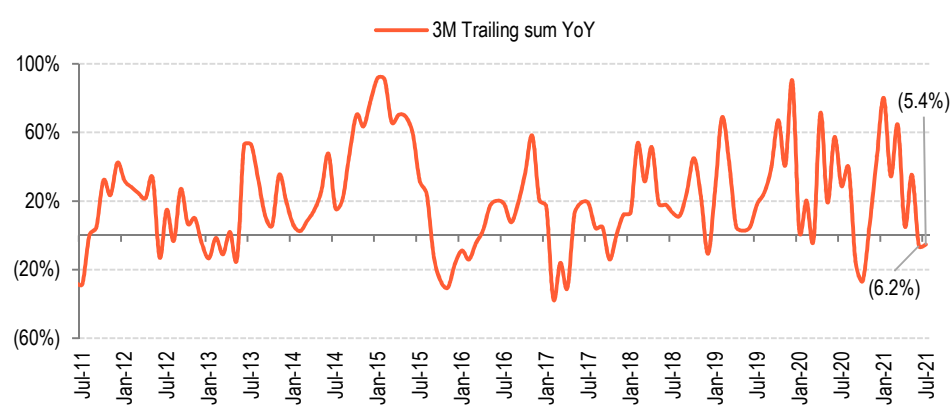
Note: \*All states excluding N.E states, A.P., Bihar, Goa, J&K, Telangana and W.Bengal

**Fig 151 – ... As tax revenue receipts of states\* cooled sharply**



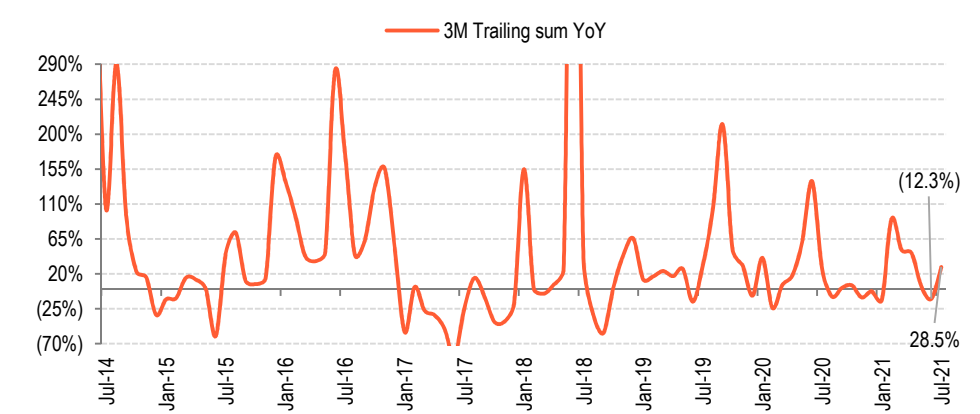
Note: \*All states excluding N.E states, A.P., Bihar, Goa, J&K, Telangana and W.Bengal

**Fig 152 – Grant in aid from Centre to states\* also remains weak**



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

**Fig 153 – Capital receipts of states\* supported overall receipts**



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

## Central government borrowing

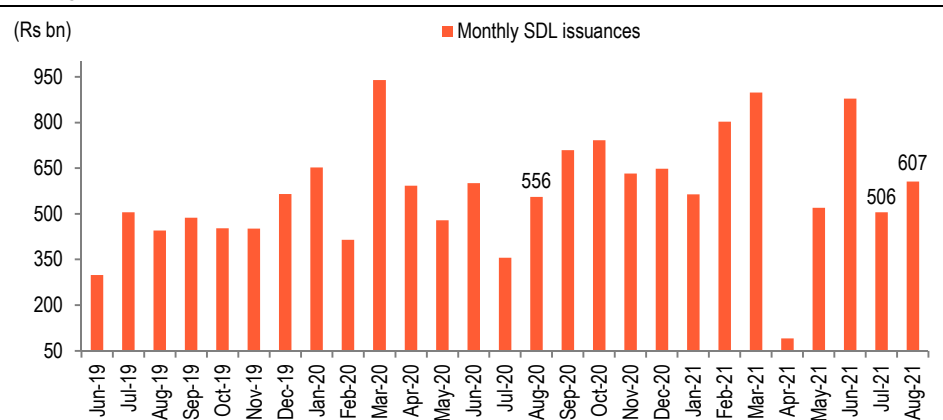
**Fig 154 – Centre’s T-bill issuances at Rs 2.5tn in Q2 till date**

Total accepted amount (G-Sec), (Rs bn)	FY16	FY17	FY18	FY19	FY20	FY21	FY22	FY22 (planned)
Q1	2,613	2,797	2,888	3,089	3,364	5,328	5,375	4,680
Q2	2,667	2,584	3,186	3,299	3,024	5,417	2473^	2,210
Q3	2,645	2,747	2,632	3,070	2,889	3,745	-	-
Q4	2,104	1,684	2,486	1,812	2,511	2,714	-	-
<b>Total</b>	<b>10,029</b>	<b>9,811</b>	<b>11,192</b>	<b>11,271</b>	<b>11,788</b>	<b>17,204</b>	<b>-</b>	<b>-</b>

Source: RBI^Till 3 Sep 2021

## State government borrowing

**Fig 156 – State government borrowings picked in Aug’21, was also higher than last year**



Source: RBI

**Fig 155 – Centre’s gross borrowing in Q2 till date is at Rs 2.7tn**

Total accepted amount (G-Sec), (Rs bn)	FY16	FY17	FY18	FY19	FY20	FY21	FY22	FY22 (planned)
Q1	1,740	1,500	1,680	1,320	2,040	3,140	3,064	3,800
Q2	1,630	1,910	1,890	1,440	2,210	4,220	2696*	3,440
Q3	1,640	1,610	1,640	1,270	1,930	2,910	-	2,408
Q4	840	800	670	1,680	920	3,191	-	2,408
<b>Total</b>	<b>5,850</b>	<b>5,820</b>	<b>5,880</b>	<b>5,710</b>	<b>7,100</b>	<b>13,461^</b>	<b>-</b>	<b>12,055</b>

Source: RBI^ Against budgeted Rs 12.8tn \*Till 3 Sep 2021

**Fig 157 – States’ market borrowings on the rise in Q2FY22**

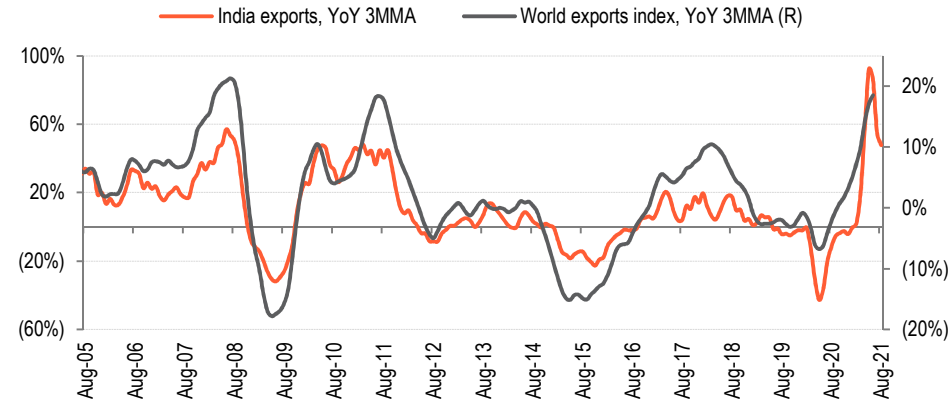
Quarterly SDL issuances, (Rs bn)	FY16	FY17	FY18	FY19	FY20	FY21	FYTD22 (actual)	FY22 (planned)
Q1	502	548	650	766	815	1,673	1,491	1,783
Q2	627	792	1,130	809	1,439	1,614	1267*	1,696
Q3	858	1,214	1,054	1,277	1,470	2,023	-	-
Q4	959	1,322	1,348	1,809	2,006	2,448	-	-
<b>Total</b>	<b>2,946</b>	<b>3,876</b>	<b>4,182</b>	<b>4,661</b>	<b>5,731</b>	<b>7,757</b>	<b>-</b>	<b>-</b>

Source: RBI; \* as of 7 Sep 2021

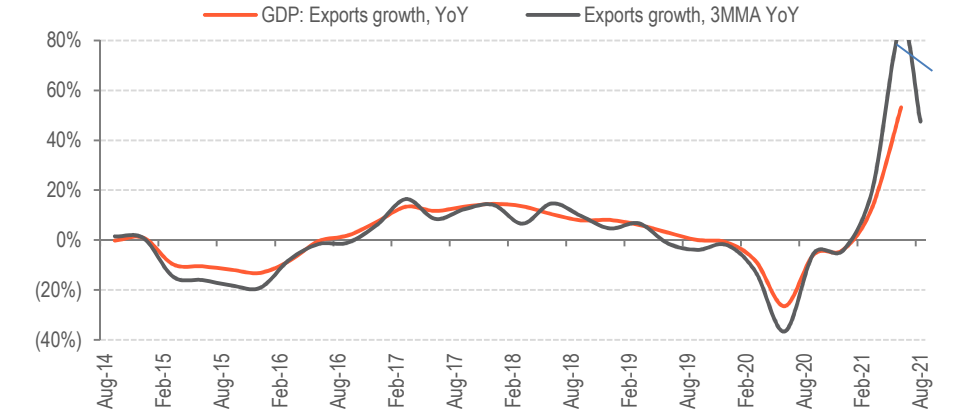
## External sector

### Exports

**Fig 158 – Global exports increasing steadily**



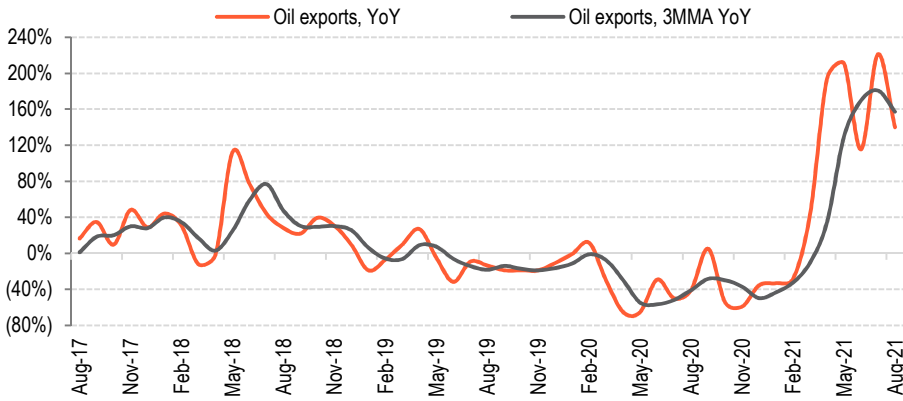
**Fig 159 – India's exports decelerate in Aug'21**



