

India Economics

Monthly Chartbook

December 2020

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India's Covid curve tapering off

India's Covid-19 curve is showing signs of tapering off with 7-day average additions of 50k compared with a 30-day and 90-day average of 56k and 65k respectively. This gives us optimism that consumption will see signs of improvement as seen in pick-up in air traffic and non-oil-non-gold imports. On the other hand, industrial activity is showing some signs of tapering off. Government investment too remains weak as seen in 27.8% drop in state government capex despite a 40% increase in borrowings. At the same time, inflationary pressure continues to build up with higher oil and commodity prices leaving no room for RBI to cut rates. In fact, RBI may have to lower the durable liquidity in the system sometime next year.

Gradual recovery continues: India's industrial recovery is showing some signs of tapering off with manufacturing PMI at (56.3 in Nov'20), electricity output at 3.5% (12.1% in Oct'20) and core index at (-) 2.5% versus (-) 0.1%. On the other hand, the decline in Covid-19 curve has opened up room for uptick in consumption and services activity such as air travel (-56.8% in Oct'20 versus -65.1% in Sep'20). FMCG firms and RBI's consumer survey shows essentials driving spending. Rural economy is resilient with agri credit and wages showing upward momentum.

States cut their spending: General government fiscal deficit (12M sum basis) eased further to 9.6% in Oct'20 from 10% in Sep'20 led by spending restrictions. While centre's capex is lower by 1.9%, states have cut capex by 27.8%. Centre's tax collections are far better with indirect tax collections (excise on petroleum products and GST) looking up. State spending is likely to remain muted this year. Gross borrowings of centre

and states has increased by 67.3% and 48% this year and is on course to reach Rs 21tn this year.

Inflationary pressure remains firm: In Dec'20 petrol and diesel prices have increased by 3.8% and 6.5% MoM respectively given international crude prices have risen by 3.5% in Dec'20 and 5.9% in Nov'20. Global commodity prices have also risen (4.6% MoM increase). Pass through into domestic prices is inevitable. In addition, as many as 6 out of 12 food items are showing inflation in double digits. 10Y yield which has risen by 1bps in Dec'20. The sharp upward revision in inflation estimate by RBI leaves no room for rate cuts.

10Y yield in a tight range: India's 10Y yield is in a tight range with RBI and SCBs supporting the market. The spread of 3Y corporate bonds over relevant Gsec has fallen to 20bps in Nov'20 from 25bps in Oct'20. The 19bps and 23bps upturn in 1Y and 5Y OIS curve respectively implies yields are likely to go up.

Appreciating bias for INR: INR appreciated by 0.1% in Nov'20 as FII inflows picked up sharply to US\$ 9.2bn. Trade deficit too increased to US\$ 10bn from US\$ 8.7bn in Oct'20. A normalisation of economic activity implies imports will pick-up while exports will be muted due to economic impact of lockdowns in Europe and US. A current account surplus in FY21 bodes well for INR in the near-term.

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

Consumption

Final consumption expenditure

FIG 1 – CONSUMPTION IMPROVES IN Q2

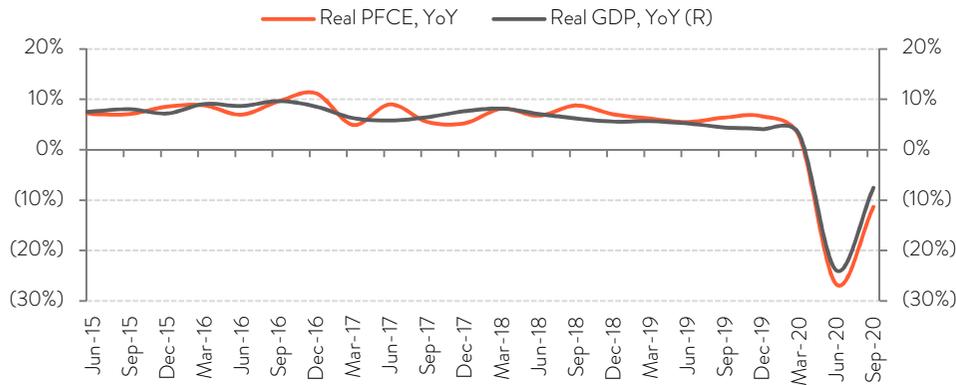


FIG 2 – GOVERNMENT CONSUMPTION DIPS

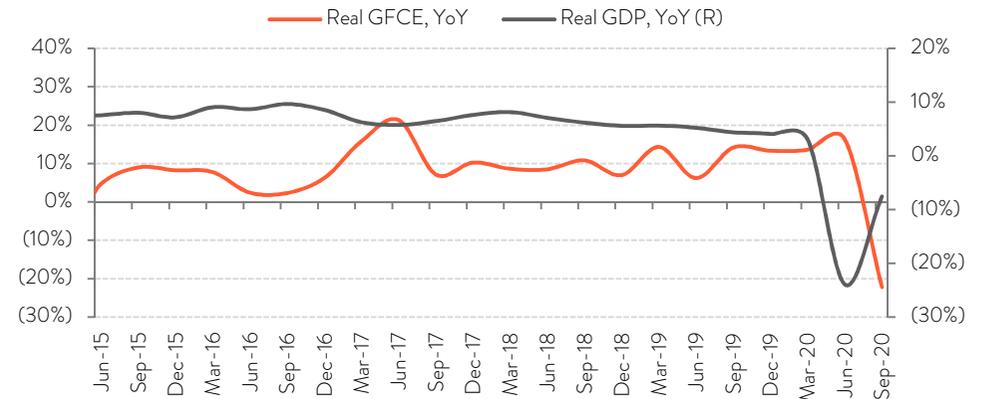


FIG 3 – GENERAL GOV REVENUE SPENDING DROPS SHARPLY

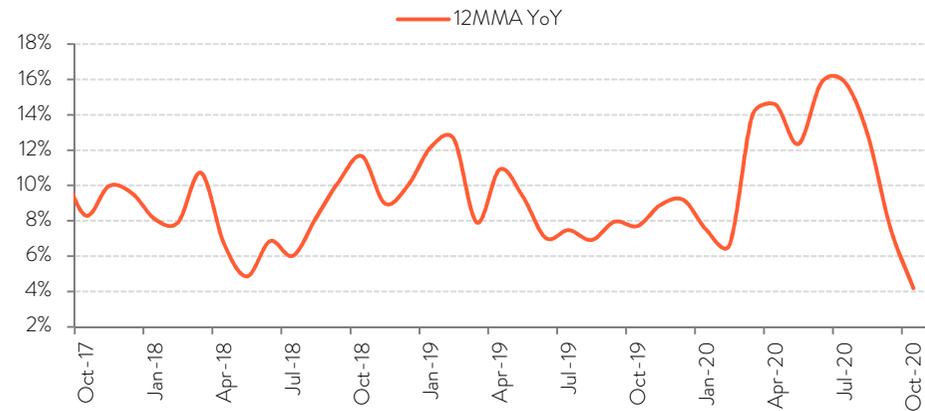


FIG 4 – STATE* GOV REVENUE SPENDING CONTRACTS IN OCT'20



Note: * All states excluding N.E states, Bihar, Chhattisgarh, H.P., J&K, Maharashtra, Punjab, and W.Bengal

Non-oil imports, electronic imports

FIG 5 – NON-OIL-NON-GOLD IMPORTS CONTINUE TO IMPROVE

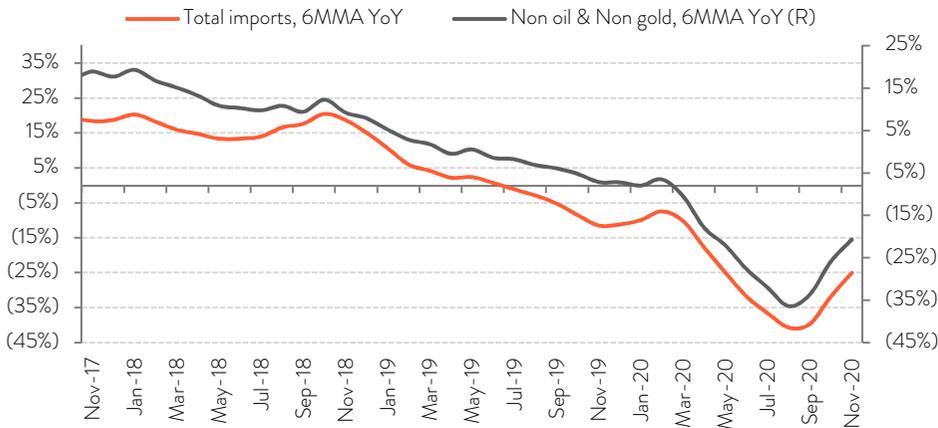


FIG 6 – ELECTRONIC IMPORTS SLIPS IN NOV'20

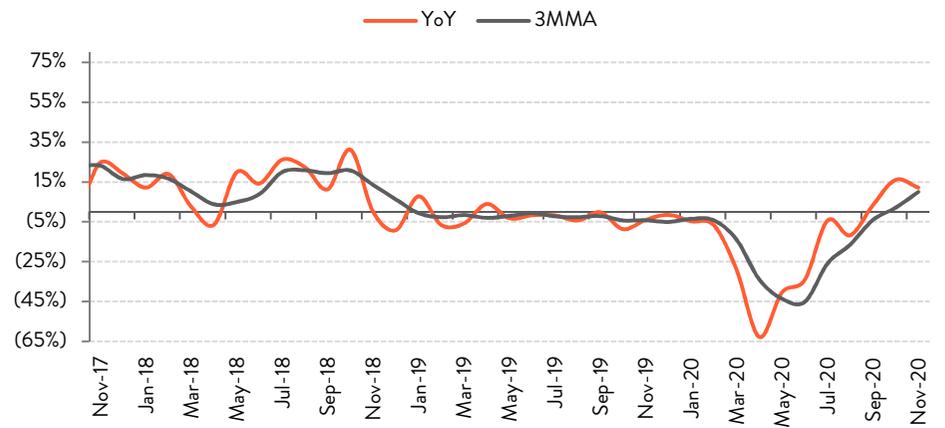


FIG 7 – PASSENGER CAR SALES DROPS IN OCT'20

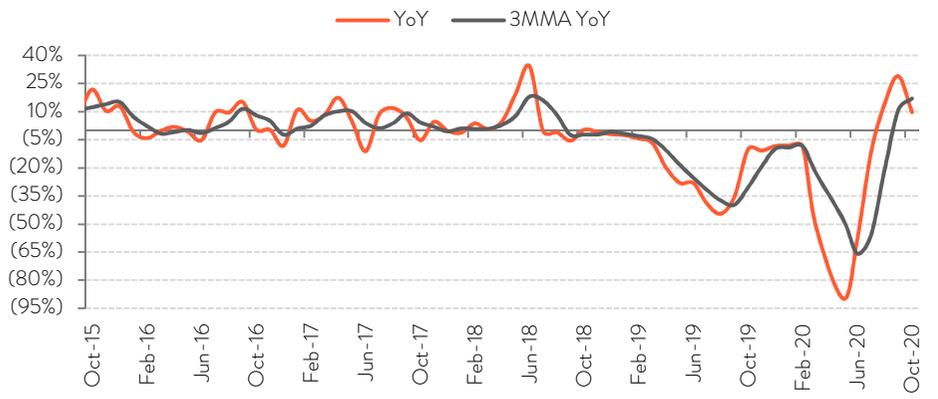
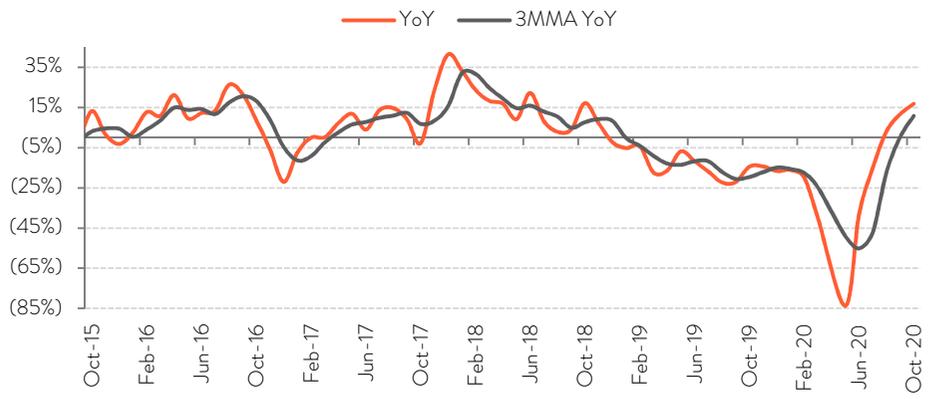


FIG 8 – TWO-WHEELER SALES INCHES UP FURTHER



Credit deployment of personal loans

FIG 9 – GROWTH IN CREDIT CARD OUTSTANDING MODERATES

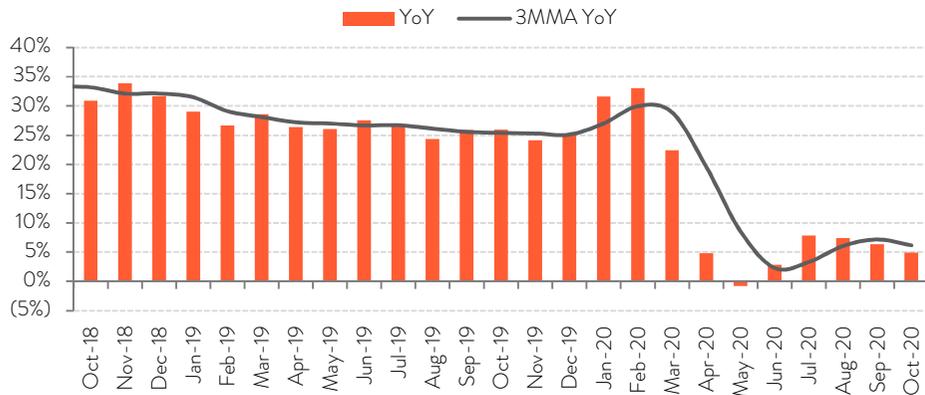


FIG 10 – GROWTH IN PERSONAL LOAN REMAINS STEADY

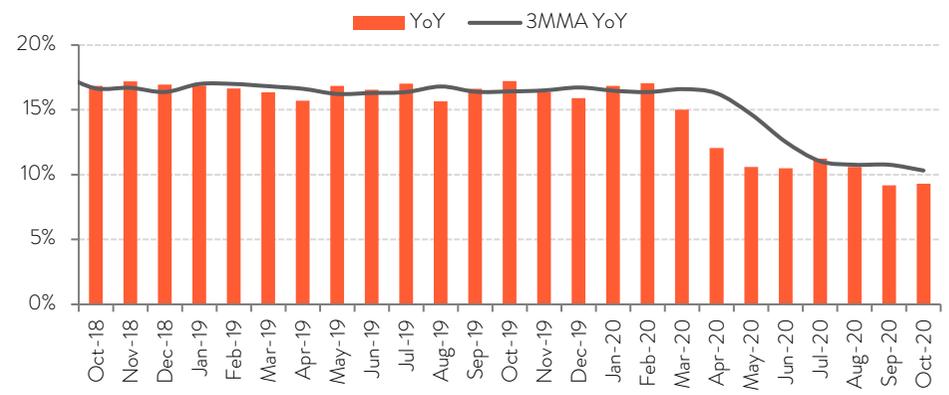


FIG 11 – GROWTH IN VEHICLE LOAN SLOWS

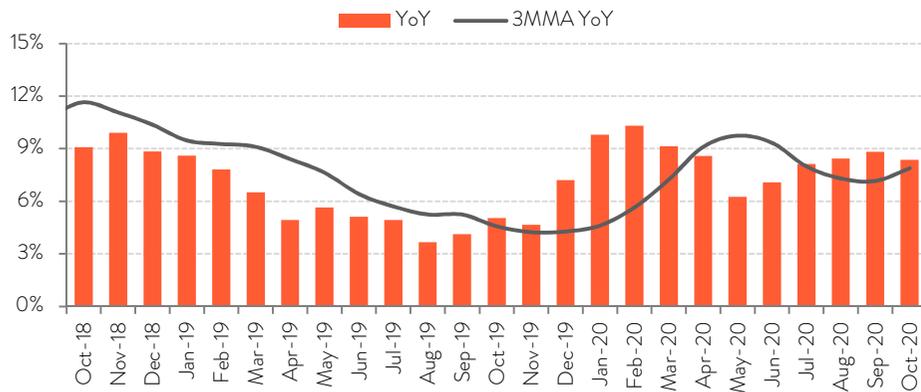


FIG 12 – CONSUMER CONFIDENCE IMPROVES MARGINALLY

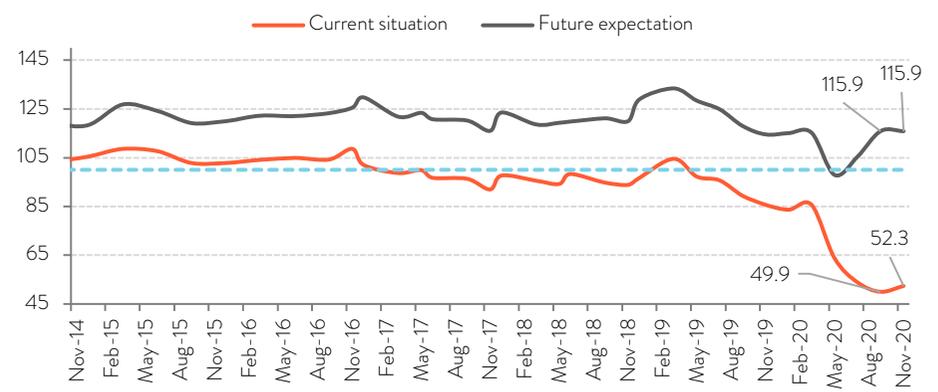


FIG 13 – RBI’S ESSENTIAL SPENDING SLOWLY GATHERING PACE...

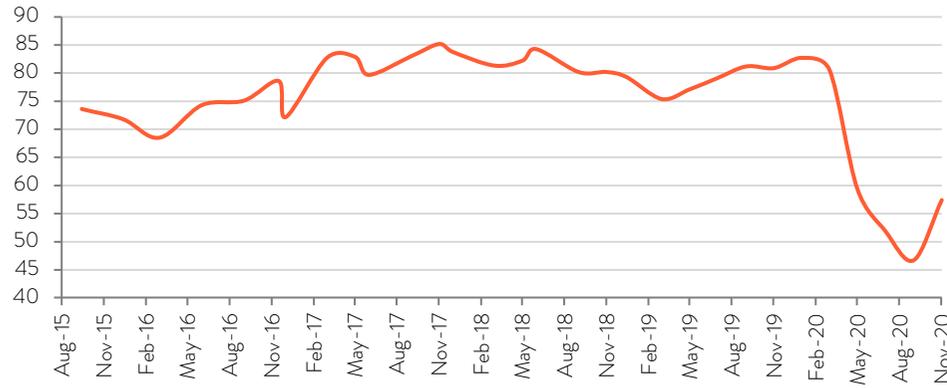
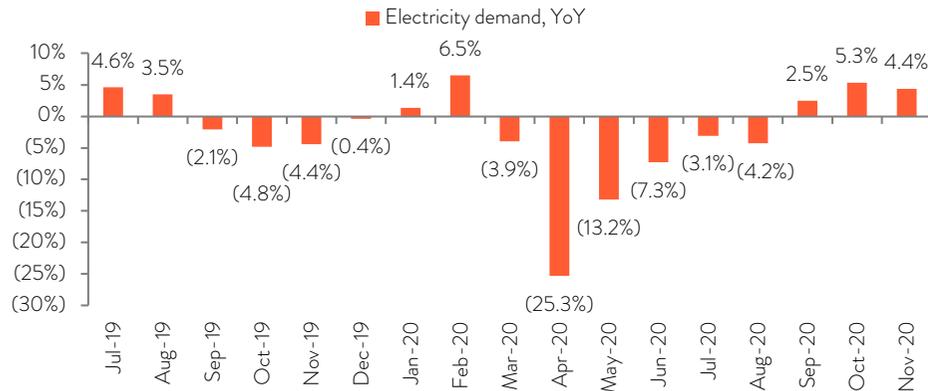


FIG 14 – ...NON-ESSENTIAL SPENDING PLATEAUING



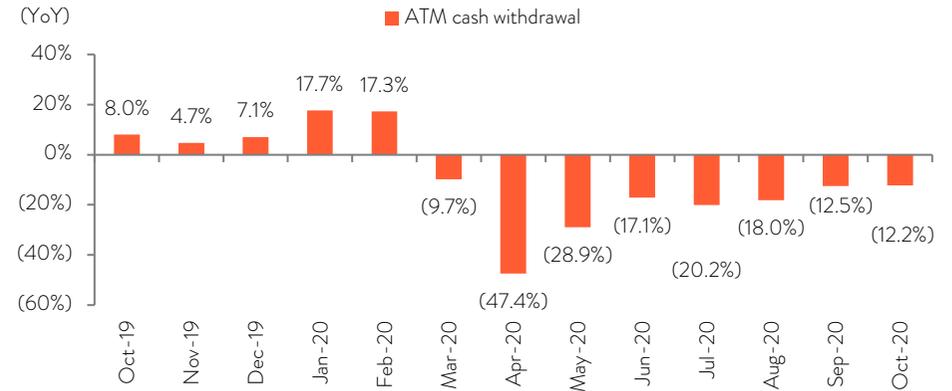
Electricity Demand, Digital Payments, COVID cases, Google mobility Index

FIG 15 – ELECTRICITY DEMAND SLOWS IN DEC'20



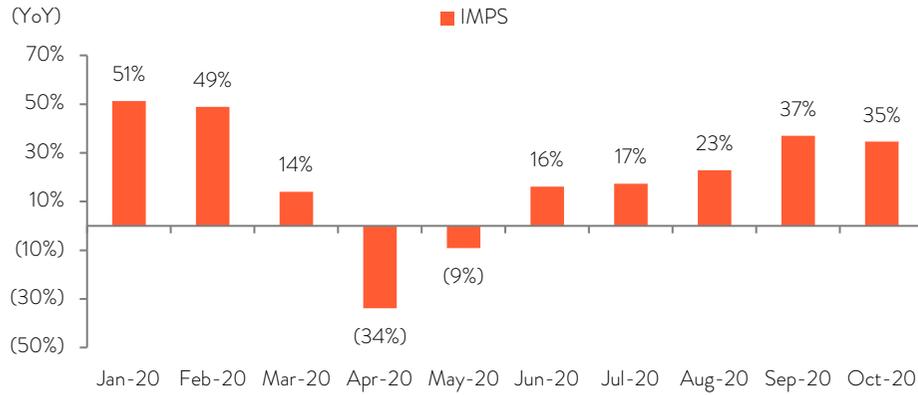
Source: Posco. Note: Maximum Demand met during peak evening hours (MW)

FIG 16 – CASH WITHDRAWAL CONTINUES TO DECLINE



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

FIG 17 – IMPS PAYMENTS MODERATED IN OCT'20



Source: NPCI

FIG 18 – UPI PAYMENTS TOO HAVE DECELERATED IN OCT'20

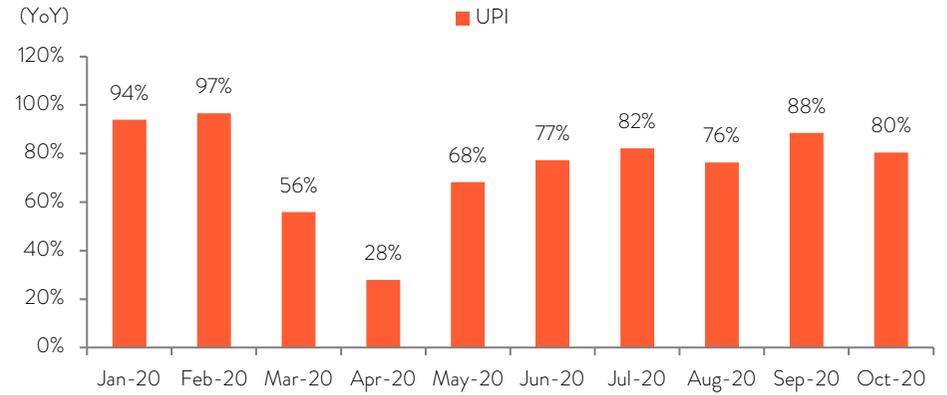
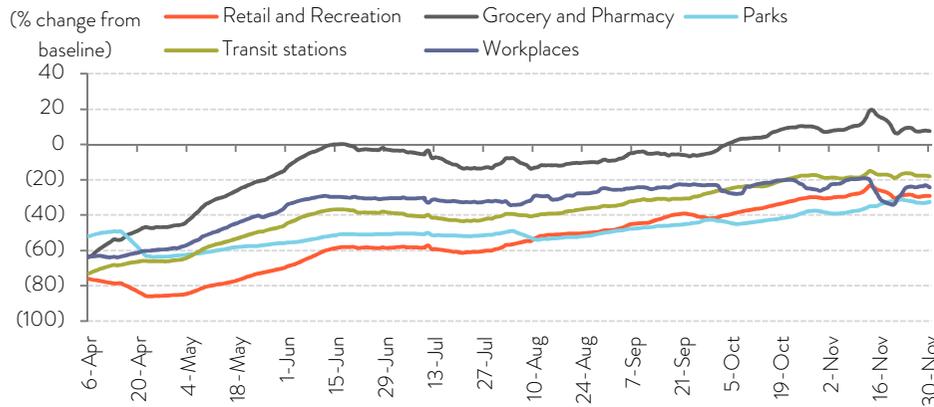


FIG 19 – GOOGLE MOBILITY INDEX REMAINS STEADY



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

FIG 20 – DAILY CHANGE IN COVID-19 CASES STATEWISE

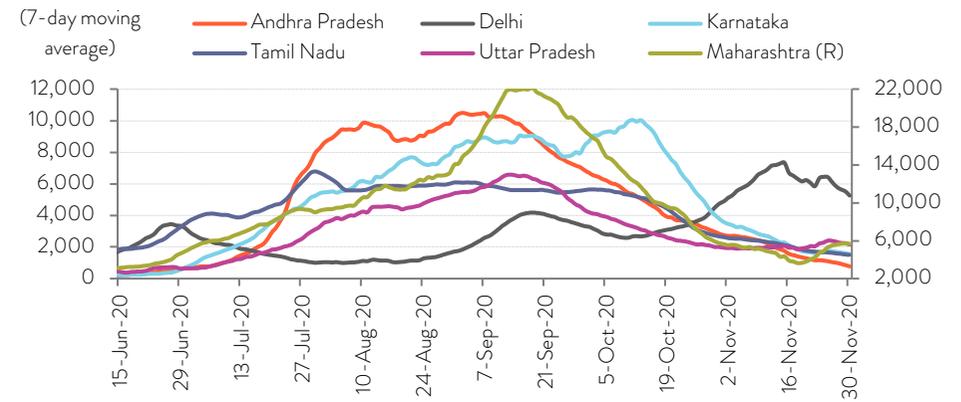


FIG 21 – FERTILIZER SALES CONTINUE TO SLIP IN OCT'20

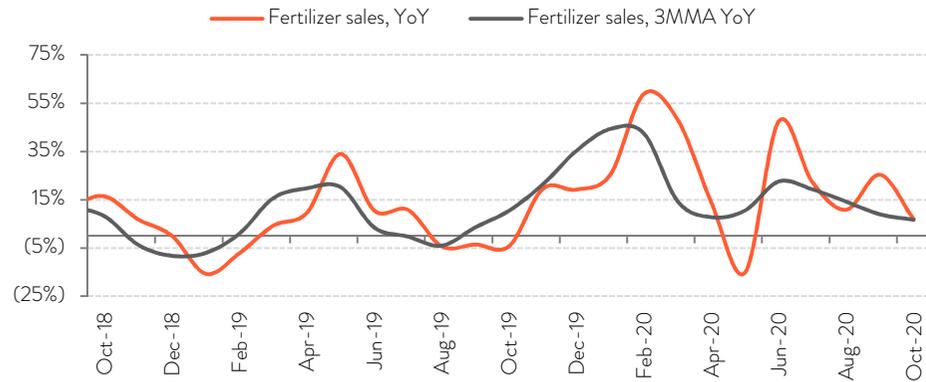
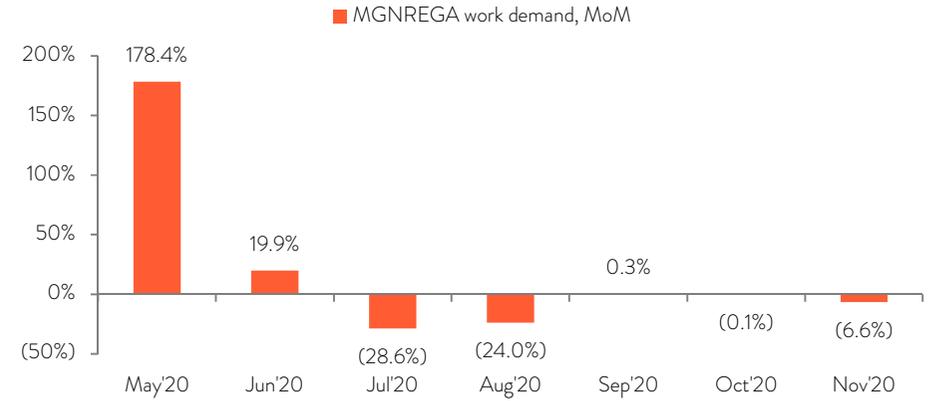


FIG 22 – MGNREGA WORK DEMAND SLOWS IN OCT'20



Source: MGNREGA

Consumer durables & non-durables production

FIG 23 – CONSUMER DURABLES OUTPUT CONTINUES TO IMPROVE

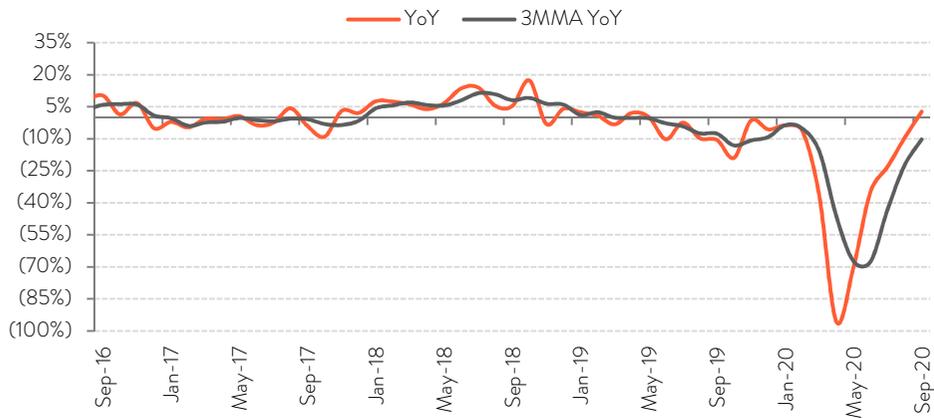
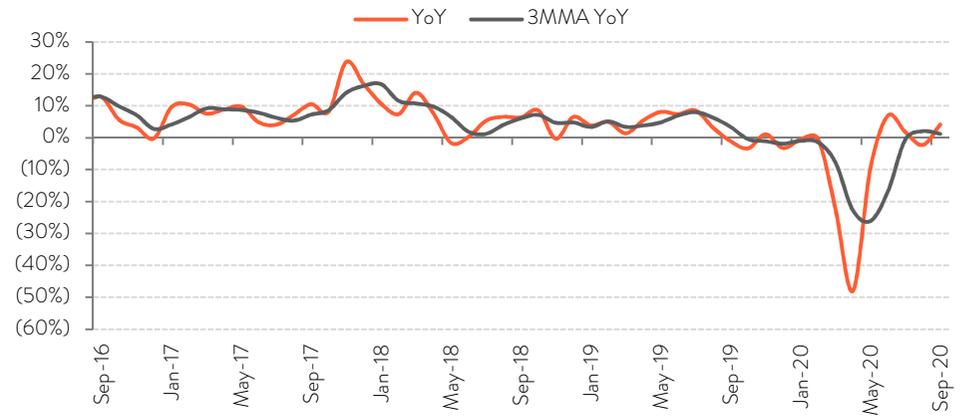


