

India Economics

Monthly Chartbook

May 2023

Economic Research Department

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Is less than 7% the next stop for 10Y yield...?

Fed's latest decision signalling a prolonged pause has helped ease pressure on both domestic yields and currency. India's 10Y yield has significantly come down, and INR appreciated in Apr'23. On the demand side, breakdown of credit growth is showing that urban demand (vehicle loans, personal loans) and services sector activity remain robust. On the other hand, some signs of stress are visible in auto sales, non-oil-non-gold demand, port cargo movement and employment. Going forward, rainfall activity will be the key in determining steadiness in domestic demand. On the external front, weakness in global demand and Fed rate action will have an impact on rates and currencies.

Resilient demand with some signs of weakness: Uptick in credit deployment across vehicle loans, personal loans and credit card spend has been positive for urban demand. Additionally, steady growth in digital payments, fertilizer sales and acceleration in electricity demand have provided much needed support. Moreover slower pace of contraction in consumer durables output also bodes well for the sector. However, some indicators such as non-oil-non-gold- imports, electronic imports and even auto sales have been signalling slowdown. On rural front, tractor sales and consumer non-durables output have registered improvement. A steady pick up in demand for MGNREGA work was also seen. Though, two-wheeler sales witnessed a sharp contraction. Focus is now likely to shift towards the onset of South-West Monsoon in Jun'23.

Services activity mixed: While services PMI rebounded sharply in Apr'23 (62.0) compared with Mar'23 (57.8), other indicators are showing mixed performance. On one hand, air passenger traffic is approaching back to pre-

pandemic levels and rail freight volume growth remains steady, on the other hand, port cargo traffic is witnessing some slowdown. Vehicle registrations have also eased, and unemployment is up. PMI survey also points that despite pick up in business activity, employment did not make any meaningful gains in Apr'23. However, robust credit growth may provide some support. Within services, credit to trade and real estate is seeing some improvement, while credit to NBFC continues to lag. Going forward, performance of monsoon will hold the key in determining services demand.

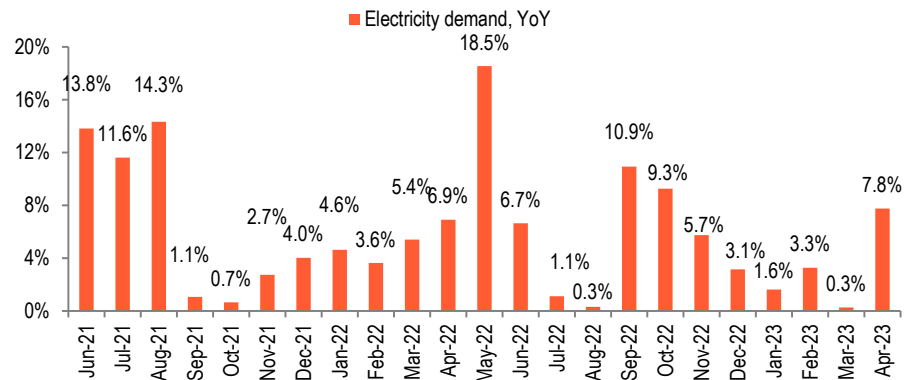
India's 10Y yield went on a downswing: India's 10Y yield fell by 19bps in Apr'23 and further by 8bps till 9 May 2023. The pace of decline in yield has been much sharper compared to major EMs and other AEs. This was supported by RBI's surprise pause defying market expectation of 25bps rate hike. Further, moderation in CPI (lowest since Dec'21) in Mar'23 and expectation of further moderation on account of favourable base also comforted yields. Liquidity on an average also remained in surplus of Rs 1.5 lakh crore in Apr'23, supported by RBI's fine tuning (SDF). However heavy supply of papers in the coming days and any upside risk to inflation (with evolution of data), will prevent yield from falling further.

INR gains: In Apr'23, INR appreciated by 0.4%. This was supported by a weaker dollar. Expectations that the Fed is likely to remain on a prolonged pause, weighed on the dollar. DXY fell by 0.8%. Apart from this, positive FPI inflows and range-bound oil prices also helped INR. While INR has shown some weakness in May'23 amidst nervousness ahead of US CPI report, we continue to remain bullish on INR.

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

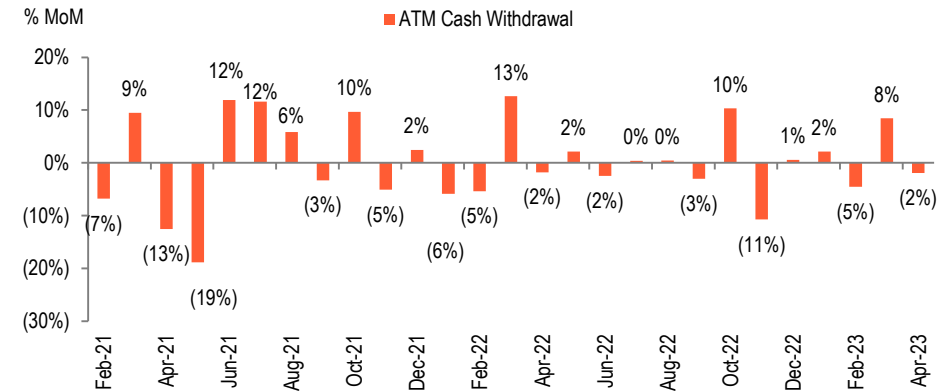
High frequency indicators

Fig 1 – Electricity demand accelerates in Apr'23



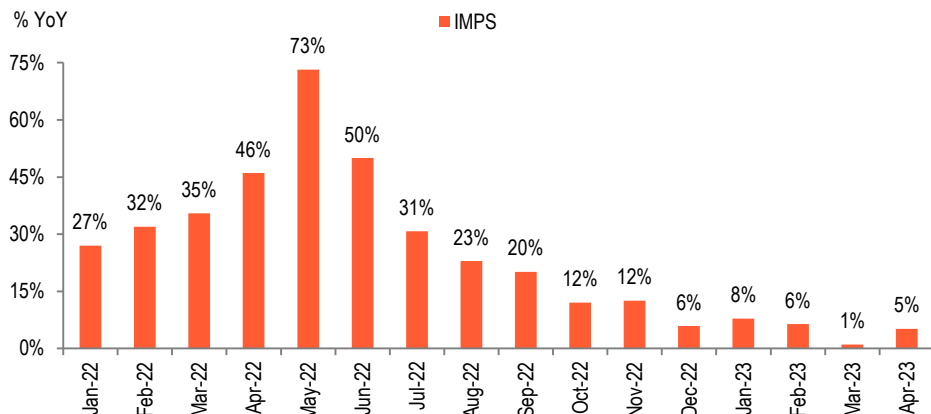
Source: Posoco. Note: Maximum Demand met during peak evening hours (MW)

Fig 2 – Growth in cash withdrawal declines in Apr'23



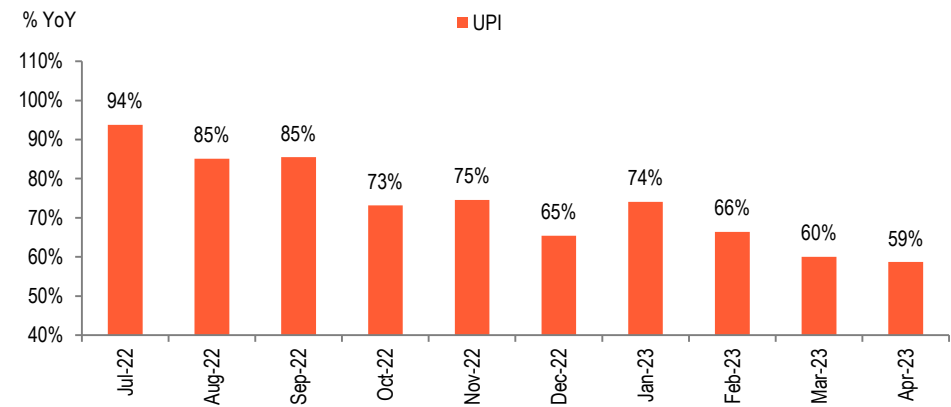
Source: NPCI. Note: NFS Cashwithdrawal amount does not include Card to Card Transfer

Fig 3 – Steady growth in IMPS transactions



Source: NPCI

Fig 4 – UPI payments too registered steady movement



Source: NPCI

Fig 5 – Fertilizer sales growth edges up

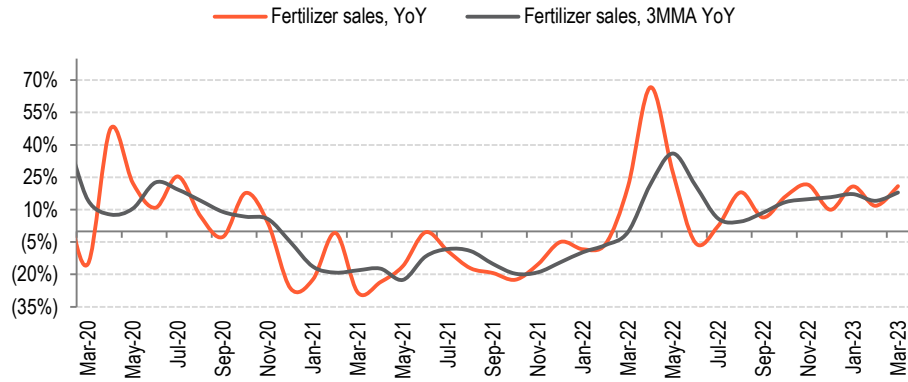
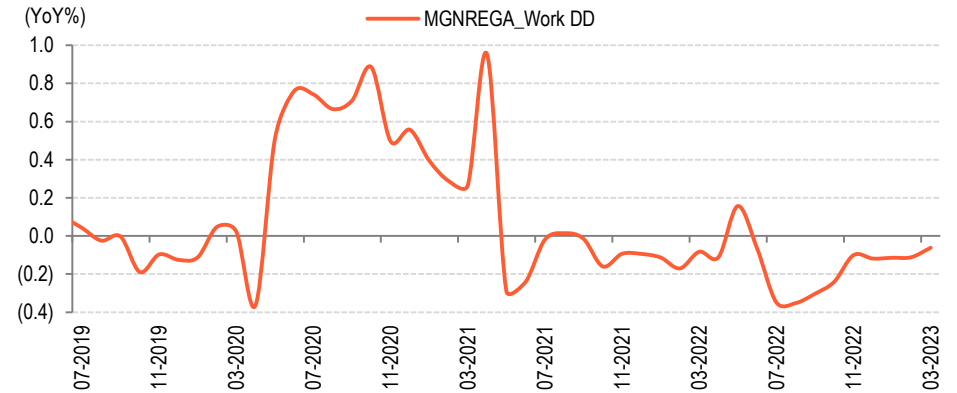


Fig 6 – Demand for work (MGNREGA-household) slowly picking up



Non-oil imports, electronic imports

Fig 7 – Slower pace of growth in non-oil-non-gold imports

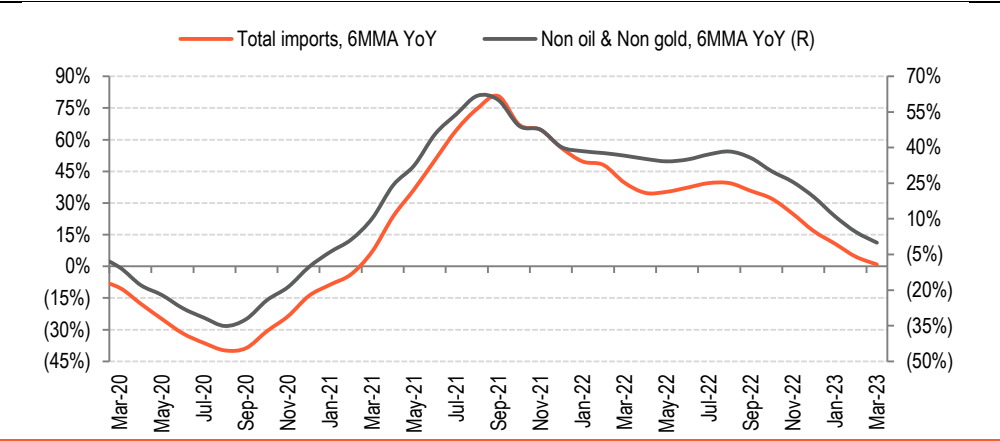


Fig 8 – Growth in electronic import disappoints

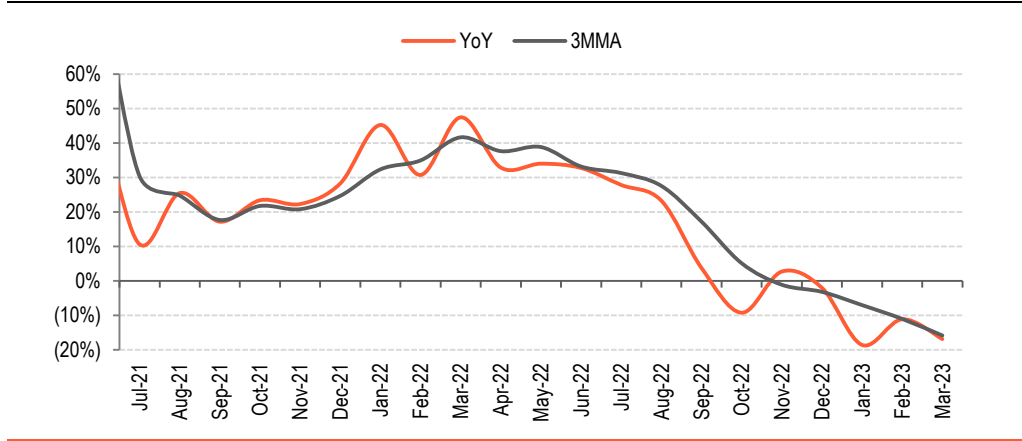


Fig 9 – Retail passenger vehicle sales decline in Apr'23

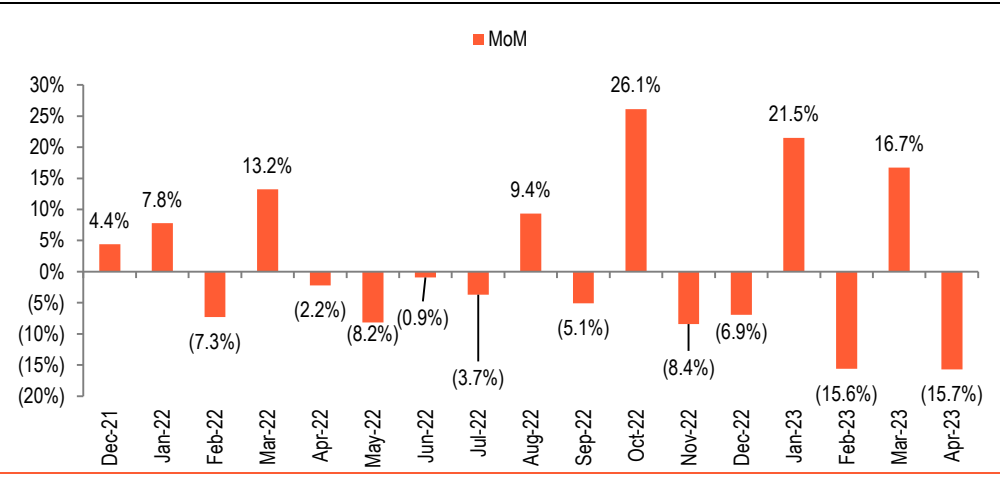
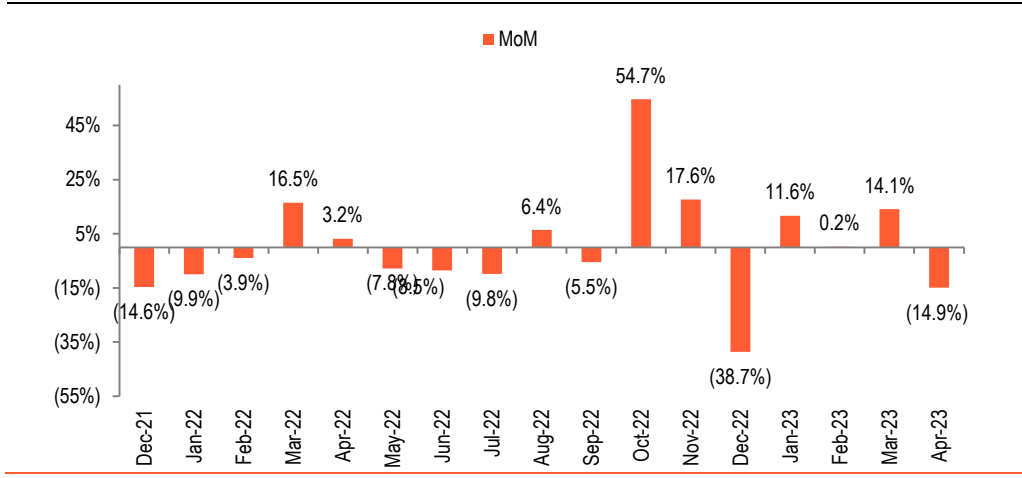


Fig 10 – Similar story for two-wheeler sales



Source: FADA

Credit deployment of personal loans

Fig 11 – Steady growth in credit card loans

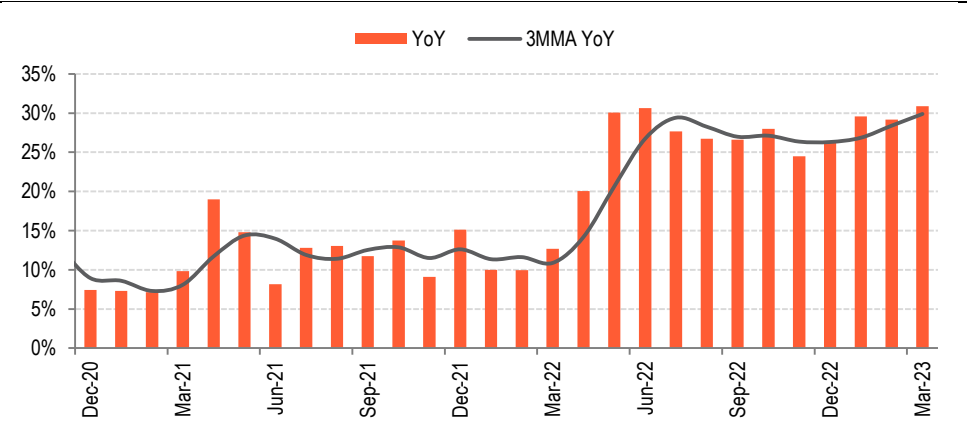


Fig 12 – Growth in personal loans stabilizes

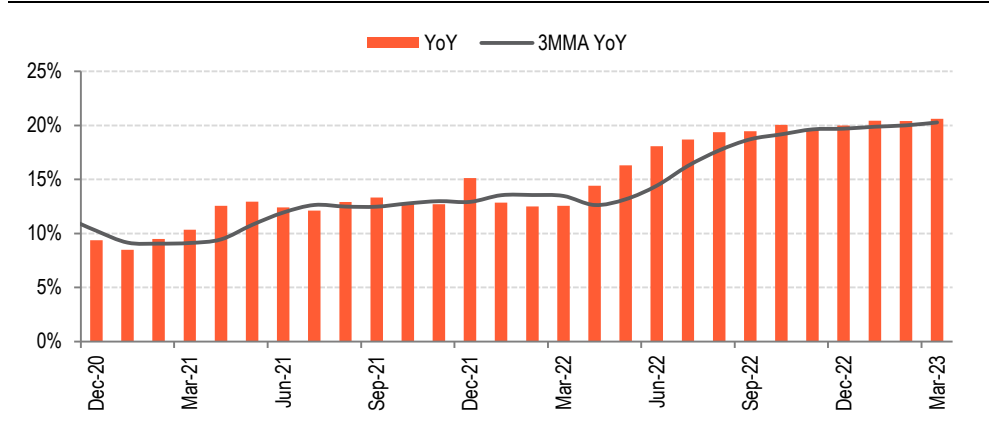


Fig 13 – Vehicle loans growth inches up

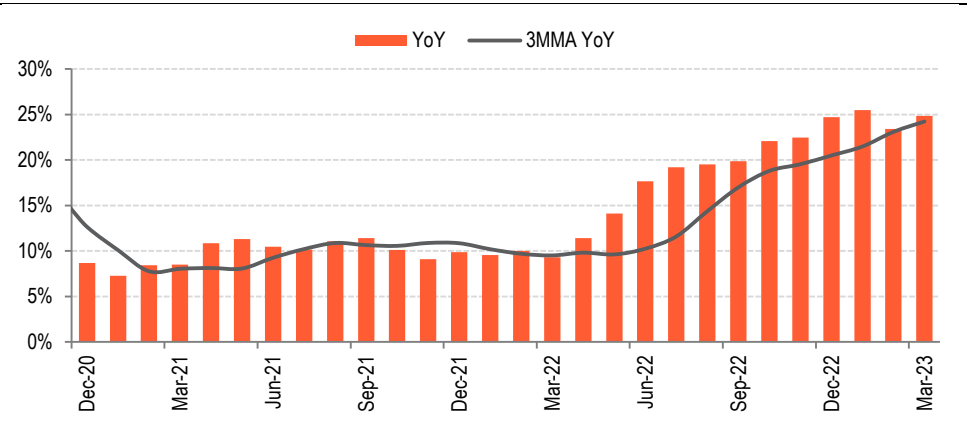


Fig 14 – Consumer's optimism gathers momentum

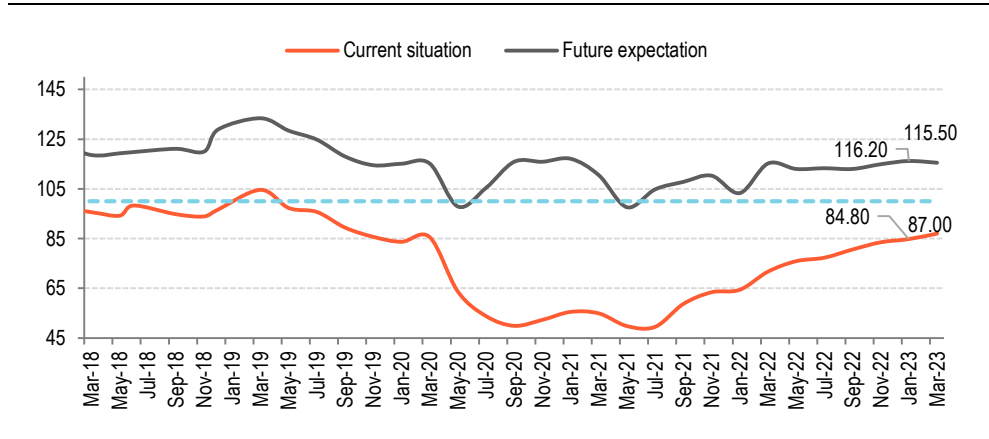


Fig 15 – RBI’s essential spending signals an upward trajectory

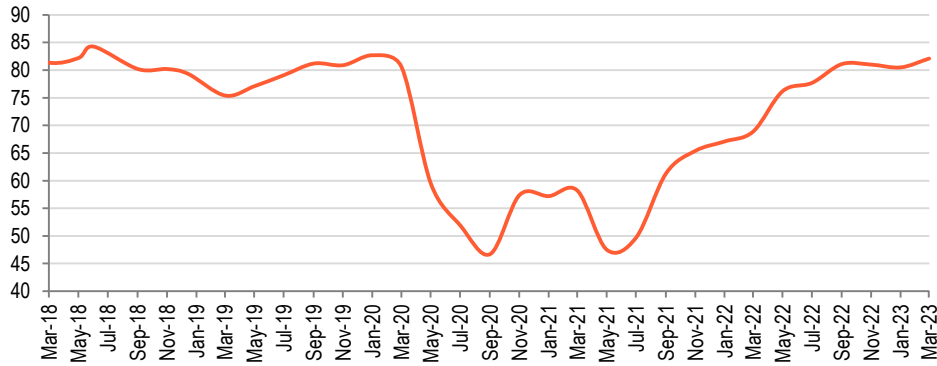
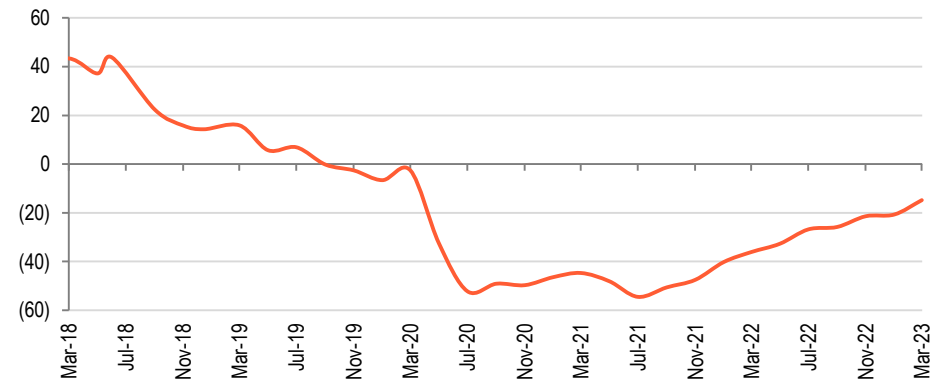