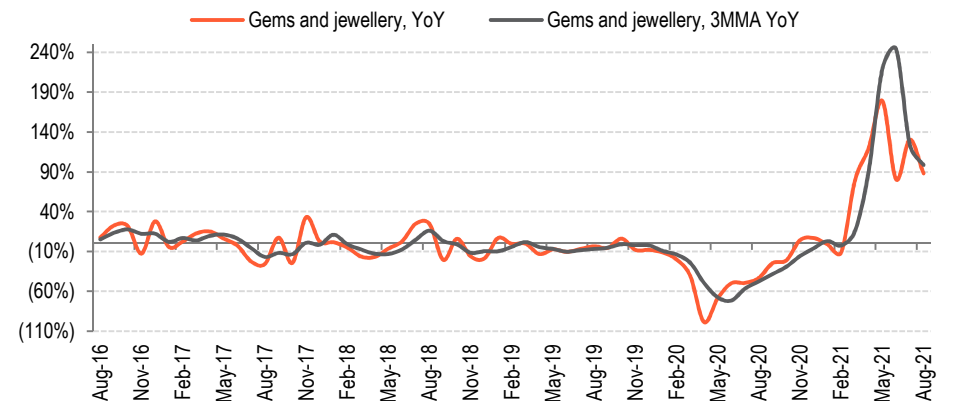
Note: Figure for Aug'21 is average YoY growth for Aug-Sep'21

### Exports by major sectors

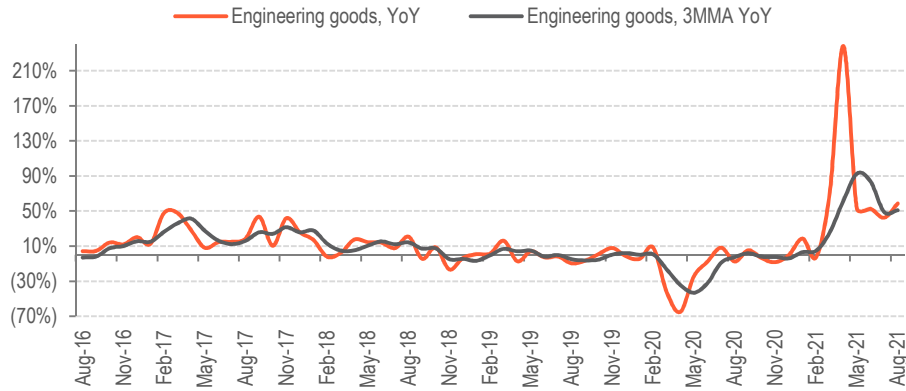
**Fig 160 – ... led by moderation in oil exports**



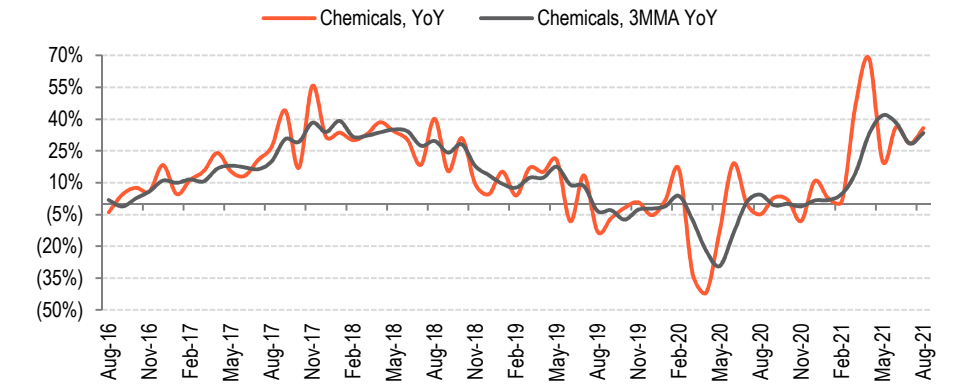
**Fig 161 – .. and exports of gems and jewellery**



**Fig 162 – Exports of engineering goods picked up in Aug'21**

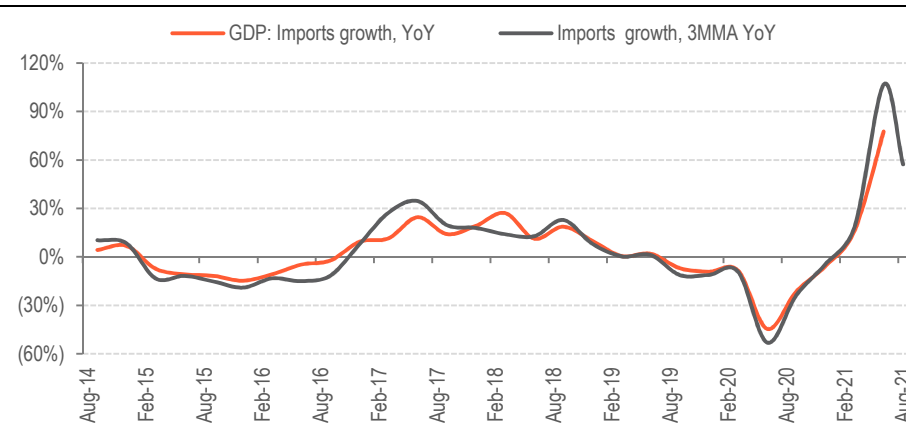


**Fig 163 – Similar trend in exports of chemicals**



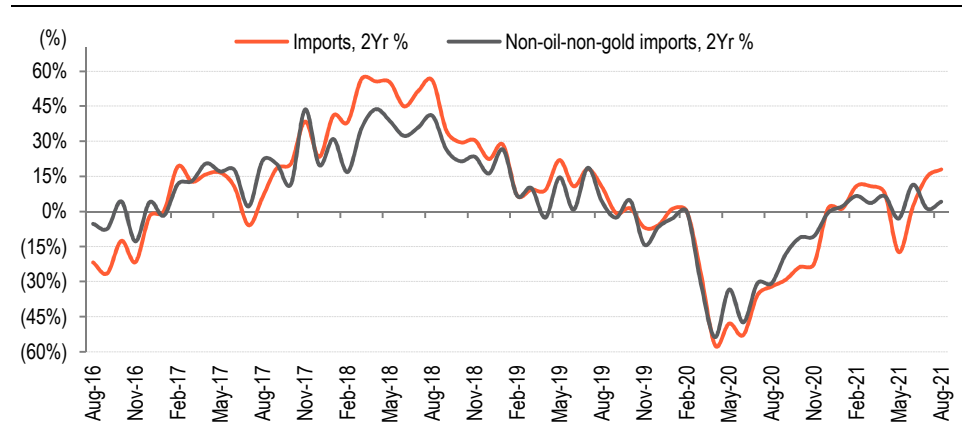
**Imports**

**Fig 164 – Imports rose to US\$ 47bn in Aug'21 from US\$ 46.4bn in Jul'21**



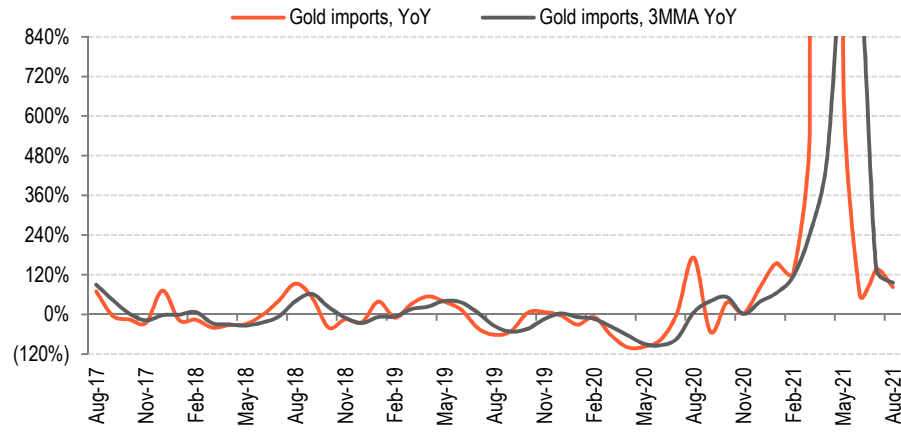
Note: Figure for Aug'21 is average YoY growth for Aug-Sep'21

**Fig 165 – Over a 2-year horizon, imports have risen by 18%, non-oil-non-gold imports have remained muted at 4.1%**

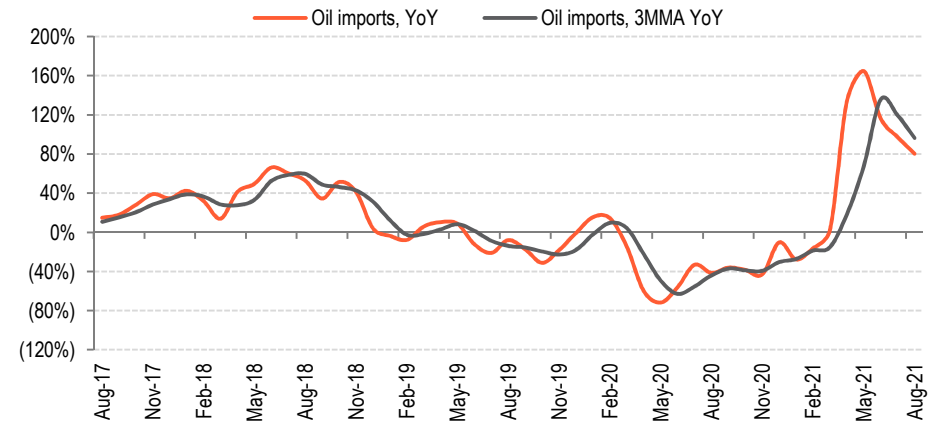




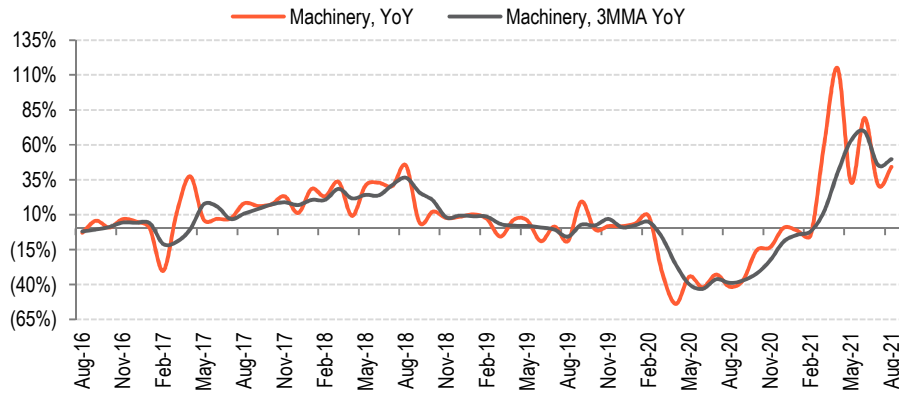
**Fig 166 – Gold imports rose to US\$ 6.7bn from US\$ 4.2bn in Jul'21; lower on a YoY basis**