FIG 24 – FMCG OUTPUT INCHES IN SEP'20



Agriculture

FIG 25 – AGRI GROWTH CONTINUES TO RISE AT ASTEADY PACE IN Q2FY21

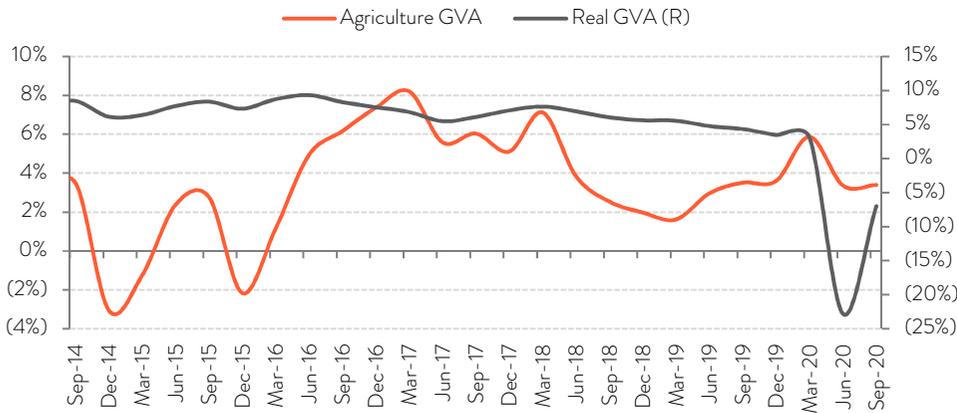


FIG 26 – GROWTH IN TRACTOR SALES IMPROVES

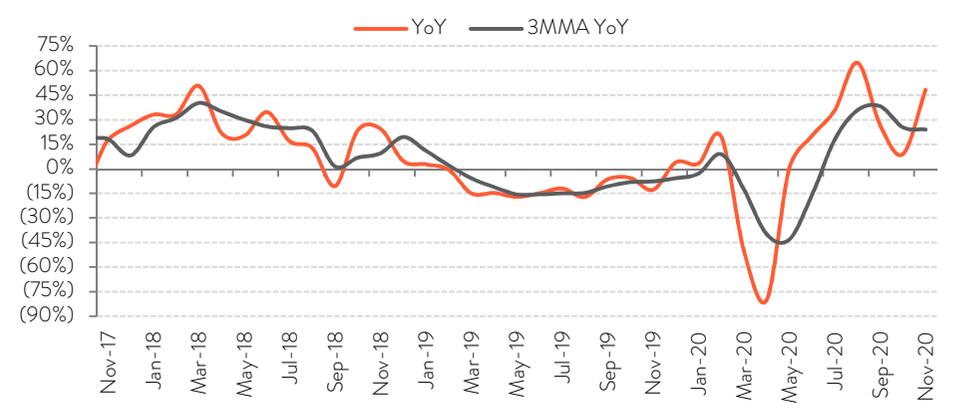


FIG 27 – GROWTH IN AGRICULTURE CREDIT ACCELERATES IN OCT'20

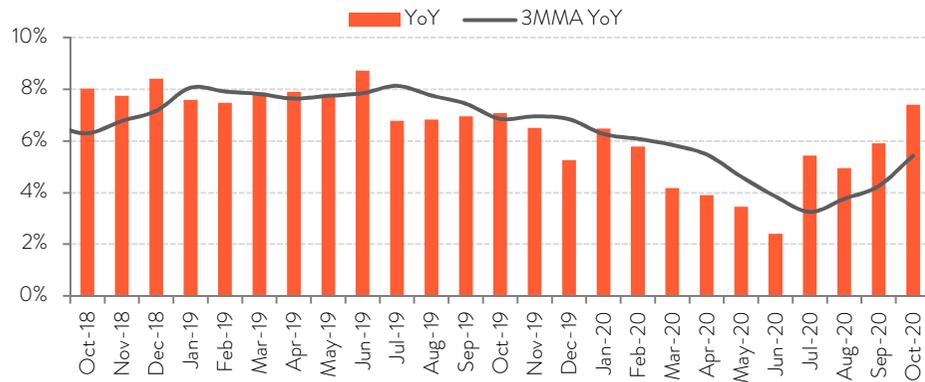
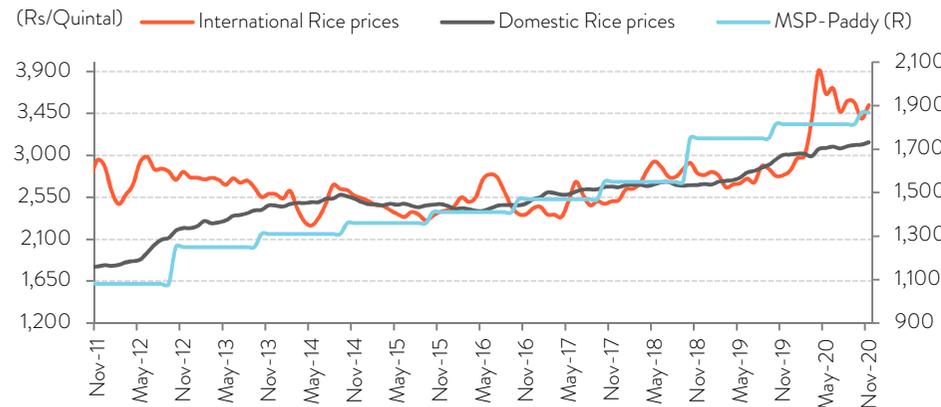


FIG 28 – HIGHER PROCUREMENT OF WHEAT

| Year | Wheat | Rice |
|---------|--------|--------|
| 2011-12 | 28.34 | 35.04 |
| 2012-13 | 38.15 | 34.04 |
| 2013-14 | 25.09 | 31.85 |
| 2014-15 | 28.02 | 32.04 |
| 2015-16 | 28.09 | 34.22 |
| 2016-17 | 22.96 | 38.11 |
| 2017-18 | 30.83 | 38.19 |
| 2018-19 | 35.80 | 44.39 |
| 2019-20 | 34.13 | 51.99 |
| 2020-21 | 38.98* | 21.24* |

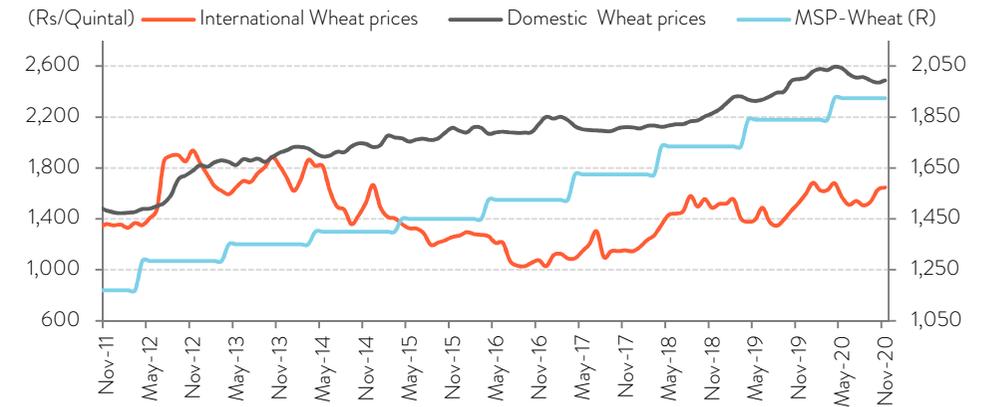
Source: Ministry of Consumer Affairs, Food and Public Distribution | *As on: 30 Nov 2020

FIG 29 – BOTH DOMESTIC AND INTERNATIONAL PRICE OF RICE HAS RISEN,



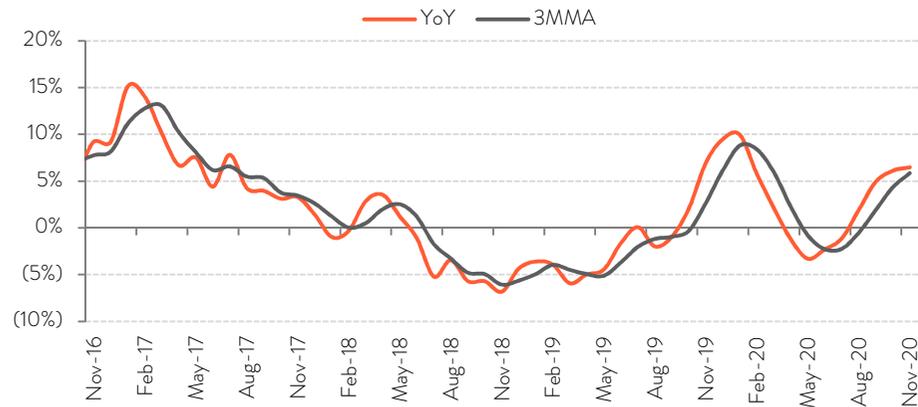
Source: World Bank

FIG 30 – WHILE DOMESTIC PRICE OF WHEAT HAS RISEN, INTERNATIONAL PRICES HAS BEEN MODERATED



Source: World Bank

FIG 31 – UPTICK IN GLOBAL FOOD PRICES CONTINUES



Source: FAO

FIG 32 – WAGE GROWTH (MEN) MODERATES

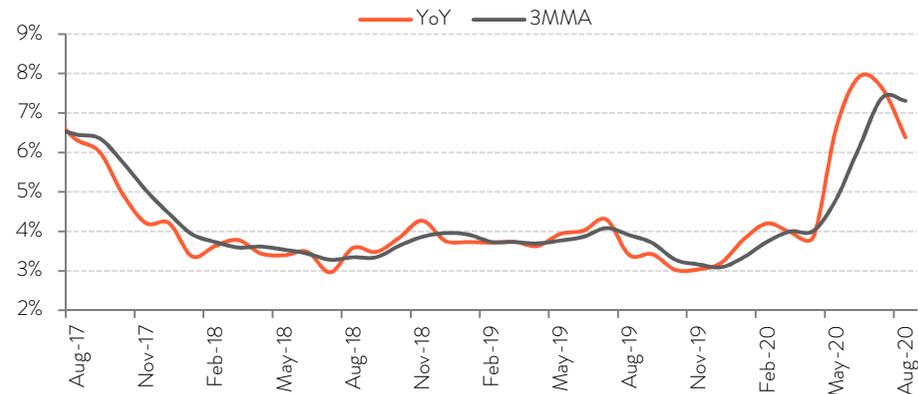


FIG 33 – RABI SOWING HIGHER COMPARED WITH LAST YEAR

| | Area sown in 2020-21 | Area sown in 2019-20 | Normal area for whole Rabi Season | Growth (% YoY) |
|----------------|----------------------|----------------------|-----------------------------------|----------------|
| Wheat | 20.4 | 20.3 | 30.3 | 0.8 |
| Rice | 1.0 | 1.0 | 4.2 | (4.0) |
| Coarse Cereals | 3.3 | 3.6 | 5.7 | (7.2) |
| Pulses | 11.7 | 10.3 | 14.5 | 13.2 |
| Oilseeds | 6.7 | 6.3 | 7.3 | 6.2 |
| Total | 43.1 | 41.4 | 62.0 | 3.9 |

Inflation

FIG 34 – RETAIL INFLATION ROSE TO A 77-MONTH HIGH OF 7.6% IN OCT'20 FROM 7.3% IN SEP'20, LED BY FOOD

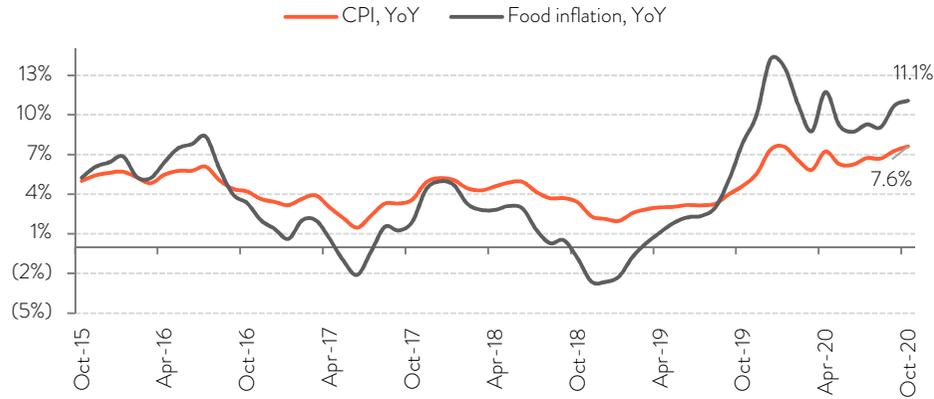
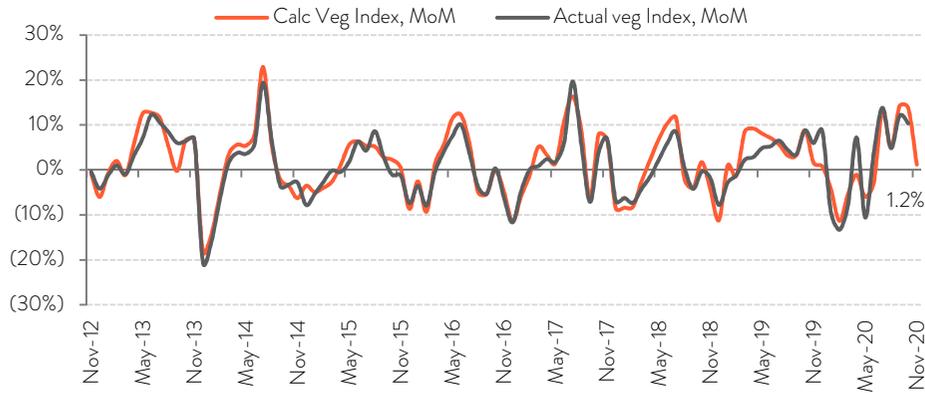


FIG 36 – VEGETABLE PRICES SEEN EBBING OFF IN NOV'20



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

FIG 35 – ...FOOD INFLATION ROSE SHARPLY TO 11.1% FROM 10.7% IN SEP'20 LED BY VEGETABLES, PULSES, MEAT AND FISH AND EGGS

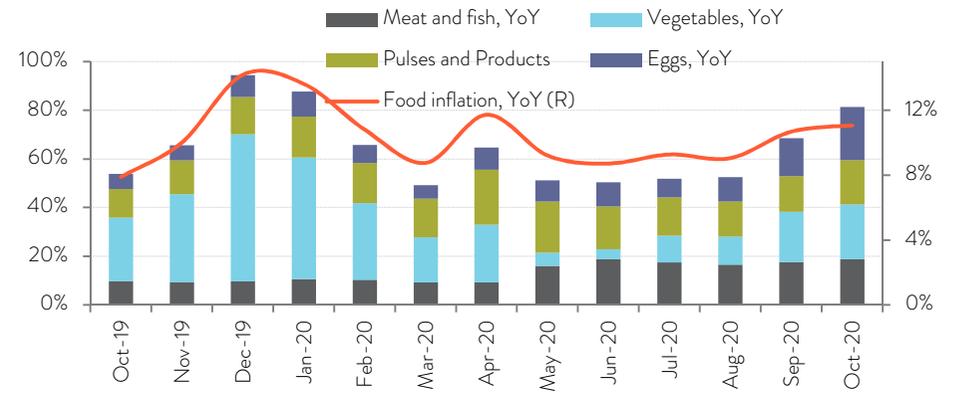


FIG 37 – CPI EXCL. FOOD AND FUEL ROSE BY 10BPS TO 5.9% IN OCT'20 FROM 5.8% IN SEP'20

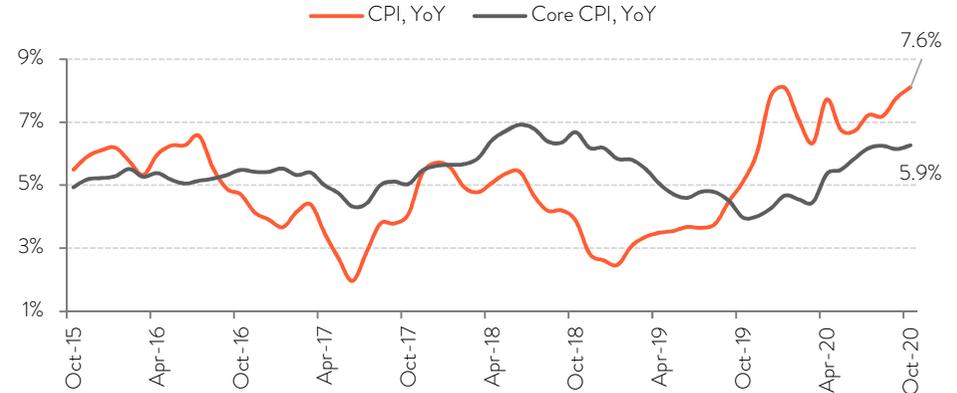


FIG 38 – ...LED BY CLOTHING FOOTWEAR, HOUSING, HEALTH AND RECREATION AND AMUSEMENT

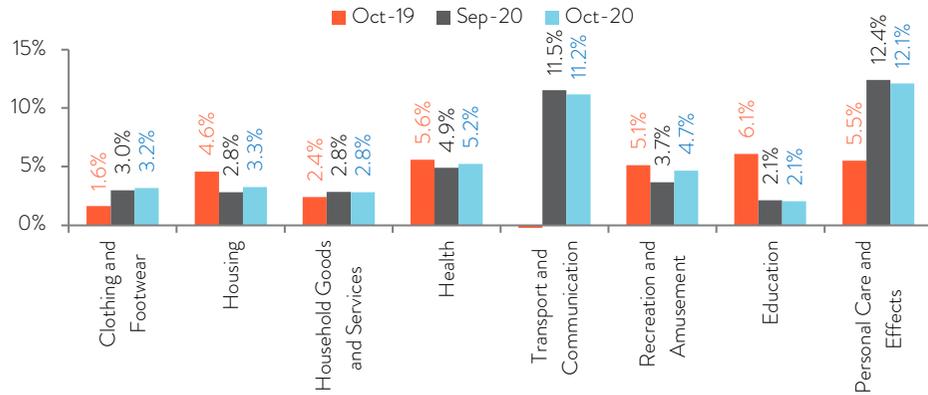


FIG 40 – RETAIL FUEL PRICES ROSE TO RS 79.4/LT FROM RS 79/LT IN OCT'20 IN LINE WITH INTERNATIONAL CRUDE PRICE

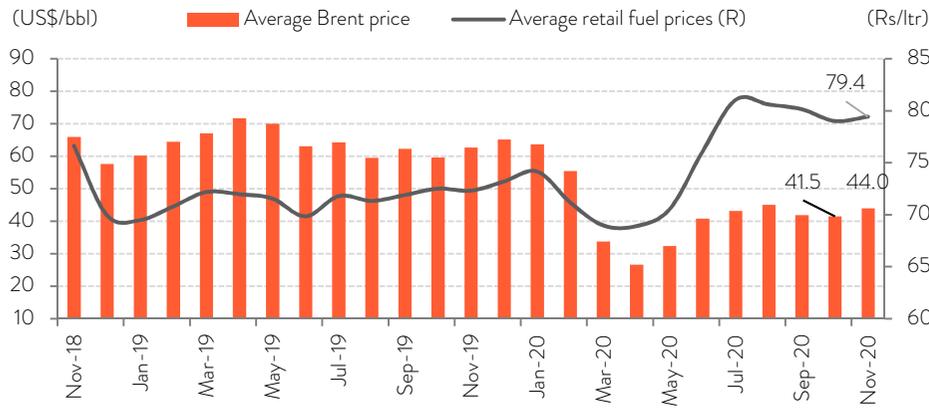
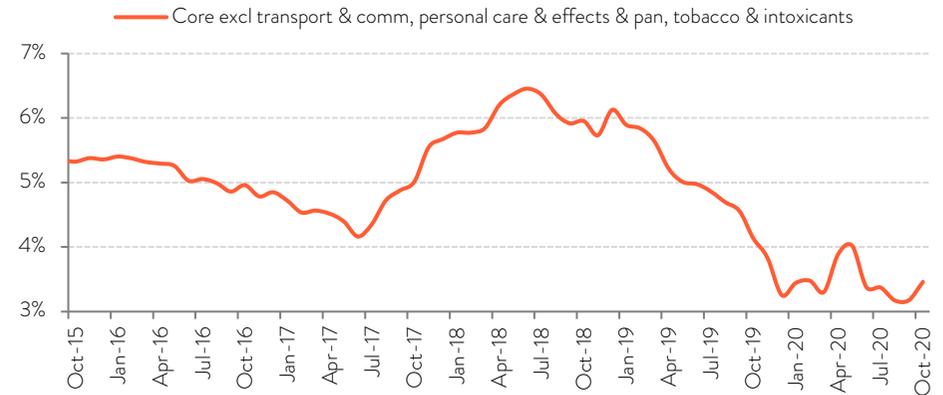
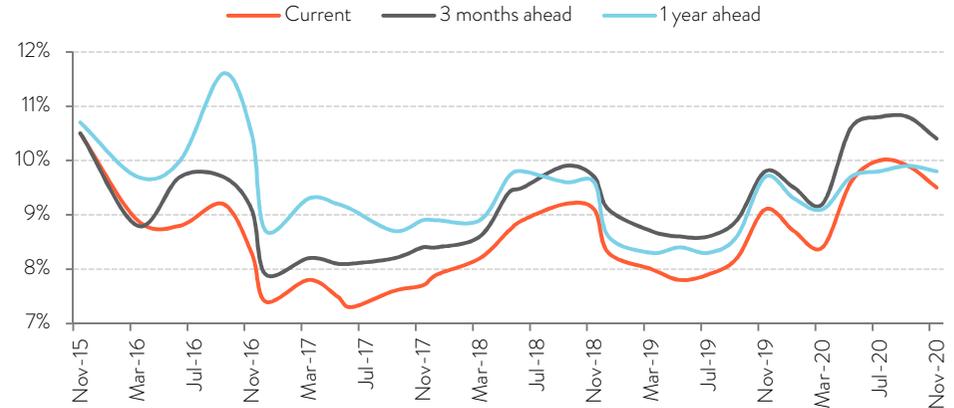


FIG 39 – HOWEVER, CORE EXCL. MAJOR VOLATILE ITEMS REMAINED BELOW 4% AT 3.5% IN OCT'20



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

FIG 41 – HOWEVER INFLATION IS WELL ANCHORED AS VISIBLE IN RBI'S INFLATION EXPECTATION SURVEY



Industry

FIG 42 – INDUSTRIAL OUTPUT CONTINUES TO RECOVER

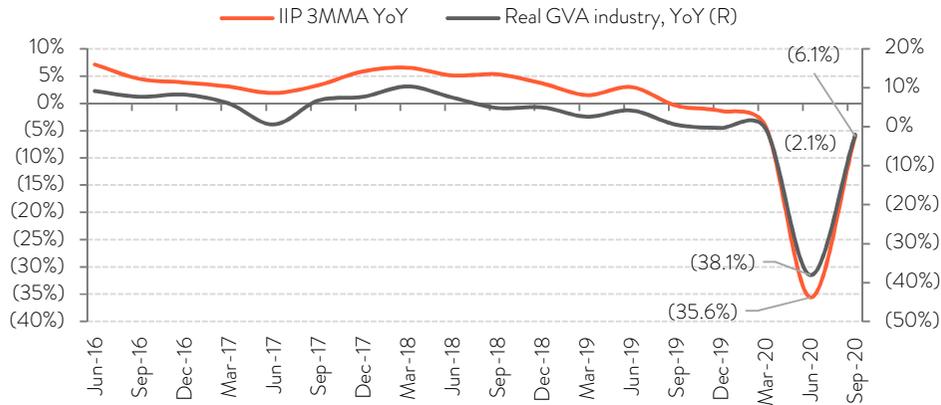


FIG 43 – HOWEVER, BROAD BASED SLOWDOWN ON FYTD BASIS CAN BE SEEN

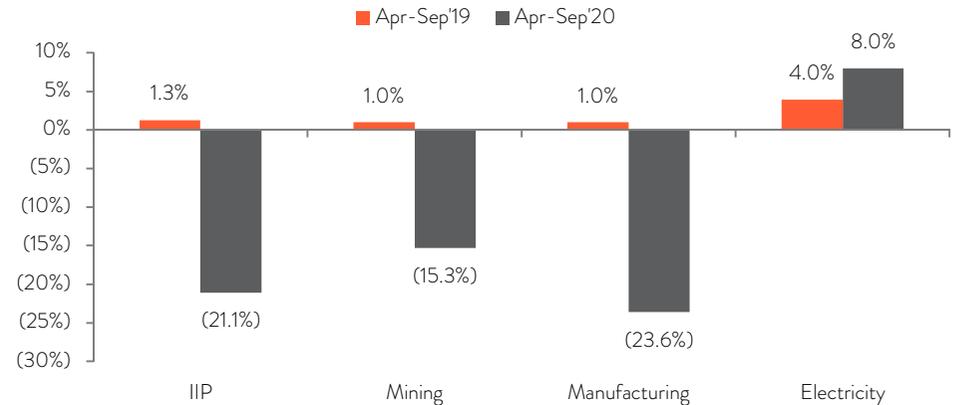


FIG 44 – PRIMARY GOODS CONTINUE TO INCH UPWARDS

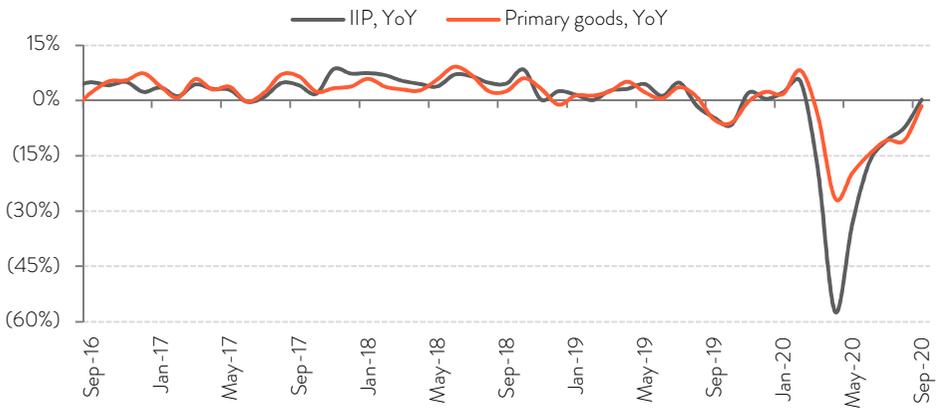


FIG 45 – CAPITAL GOODS TOO DOING THE SAME

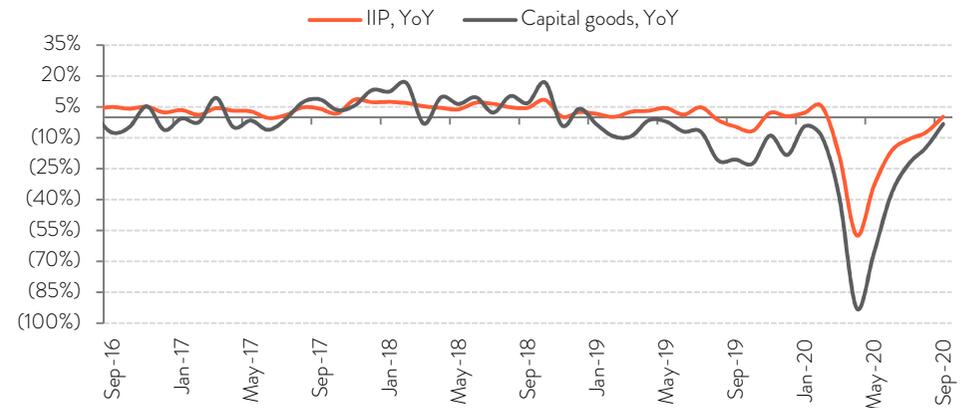


FIG 46 – INDUSTRIAL PRODUCTION BACK IN THE GREEN

| Sectoral (%) | Weight | Sep-20 | Aug-20 | Sep-19 | Apr-Sep'20 | Apr-Sep'19 |
|---------------------------------------|--------|--------|--------|--------|------------|------------|
| IIP | 100.0 | 0.2 | (7.4) | (4.6) | (21.1) | 1.3 |
| Mining | 14.4 | 1.4 | (9.0) | (8.6) | (15.3) | 1.0 |
| Manufacturing | 77.6 | (0.6) | (7.9) | (4.3) | (23.6) | 1.0 |
| Electricity | 8.0 | 4.9 | (1.8) | (2.6) | (8.0) | 4.0 |
| Use-Based | | | | | | |
| Primary Goods | 34.1 | (1.5) | (10.8) | (5.2) | (14.3) | 1.2 |
| Capital Goods | 8.2 | (3.3) | (14.8) | (20.5) | (40.5) | (10.1) |
| Intermediate Goods | 17.2 | (1.4) | (6.0) | 6.8 | (23.4) | 9.5 |
| Infrastructure and Construction Goods | 12.3 | 0.7 | (1.6) | (7.0) | (25.6) | (1.4) |
| Consumer Durables Goods | 12.8 | 2.8 | (9.6) | (10.5) | (39.1) | (5.1) |
| Consumer Non-Durables Goods | 15.3 | 4.1 | (3.3) | (1.1) | (7.8) | 5.1 |

Manufacturing

FIG 47 – GRADUAL RECOVERY BACK IN POSITIVE TERRITORY

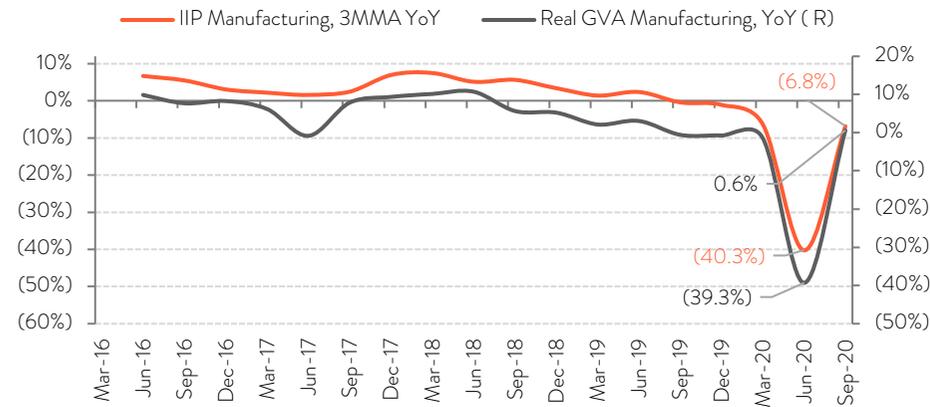
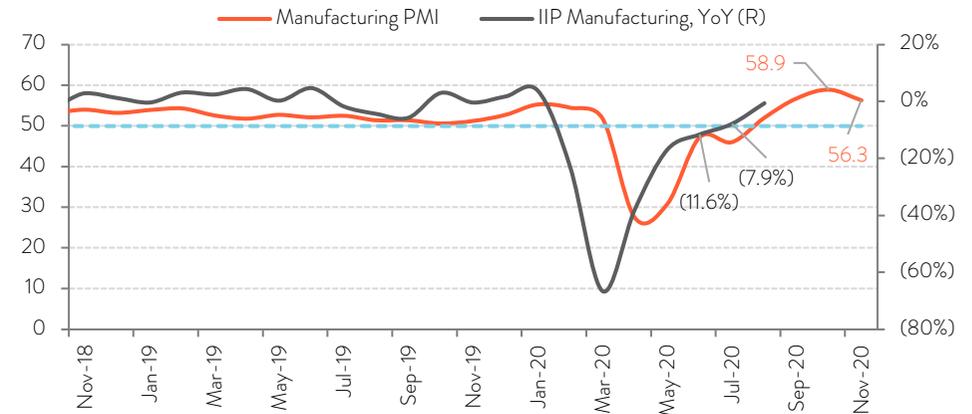


FIG 48 – MANUFACTURING PMI SLIPS IN NOV'20



Source: Markit

Mining & Electricity

FIG 49 – MINING ACTIVITY SHOWING DECELERATING AT S SLOWER PACE

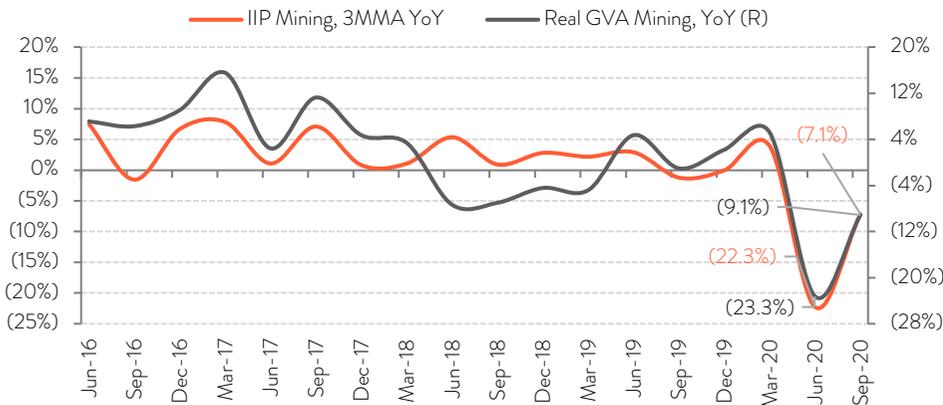
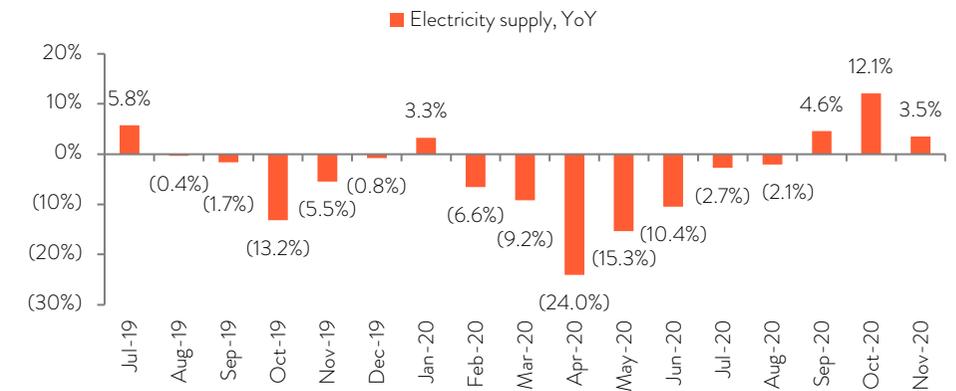


FIG 50 – ELECTRICITY OUTPUT EASES



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

Infrastructure and Construction

FIG 51 – GROWTH IN CONSTRUCTION IMPROVES IN Q2FY21

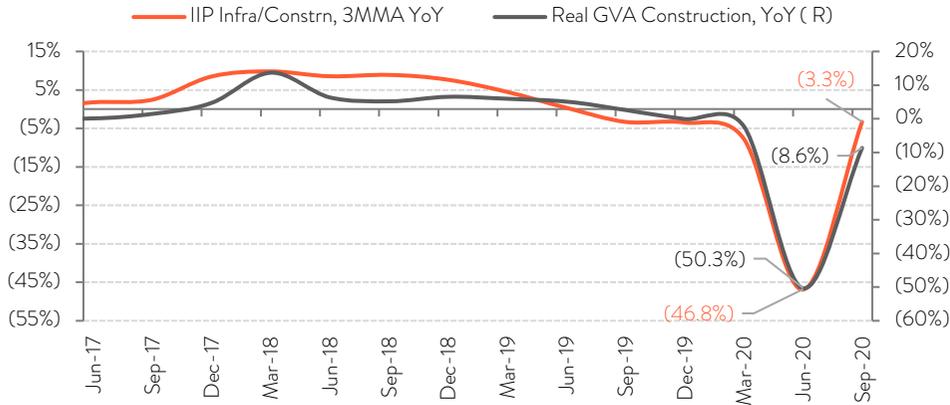
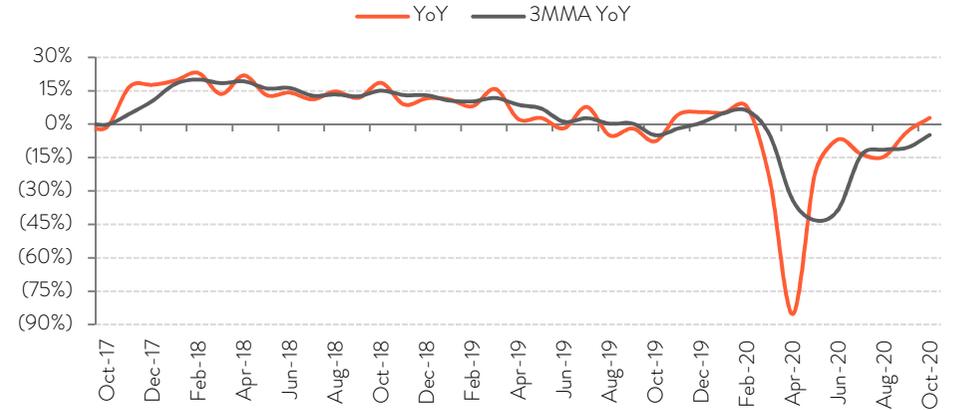