Fig 16 – ...non-essential spending too registers an uptick



Consumer durables & non-durables production

Fig 17 – Slower pace of contraction in consumer durables

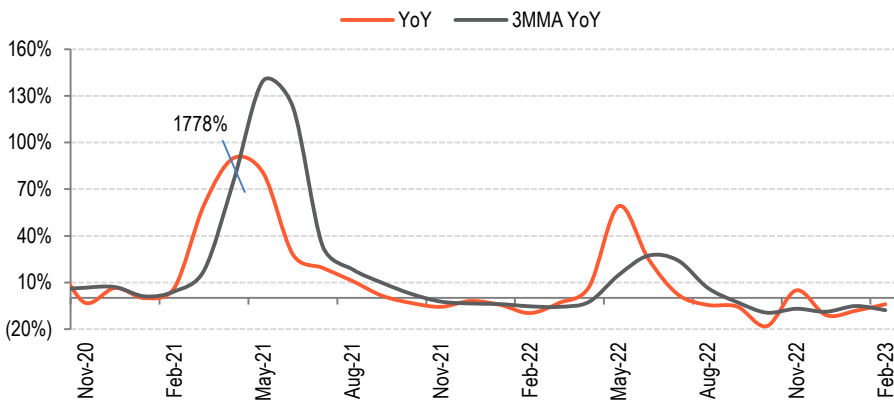
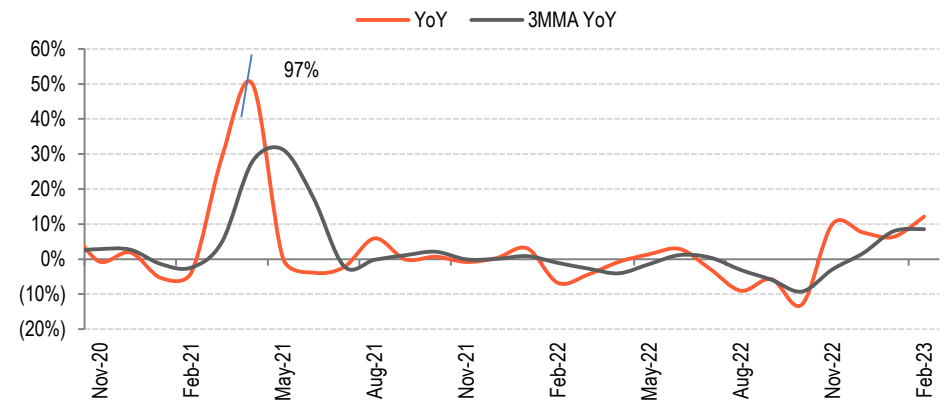


Fig 18 – FMCG output edges upwards



Agriculture

Fig 19 – IMD expects normal monsoon

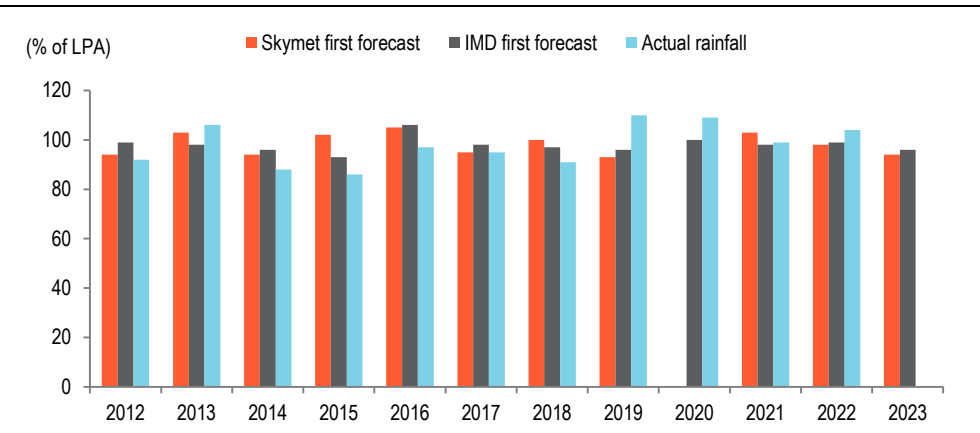
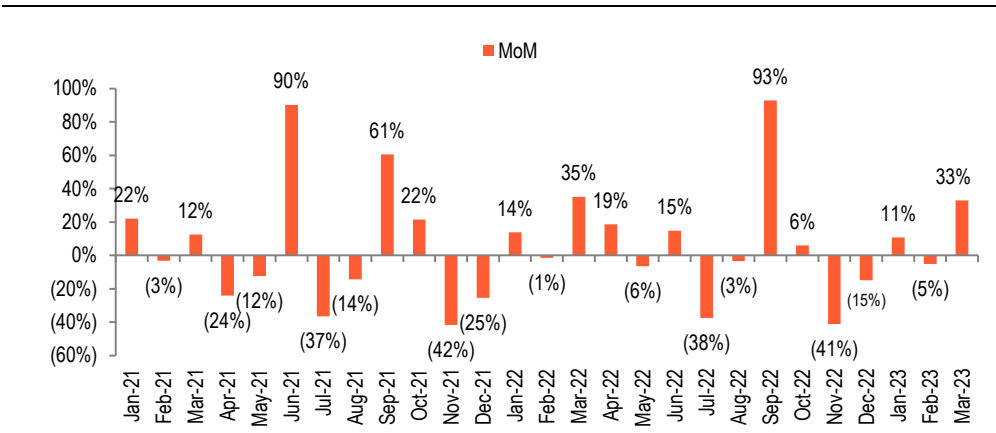


Fig 20 – Higher tractor sales in Mar'23



Note: Tractor sales including exports

Fig 21 – Agriculture credit moves up

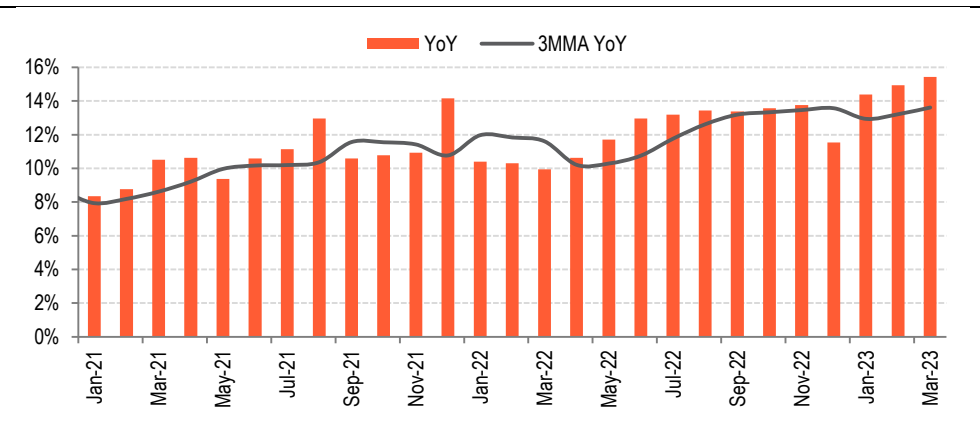
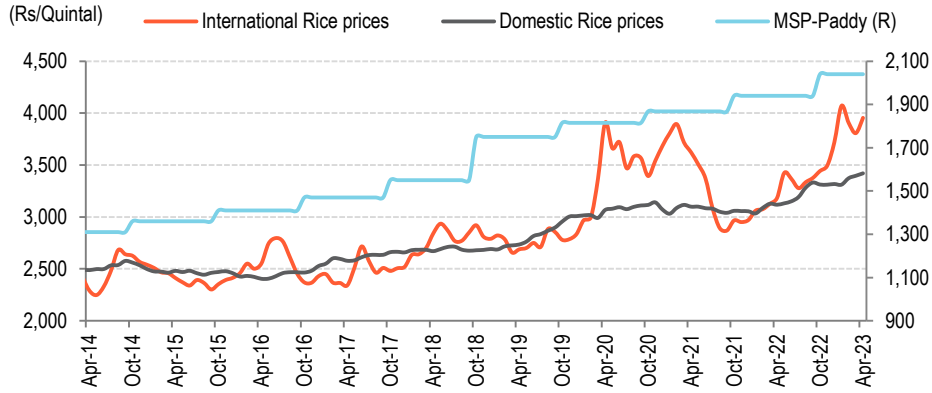


Fig 22 – Procurement of rice and wheat

Year	Wheat	Rice
2015-16	28.09	34.22
2016-17	22.96	38.11
2017-18	30.83	38.19
2018-19	35.80	44.39
2019-20	34.13	51.83
2020-21	38.99	60.17
2021-22	43.34	57.59
2022-23	18.8	49.2*
2023-24	0.2	-

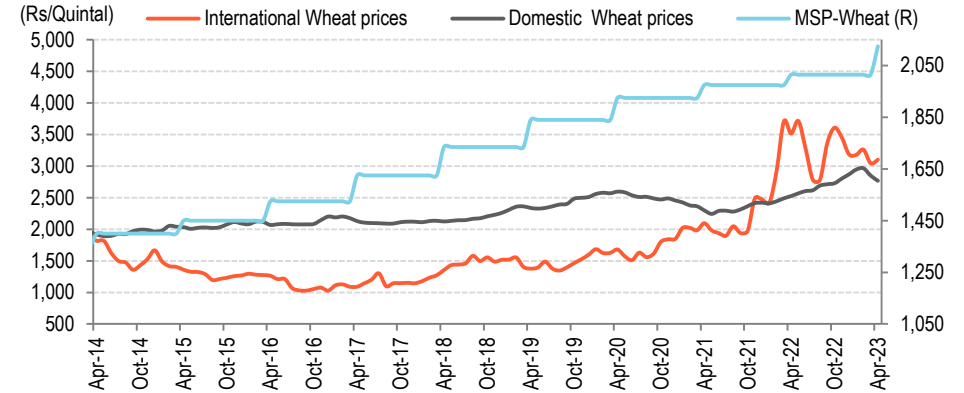
Source: Ministry of Consumer Affairs, Food and Public Distribution | *As on: 30 Apr 2023

Fig 23 – Both domestic and international rice price inches up



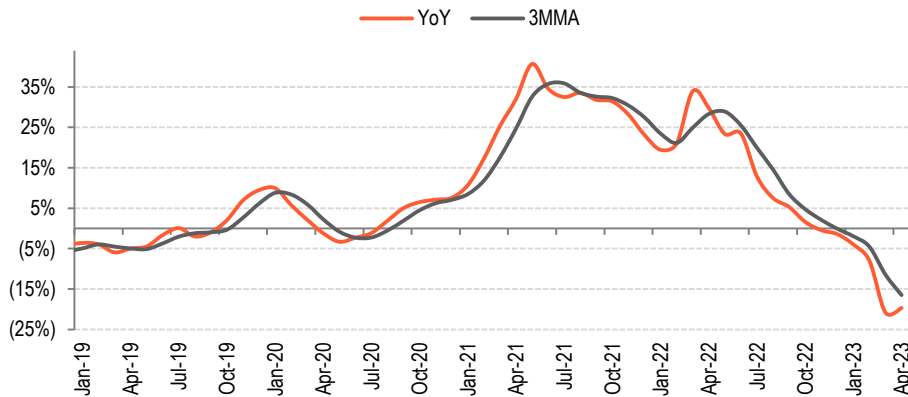
Source: World Bank

Fig 24 – International wheat prices higher; domestic wheat price declines



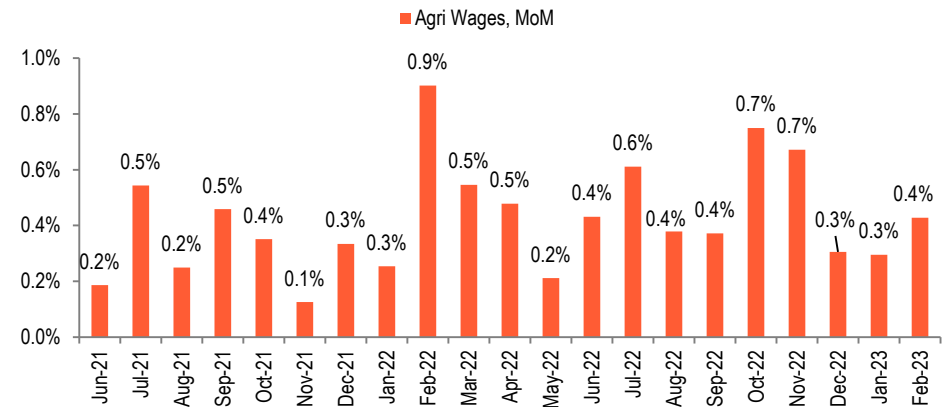
Source: World Bank

Fig 25 – Global food prices rebound in Apr'23



Source: FAO

Fig 26 – Wage growth (men) edges up



Inflation

Fig 27 – Headline CPI moderated to its lowest since Dec’21 to 5.7% in Mar’23 from 6.4% in Feb’23, in FY23; CPI averaged to 6.7%

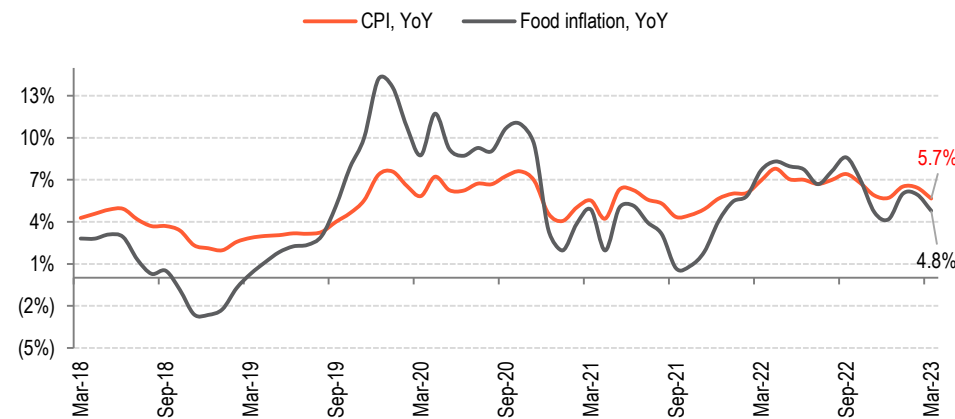


Fig 29 – Moderation in inflation of major components of core was visible

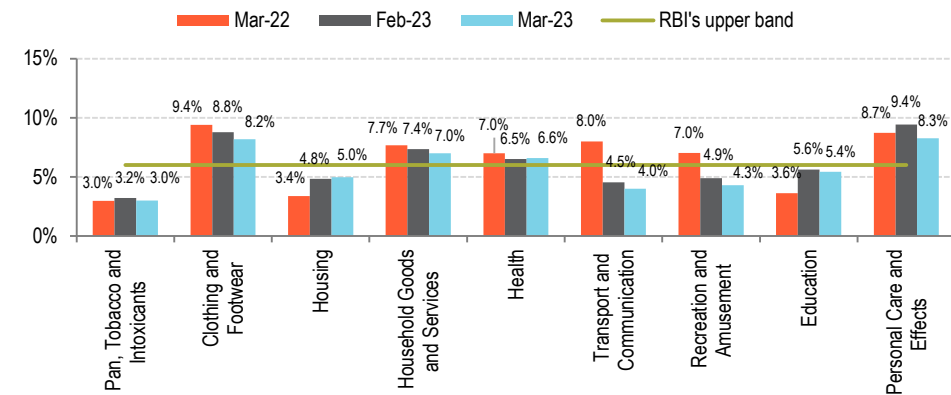


Fig 28 – ...Dip in food inflation was driven by cereals, meat and fish, oil and fats etc.

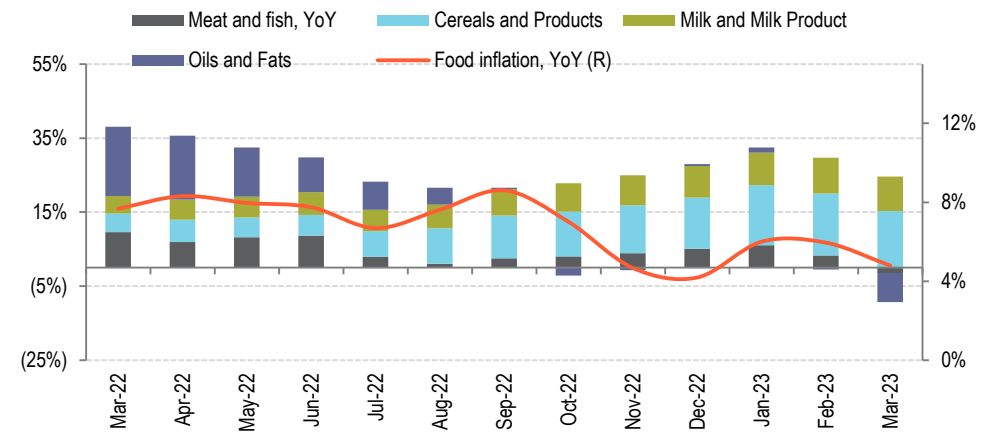
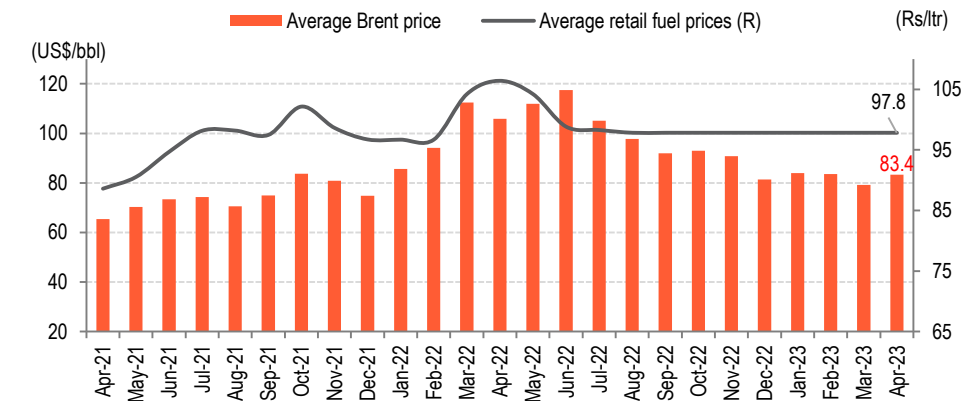


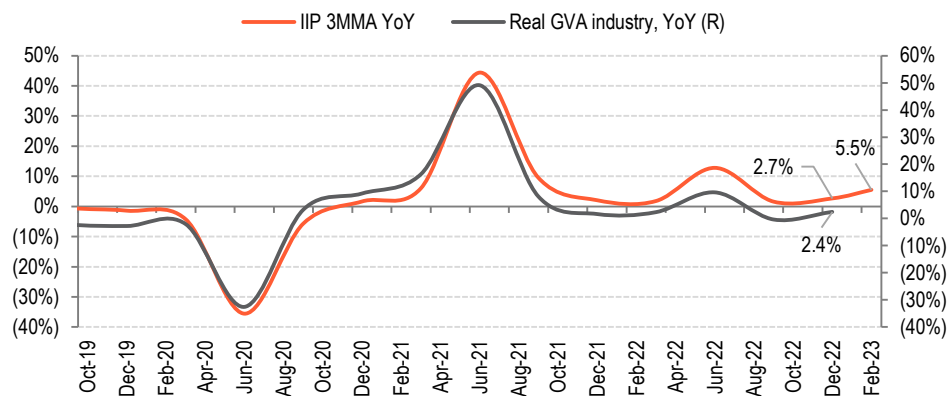
Fig 30 – Domestic retail prices was stable at Rs 98/lt, international crude prices on the other hand edged up to US\$ 83/bbl in Apr’23 from US\$ 79/bbl in Mar’23



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

Industry

Fig 31 – IIP growth improves



Note: IIP is average for Jan-Feb'23 on YoY basis

Fig 32 – Sectorwise growth lower, due to base effect

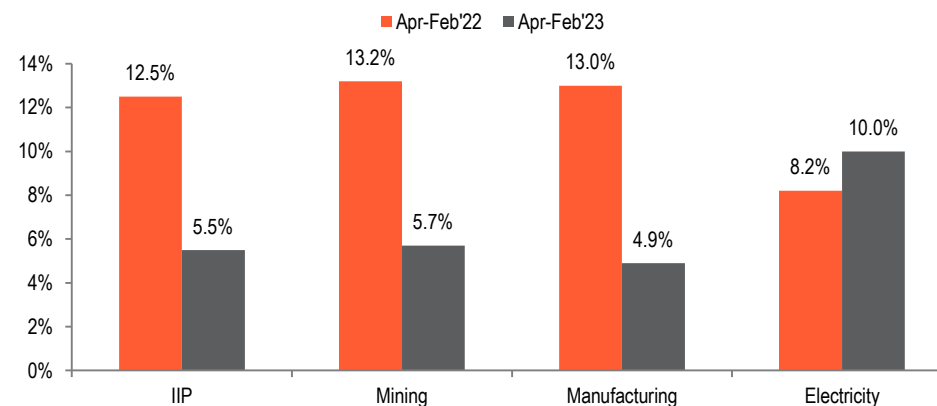
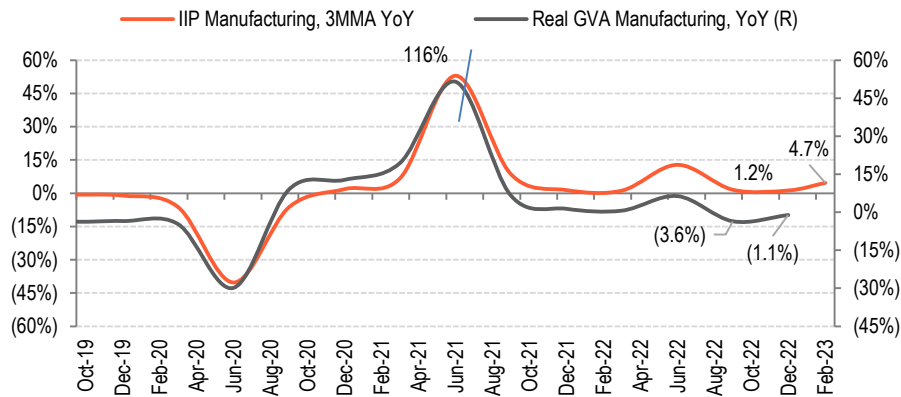


Fig 33 – IIP growth rises to 5.6% in Feb'23

Sectoral (%)	Weight	Feb-23	Jan-23	Feb-22	Apr-Jan'23	Apr-Jan'22
IIP	100.0	5.6	5.5	1.2	5.5	12.5
Mining	14.4	4.6	8.8	4.6	5.7	13.2
Manufacturing	77.6	5.3	4.0	0.2	4.9	13.0
Electricity	8.0	8.2	12.7	4.5	10.0	8.2
Use-Based						
Primary Goods	34.1	6.8	9.6	4.6	7.9	10.0
Capital Goods	8.2	10.5	10.7	1.3	13.4	19.0
Intermediate Goods	17.2	(0.3)	0.5	4.1	3.8	17.0
Infrastructure and Construction Goods	12.3	7.9	9.8	8.6	8.1	20.3
Consumer Durables Goods	12.8	(4.0)	(8.2)	(9.7)	1.5	14.2
Consumer Non-Durables Goods	15.3	12.1	6.3	(6.8)	0.8	4.0

Manufacturing

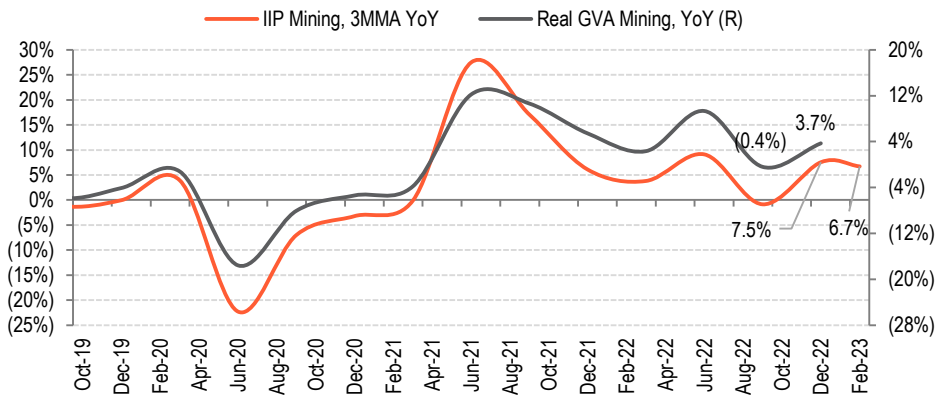
Fig 34 – Manufacturing growth to improve



