

India Economics

Monthly Chartbook

May 2020

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Co-ordinated fiscal and monetary response

India's growth bottomed out in Apr'20 with 70% of the economy in lockdown. Manufacturing and Services PMI contracted. Services more than manufacturing. Activity will pick up as 73% of the economy is now open. Government revenues have been hit substantially and large increase in excise duty on petroleum products will mitigate only a part of it. Centre has increased its borrowing by 2% of GDP to make-up for its revenue loss. States are also expected to increase their borrowing. 10Y yield did jump by 20bps. RBI may have to do OMO purchases to bring yields lower. This may not lead to a rating downgrade as lower oil prices and calibrated fiscal response will give India room to navigate through this.

Economic activity slumps in Apr'20: Manufacturing and Services PMI declined to 27.4 and 5.4 respectively in Apr'20 signalling a sharp downtick in economic activity. Electricity demand too is down 29% in Apr'20. Manufacturing activity is resuming as retail demand picks up in Green and Orange zones. Red zones will continue to see restrictions. With 50% of urban population in red zones, we expect discretionary demand to remain weak. Rural India is far better placed as most green zones are in rural India and a record rabi harvest.

Government revenues take a hit: The lockdown has resulted in sharp decline in revenue collections for states and centre. Centre is likely to report a higher than estimated fiscal deficit for FY20 and FY21. Centre has already increased its gross borrowing by 50% in FY21 to Rs 12tn

from Rs 7.8tn estimated earlier. Even states are expected to increase their borrowings. Notably, states had already reduced capex in FY20. We now see extended decline in capex.

Yields to remain in 5.5-6% range: India's 10Y yield fell by 3bps in Apr'20. This was on account of Rs 4.7tn liquidity surplus in the system. Upto 8 May 2020, 10Y yield fell further by 14bps in the month. However, post the announcement of centre's revised borrowing plan, 10Y yield has risen by 20bps. Now borrowing in H1 and H2 is split in half at Rs 6tn each compared with Rs 4.88tn and Rs 2.92tn earlier. The large liquidity surplus (Rs 5.4tn as on 11 May 2020) and OMOs by RBI along with muted credit demand can absorb higher supply. Thus we believe 10-year yield is likely to remain in 5.5-6% range in the near-term.

Pressure on INR abates: While INR touched a record low of 76.84/\$ in Apr'20, it recovered to end the month higher by 0.6%. The gains in INR come at the back of receding FII outflows and an improvement in global risk sentiment as countries looked at restarting economic activities. We continue to remain positive on INR as lower oil prices will ensure that current account remains in surplus in FY21. This along with substantial FX reserves will ensure that INR reverts back to 73/\$ in FY21.

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

Consumption

Final consumption expenditure

FIG 1 – CONSUMPTION REMAINS STEADY IN Q3FY20

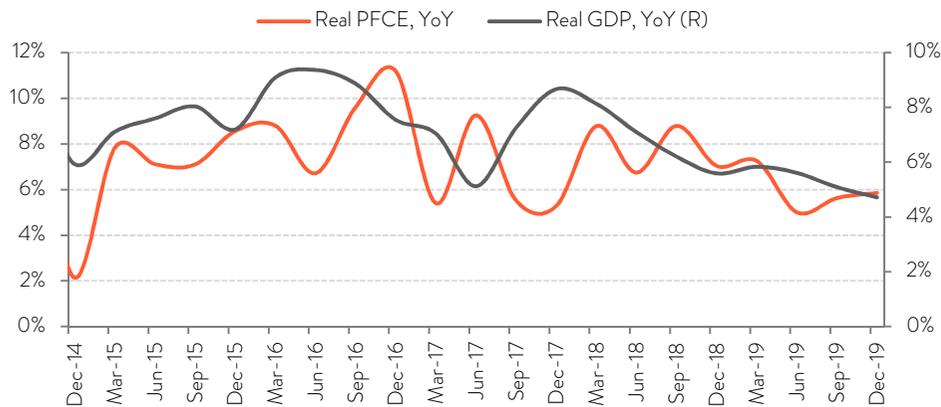


FIG 2 – GOVERNMENT CONSUMPTION SLIPS IN Q3FY20

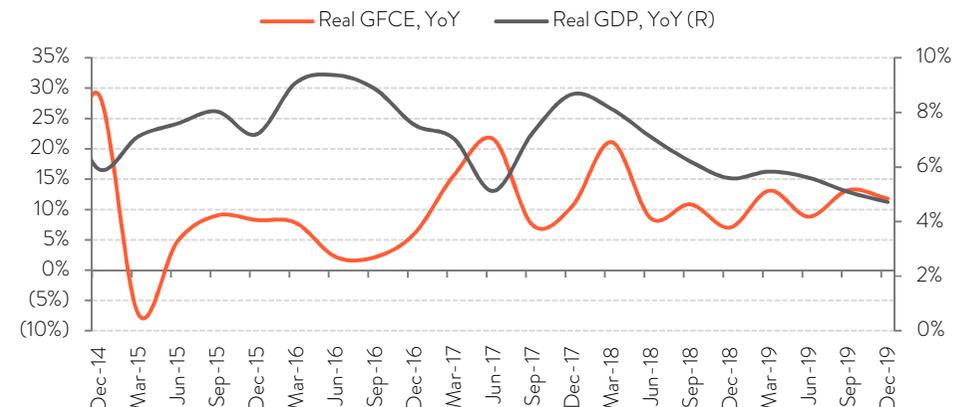


FIG 3 – GENERAL GOV REVENUE SPENDING INCHES UP IN FEB'20

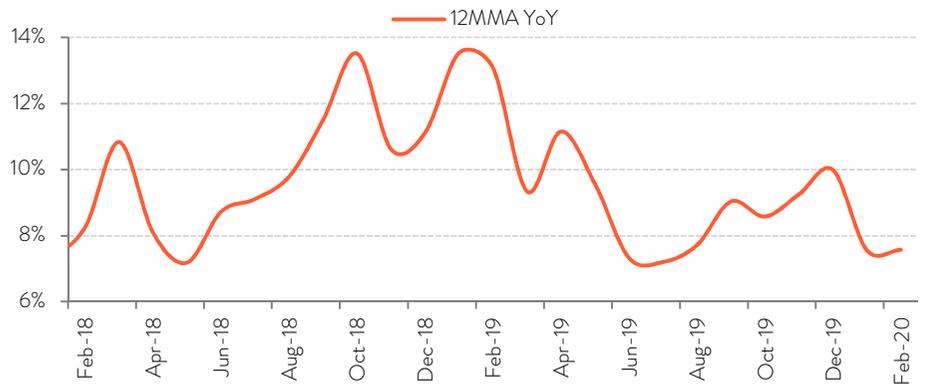
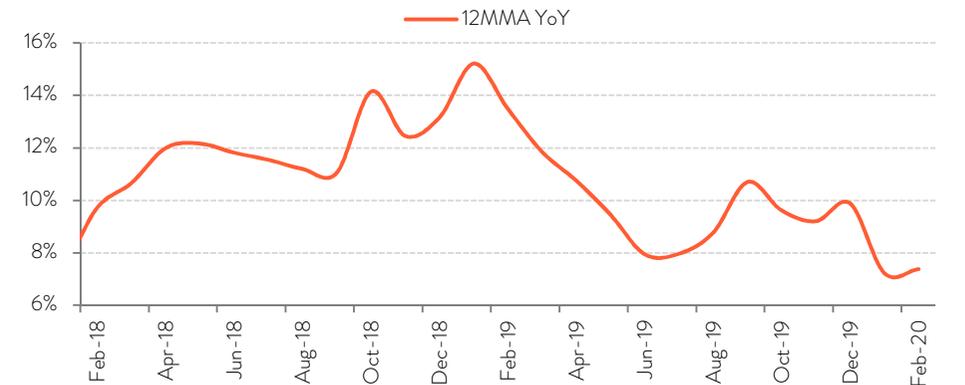


FIG 4 – SIMILAR TREND FOR STATE* GOV REVENUE SPENDING



Note: *All states excluding N.E states, AP, Bihar, Goa, J&K, Karnataka, Maharashtra, TN, and Uttarakhand

Non-oil imports, electronic imports

FIG 5 – NON-OIL-NON-GOLD IMPORTS DECLINE

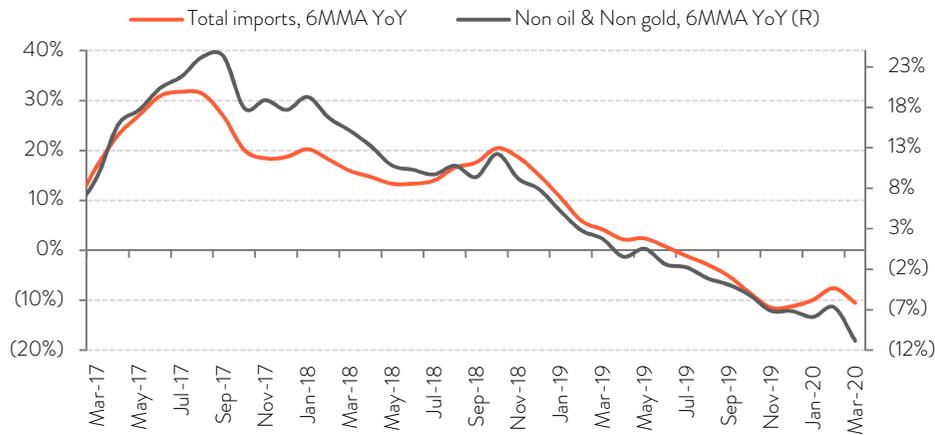


FIG 6 – ELECTRONIC IMPORTS CONTINUE TO DECLINE

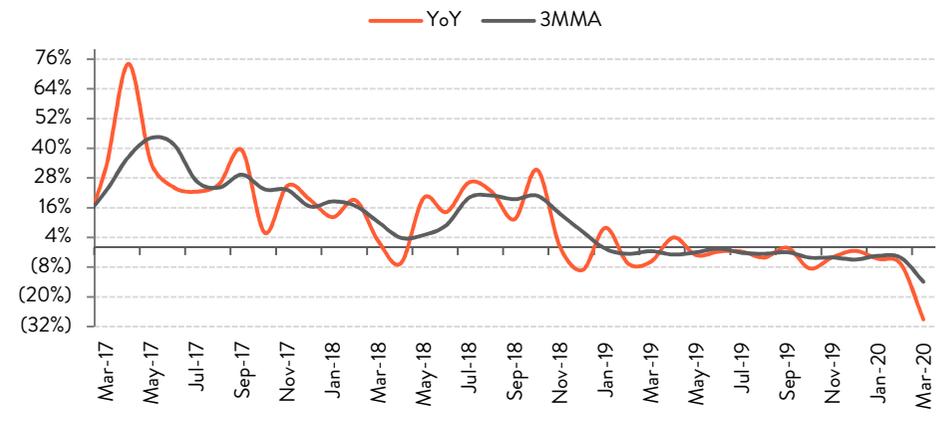


FIG 7 – PASSENGER CAR SALES PLUNGE

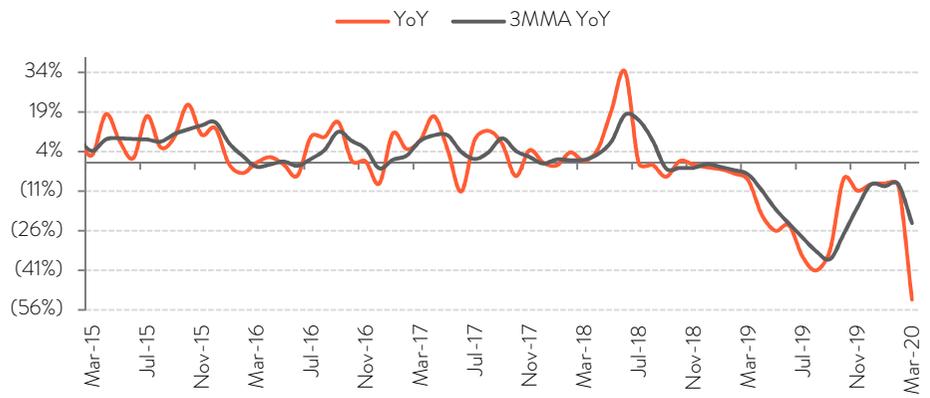
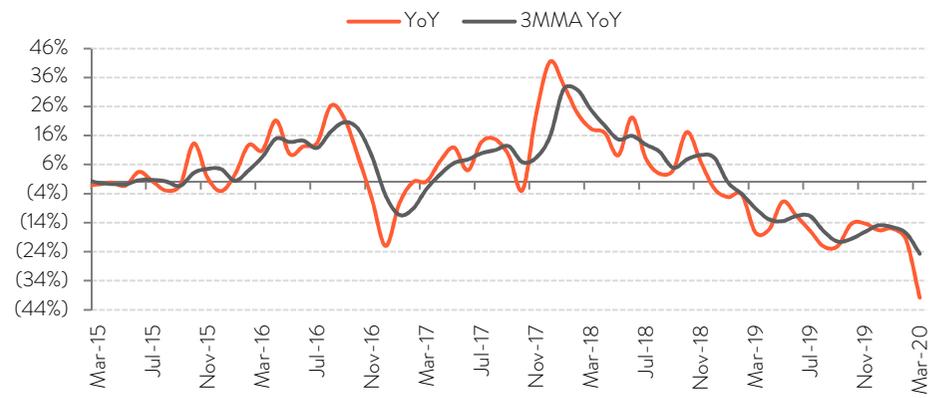


FIG 8 – SIMILAR CASE FOR TWO-WHEELER SALES



Credit deployment of personal loans

FIG 9 – GROWTH IN CREDIT CARD OUTSTANDING DIPS

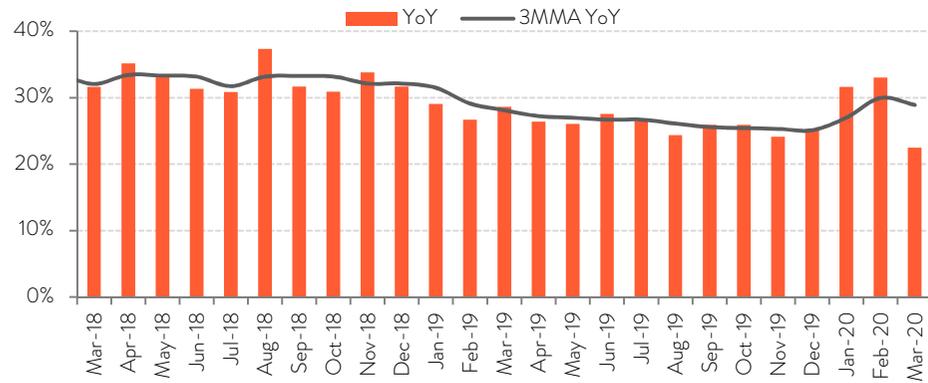


FIG 10 – GROWTH IN PERSONAL LOANS STEADIES

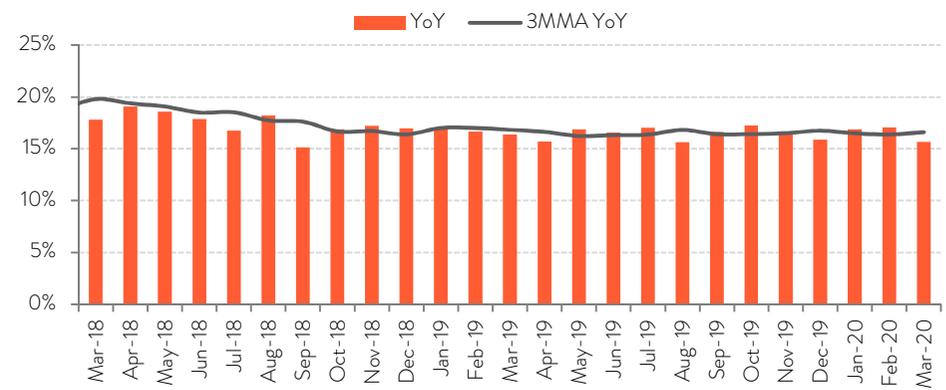


FIG 11 – GROWTH IN VEHICLE LOANS MODERATES

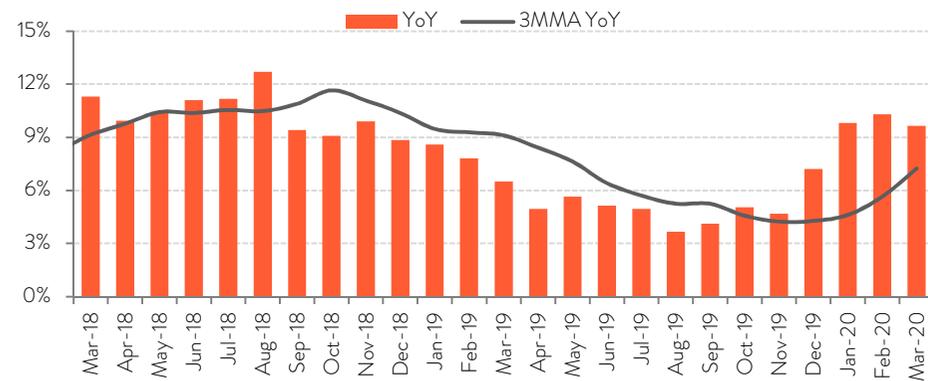
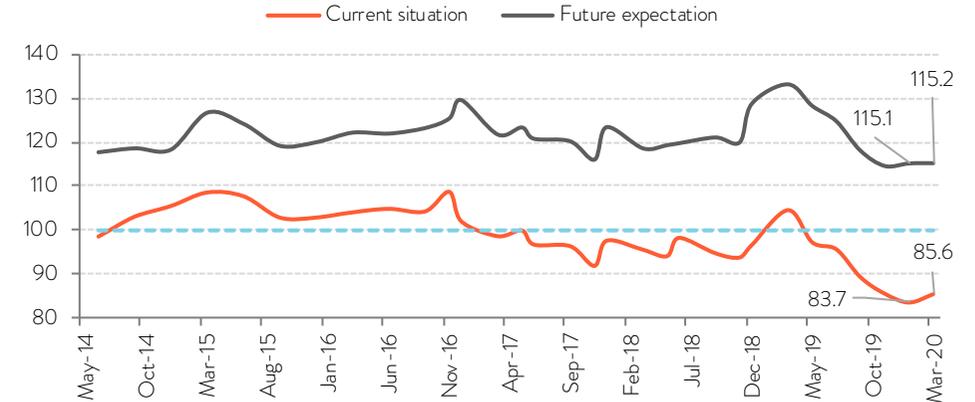