FIG 52 – CEMENT PRODUCTION INCHES UPWARDS



Infrastructure Index

FIG 53 – INFRA INDEX SLOWS IN OCT'20

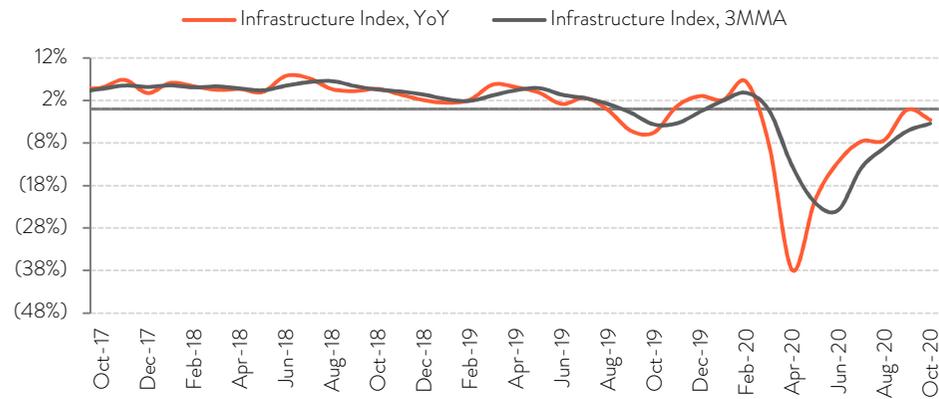
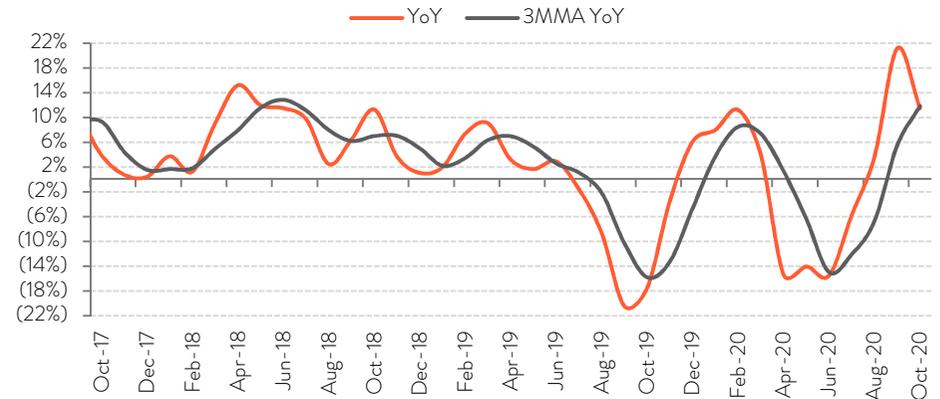


FIG 54 – COAL OUTPUT FALLS SHARPLY



Auto production & Business expectation index

FIG 55 – AUTO PRODUCTION GROWING AT A STEADY PACE

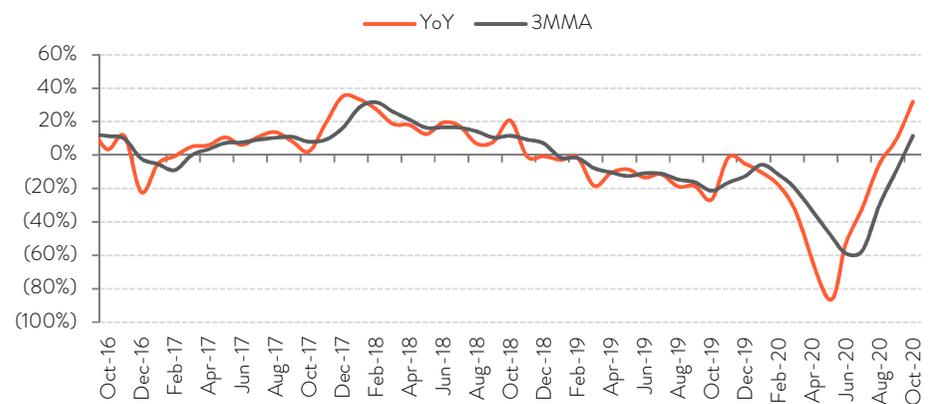


FIG 56 – BUSINESS SENTIMENT TURNS OPTIMISTIC

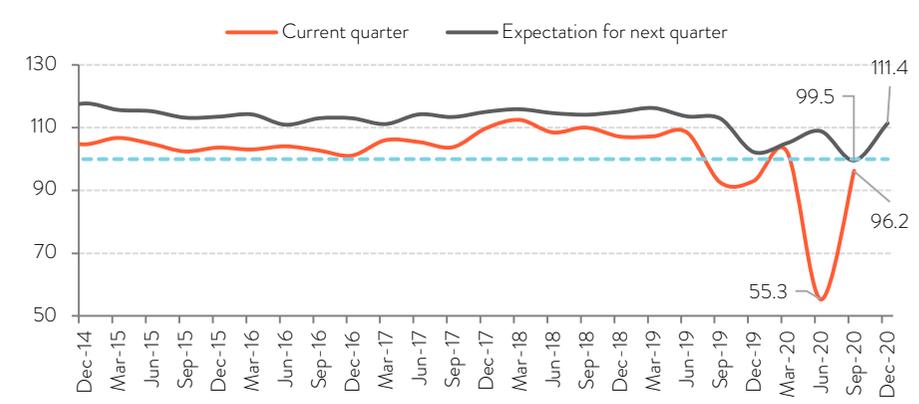


FIG 57 – INFRASTRUCTURE INDEX DECLINES TO 2.5% IN OCT'20

| (%) | Weight | Oct-20 | Sep-20 | Oct-19 | Apr-Oct'20 | Apr-Oct'19 |
|-----------------------------|--------|--------|--------|--------|------------|------------|
| Infrastructure Index | 100 | (2.5) | (0.1) | (5.5) | (13.0) | 0.3 |
| Coal | 10.3 | 11.6 | 21.2 | (17.6) | (3.6) | (5.8) |
| Crude Oil | 9.0 | (6.2) | (6.0) | (5.1) | (6.1) | (5.8) |
| Natural Gas | 6.9 | (8.6) | (10.6) | (5.6) | (12.5) | (2.6) |
| Petroleum Refinery Products | 28.0 | (17.0) | (9.5) | 0.4 | (16.4) | (1.7) |
| Fertilizers | 2.6 | 6.3 | (0.3) | 11.8 | 4.1 | 2.6 |
| Steel | 17.9 | (2.7) | 2.8 | (0.5) | (22.8) | 6.7 |
| Cement | 5.4 | 2.8 | (3.5) | (7.7) | (21.3) | (0.6) |
| Electricity | 19.9 | 10.5 | 4.8 | (12.2) | (5.6) | 1.5 |

Investment

FIG 58 – REAL GFCF CONTRACTED AT A FAR LOWER PACE OF 7.3% AGAINST 47.1% IN Q1FY21, SO ALSO WAS GDP (7.5% CONTRACTION AGAINST 23.9%)

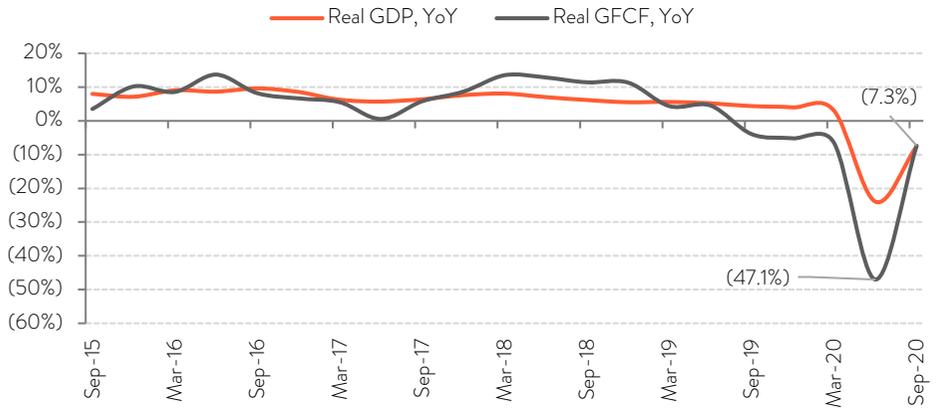


FIG 59 – HOWEVER, CAPACITY UTILISATION HAS FALLEN TO ITS LOWEST IN THE SERIES

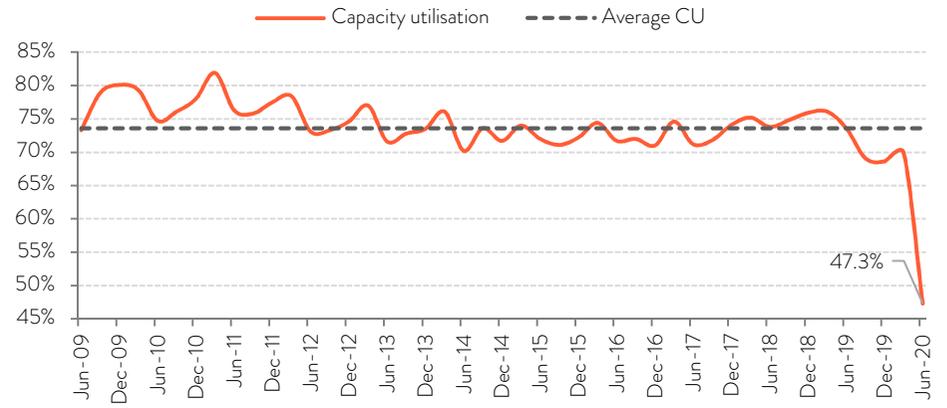


FIG 60 – PLF OF CENTRAL THERMAL PLANTS PICKED UP IN OCT'20

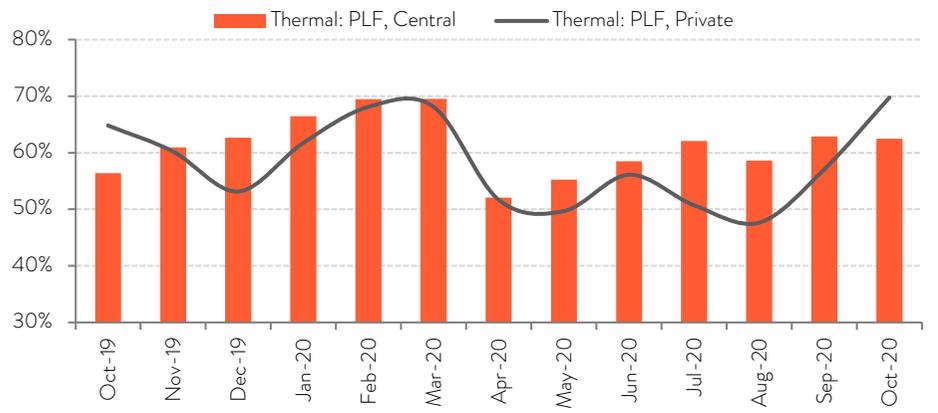


FIG 61 – PACE OF DECLINE IN CAPITAL GOODS PRODUCTION MODERATED FURTHER BY 3.3% AGAINST 14.8% DECLINE IN AUG'20

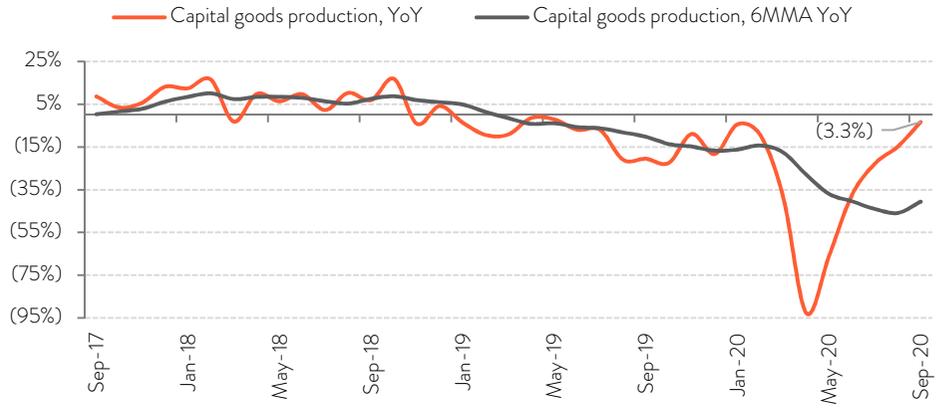


FIG 62 – CAPITAL GOODS IMPORTS CONTRACTED BY 32.5% IN OCT'20 VERSUS 38.1% IN SEP'20

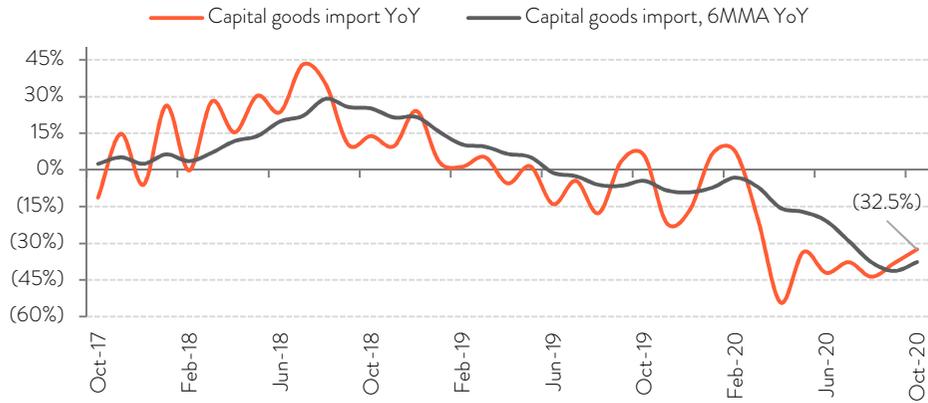


FIG 63 – CENTRE'S CAPEX SPENDING INCHED UP SLIGHTLY BY 0.5% AS AGAINST DECLINE OF 5.1% IN SEP'20 ON A 12MONTH TRAILING BASIS

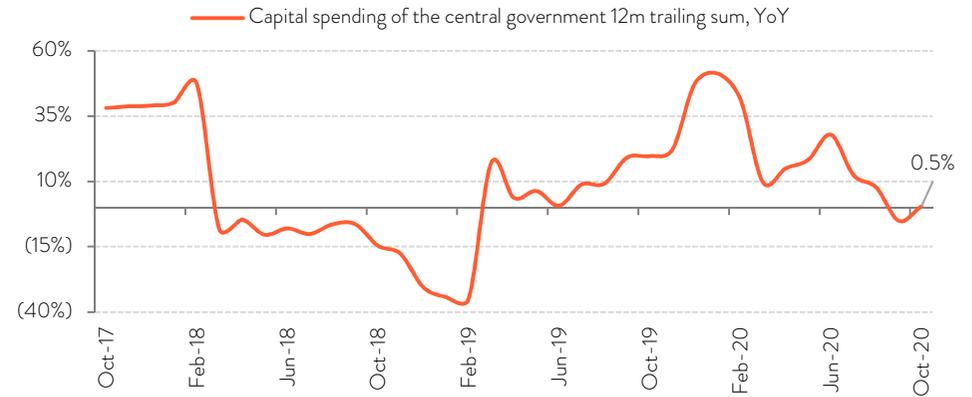


FIG 64 – GROSS BANK CREDIT MODERATED TO 5.5% (5.8% IN SEP'20), INDUSTRY CREDIT ENTERED THE NEGATIVE TERRITORY AFTER 36MONTHS

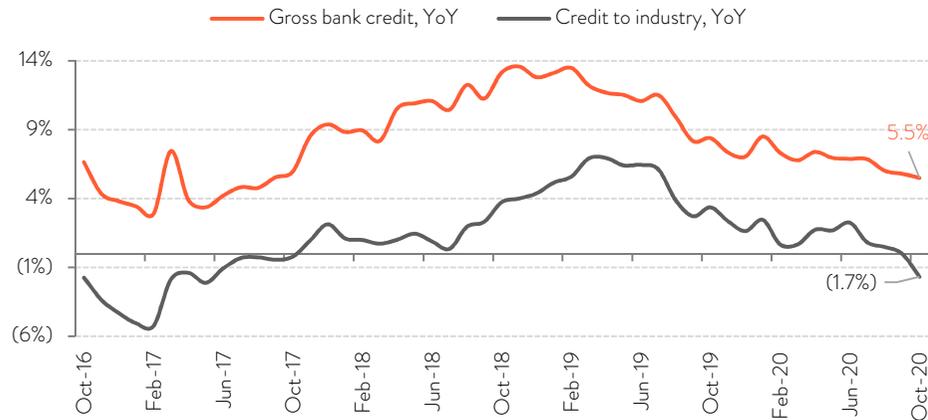


FIG 65 – CREDIT TO LARGE INDUSTRY FELL BY 2.9% FROM 0.6% DECLINE IN SEP'20

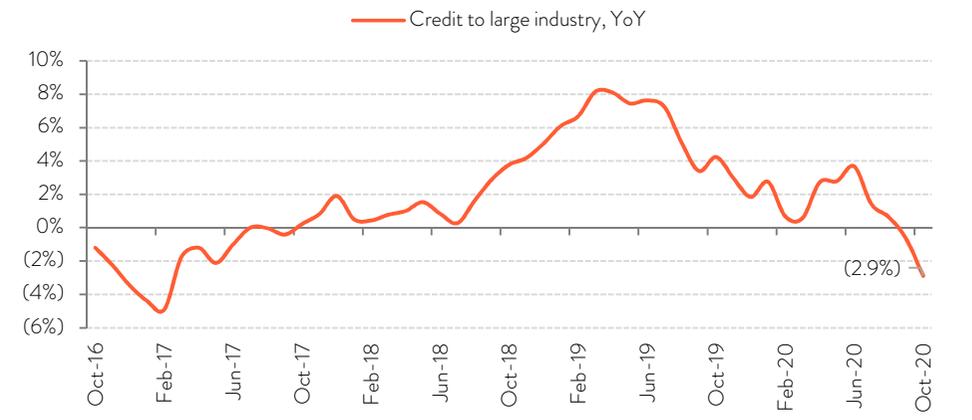


FIG 66 – HOWEVER, CREDIT TO MEDIUM INDUSTRY ROSE SHARPLY BY 16.7% IN OCT'20, FOR SMALL INDUSTRY IT ROSE BY 0.7%

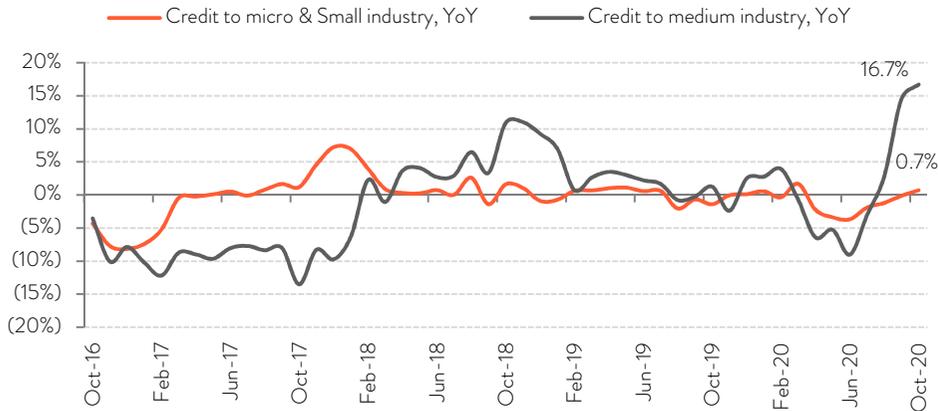


FIG 67 – HOUSING CREDIT MODERATED FURTHER TO 8.2% FROM 8.5% IN SEP'20

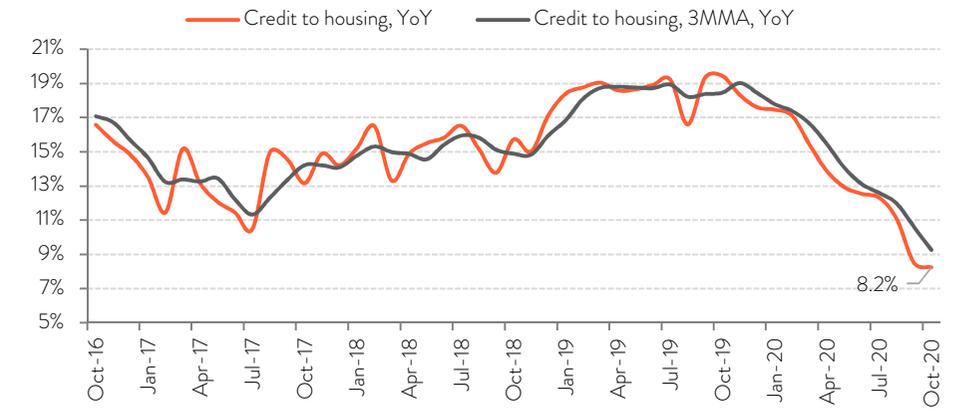
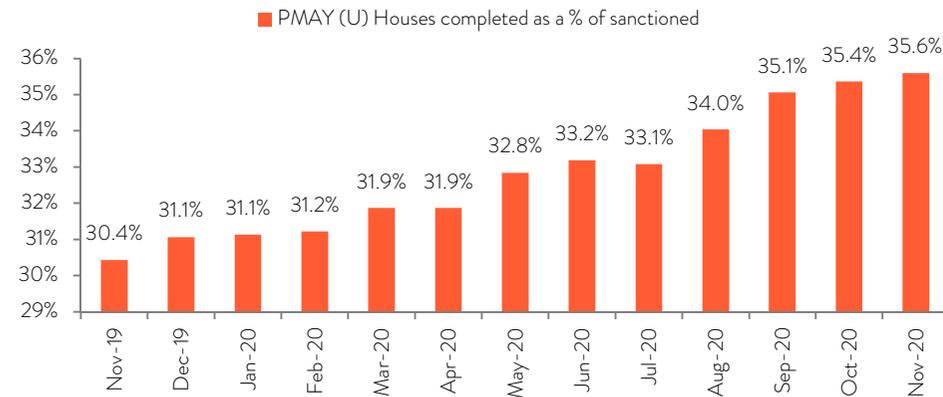
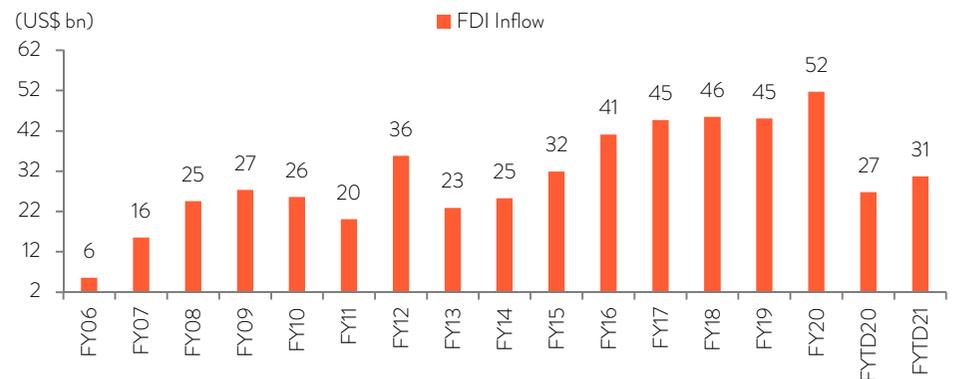


FIG 68 – HOWEVER, AFFORDABLE HOUSING IS PICKING PACE



Source: MOHUA

FIG 69 – FDI INFLOWS ARE HIGHER AT US\$ 31BN IN FYTD21* AGAINST US\$ 27BN IN THE SAME PERIOD OF PREVIOUS YEAR



Source: RBI, FYTD: Apr-Sep

Services sector

FIG 70 – GVA: SERVICES ACTIVITY BEGAN RECOVERING IN Q2FY21

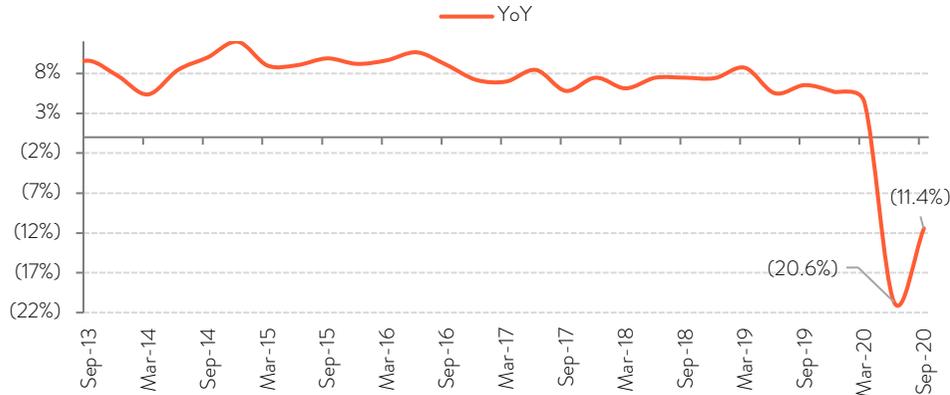
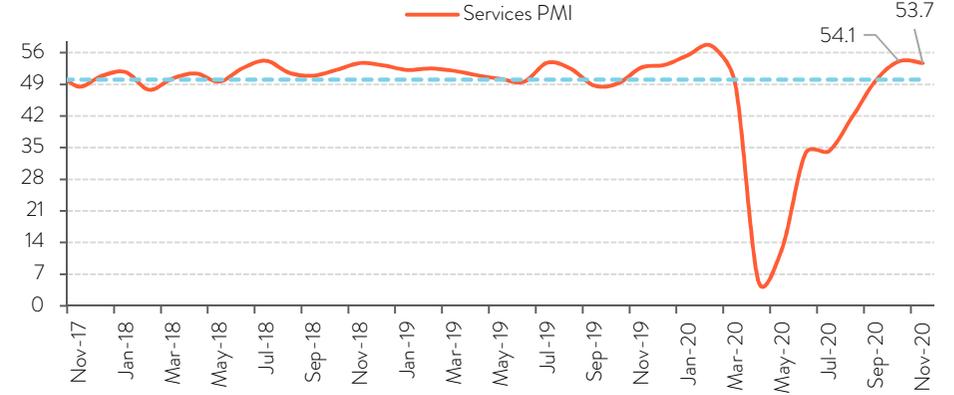


FIG 71 – BUT SERVICES PMI SHOWS ACTIVITY MODERATED IN NOV'20

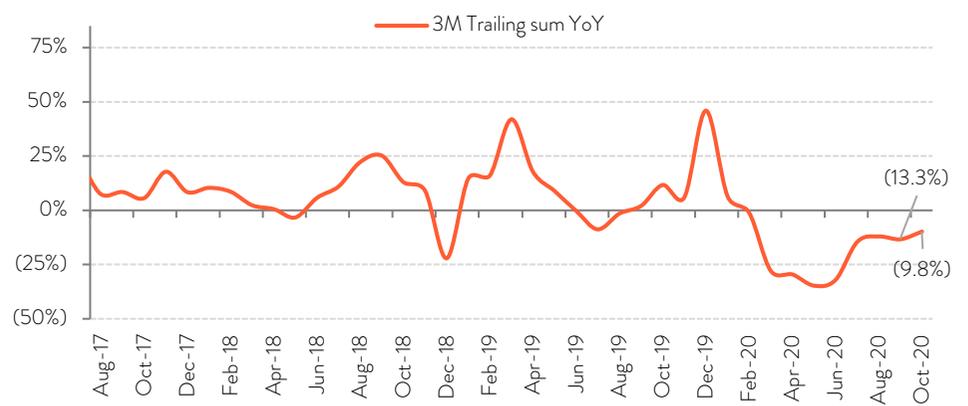


Source: Markit

FIG 72 – GVA: TRADE & RELATED SERVICES JUMPED SHAPRLY...



FIG 73 – STATES* TAX REVENUE GROWTH IMPROVED IN OCT'20 AS WELL



Note: *All states excluding N.E states, Bihar, Chhattisgarh, H.P., J&K, Maharashtra, Punjab, and W.Bengal

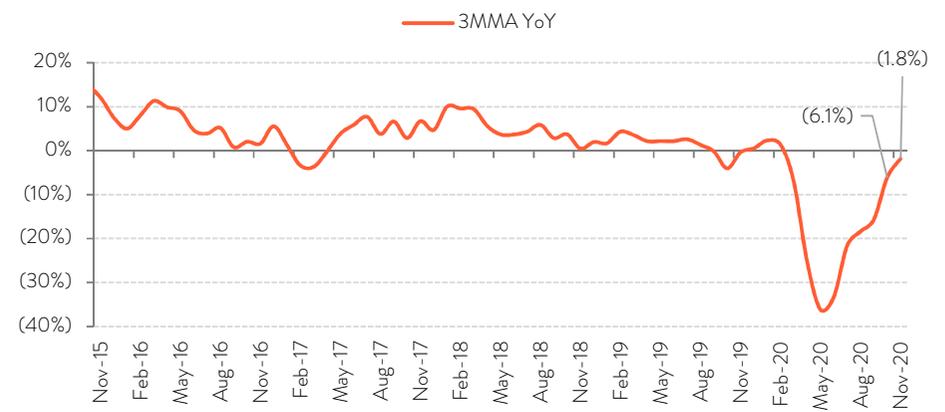
Trade

FIG 74 – VEHICLE REGISTRATION GROWTH REMAINS MUTED IN NOV'20



Source: MoRTH

FIG 75 – DIESEL CONSUMPTION IMPROVING, ALBEIT AT A SLOWER PACE



Source: PPAC

FIG 76 – PORT CARGO VOLUME GROWTH TURNED POSITIVE IN NOV'20

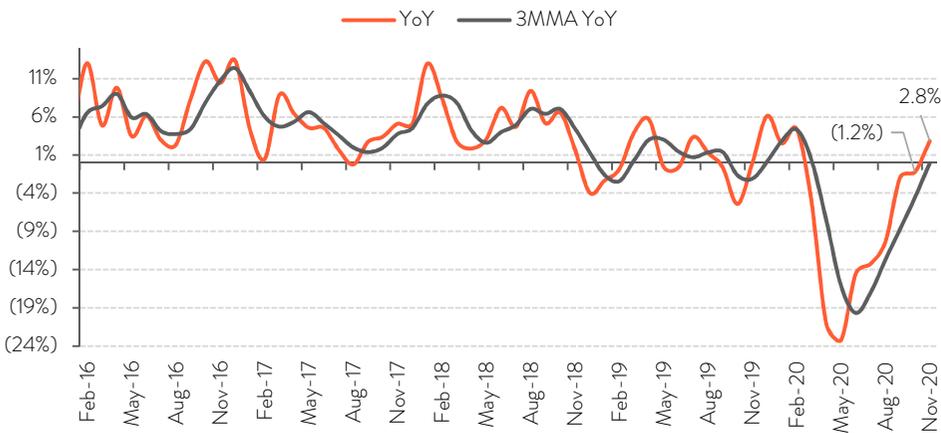


FIG 77 – RAILWAY FREIGHT TRAFFIC SEEN EASING

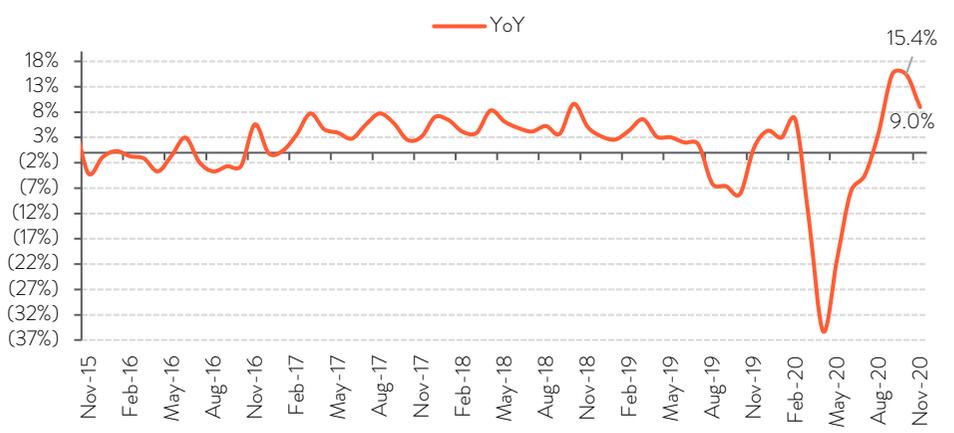


FIG 78 – TOLL COLLECTIONS MAINTAINING MOMENTUM

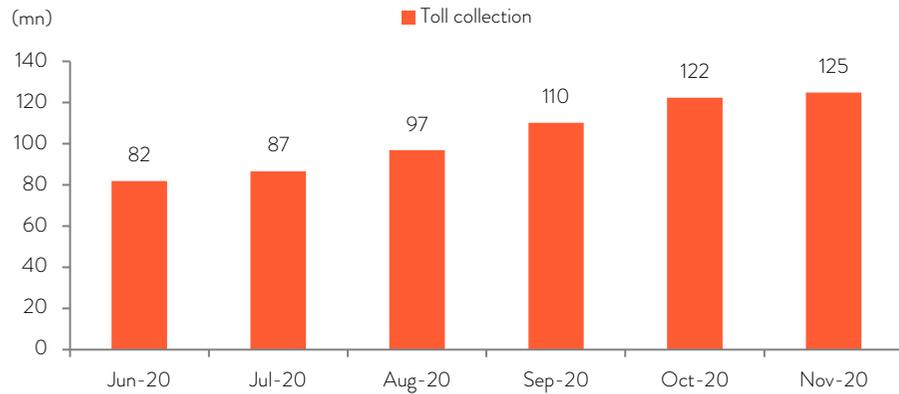
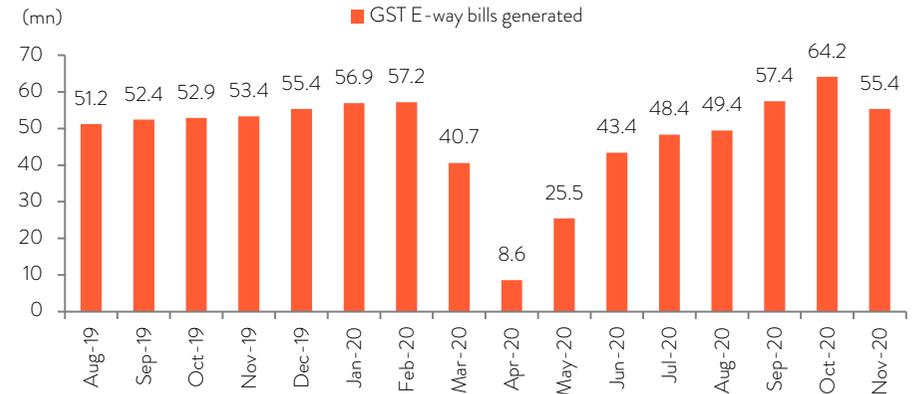


FIG 79 – E-WAY BILLS GENERATED EASED IN NOV'20



Hotels and Communications

FIG 80 – AIRLINE PASSENGER TRAFFIC GROWTH marginally IMPROVING...