Note: IIP is average for Jan-Feb'23 on YoY basis

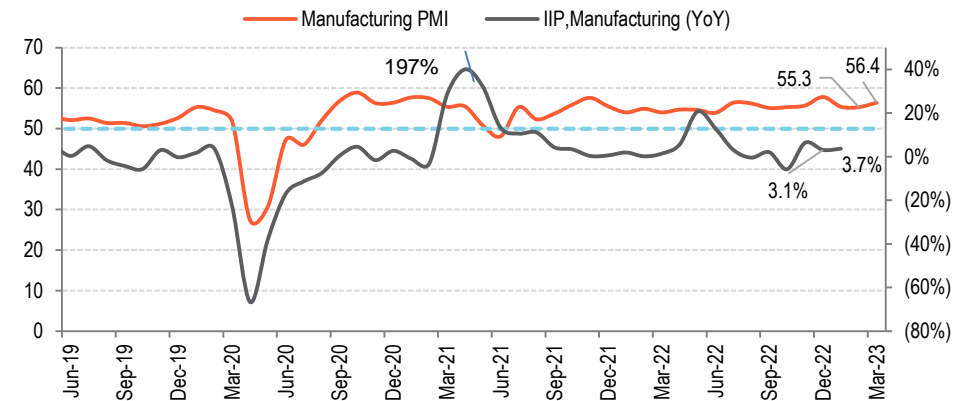
Mining & Electricity

Fig 36 – Mining activity to ease



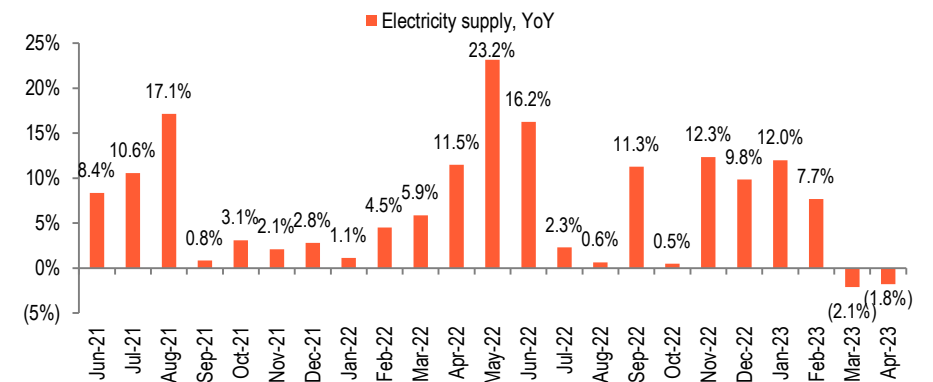
Note: IIP is average for Jan-Feb'23 on YoY basis

Fig 35 – Manufacturing PMI rises to 4-month high



Source: Markit

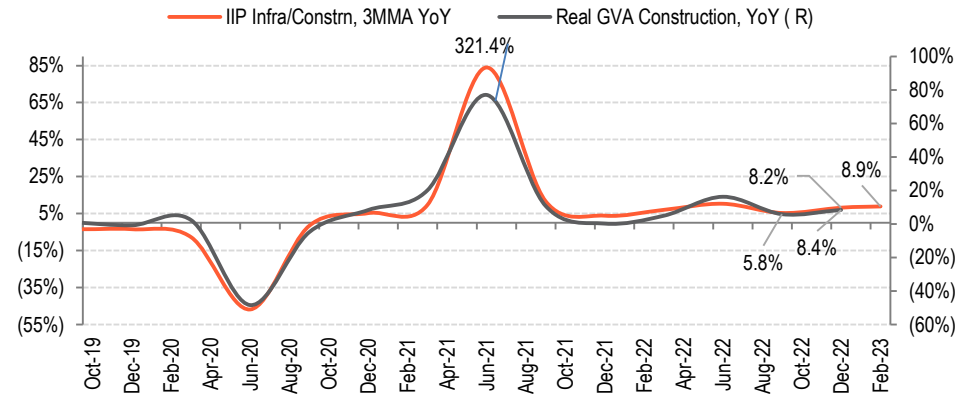
Fig 37 – Growth contracts for electricity supply



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

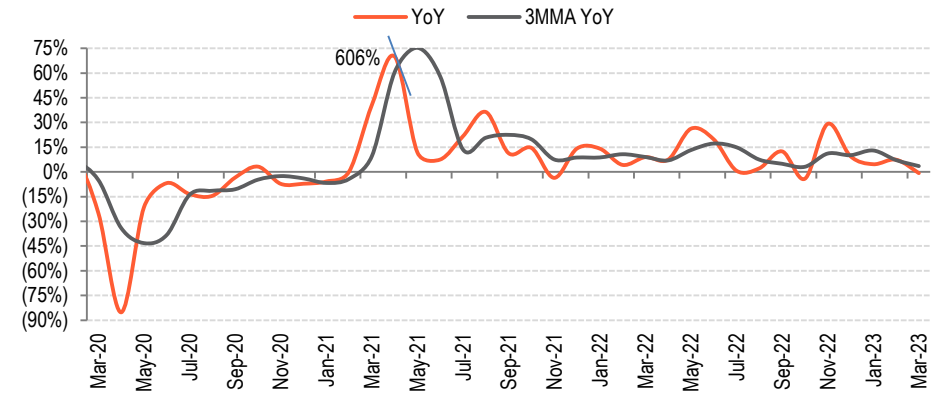
Infrastructure and construction

Fig 38 – Construction sector to show steady growth



Note: IIP is average for Jan-Feb'23 on YoY basis

Fig 39 – Cement production moderates in Mar'23



Infrastructure index

Fig 40 – Growth in infrastructure index eases to 5-month low

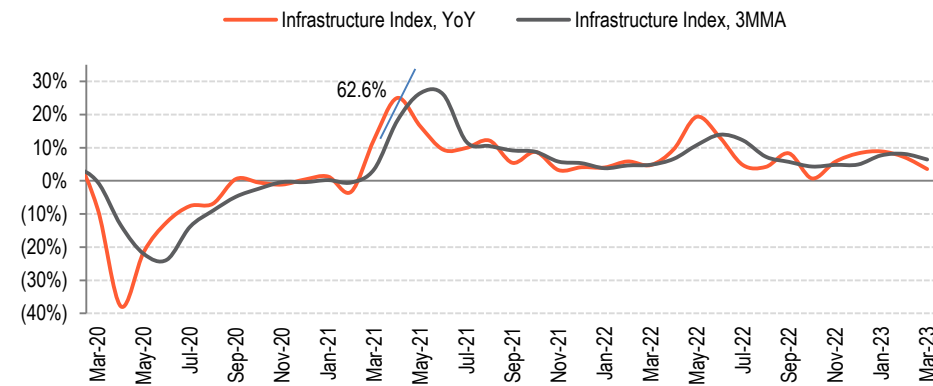
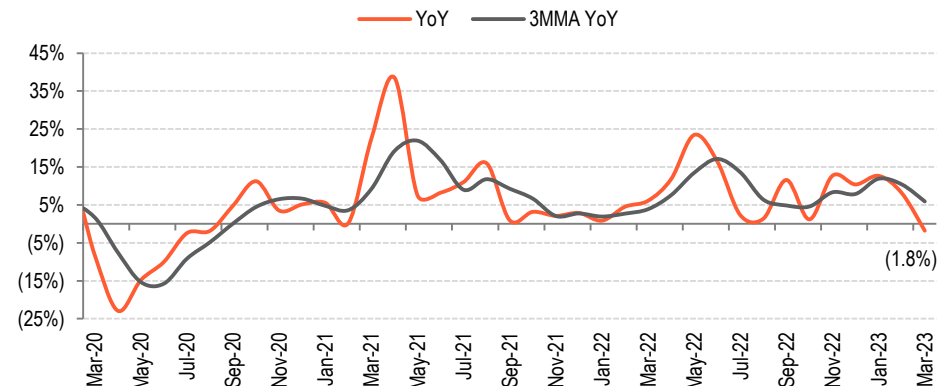


Fig 41 – Electricity output contracts for the first time in more than 2-years



Auto production & business expectation index

Fig 42 – Auto production rebounds in Mar'23

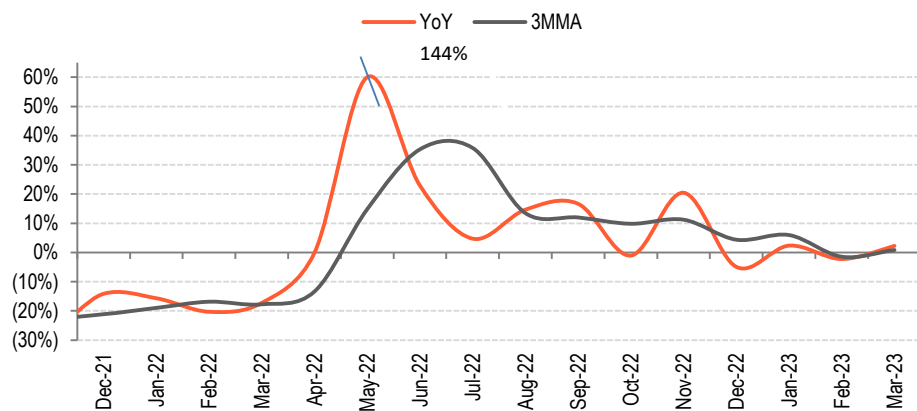


Fig 43 – Business sentiment moderates

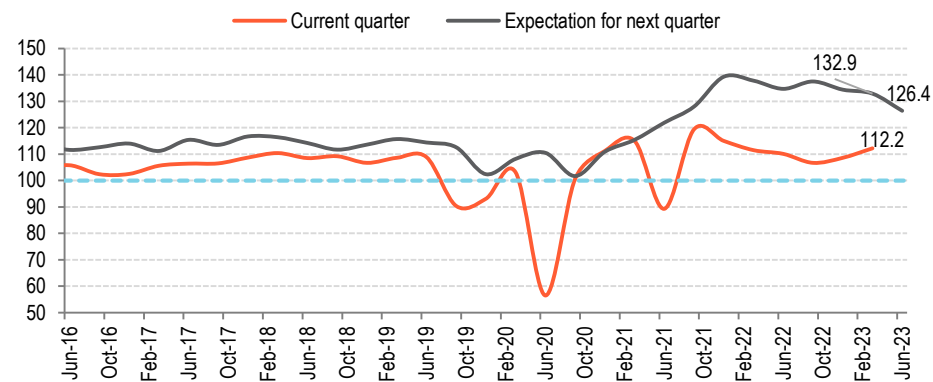
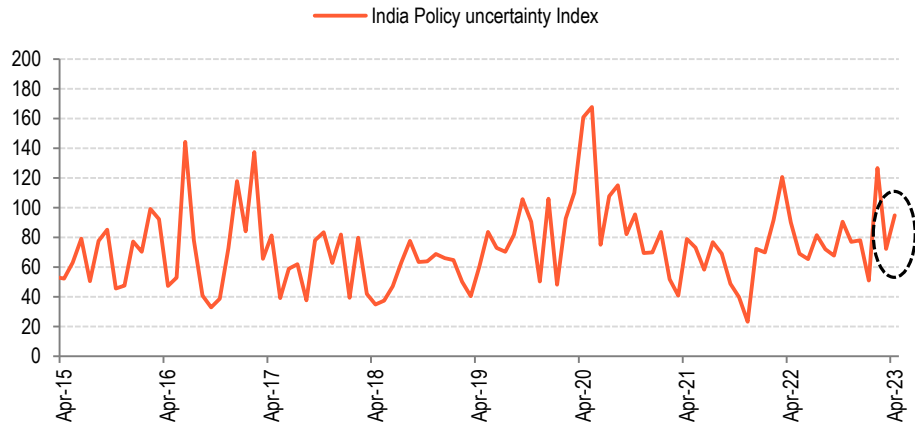


Fig 44 – Core sector output eases

(%)	Weight	Mar-23	Feb-23	Mar-22	Apr-Mar'23	Apr-Mar'22
Infrastructure Index	100	3.6	7.2	4.8	7.6	10.4
Coal	10.3	12.2	8.5	0.3	14.8	8.5
Crude Oil	9.0	(2.8)	(4.9)	(3.4)	(1.7)	(2.6)
Natural Gas	6.9	2.8	3.2	7.6	1.6	19.2
Petroleum Refinery Products	28.0	1.5	3.3	6.1	4.8	8.9
Fertilizers	2.6	9.7	22.2	15.3	11.3	0.7
Steel	17.9	8.8	11.6	4.1	8.6	16.9
Cement	5.4	(0.8)	7.4	9.0	8.6	20.8
Electricity	19.9	(1.8)	8.2	6.1	8.9	8.0

Investment

Fig 45 – Policy uncertainty index in India rose in Apr’23 amidst concerns over spillover impact of tightening financial conditions globally



Source: policyuncertainty.com

Fig 47 – Capital goods production was broadly stable at 10.5% in Feb’23

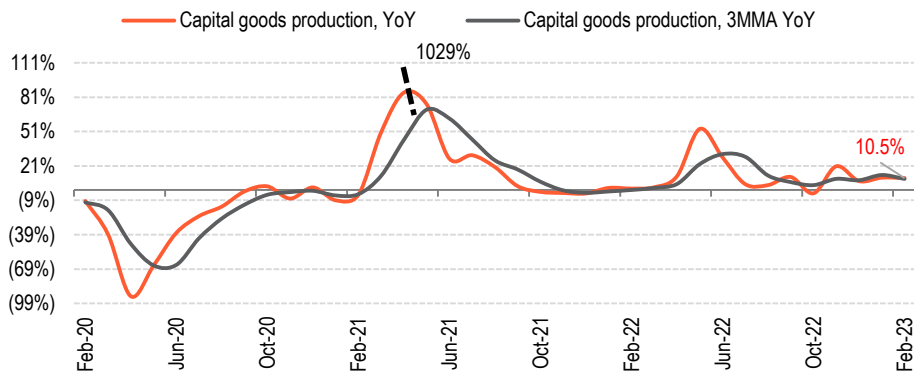
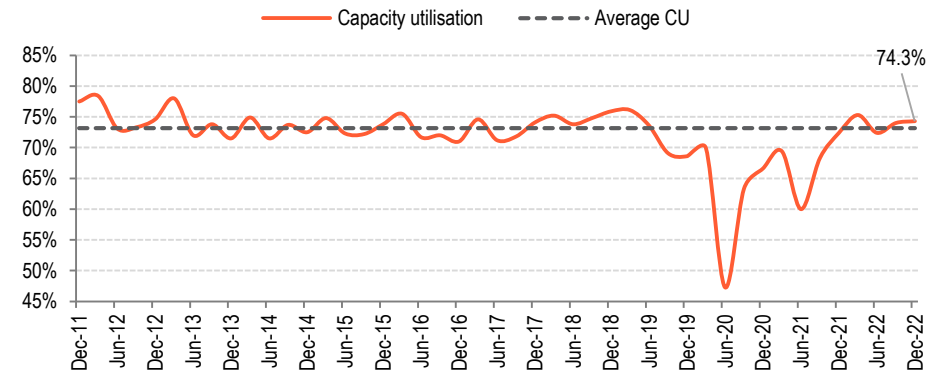


Fig 46 – Capacity utilisation rose above its long term average to 74.3 in Dec’22



Source: policyuncertainty.com

Fig 48 – Capital goods imports moderated to 9% in Mar’23 from 18% in Feb’23, despite a favourable base

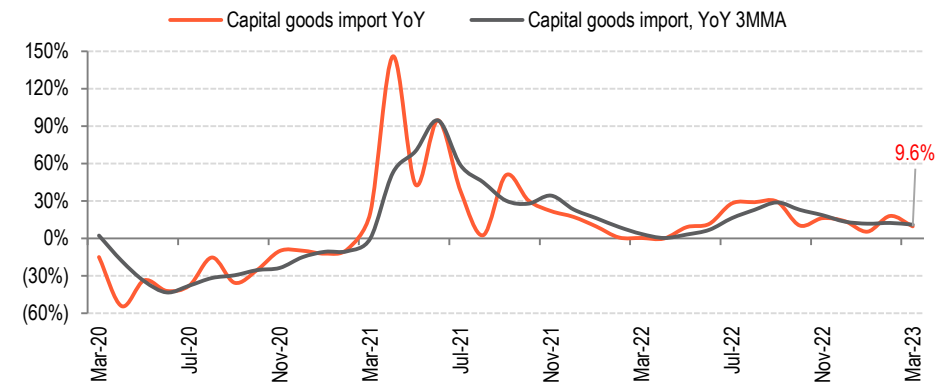


Fig 49 – Centre’s capex spending noted growth of 38.1% in Feb’23 from 42.7% in Jan’23, capex spending is likely to rise by 37.4% to Rs 10tn in FY24

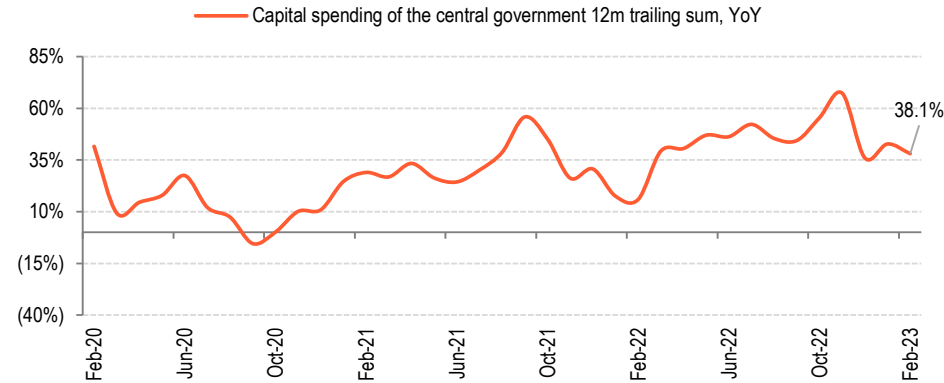


Fig 50 – Credit to micro and small industry moderated to 12.3% in Mar’23 from 13.2% in Feb’23, for medium industry it rose to 19.6% from 13.5%

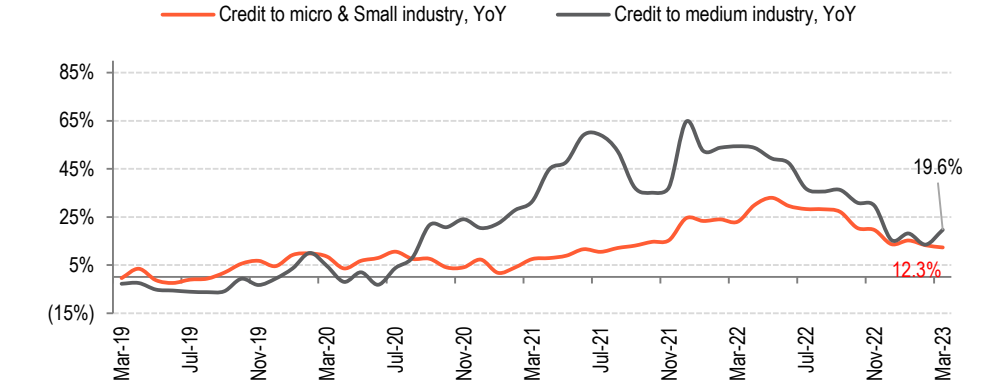


Fig 51 – Credit to housing sector was stable at 15%

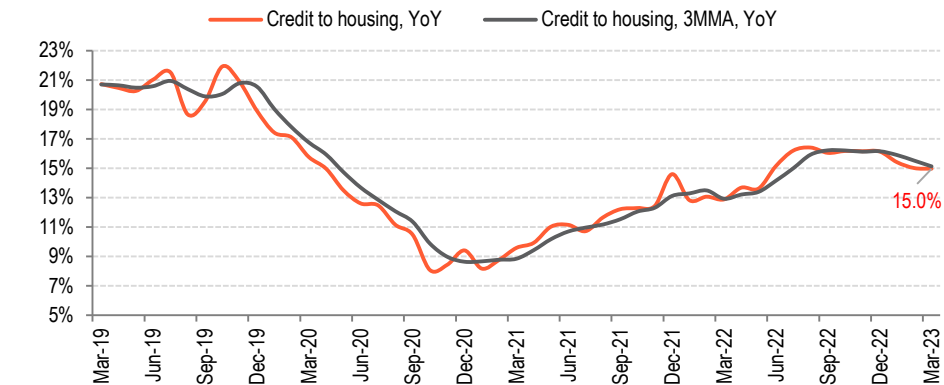
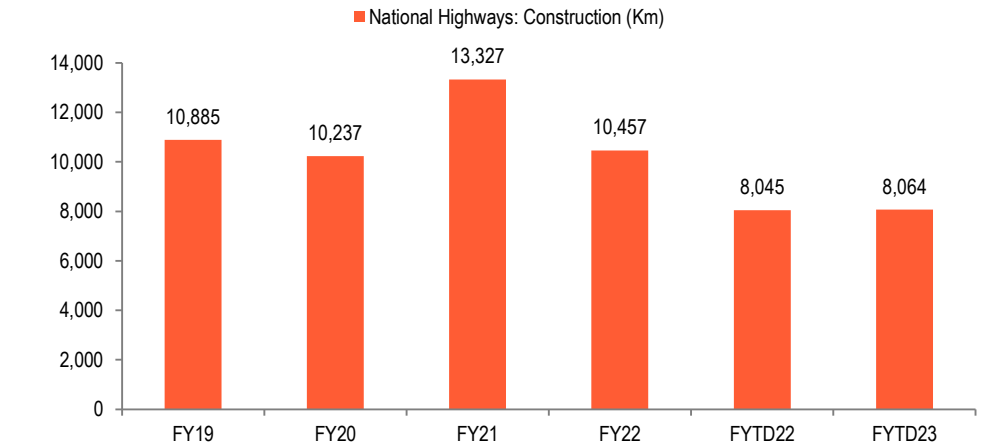


Fig 52 – Pace of National highway construction



Note: FYTD: Apr-Feb

Services sector

Fig 53 – GVA: Services activity eased further in Q3FY23; compared to pre-pandemic (FY20), activity rose by 34% in Q3 versus 30% in Q2

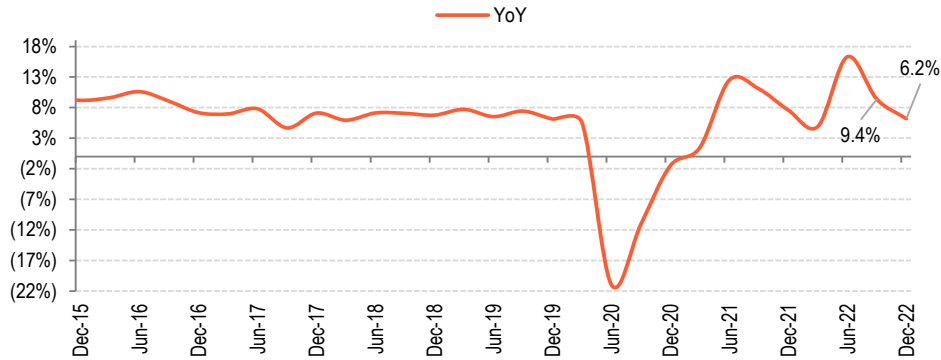
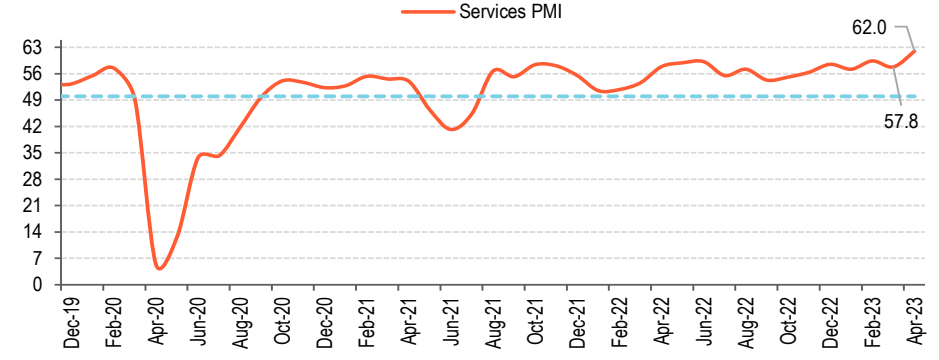


Fig 54 – Services PMI rebounds in Apr'23, reaches its highest since mid-2010



Source: Markit

Fig 55 – GVA: Trade & related services activity too moderated in Q3, as also indicated by trend in states' tax revenue growth