FIG 12 – CONSUMER CONFIDENCE INCHED UP MARGINALLY



Consumer durables & non-durables production

FIG 13 – CONSUMER DURABLES OUTPUT DECLINES

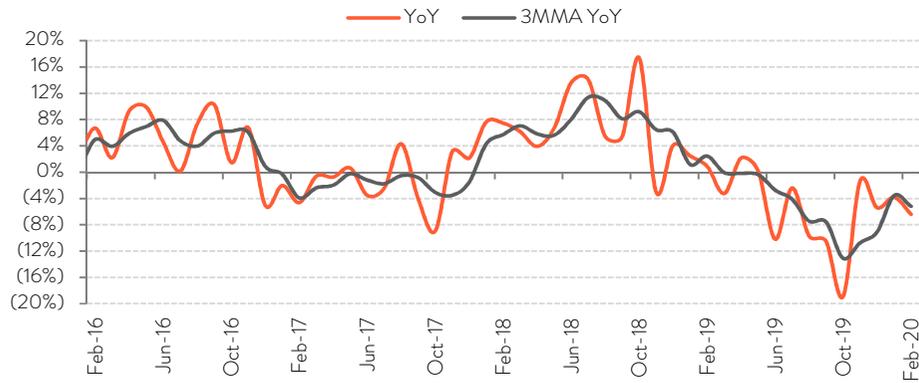
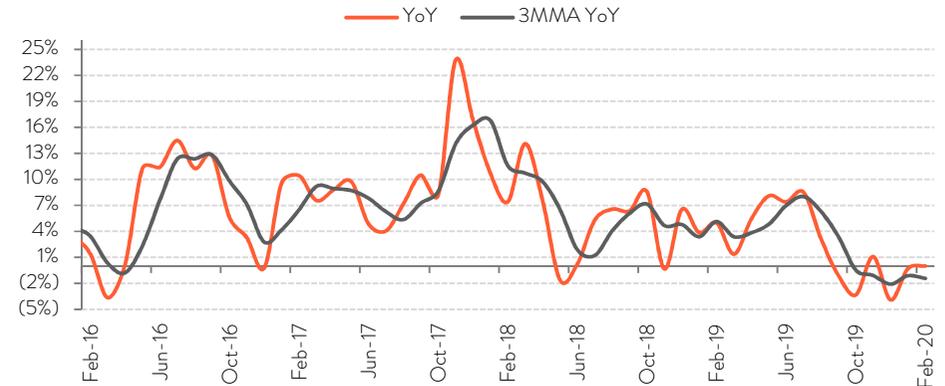
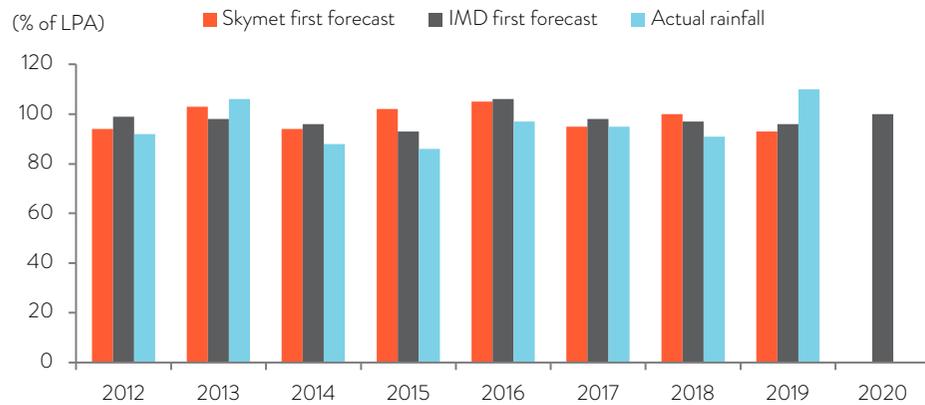


FIG 14 – ...SIMILAR CASE FOR FMCG OUTPUT



Agriculture

FIG 15 – EXPECTATION A NORMAL MONSOON



Note: IMD

FIG 16 – STOCK OF FOODGRAINS AT 78MN TN IN FEB'20 COMPARED WITH 60MN TN IN FEB'19

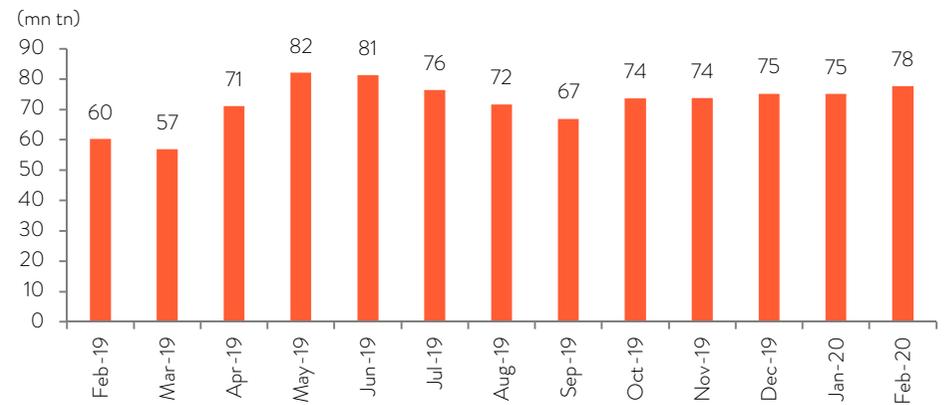


FIG 17 – GROWTH IN AGRICULTURE CREDIT SLOWS

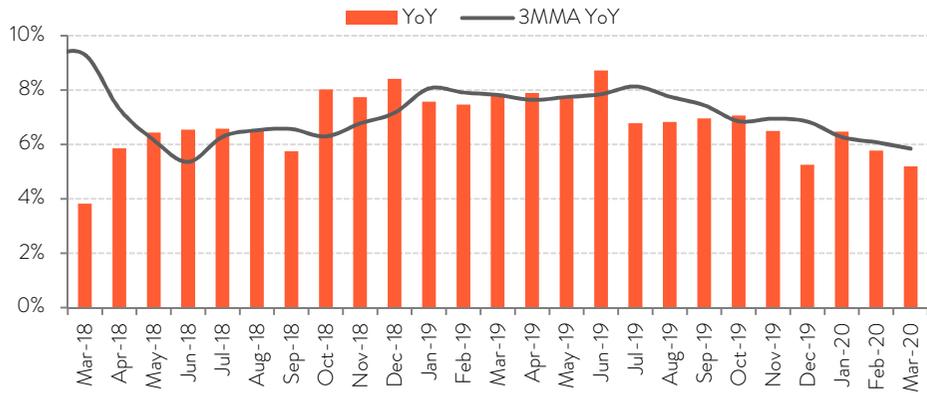
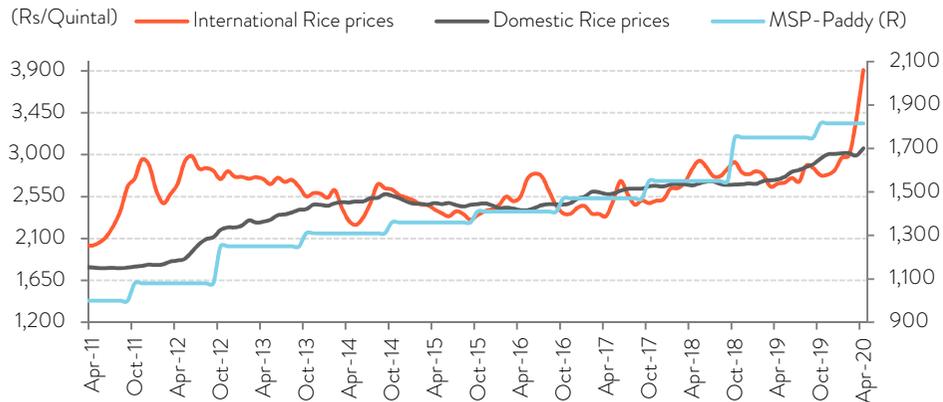


FIG 18 – PROCUREMENT INCREASING LED BY RICE

Year	Wheat	Rice
2011-12	28.34	35.04
2012-13	38.15	34.04
2013-14	25.09	31.85
2014-15	28.02	32.04
2015-16	28.09	34.22
2016-17	22.96	38.11
2017-18	30.83	38.19
2018-19	35.80	44.39
2019-20	34.13	39.37*

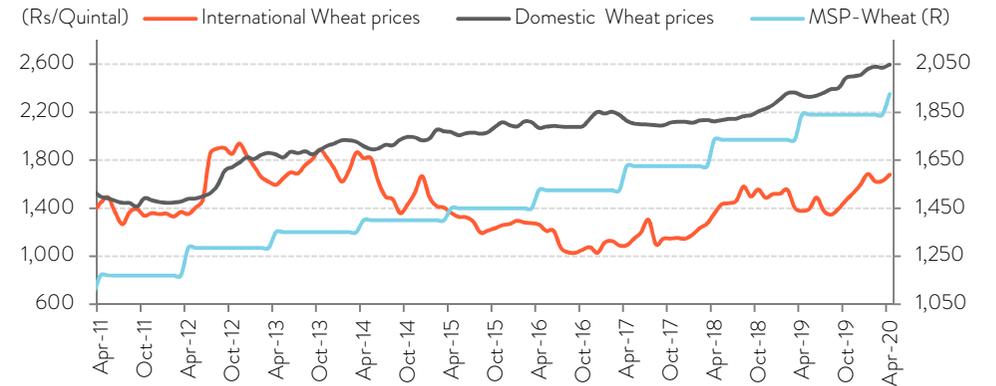
Source: Ministry of Consumer Affairs, Food and Public Distribution | *As on: 31 Mar 2020

FIG 19 – DOMESTIC PRICE OF RICE IS EASING; INTERNATIONAL PRICE IS RISING



Source: World Bank

FIG 20 – SIMILAR CASE FOR WHEAT PRICES



Source: World Bank

FIG 21 – GLOBAL FOOD PRICES CONTINUE TO EDGE DOWNWARDS

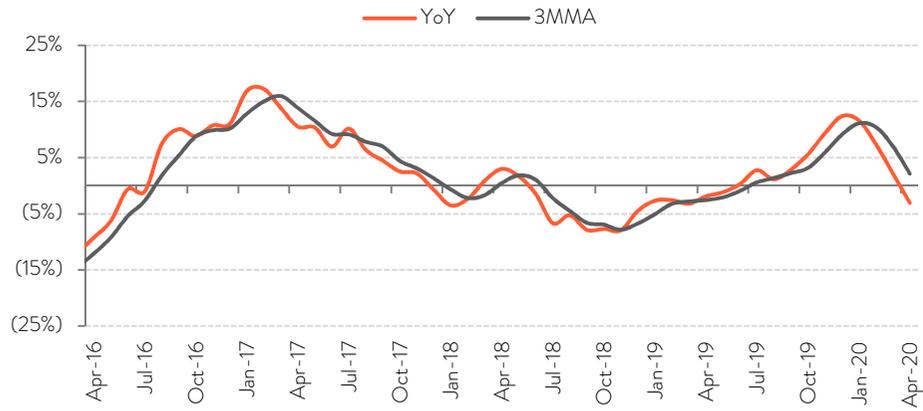
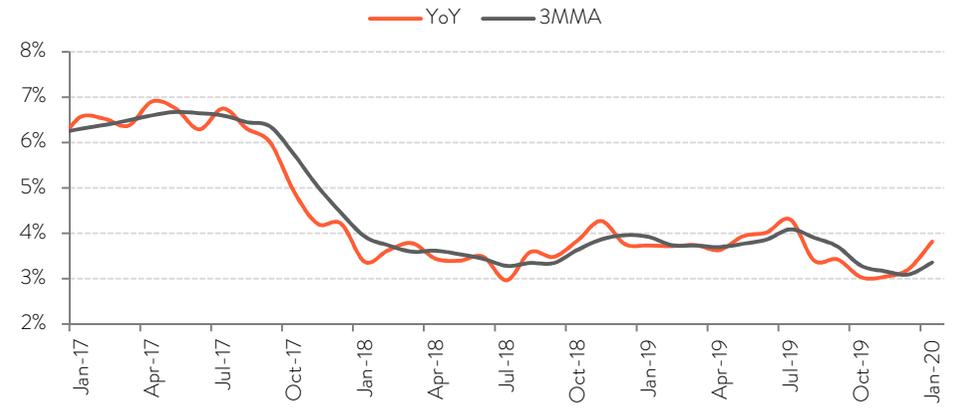


FIG 22 – UPTICK IN WAGES (MEN) IN JAN'20



Inflation

FIG 23 – RETAIL INFLATION SOFTENED BY 66BPS TO ITS 4MONTH LOW OF 5.9% IN MAR'20 COMPARED TO 6.6% IN FEB'20

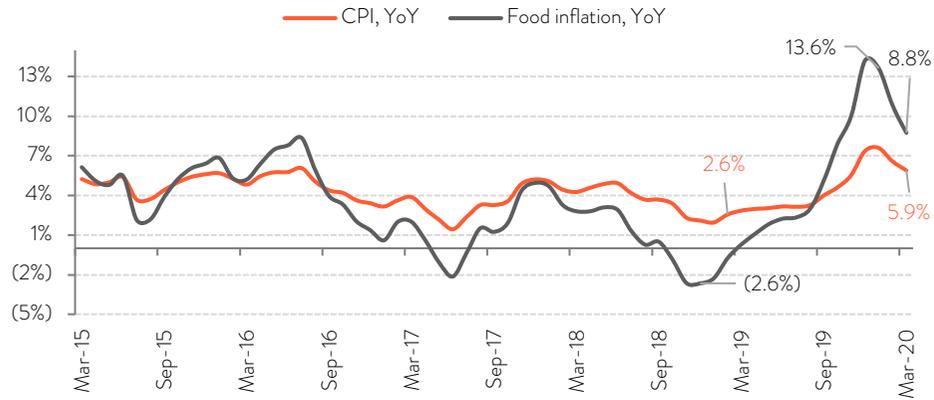


FIG 24 – ...LED BY 210BPS DROP IN FOOD INFLATION IN MAR'20 (8.8% VS 10.8% IN FEB'20) ESPECIALLY VEGETABLES (18.6% VS 31.6% IN FEB'20)