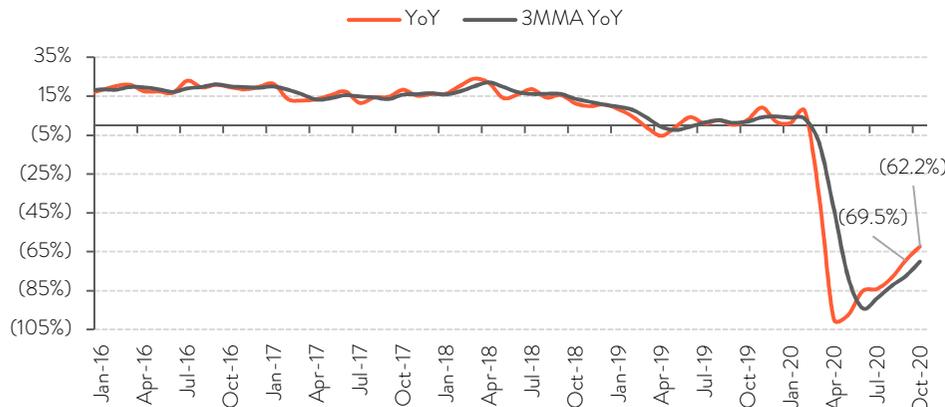


FIG 81 – ...SUPPORTED BY DOMESTIC PASSENGER GROWTH

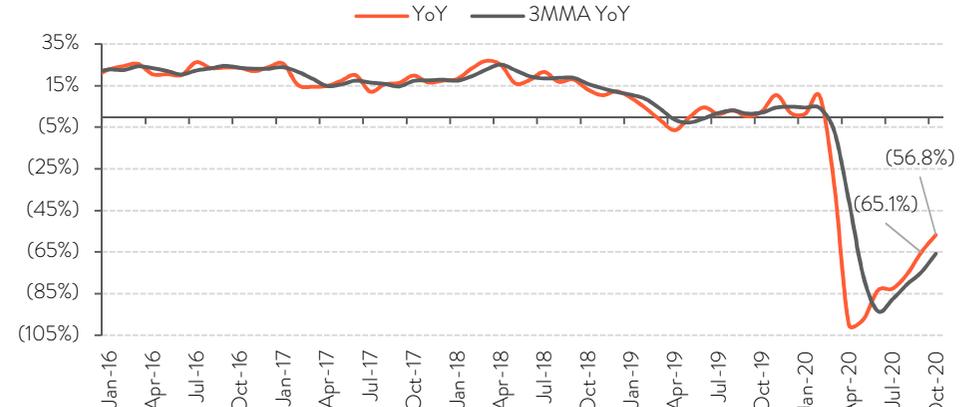


FIG 82 – RAILWAY PASSENGER TRAFFIC GROWTH UNABLE TO RECOVER

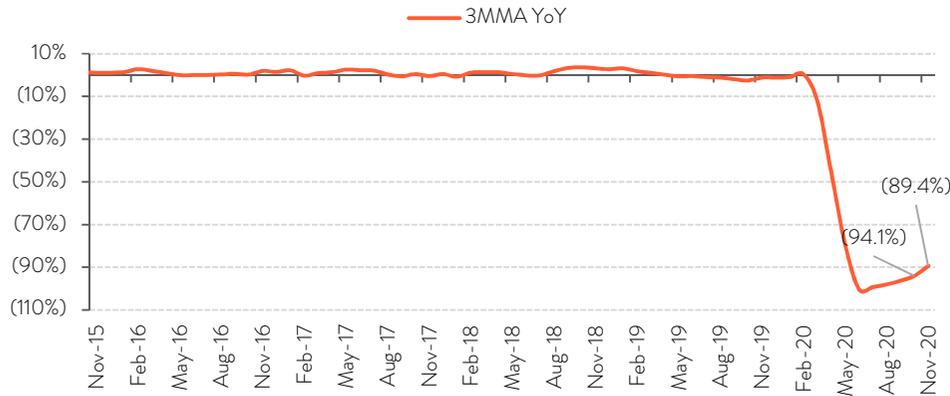


FIG 83 – TELECOM SECTOR ADDED 0.7MN WIRELESS SUBSCRIBERS IN SEP'20 VERSUS 3.7MN ADDED IN AUG'20

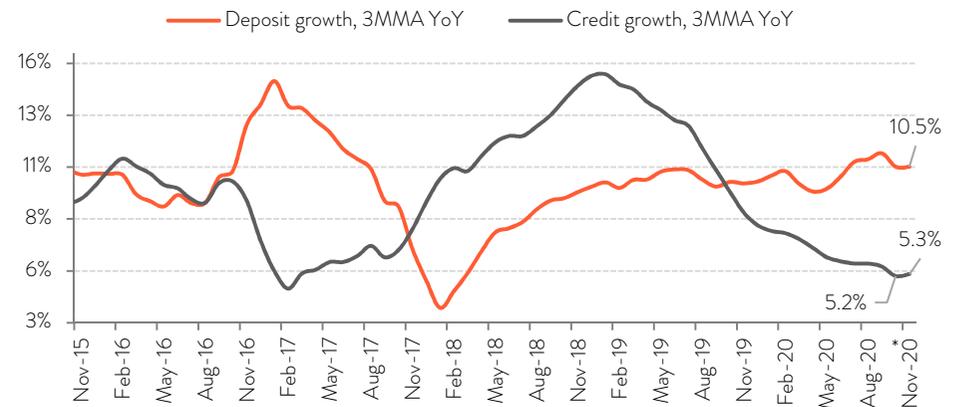


Finance and Real estate

FIG 84 – GROWTH IN GVA: FINANCE, REAL ESTATE & PROF. SERVICES REMAINED UNDER STRESS IN Q2FY21 AS WELL



FIG 85 – CREDIT GROWTH PICKS UP A TAD IN NOV'20 ; DEPOSIT GROWTH REMAINS STEADY



Note: *Nov'20 implies fortnight as of 20 Nov 2020

FIG 86 – CREDIT TO MANUFACTURING SECTOR BEGINS CONTRACTING, CREDIT TO SERVICES SECTOR ALSO WEAK

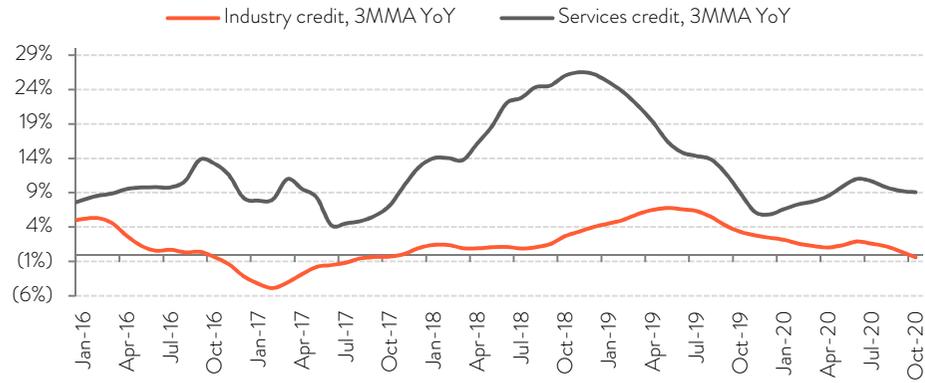


FIG 87 – CREDIT TO TRADE SERVICES RECOVERING, REAL ESTATE AND NBFC SEE FURTHER DECLINE IN OCT'20

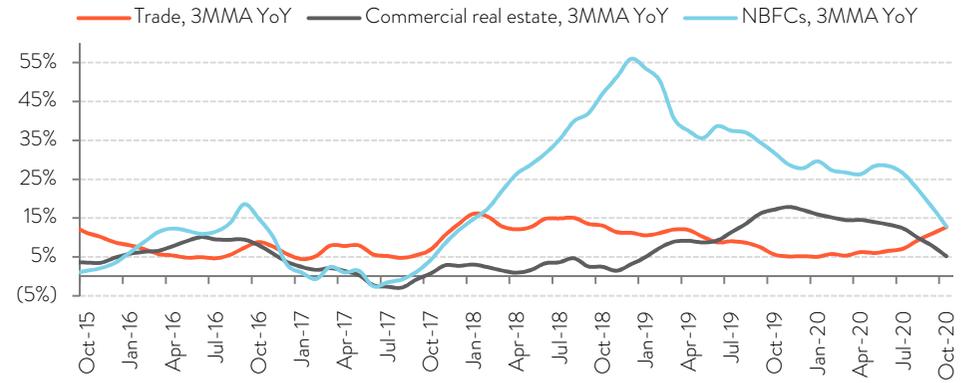
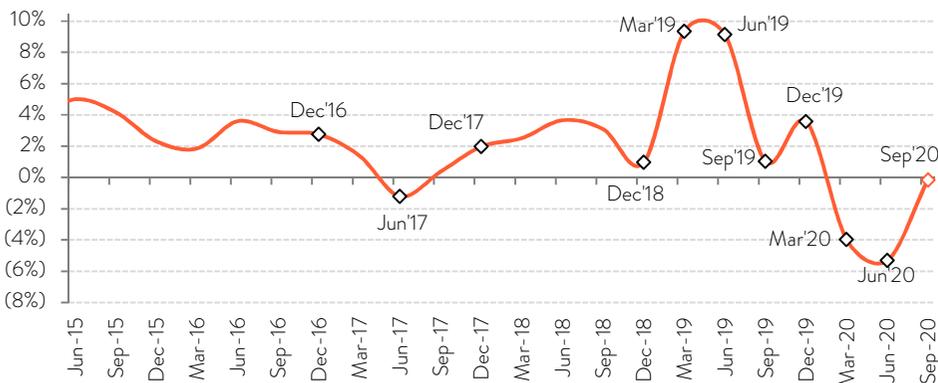
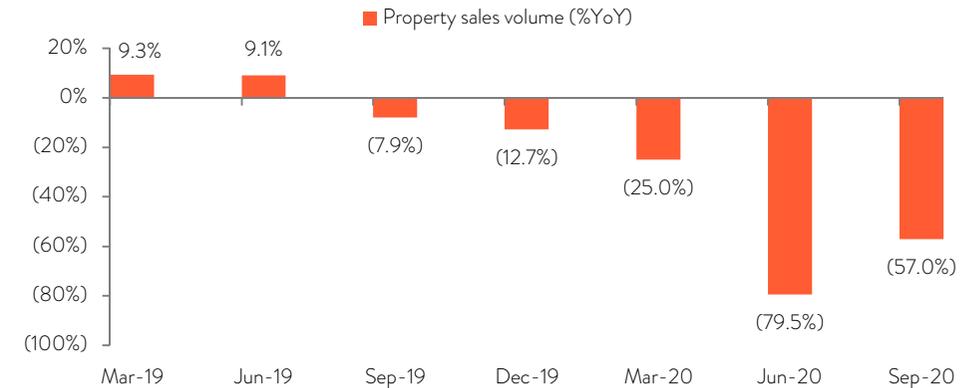


FIG 88 – AVERAGE PROPERTY RENTAL PRICE INDEX* SEEN RECOVERING IN Q2FY21



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

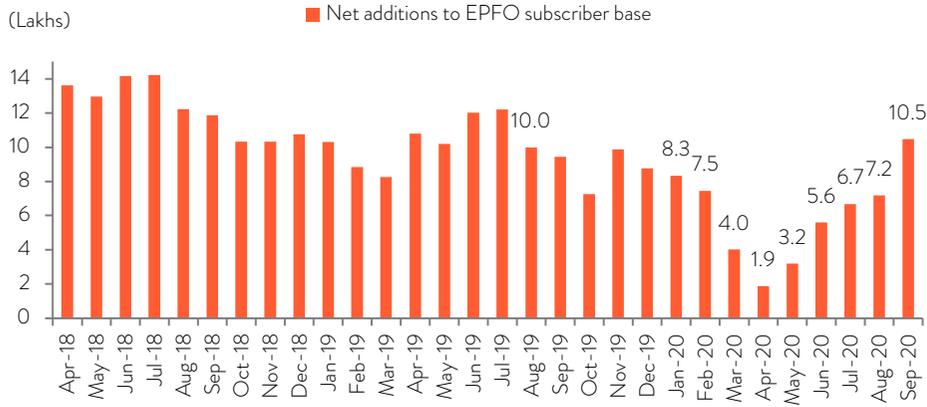
FIG 89 – PROPERTY SALES VOLUMES ALSO GRADULLY IMPROVING



Source: Proptiger

Labour market

FIG 90 – NET ADDITIONS TO EPFO SUBSCRIBER BASE JUMP SHARPLY



Public administration

FIG 92 – PUBLIC ADMINISTRATION & DEFENCE SERVICES CONTINUED TO ACT AS A DRAG IN Q2FY21...



FIG 91 – UNEMPLOYMENT RATE DIPS marginally IN NOV'20

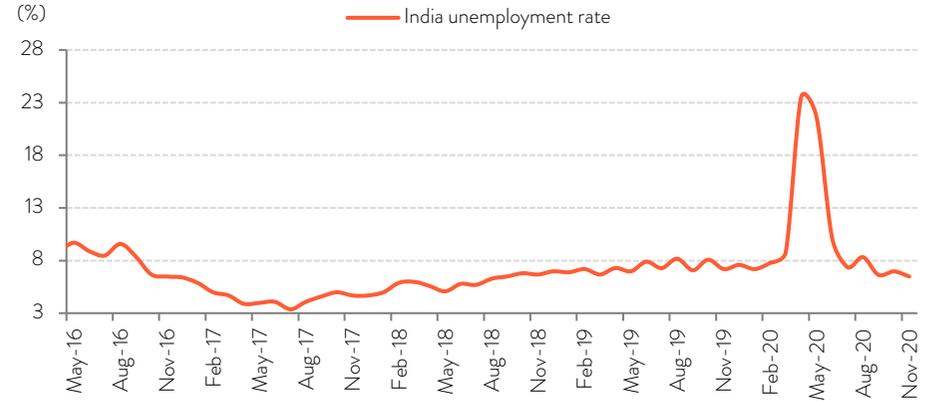


FIG 93 – GENERAL GOVT. SPENDING DROPS FURTHER IN OCT'20...



FIG 94 – ...LED BY CENTRAL GOVERNMENT

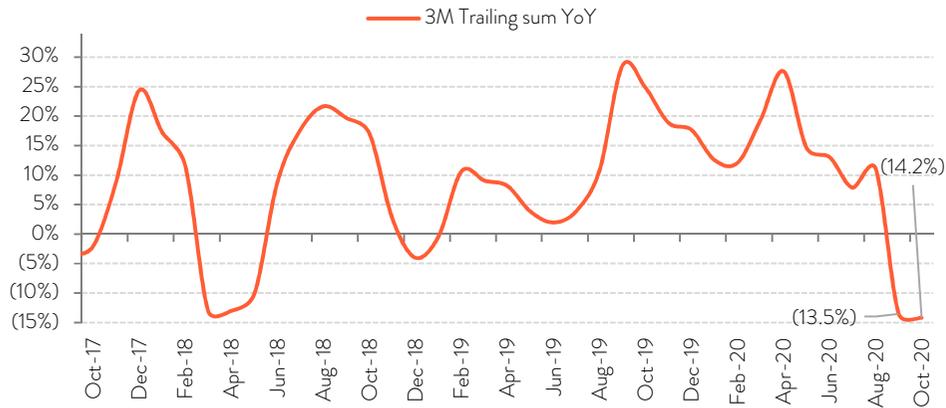
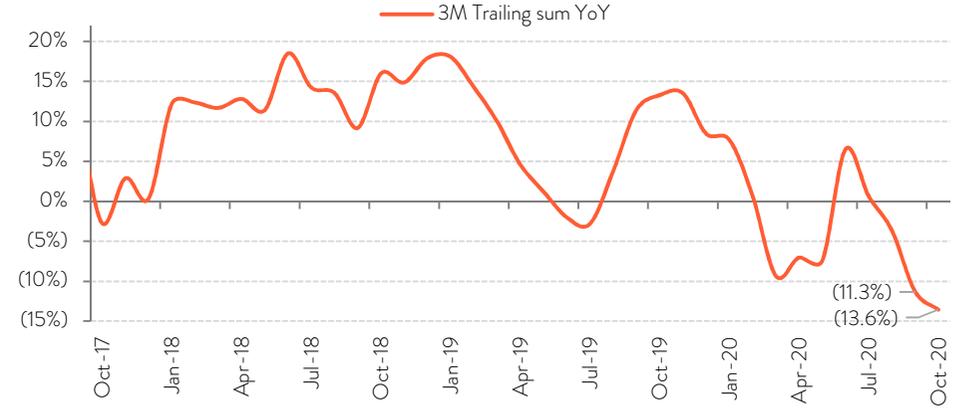


FIG 95 – ...AND STATE* GOVT. SPENDING



Note: *All states excluding N.E states, Bihar, Chhattisgarh, H.P., J&K, Maharashtra, Punjab, and W.Bengal

Financial sector

Money and banking

FIG 96 – CREDIT AND DEPOSIT GROWTH PICKED UP BY 5.8% (5.1% IN OCT'20) AND 10.9% RESPECTIVELY IN NOV'20 (10.1% IN OCT'20)

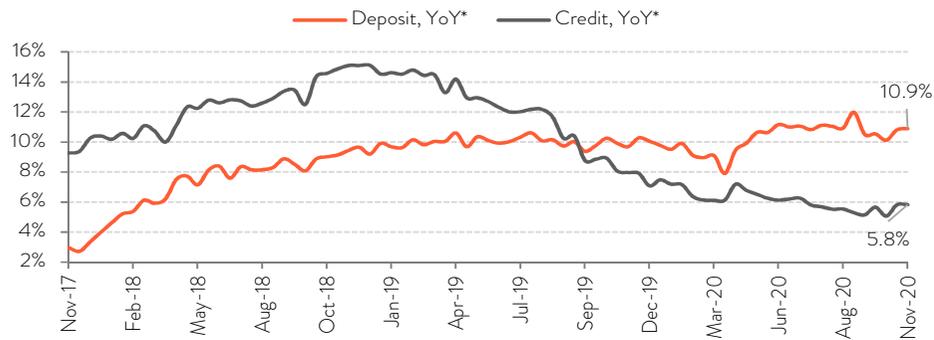
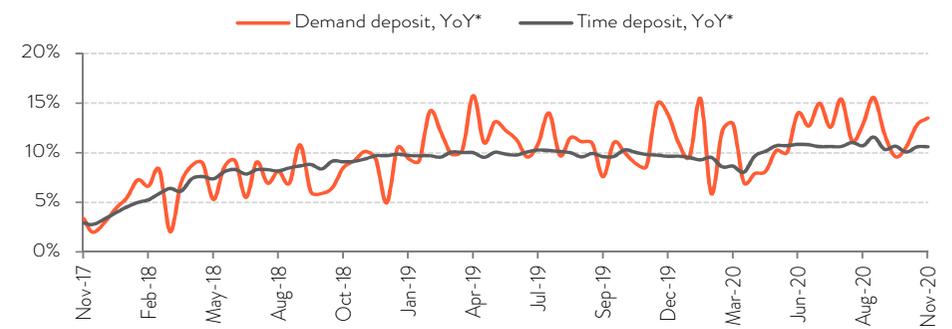


FIG 97 – DEMAND DEPOSITS ROSE AT AN ACCELERATED PACE OF 13.5% IN NOV'20 (10.6% IN OCT'20); TIME DEPOSITS ALSO ROSE BY 10.6% FROM 10.1%



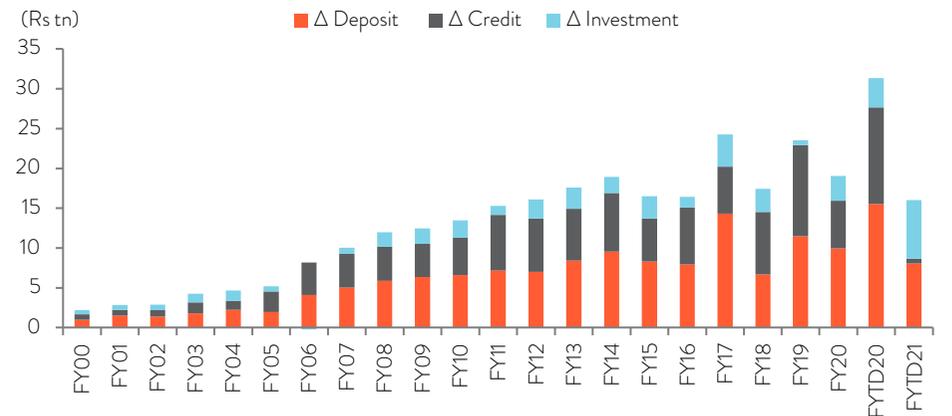
Note: *Nov-20 implies fortnight as of 20 Nov 2020

FIG 98 – CD RATIO IMPROVES TO 72.6 IN NOV'20 FROM 72.3 IN OCT'20



Note: *Nov-20 implies fortnight as of 20 Nov 2020

FIG 99 – PACE OF ACCRETION OF CREDIT, DEPOSIT AND INVESTMENT



FYTD: Apr-Nov

FIG 100 – CREDIT TO GOV. PICKED UP BY 20.8% IN OCT'20 FROM 20.3% IN SEP'20, CREDIT TO COMM SECTOR INCHED DOWN TO 4.9% (5.5% IN SEP'20)

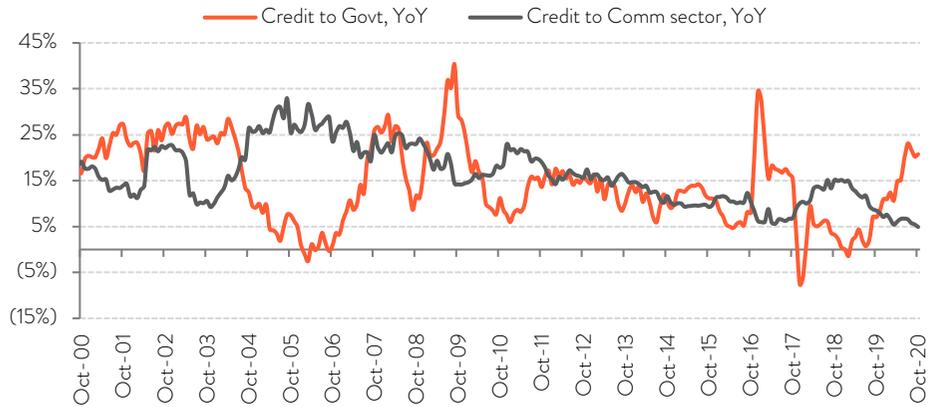


FIG 102 – BOTH WEIGHTED AVERAGE TERM DEPOSIT RATE (WATDR) AND WEIGHTED AVERAGE LENDING RTAE (WALR) ARE FALLING

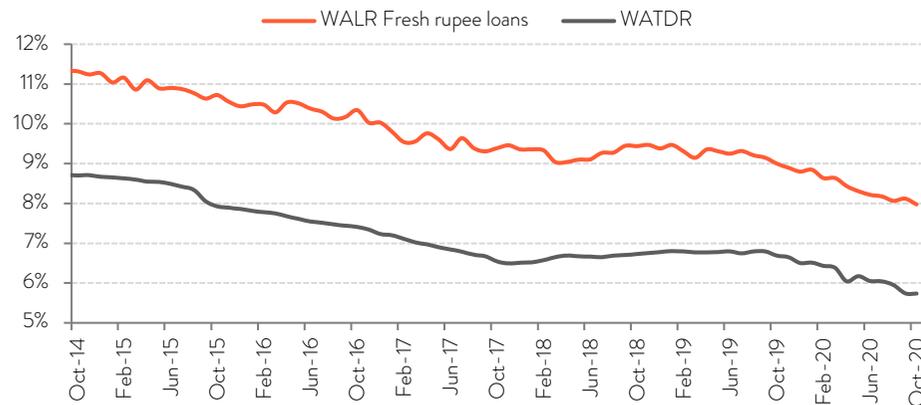


FIG 101 – SPREAD BETWEEN CALL RATE AND REPO

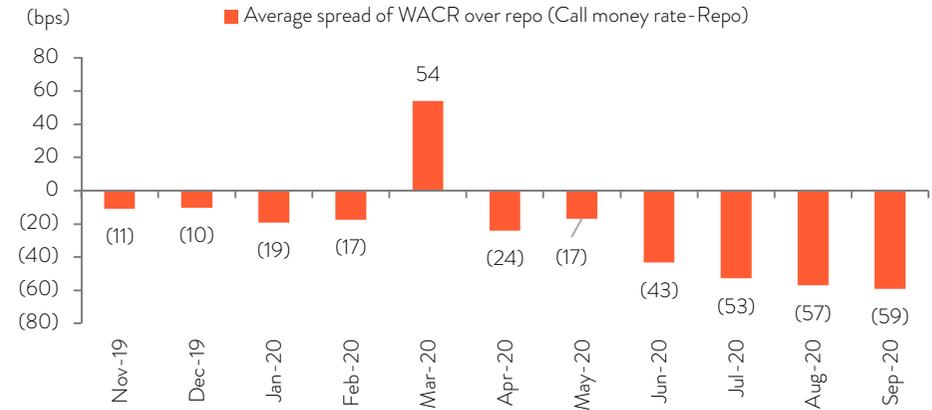
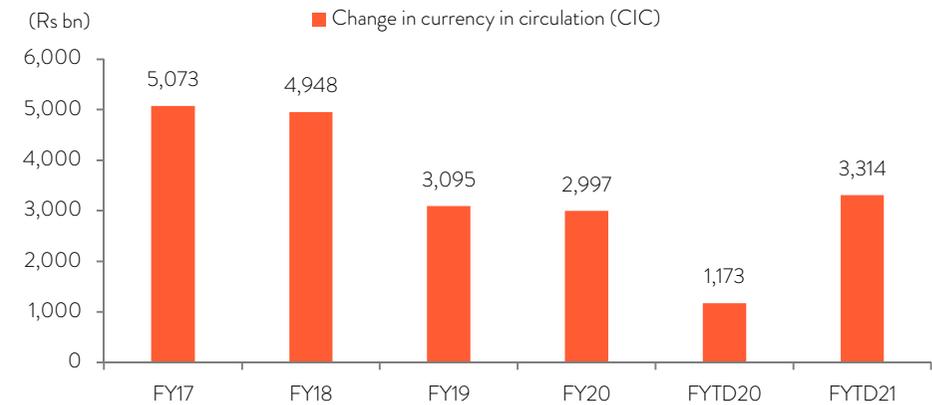
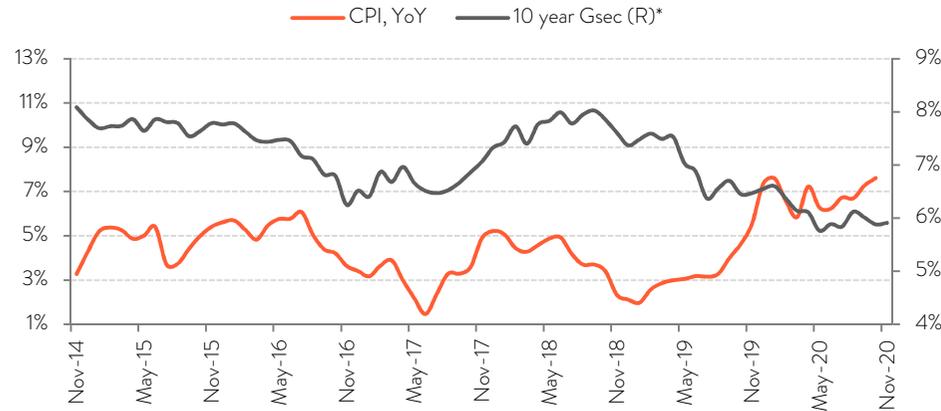


FIG 103 – CIC ACCRETION IS FAR HIGHER AT RS 3.31TN IN FYTD21 COMPARED WITH RS 1.2TN IN FYTD20



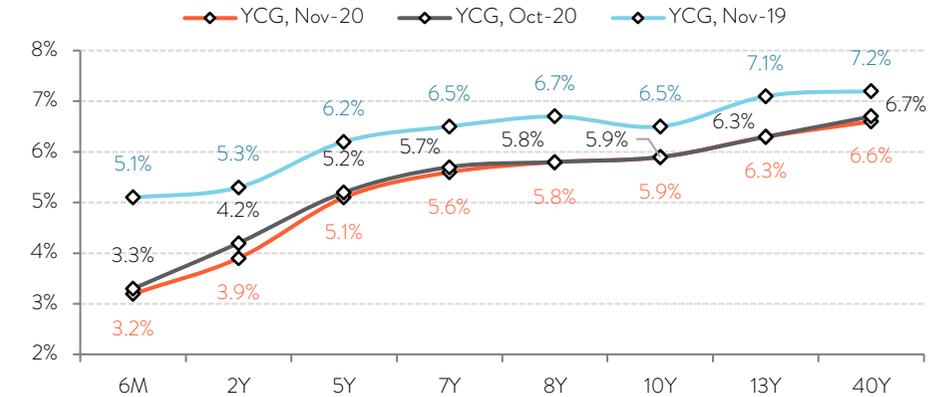
FYTD: Apr-Nov

FIG 104 – 10Y GSEC YIELD INCHED UP TO 5.91% IN NOV'20 AMIDST INFLATIONARY CONCERNS



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

FIG 105 – YIELD CURVE GRAPH (YCG) SHOWS STEEPENING BIAS



Source: Bloomberg

FIG 106 – SPREAD BETWEEN 10Y GSEC AND 1Y TBILL ROSE TO 247BPS IN NOV'20 FROM 245BPS IN OCT'20; HIGHER THAN ITS MEAN REVERSION LEVELS

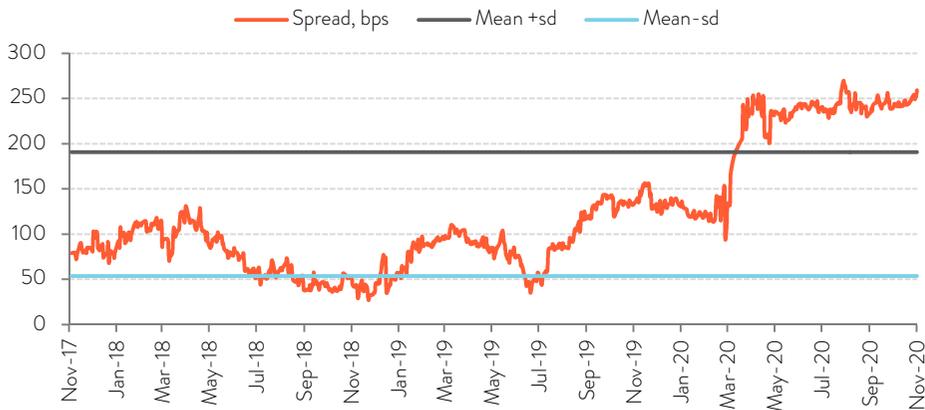
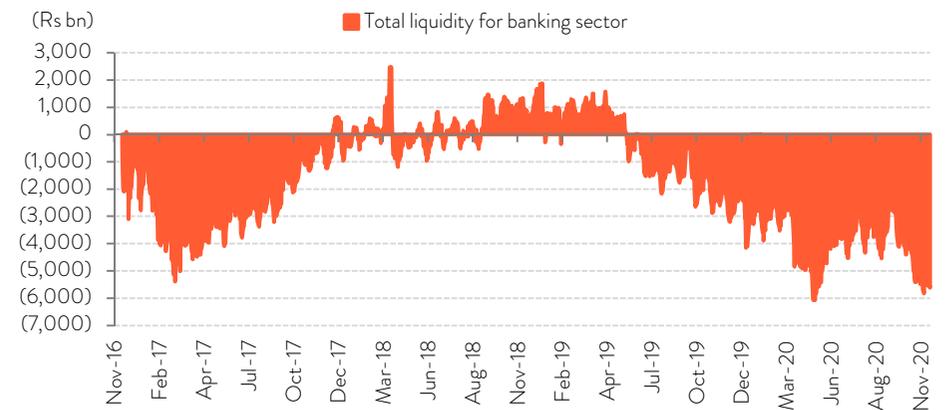


FIG 107 – AVERAGE SYSTEM LIQUIDITY SURPLUS ROSE TO RS 5.2TN IN NOV'20 FROM RS 4.1TN IN OCT'20 AND IS CURRENTLY HIGHER AT ~RS 5.6TN