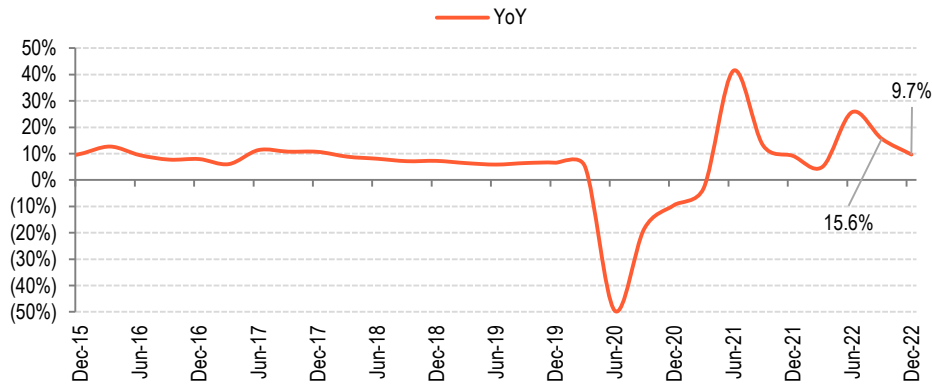
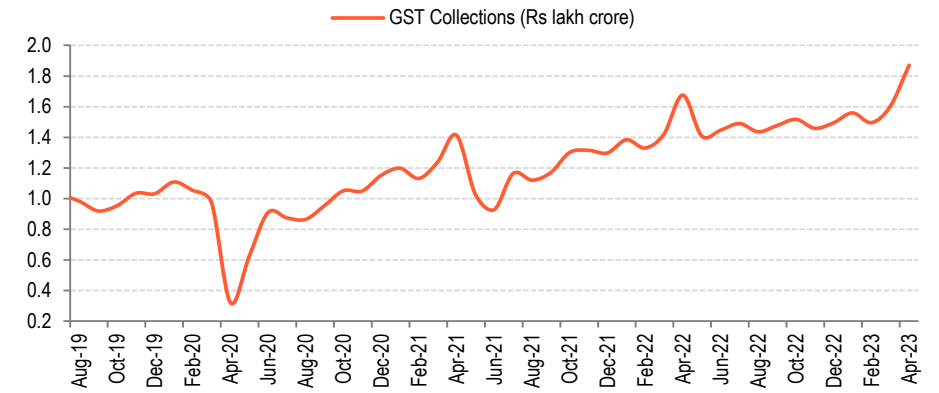


Fig 56 – GST collection reached all-time high in Apr'23



Trade

Fig 57 – Vehicle registration growth dips again in Apr'23

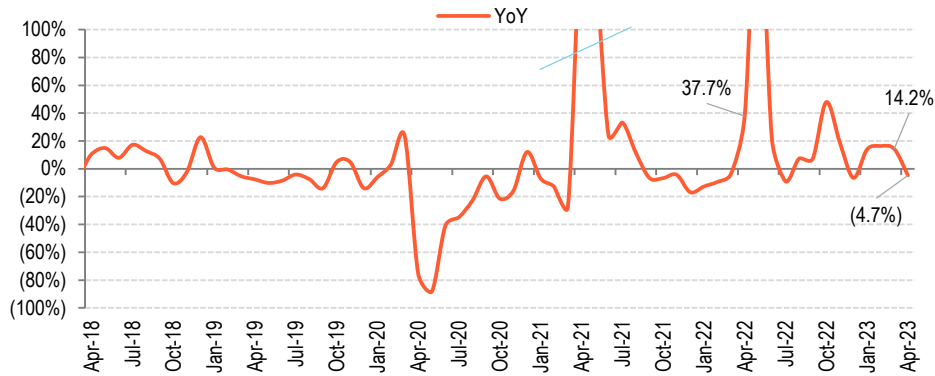


Fig 58 – Diesel consumption in Apr'23 recovered, supported by agri and industrial demand

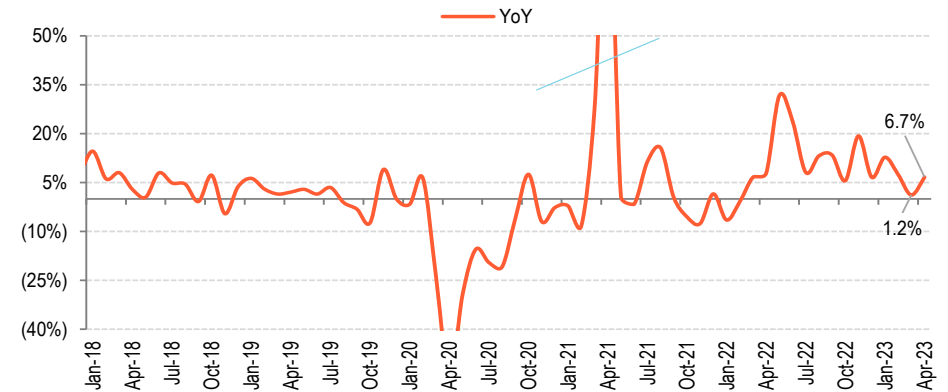


Fig 59 – Railway freight traffic movement broadly steady at the start of Q1FY24

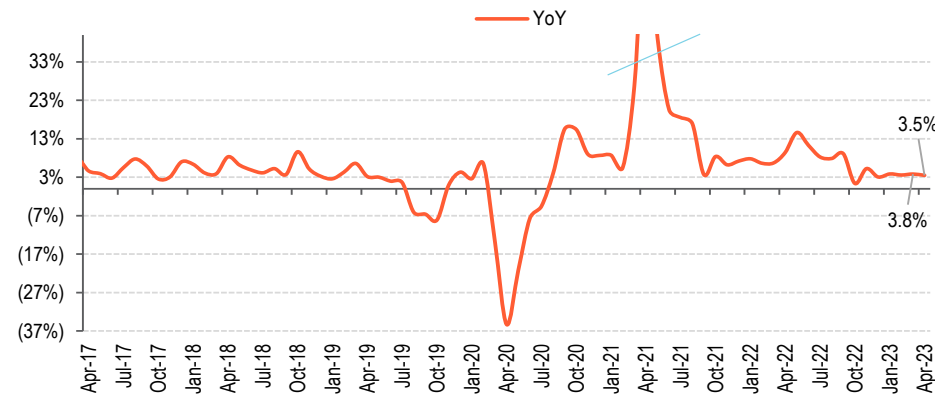


Fig 60 – Port cargo traffic seen slowing; weaker global activity and high base, both at play

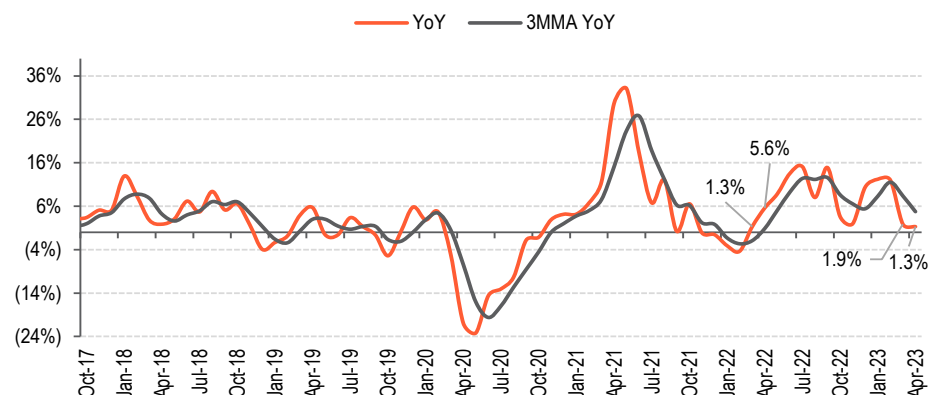


Fig 61 – Toll collections slipped in Apr'23

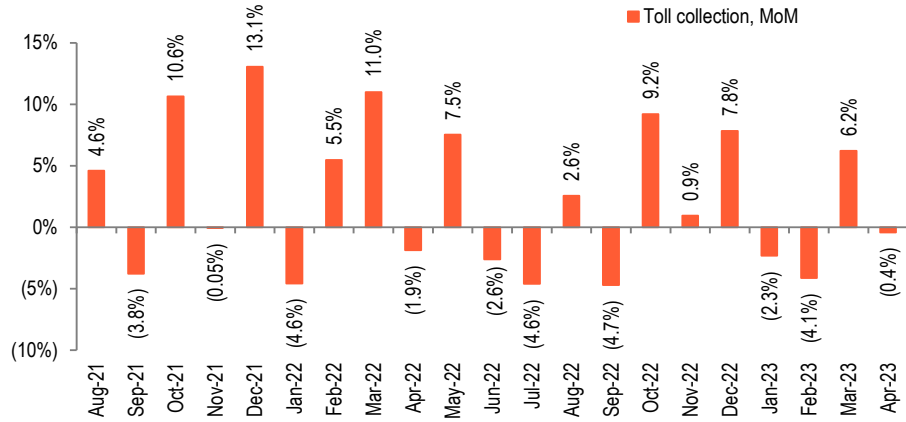
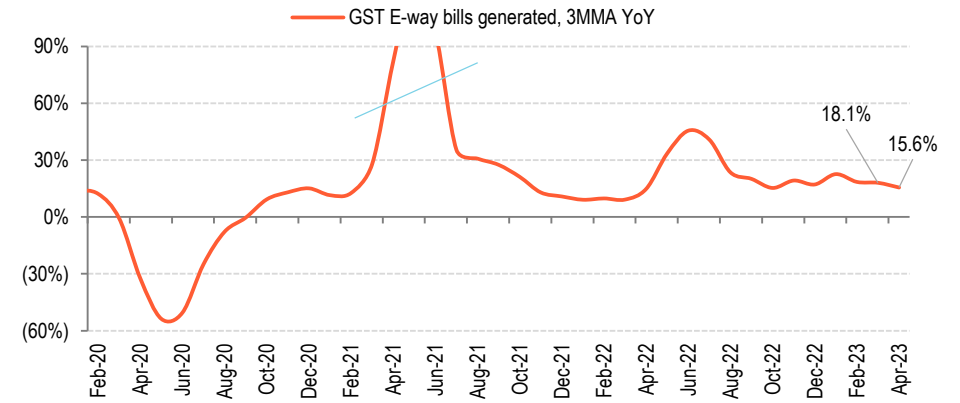


Fig 62 – E-way bill generation slowed further in Apr'23



Hotels and communications

Fig 63 – Airline passenger traffic approaching pre-pandemic levels

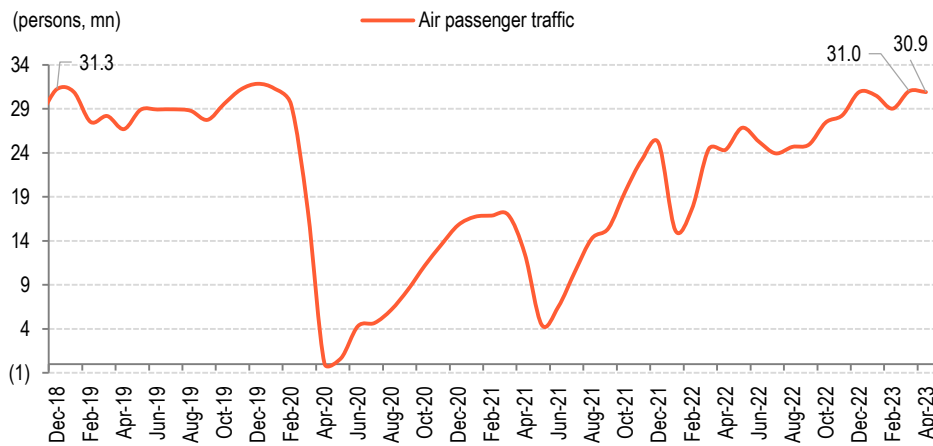


Fig 64 – Domestic passenger growth remained steady in Apr'23, was above pre-pandemic levels

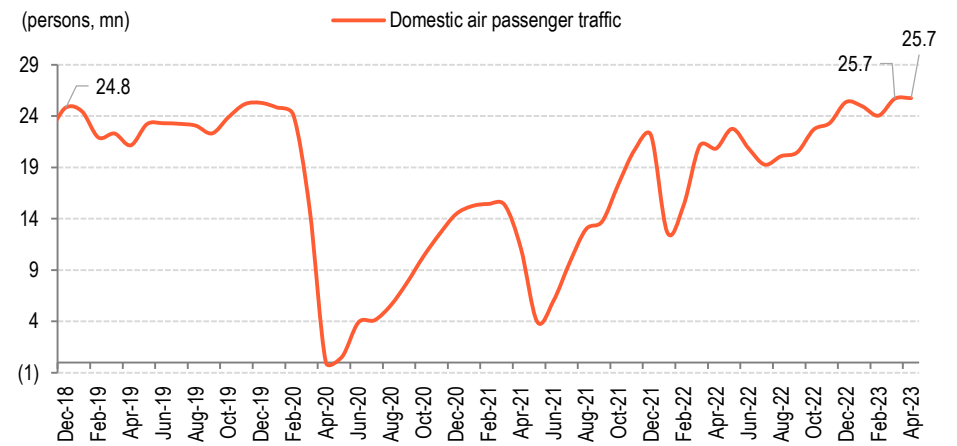


Fig 65 – Railway passenger traffic gathered pace in Mar'23

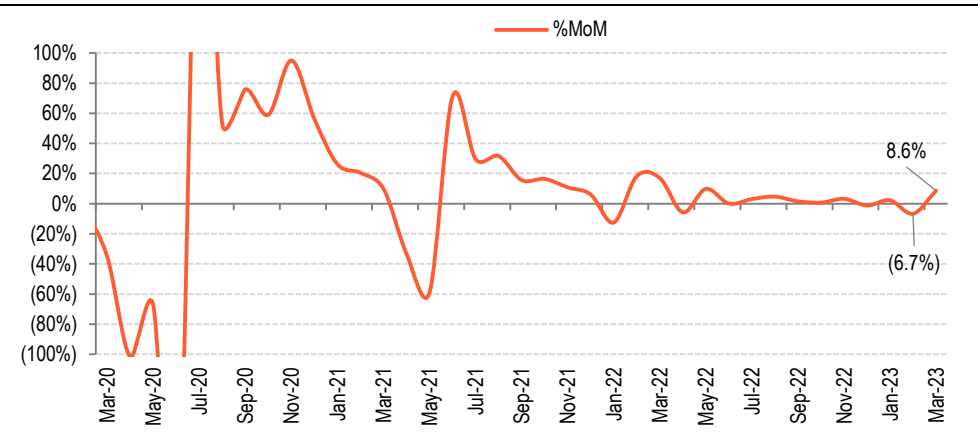
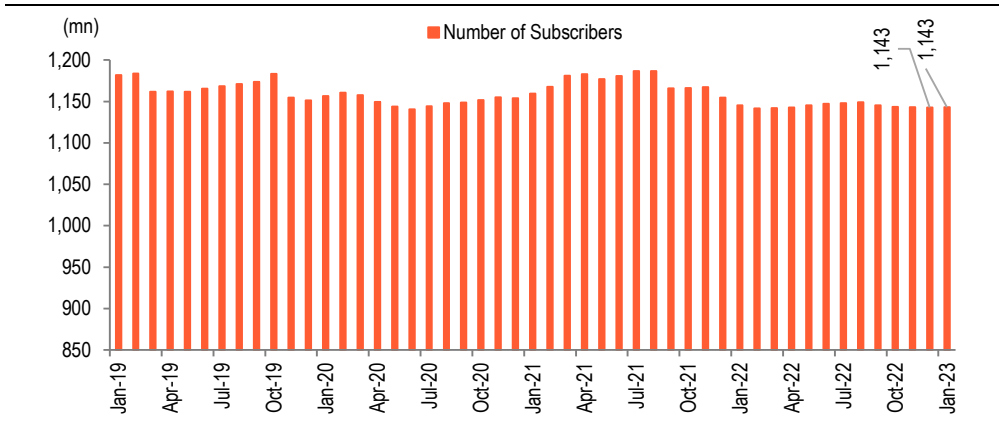


Fig 66 – Number of telecom subscribers rose in Jan'23, taking FYTD23 additions to 0.9mn versus 35.7mn subscribers lost in FYTD22



Finance and real estate

Fig 67 – Growth in GVA: Finance, real estate & prof. also moderated in Q3FY23

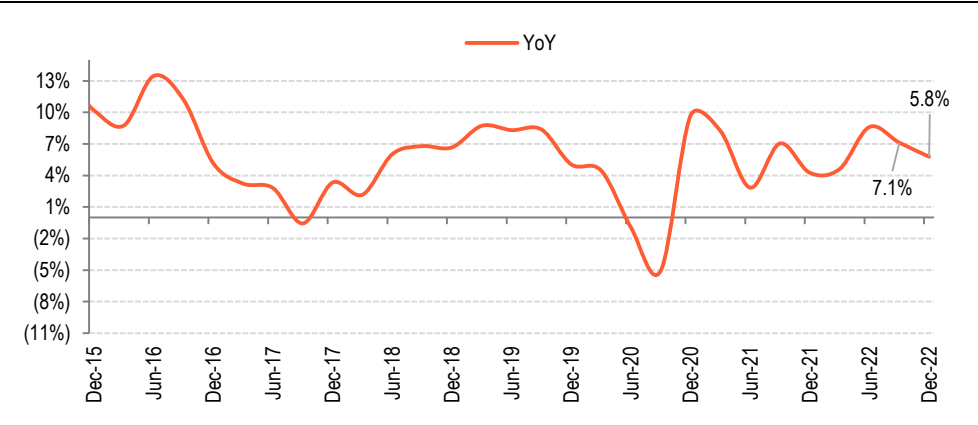
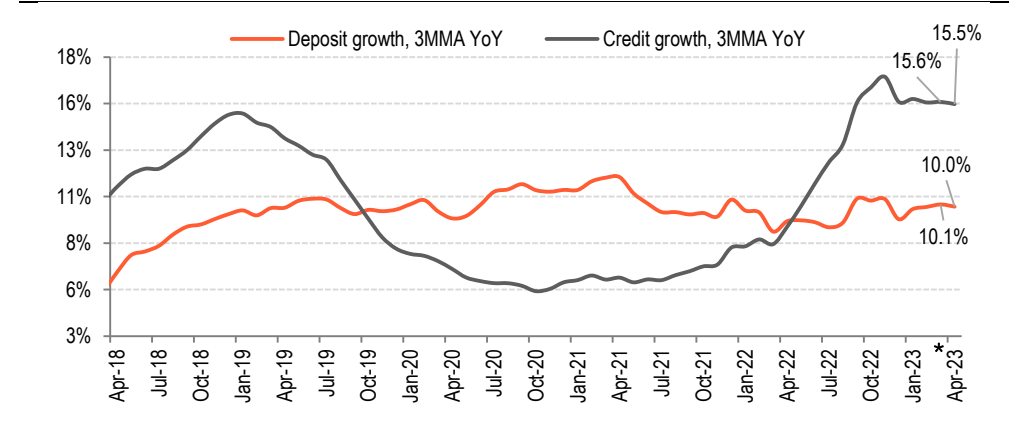


Fig 68 – Both credit and deposit growth broadly steady in Apr'23



*as of fortnight ending 21 Apr 2023

Fig 69 – Credit to industries slowed considerably in Mar'23; credit to services relatively more stable

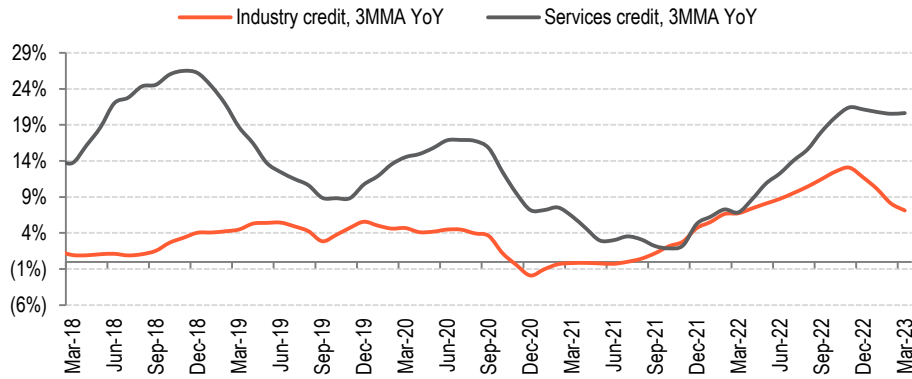


Fig 70 – Within services, credit to trade and commercial real estate showed slight improvement, credit to NBFCs down

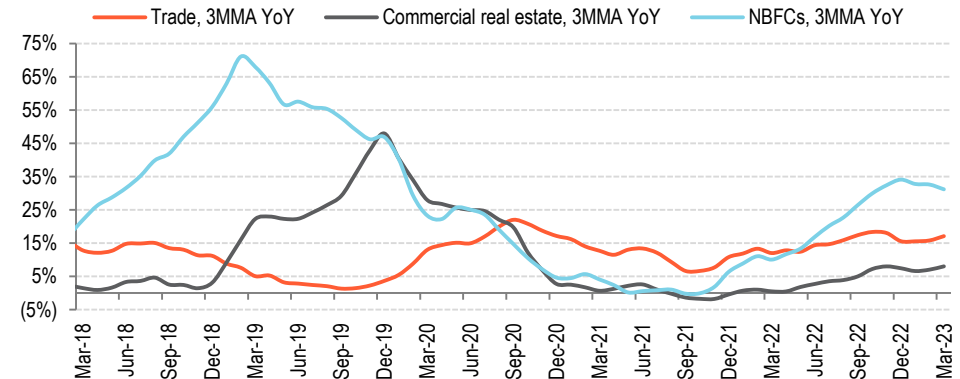


Fig 71 – Property sales volumes continue to maintain pace in Q4FY23 as well; in FY23 sales volume rose by 114% on an average versus 16% rise in FY22

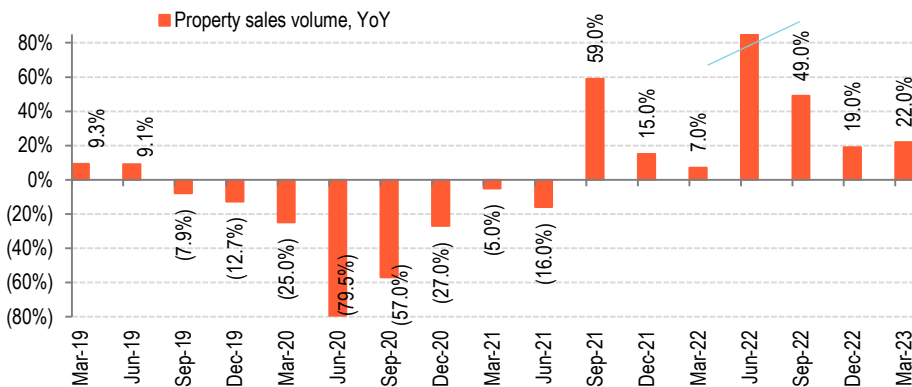
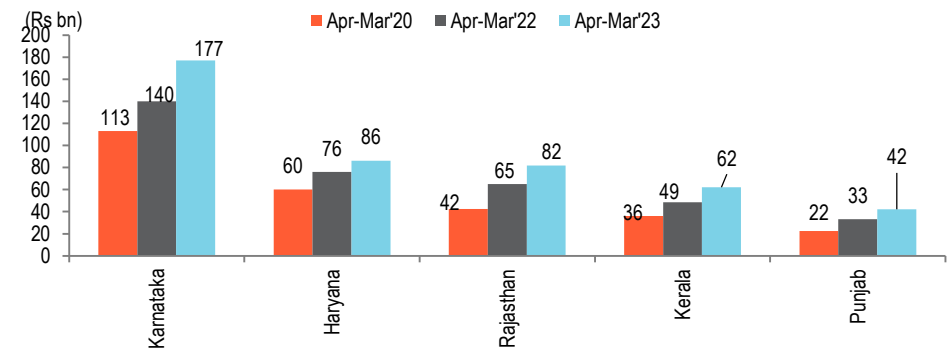


Fig 72 – Barring Haryana (lower), Rajasthan (in line), other states recorded stamp duty collections higher than their budgeted/revised targets for FY23



Source: Proptiger

Labour market

Fig 73 – Naukri job index fell in Apr'23

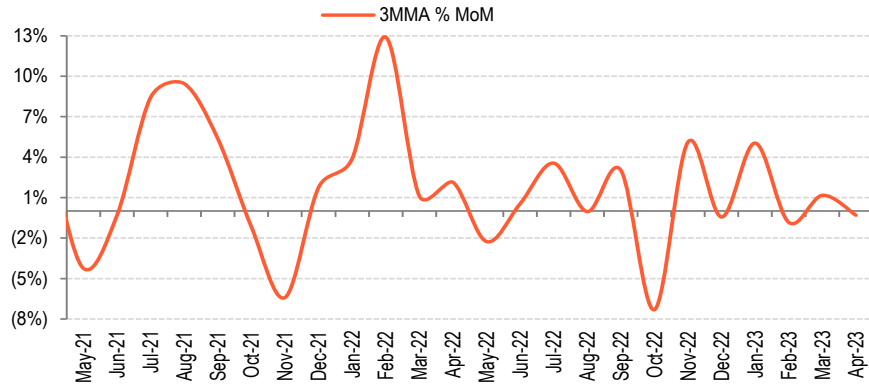


Fig 74 – Overall unemployment rate also seen inching up



Public administration

Fig 75 – Public administration & defence services too dragged services growth down in Q3