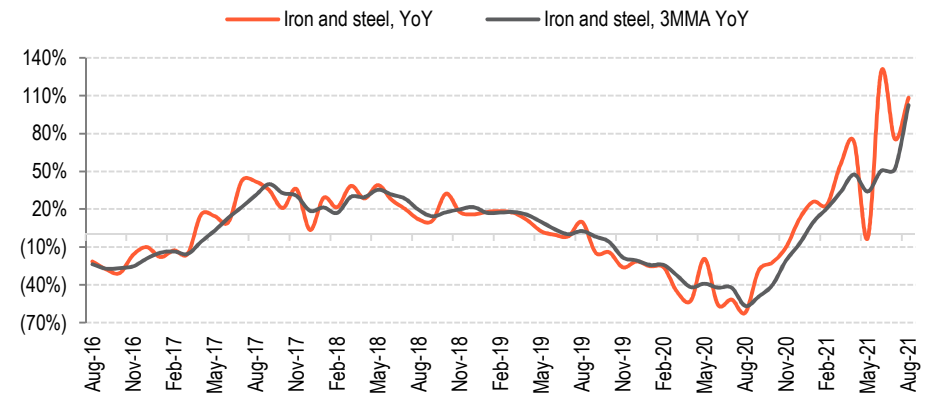
**Fig 167 – Oil imports moderated in Aug'21**



**Fig 168 – Improvement in imports of machinery**



**Fig 169 – Iron and steel imports also rise in Aug'21**



## Exports and imports by major regions

**Fig 170 – Exports to all regions have picked up in FYTD22 (Apr-Jul'21)**

Region (% YoY)	Share in FY21	Mar-21	Apr-21	May-21	Jun-21	Jul-21
Americas	23.7	53.5	263.0	92.6	51.5	56.8
Asia and Pacific (Ex. China)	27.3	88.1	205.9	76.0	34.4	31.7
China	7.4	148.8	101.9	(6.1)	9.4	22.5
Europe	19.2	70.9	240.3	77.2	58.4	65.2
Middle East and Africa	22.0	32.5	172.7	77.3	72.2	61.1
Other	0.4	(47.7)	202.7	(57.0)	10.0	7.8

**Fig 171 – ..similar trend in imports**

Region (% YoY)	Share in FY21	Mar-21	Apr-21	May-21	Jun-21	Jul-21
Americas	12.8	35.2	99.0	50.8	95.8	51.7
Asia and Pacific (Ex. China)	25.0	54.5	151.7	53.6	85.2	41.2
China	13.8	137.6	114.8	52.9	110.1	26.0
Europe	15.0	140.5	338.3	24.2	86.0	57.7
Middle East and Africa	30.8	18.1	207.9	157.6	107.9	119.7
Other	2.6	(18.3)	33.8	114.3	57.3	(10.7)

Trade deficit

Fig 172 – Trade deficit expands further to US\$ 13.9bn from US\$ 11bn in Jul'21

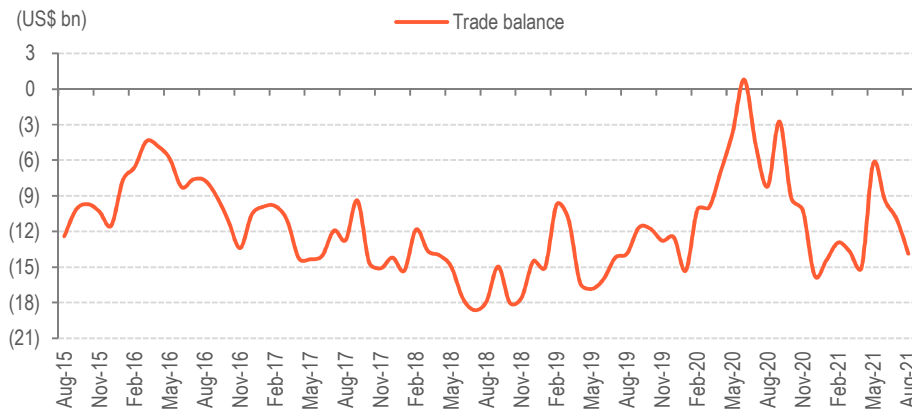
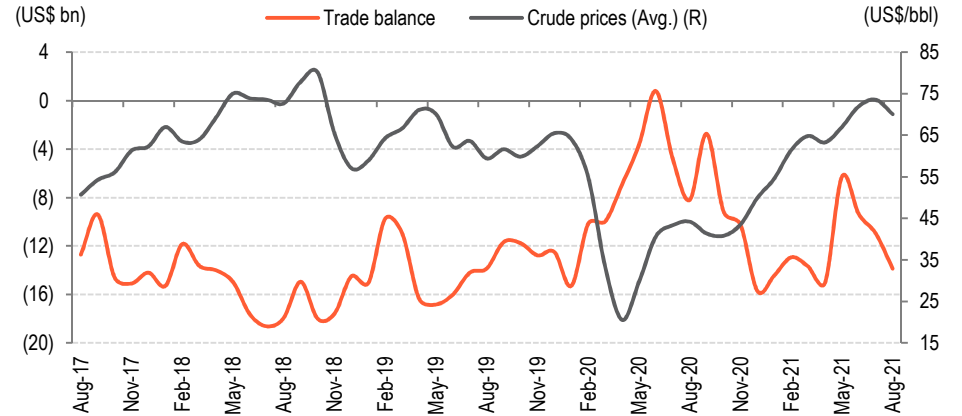
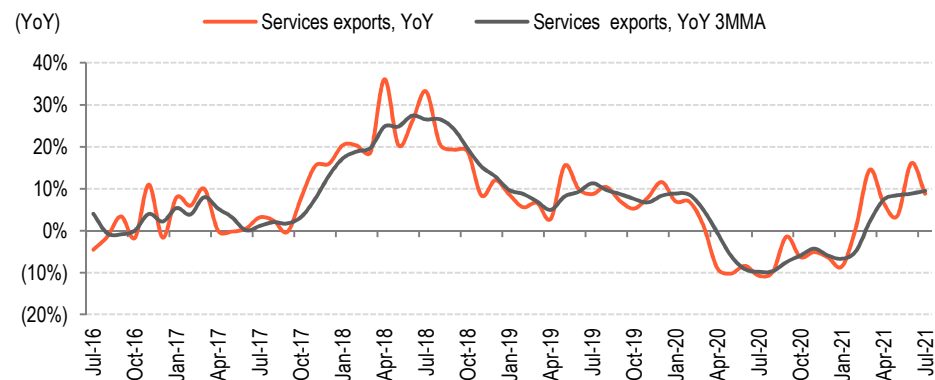


Fig 173 – ...even as oil prices moderated



Trade in services

Fig 174 – Services exports rose by 8.8% in Jul'21 versus 16.1% growth in Jun'21



BoP

Fig 175 – Current account deficit expands to 1% of GDP in Q4FY21

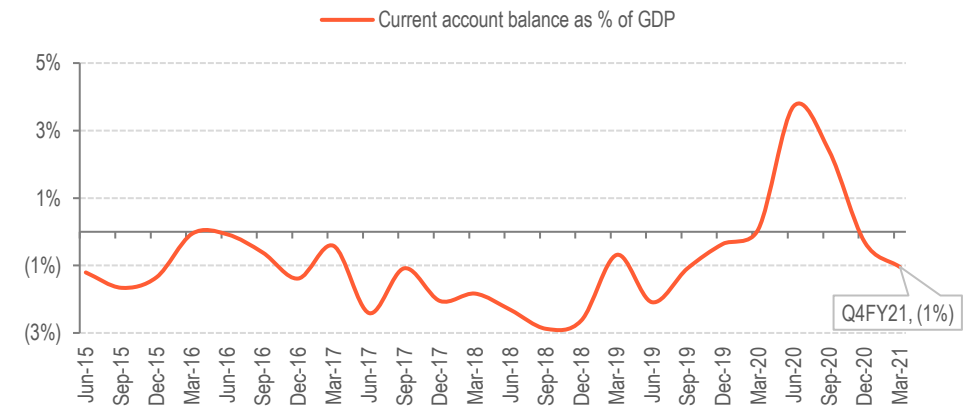


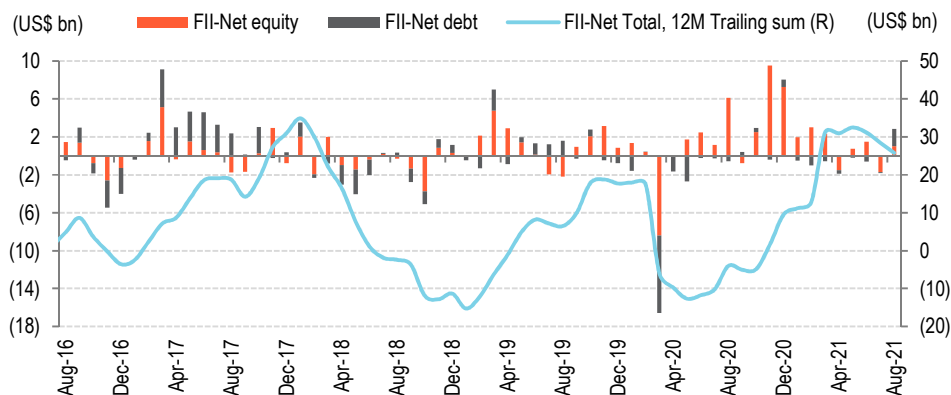
Fig 176 – Led by higher trade deficit

(US\$ bn)	Q4FY20	Q1FY21	Q2FY21	Q3FY21	Q4FY21
<b>Current account</b>	<b>0.6</b>	<b>19.1</b>	<b>15.3</b>	<b>(2.2)</b>	<b>(8.2)</b>
<b>CAD/GDP (%)</b>	<b>0.1</b>	<b>3.7</b>	<b>2.4</b>	<b>(0.3)</b>	<b>(1.0)</b>
Trade balance	(35.0)	(11.0)	(14.8)	(34.6)	(41.7)
- Merchandise exports	76.5	52.2	75.6	77.2	91.3
- Merchandise imports	111.6	63.2	90.4	111.8	133
- Net Services	22	20.8	21.1	23.2	23.5
--Software	21.1	20.8	22	23.5	23.5
Transfers	18.4	17	18.4	19.3	18.8
Other invisibles	(4.8)	(7.7)	(9.4)	(10.1)	(8.7)
<b>Capital account</b>	<b>17.4</b>	<b>1.4</b>	<b>15.9</b>	<b>34.1</b>	<b>12.3</b>
<b>% of GDP</b>	<b>2.4</b>	<b>0.3</b>	<b>2.5</b>	<b>4.6</b>	<b>1.6</b>
Foreign investments	(1.8)	0.1	31.4	38.6	10.0
- FDI	12.0	(0.5)	24.4	17.4	2.7
- FII	(13.7)	0.6	7.0	21.2	7.3
Banking capital	(4.6)	2.2	(11.3)	(7.6)	(4.4)
Short-term credit	(1.0)	(0.2)	(1.8)	0.2	(2.3)
ECBs	10.3	(1.2)	(4.0)	(1.1)	6.1
External assistance	0.6	4.1	1.9	1.2	4.0
Other capital account items	13.8	(3.7)	(0.3)	2.8	(1.0)
E&O	0.9	(0.6)	0.4	0.6	(0.7)
<b>Overall balance</b>	<b>18.8</b>	<b>19.9</b>	<b>31.6</b>	<b>32.5</b>	<b>3.4</b>