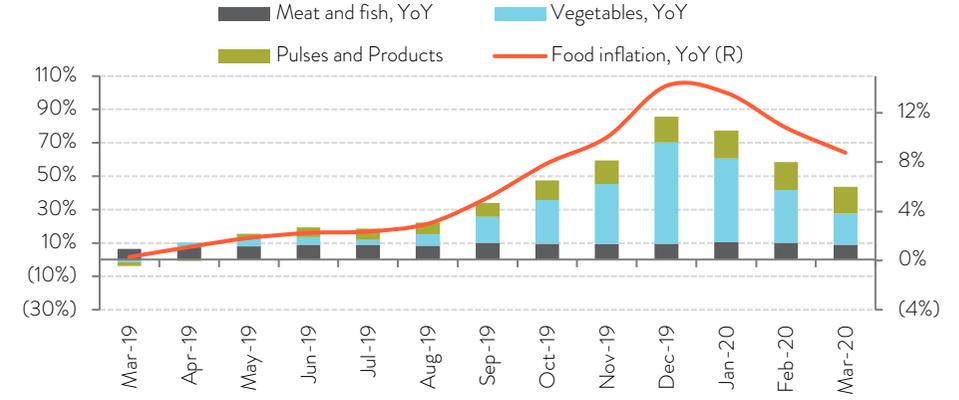
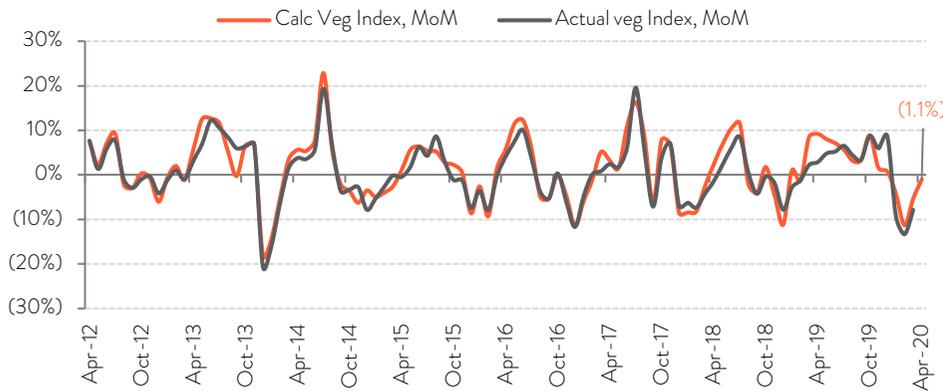


FIG 25 – ...HOWEVER, VEGETABLE INFLATION IS SEEN INCHING UP IN MAR'20



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

FIG 26 – CORE INFLATION WAS STABLE AT 4.1% IN MAR'20

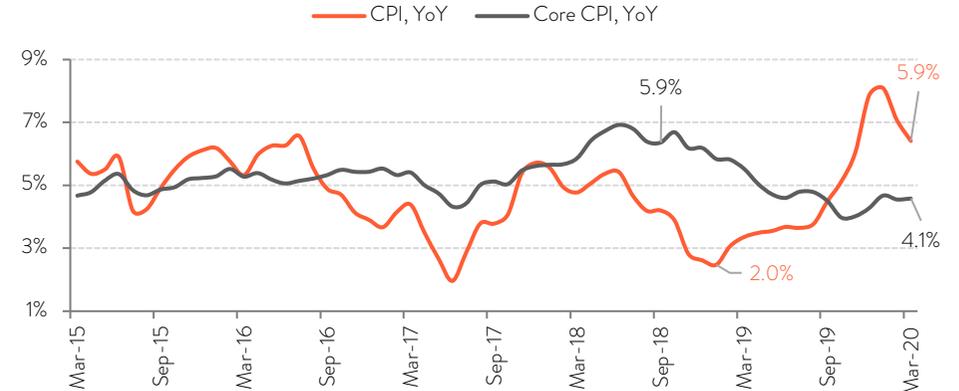


FIG 27 – ...ONLY TRANSPORT & COMMUNICATION INFLATION FELL WHILE PERSONAL CARE ITEMS SHOT UP DUE TO HIGHER GOLD PRICES

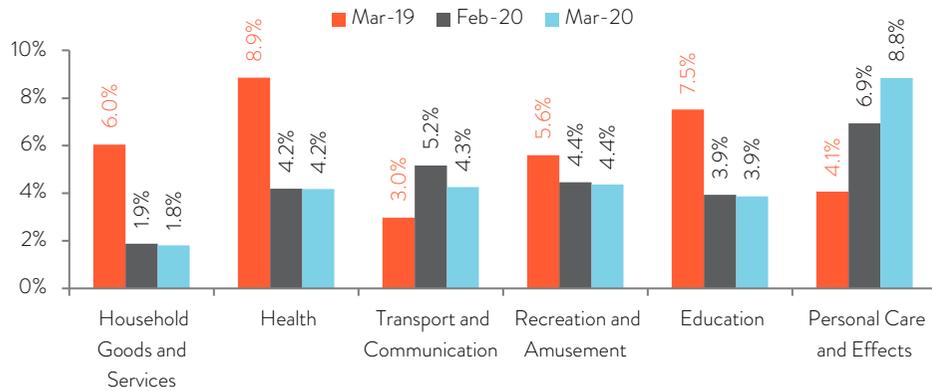


FIG 29 – CPI EXCL VOLATILE COMPONENTS SUCH AS VEG AND PULSE WAS STABLE AT 4.9% IN MAR'20

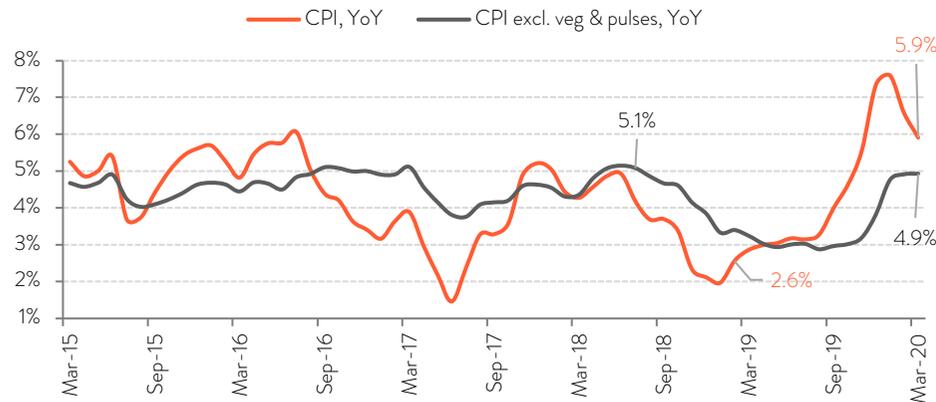
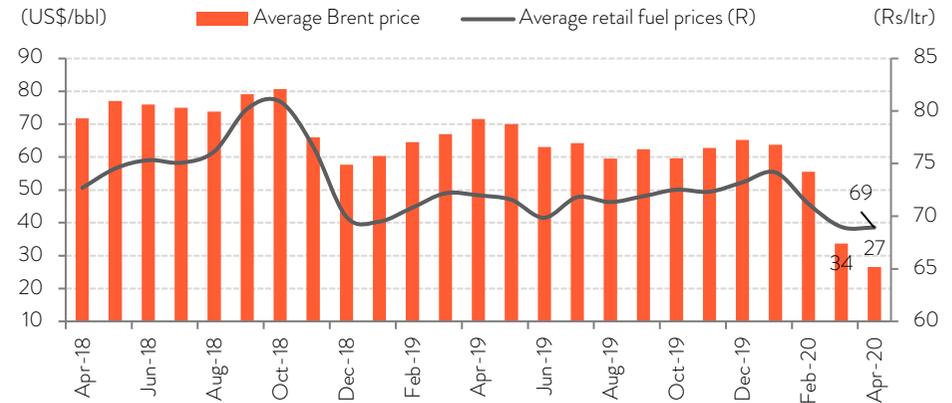
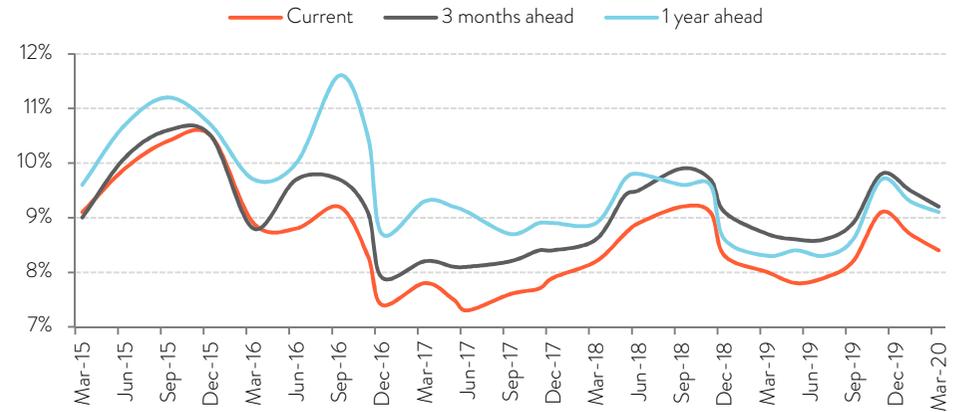


FIG 28 – IN APR'20, RETAIL FUEL PRICES WAS STABLE AT RS 69/LT; CRUDE FELL SHARPLY TO US\$ 27/BBL (US\$ 34/BBL IN MAR'20)



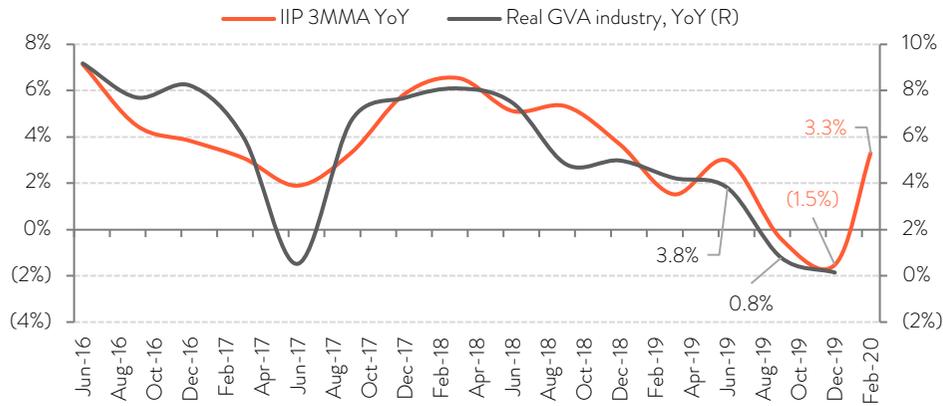
Note: *Average retail price of Delhi, Kolkata, Mumbai and Chennai

FIG 30 – RBI'S INFLATION INDEX SHOWED IN THE 3-MONTH & 1-YEAR AHEAD INFLATION WILL EDGE DOWN BY 30BPS AND 20BPS RESPECTIVELY



Industry

FIG 31 – INDUSTRIAL OUTPUT IMPROVES IN FEB'20



Note: IIP for Feb'20 is average for Jan-Feb'20 is on YoY basis

FIG 32 – BROAD BASED SLOWDOWN ACROSS SECTORS

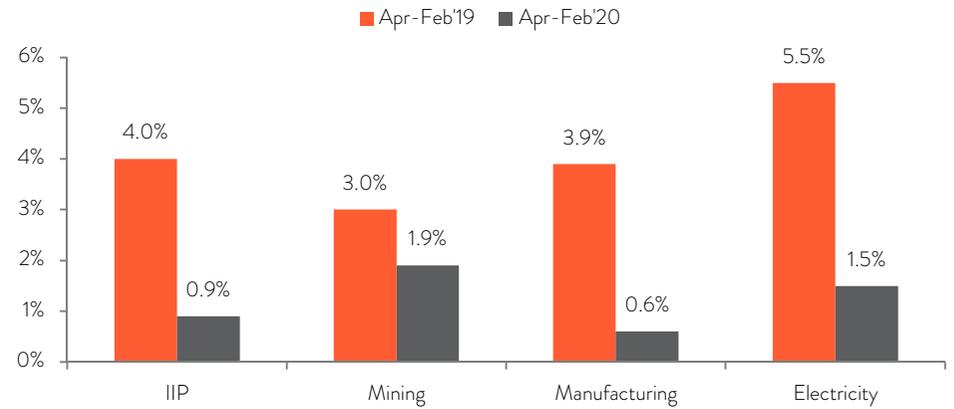


FIG 33 – PRIMARY GOODS PUSHED IIP UPWARDS

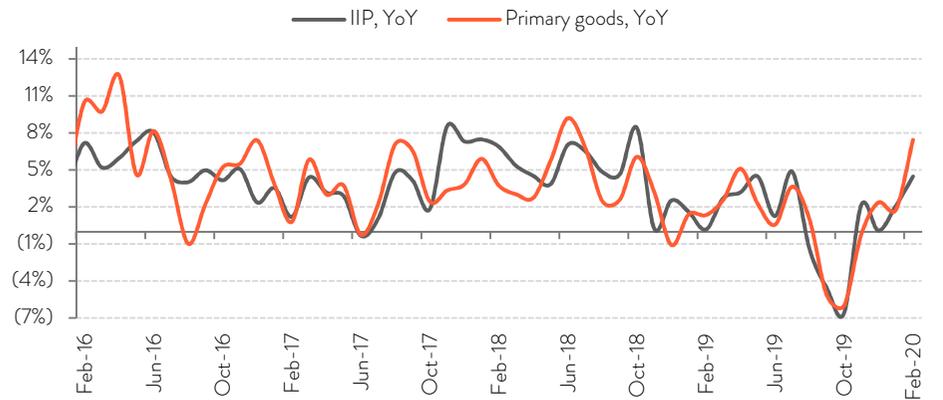


FIG 34 – INTERMEDIATE GOODS TOO DOING THE SAME

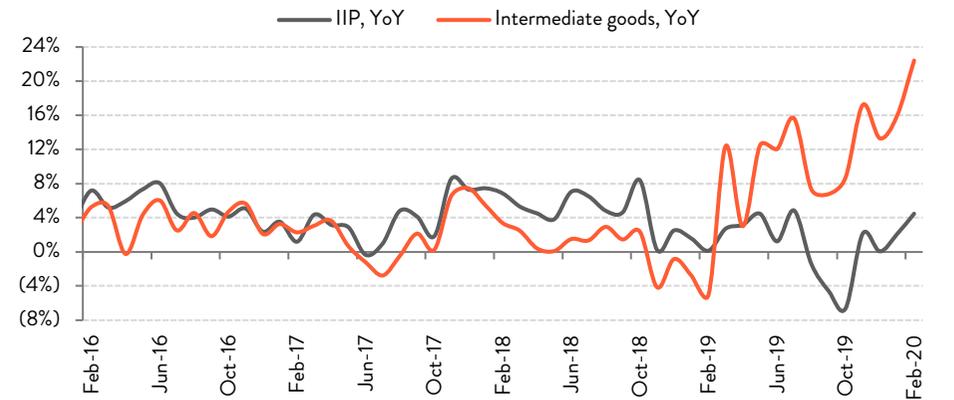
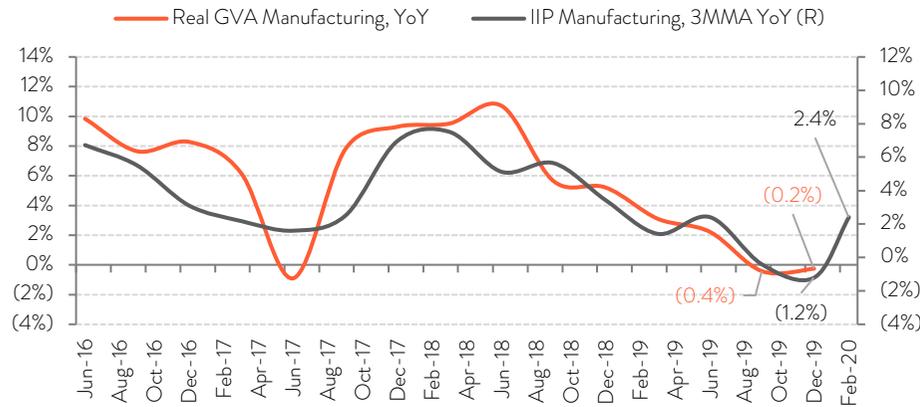


FIG 35 – INDUSTRIAL PRODUCTION ACCELERATES IN FEB'20

Sectoral (%)	Weight	Feb-20	Jan-20	Feb-19	Apr-Feb'20	Apr-Feb'19
IIP	100.0	4.5	2.1	0.2	0.9	4.0
Mining	14.4	10.0	4.3	2.2	1.9	3.0
Manufacturing	77.6	3.2	1.6	(0.3)	0.6	3.9
Electricity	8.0	8.1	3.1	1.3	1.5	5.5
Use-Based		7				
Primary Goods	34.1	7.4	1.8	1.3	1.1	3.6
Capital Goods	8.2	(9.7)	(4.3)	(9.3)	(11.4)	4.1
Intermediate Goods	17.2	22.4	15.9	(5.0)	12.2	(0.3)
Infrastructure and Construction Goods	12.3	0.1	(2.3)	1.9	(2.1)	7.5
Consumer Durables Goods	12.8	(6.4)	(3.8)	0.9	(6.2)	6.4
Consumer Non-Durables Goods	15.3	0.0	(0.3)	5.0	2.0	4.3