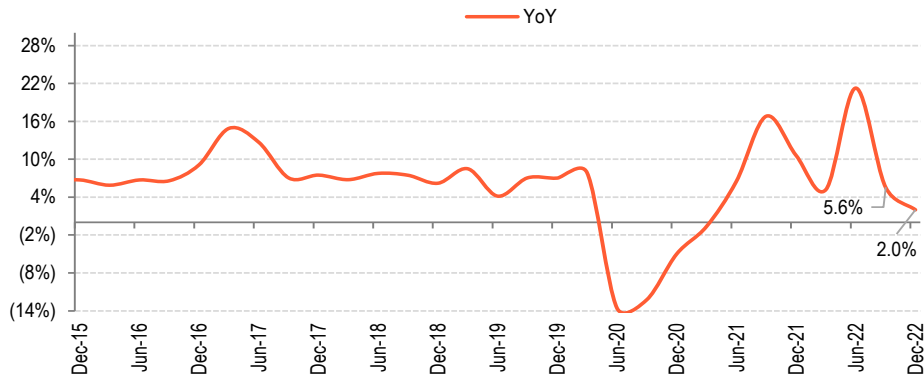


Fig 76 – General govt. spending continues to ease

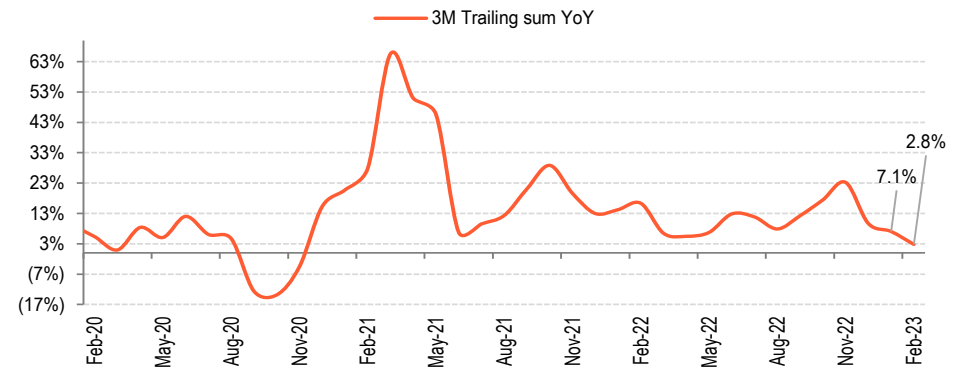


Fig 77 – ...mirroring the trend in Central government spending

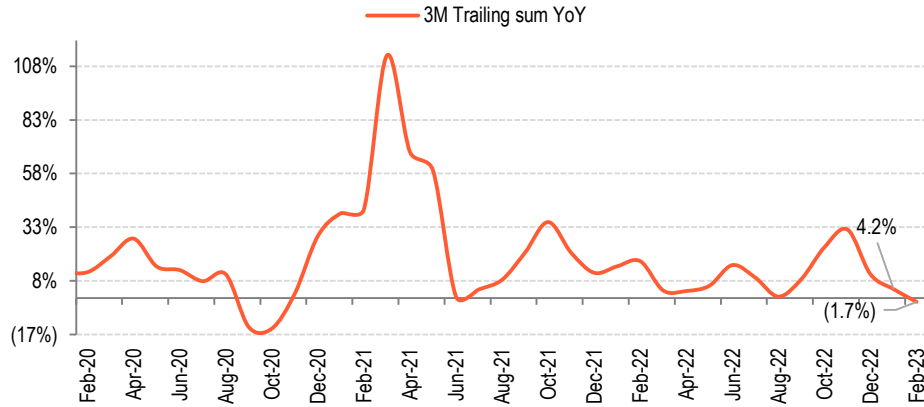
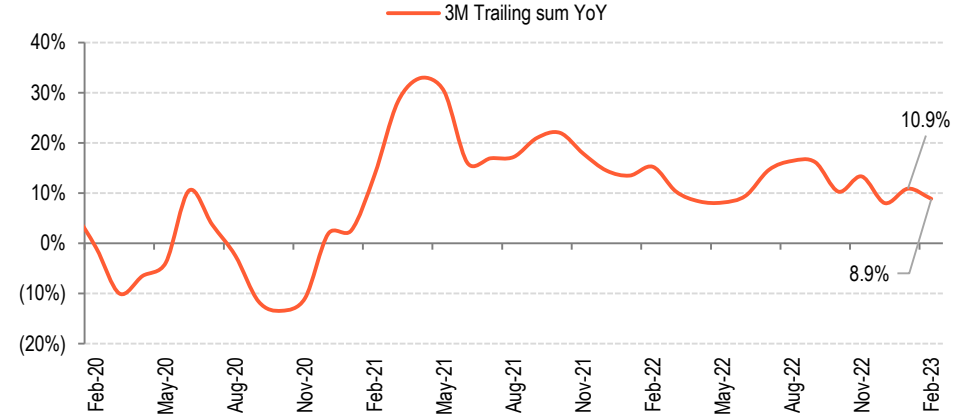


Fig 78 – State* Govt. spending also losing momentum

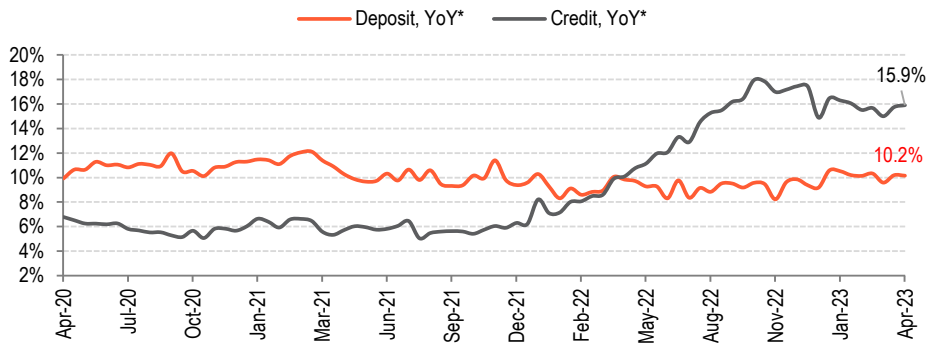


Note: *All states excluding N.E states, Goa, J&K and Maharashtra

Financial sector

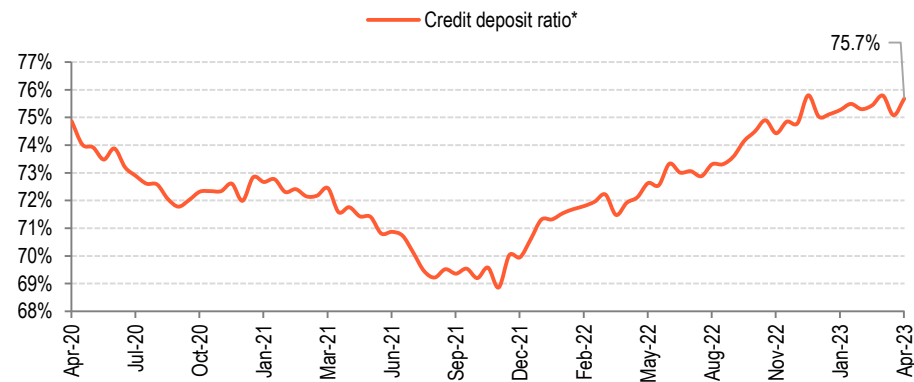
Money and banking

Fig 79 – Credit and deposit growth inched up to 15.9% and 10.2% in Apr'23 from 15% and 9.6%, respectively in Mar'23



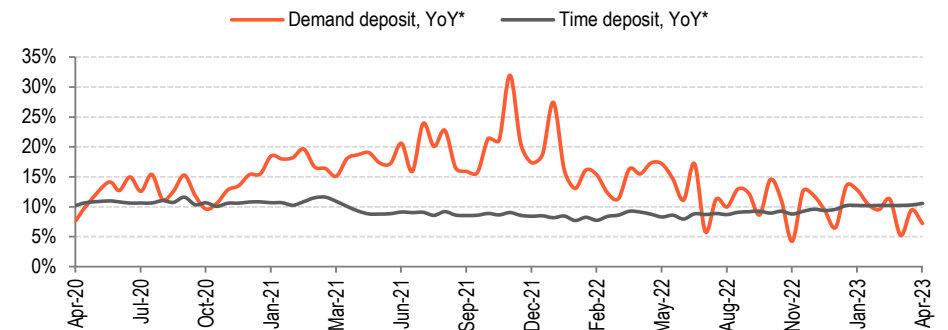
Note: *Apr 23 implies fortnight as of 21 Apr 2023

Fig 81 – CD ratio rose to 75.7%



Note: *Apr 23 implies fortnight as of 21 Apr 2023

Fig 80 – ...Time deposits inched up, while demand deposits moderated



Note: *Apr 23 implies fortnight as of 21 Apr 2023

Fig 82 – Pace of accretion of credit, investment and deposit

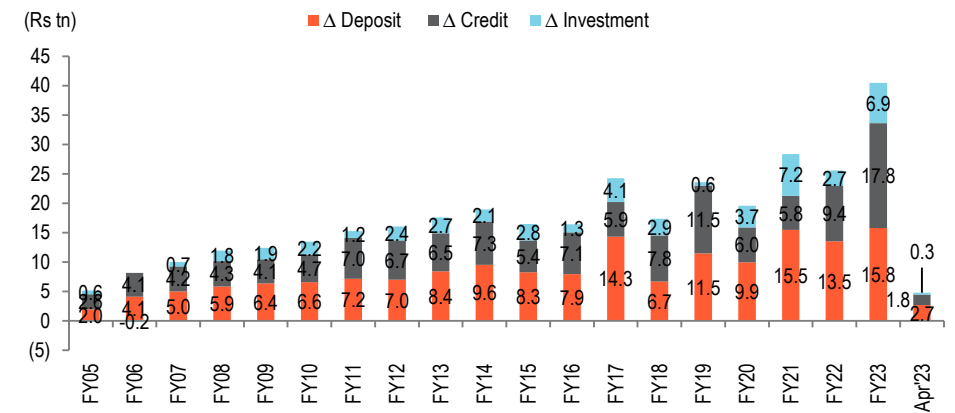


Fig 83 – Credit to govt inched up to 14.5% in Mar'23 from 14.3% in Feb'23, credit to commercial sector moderated slightly to 15.1% from 15.6%

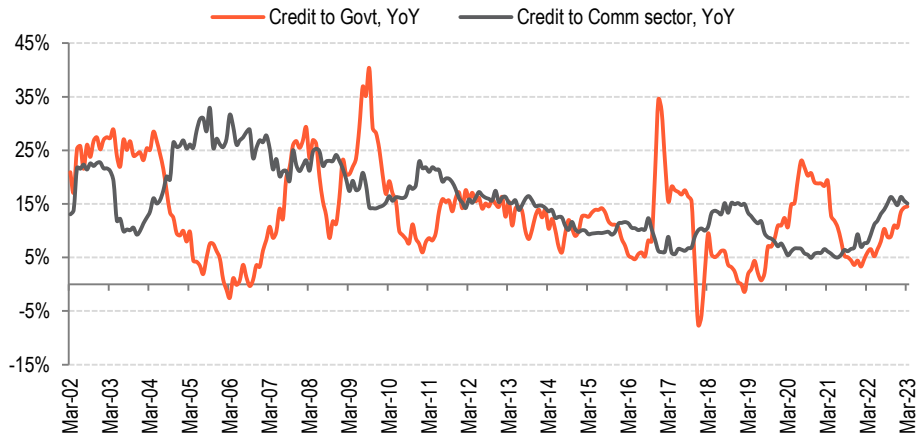


Fig 84 – Call rate hovering around repo

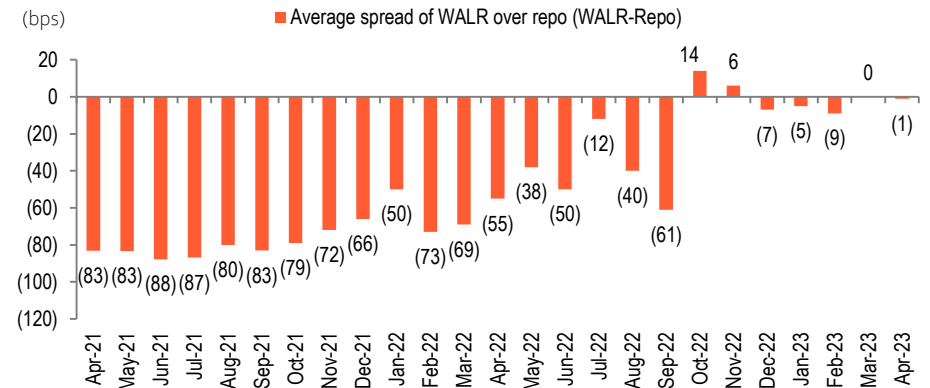


Fig 85 – WALR rose to 8.67% in Mar'23 from 8.56% in Feb'23, WADTDR inched up to 6.15% from 6.02%

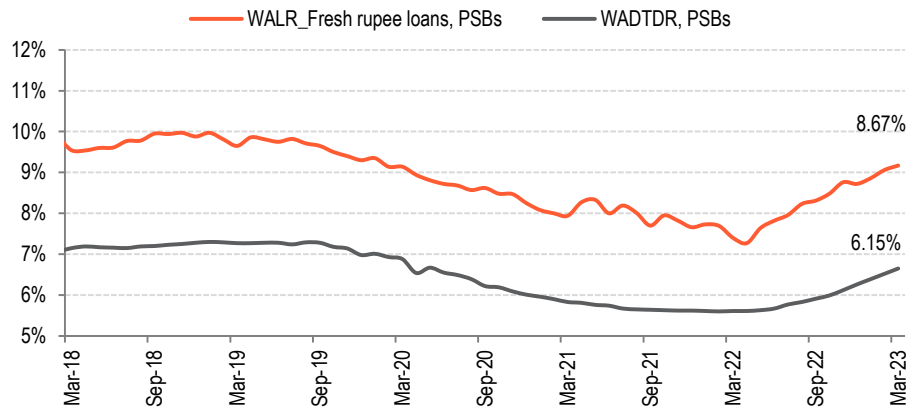


Fig 86 – CIC accretion in FY23 is at Rs 2.4tn against Rs 2.8tn seen in FY22, in Apr'23, the pace of accretion has been at Rs 747bn

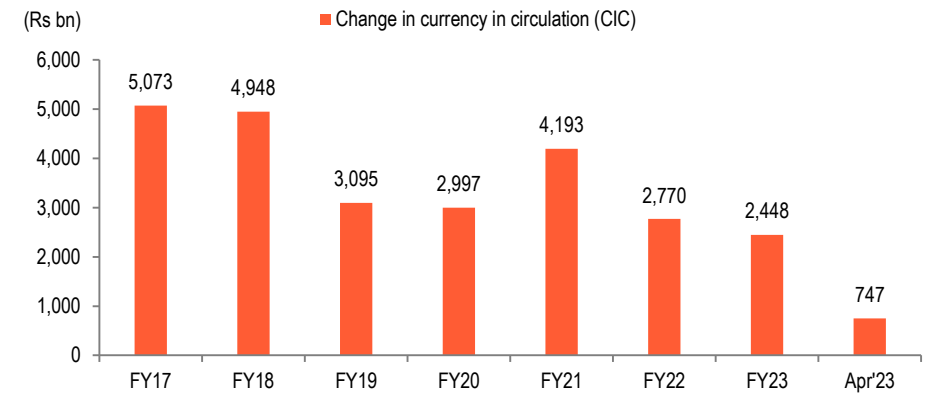
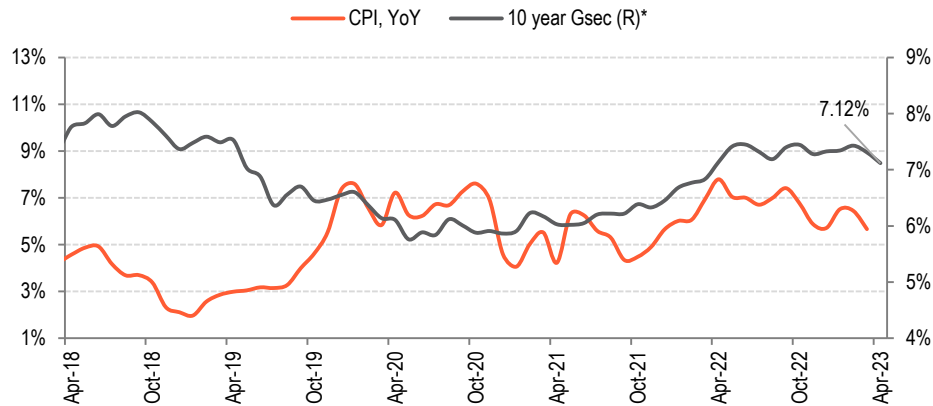


Fig 87 – 10Y GSec yield fell to 7.12% in Apr'23 from 7.31% in Mar'23 and currently lower at 7.05%, inflation moderated to 5.7% in Mar'23 from 6.4% in Feb'23



Note: *As on last trading day of the month

Fig 89 – Corporate debt issuance rose to Rs 920bn in Mar'23 from Rs 748bn in Feb'23; in FY23, it was far higher at Rs 7.5tn compared to Rs 5.9tn in FY22

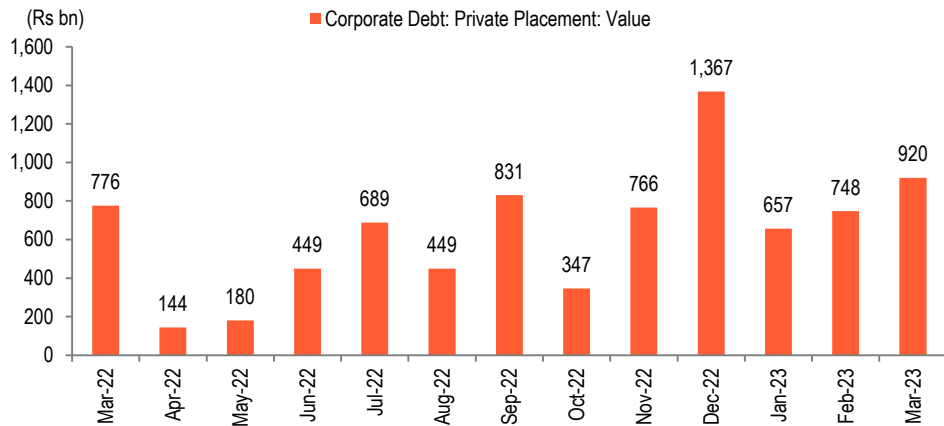
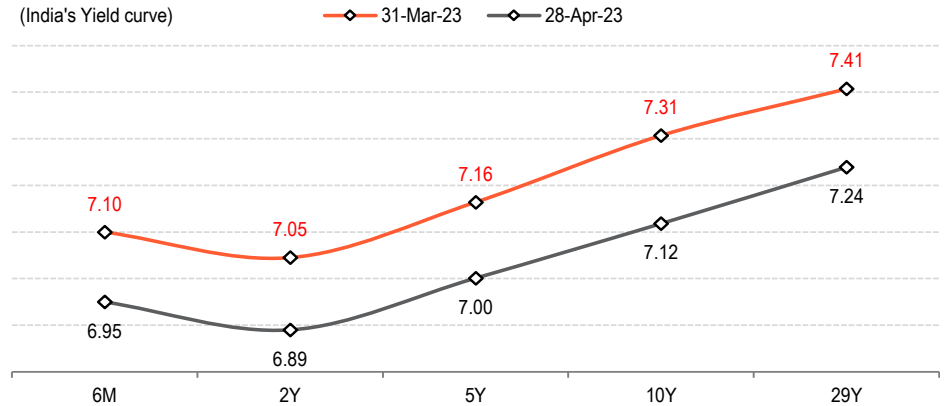
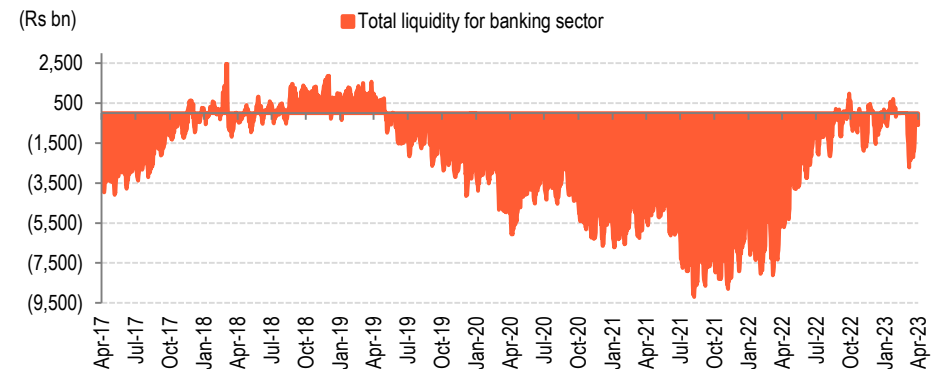


Fig 88 – Yield curve has shifted down entirely in Apr'23 due to RBI's announcement of pause in policy rate, which led yields across all tenor to fall considerably



Source: Bloomberg

Fig 90 – Average system liquidity went into surplus of Rs 1.5 lakh crore from deficit of Rs 13bn in Mar'23, supported by RBI's fine tuning (currently at surplus of Rs 345bn)



Source: RBI

Fig 91 – 3Y AAA NBFC spread fell to 68bps as on 28 Apr 2023 compared to 79bps as on 31 Mar 2023

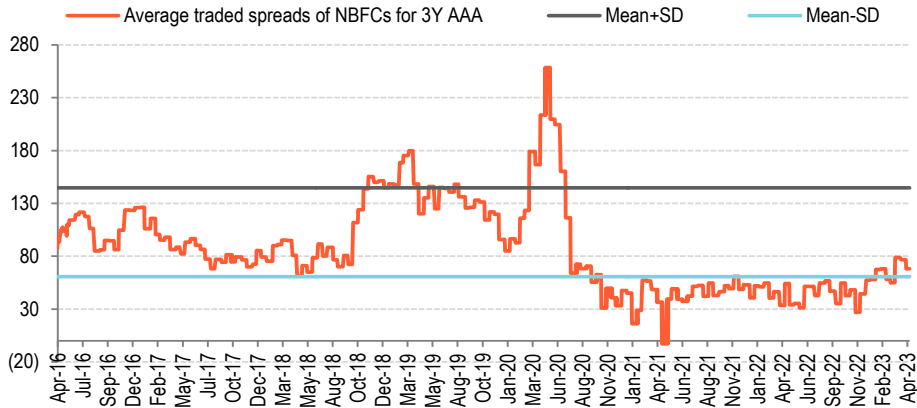


Fig 92 – However, for 10Y AAA NBFC it rose to 54bps from 44bps

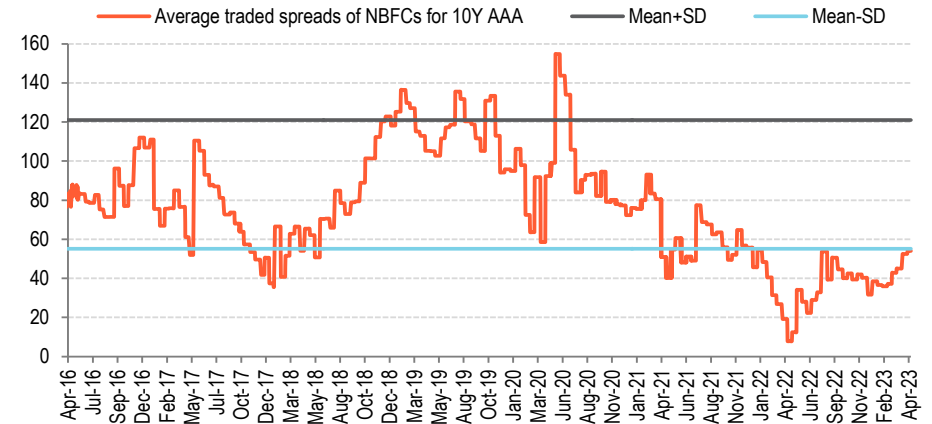


Fig 93 – 3Y AAA corp spread also rose a tad to 53bps from 51bps

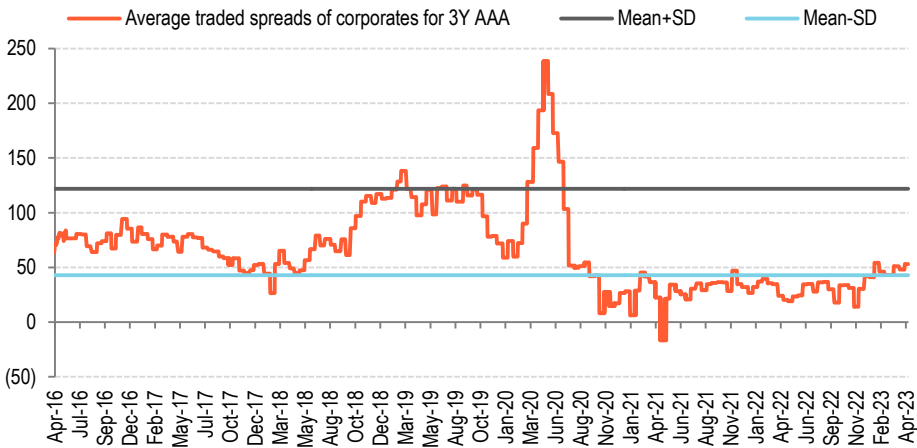


Fig 94 – For 10Y AAA corp spread, it was stable at 38bps

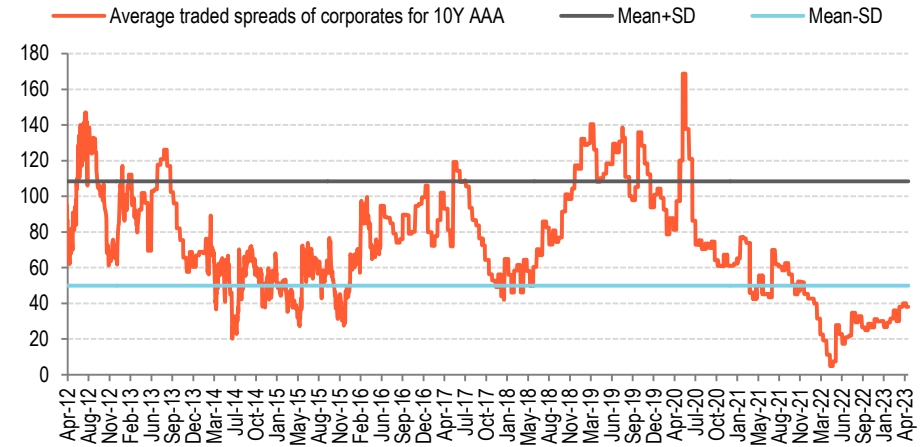


Fig 95 – INR 3Y swap moderated to 6.07 as on 28 Apr 2023 from 6.3 as on 31 Mar 2023