Source: RBI

FIG 108 – NBFC 3Y AAA SPREAD HAS REMAINED LOWER AT 41BPS AS ON 30 NOV 2020

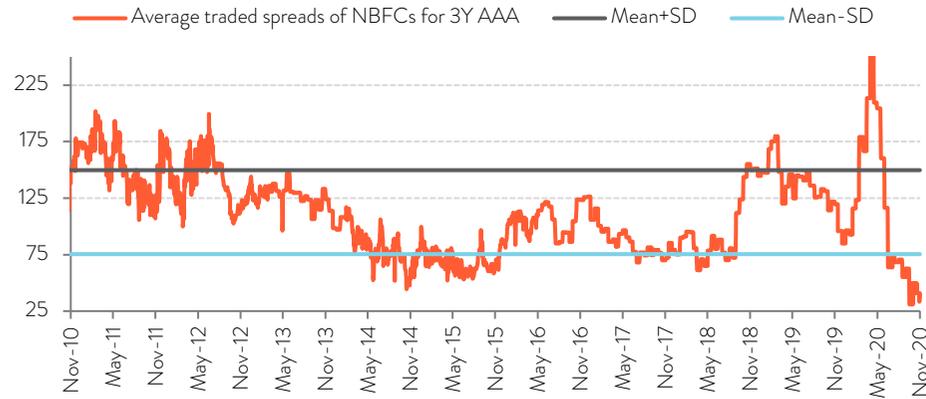


FIG 109 – FOR 10Y AAA RATED PAPER IT HAS FALLEN TO 78BPS

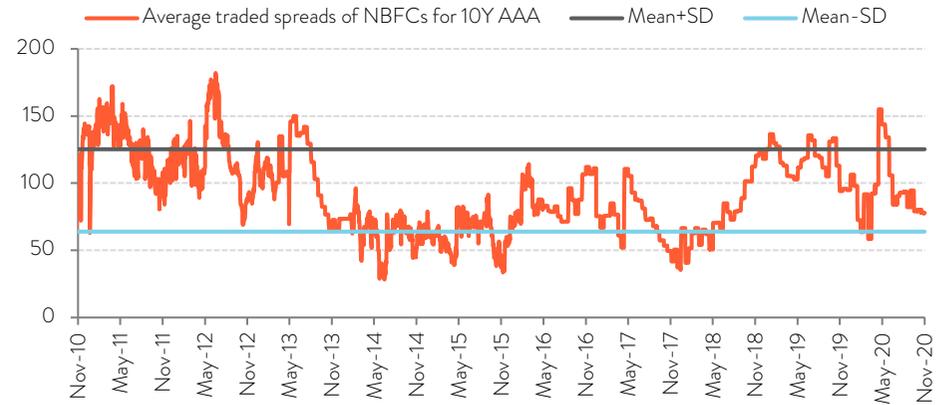


FIG 110 – CORPORATE 3Y AAA HAS FALLEN SHARPLY TO 15BPS AS ON 30 NOV 2020

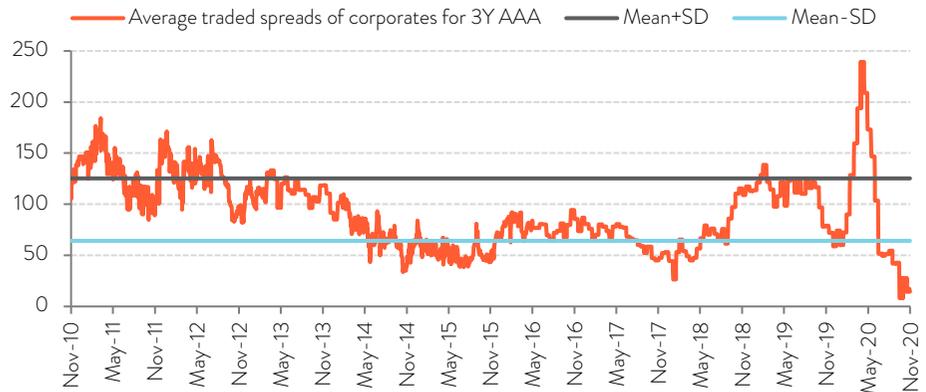
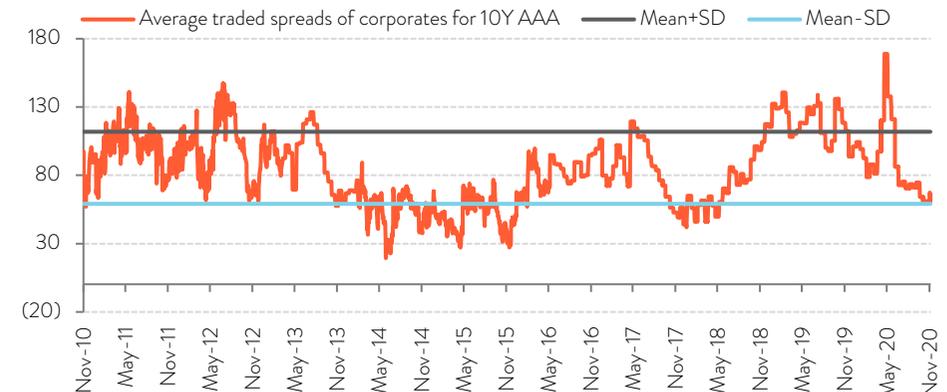


FIG 111 – FOR 10YAAA RATED PAPER IT HAS FALLEN TO 61BPS



Interest rates on small savings schemes

FIG 112 – INTEREST RATES ON SMALL SAVINGS SCHEME TO REMAIN UNCHANGED IN Q3FY21

| Instrument (%) | Q1FY20 | Q2FY20 | Q3FY20 | Q4FY20 | Q1FY21 | Q2FY21 | Q3FY21 | GSec Yield (7 Dec 2020) |
|--------------------------------------|--------|--------|--------|--------|--------|--------|--------|-------------------------|
| Savings deposit | 4.0 | 4.0 | 4.0 | 4.0 | 4.0 | 4.0 | 4.0 | |
| 1 year time deposit | 7.0 | 6.9 | 6.9 | 6.9 | 5.5 | 5.5 | 5.5 | 3.4 |
| 2 year time deposit | 7.0 | 6.9 | 6.9 | 6.9 | 5.5 | 5.5 | 5.5 | 3.9 |
| 3 year time deposit | 7.0 | 6.9 | 6.9 | 6.9 | 5.5 | 5.5 | 5.5 | 4.4 |
| 5 year time deposit | 7.8 | 7.7 | 7.7 | 7.7 | 6.7 | 6.7 | 6.7 | 5.1 |
| 5 year recurring deposit | 7.3 | 7.2 | 7.2 | 7.2 | 5.8 | 5.8 | 5.8 | 5.1 |
| 5 year senior citizen savings scheme | 8.7 | 8.6 | 8.6 | 8.6 | 7.4 | 7.4 | 7.4 | 5.1 |
| 5 year monthly income scheme | 7.7 | 7.6 | 7.6 | 7.6 | 6.6 | 6.6 | 6.6 | 5.1 |
| 5 year national savings certificate | 8 | 7.9 | 7.9 | 7.9 | 6.8 | 6.8 | 6.8 | 5.1 |
| Public provident fund scheme | 8 | 7.9 | 7.9 | 7.9 | 7.1 | 7.1 | 7.1 | 5.9 |
| Kisan vikas patra | 7.7 | 7.6 | 7.6 | 7.6 | 6.9 | 6.9 | 6.9 | |
| Sukanya samriddhi account scheme | 8.5 | 8.4 | 8.4 | 8.4 | 7.6 | 7.6 | 7.6 | |

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

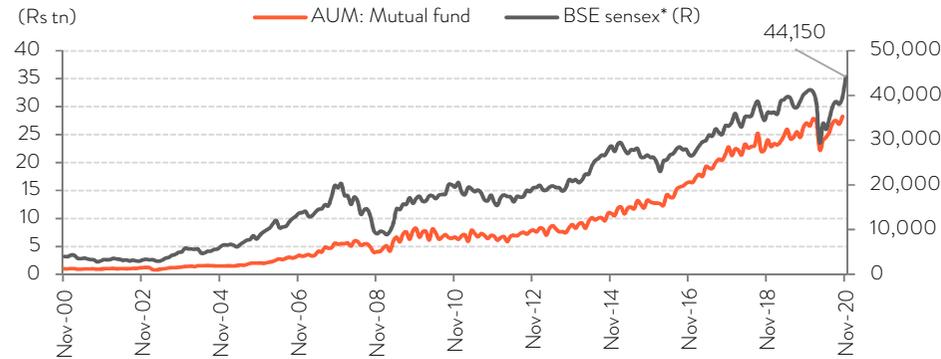
FIG 113 – INTEREST RATES CHARGED BY LEADING BANKS

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

Source: RBI

Mutual fund (MF) indicators

FIG 114 – SENSEX ROSE BY 11.5% TO 44,150 IN NOV'20, AUM OF MFS ROSE TO RS 28TN IN OCT'20 FROM 27TN IN SEP'20



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

FIG 115 – MF EQUITY OUTFLOW INCREASED TO RS 43BN IN OCT'20 FROM 13BN IN SEP'20, MF DEBT INFLOW PICKED UP TO RS 1.1TN IN OCT'20

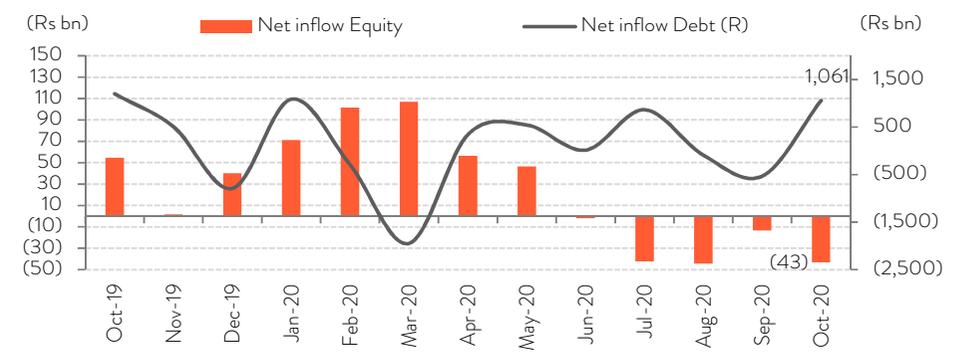


FIG 116 – PATTERN OF MF DEPLOYMENT OF EUIY FUNDS

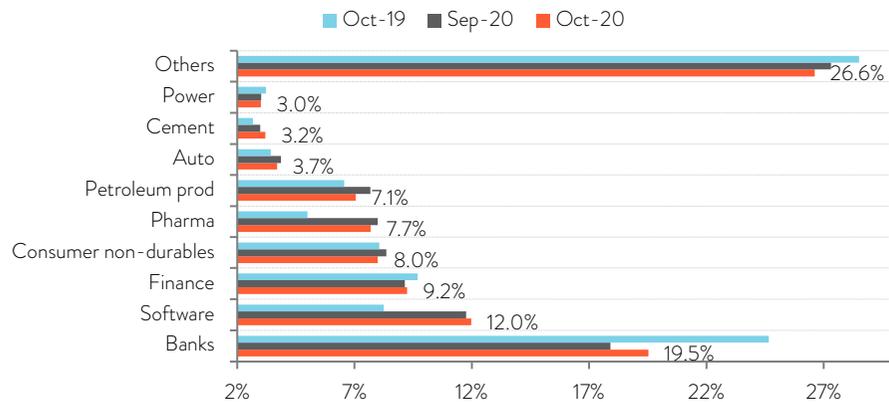
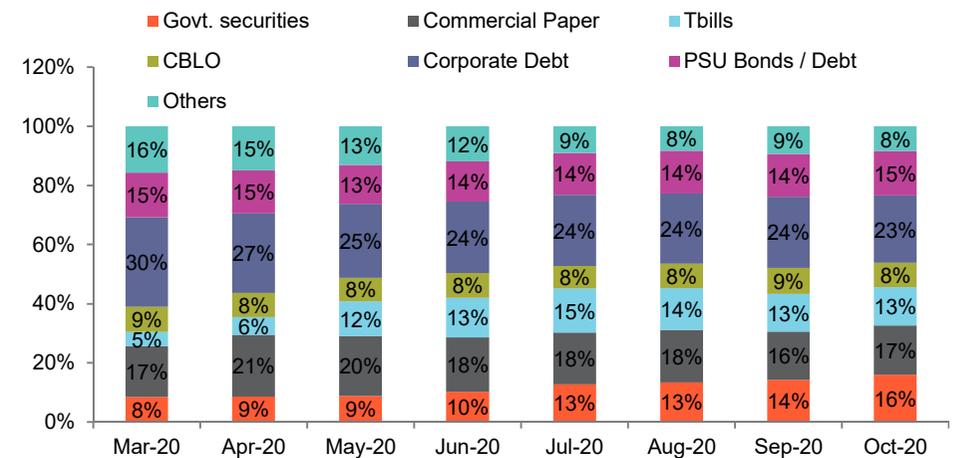


FIG 117 – MF DEPLOYMENT OF DEBT FUNDS



Insurance sector indicators

FIG 118 – CONTRACTION IN LIFE INSURANCE POLICIES SOLD CONTINUED IN OCT'20 AS WELL

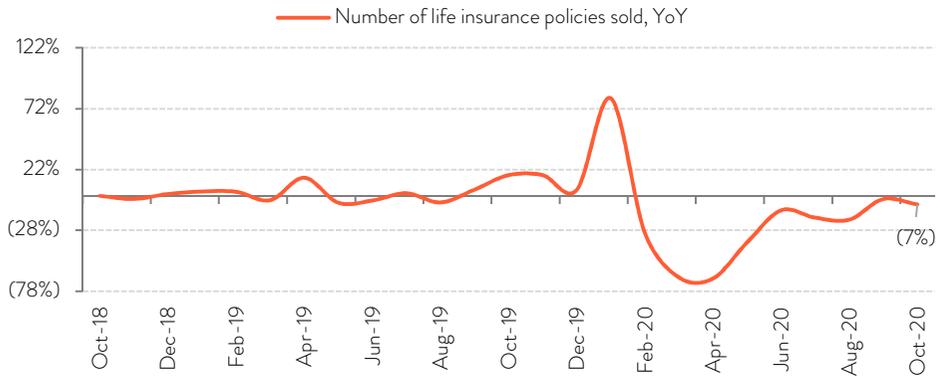
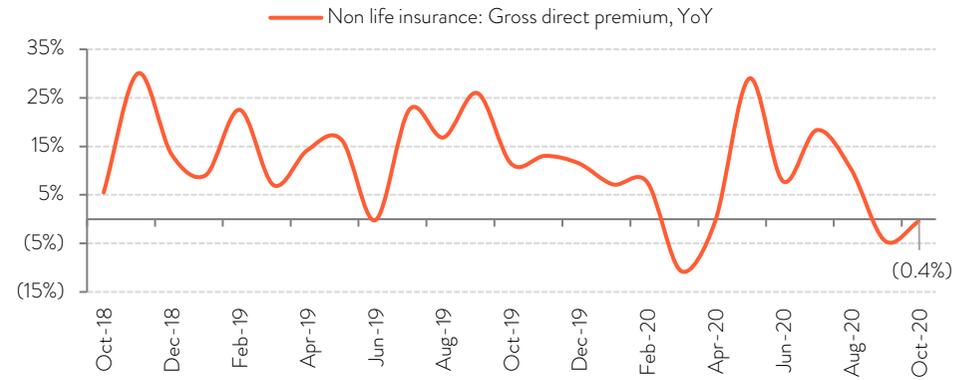


FIG 119 – GROSS DIRECT PREMIUM FOR NON LIFE INSURANCE FELL BY 0.4% IN OCT'20 COMPARED WITH A DECLINE OF 4.4% IN SEP'20



Public finance

Central government finances

FIG 120 – FISCAL DEFICIT FURTHER NARROWED IN OCT'20

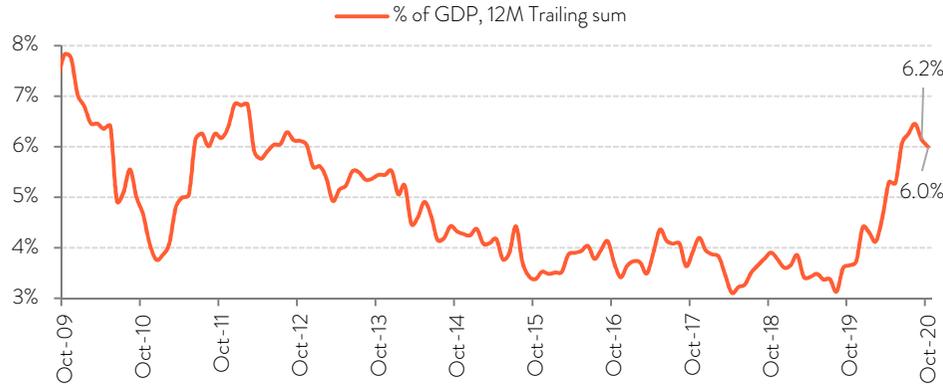


FIG 121 – REVENUE DEFICIT ALSO IMPROVING



FIG 122 – PRIMARY DEFICIT EASES TO 2.8% IN SEP'20

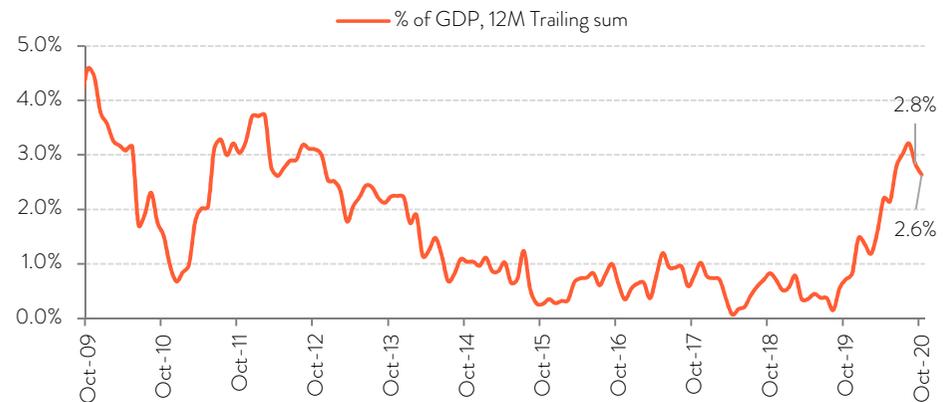


FIG 123 – GOVERNMENT SPENDING REMAINED MUTED IN OCT'20 (12MMA)

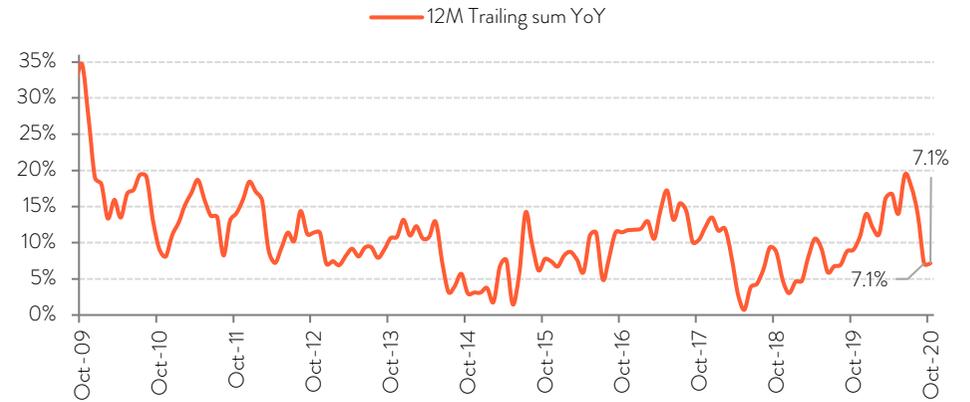


FIG 124 – ...LED BY LOWER REVENUE SPENDING

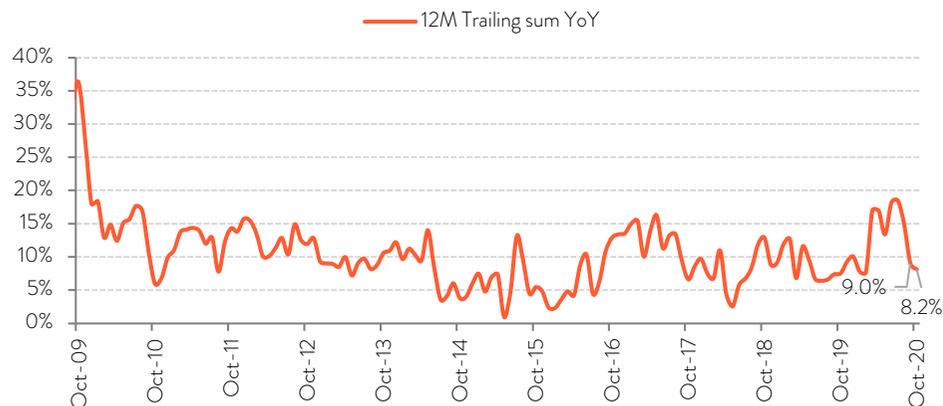


FIG 125 – CAPEX SEEING A REVIVAL

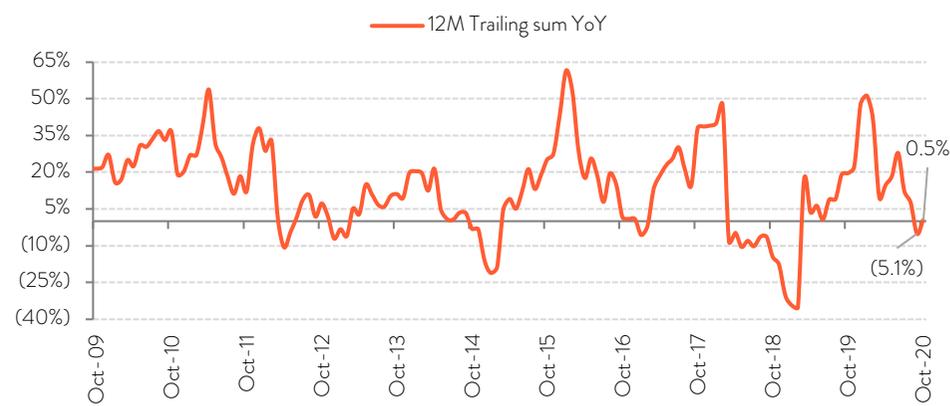


FIG 126 – LOWER SPENDING BY MINSTRIES OF PETROLEUM, HRD AND DEFENCE CONTRIBUTE TO SLOWING EXPENDITURE GROWTH (FYTD BASIS)

| Ministry | Apr'18-Oct'18 (Rs bn) | Apr'19-Oct'19 (Rs bn) | % change | Apr'20-Oct'20 (Rs bn) | % change |
|--|-----------------------|-----------------------|----------|-----------------------|----------|
| Ministry of Finance | 4,284 | 5,163 | 20.5 | 5,515 | 6.8 |
| Ministry of Defence | 2,654 | 2,977 | 12.2 | 2,658 | (10.7) |
| Ministry of Consumer Affairs, Food and Public Distribution | 1,377 | 1,316 | (4.5) | 1,279 | (2.8) |
| Ministry of Rural Development | 769 | 775 | 0.7 | 1,356 | 75.0 |
| Ministry of Home Affairs | 724 | 774 | 6.9 | 833 | 7.6 |
| Ministry of Human Resource Development | 461 | 533 | 15.5 | 359 | (32.7) |
| Ministry of Road Transport and Highways | 534 | 519 | (2.8) | 537 | 3.5 |
| Ministry of Chemicals and Fertilisers | 508 | 674 | 32.7 | 611 | (9.4) |
| Ministry of Petroleum and Natural Gas | 272 | 372 | 36.7 | 224 | (39.8) |
| Ministry of Agriculture | 394 | 649 | 64.5 | 729 | 12.3 |
| Ministry of Health and Family Welfare | 349 | 376 | 7.6 | 467 | 24.2 |

FIG 127 – RECEIPT GROWTH CONTRACTED LESS SHARPLY IN OCT'20

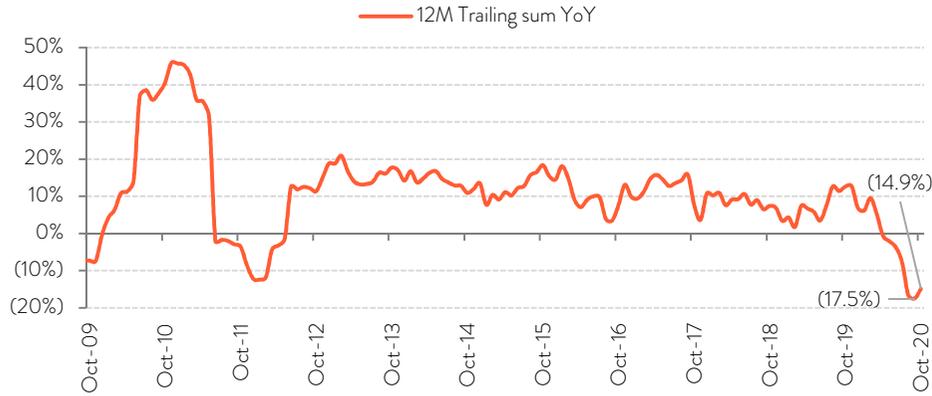


FIG 128 – ...AS REVENUE RECEIPTS SHOW MARGINAL IMPROVEMENT



FIG 129 – TAX RECEIPTS LEAD THE TREND

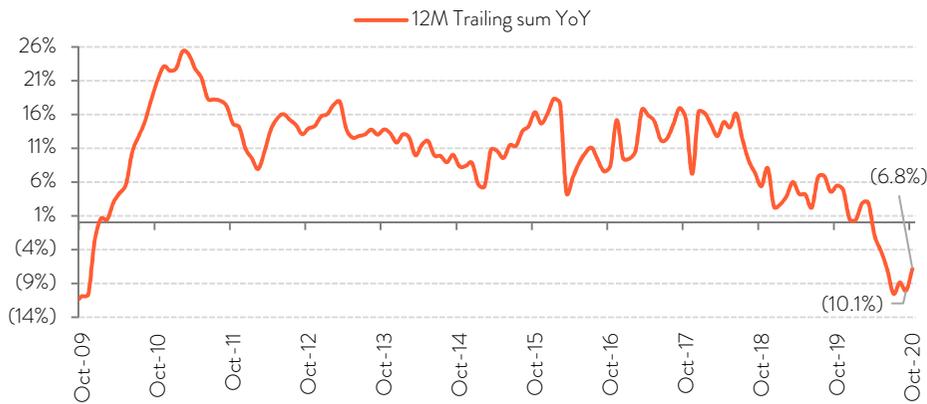


FIG 130 – NON-TAX REVENUES ALSO TAD BETTER

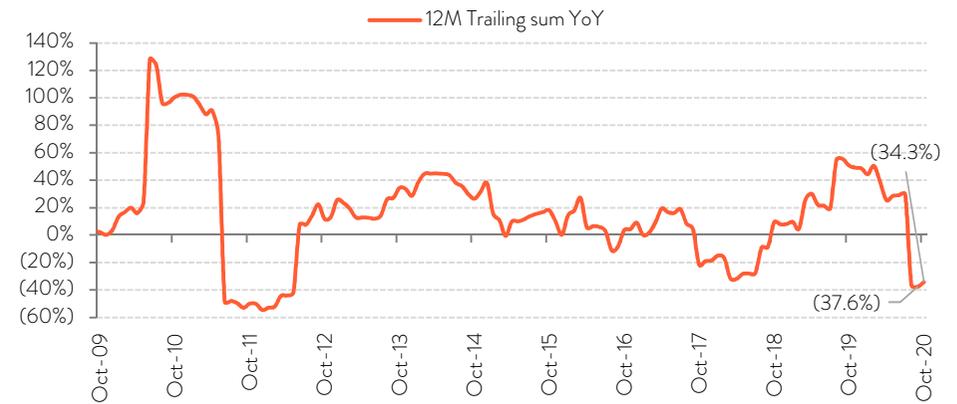


FIG 131 – CENTRE’S NET REVENUES STILL WEAK, TAKING TOLL ON OVERALL SPENDING AS WELL (FYTD BASIS)

| | Apr'18-Oct'18 (Rs bn) | Apr'19-Oct'19 (Rs bn) | % change | Apr'20-Oct'20 (Rs bn) | % change |
|------------------------|-----------------------|-----------------------|----------|-----------------------|----------|
| Gross Tax revenue | 10,391 | 10,518 | 1.2 | 8,756 | (16.8) |
| Direct taxes | 4,995 | 5,172 | 3.5 | 3,758 | (27.3) |
| Corp Tax | 2,704 | 2,728 | 0.9 | 1,727 | (36.7) |
| Income Tax | 2,291 | 2,444 | 6.7 | 2,031 | (16.9) |
| Indirect taxes | 5,396 | 5,347 | (0.9) | 4,998 | (6.5) |
| Non-tax revenue | 1,277 | 2,241 | 75.5 | 1,162 | (48.2) |
| Centre's revenue (net) | 7,888 | 9,076 | 15.1 | 6,919 | (23.8) |
| Total expenditure | 14,566 | 16,549 | 13.6 | 16,615 | 0.4 |
| Capital exp | 1,771 | 2,013 | 13.6 | 1,974 | (1.9) |
| Revenue exp | 12,795 | 14,536 | 13.6 | 14,641 | 0.7 |
| Fiscal deficit | 6,486 | 7,204 | 11.1 | 9,532 | 32.3 |

FIG 132 – GROSS INDIRECT TAX COLLECTIONS PUSHED TAX RECEIPTS HIGHER

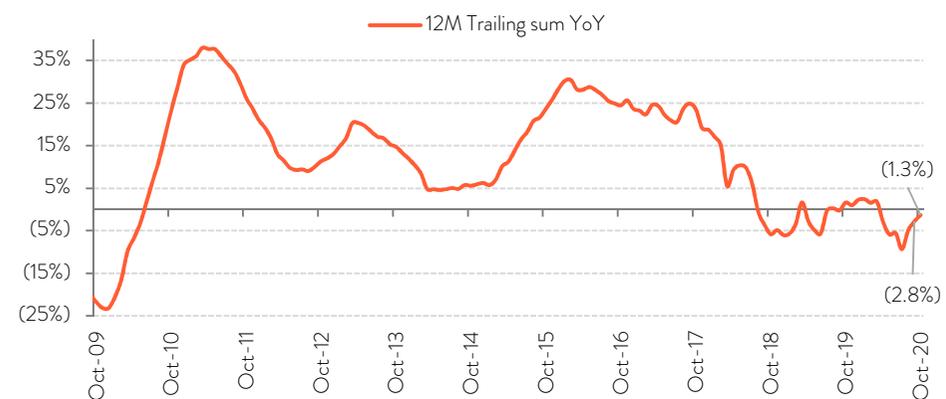


FIG 133 – GROSS DIRECT TAX COLLECTIONS ALSO PICKING UP



FIG 134 – CORPORATE TAX COLLECTIONS PLATEAUIING

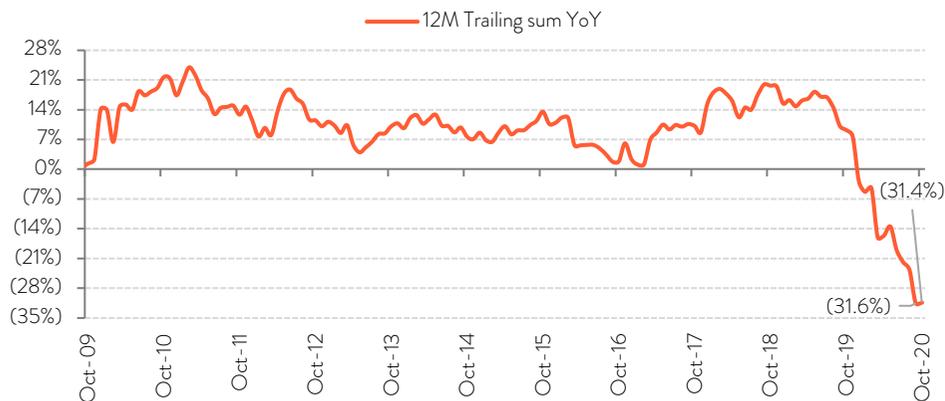


FIG 135 – INCOME TAX COLLECTIONS SHOW RECOVERY

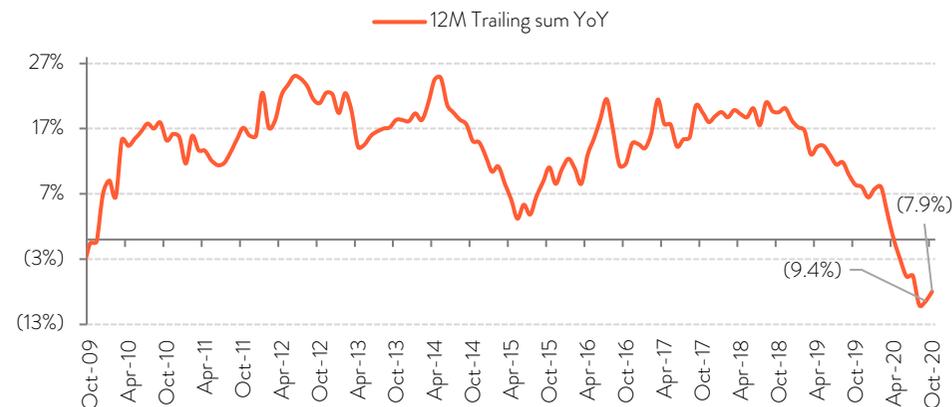


FIG 136 – TOTAL GST COLLECTIONS HOLDING STEADY

| (Rs bn) | Oct-19 | Nov-19 | Dec-19 | Jan-20 | Feb-20 | Mar-20 | Apr-20 | May-20 | Jun-20 | Jul-20 | Aug-20 | Sep-20 | Oct-20 | Monthly run rate (FY21) | FYTD21 | FY21 (BE) |
|--------------------------------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|-------------------------|--------|-----------|
| CGST | 371 | 437 | 405 | 438 | 413 | 402 | 59 | 190 | 302 | 379 | 324 | 372 | 429 | 293 | 1,625 | 5,800 |
| UT GST | 1.9 | 2.0 | 1.7 | 1.6 | 1.6 | 4.5 | 0.3 | 1.1 | 1.5 | 2.2 | 1.9 | 2.4 | 1.4 | 2 | 10 | - |
| IGST | 196 | 2 | (18) | 21 | 6 | 24 | 97 | 96 | 97 | (60) | 52 | (3) | 2 | 40 | 279 | - |
| SGST* | 379 | 520 | 641 | 509 | 470 | (189) | 454 | 562 | 400 | 475 | 509 | 612 | 539 | 507 | 3,012 | - |
| Cess | 87 | 71 | 79 | 84 | 86 | 81 | 10 | 60 | 75 | 68 | 69 | 68 | 78 | 61 | 350 | 1,105 |
| Total GST | 1,035 | 1,032 | 1,108 | 1,054 | 976 | 322 | 622 | 909 | 874 | 864 | 955 | 1,052 | 1,050 | 904 | 5,276 | 6,905 |
| GST 3B Filing by deadline (mn) | 7.8 | 8.1 | 8.3 | 8.4 | 7.7 | - | - | - | - | - | - | - | - | - | - | - |