Manufacturing

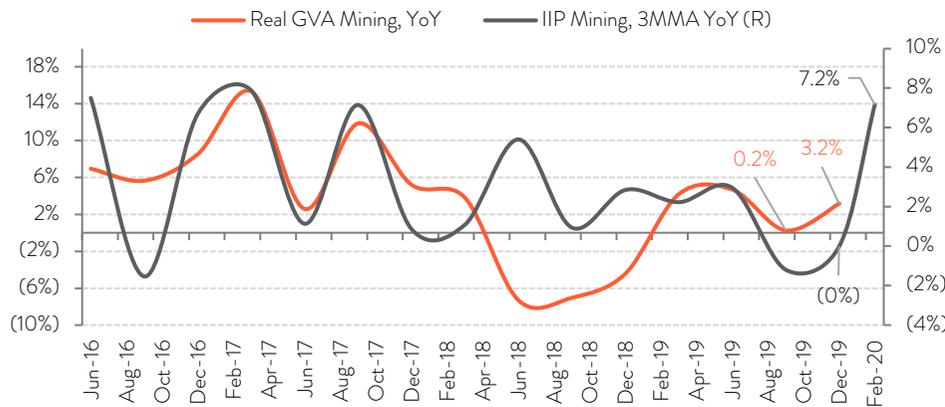
FIG 36 – MANUFACTURING OUTPUT IMPROVES



Note: IIP for Feb'20 is average for Jan-Feb'20 is on YoY basis

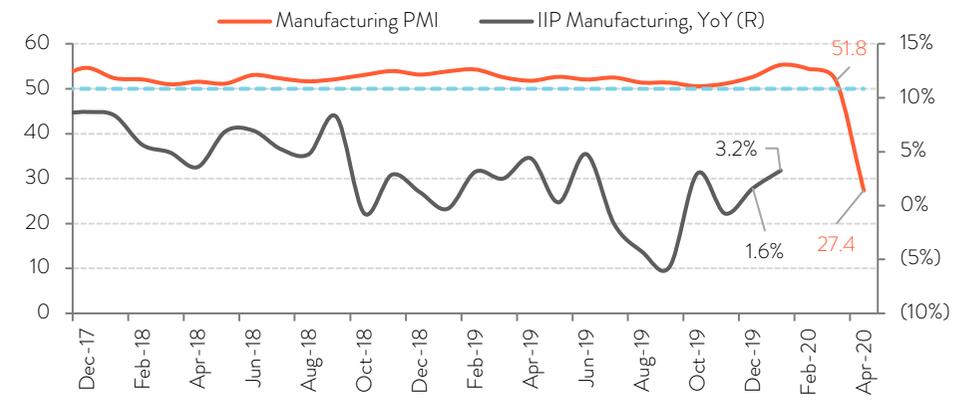
Mining & Electricity

FIG 38 – MINING ACTIVITY HAS RISEN SHARPLY



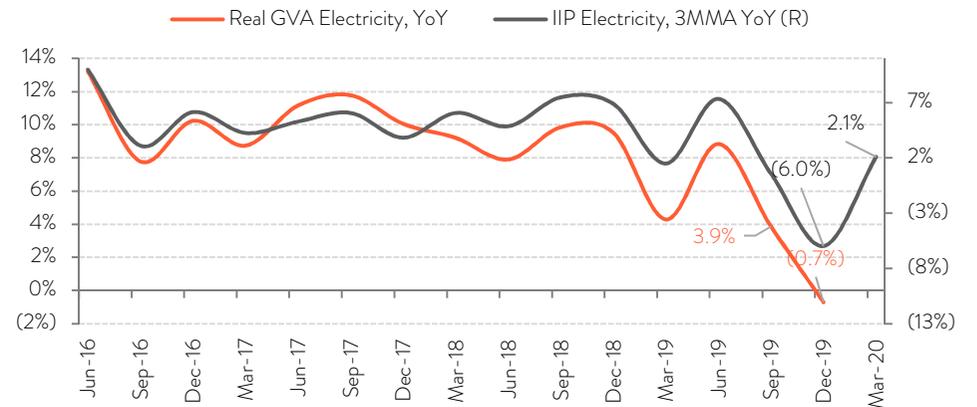
Note: IIP for Feb'20 is average for Jan-Feb'20 is on YoY basis

FIG 37 – MANUFACTURING PMI PLUNGES IN APR'20



Source: Markit

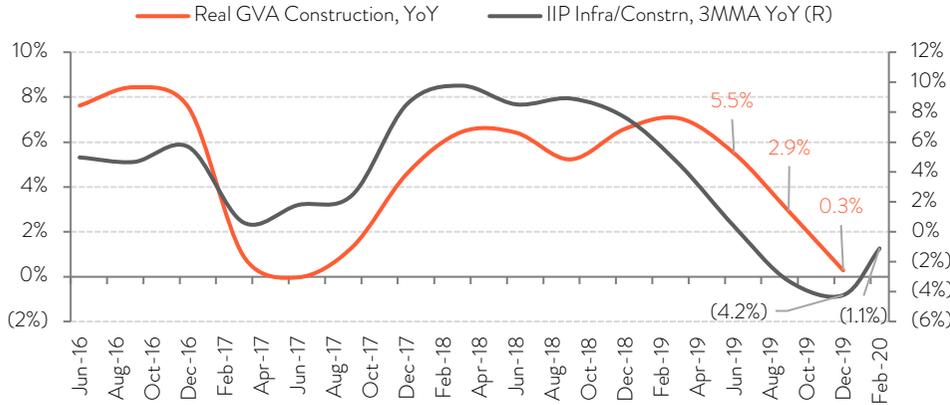
FIG 39 – ELECTRICITY OUTPUT IMPROVES IN MAR'20



Note: Data for Mar'20 is for eight core

Infrastructure and Construction

FIG 40 – GROWTH IN CONSTRUCTION CONTINUES TO INCH UP...



Note: IIP for Feb'20 is average for Jan-Feb'20 is on YoY basis

Infrastructure Index

FIG 42 – INFRA INDEX DECLINES IN MAR'20

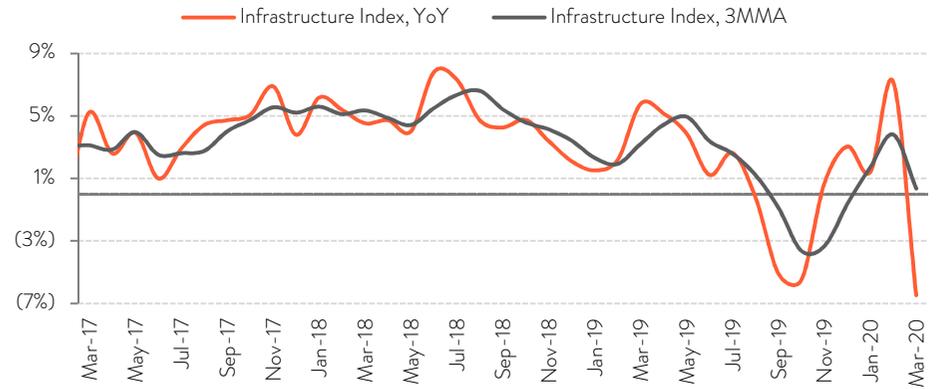


FIG 41 – ...HOWEVER, CEMENT PRODUCTION FALTERS IN MAR'20

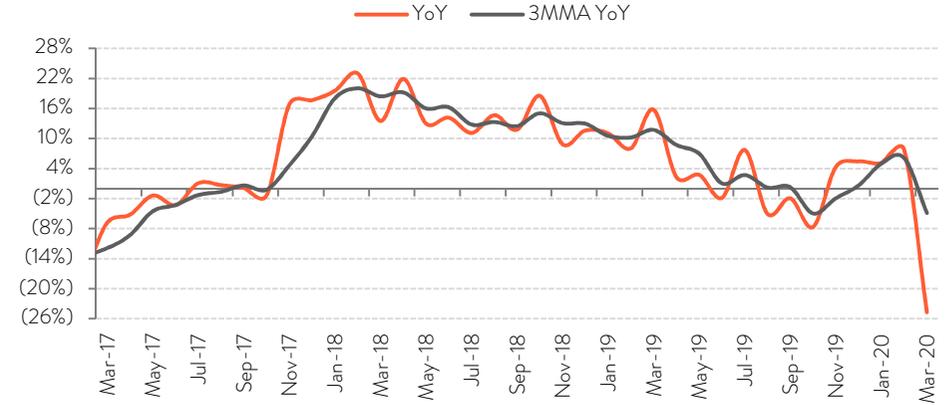
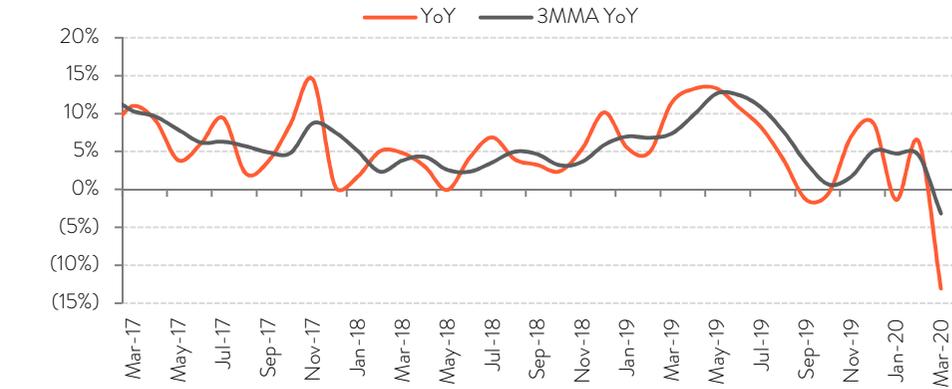


FIG 43 – STEEL PRODUCTION CONTRACTS



Auto production & Business expectation index

FIG 44 – AUTO PRODUCTION DECLINES FURTHER

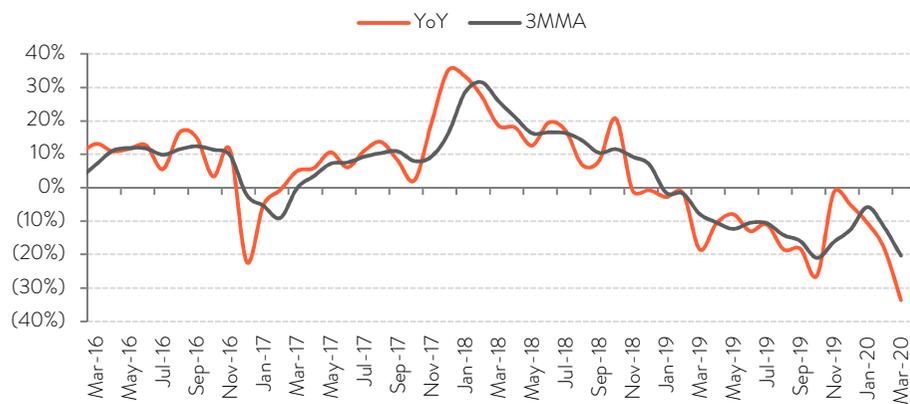


FIG 45 – BUSINESS SENTIMENT EXPECTED TO IMPROVE IN Q1FY21

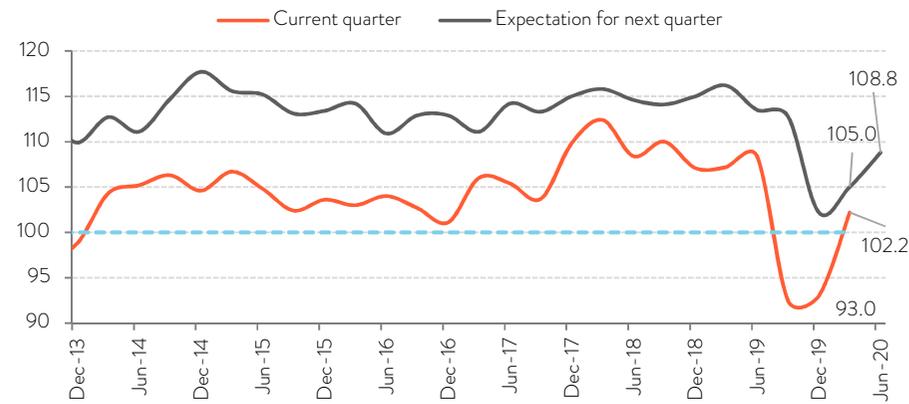


FIG 46 – INFRASTRUCTURE INDEX CONTRACTS

(%)	Weight	Mar-20	Feb-20	Mar-19	Apr-Mar'20	Apr-Mar'19
Infrastructure Index	100	(6.5)	7.1	5.8	0.6	4.4
Coal	10.3	4.0	11.2	9.1	(0.5)	7.4
Crude Oil	9.0	(5.5)	(6.4)	(6.2)	(5.9)	(4.1)
Natural Gas	6.9	(15.2)	(9.6)	1.4	(5.7)	0.8
Petroleum Refinery Products	28.0	(0.5)	7.4	4.3	0.2	3.1
Fertilizers	2.6	(11.9)	2.9	4.3	2.7	0.3
Steel	17.9	(13)	6.3	11.5	4.2	5.1
Cement	5.4	(24.7)	7.8	15.7	(0.8)	13.3
Electricity	19.9	(7.2)	11.7	2.1	1.0	5.2

Investment

FIG 47 – REAL GFCF GROWTH WAS AT ITS LOWEST AT (-) 5.2% IN Q3FY20 VS (-) 4.1% IN Q2FY20 WHICH DRAGGED DOWN GDP (4.7% VS 5.1% IN Q2FY20)