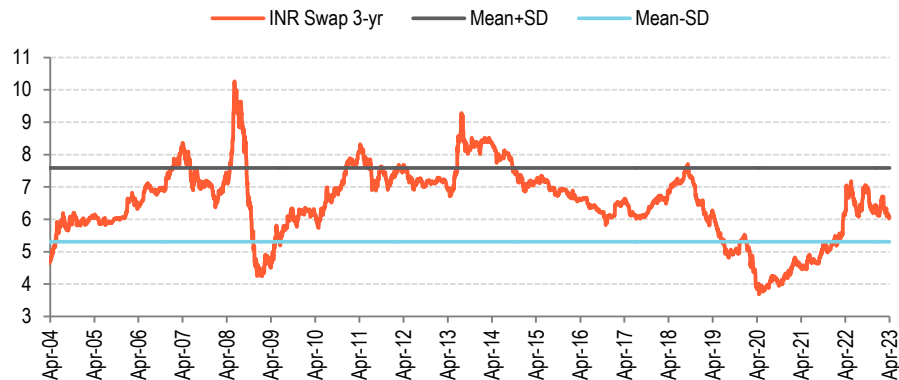
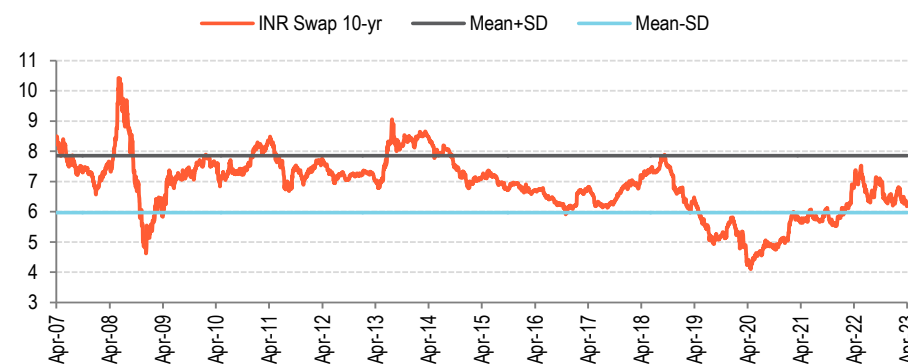


Fig 96 – For 10Y, it moderated to 6.23 from 6.47



Interest rates on small savings schemes

Fig 97 – Interest rates on small savings scheme increased in Q1FY24 as well

Instrument (%)	Q4FY20	Q1FY21	Q2FY21	Q3FY21	Q4FY21	Q1FY22	Q2FY22	Q3FY22	Q4FY22	Q1FY23	Q2FY23	Q3FY23	Q4FY23	Q1FY24
Savings deposit	4.0	4.0	4.0	4.0	4.0	4.0	4.0	4.0	4.0	4.0	4.0	4.0	4.0	4.0
1 year time deposit	6.9	5.5	5.5	5.5	5.5	5.5	5.5	5.5	5.5	5.5	5.5	5.5	6.6	6.8
2 year time deposit	6.9	5.5	5.5	5.5	5.5	5.5	5.5	5.5	5.5	5.5	5.5	5.7	6.8	6.9
3 year time deposit	6.9	5.5	5.5	5.5	5.5	5.5	5.5	5.5	5.5	5.5	5.5	5.8	6.9	7.0
5 year time deposit	7.7	6.7	6.7	6.7	6.7	6.7	6.7	6.7	6.7	6.7	6.7	6.7	7.0	7.5
5 year recurring deposit	7.2	5.8	5.8	5.8	5.8	5.8	5.8	5.8	5.8	5.8	5.8	5.8	5.8	6.2
5 year senior citizen savings scheme	8.6	7.4	7.4	7.4	7.4	7.4	7.4	7.4	7.4	7.4	7.4	7.6	8.0	8.2
5 year monthly income scheme	7.6	6.6	6.6	6.6	6.6	6.6	6.6	6.6	6.6	6.6	6.6	6.7	7.1	7.4
5 year national savings certificate	7.9	6.8	6.8	6.8	6.8	6.8	6.8	6.8	6.8	6.8	6.8	6.8	7.0	7.7
Public provident fund scheme	7.9	7.1	7.1	7.1	7.1	7.1	7.1	7.1	7.1	7.1	7.1	7.1	7.1	7.1
Kisan vikas patra	7.6	6.9	6.9	6.9	6.9	6.9	6.9	6.9	6.9	6.9	6.9	7.0	7.2	7.5
Sukanya samridhi account scheme	8.4	7.6	7.6	7.6	7.6	7.6	7.6	7.6	7.6	7.6	7.6	7.6	7.6	8.0

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

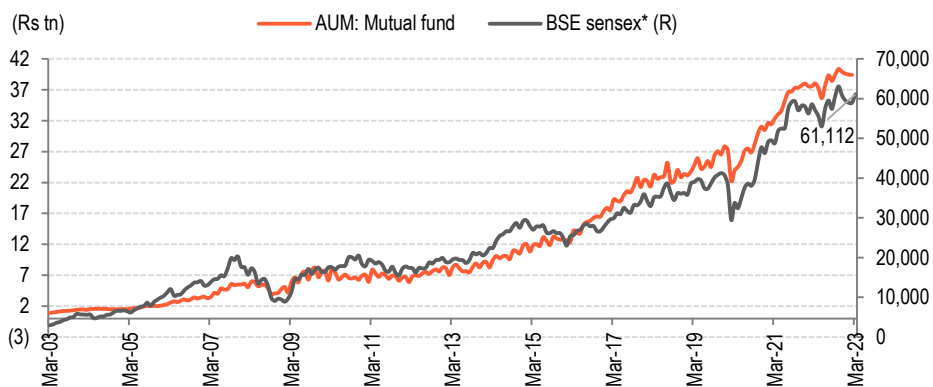
Fig 98 – MCLR rate of banks increased

1Y MCLR (%)	Feb'22	Mar'22	Apr'22	May'22	Jun'22	Jul'22	Aug'22	Sep'22	Oct'22	Nov'22	Dec'22	Jan'23	Feb'23	Mar'23	Apr'23
Public Sector Banks															
Bank of Baroda	7.30	7.30	7.35	7.40	7.50	7.65	7.70	7.80	7.95	8.05	8.30	8.50	8.55	8.55	8.60
Bank of India	7.25	7.25	7.25	7.25	7.35	7.50	7.60	7.70	7.80	7.95	8.15	8.30	8.40	8.50	8.60
Canara Bank	7.25	7.25	7.25	7.35	7.40	7.50	7.65	7.75	7.90	8.10	8.15	8.35	8.50	8.60	8.65
Indian Bank	7.30	7.30	7.30	7.30	7.40	7.55	7.65	7.75	7.85	8.10	8.20	8.30	8.45	8.55	8.60
Punjab National Bank	7.25	7.25	7.25	7.25	7.40	7.55	7.65	7.70	7.75	8.05	8.10	8.30	8.40	8.50	8.50
State Bank of India	7.00	7.00	7.10	7.20	7.40	7.50	7.70	7.70	7.95	8.05	8.30	8.40	8.50	8.50	8.50
Union Bank of India	7.25	7.25	7.25	7.35	7.45	7.55	7.70	7.75	7.90	8.20	8.25	8.40	8.65	8.65	8.65
Private Sector Banks															
Axis Bank Ltd.	7.35	7.35	7.40	7.75	7.95	8.00	8.05	8.10	8.35	8.45	8.75	8.80	8.90	8.95	8.95
HDFC Bank Ltd.	7.20	7.25	7.25	7.50	7.85	8.05	8.10	8.20	8.20	8.55	8.60	8.85	8.90	8.95	8.95
ICICI Bank Ltd.	7.25	7.25	7.25	7.25	7.55	7.75	7.90	8.00	8.10	8.30	8.40	8.65	8.65	8.75	8.75
Indusind Bank	8.45	8.50	8.55	8.75	9.00	9.10	9.30	9.40	9.55	9.80	9.95	9.95	10.05	10.15	10.20
Kotak Mahindra Bank	7.30	7.35	7.40	7.65	7.85	8.05	8.10	8.20	8.45	8.55	8.65	8.95	9.00	9.05	9.10

Source: RBI

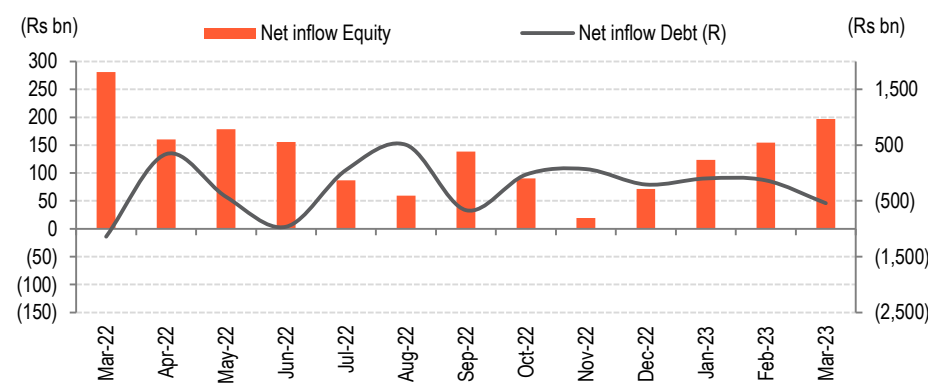
Mutual fund (MF) indicators

Fig 99 – Sensex rose by 3.6% to 61,112 in Apr'23, AUM of MFs was broadly stable at Rs 39.4tn in Mar'23



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

Fig 100 – MF equity inflows rose to Rs 197bn in Mar'23 from Rs 155bn in Feb'23; debt outflow rose to Rs 541bn from Rs 132bn outflow in Feb'23



Insurance sector indicators

Fig 101 – Sale of life insurance policies fell by 12.2% in Mar'23 from 15.3% decline in Feb'23

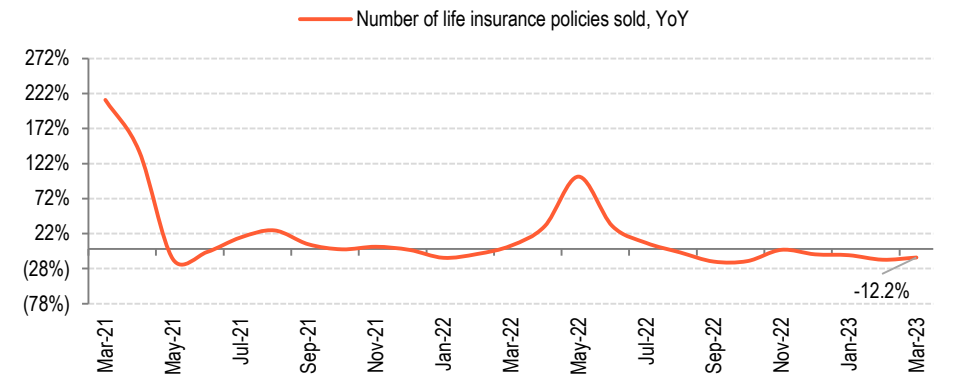
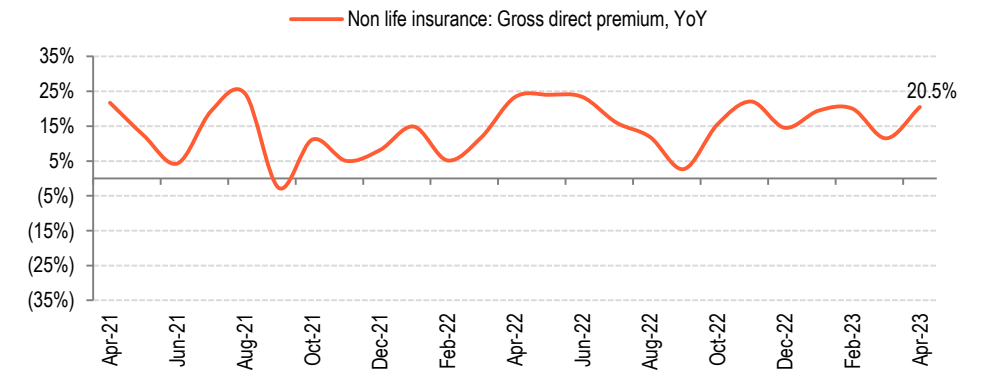


Fig 102 – Gross direct premium for non-life insurance rose to 20.5% in Apr'23 from 11.5% in Mar'23 despite unfavourable base



Public finance

Central government borrowing

Fig 103 – Centre’s T-bill issuances in Q1FY24 till date has been at Rs 2.1tn

Total accepted amount (T-bills), (Rs bn)	FY17	FY18	FY19	FY20	FY21	FY22	FY23	FY24	FY24 (planned)
Q1	2,797	2,888	3,089	3,364	5,328	5,375	5,247	2,097*	4,160
Q2	2,584	3,186	3,299	3,024	5,417	3,215	3,704		-
Q3	2,747	2,632	3,070	2,889	3,745	3,630	3,589		-
Q4	1,684	2,486	1,812	2,511	2,714	4,766	4,566		-
Total	9,811	11,192	11,271	11,788	17,204	16,986	17,105		-

Source: RBI, * Data till 3 May 2023

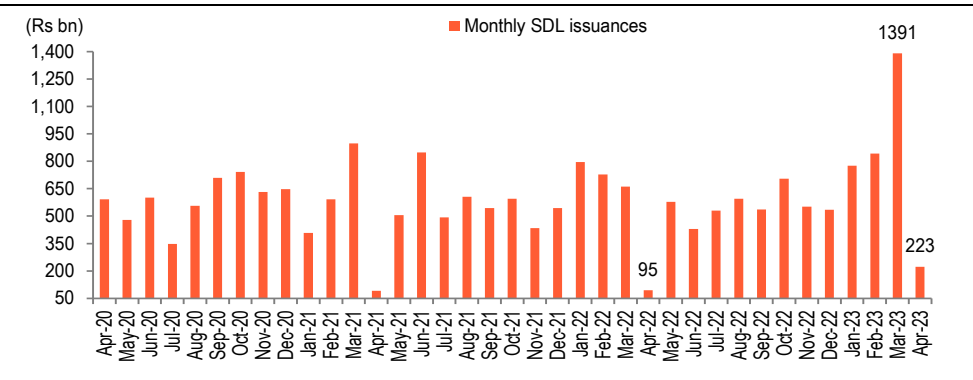
Fig 104 – Centre’s gross borrowing in Q1FY24 till date is at Rs 1.6tn

Total accepted amount (G-Sec), (Rs bn)	FY17	FY18	FY19	FY20	FY21	FY22	FY23	FY24	FY24 (planned)
Q1	1,500	1,680	1,320	2,040	3,140	3,064	3,570	1620*	4,410
Q2	1,910	1,890	1,440	2,210	4,220	3,649	4,390	-	4,470
Q3	1,610	1,640	1,270	1,930	2,910	3,190	3,510	-	-
Q4	800	670	1680	920	3,191	1370	2,740	-	-
Total	5,820	5,880	5,710	7,100	13,461*	11,273	14,210	-	-

Source: RBI* Against budgeted Rs 12.8tn, *Only data till 4 May 2023 is available

State government borrowing

Fig 105 – State government borrowings off to a steady start in Apr’23; remain higher than last year



Source: RBI

Fig 106 – States’ market borrowings in FYTD24 remain slightly higher than last year so far

Quarterly SDL issuances, (Rs bn)	FY18	FY19	FY20	FY21	FY22	FY23	FYTD24 (actual)	FY24 (planned)
Q1	650	766	815	1,673	1,446	1,102	375*	2,000
Q2	1,130	809	1,439	1,614	1,644	1,661		
Q3	1,054	1,277	1,470	2,023	1,653	1,879		
Q4	1,348	1,809	2,006	1,898	2,184	3,009		
Total	4,182	4,661	5,731	7,206	6,927	7,652		

Source: RBI; *as of 9 May 2023

External sector

Exports

Fig 107 – Global exports dip further in Feb'23

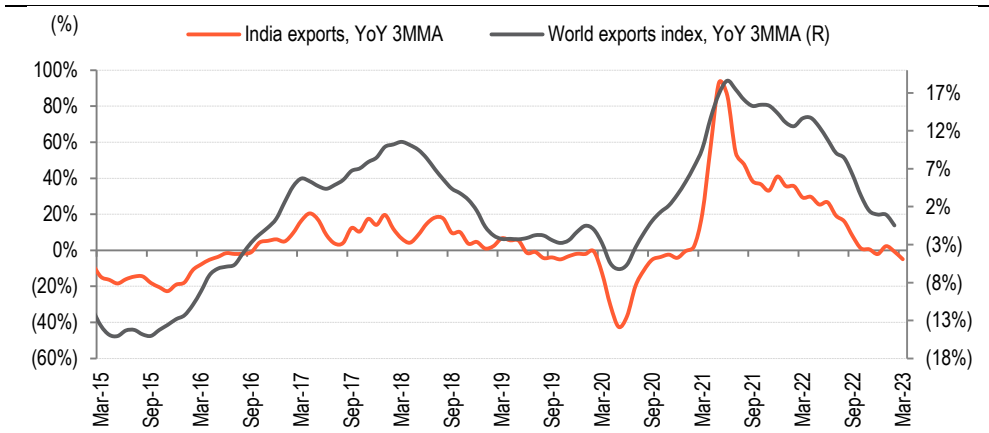
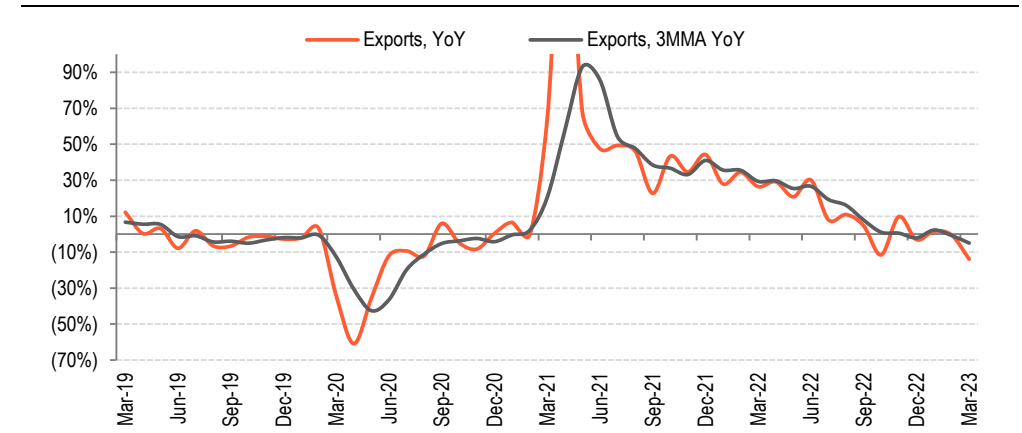


Fig 108 – India's exports decline by 13.9% in Mar'23; in FY23 exports increased by 6% after increasing by 44.6% in FY22



Exports by major sectors

Fig 109 – Oil exports declined sharply by 44.6% in Mar'23 compared with an increase of 13.5% in Feb'23

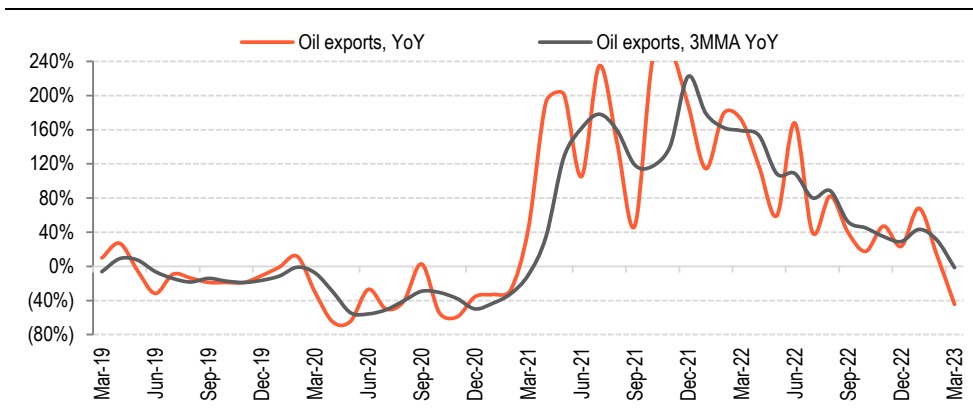


Fig 110 – Within non-oil exports, gems and jewellery exports contracted steeply in Mar'23

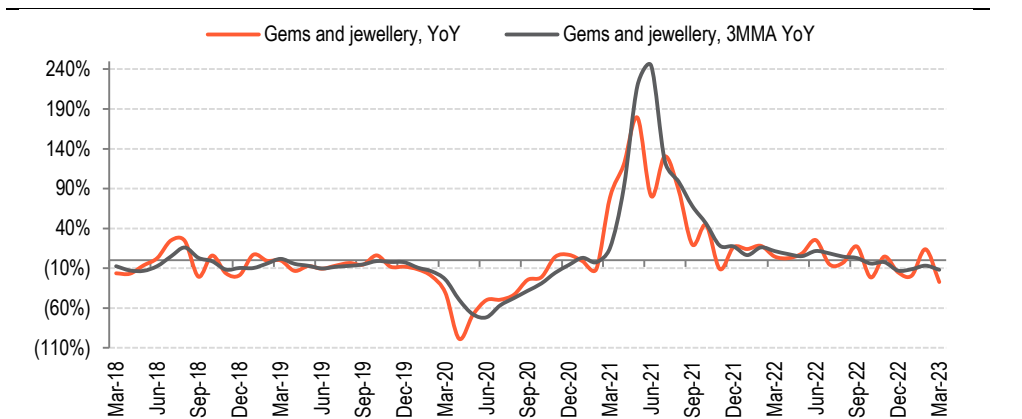


Fig 111 – Textile exports continue to contract even in Mar’23

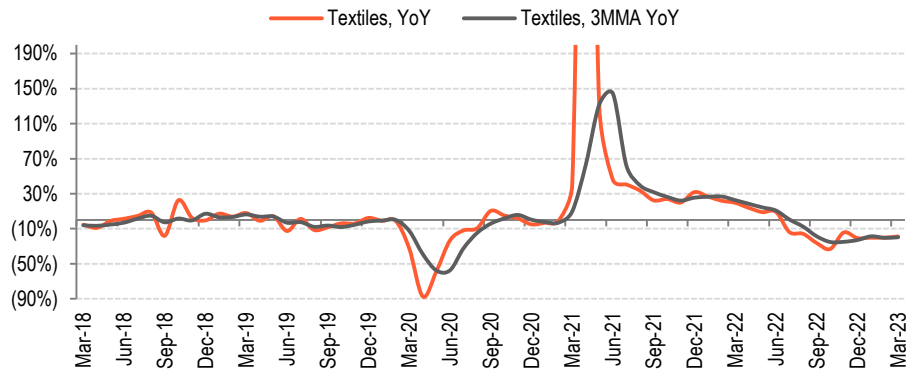
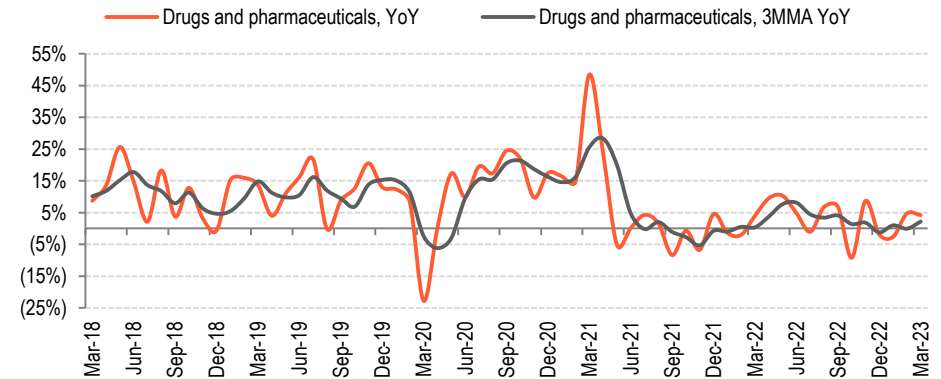