Source: PIB | *Computed from PIB and CGA data

FIG 137 – CENTRAL GOVT. PUBLIC DEBT SIGNIFICANTLY HIGHER IN Q1FY21

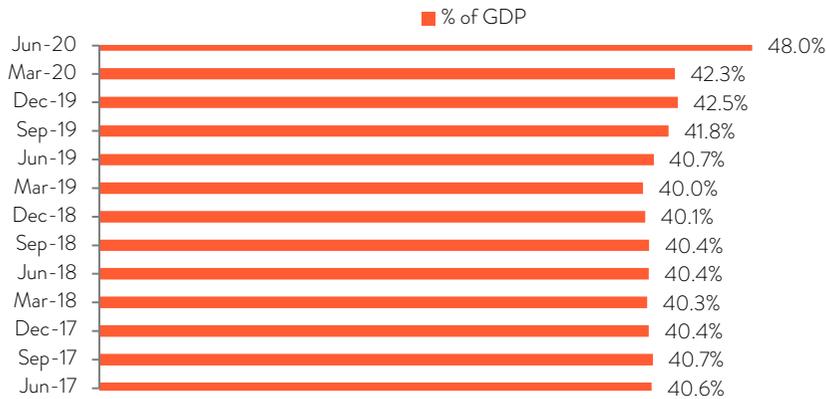
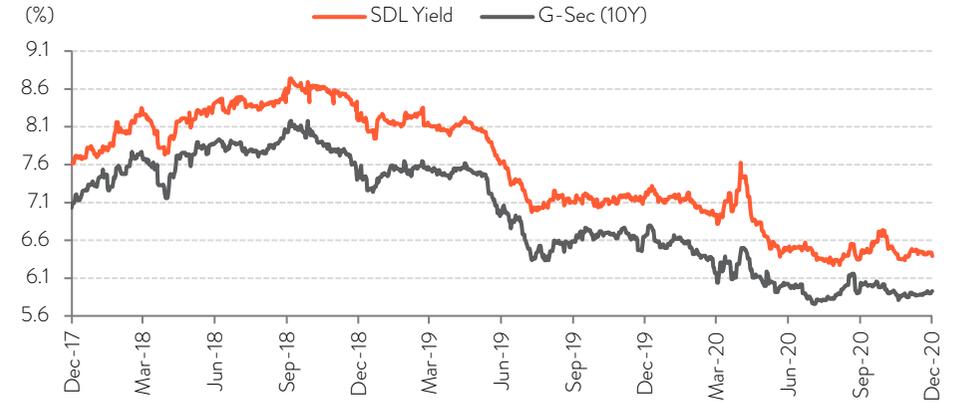
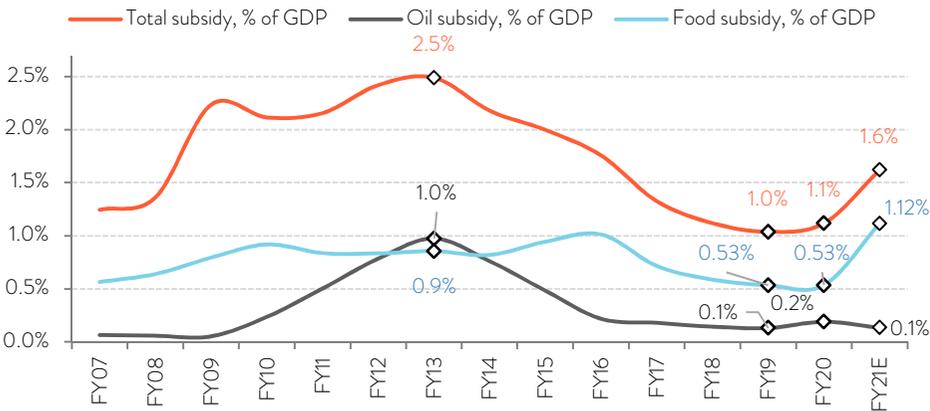


FIG 138 – GAP BETWEEN AVG. YIELD ON SDL & 10Y G-SEC FELL BY 6.5BPS IN NOV'20; AND HAS NARROWED FURTHER IN DEC'20 SO FAR (3BPS)



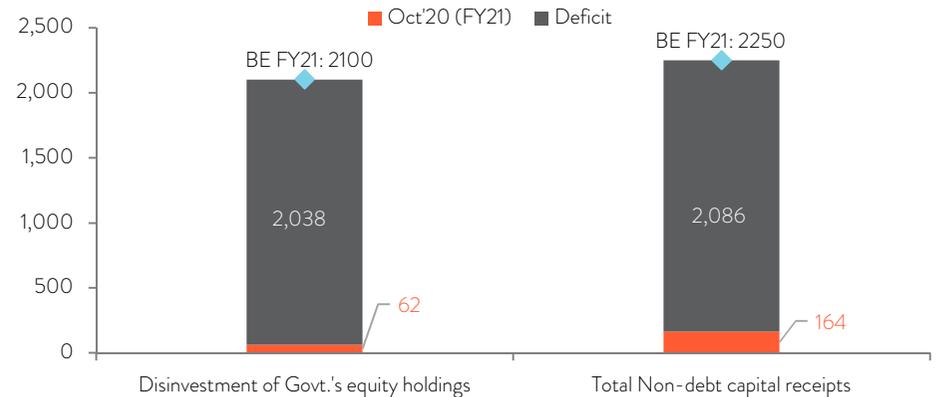
Source: CCIL

FIG 139 – SUBSIDY BURDEN TO INCREASE IN FY21E



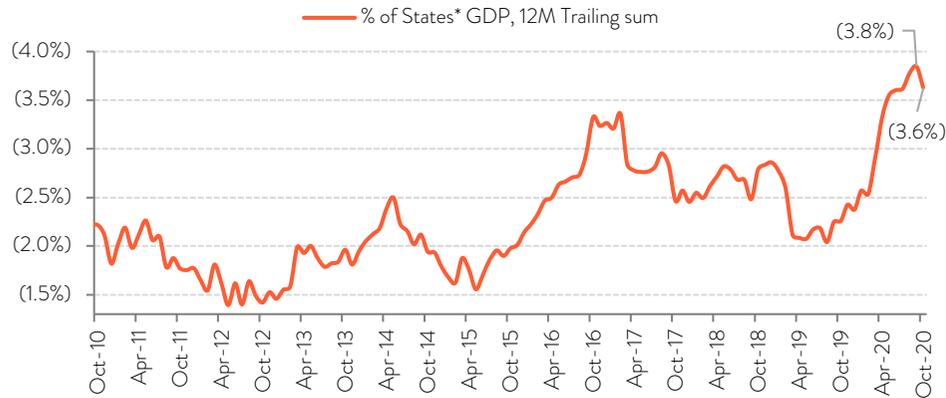
E - Bank of Baroda estimates

FIG 140 – CENTRAL GOVT.'S FY21 DISINVESTMENT STATUS



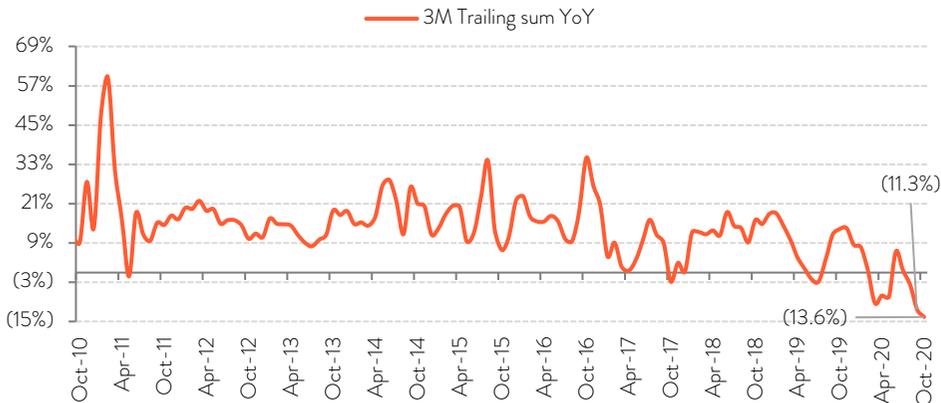
State government finances

FIG 141 – STATES* FISCAL DEFICIT INCHED DOWN IN OCT'20



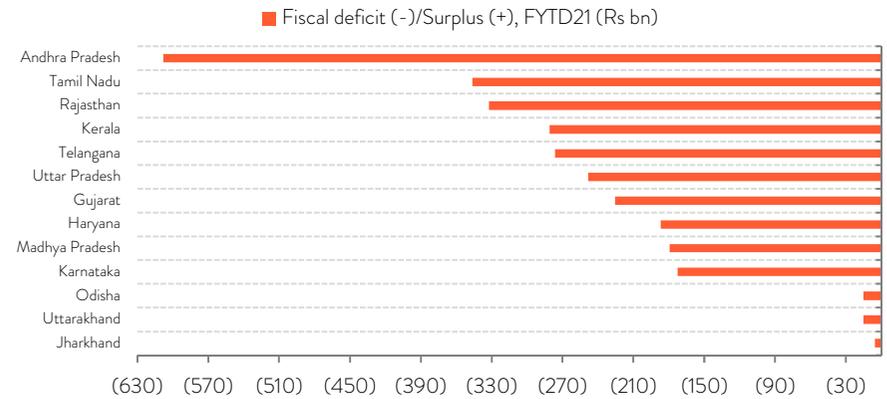
Note: *All states excluding N.E states, Bihar, Chhattisgarh, H.P., J&K, Maharashtra, Punjab, and W.Bengal

FIG 143 – TOTAL EXPENDITURE OF STATES* CONTRACTING MORE SHARPLY



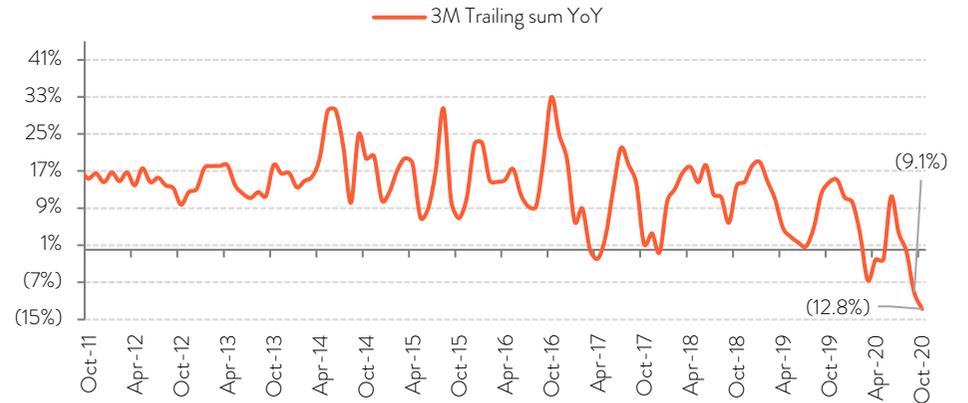
Note: *All states excluding N.E states, Bihar, Chhattisgarh, H.P., J&K, Maharashtra, Punjab, and W.Bengal

FIG 142 – A.P AND T.N LEAD THE FISCAL DEFICIT CHART IN FYTD21



Note: FYTD is Apr'20-Oct'20

FIG 144 – ...LED BY DROP IN REVENUE SPENDING OF STATES*



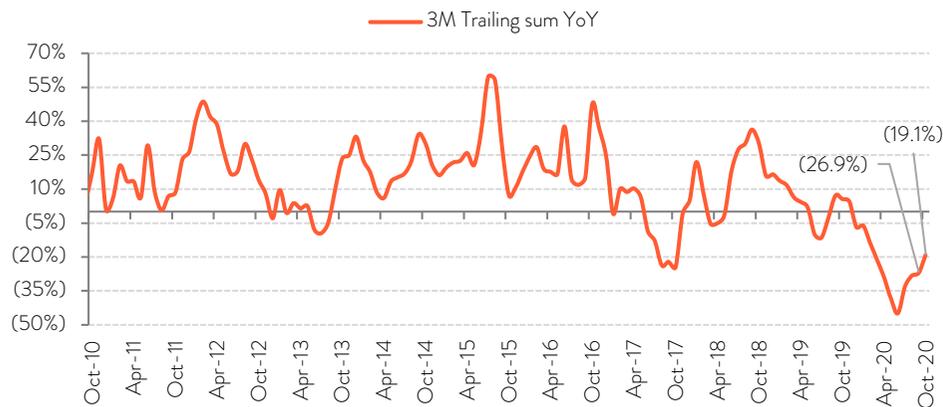
Note: *All states excluding N.E states, Bihar, Chhattisgarh, H.P., J&K, Maharashtra, Punjab, and W.Bengal

FIG 145 – STATE* GOVT. TAX REVENUES AND CAPEX CONTINUE UNDER PRESSURE IN FYTD21 SO FAR

| | Apr'18-Oct'18 (Rs bn) | Apr'19-Oct'19 (Rs bn) | % change | Apr'20-Oct'20 (Rs bn) | % change |
|---------------------------------------|-----------------------|-----------------------|----------|-----------------------|----------|
| Total Receipts | 10,470 | 11,095 | 6.0 | 10,402 | (6.2) |
| Revenue Receipts | 8,602 | 8,950 | 4.1 | 7,657 | (14.4) |
| Receipts: Tax Revenue | 6,519 | 6,673 | 2.4 | 5,511 | (17.4) |
| Receipts: Non-Tax Revenue | 633 | 640 | 1.1 | 495 | (22.7) |
| Receipts: Grant in aid & contribution | 1,330 | 1,637 | 23.2 | 1,927 | 17.7 |
| Capital Receipts | 1,869 | 2,144 | 14.7 | 2,745 | 28.0 |
| Total Expenditure | 10,295 | 10,863 | 5.5 | 10,442 | (3.9) |
| Revenue Expenditure | 8,886 | 9,564 | 7.6 | 9,452 | (1.2) |
| Capital Expenditure | 1,392 | 1,371 | (1.5) | 990 | (27.8) |
| Revenue Surplus or Deficit | (284) | (614) | - | (1,675) | - |
| Fiscal Surplus or Deficit | (1,771) | (2,064) | - | (2,891) | - |

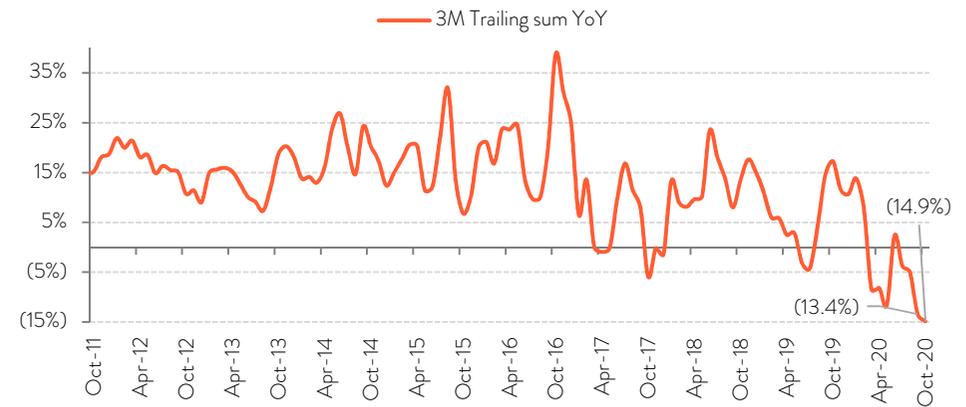
Note: *All states excluding N.E states, Bihar, Chhattisgarh, H.P., J&K, Maharashtra, Punjab, and W.Bengal

FIG 146 – CAPEX GROWTH OF STATES* SHOWING SIGNS OF RECOVERY



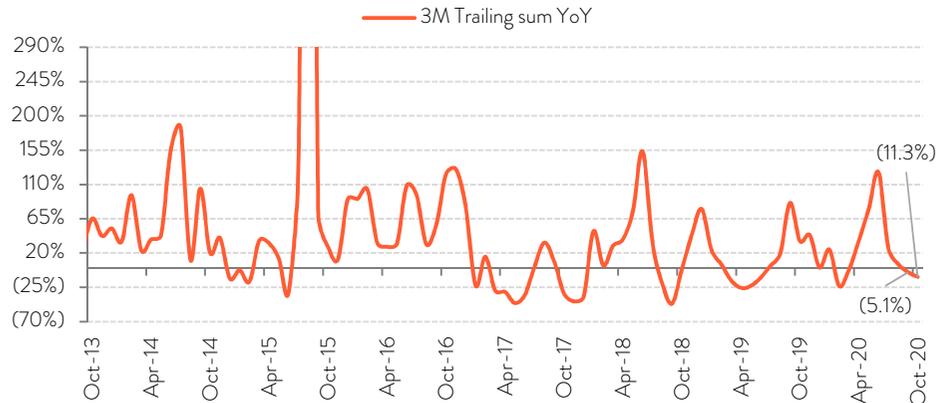
Note: *All states excluding N.E states, Bihar, Chhattisgarh, H.P., J&K, Maharashtra, Punjab, and W.Bengal

FIG 147 – TOTAL RECEIPT OF STATES* WEAKEND FURTHER IN OCT'20



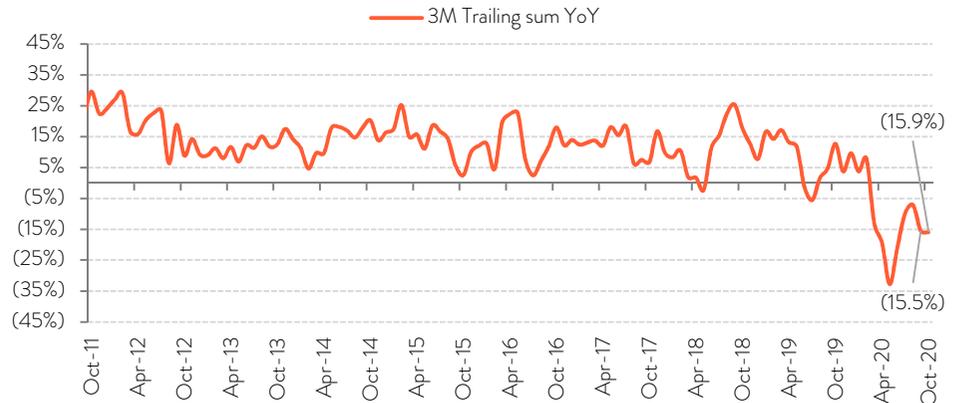
Note: *All states excluding N.E states, Bihar, Chhattisgarh, H.P., J&K, Maharashtra, Punjab, and W.Bengal

FIG 148 – ...AS CAPITAL RECEIPTS OF STATES* EASED



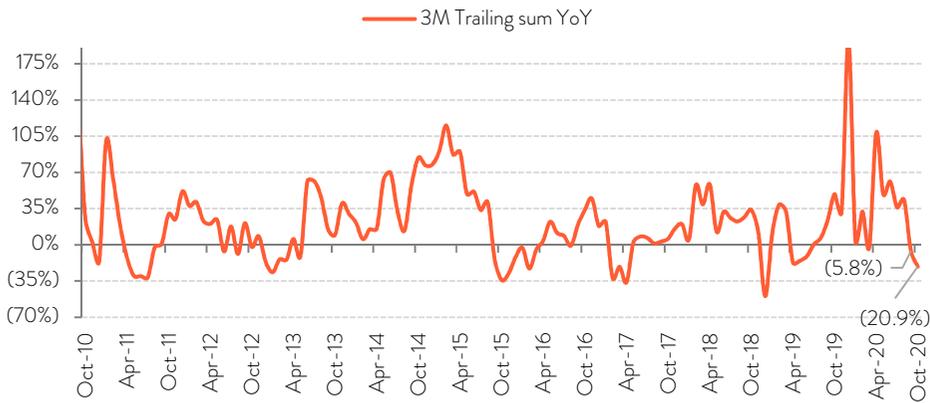
Note: *All states excluding N.E states, Bihar, Chhattisgarh, H.P., J&K, Maharashtra, Punjab, and W.Bengal

FIG 149 – REVENUE RECEIPTS OF STATES* ALSO REMAINED WEAK IN NOV'20...



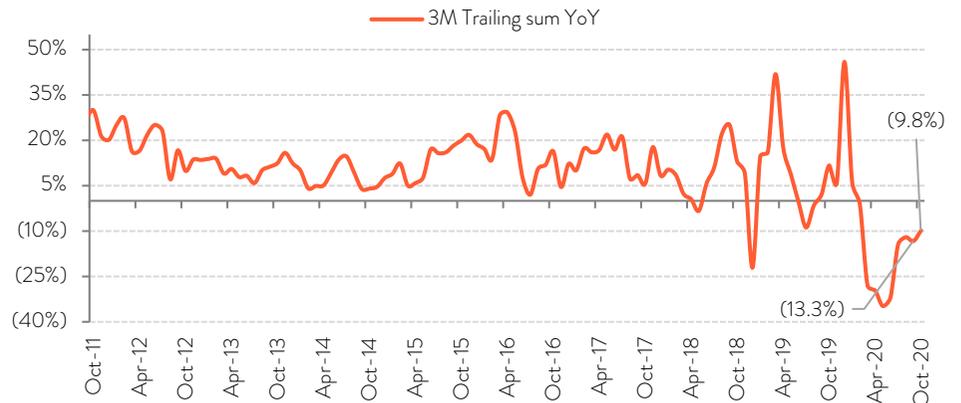
Note: *All states excluding N.E states, Bihar, Chhattisgarh, H.P., J&K, Maharashtra, Punjab, and W.Bengal

FIG 150 – ...DRIVEN BY LOWER GRANT IN AID TO STATES* FROM CENTRE



Note: *All states excluding N.E states, Bihar, Chhattisgarh, H.P., J&K, Maharashtra, Punjab, and W.Bengal

FIG 151 – HOWEVER, TAX RECEIPTS OF STATES* ARE PICKING UP



Note: *All states excluding N.E states, Bihar, Chhattisgarh, H.P., J&K, Maharashtra, Punjab, and W.Bengal

Central government borrowing

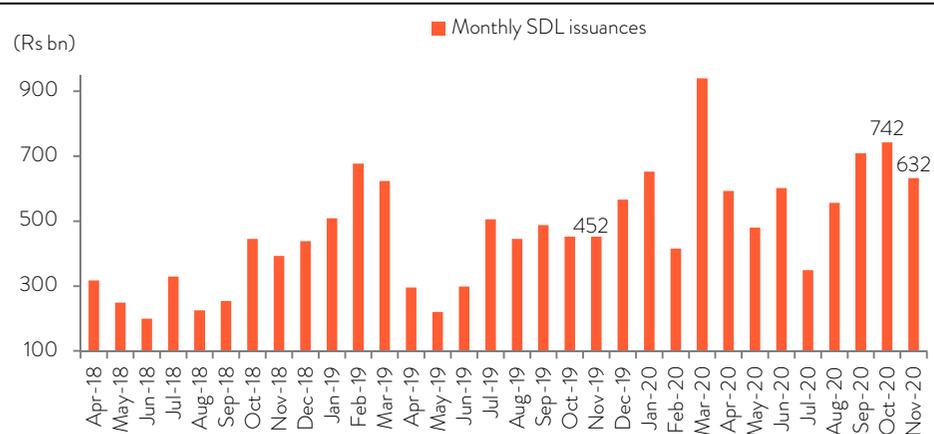
FIG 152 – CENTRE’S T-BILL ISSUANCES SOARING HIGH

| Total accepted amount (G-Sec), (Rs bn) | FY15 | FY16 | FY17 | FY18 | FY19 | FY20 | FY21 (actual) | FY21 (planned) |
|--|------|---------------|--------------|---------------|---------------|---------------|---------------|----------------|
| Q1 | | 2,613 | 2,797 | 2,888 | 3,089 | 3,364 | 5,328 | 5,000 |
| Q2 | | 2,667 | 2,584 | 3,186 | 3,299 | 3,024 | 5,417 | 4,550 |
| Q3 | | 2,645 | 2,747 | 2,632 | 3,070 | 2,889 | 2,849^ | 2,080 |
| Q4 | | 2,104 | 1,684 | 2,486 | 1,812 | 2,511 | - | - |
| Total | | 10,029 | 9,811 | 11,192 | 11,271 | 11,788 | 13,593 | - |

Source: RBI; ^as of 9 Dec 2020

State government borrowing

FIG 154 – STATE GOVERNMENT BORROWINGS REMAINED HIGH IN NOV’20



Source: RBI

FIG 153 – CENTRE’S GROSS BORROWING FOR Q3 AT ~RS 2.1TN

| Total accepted amount (G-Sec), (Rs bn) | FY15 | FY16 | FY17 | FY18 | FY19 | FY20 | FY21 (actual) | FY21 (planned) |
|--|--------------|--------------|--------------|--------------|--------------|--------------|---------------|----------------|
| Q1 | 1,830 | 1,740 | 1,500 | 1,680 | 1,320 | 2,040 | 3,140 | 3,380 |
| Q2 | 1,570 | 1,630 | 1,910 | 1,890 | 1,440 | 2,210 | 4,220 | 3,600 |
| Q3 | 1,430 | 1,640 | 1,610 | 1,640 | 1,270 | 1,930 | 2,110^ | 3,110 |
| Q4 | 1,090 | 840 | 800 | 670 | 1,680 | 920 | - | 3,010 |
| Total | 5,920 | 5,850 | 5,820 | 5,880 | 5,710 | 7,100 | 9,589 | 13,100 |

Source: RBI; ^ as of 4 Dec 2020

FIG 155 – MARKET BORROWINGS OF STATES AT RECORD HIGH IN FYTD21

| Quarterly SDL issuances, (Rs bn) | FY16 | FY17 | FY18 | FY19 | FY20 | FY21 (actual) | FY21 (planned) |
|----------------------------------|--------------|--------------|--------------|--------------|--------------|---------------|----------------|
| Q1 | 502 | 548 | 650 | 766 | 815 | 1,673 | 1,272 |
| Q2 | 627 | 792 | 1,130 | 809 | 1,439 | 1,614 | 1,783 |
| Q3 | 858 | 1,214 | 1,054 | 1,277 | 1,470 | 1,610* | 2,022 |
| Q4 | 959 | 1,322 | 1,348 | 1,809 | 2,006 | - | - |
| Total | 2,946 | 3,876 | 4,182 | 4,661 | 5,731 | 4,897 | - |

Source: RBI ; *As of 7 Dec 2020

External sector

Exports

FIG 156 – GLOBAL EXPORTS IMPROVE FURTHER IN AUG'20

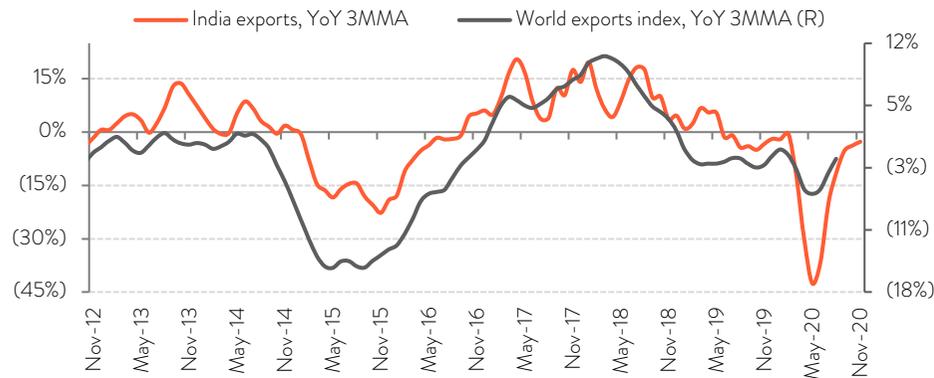
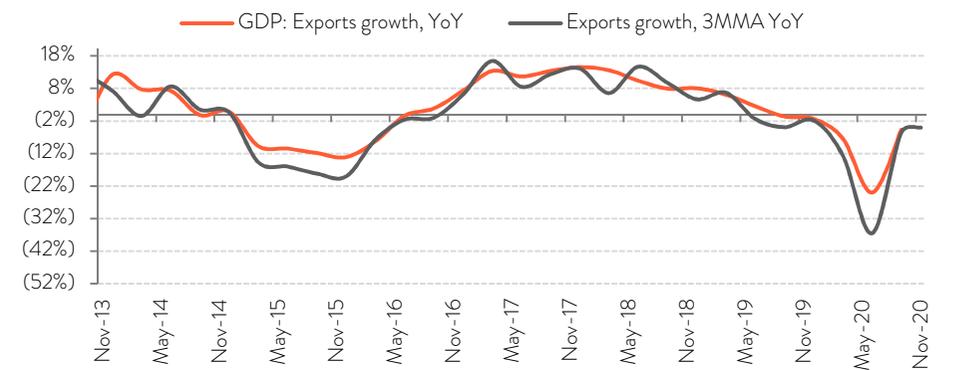


FIG 157 – INDIA'S EXPORT GROWTH CONTRACTED IN NOV'20 BY 4% AFTER DECLINING BY 5.5% IN SEP'20



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

Exports by major sectors

FIG 158 – OIL EXPORTS FELL SHARPLY BY 61.1% IN NOV'20

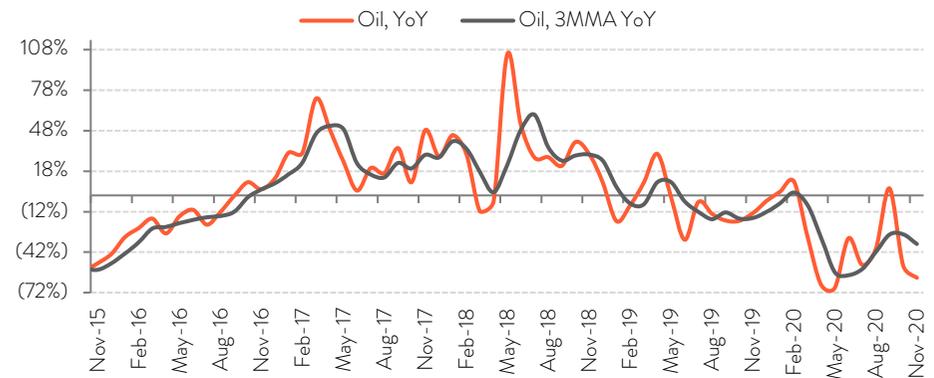


FIG 159 – EXPORTS OF DRUGS AND PHARMA PRODUCTS DECELERATED FURTHER IN NOV'20

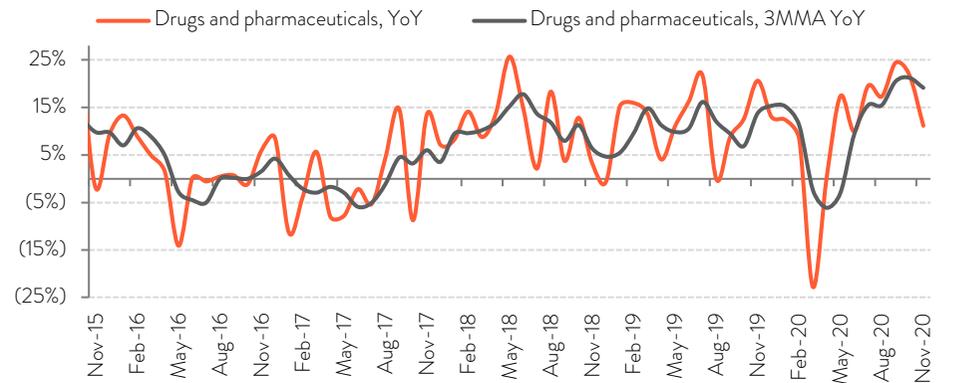


FIG 160 – PLASTIC EXPORTS DROPPED SHARPLY BY 23.3% IN NOV'20

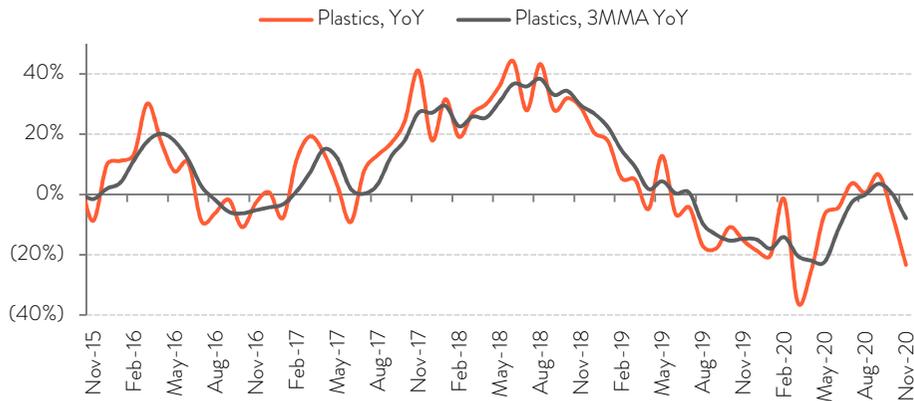
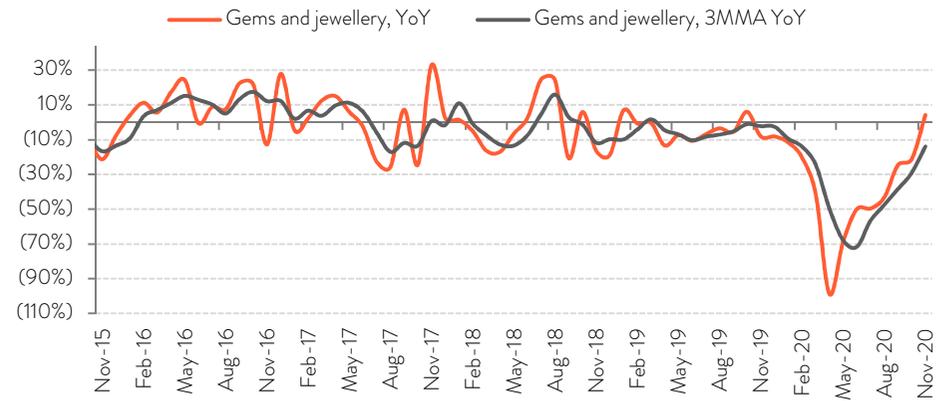
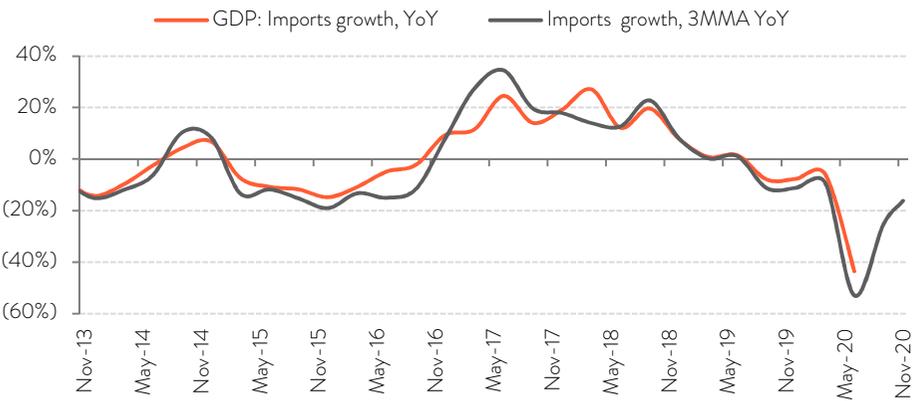