## Foreign inflows

### FII inflows

**Fig 177 – FII inflows rise to US\$ 2.9bn in Aug'21 after outflows of US\$ 1.8bn in Jul'21**



Source: Bloomberg

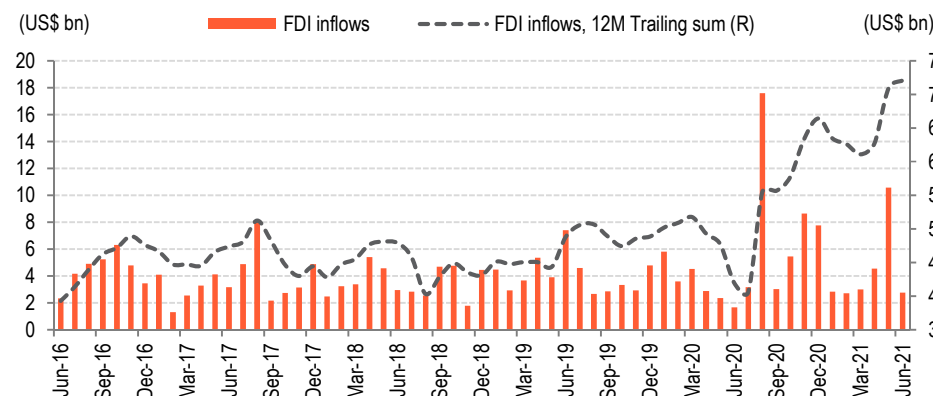
**Fig 179 – FDI inflows in auto and computer, software remained rise in Q1FY22**

Sector	% Share FY21	Jun'20	Sep'20	Dec'20	Mar'21	Jun'21
Computer software and hardware	25.8	1.1	16.5	6.8	1.8	3.1
Services Sector	5.0	1.1	1.1	1.6	1.2	1.9
Trading	2.6	0.4	0.5	1.2	0.5	0.6
Automobile industry	1.6	0.3	0.1	0.8	0.5	4.7
Telecommunications	0.4	0.0	0.0	0.4	0.0	0.0

Source: DIPP

### FDI inflows

**Fig 178 – FDI inflows moderate to US\$ 2.8bn in Jun'21 after rising sharply by US\$ 10.6bn in May'21**



Source: RBI, Bank of Baroda Research

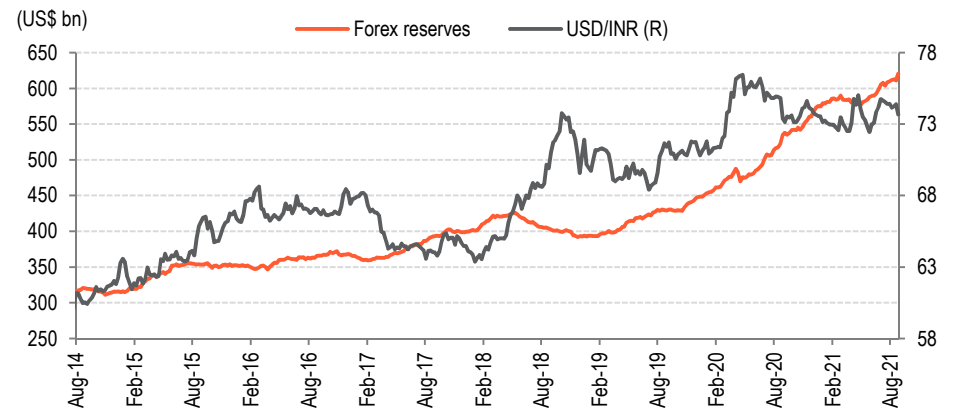
**Fig 180 – FDI inflows from Singapore accelerate the most in Q1FY22**

Country (US\$ bn)	% Share in FY21	Jun-20	Sep-20	Dec-20	Mar-21	Jun-21
Singapore	29.2	1.8	6.5	7.4	1.7	3.3
Mauritius	9.5	0.9	1.1	1.5	2.2	3.3
Netherlands	4.7	1.1	0.4	0.9	0.4	1.1
UK	3.4	0.2	1.2	0.5	0.2	0.3
Japan	3.3	0.4	0.2	0.4	0.9	0.5

Source: DIPP

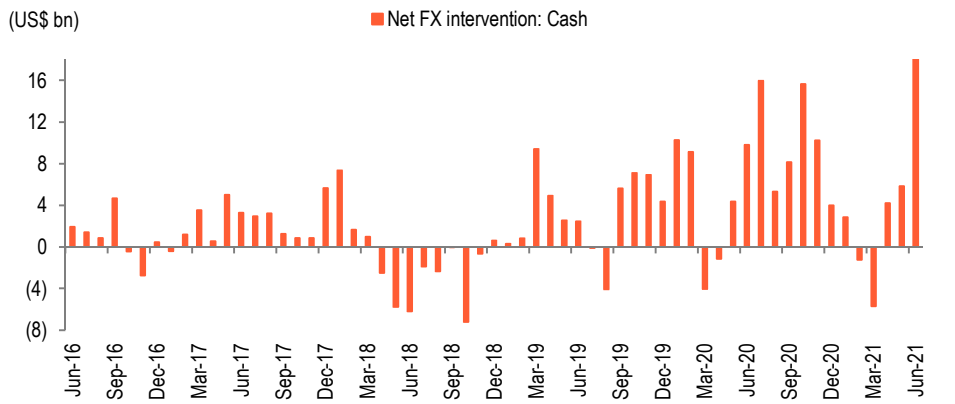
Forex reserves and external debt

**Fig 181 – India’s FX reserves rise to a record-high of US\$ 633.6bn in Aug’21, US\$ 54.3bn accretion in FYTD22**

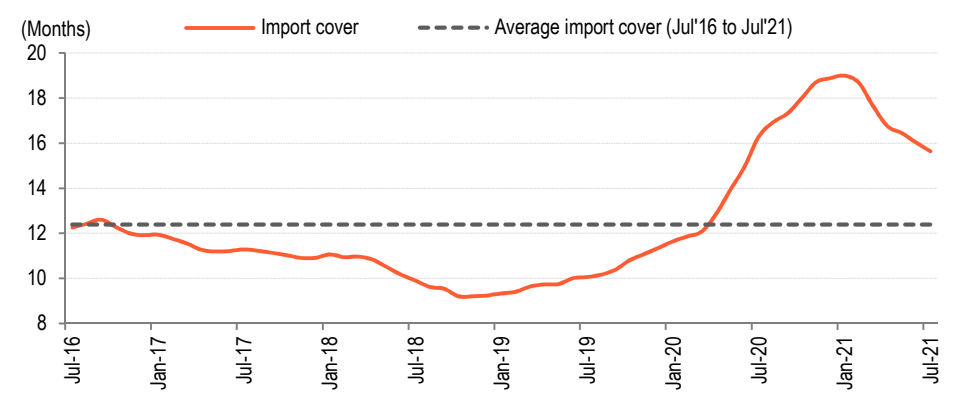


Source: Bloomberg | Weekly data as of 27 Aug 2021

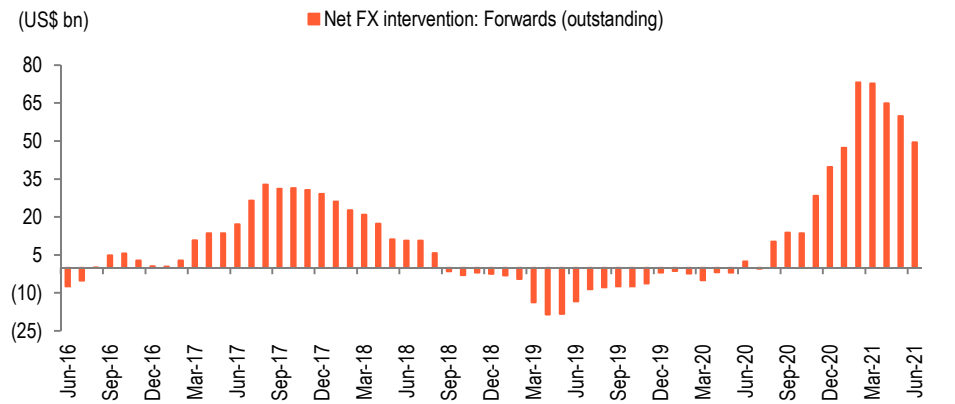
**Fig 183 – RBI purchased US\$ 18.6bn in the spot market in Jun’21 compared with US\$ 5.8bn in May’21**



**Fig 182 – Import cover dips in Jul’21 but remains above long-term average**



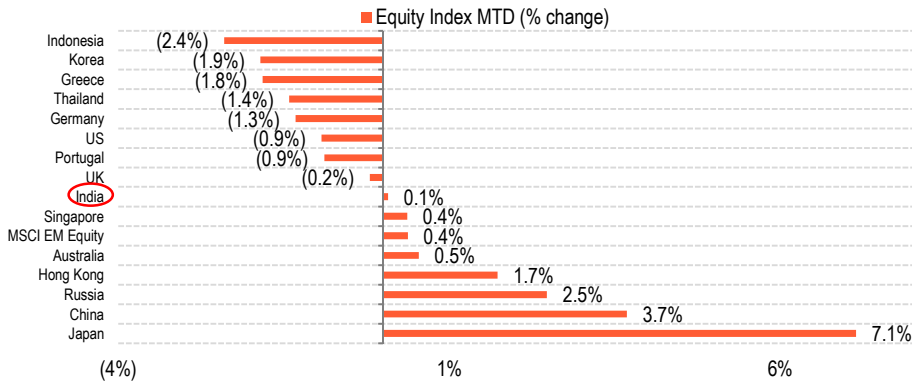
**Fig 184 – In forwards market, RBI sold US\$ 10.3bn in Jun’21, outstanding position at US\$ 49.6bn**