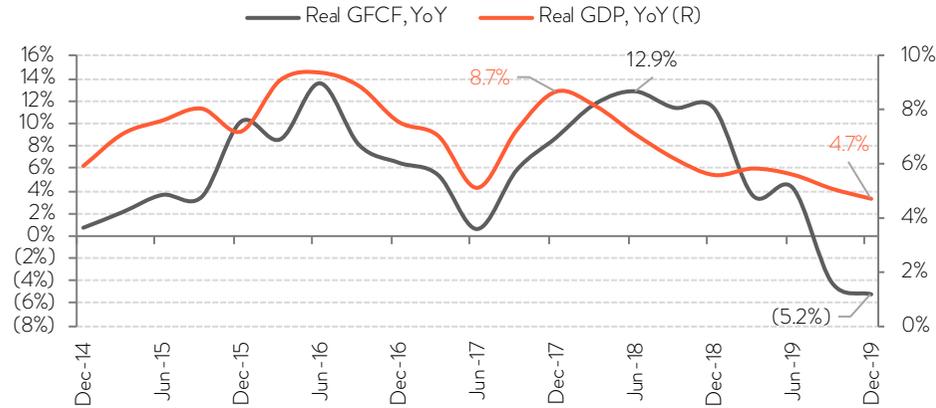


FIG 48 – ...IN NOMINAL TERMS AS WELL, GFCF GROWTH FELL BY (-) 3.3% IN Q3FY20 VS (-) 1.8% IN Q2FY20

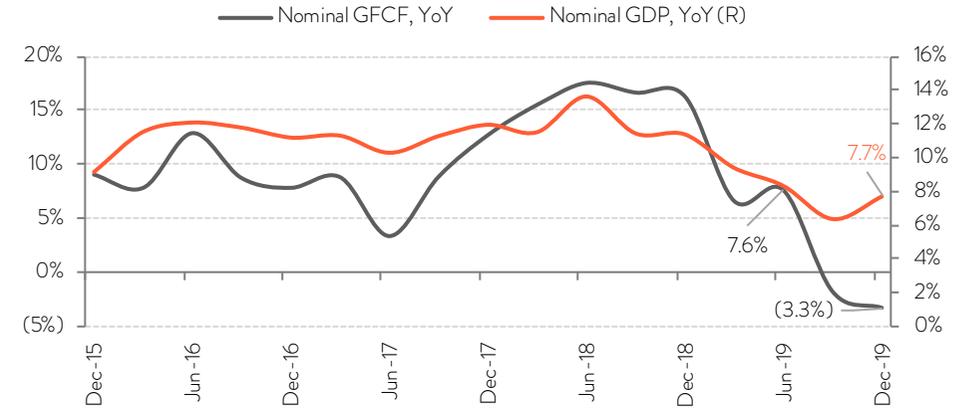


FIG 49 – PLF OF THERMAL PLANTS HAS FALLEN IN MAR'20 INDICATING LOWER CAPACITY UTILISATION

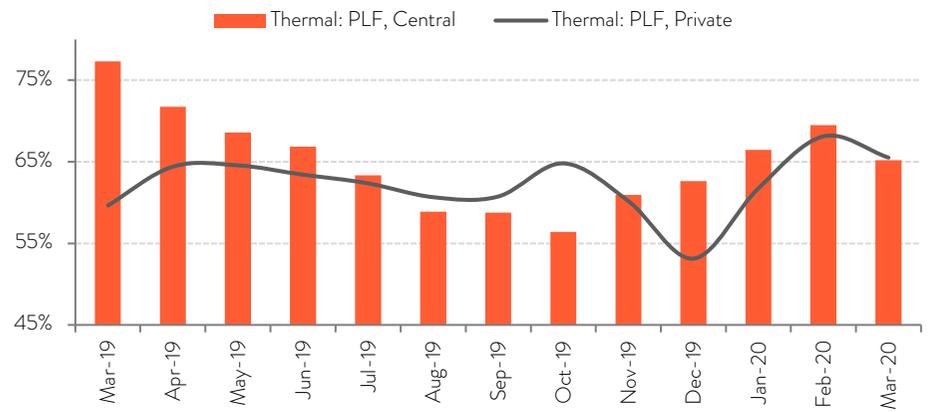


FIG 50 – CAPITAL GOODS PRODUCTION FELL SHARPLY TO 9.7% COMPARED WITH DECLINE OF 4.3% IN FEB'20

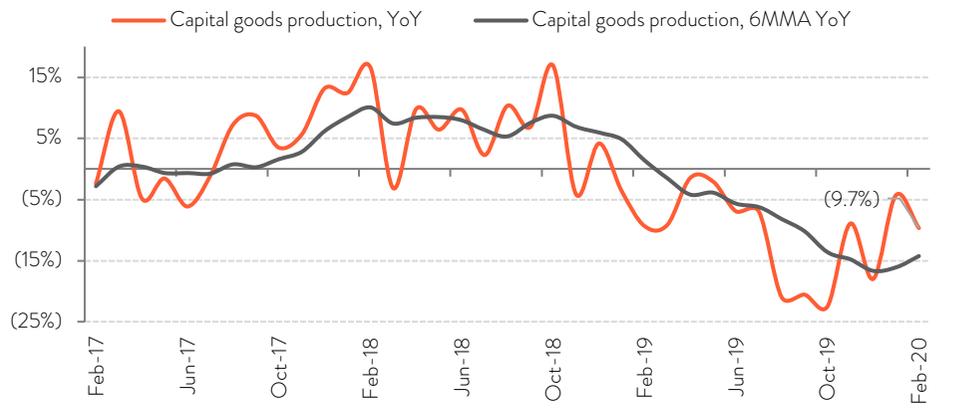


FIG 51 – CAPITAL GOODS IMPORTS FELL SHARPLY BY 20% COMPARED TO 7.6% GROWTH IN FEB'20 ON YOY BASIS

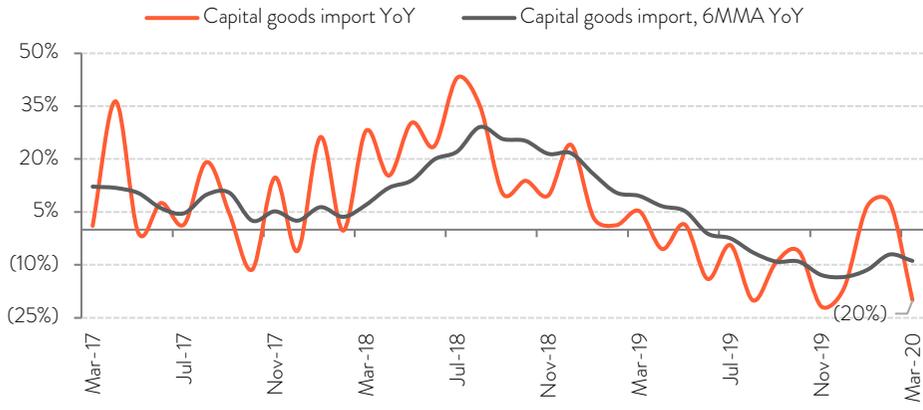


FIG 52 – CENTRE'S CAPEX SPENDING MODERATED TO 39.8% IN FEB'20 VS 45.5% IN JAN'20, STILL NOTING DOUBLE DIGIT GROWTH

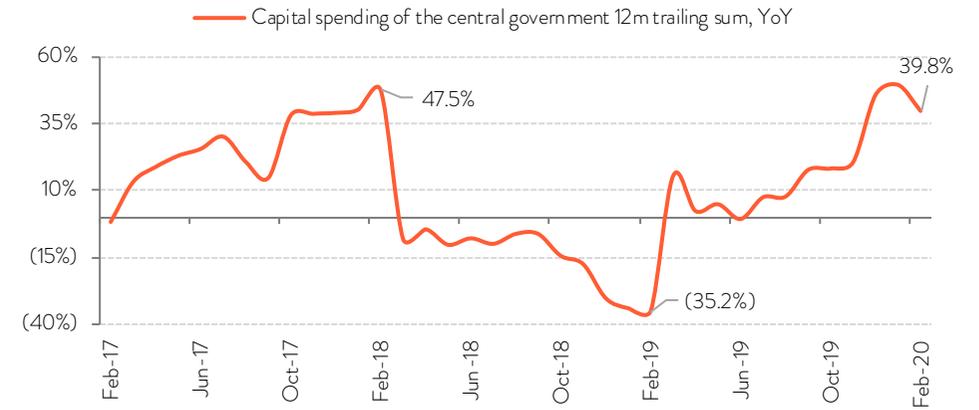


FIG 53 – INDUSTRY CREDIT GROWTH REMAINED MUTED AT 0.7% IN MAR'20

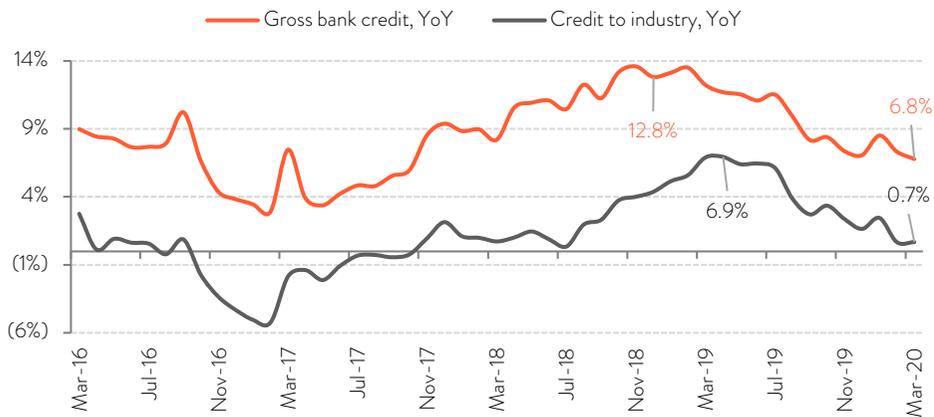


FIG 54 – CREDIT GROWTH TO MSE PICKED UP TO 1.7% IN MAR'20 (0.4% DECLINE IN FEB'20); FOR MEDIUM INDUSTRY IT FELL TO 0.7%

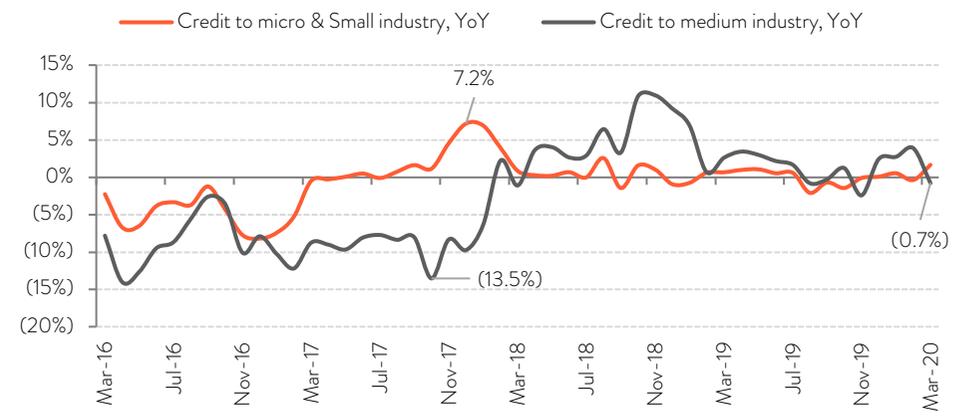


FIG 55 – CREDIT TO LARGE INDUSTRY WAS LOWER AT 0.6% IN MAR'20 COMPARED TO 0.7% IN FEB'20

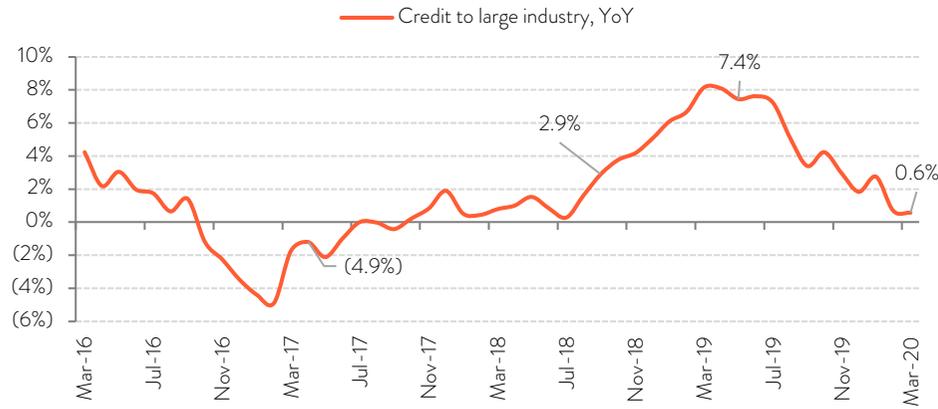


FIG 56 – HOUSING CREDIT DEMAND ALSO SHOWED MODERATION IN MAR'20

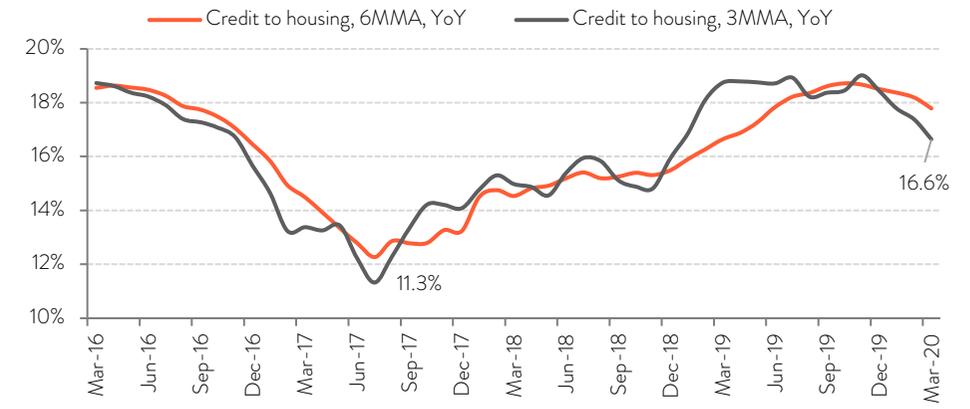
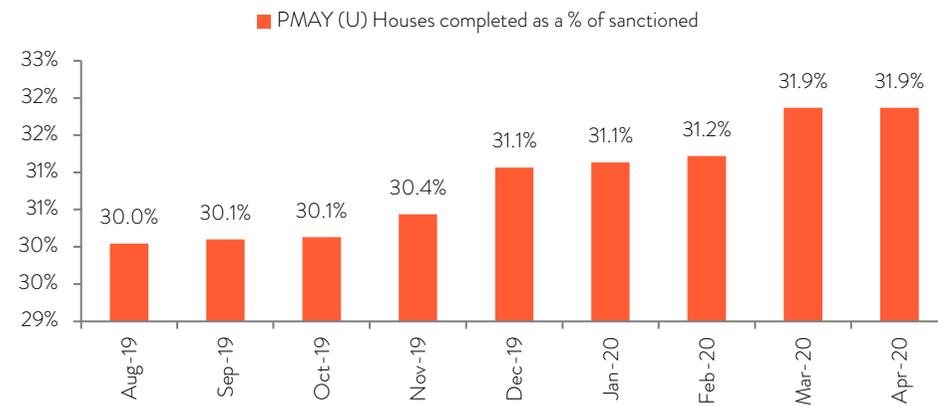
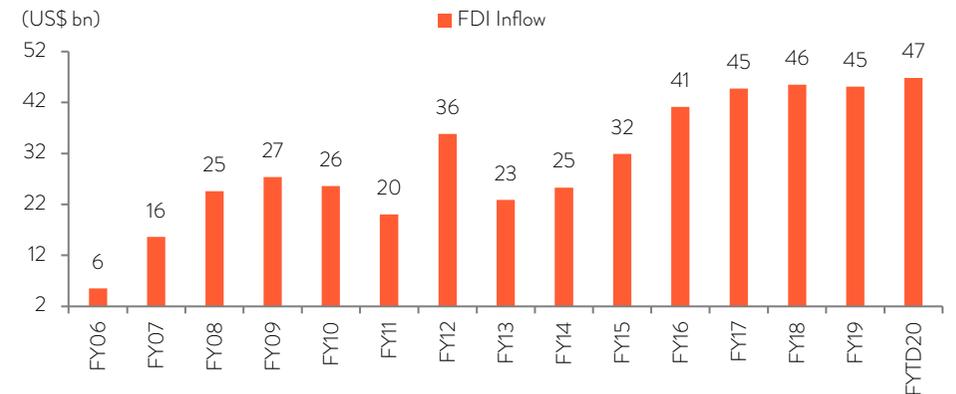


FIG 57 – AFFORDABLE HOUSING DEMAND WAS STABLE IN APR'20



Source: MOHUA

FIG 58 – FDI INFLOWS IN FYTD20 PICKED UP TO US\$ 47BN VS US\$ 45BN IN FY19



Source: RBI,*Apr-Feb'20

Services sector

FIG 59 – GVA: SERVICES ACTIVITY REMAINED BROADLY STEADY IN Q3FY20

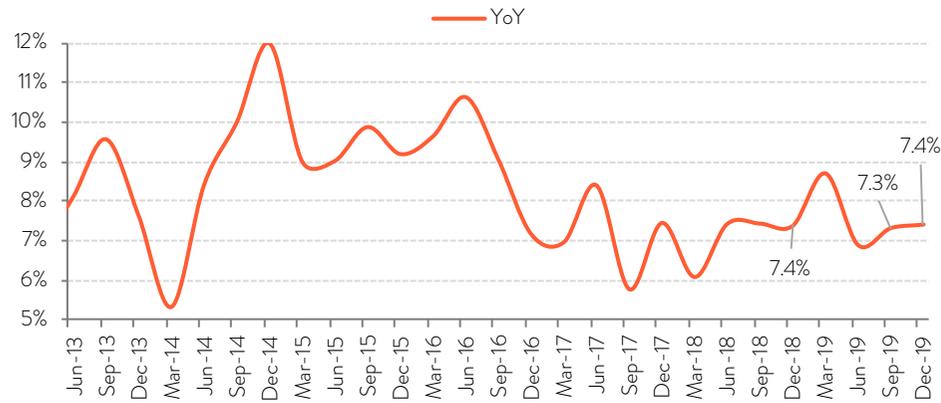
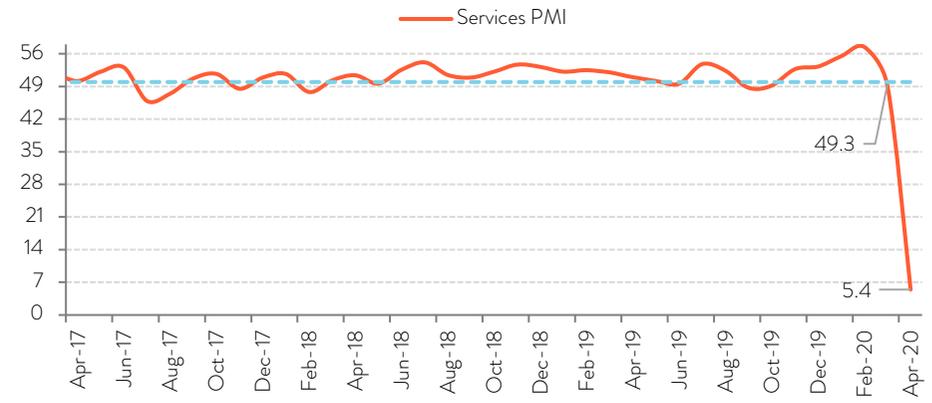