Fig 112 – Drugs and pharma exports stable



Imports

Fig 113 – Imports declined at a faster pace of 7.9% in Mar’23; in FY23 imports increased by 16.5% versus 55.4% in FY22

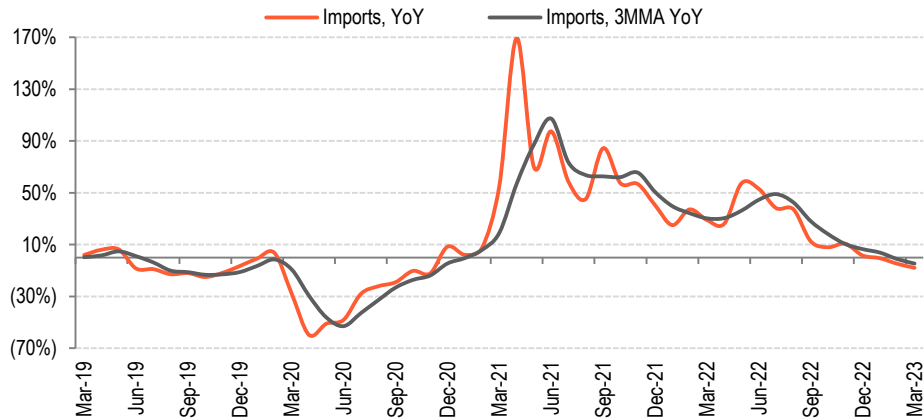


Fig 114 – In Mar’23, oil imports dipped sharply by 23.7%

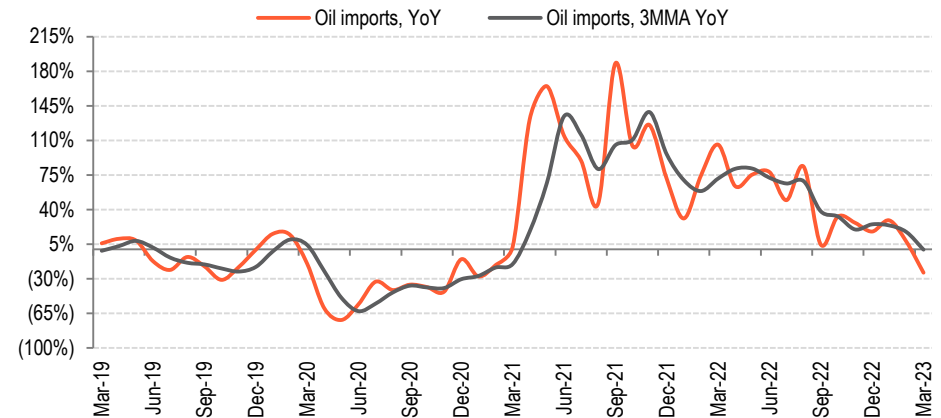


Fig 115 – Coal imports continue to contract

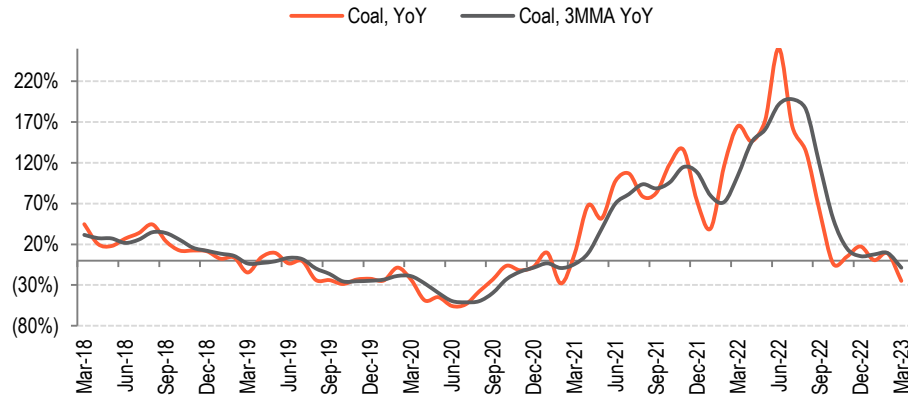


Fig 116 – ... similar trend in imports of vegetable oils

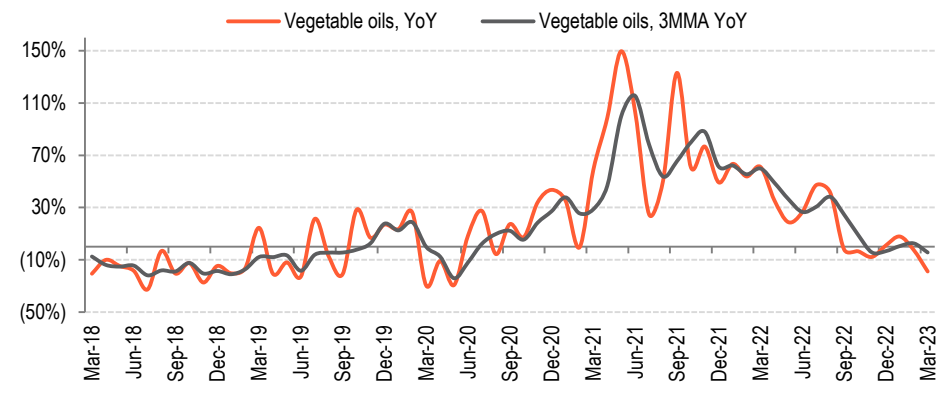


Fig 117 – Improvement in machinery...

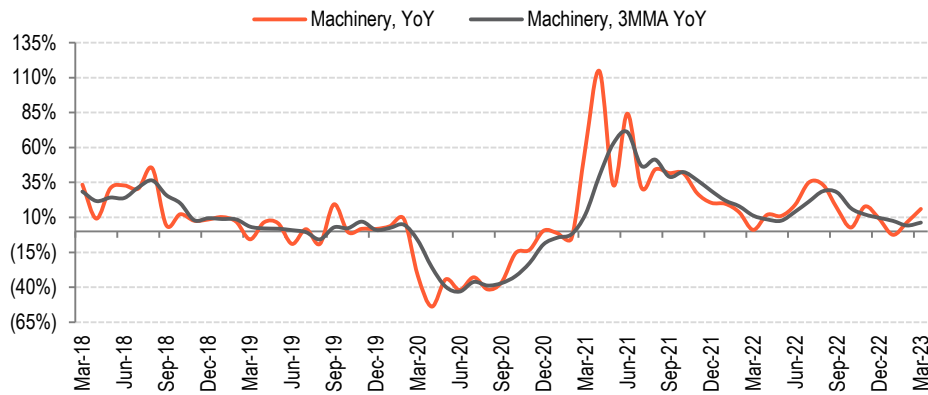
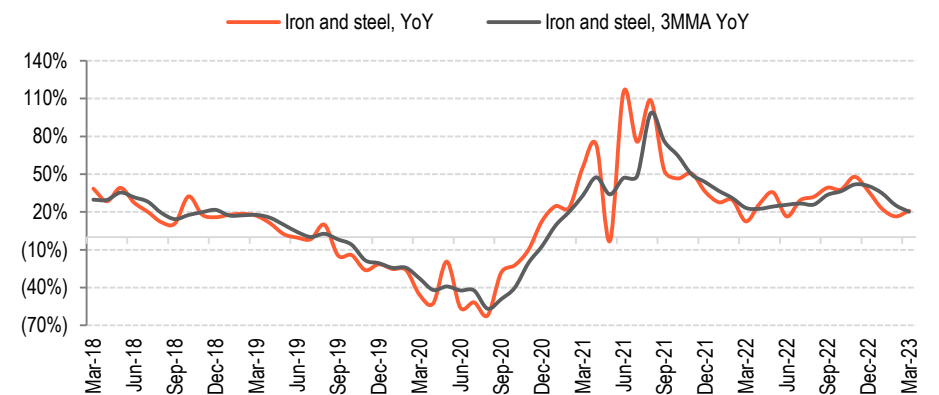


Fig 118 – ... and iron and steel imports



Exports and imports by major regions

Fig 119 – Exports to all regions slowed down in FY23.... Led by sharp decline in exports to China and Asia Pacific (ex. China)

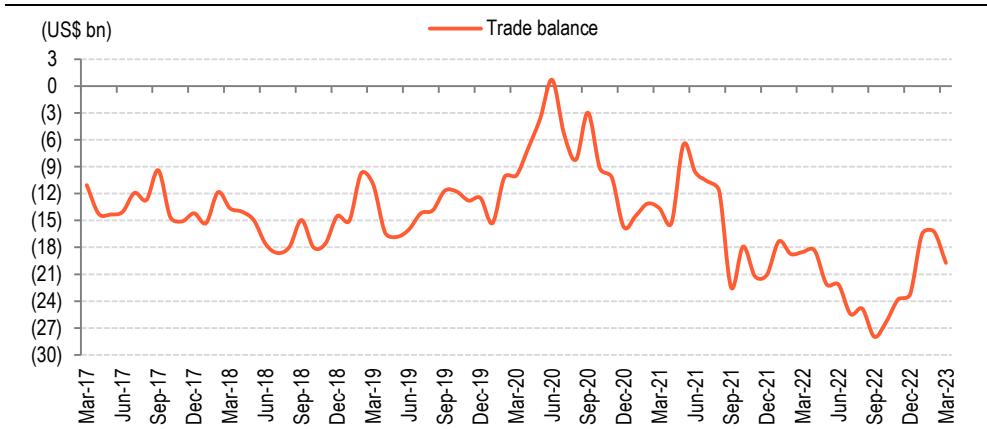
Region (% YoY)	Share in FY23	FY22	FY23	Jan-23	Feb-23	Mar-23
Americas	23.7	46.5	5.8	(8.9)	(3.9)	(9.7)
Asia and Pacific (Ex. China)	23.3	43.4	(9.0)	(25.1)	(14.4)	(28.5)
China	3.5	0.3	(28.1)	(9.4)	1.5	16.2
Europe	22.0	55.9	13.1	19.2	(3.7)	(6.6)
Middle East and Africa	26.6	50.2	24.1	33.0	23.5	(14.8)
Other	0.9	84.9	76.9	58.4	2.6	(55.3)

Fig 120 – Imports from all regions have moderated in FY23

Region (% YoY)	Share in FY22	FYTD22	FYTD23	Dec-22	Jan-23	Feb-23
Americas	11.2	54.8	10.6	10.4	(22.0)	(20.9)
Asia and Pacific (Ex. China)	24.9	44.7	19.6	(8.8)	(1.6)	0.1
China	13.8	45.0	4.2	(13.0)	(18.7)	(14.8)
Europe	12.6	32.1	4.5	3.4	(11.5)	35.8
Middle East and Africa	30.8	87.3	11.3	(13.7)	(12.1)	(31.6)
Other	6.8	52.8	242.4	206.6	275.4	188.9

Trade deficit

Fig 121 – Trade deficit widened to US\$ 19.7bn in Mar’23 from US\$ 16.2bn in Feb’23, US\$ 266.8bn in FY23



Trade in services

Fig 123 – Services exports increase by 26.7% in FY23, after increasing by 21.6% in FY22

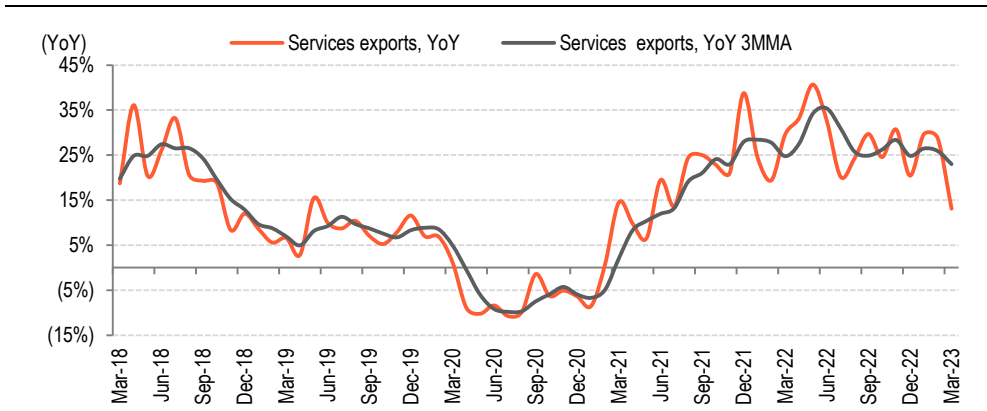
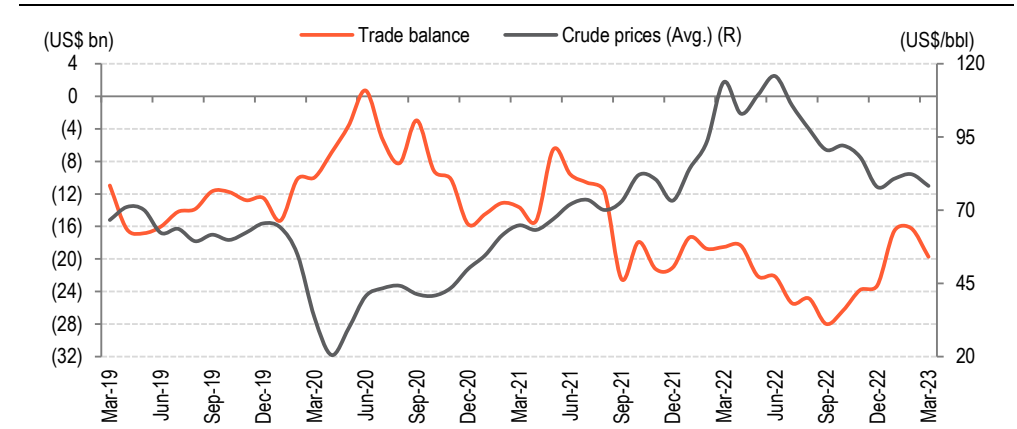
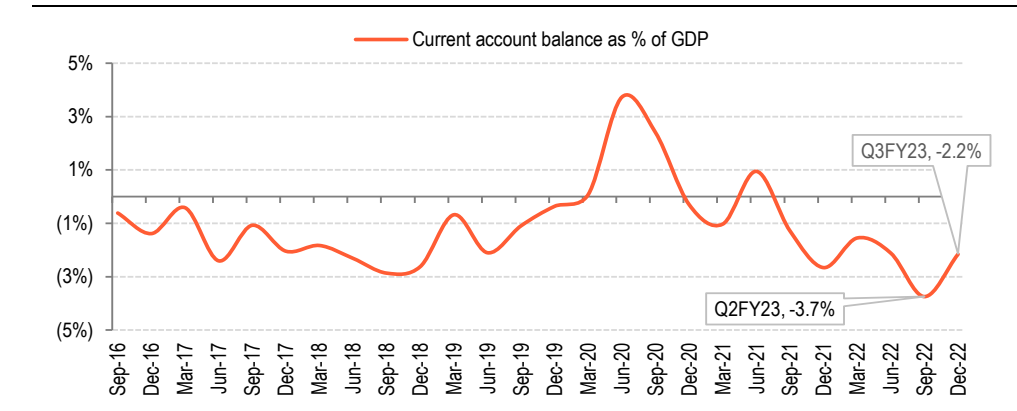


Fig 122 – Despite lower oil prices



BoP

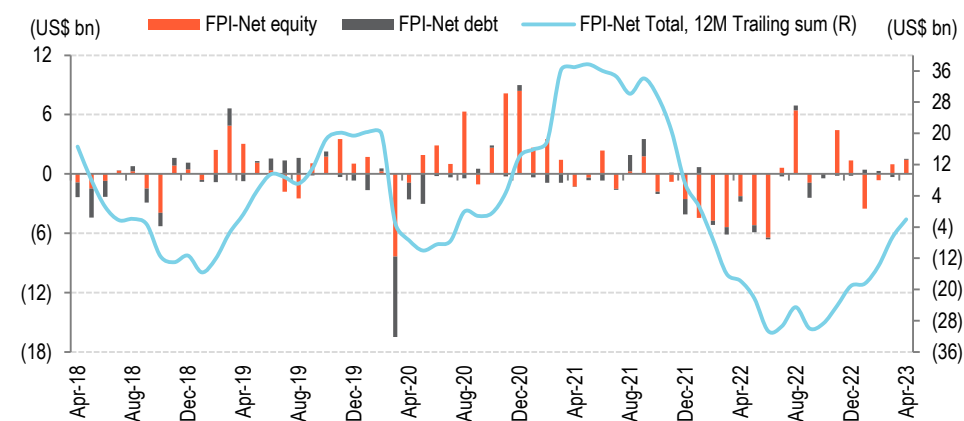
Fig 124 – India’s current account deficit narrowed to 2.2% of GDP in Q3FY23 from 3.7% of GDP in Q2FY23



Foreign inflows

FPI inflows

Fig 125 – FPI start FY24 on a positive note at US\$ 1.7bn in Apr'23, after outflows of US\$ 6.7bn in FY23



Source: Bloomberg

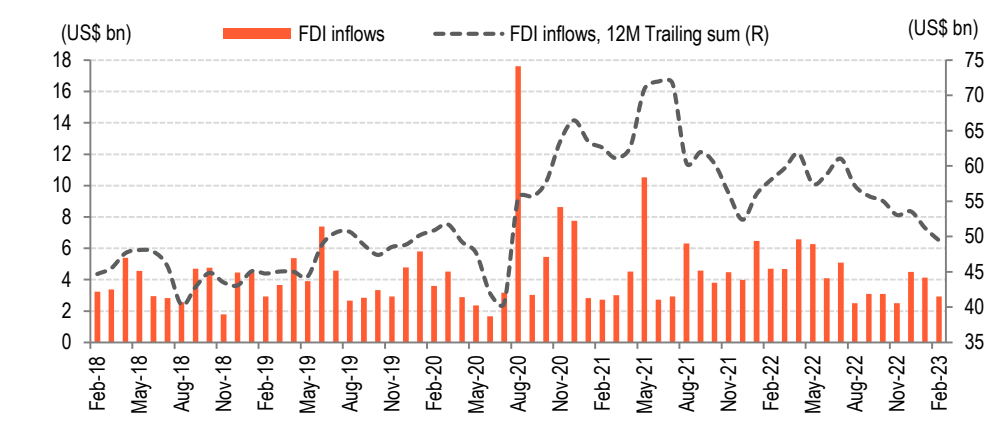
Fig 127 – FDI inflows into services sector rise in Q3FY23

Sector	% Share FY22	FYTD22	FYTD23	Q1FY23	Q2FY23	Q3FY23
Computer software and hardware	43.8	0.6	0.7	0.6	0.1	0.0
Construction (Infrastructure) activities	13.2	10.3	8.1	3.4	2.9	1.8
Services Sector	8.5	5.3	6.5	2.6	1.6	2.4
Trading	4.4	3.0	4.1	2.0	1.2	0.9
Automobile industry	2.7	6.0	1.3	0.7	0.2	0.3
Drugs and Pharmaceuticals	2.5	1.6	1.2	0.7	0.3	0.2
Metallurgical industries	2.2	1.4	0.2	0.1	0.0	0.1

Source: DIPP

FDI inflows

Fig 126 – FDI equity inflows moderate to US\$ 2.9bn in Feb'23 versus US\$ 4.1bn in Jan'23



Source: RBI, Bank of Baroda Research

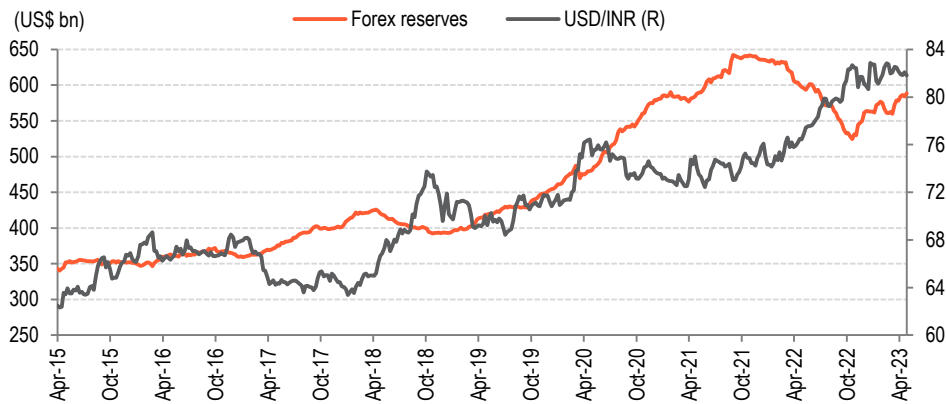
Fig 128 – FDI inflows from Singapore moderated in Q3FY23

Country (US\$ bn)	% Share FY22	FYTD22	FYTD23	Q1FY23	Q2FY23	Q3FY23
Singapore	27.0	11.7	13.1	5.7	4.3	3.1
US	17.9	7.5	5.0	1.5	1.1	2.4
Mauritius	16.0	6.6	4.7	2.4	0.9	1.4
Netherlands	7.9	2.7	2.2	1.1	0.7	0.4
UK	2.8	1.4	1.8	0.3	0.6	0.9
Japan	2.5	0.9	1.4	0.9	0.3	0.2

Source: DIPP

Forex reserves and intervention

Fig 129 – India’s FX reserves rise to ~10-month high at US\$ 588.8bn in Apr’23, up by US\$ 10.3bn in FYTD24



Source: Bloomberg | Weekly data as of 24 Apr 2023

Fig 131 – RBI’s bought net US\$ 254mn in the spot market in Feb’23 versus net sales of US\$ 384mn in Jan’23

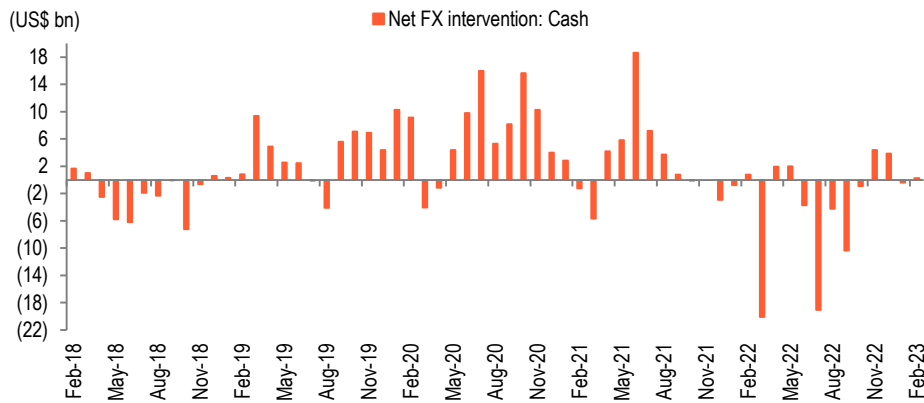


Fig 130 – India’s import cover improving but remains below long-term average

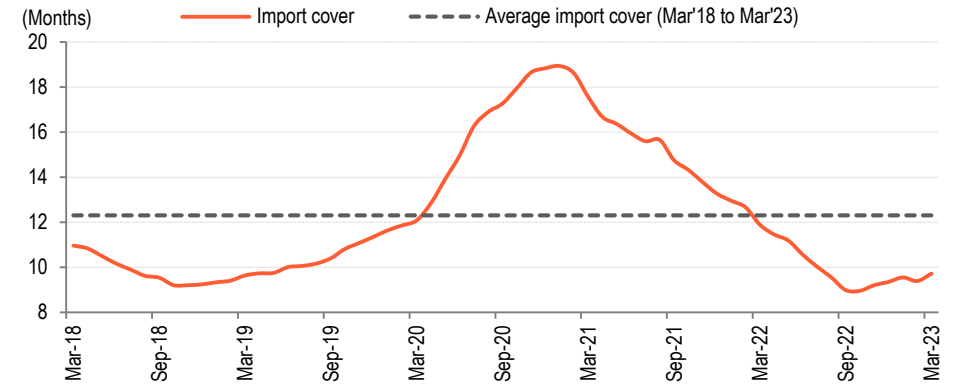
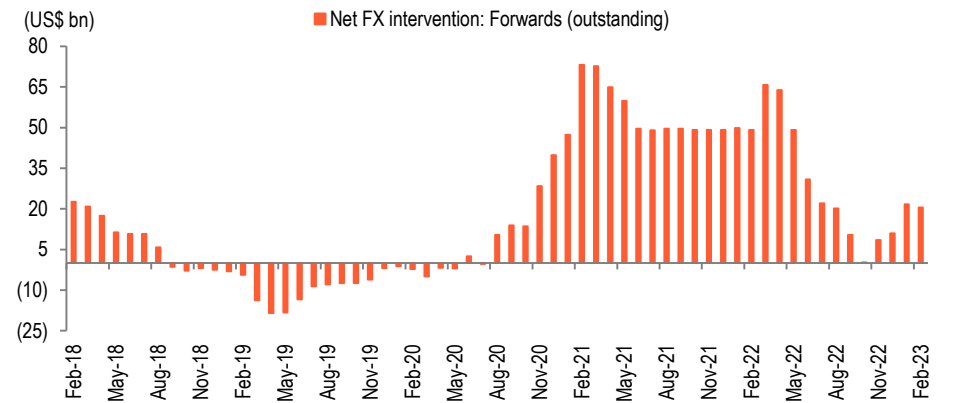