Markets

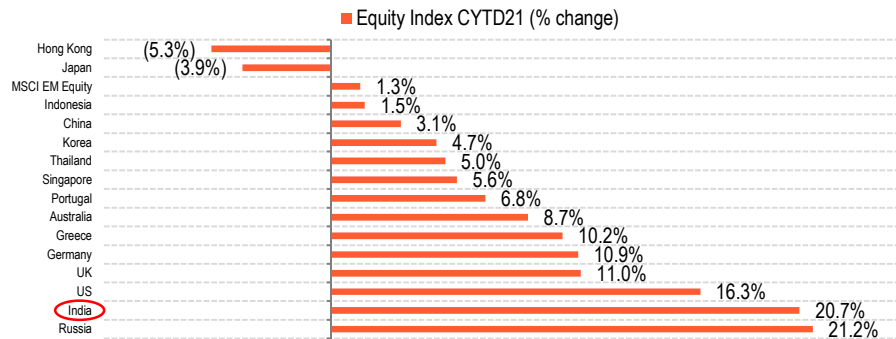
Equity

Fig 185 – In Sep'21, Sensex rose marginally by 0.1%



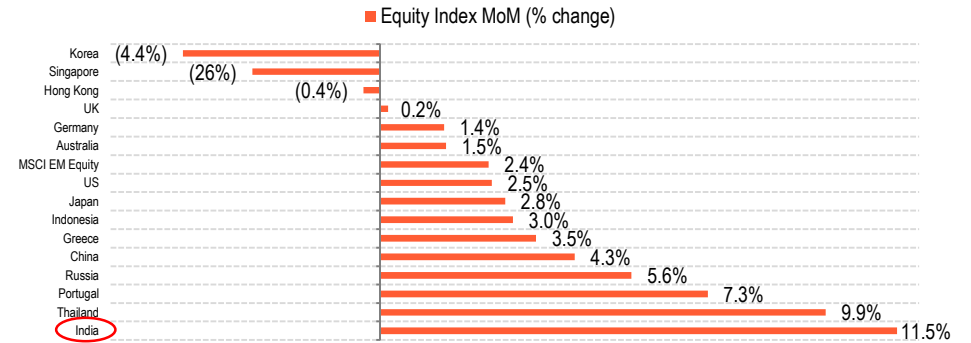
Source: Bloomberg | \* As on 8 Sep 2021, Indices are in US\$ terms

Fig 187 – In CYTD21, Sensex rose by 20.7%



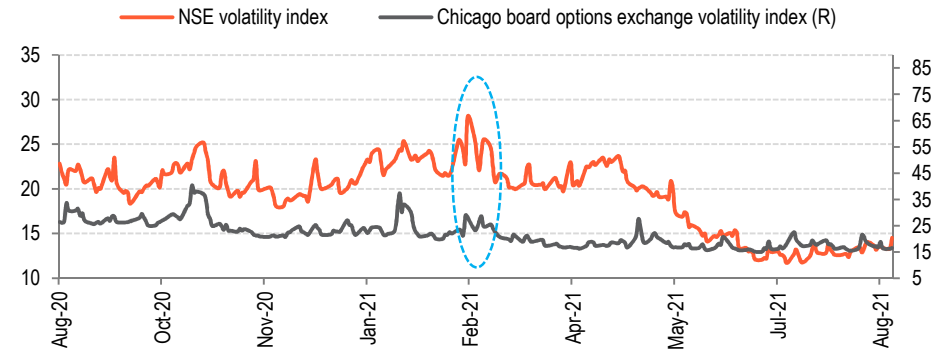
Source: Bloomberg | \* As on 31 Aug 2021, Indices are in US\$ terms

Fig 186 – In Aug'21, Sensex rose the most by 11.5%, while MSCI EM rose by 2.4%



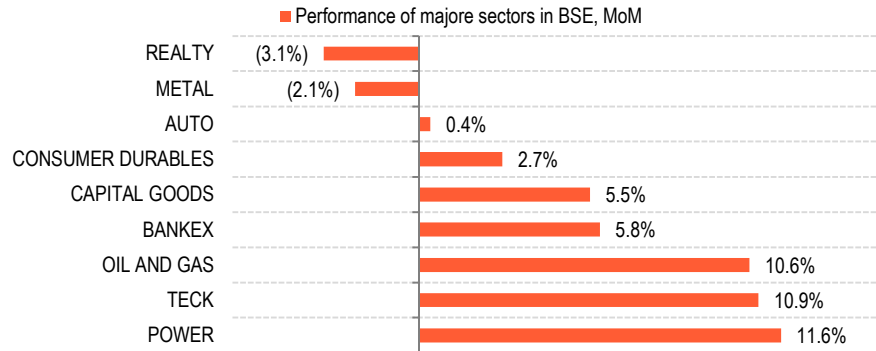
Source: Bloomberg | \* As on 31 Aug 2021, Indices are in US\$ terms

Fig 188 – VIX index rose to 14.5 in Aug'21 from 12.8 in Jul'21



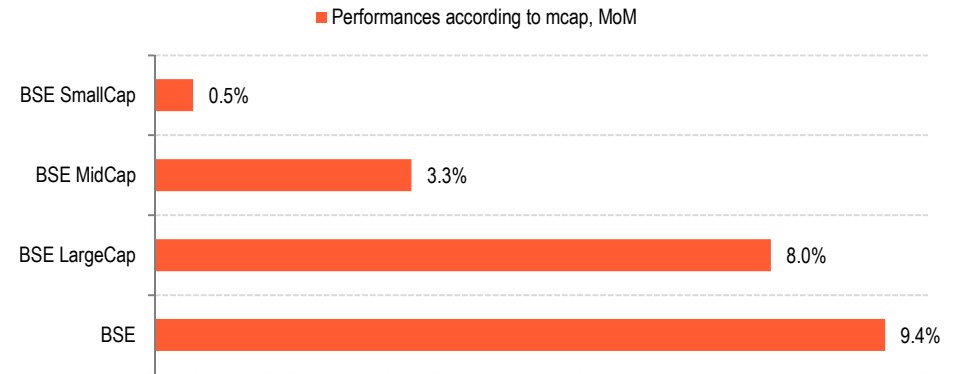
Source: Bloomberg

**Fig 189 – Power and technology stocks rose the most**



Source: Bloomberg | As on 31 Aug 2021

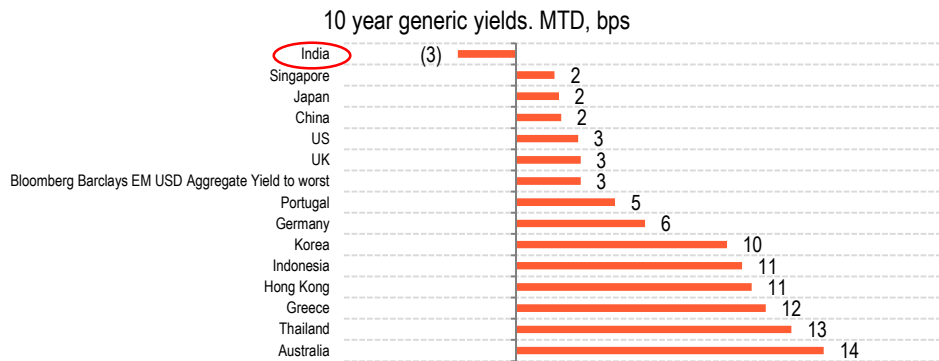
**Fig 190 – Large caps rose the most**



Source: Bloomberg | As on 31 Aug 2021

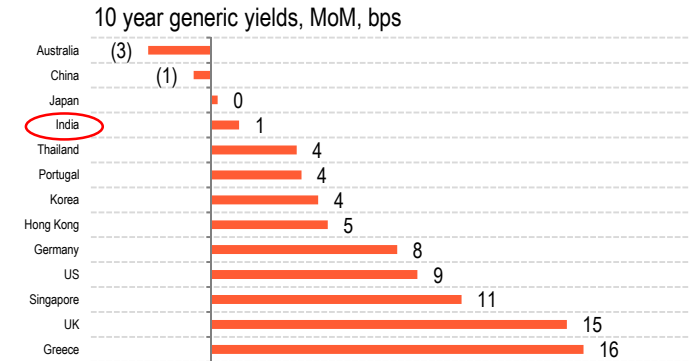
**10-year bond yields**

**Fig 191 – In Sep'21, India's 10Y yield fell by 3bps in contrast with global yields**



Source: Bloomberg | \* As on 8 Sep 2021, Note: For India 6.10GS2031 yield is taken

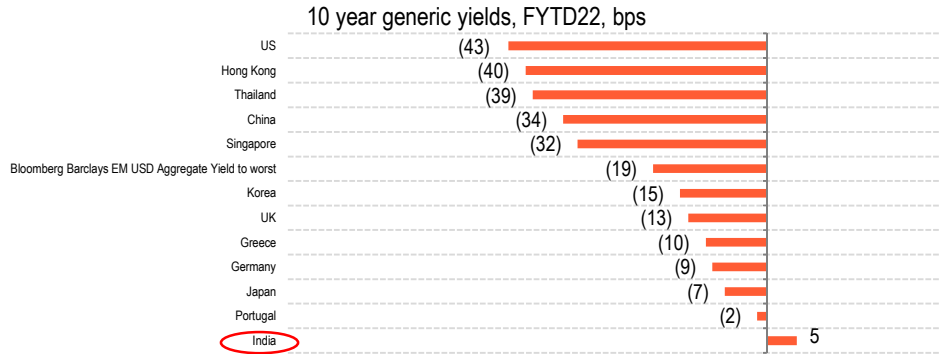
**Fig 192 – In Aug'21, India's 10y yield rose a tad by 1bps**



Source: Bloomberg | \* As on 31 Aug 2021, Note: For India 6.10GS2031 yield is taken

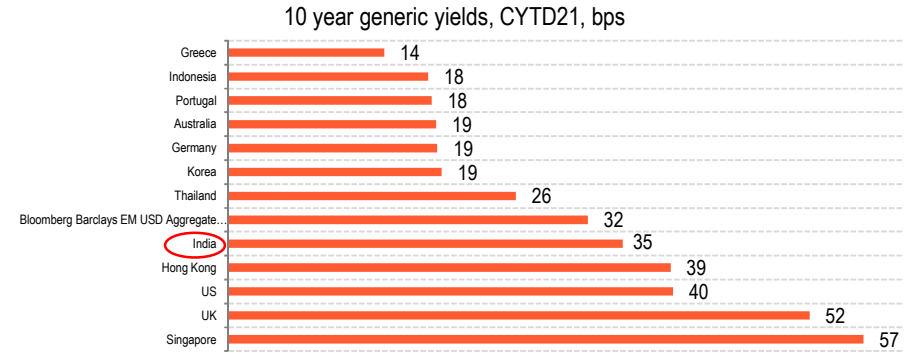


**Fig 193 – In FYTD22, only India’s 10Y yield rose by 5bps in contrast with falling global yields**



Source: Bloomberg | \* As on 31 Aug 2021, Note: For India 6.10GS2031 yield is taken

**Fig 194 – In CYTD21, India’s 10Y yield rose by 35bps**



Source: Bloomberg | \* As on 31 Aug 2021, Note: For India 6.10GS2031 yield is taken