FIG 60 – SERVICES PMI IN APR'20 SHOWS THE IMPACT OF LOCKDOWN



Source: Markit

FIG 61 – GVA: TRADE & RELATED SERVICES GROWTH REMAINS MUTED

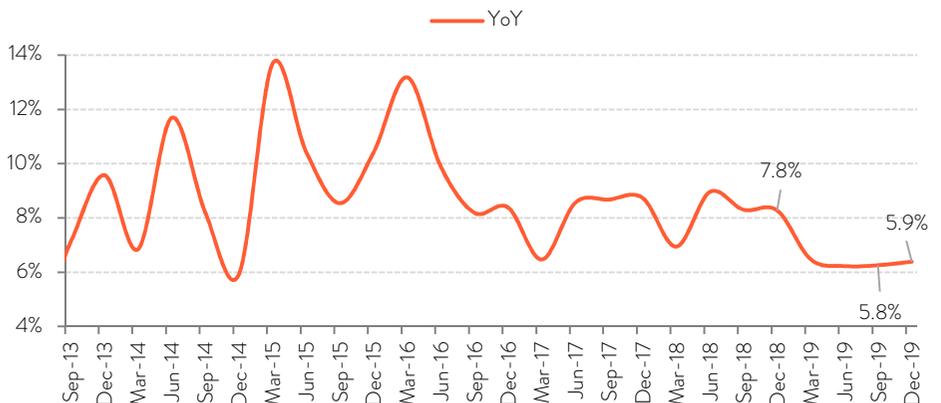


FIG 62 – STATES* TAX REVENUE GROWTH SEEN SLIPPING IN FEB'20



Note: *All states excluding N.E states, AP, Bihar, Goa, J&K, Karnataka, Maharashtra, TN, and Uttarakhand

Trade

FIG 63 – COMMERCIAL VEHICLE SALES NOSE DIVE IN APR'20

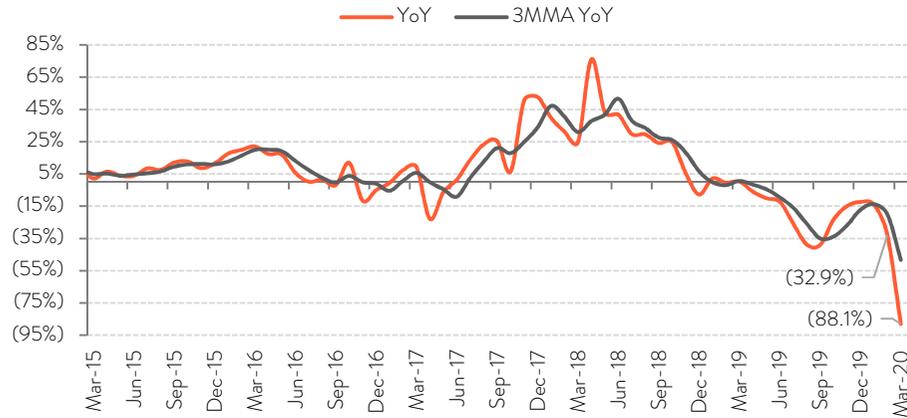
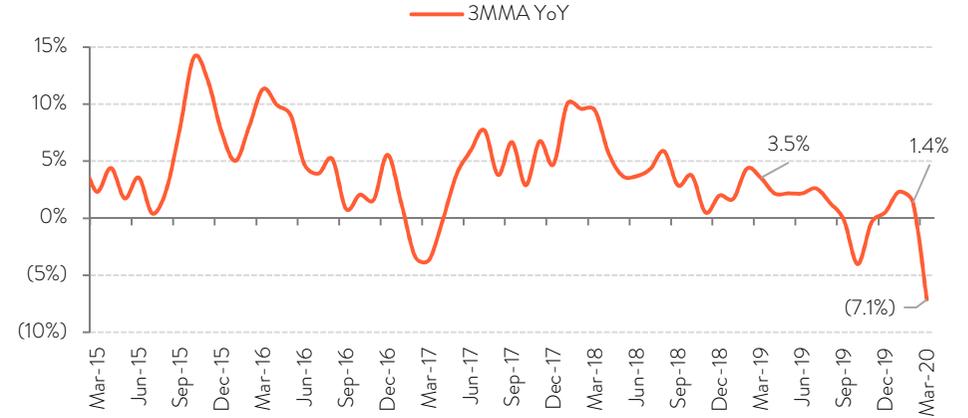


FIG 64 – DIESEL CONSUMPTION DOWN IN MAR'20, WORSENING EXPECTED



Source: PPAC

FIG 65 – PORT CARGO VOLUMES DECLINED STEEPLY IN MAR'20

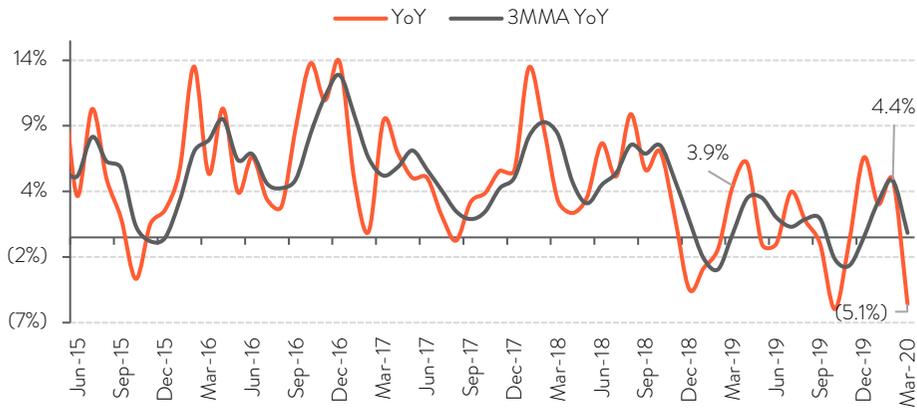


FIG 66 – RAILWAY FREIGHT TRAFFIC GROWTH DOWN SHARPLY IN APR'20

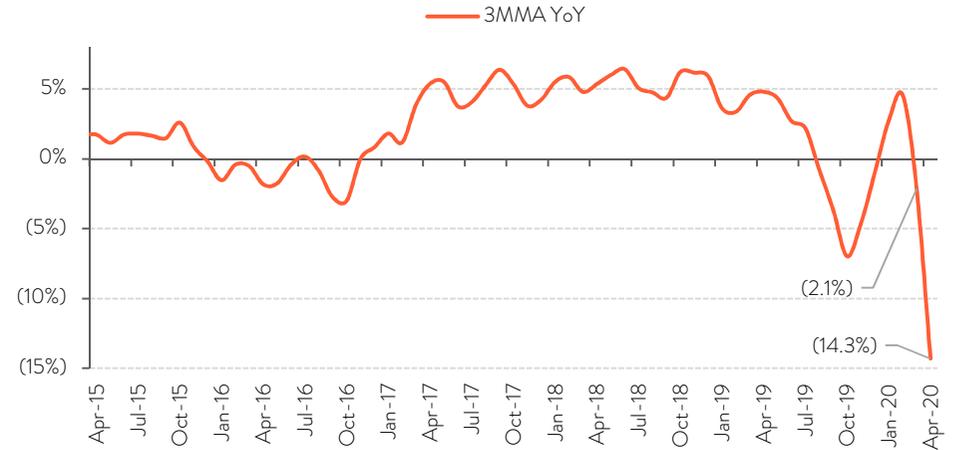


FIG 67 – AIR CARGO VOLUMES ALSO CONTRACTING, BUT LESS SHARPLY...

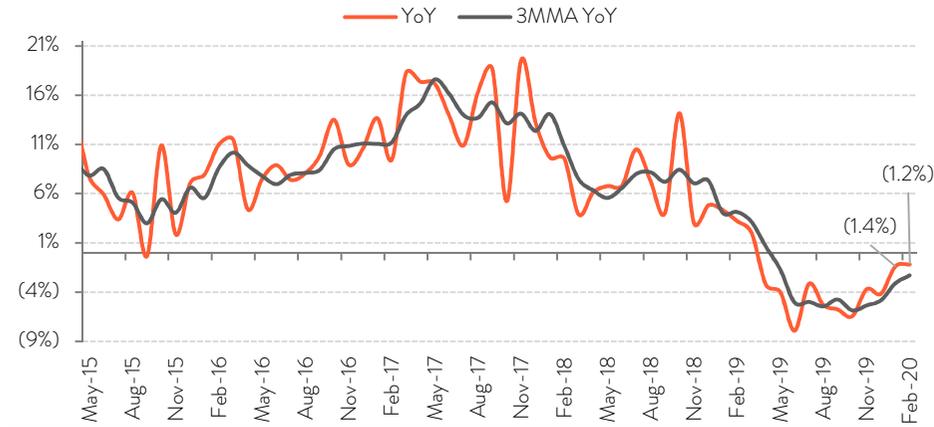
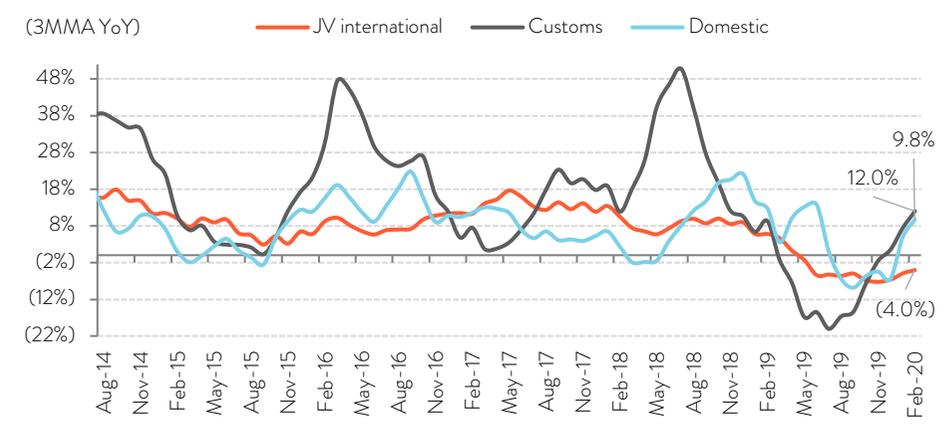


FIG 68 – ...CUSTOMS & DOMESTIC AIRPORTS TAKING THE LEAD



Hotels and Communications

FIG 69 – FOREIGN TOURIST ARRIVAL GROWTH DROPPED SHARPLY IN MAR'20, OWING TO COVID-19

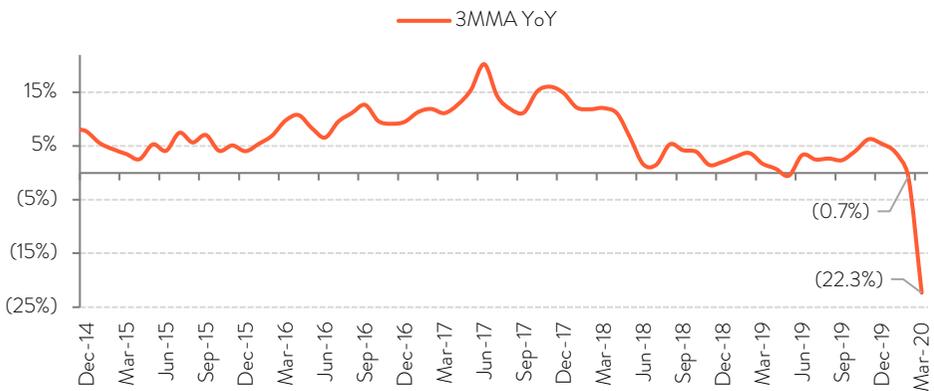


FIG 70 – AIRLINE PASSENGER TRAFFIC GROWTH PICKED UP IN FEB'20 LED BY DOMESTIC TRAFFIC; TO SEE SIGNIFICANT DROP IN MAR-MAY'20

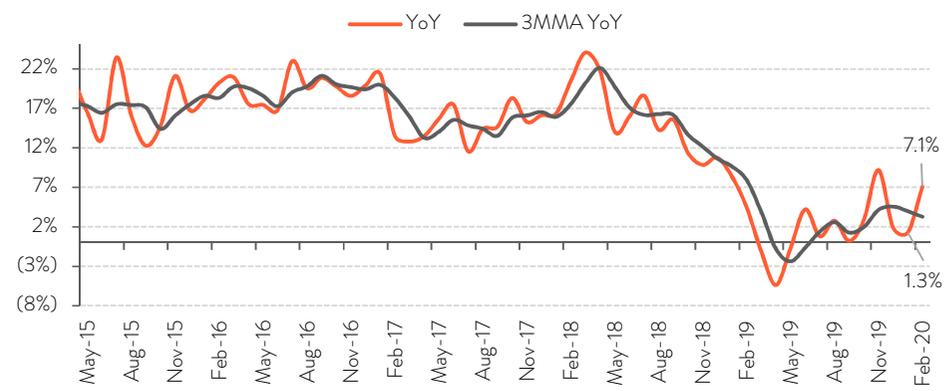


FIG 71 – RAILWAY PASSENGER TRAFFIC GROWTH DECLINES STEEPLY IN MAR'20

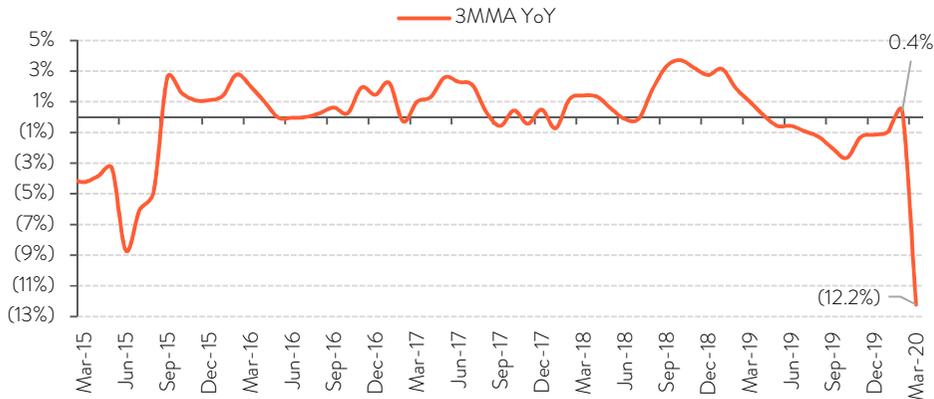


FIG 72 – WIRELESS SUBSCRIBER BASE SEES DOWNTICK IN DEC'19 TOO



Finance and Real estate

FIG 73 – GROWTH IN GVA: FINANCE, REAL ESTATE & PROF. SERVICES ACTIVITY IMPROVED MARGINALLY IN Q3FY20

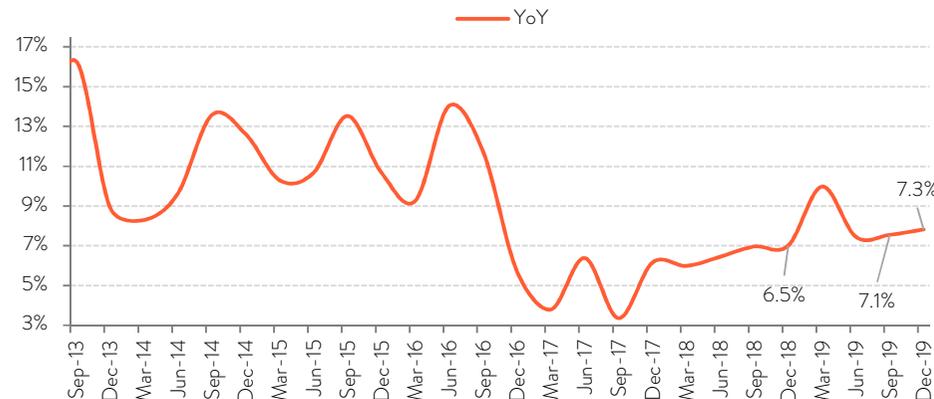
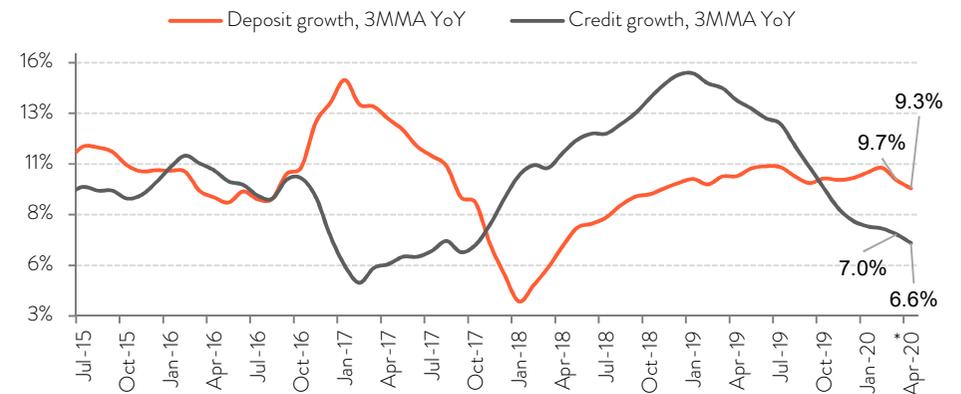


FIG 74 – CREDIT AND DEPOSIT GROWTH CONTINUES TO DECELERATE IN APR'20 AS WELL



Note: *Apr'20 implies fortnight as of 24 Apr 2020

FIG 75 – CREDIT TO MANUFACTURING SECTOR PICKED UP IN MAR'20; SERVICES SECTOR SEES DOWNTICK...