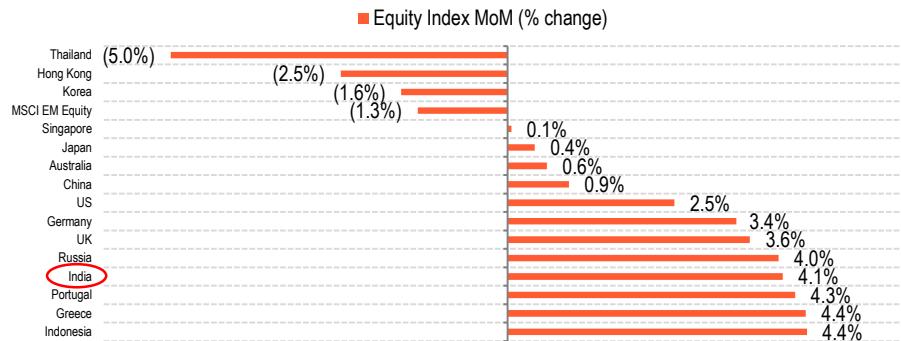
Fig 132 – RBI’s outstanding forwards position at US\$ 20.5bn in Feb’23



Markets

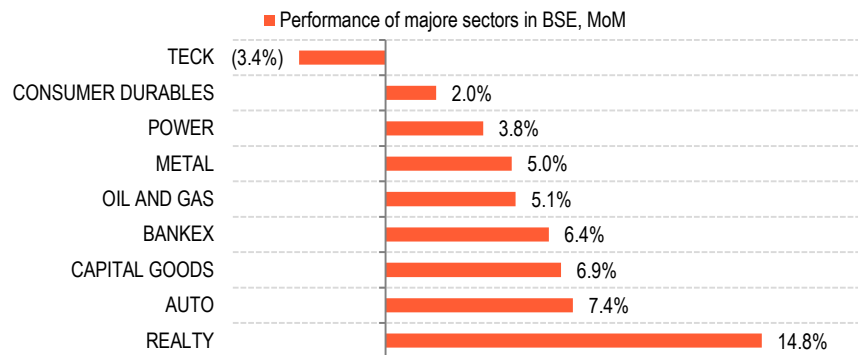
Equity

Fig 133 – In Apr'23, Sensex rose by 4.1%, while MSCI EM fell by 1.3%



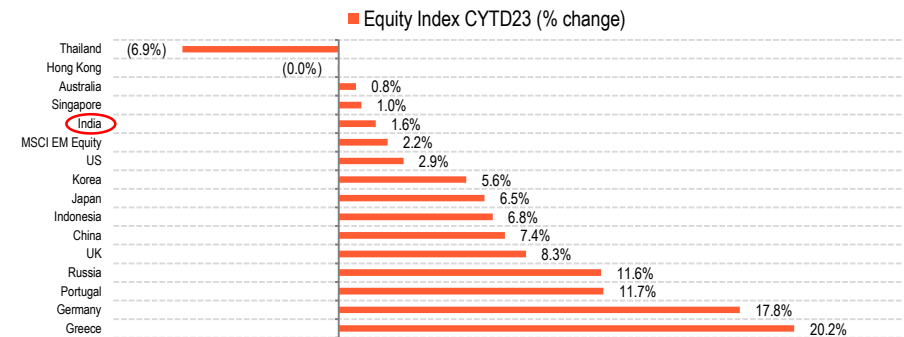
Source: Bloomberg | * As on 28 Apr 2023, Indices are in US\$ terms

Fig 135 – Auto and Real Estate stocks rose the most in Apr'23



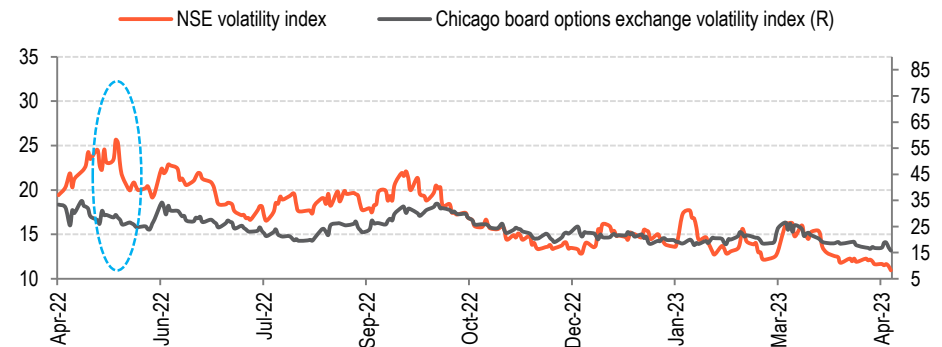
Source: Bloomberg | As on 28 Apr 2023

Fig 134 – In CYTD23, Sensex rose by 1.6%



Source: Bloomberg | * As on 28 Apr 2023, Indices are in US\$ terms

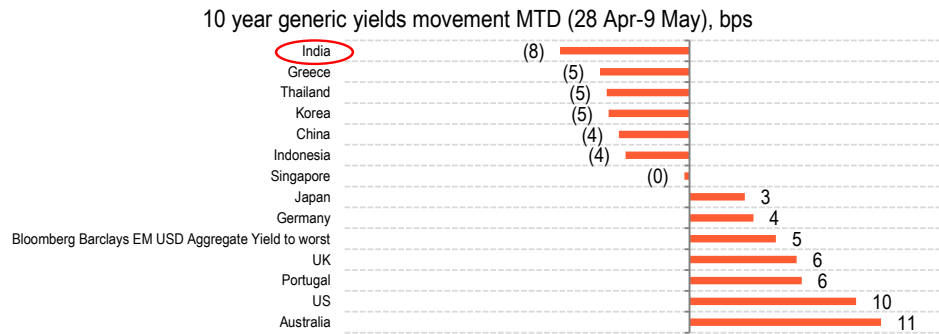
Fig 136 – VIX index moderated to 10.95 in Apr'23 from 12.94 in Mar'23



Source: Bloomberg

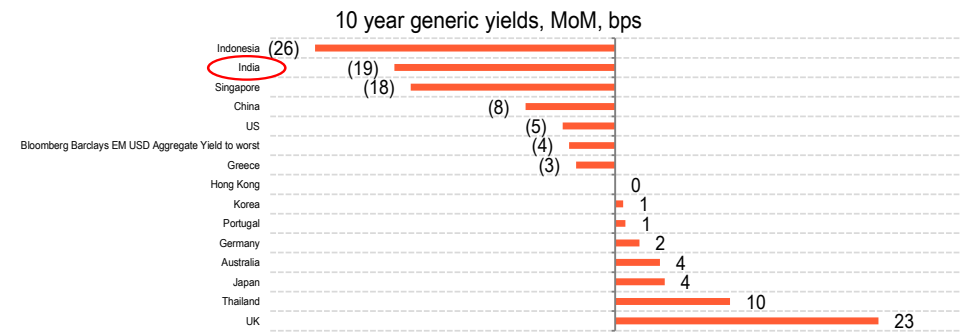
10-year bond yields

Fig 137 – On MTD basis, India’s 10Y yield fell by 8bps



Source: Bloomberg | As on 9 May 2023

Fig 138 – On MoM basis, India’s 10Y yield fell by 19bps



Source: Bloomberg | As on 28 Apr 2023

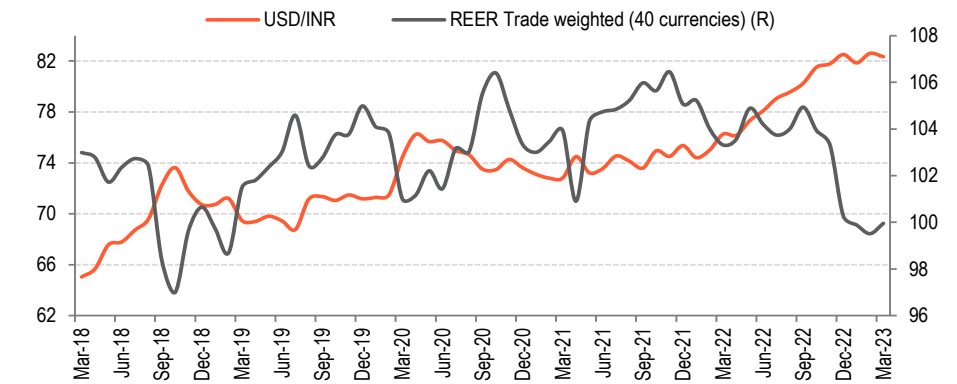
Currencies

Fig 139 – INR appreciated by 0.4% in Apr'23



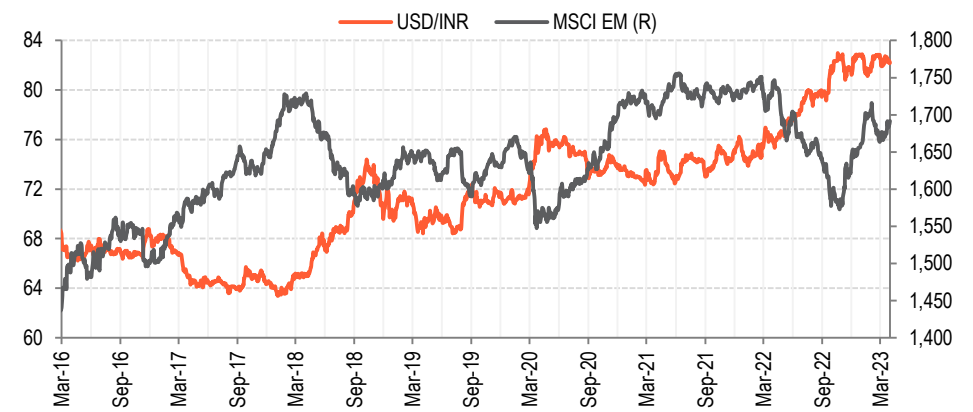
Source: Bloomberg | *As on 28 Apr 2023

Fig 140 – India’s REER



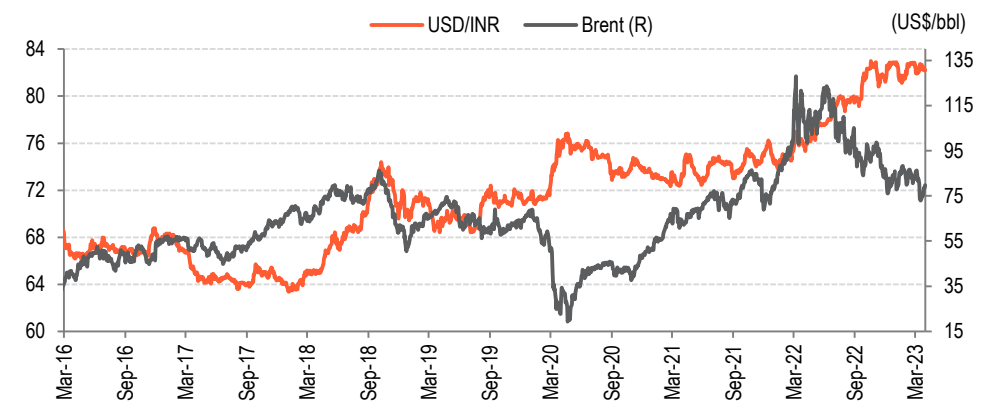
Source: Bloomberg

Fig 141 – Other EM currencies were however lower..



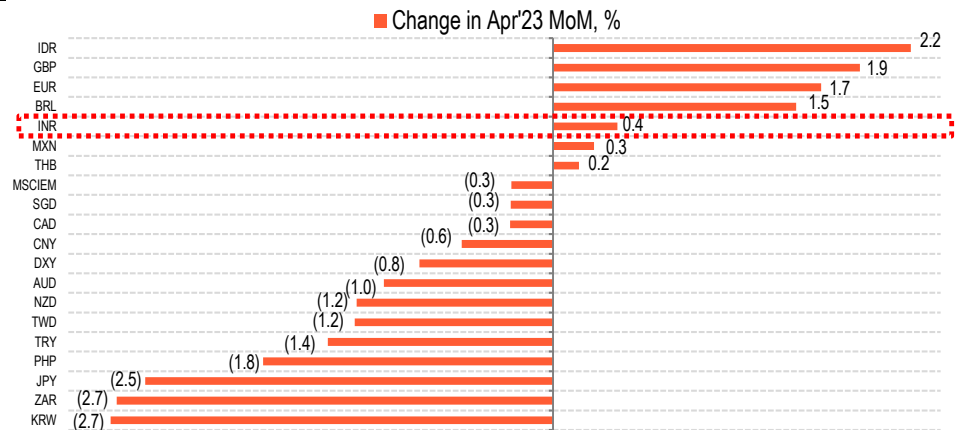
Source: Bloomberg | *As on 28 Apr 2023

Fig 142 – ...despite rangebound oil prices



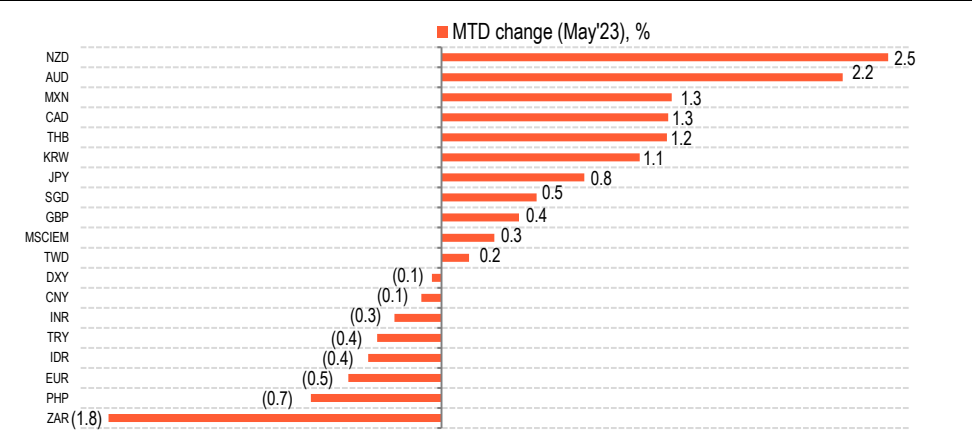
Source: Bloomberg | *As on 28 Apr 2023

Fig 143 – Global currencies ended mixed in Apr'23, even as DXY fell



Source: Bloomberg | *As on 28 Apr 2023

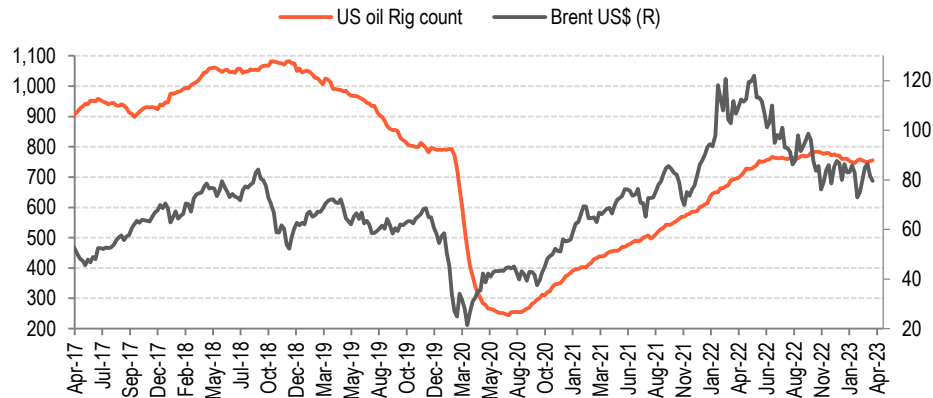
Fig 144 – In May'23, INR has depreciated a tad



Source: Bloomberg | *As on 9 May 2023

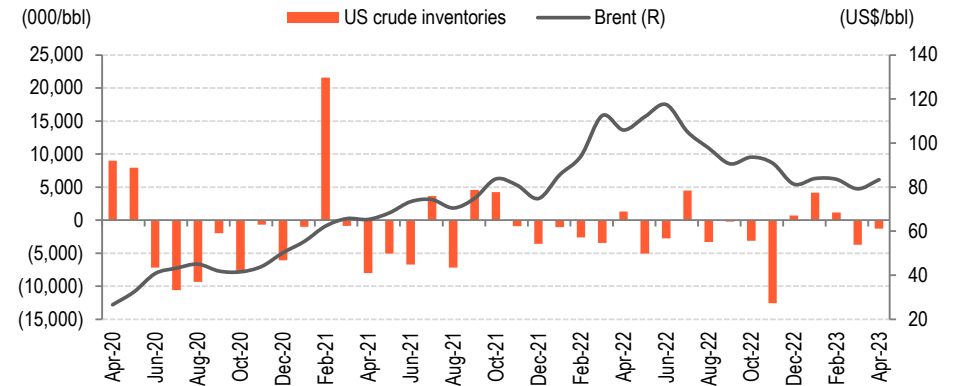
Commodities

Fig 145 – US rig count remained stable in Apr'23



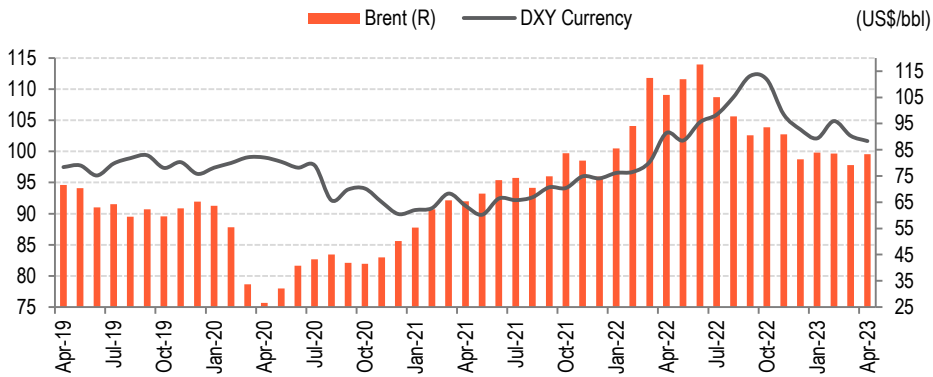
Source: Bloomberg

Fig 146 – US crude oil inventory fell in Apr'23



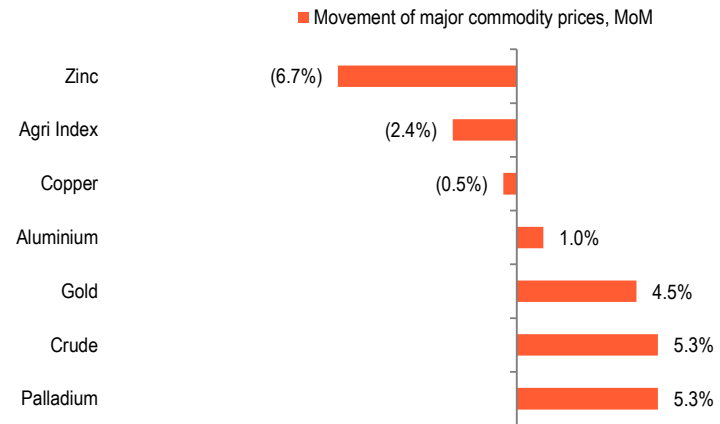
Source: Bloomberg

Fig 147 – Oil prices (average) rose to US\$ 83/bbl from US\$ 79/bbl in Mar'23, DXY moderated to 101.7 from 102.5 as Fed hinted at pausing policy rate



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

Fig 148 – Crude prices rose in Apr'23, amongst major commodities



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

Fig 149 – Performance of high frequency indicators

Indicators	Apr-22	May-22	Jun-22	Jul-22	Aug-22	Sep-22	Oct-22	Nov-22	Dec-22	Jan-23	Feb-23	Mar-23	Apr-23
Agriculture													
Tractor sales	38.1	47.7	(10.9)	(12.2)	(1.0)	18.9	3.6	4.4	19.2	16.0	11.8	10.1	
Two wheeler sales	38.1	197.7	20.2	(10.9)	8.5	9.0	51.1	23.6	(11.2)	10.1	14.8	12.4	(7.3)
MNREGA work (HH, MoM)	(11.1)	15.7	(6.5)	(34.9)	(35.2)	(30.3)	(24.0)	(10.1)	(11.9)	(11.4)	(11.1)	(6.2)	-
Manufacturing													
IIP: General index	6.7	19.7	12.6	2.2	(0.7)	3.3	(4.1)	7.3	4.7	5.5	5.6	-	
IIP: Manufacturing	5.6	20.7	12.9	3.1	(0.5)	2.0	(5.8)	6.4	3.1	4.0	5.3	-	
IIP: Capital goods	12.0	53.3	28.6	5.1	4.3	11.4	(2.9)	21.6	7.8	10.7	10.5	-	
IIP: Infra & construction goods	4.0	18.4	9.4	4.8	3.0	8.2	1.7	13.2	9.1	9.8	7.9	-	
IIP: Consumer goods	7.2	59.1	25.2	2.3	(4.4)	(5.5)	(18.1)	5.3	(11.0)	(8.2)	(4.0)	-	
Steel	2.5	15.1	3.3	7.5	5.8	7.7	5.8	11.5	12.3	10.8	11.6	8.8	
Cement	7.4	26.2	19.7	0.7	2.1	12.4	(4.2)	29.1	9.5	4.6	7.4	(0.8)	
Electricity	11.8	23.5	16.5	2.3	1.4	11.6	1.2	12.7	10.4	12.7	8.2	(1.8)	
PMI: Manufacturing	54.7	54.6	53.9	56.4	56.2	55.1	55.3	55.7	57.8	55.4	55.3	56.4	
Services													
Services PMI index	57.9	58.9	59.2	55.5	57.2	54.3	55.1	56.4	58.5	57.2	59.4	57.8	62.0
Automobile sales	37.3	206.8	27.2	(7.8)	8.3	10.9	47.6	25.7	(5.4)	13.6	16.0	13.9	(4.0)
Passenger vehicle sales	26.6	204.3	40.2	(4.7)	6.5	9.7	40.6	21.3	8.1	21.9	11.0	14.4	(1.3)
Vehicle registration	37.7	208.5	21.5	(9.0)	7.3	7.1	47.9	18.8	(6.6)	13.9	16.3	14.2	(4.7)
Rail freight traffic	9.4	14.6	11.3	8.3	7.9	9.1	1.4	5.2	3.1	3.8	3.6	3.8	3.5
Port cargo volume	5.6	8.8	13.5	15.1	8.0	14.9	3.6	2.0	10.4	12.2	12.0	1.9	1.3
Credit growth	10.0	11.4	12.3	13.4	14.3	18.9	15.8	16.1	14.9	16.3	15.5	15.0	15.9
Deposit growth	10.0	8.8	8.6	9.2	9.5	12.5	8.9	9.8	9.2	10.5	10.1	9.6	10.2
CIC	10.1	8.6	8.0	8.1	8.1	8.2	9.0	7.9	8.2	8.6	8.2	7.8	7.7
Toll collection (in mn)	265.4	285.4	277.9	265.2	272.0	259.2	283.0	285.6	308.0	300.8	288.4	306.3	305.0
Diesel consumption	7.8	31.7	23.9	8.1	13.2	13.4	5.6	19.3	6.6	12.8	7.5	1.2	6.7
GST E-way bill (in mn)	75.2	73.6	74.5	75.6	78.2	84.0	76.9	80.7	84.1	82.4	81.8	90.9	84.4
External Trade													
Merchandise exports	29.1	20.8	30.1	7.9	10.9	4.7	(11.5)	9.7	(3.1)	1.6	(0.4)	(13.9)	-
Merchandise imports	26.1	57.4	53.1	38.2	37.2	12.6	8.0	10.7	1.6	(0.5)	(4.8)	(7.9)	-
Services exports	33.2	40.7	32.6	20.2	24.3	29.7	24.6	30.7	20.4	29.6	28.8	13.1	-
Services imports	46.1	52.8	45.5	22.3	27.1	28.1	15.9	21.7	5.7	7.5	10.8	6.0	-

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

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