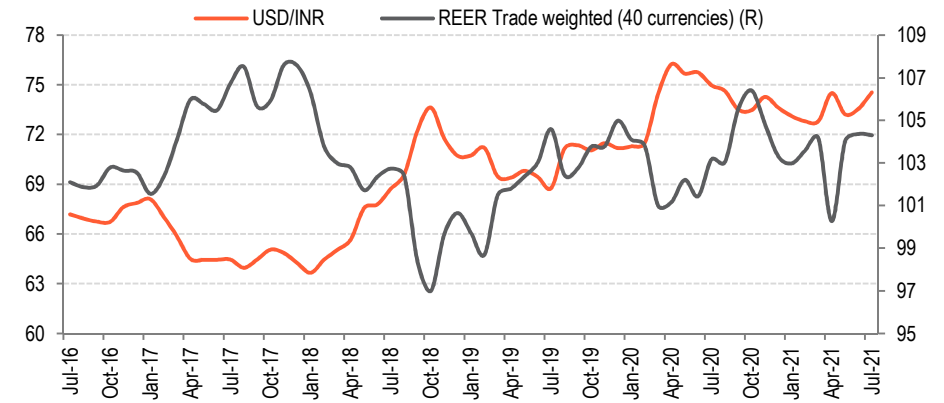
Currencies

**Fig 195 – INR appreciated by 1.6% in Aug'21**



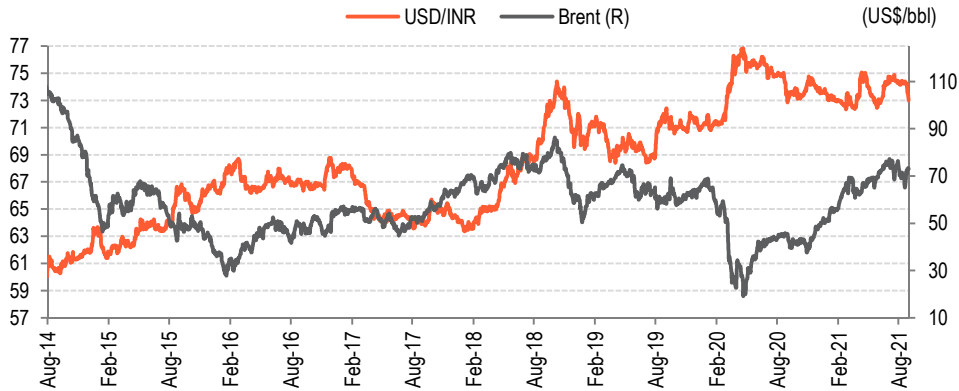
Source: Bloomberg | \*As on 31 Aug 2021

**Fig 196 – INR still overvalued by 4.3% (Jul'21)**



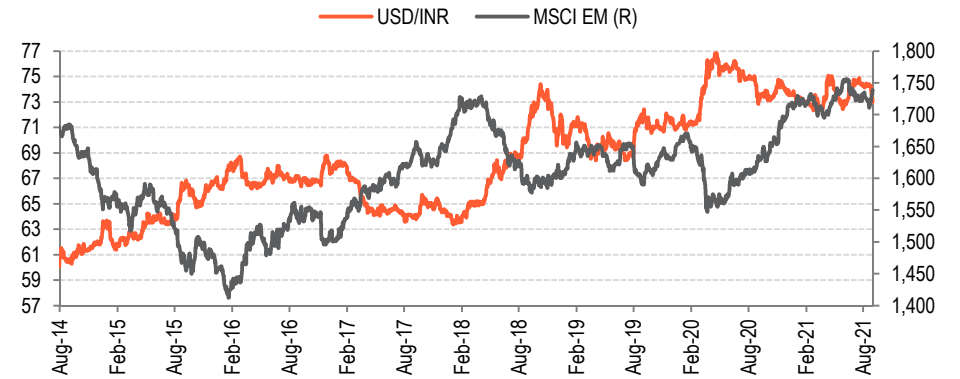
Source: Bloomberg

Fig 197 – Lower oil prices supported INR



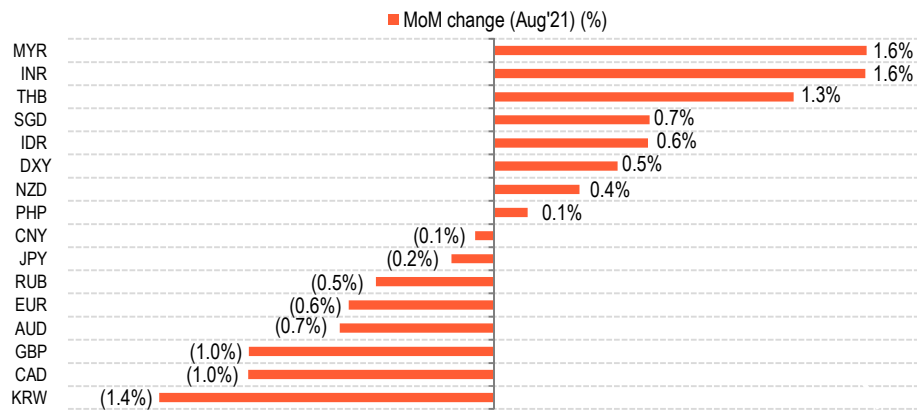
Source: Bloomberg | \*As on 31 Aug 2021

Fig 198 – EM currencies also appreciated in Aug'21



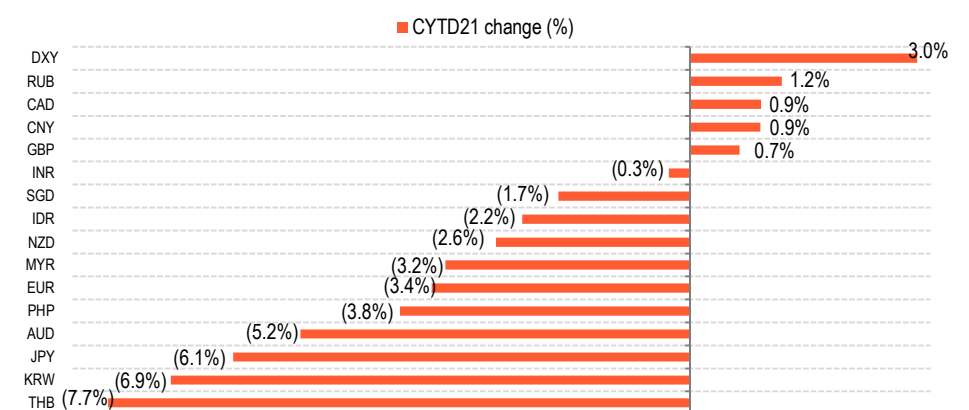
Source: Bloomberg | \*As on 31 Aug 2021

Fig 199 – Global currencies were mixed in Aug'21



Source: Bloomberg | \*As on 31 Aug 2021

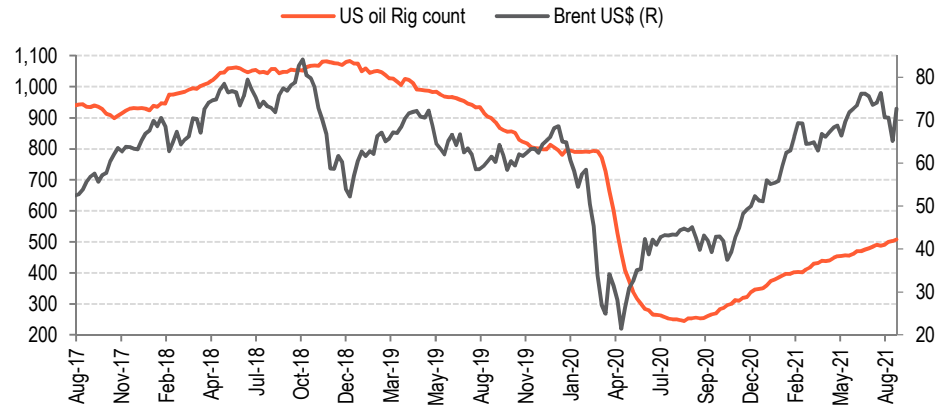
Fig 200 – In CYTD21, INR has fallen by 0.3%



Source: Bloomberg | \*As on 31 Aug 2021

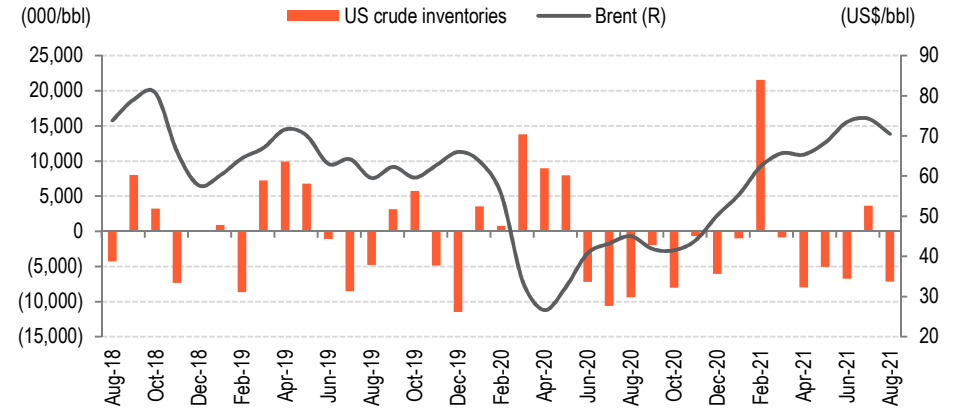
Commodities

Fig 201 – US rig count inched up



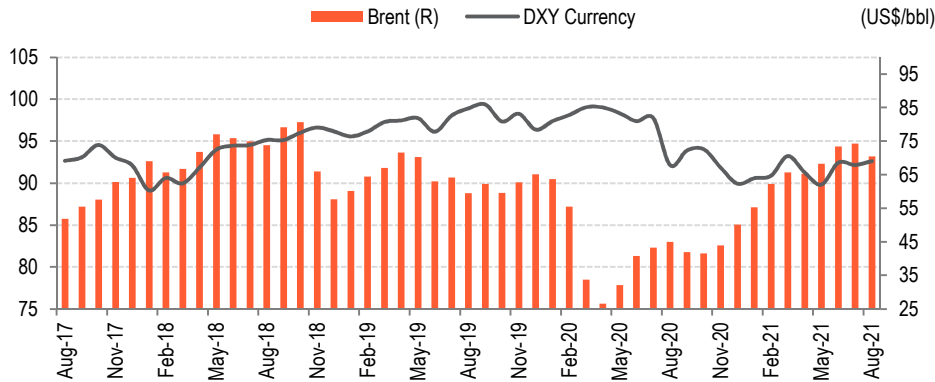
Source: Bloomberg

Fig 202 – US crude oil inventories dropped, showing improved demand



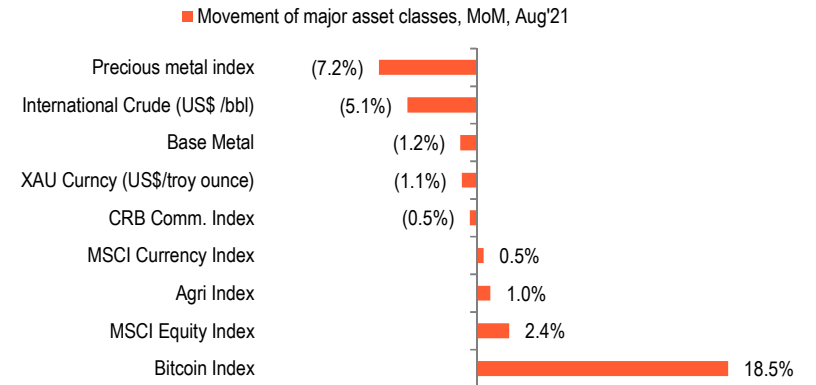
Source: Bloomberg

Fig 203 – Oil prices on an average fell to US\$ 70.5/bbl from US\$ 74.3/bbl, DXY inched up to 92.63 from 92.17