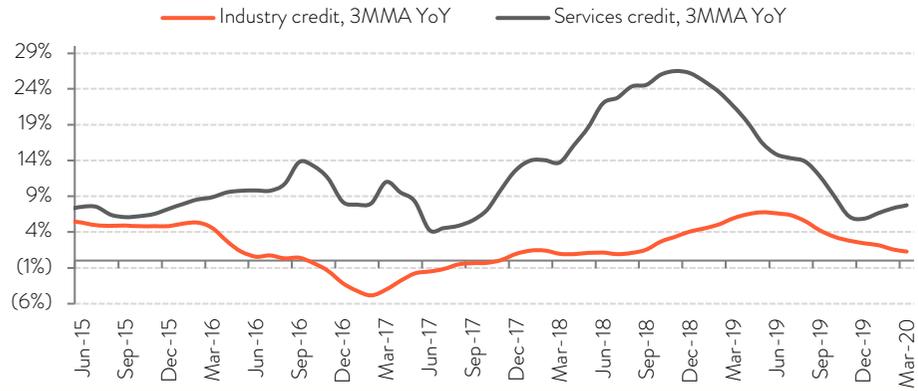


FIG 76 – CREDIT GROWTH ACROSS ALL MAJOR SERVICES SEEN EASING IN MAR'20

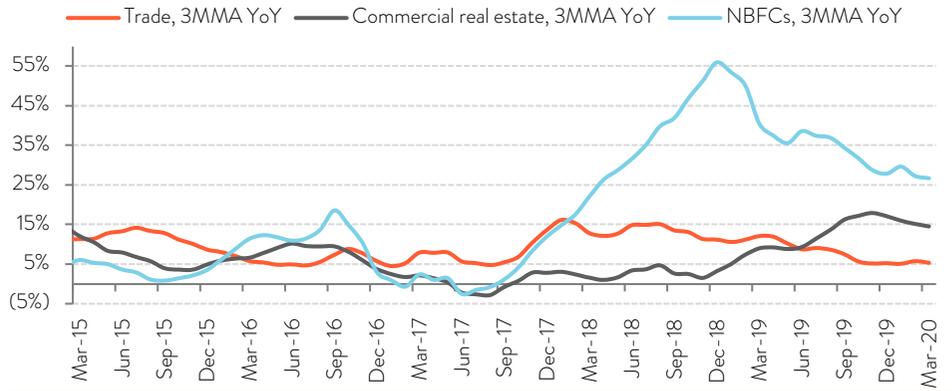
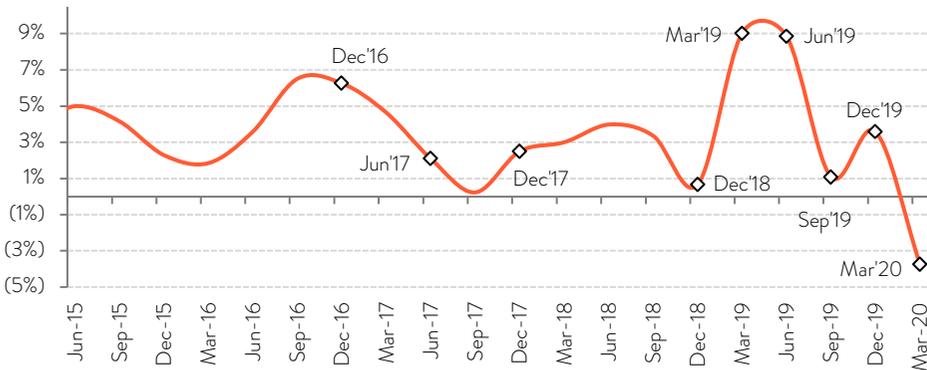
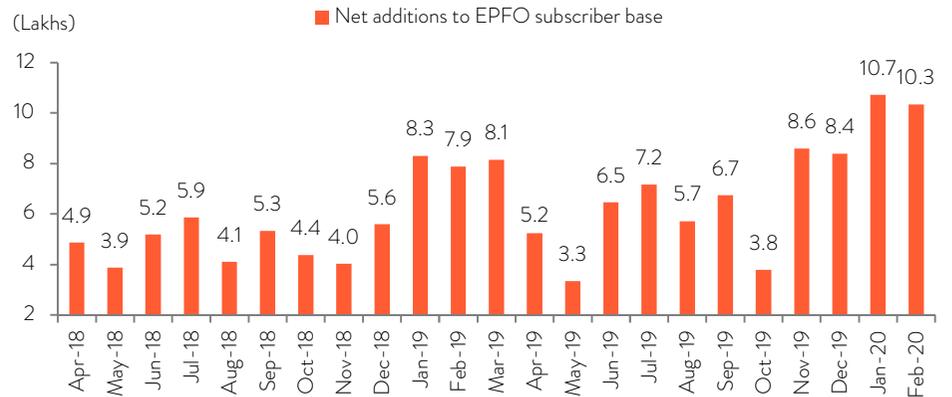


FIG 77 – AVERAGE PROPERTY PRICE INDEX* PLUNGES IN MAR'20



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

FIG 78 – NET ADDITIONS TO EPFO SUBSCRIBER BASE BEGIN EASING IN FEB'20



Source: EPFO

Public administration

FIG 79 – PUBLIC ADMINISTRATION & RELATED SERVICES SLOWED IN Q3FY20

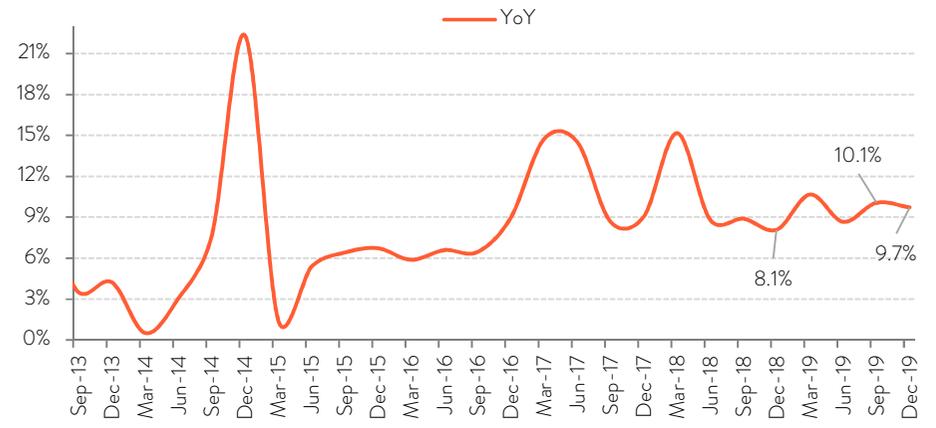


FIG 80 – GENERAL GOVT. SPENDING EASED FURTHER IN FEB'20...

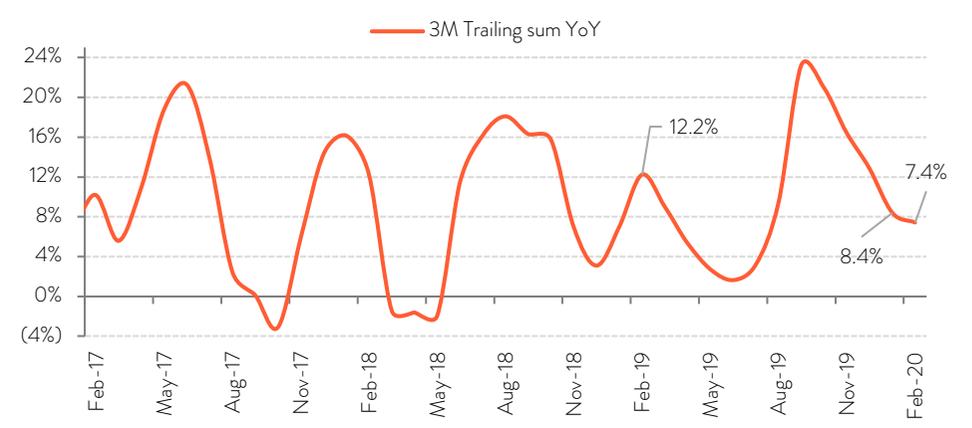


FIG 81 – CENTRAL GOVT. SPENDING SLOWED IN FEB'20 AS WELL

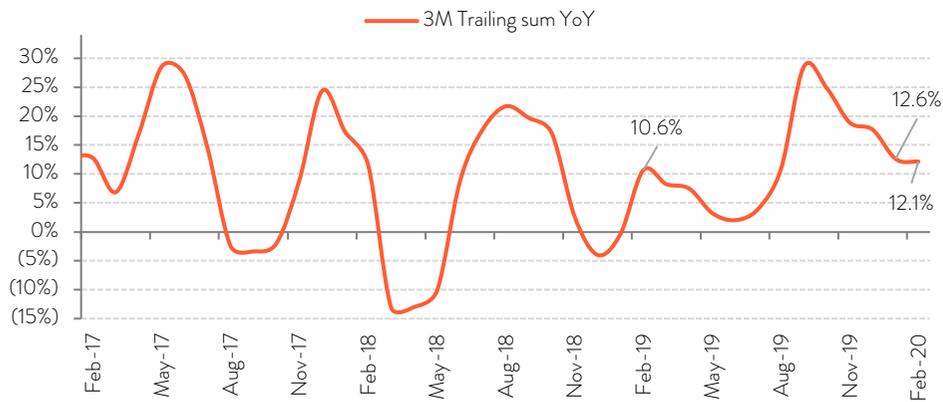
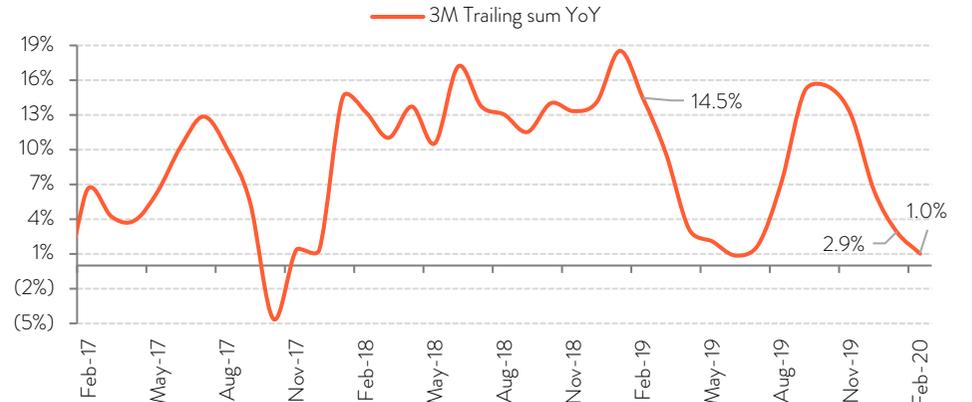


FIG 82 – STATE* GOVT. SPENDING TOO SEEN COOLING OFF IN FEB'20

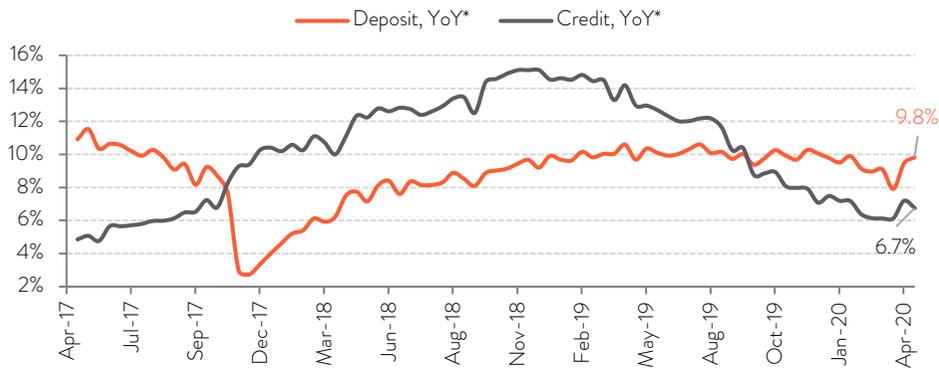


Note: *All states excluding N.E states, AP, Bihar, Goa, J&K, Karnataka, Maharashtra, TN, and Uttarakhand

Financial sector

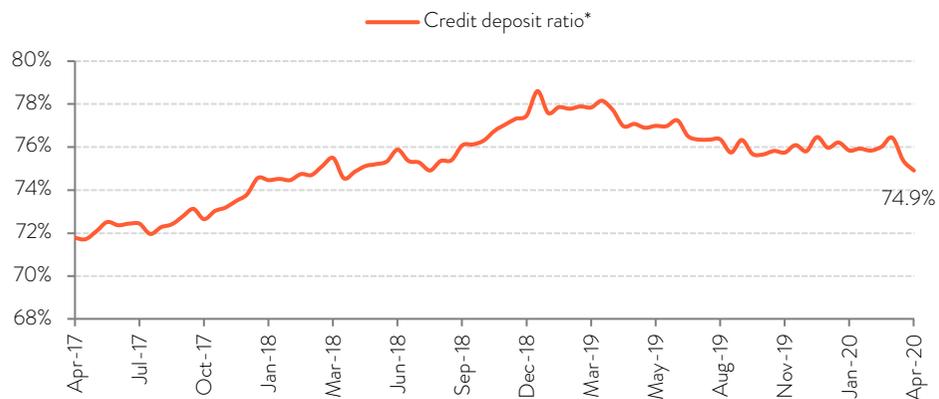
Money and banking

FIG 83 – IN APR'20, CREDIT GROWTH WAS AT 6.7% VERSUS 6.1% IN MAR'20, DEPOSIT GROWTH WAS HIGHER AT 9.8% (7.9% IN MAR'20)



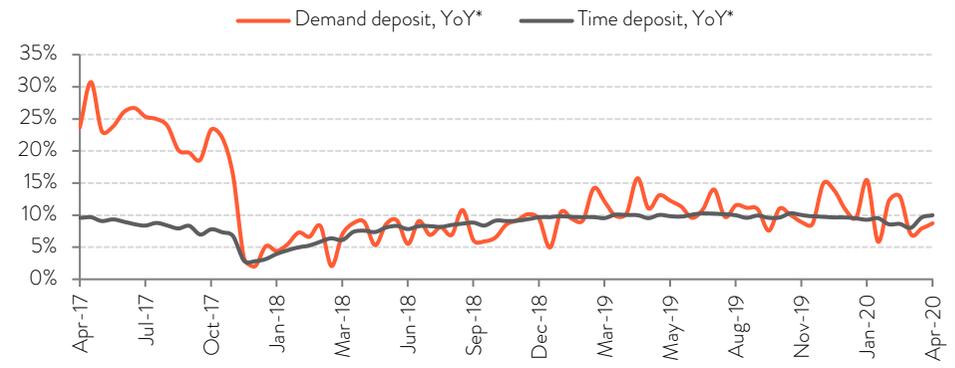
Note: *Apr'20 implies fortnight as of 24 Apr 2020