FIG 161 – GEMS AND JEWELLERY EXPORTS SURGE IN NOV'20



Imports

FIG 162 – IMPORT GROWTH SHOWS STEADY IMPROVEMENT



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

FIG 163 – OIL IMPORTS REMAINED STEADY IN NOV'20

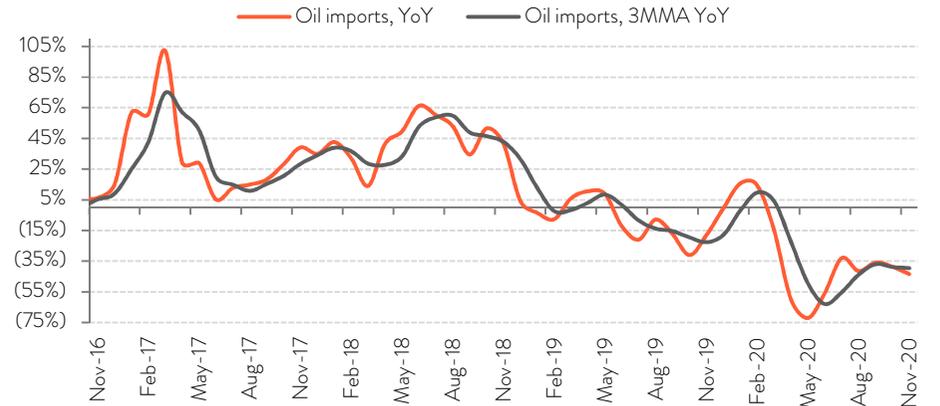


FIG 164 – IMPORTS OF TRANSPORT EQUIPMENT ALSO PICKED UP

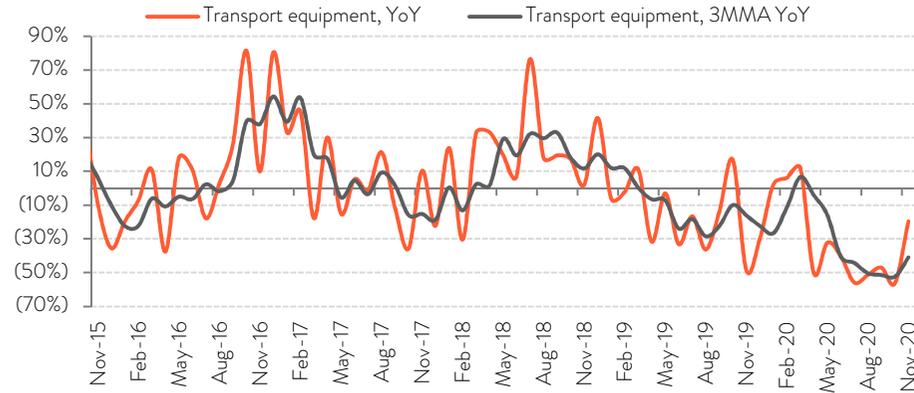


FIG 165 – IMPORTS OF MACHINERY REMAINED STEADY

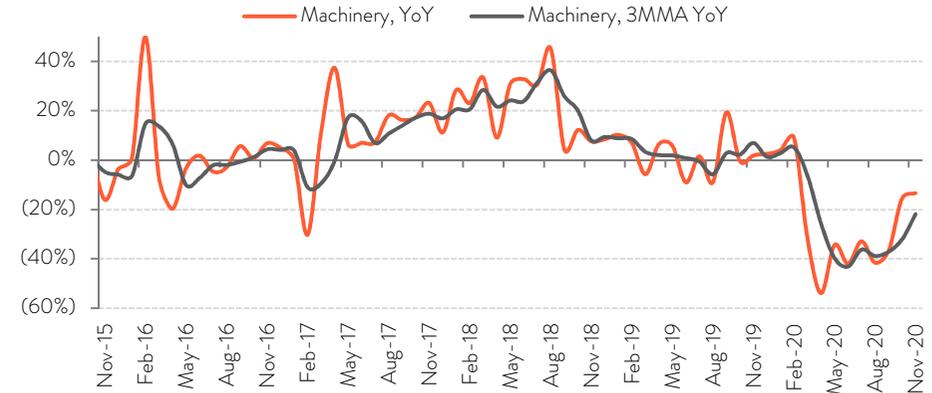


FIG 166 – HOWEVER, GOLD IMPORTS DIPPED IN NOV'20

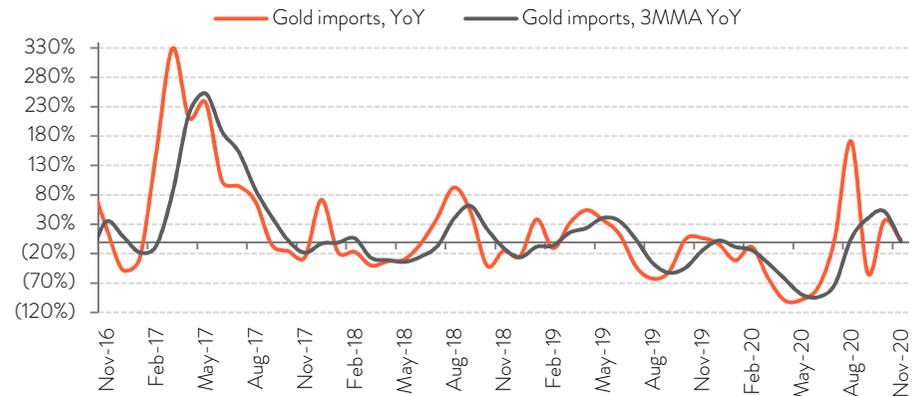
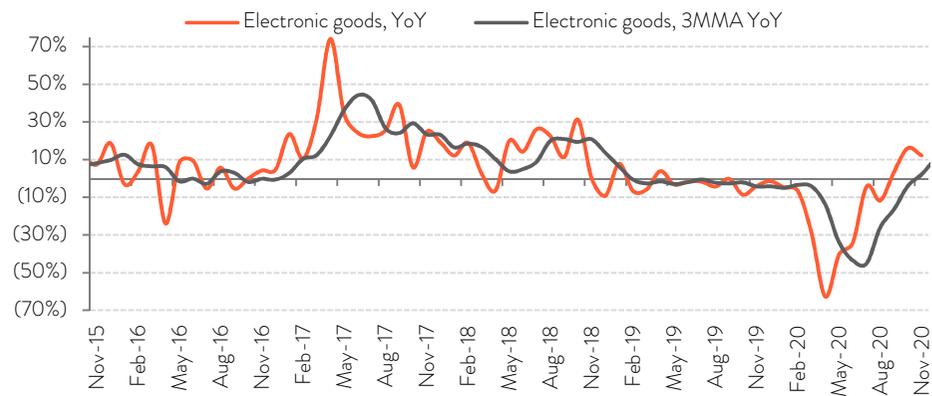


FIG 167 – IMPORTS OF ELECTRONIC GOODS WERE ALSO DOWN



Exports and imports by major regions

FIG 168 – EXPORTS TO CHINA HAVE CONTINUED TO REMAIN BUOYANT IN FYTD21

| Region (% YoY) | Share (in %) FY20 | Aug'20 | Sep'20 | Oct'20 | FYTD20 | FYTD21 |
|------------------------------|-------------------|--------|--------|--------|--------|--------|
| Americas | 22.5 | (6.0) | 22.7 | 6.8 | 1.0 | (13.7) |
| Asia and Pacific (Ex. China) | 25.5 | (11.9) | (3.0) | 1.5 | (12.2) | (14.7) |
| China | 5.4 | 14.9 | 20.5 | 4.9 | 6.4 | 23.0 |
| Europe | 19.5 | (13.1) | 7.6 | (5.4) | (2.3) | (23.0) |
| Middle East and Africa | 25.9 | (22.0) | (1.5) | (16.5) | 2.0 | (31.0) |
| Other | 1.1 | (77.0) | (68.7) | (38.7) | (2.1) | (26.8) |

Note: FYTD is Apr-Oct

FIG 169 – IMPORTS FROM ALL REGIONS HOWEVER CONTINUE TO DECLINE

| Region (% YoY) | Share in FY20 | Aug'20 | Sep'20 | Oct'20 | FYTD20 | FYTD21 |
|------------------------------|---------------|--------|--------|--------|--------|--------|
| Americas | 12.8 | (14.7) | (24.7) | (24.6) | (5.4) | (37.6) |
| Asia and Pacific (Ex. China) | 25.0 | (26.3) | (11.7) | (2.9) | (6.3) | (31.5) |
| China | 13.8 | (21.8) | (10.2) | (11.8) | (1.9) | (19.7) |
| Europe | 15.0 | (21.9) | (23.8) | (14.0) | (6.3) | (42.1) |
| Middle East and Africa | 30.8 | (33.7) | (29.2) | (21.4) | (11.1) | (44.6) |
| Other | 2.6 | (33.3) | (1.1) | (23.7) | 20.6 | (27.2) |

Note: FYTD is Apr-Oct

Trade deficit

FIG 170 – TRADE DEFICIT WIDENED FURTHER IN NOV'20 TO US\$ 10BN

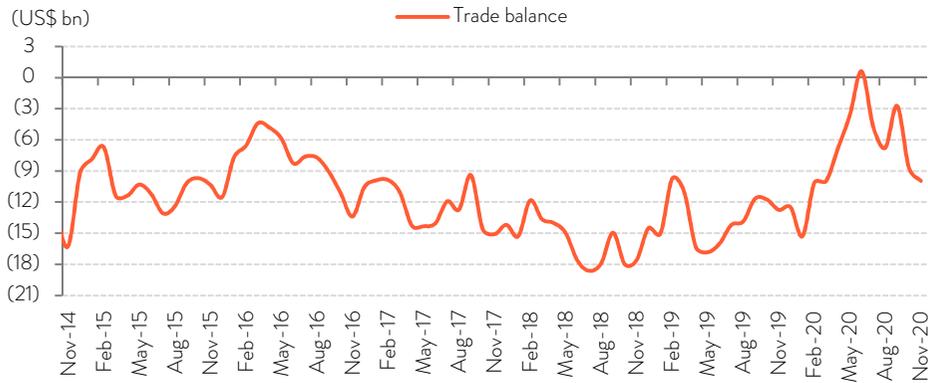
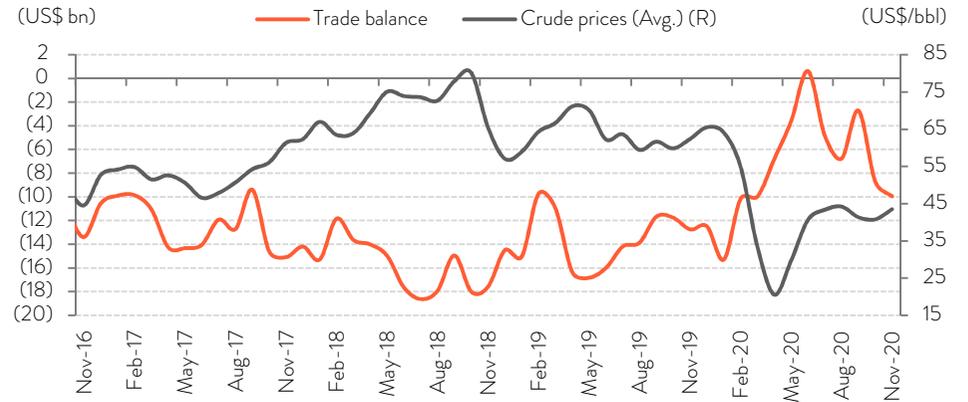
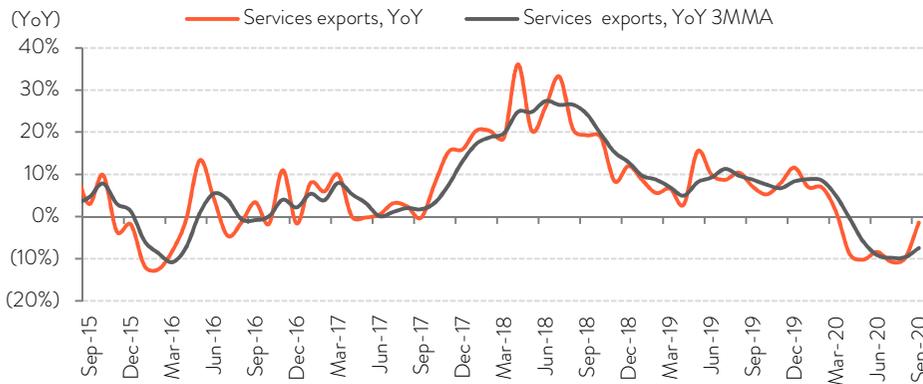


FIG 171 – AS OIL PRICES INCHED UP



Trade in services

FIG 172 – SERVICES EXPORT CONTRACT AT A MUCH SLOWER PACE OF 1.4% IN SEP'20 VERSUS 9.9% DROP IN AUG'20



BoP

FIG 173 – CURRENT ACCOUNT SURPLUS RISES TO A RECORD HIGH AT 3.9% OF GDP IN Q1FY21

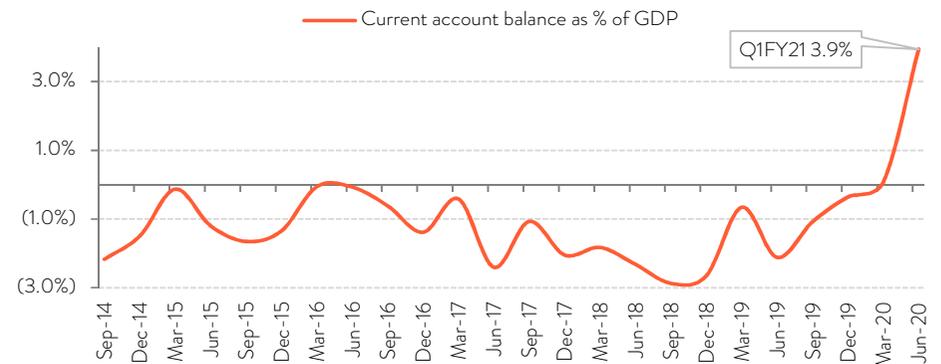


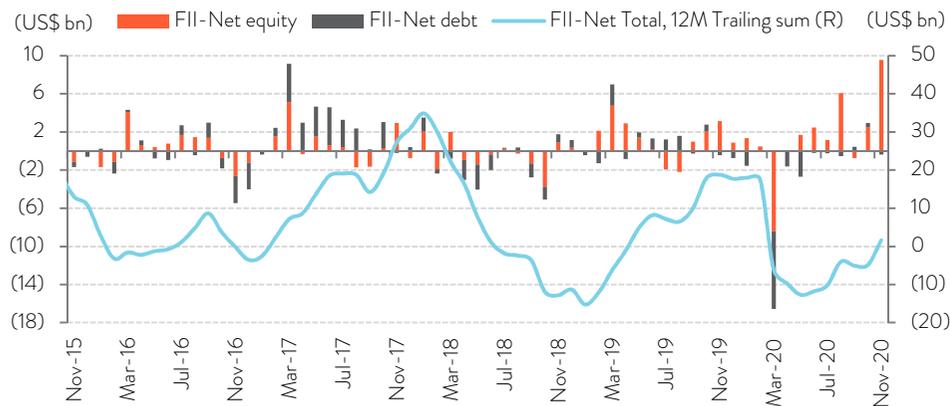
FIG 174 – LED BY LOWER TRADE DEFICIT

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

Foreign inflows

FII inflows

FIG 175 – FII INFLOWS OF US\$ 9.2BN IN NOV'20 FOLLOWING INFLOWS OF US\$ 3BN IN OCT'20



Source: Bloomberg

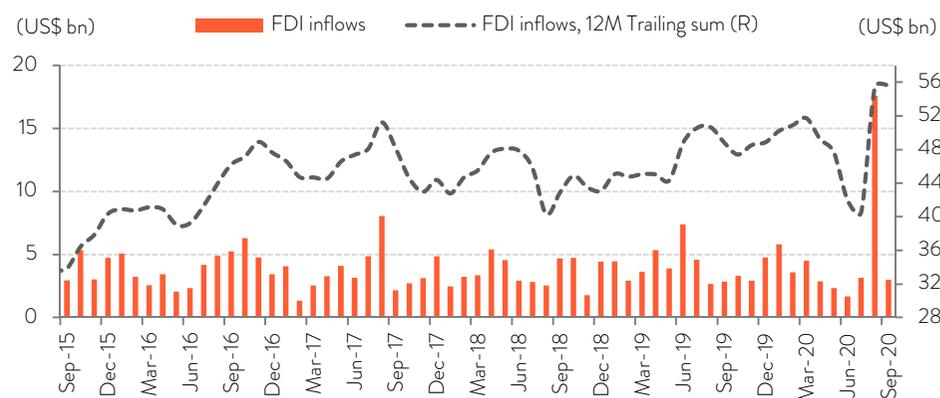
FIG 177 – FDI INFLOWS IN COMPUTER, SOFTWARE SKYROCKET IN Q2FY21

| Sector | % Share FY20 | Sep'19 | Dec'19 | Mar'20 | Jun'20 | Sep'20 |
|--------------------------------|--------------|--------|--------|--------|--------|--------|
| Services Sector | 15.7 | 1.7 | 2.1 | 1.3 | 1.1 | 1.1 |
| Computer software and hardware | 15.4 | 1.8 | 2.3 | 1.3 | 1.1 | 16.5 |
| Trading | 9.2 | 1.0 | 1.4 | 1.1 | 0.4 | 0.5 |
| Telecommunications | 8.9 | 0.1 | 0.0 | 0.2 | 0 | 0 |
| Automobile industry | 5.7 | 1.2 | 0.4 | 0.3 | 0.3 | 0.1 |

Source: DIPP

FDI inflows

FIG 176 – FDI INFLOWS RISE BY US\$ 3BN IN SEP'20, DOWN FROM US\$ 17.6BN IN AUG'20



Source: RBI, Bank of Baroda Research

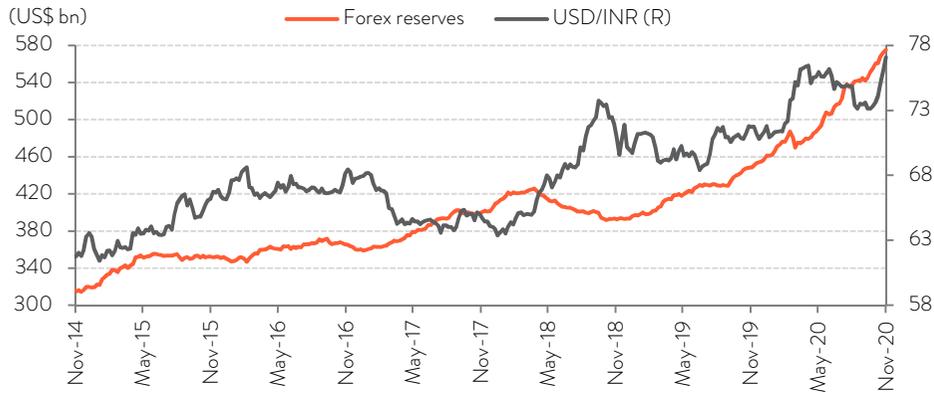
FIG 178 – FDI INFLOWS FROM SINGAPORE ACCELERATE THE MOST IN Q2FY21

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

Source: DIPP

Forex reserves and external debt

FIG 179 – INDIA’S FX RESERVES RISE TO A HISTORIC HIGH AT US\$ 575.3BN IN NOV’20, US\$ 99.7BN ACCRETION IN FYTD21



Source: Bloomberg | Weekly data as of 30 Oct 2020

FIG 180 – IMPORT COVER ALSO RISES TO 18.1 MONTHS IN OCT’20

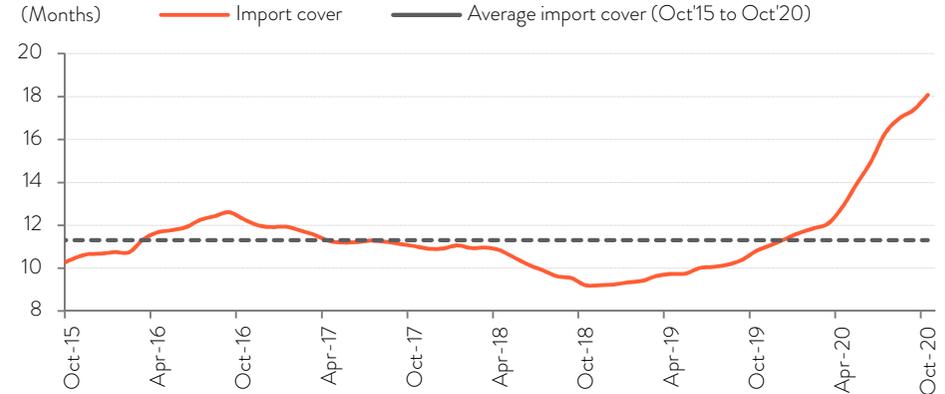


FIG 181 – RBI BOUGHT US\$ 8.2BN IN SEP’20 IN THE SPOT MARKET VERSUS US\$ 5.3BN IN AUG’20

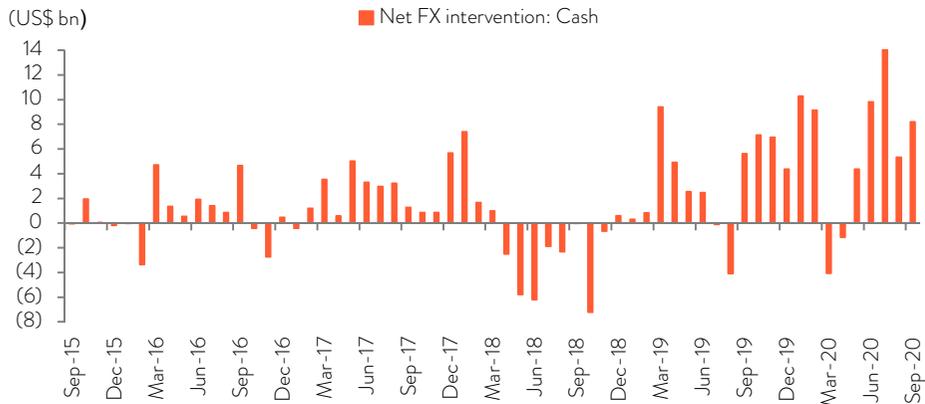
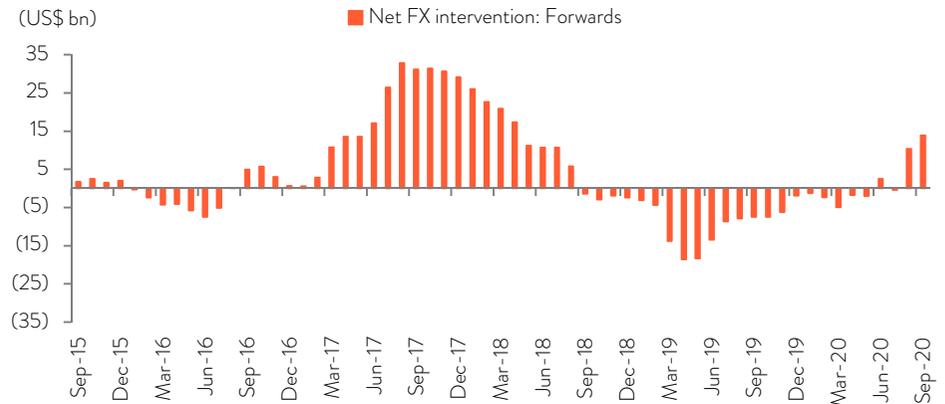


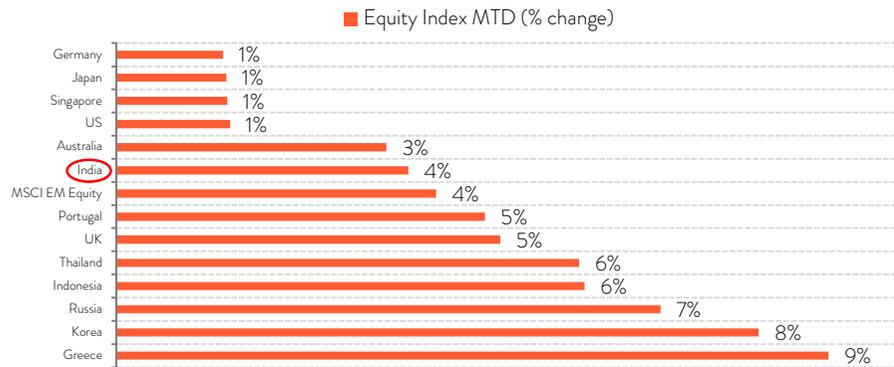
FIG 182 – IN FORWARDS MARKET, RBI BOUGHT US\$ 3.5BN VERSUS US\$ 10.7BN IN AUG’20, OUTSTANDING POSITION AT US\$ 13.9BN IN SEP’20



Markets

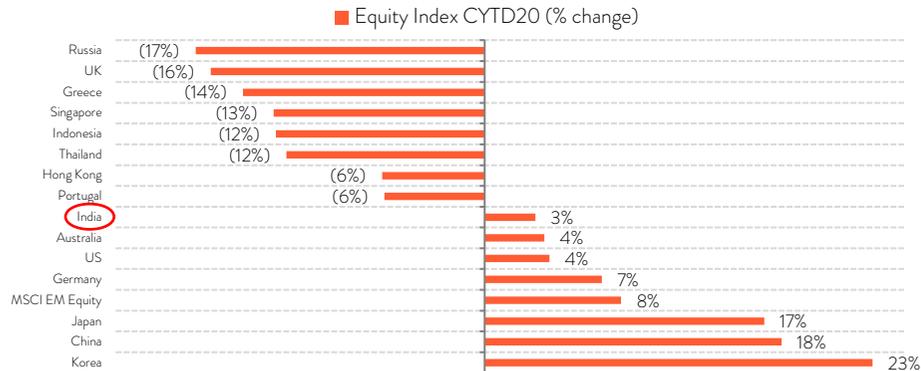
Equity

FIG 183 – IN DEC'20, SENSEX ROSE BY 4% (CONSTANT CURRENCY TERMS) IN LINE WITH OTHER GLOBAL INDICES



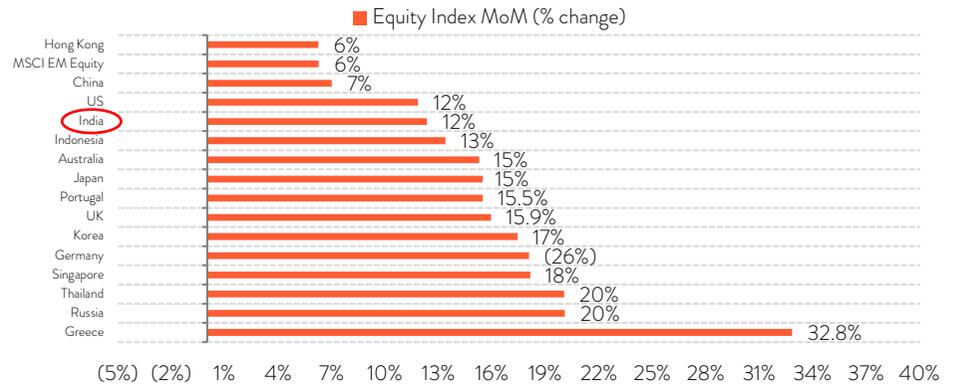
Source: Bloomberg | * As on 9 Dec 2020, Indices are in US\$ terms

FIG 185 – IN CYTD20, SENSEX ROSE BY 3%



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

FIG 184 – IN NOV'20 AS WELL, SENSEX ROSE SHARPLY BY 12.3%, MSCI EM INDEX ROSE BY 6.3% IN THE SAME PERIOD



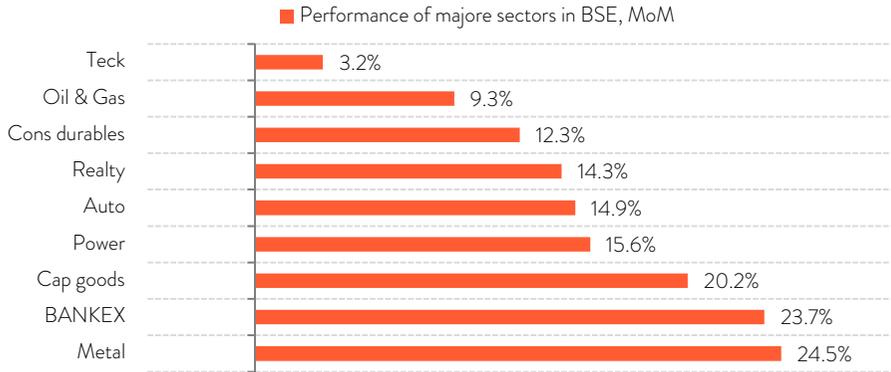
Source: Bloomberg | * As on 30 Nov 2020, Indices are in US\$ terms

FIG 186 – VIX INDEX FELL TO 19.8 IN NOV'20 VERSUS 24 IN OCT'20



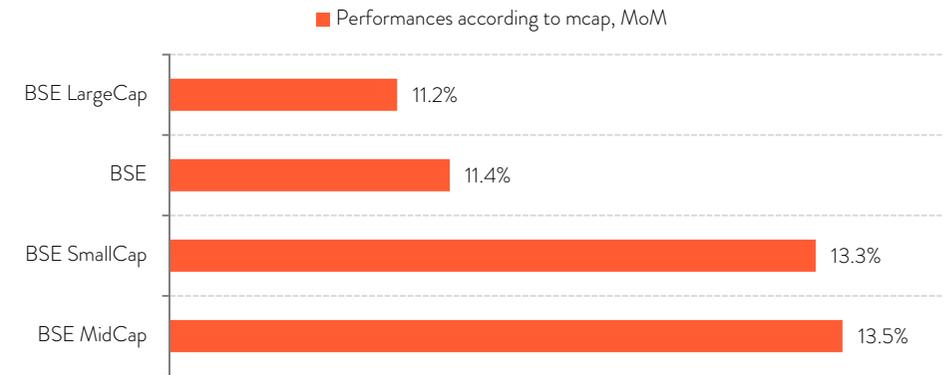
Source: Bloomberg

FIG 187 – METAL AND BANKING STOCKS ROSE SHARPLY IN NOV'20



Source: Bloomberg | As on 27 Nov 2020

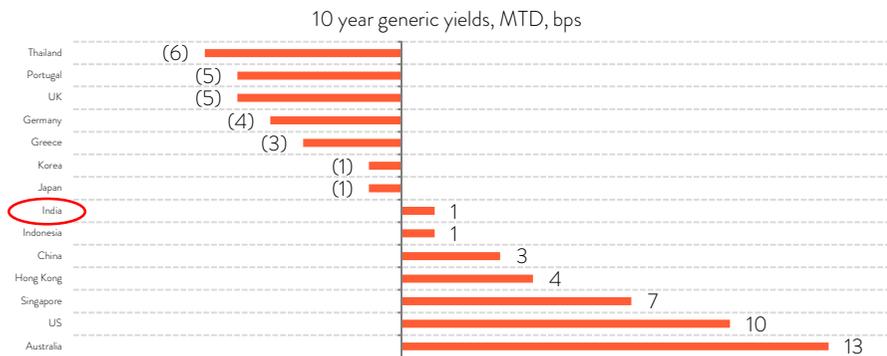
FIG 188 – MID CAPS ROSE THE MOST



Source: Bloomberg | As on 27 Nov 2020

10 year bond yields

FIG 189 – IN DEC'20, INDIA'S 10Y YIELD ROSE BY 1BPS



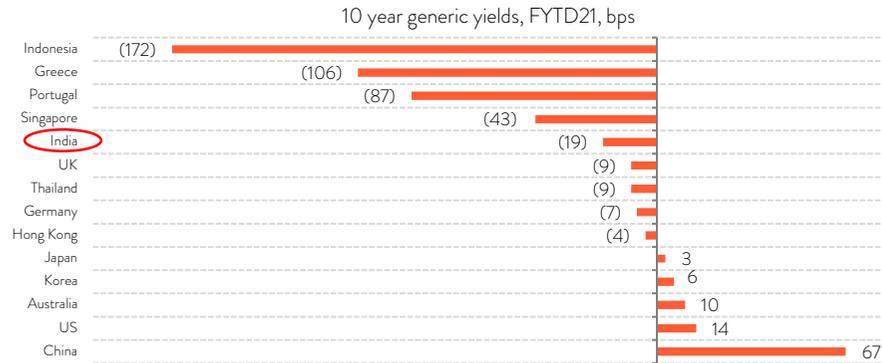
Source: Bloomberg | *As on 9 Dec 2020, Note: For India 5.77GS2030 yield is taken