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

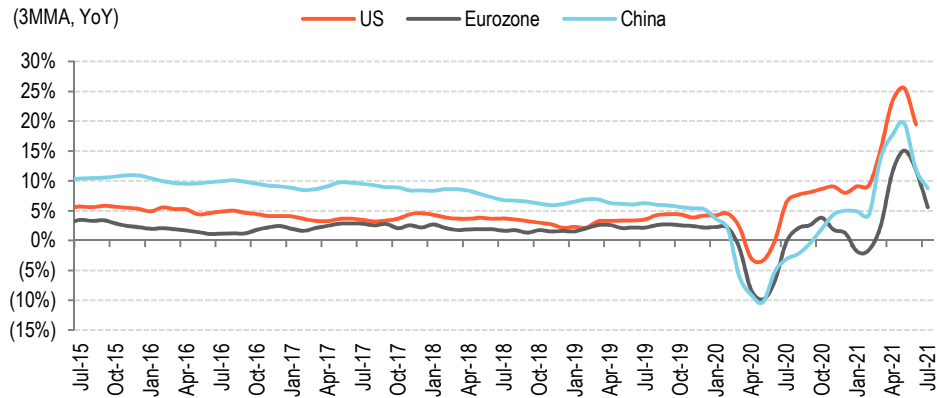
Fig 204 – Precious metals declined the most, bitcoin rose the most



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

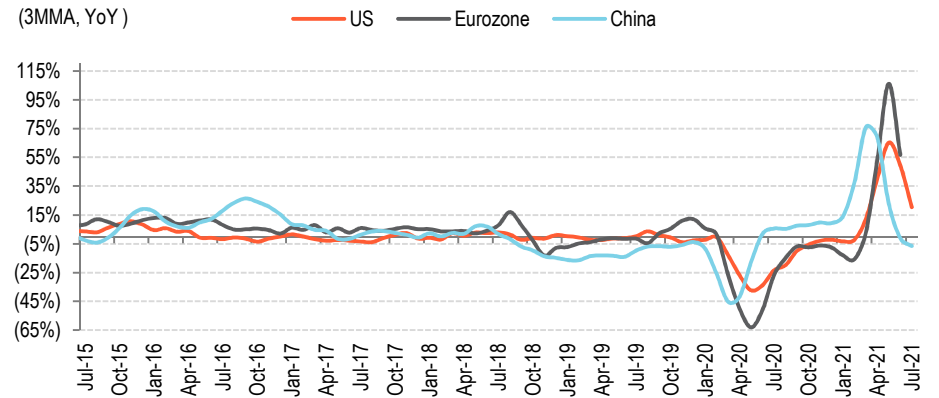
Global consumption

Fig 205 – Retail sales moderate in Jul’21



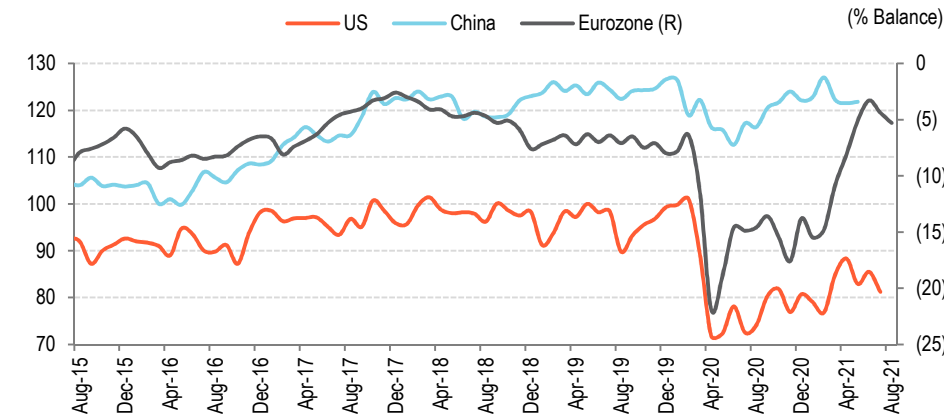
Note: Retail sales for US till Jun'21

Fig 206 – Auto sales drop significantly in Jul’21



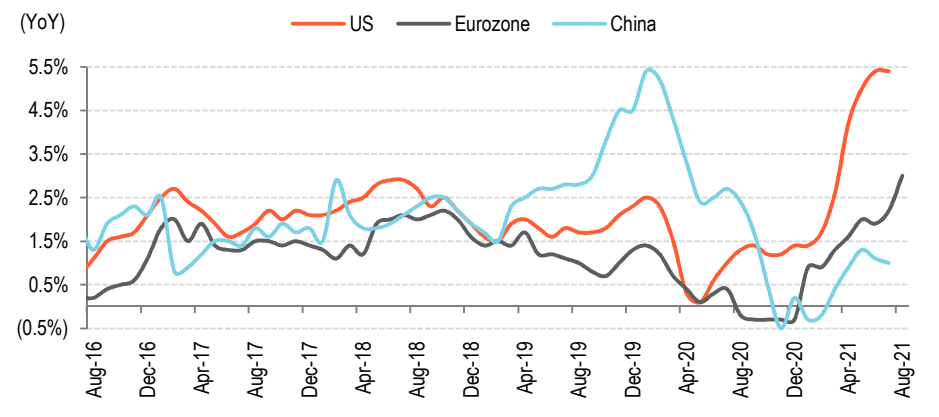
Note: Auto sales for Eurozone till Jun'21

Fig 207 – Consumer confidence falls across the board



Note: Consumer confidence for eurozone is % diffusion index. Data for China is for Jul'21

Fig 208 – CPI continue to edge upwards in Eurozone; Cools-off in China



Note: Data for Eurozone till Aug'21

## Policy

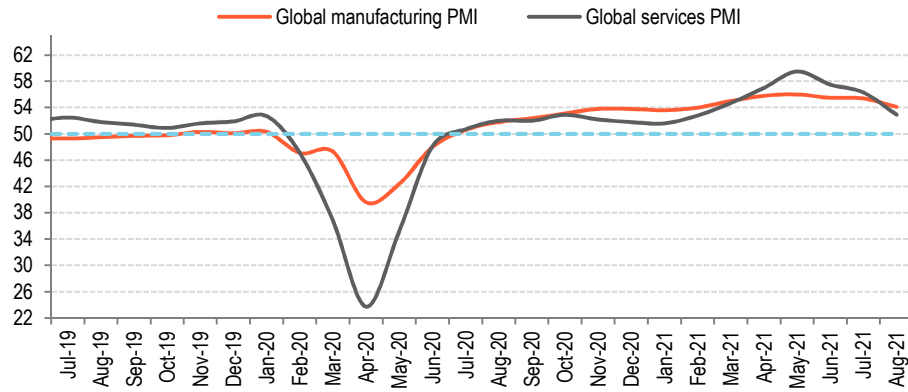
**Fig 209 – Bank of Korea surprises with a rate-hike**

Country	Current inflation rate (%)	Current policy rate (%)	CY20 (change in bps)	CYTD21 (change in bps)	Direction of policy rate in CYTD21
Brazil	8.99	5.25	(250)	325	↑
Russia	6.68	6.5	(200)	225	↑
Turkey	19.25	19.00	500	200	↑
Korea	2.60	0.75	(75)	25	↑
Mexico	5.81	4.50	(300)	25	↑
Germany	3.90	0	0	0	-
UK	2.00	0.10	(65)	0	-
US	5.40	0.25	(150)	0	-
India	5.59	4	(115)	0	-
Japan	-0.30	-0.10	0	0	-
China	1.00	4.35	0	0	-
Australia	3.80	0.1	(65)	0	-
Thailand	-0.02	0.5	(75)	0	-
Malaysia	2.20	1.75	(125)	0	-
Phillipines	4.90	2.00	(200)	0	-
Indonesia	1.59	3.5	(125)	(25)	↓

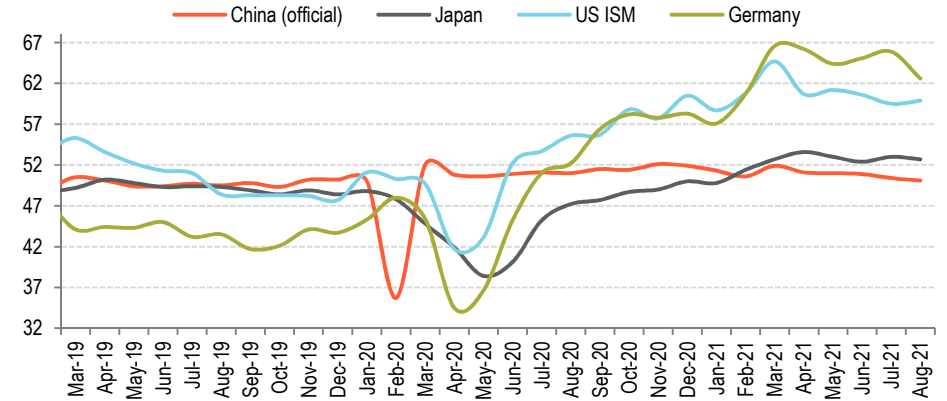
Source: Bloomberg

## Global investment and manufacturing

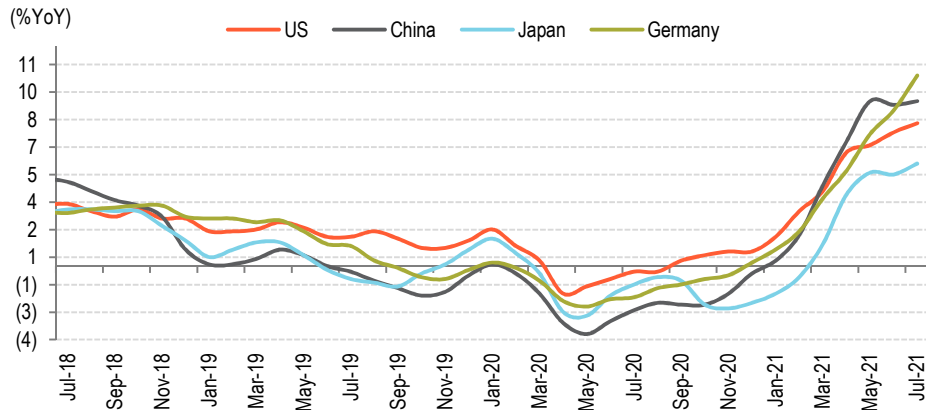
**Fig 210 – Global manufacturing and services PMI both seen easing in Aug’21**