FIG 190 – IN NOV'20 AS WELL, INDIA'S 10Y YIELD ROSE BY 3BPS AMIDST CONCERNS OF HIGHER INFLATION



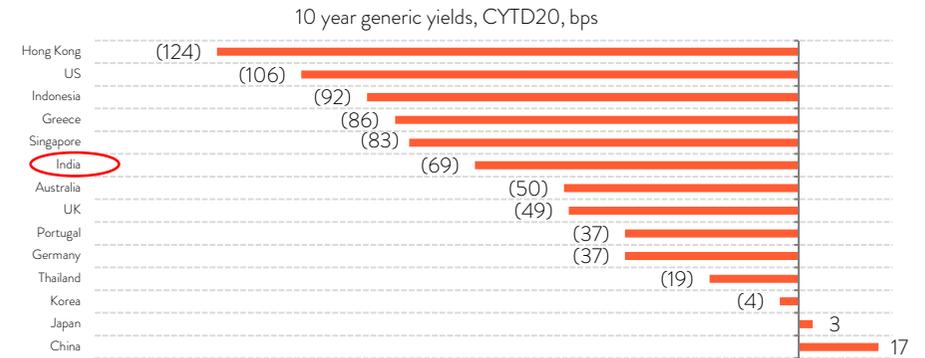
Source: Bloomberg | * As on 30 Nov 2020, Note: For India 5.77GS2030 yield is taken

FIG 191 – IN FYTD21, INDIA’S 10Y YIELD HAS FALLEN BY 19BPS



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

FIG 192 – IN CYTD20, INDIA’S 10Y YIELD FELL BY 69BPS, US 10Y YIELD FELL BY 106BPS



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

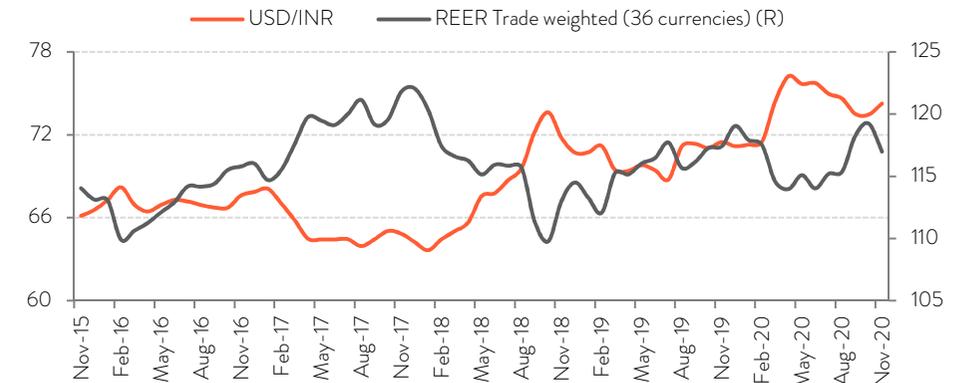
Currencies

FIG 193 – INR APPRECIATED IN NOV'20



Source: Bloomberg | *As on 30 Nov 2020

FIG 194 – INR STILL OVERVALUED BY 17% (NOV'20)



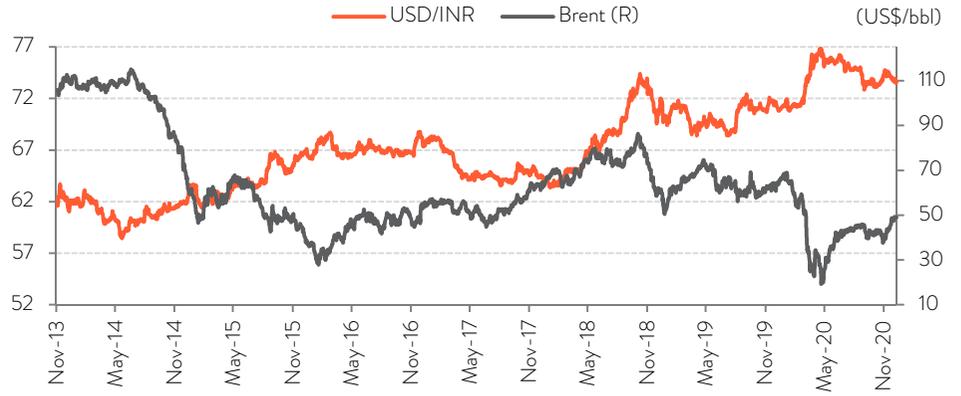
Source: Bloomberg

FIG 195 – EM CURRENCIES ROSE BY 2.4% IN NOV'20



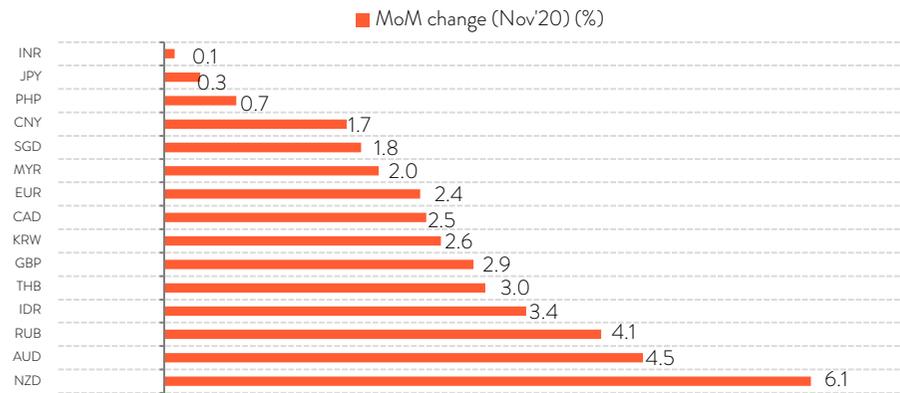
Source: Bloomberg | *As on 30 Nov 2020

FIG 196 – OIL PRICES WERE HIGHER IN NOV'20



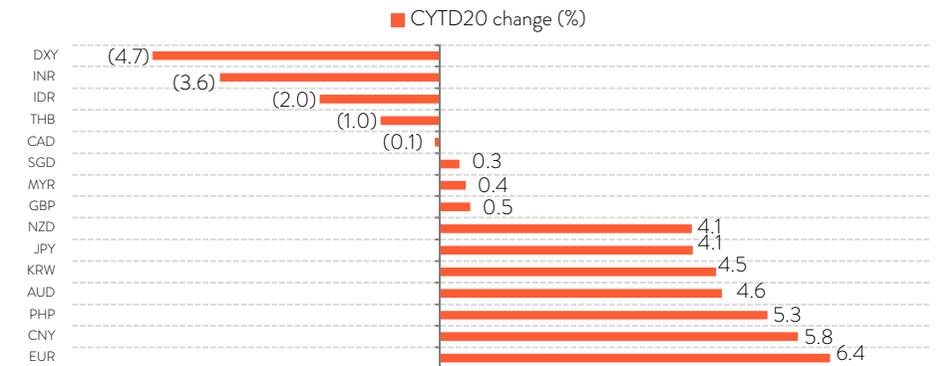
Source: Bloomberg | *As on 30 Nov 2020

FIG 197 – GLOBAL CURRENCIES CLOSED HIGHER IN NOV'20



Source: Bloomberg | *As on 30 Nov 2020

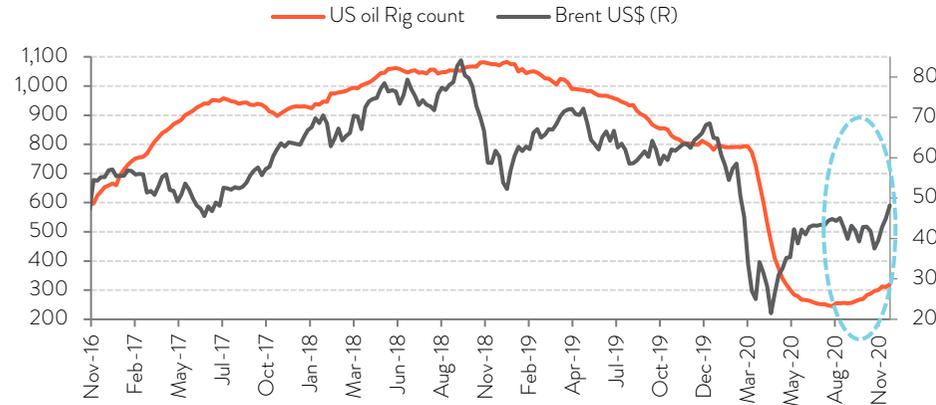
FIG 198 – IN CYTD20, INR HAS DEPRECIATED BY 3.6%



Source: Bloomberg | *As on 30 Nov 2020

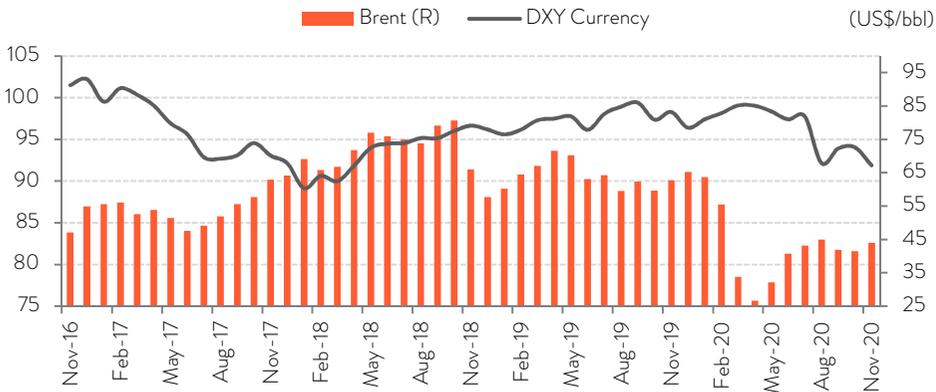
Commodities

FIG 199 – OIL PRICES ROSE IN NOV'20 EVEN AS US RIG COUNT INCHED UP



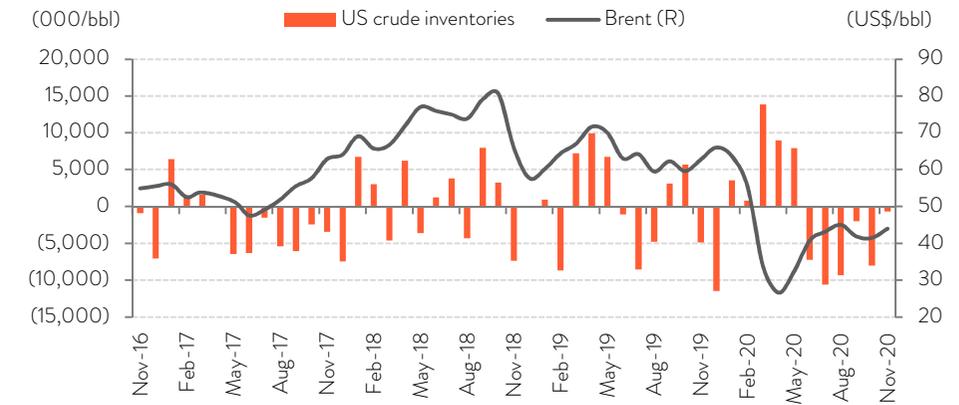
Source: Bloomberg

FIG 201 – OIL PRICES ON AN AVERAGE ROSE TO US\$ 44/BBL FROM US\$ 41.5/BBL IN OCT'20, DXY FELL TO 91.87 FROM 94 IN OCT'20



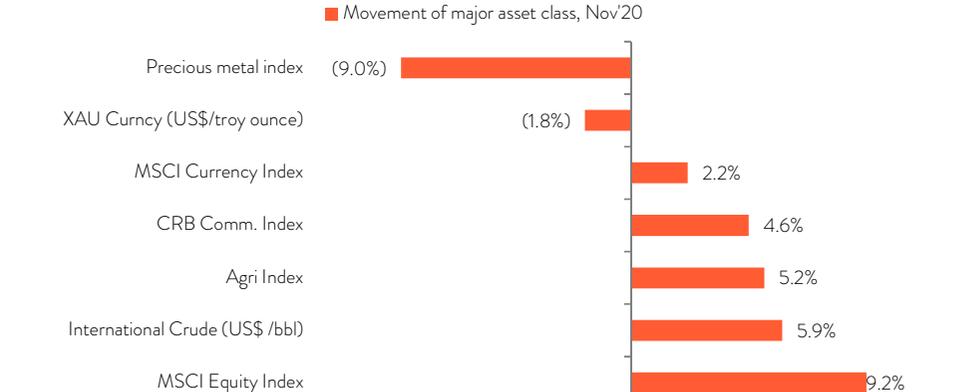
Source: Bloomberg | DXY Index as on last trading day of the month

FIG 200 – US CRUDE OIL INVENTORIES FELL IN NOV'20



Source: Bloomberg

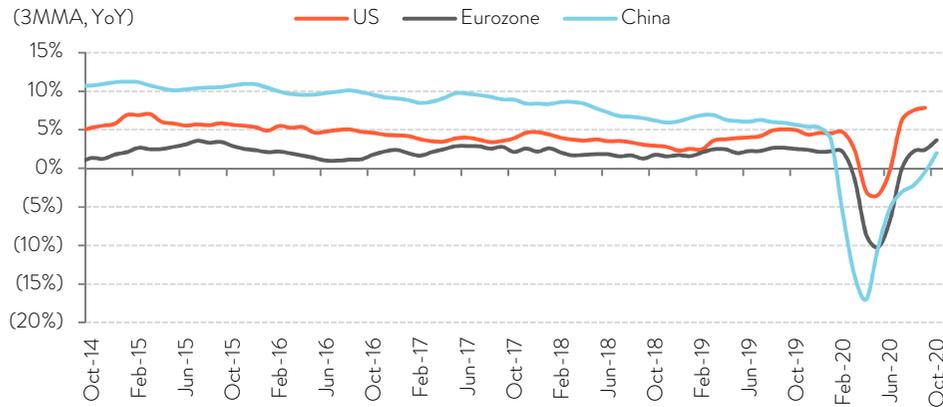
FIG 202 – MAJOR COMMODITY PRICES INCREASED IN NOV'20, ON MOM BASIS



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

Global consumption

FIG 203 – RETAIL SALES IMPROVE IN CHINA AND EUROZONE



Note: Data for US till Sep'20

FIG 204 – AUTO SALES SLIP IN OCT'20

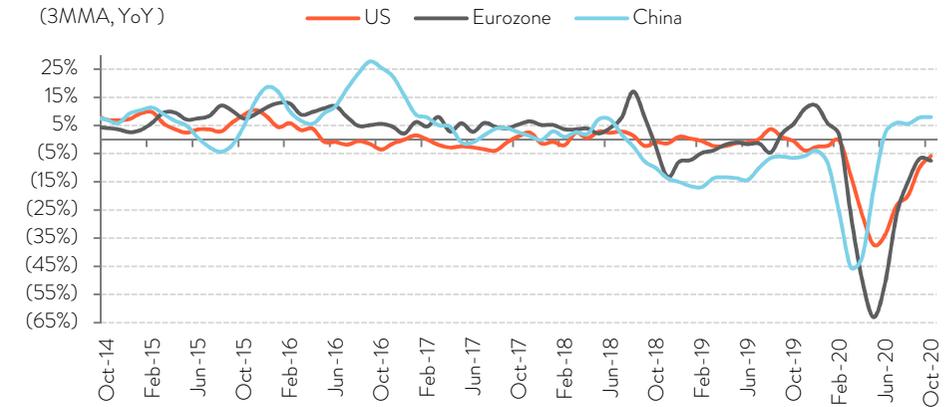
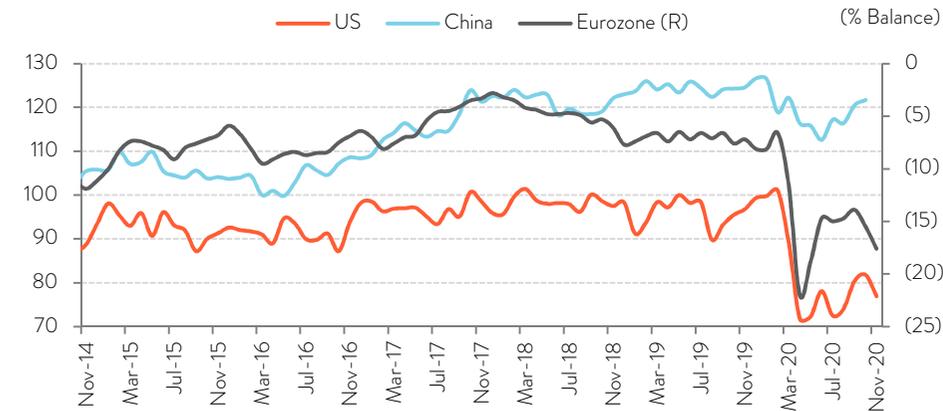
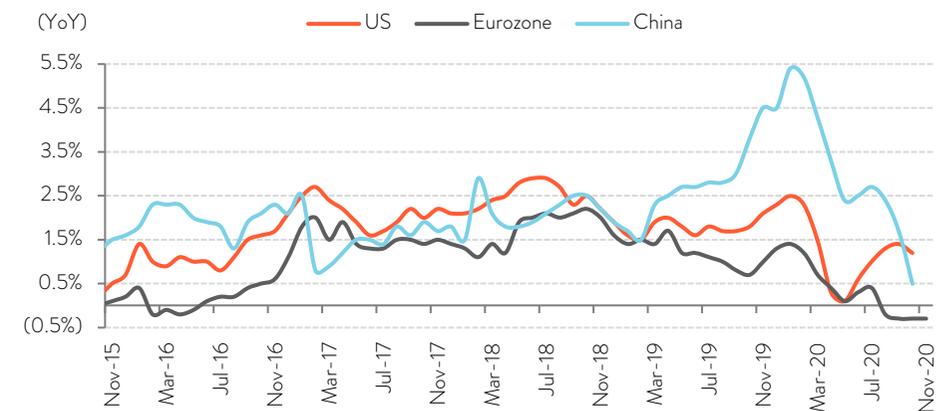


FIG 205 – CONSUMER CONFIDENCE DIPS FOR US AND EUROZONE



Note: Consumer confidence for eurozone is % diffusion index. Data for China is for Oct'20

FIG 206 – CPI CONTINUES TO EDGE DOWNWARDS



Note: Data for China and US is for Oct'20

Policy

FIG 207 – GLOBAL CENTRAL BANKS ARE ON MONETARY EASING CYCLE

| Country | Current inflation rate (%) | Current policy rate (%) | CY19 (change in bps) | CYTD20 (change in bps) | Direction of policy rate in CYTD20 |
|--------------|----------------------------|-------------------------|----------------------|------------------------|------------------------------------|
| Turkey | 14.03 | 15.00 | (1,200) | 300 | ↑ |
| Germany | (0.30) | 0 | 0 | 0 | - |
| Japan | (0.40) | (0.10) | 0 | 0 | - |
| China | 0.50 | 4.35 | 0 | 0 | - |
| UK | 0.70 | 0.10 | 0 | (65) | ↓ |
| Australia | 0.70 | 0.1 | (75) | (65) | ↓ |
| Korea | 0.60 | 0.5 | (50) | (75) | ↓ |
| Thailand | (0.41) | 0.5 | (50) | (75) | ↓ |
| India | 7.61 | 4 | (135) | (115) | ↓ |
| Indonesia | 1.59 | 3.75 | (100) | (125) | ↓ |
| Malaysia | (1.50) | 1.75 | (25) | (125) | ↓ |
| US | 1.20 | 0.25 | (75) | (150) | ↓ |
| Russia | 4.40 | 4.25 | (150) | (200) | ↓ |
| Philippines | 3.30 | 2.00 | (75) | (200) | ↓ |
| Brazil | 4.31 | 2.00 | (200) | (250) | ↓ |
| Mexico | 4.09 | 4.25 | (100) | (300) | ↓ |

Source: Bloomberg

Global investment and manufacturing

FIG 208 – GLOBAL MANUFACTURING ACTIVITY REMAINS STEADY, SERVICES SEEN SLIPPING IN NOV'20

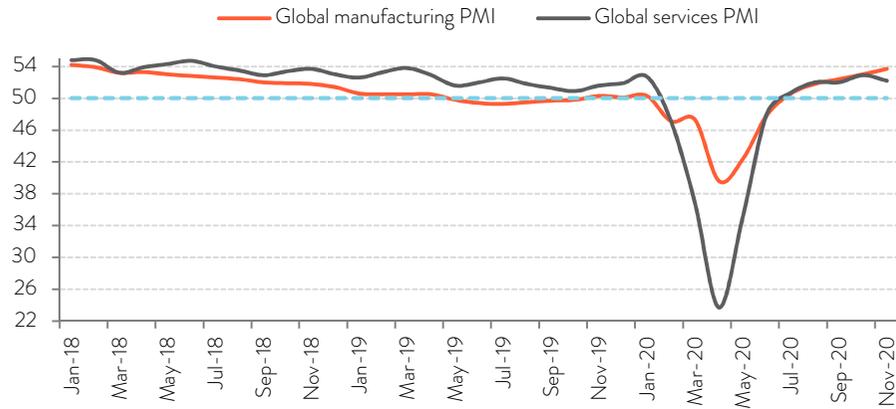


FIG 209 – MANUFACTURING ACTIVITY (PMI) IN US AND GERMANY UNDER PRESSURE

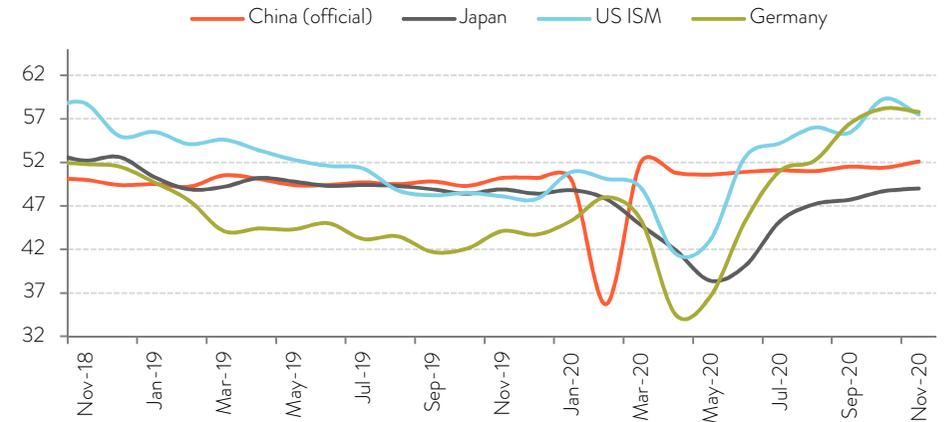


FIG 210 – BARRING JAPAN, PRODUCER PRICES CONTINUE TO INCH UP ELSEWHERE

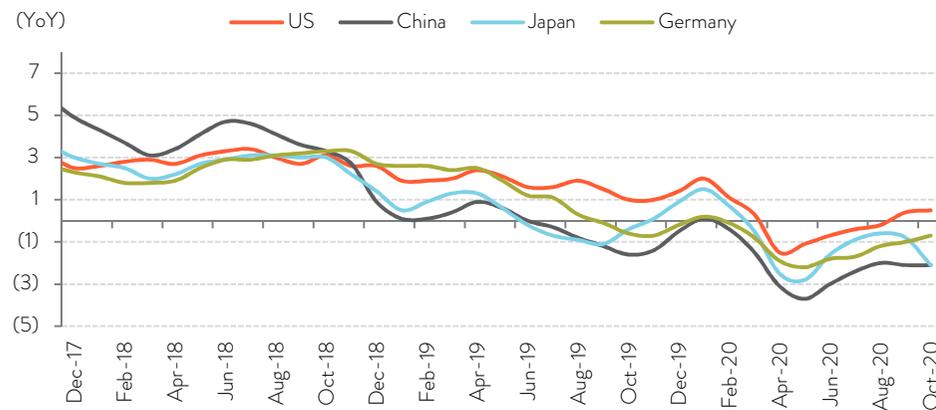
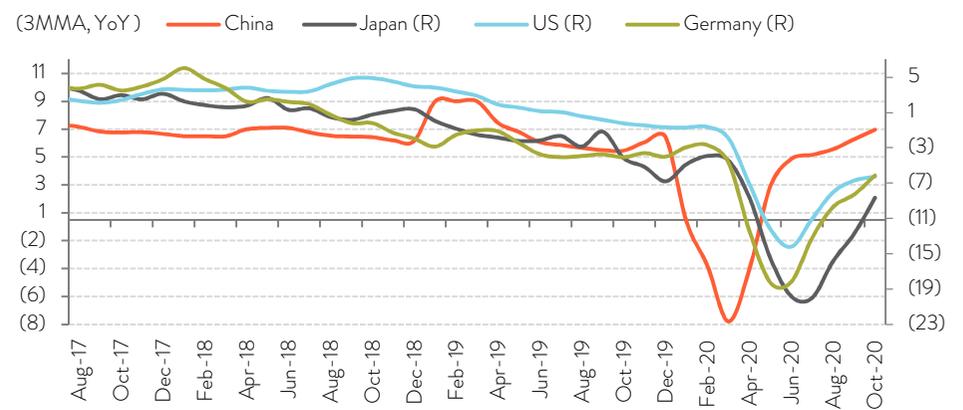


FIG 211 – GLOBAL INDUSTRIAL PRODUCTION EDGING UPWARDS



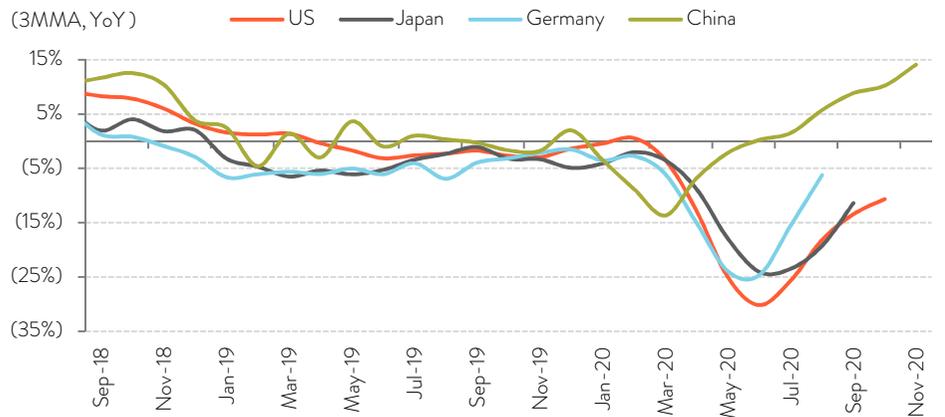
Global trade

FIG 212 – WORLD TRADE VOLUME SHOWED IMPROVEMENT IN SEP'20



Source: NPB, World Trade Monitor

FIG 214 – CHINA'S EXPORTS SURGE FURTHER IN NOV'20



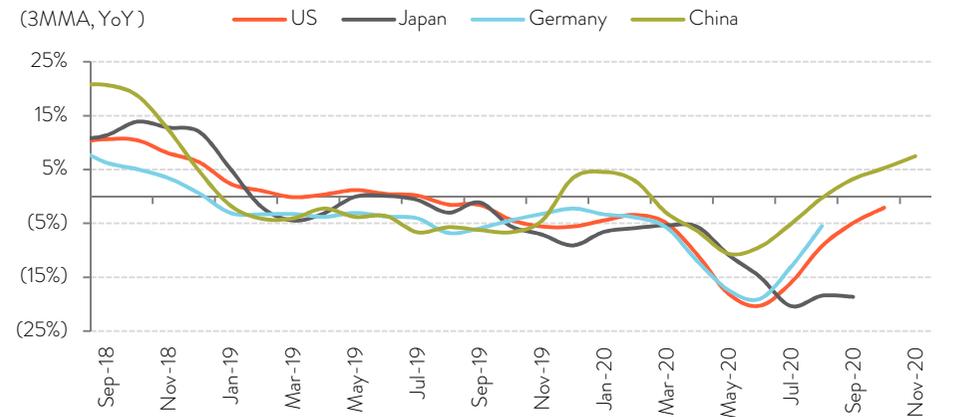
Source: Bloomberg

FIG 213 – ...TRADE VOLUME IN MAJOR REGIONS IMPROVES IN AUG'20

| Country/Region (% YoY) | Mar-20 | Apr-20 | May-20 | Jun-20 | Jul-20 | Aug-20 |
|---------------------------|--------|--------|--------|--------|--------|--------|
| Africa and Middle East | (1.3) | (3.3) | (8.2) | (9.7) | (7.0) | (1.5) |
| China | (2.0) | (2.5) | (3.3) | (2.2) | 1.3 | 0.8 |
| Eastern Europe / CIS | (2.4) | (6.5) | (12.4) | (13.0) | (10.7) | (3.3) |
| Emerging Asia (ex. China) | (5.0) | (6.8) | (12.2) | (13.7) | (11.9) | (3.2) |
| Euro Area | (0.6) | (2.6) | (7.2) | (11.7) | (12.0) | (12.1) |
| Japan | (3.6) | (6.2) | (11.1) | (14.7) | (15.2) | (9.2) |
| Latin America | (2.5) | (3.6) | (7.8) | (9.6) | (10.9) | (9.9) |
| US | (4.5) | (10.8) | (16.6) | (18.5) | (13.5) | (11.4) |

Source: CPB, World Trade Monitor

FIG 215 – ...SIMILAR TREND IN IMPORTS



Source: Bloomberg

FIG 216 – PERFORMANCE OF HIGH FREQUENCY INDICATORS

| Indicators | Apr-20 | May-20 | Jun-20 | Jul-20 | Aug-20 | Sep-20 | Oct-20 | Nov-20 |
|---------------------------------|--------|--------|--------|--------|--------|--------|--------|--------|
| Agriculture | | | | | | | | |
| Domestic Tractor Sales | (80.1) | 0.5 | 20.2 | 35.9 | 64.8 | 26.7 | 9.0 | 48.3 |
| Two Wheeler Sales | - | (81.4) | (37.9) | (19.6) | 0.2 | 11.3 | 18.1 | - |
| MNREGA work (HH, MoM) | - | 179 | 20 | (29) | (24) | 0.3 | (0.3) | (6.6) |
| Manufacturing | | | | | | | | |
| IIP: General Index | (57.3) | (33.4) | (16.6) | (10.8) | (7.4) | 0.2 | - | - |
| IIP: Manufacturing | (66.6) | (37.8) | (17.0) | (11.6) | (7.9) | (0.6) | - | - |
| IIP: Capital goods | (92.7) | (65.9) | (37.4) | (22.8) | (14.8) | (3.3) | - | - |
| IIP: Infra & Construction goods | (37.9) | (21.4) | (12.4) | (8.0) | (7.3) | (0.8) | - | - |
| IIP: Consumer goods | (48.1) | (9.7) | 6.9 | 1.8 | (2.3) | 4.1 | - | - |
| Steel | (82.8) | (40.4) | (23.2) | (8.2) | (1.7) | 2.8 | (2.7) | - |
| Cement | (85.3) | (21.4) | (6.8) | (13.5) | (14.6) | (3.5) | 2.8 | - |
| Electricity demand | (25.3) | (13.2) | (7.3) | (3.1) | (4.2) | 2.5 | 5.3 | 4.4 |
| PMI: Manufacturing | 27.4 | 30.8 | 47.2 | 46 | 52 | 56.8 | 58.9 | 56.3 |
| Services | | | | | | | | |
| Services PMI index | 5.4 | 12.6 | 33.7 | 34.2 | 41.8 | 49.8 | 54.1 | 53.7 |
| Automobile sales | - | (84.8) | (43.0) | (18.6) | (1.3) | 7.2 | 10.5 | - |
| Passenger vehicle sales | - | (85.2) | (49.6) | (3.9) | 14.2 | 26.5 | 14.2 | - |
| Vehicle Registration | (78.3) | (88.6) | (41.4) | (35.1) | (25.3) | (8.4) | (22.6) | (19.2) |
| Domestic air passenger traffic | (99.9) | (97.4) | (83.5) | (82.6) | (75.8) | (65.1) | (56.8) | - |
| Rail freight traffic | (35.3) | (21.3) | (7.7) | (4.6) | 3.9 | 15.5 | 15.4 | 9.0 |
| Port Cargo volume | (21.1) | (23.3) | (14.5) | (13.2) | (10.4) | (1.9) | (1.2) | 2.8 |
| Credit growth | 6.8 | 5.5 | 5.6 | 6.4 | 5.5 | 5.1 | 5.1 | 5.8 |
| Deposit growth | 9.9 | 10.5 | 9.6 | 12.1 | 10.9 | 10.5 | 10.1 | 10.9 |
| CIC | 15.7 | 19.1 | 22.0 | 23 | 23.2 | 22.7 | 20.3 | 22.8 |
| Toll collection (in mn) | - | - | 81.9 | 86.6 | 96.8 | 110.1 | 122.4 | 124.9 |
| Diesel consumption | (55.6) | (29.5) | (15.5) | (19.5) | (20.7) | (5.9) | 7.4 | (7.0) |
| GST E-way bill (in mn) | 8.6 | 25.5 | 43.4 | 48.4 | 49.4 | 57.4 | 64.2 | 57.7 |
| External Trade | | | | | | | | |
| Merchandise exports | (60.6) | (35.7) | (12.4) | (9.9) | (12.6) | 6.0 | (5.1) | (9.1) |
| Merchandise imports | (59.7) | (51.2) | (48.1) | (29.6) | (26.0) | (19.6) | (11.5) | (13.3) |
| Services exports | (8.9) | (10.2) | (8.4) | (10.8) | (9.9) | (1.4) | - | - |
| Services imports | (18.4) | (20.4) | (15.3) | (21.7) | (20.1) | (8.7) | - | - |

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

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