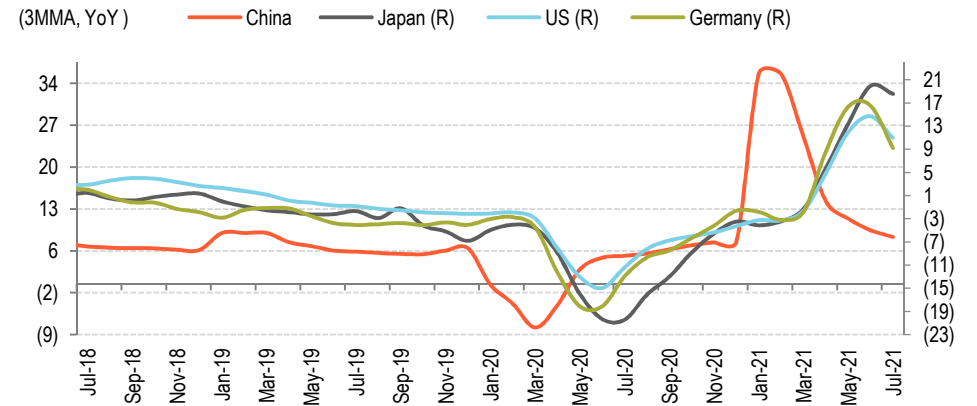
**Fig 211 – Barring US, manufacturing activity (PMI) slowed elsewhere in Aug’21**



**Fig 212 – Producer prices continue to remain elevated**

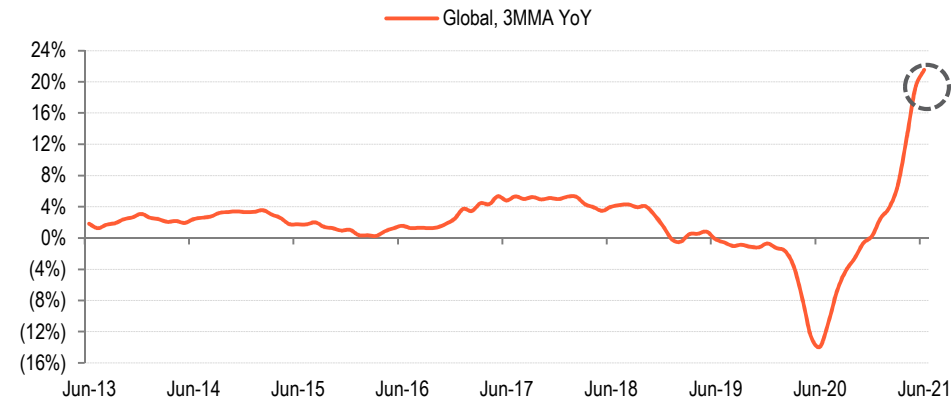


**Fig 213 – Industrial production seen slowing in Aug’21**



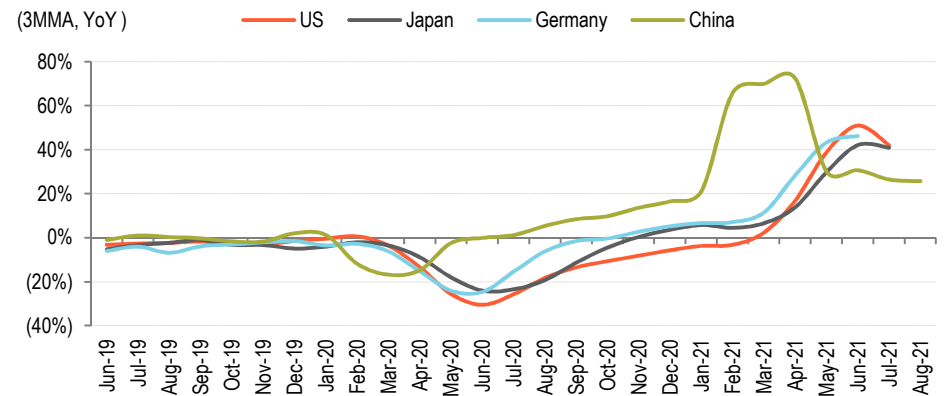
Global trade

Fig 214 – World trade volume improves further in Jun'21



Source: CPB, World Trade Monitor

Fig 216 – China's exports stabilise in Aug'21



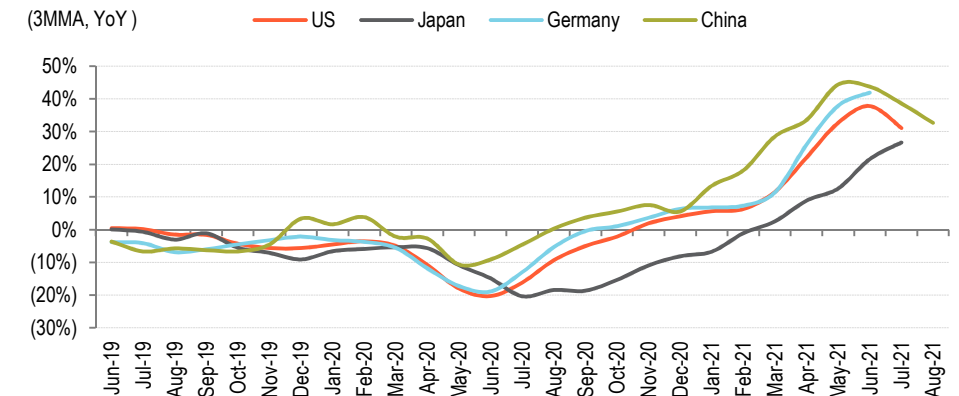
Source: Bloomberg

Fig 215 – Trade volumes improving across the board

Country/Region (% YoY)	Jan-21	Feb-21	Mar-21	Apr-21	May-21	Jun-21
Africa and Middle East	(3.6)	(4.6)	(3.8)	(2.8)	7.4	9.7
China	39.7	37.9	18.4	23.0	21.6	14.6
Eastern Europe / CIS	(0.1)	0.6	2.1	6.9	7.8	9.3
Emerging Asia (ex. China)	3.5	7.4	16.0	34.8	36.0	28.3
Euro Area	(2.8)	(3.0)	12.1	37.6	26.2	14.0
Japan	4.1	8.3	1.0	11.5	17.9	18.5
Latin America	(0.9)	1.0	12.4	23.4	42.7	20.3
US	2.5	(0.7)	8.3	27.4	29.8	21.2

Source: CPB, World Trade Monitor

Fig 217 – Imports remain muted



Source: Bloomberg

**Fig 218 – Performance of high frequency indicators**

Indicators	Aug-20	Sep-20	Oct-20	Nov-20	Dec-20	Jan-21	Feb-21	Mar-21	Apr-21	May-21	Jun-21	Jul-21	Aug-21
<b>Agriculture</b>													
Domestic Tractor Sales	64.8	26.7	9.0	48.3	41.2	47.5	30.4	170.4	480.8	(2.4)	22.1	8.2	-
Two Wheeler Sales	(28.7)	(12.6)	(26.8)	(21.4)	11.9	(8.8)	(16.0)	(35.0)	-	158.3	16.9	27.6	6.7
MNREGA work (HH, MoM)	(24)	0.3	(0.3)	(6.6)	16.6	(0.7)	8.9	(8.5)	4.2	1.3	26.8	(9.2)	(22.0)
<b>Manufacturing</b>													
IIP: General index	(7.1)	1.0	4.5	(1.6)	2.2	(0.6)	(3.2)	24.2	134.6	28.6	13.6	-	-
IIP: Manufacturing	(7.6)	0.4	4.5	(1.6)	2.7	(0.9)	(3.4)	28.4	197.9	33.5	13.0	-	-
IIP: Capital goods	(14.4)	(1.2)	3.2	(7.5)	2.2	(9.0)	(4.2)	50.4	1042.9	78.2	25.7	-	-
IIP: Infra & Construction goods	0	4.0	10.9	2.1	3.1	2.3	(3.5)	35.1	596.1	45.6	19.1	-	-
IIP: Consumer goods	(10.2)	5.3	18.1	(3.2)	6.5	(0.1)	6.6	59.9	1943.6	91.9	30.1	-	-
Steel	0.5	6.2	5.9	0.7	3.5	8.2	2.2	31.5	472.7	55.3	24.9	9.3	-
Cement	(14.5)	(3.4)	3.2	(7.3)	(7.2)	(5.8)	0.2	40.6	582.7	8.3	7.5	21.8	-
Electricity	(1.8)	4.8	11.2	3.5	5.1	5.5	0.2	22.5	38.5	7.5	8.2	9.0	-
PMI: Manufacturing	52	56.8	58.9	56.3	56.4	57.7	57.5	55.4	55.5	50.8	48.1	55.3	52.3
<b>Services</b>													
Services PMI index	41.8	49.8	54.1	53.7	52.3	52.8	55.3	54.6	54.0	46.4	41.2	45.4	56.7
Automobile sales	(26.8)	(10.2)	(24.0)	(19.3)	11.0	(9.7)	(13.4)	(28.6)	-	164.4	22.6	34.1	14.5
Passenger vehicle sales	(7.1)	9.8	(8.8)	4.2	24.0	(4.5)	10.6	28.4	-	178.8	43.5	62.9	38.7
Vehicle Registration	(25.4)	(8.4)	(22.3)	(17.5)	11.7	(8.6)	(12.6)	(27.7)	215.6	158.5	22.5	33.9	14.2
Rail freight traffic	3.9	15.5	15.4	9.0	8.7	8.7	5.5	26.6	70.7	39.1	20.5	18.4	16.9
Port Cargo volume	(10.4)	(1.9)	(1.2)	2.8	4.4	4.0	1.9	16.4	29.5	33.0	19.5	6.7	11.4
Credit growth	5.5	5.1	5.6	5.9	6.3	5.9	6.6	5.6	6.2	5.9	6.1	6.1	6.5
Deposit growth	10.9	10.5	11.1	10.7	10.8	11.1	12.1	11.4	11.2	9.5	9.8	9.8	10.6
CIC	23.2	22.7	20.3	22.8	22.4	21.4	20.3	17.2	15.0	13.2	12.0	10.3	9.8
Toll collection (in mn)	96.8	110.1	122.4	124.9	138.4	149.2	159	193.3	164.3	116.5	157.9	192.3	201.2
Diesel consumption	(20.7)	(5.9)	7.5	(6.9)	(2.7)	(2.1)	(8.4)	27.6	105.4	0.8	(1.5)	11.5	14.9
GST E-way bill (in mn)	49.4	57.4	64.2	57.7	64.2	62.9	63.8	71.2	58.8	40.0	54.7	64.2	65.9
<b>External Trade</b>													
Merchandise exports	(12.2)	6.0	(4.9)	(8.4)	0.4	6.4	(0.8)	60.3	195.7	68.1	48.3	49.9	45.2
Merchandise imports	(26.0)	(19.6)	(10.3)	(12.2)	8.4	2.0	7.0	53.8	167.1	68.7	98.3	63.0	51.5
Services exports	(9.9)	(1.4)	(6.3)	(5.1)	(6.4)	(10.1)	(1.0)	12.6	6.7	3.5	16.1	8.8	-
Services imports	(20.1)	(8.7)	(12.3)	(11.8)	(8.4)	(15.9)	(4.1)	12.8	6.4	3.0	11.9	10.1	-

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



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