FIG 85 – CD RATIO WAS AT 74.9% IN APR'20



Note: *Apr'20 implies fortnight as of 24 Apr 2020

FIG 84 – BOTH DEMAND AND TIME DEPOSITS GREW AT A FASTER PACE OF 8.7% AND 10% IN APR'20, RESPECTIVELY



Note: *Apr'20 implies fortnight as of 24 Apr 2020

FIG 86 – CIC ACCRETION WAS HIGHER AT RS 836BN IN APR'20 VERSUS RS 404BN IN APR'19

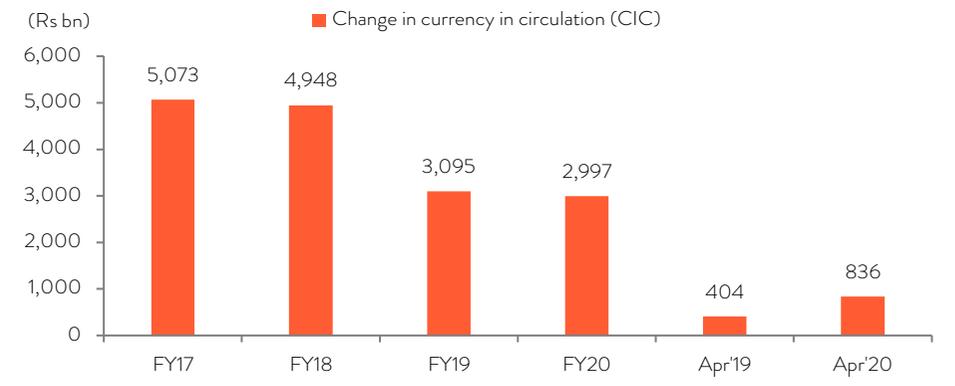
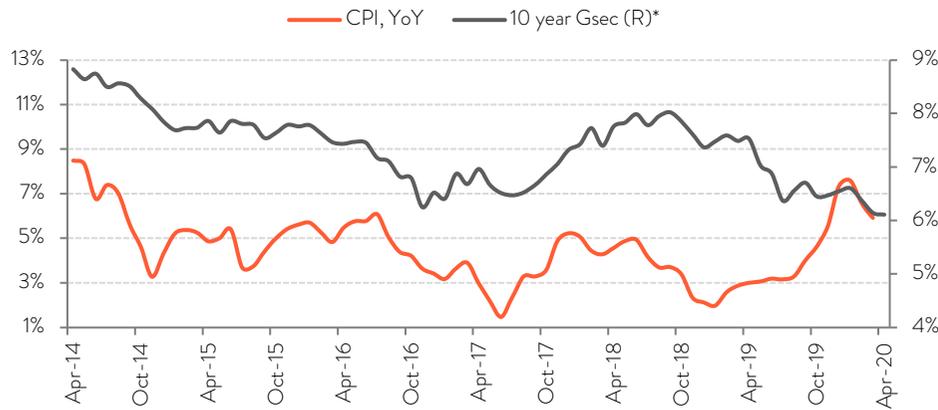
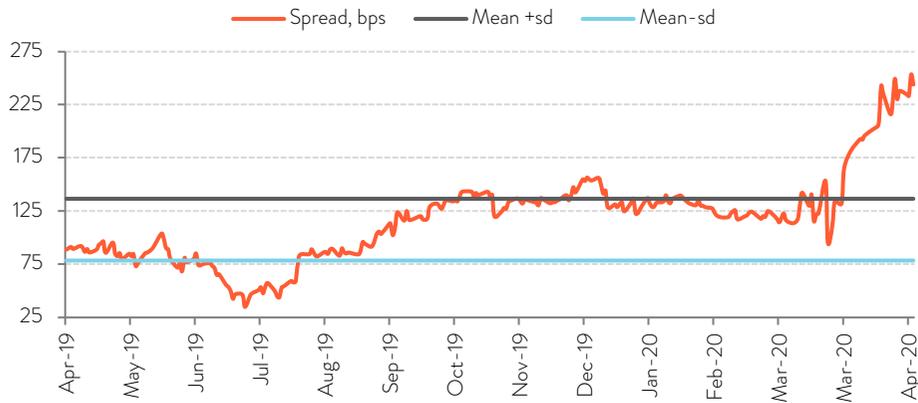


FIG 87 – 10Y GSEC YIELD FELL TO 6.11% IN APR'20, INFLATION WAS LOWER AT 5.9% IN FEB'20



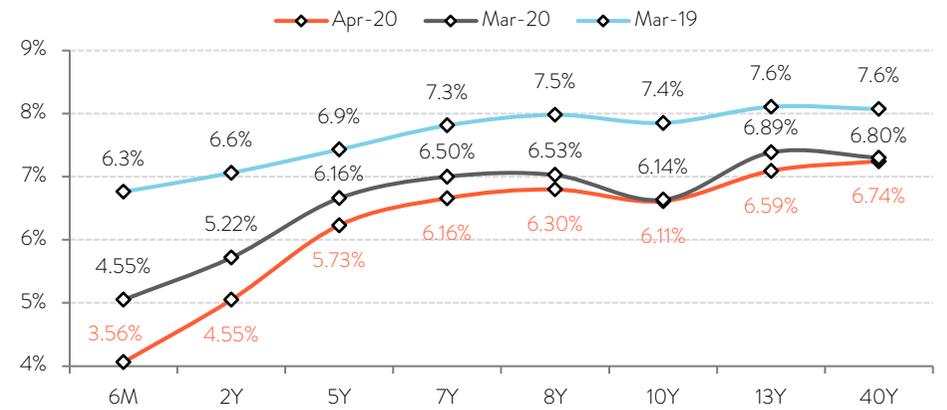
Note: *As on last trading day of the month

FIG 89 – SPREAD BETWEEN 10Y GSEC AND 1Y TBILL SHOT UP TO 222BPS IN APR'20 AS AGAINST 126BPS IN MAR'20



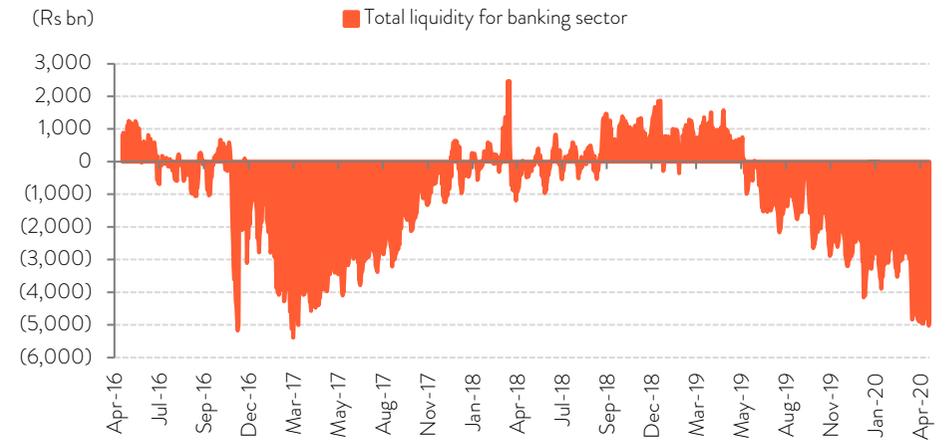
Source: RBI

FIG 88 – YIELD CURVE GRAPH (YCG) SHOWS STEEPENING BIAS EXISTED



Source: Bloomberg

FIG 90 – AVERAGE SYSTEM LIQUIDITY SURPLUS ROSE TO RS 4.7TN IN APR'20 (RS 3TN IN MAR'20) AND CURRENTLY FAR HIGHER AT ~RS 5.4TN



Source: RBI

Interest rates on small savings schemes

FIG 91 – INTEREST RATES ON SMALL SAVINGS SCHEME FALLING IN Q1FY21

Instrument (%)	Q3FY19	Q4FY19	Q1FY20	Q2FY20	Q3FY20	Q4FY20	Q1FY21	GSec Yield (4 May 2020)
Savings deposit	4.0	4.0	4.0	4.0	4.0	4.0	4.0	
1 year time deposit	6.9	7.0	7.0	6.9	6.9	6.9	5.5	4.03
2 year time deposit	7.0	7.0	7.0	6.9	6.9	6.9	5.5	4.52
3 year time deposit	7.2	7.0	7.0	6.9	6.9	6.9	5.5	4.70
5 year time deposit	7.8	7.8	7.8	7.7	7.7	7.7	6.7	5.69
5 year recurring deposit	7.3	7.3	7.3	7.2	7.2	7.2	5.8	5.69
5 year senior citizen savings scheme	8.7	8.7	8.7	8.6	8.6	8.6	7.4	5.69
5 year monthly income scheme	7.7	7.7	7.7	7.6	7.6	7.6	6.6	5.69
5 year national savings certificate	8	8	8	7.9	7.9	7.9	6.8	5.69
Public provident fund scheme	8	8	8	7.9	7.9	7.9	7.1	6.08*
Kisan vikas patra	7.7	7.7	7.7	7.6	7.6	7.6	6.9	-
Sukanya samriddhi account scheme	8.5	8.5	8.5	8.4	8.4	8.4	7.6	-

Source: Department of Economic Affairs, Ministry of Finance, Government of India, *10Y benchmark yield 6.45GS2029

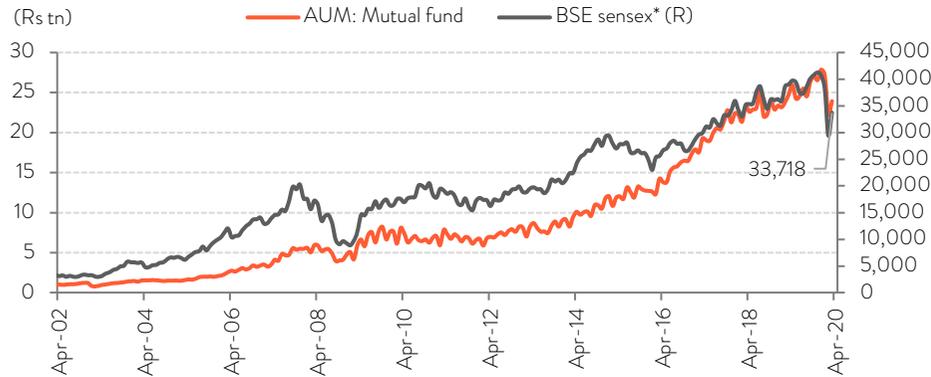
FIG 92 – INTEREST RATES CHARGED BY LEADING BANKS

1Y MCLR (%)	Apr'19	May'19	Jun'19	Jul'19	Aug'19	Sep'19	Oct'19	Nov'19	Dec'19	Jan'20	Feb'20	Mar'20
Public Sector Banks												
Bank of Baroda	8.65	8.70	8.70	8.60	8.45	8.40	8.35	8.30	8.25	8.20	8.15	8.15
Bank of India	8.65	8.70	8.65	8.60	8.35	8.35	8.30	8.30	8.20	8.20	8.20	8.20
Canara Bank	8.65	8.70	8.70	8.60	8.50	8.40	8.40	8.35	8.35	8.35	8.20	8.20
Indian Bank	8.65	8.65	8.65	8.60	8.60	8.45	8.35	8.35	8.35	8.30	8.25	8.25
Punjab National Bank	8.45	8.45	8.45	8.40	8.30	8.30	8.25	8.15	8.15	8.05	8.05	8.05
State Bank of India	8.50	8.45	8.45	8.40	8.25	8.15	8.05	8.00	7.90	7.90	7.85	7.75
Union Bank of India	8.60	8.60	8.60	8.55	8.50	8.35	8.30	8.25	8.20	8.10	8.10	8.00
Private Sector Banks												
Axis Bank Ltd.	8.90	8.80	8.70	8.65	8.55	8.45	8.35	8.25	8.15	8.15	8.15	8.10
HDFC Bank Ltd.	8.70	8.70	8.70	8.70	8.60	8.45	8.35	8.30	8.15	8.15	8.15	8.15
ICICI Bank Ltd.	8.75	8.75	8.75	8.65	8.65	8.55	8.45	8.35	8.25	8.20	8.20	8.15
Indusind Bank	9.85	9.85	9.75	9.70	9.65	9.55	9.45	9.45	9.40	9.30	9.30	9.25
Kotak Mahindra Bank	8.90	8.90	8.90	8.85	8.75	8.75	8.60	8.50	8.40	8.40	8.35	8.35

Source: RBI, Bank's website

Mutual fund (MF) indicators

FIG 93 – SENSEX ROSE BY 14.4% TO 33,718 IN APR'20, AUM OF MFS ROSE TO RS 24TN VERSUS RS 22TN IN MAR'20



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

Insurance sector indicators

FIG 95 – LIFE INSURANCE POLICIES SOLD IN MAR'20 FELL SHARPLY TO 67% COMPARED WITH 30% DECLINE IN FEB'20

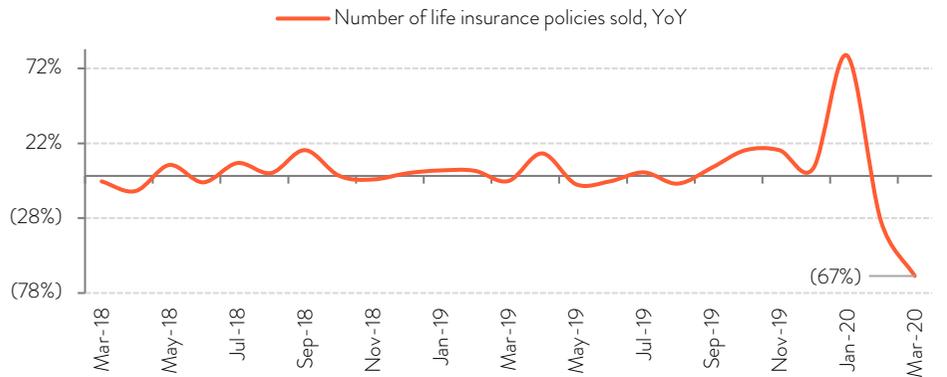


FIG 94 – MF EQUITY INFLOW WAS AT RS 57BN IN APR'20 (RS 107BN IN MAR'20), DEBT INFLOW ROSE TO RS 343BN (RS 1.9TN DECLINE IN MAR'20)

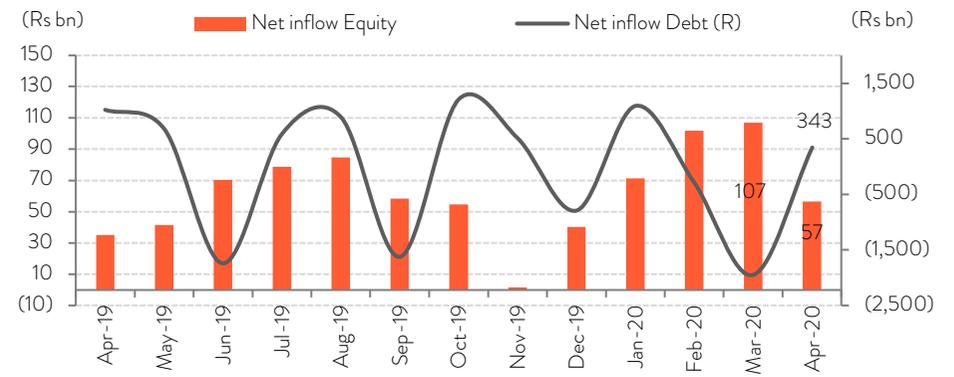
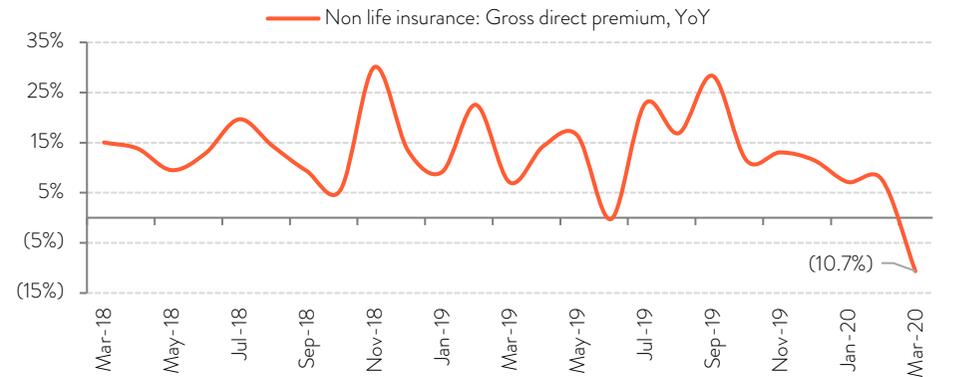


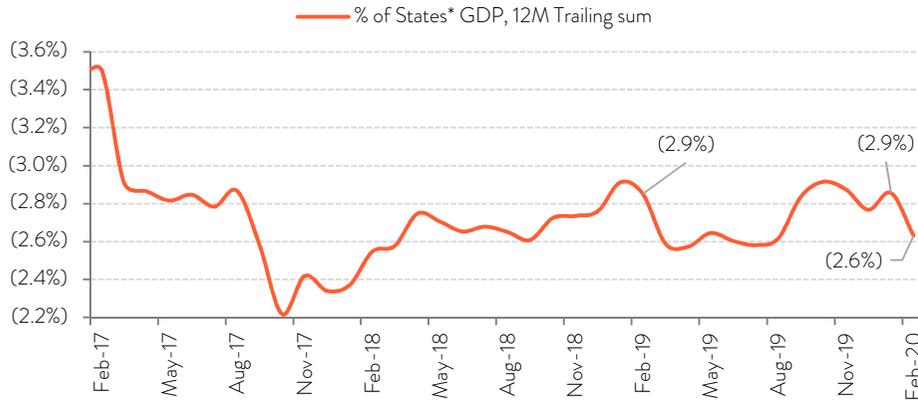
FIG 96 – GROSS DIRECT PREMIUM FOR NON LIFE INSURANCE ALSO FELL BY 10.7% IN MAR'20 COMPARED WITH 8% GROWTH IN FEB'20



Public finance

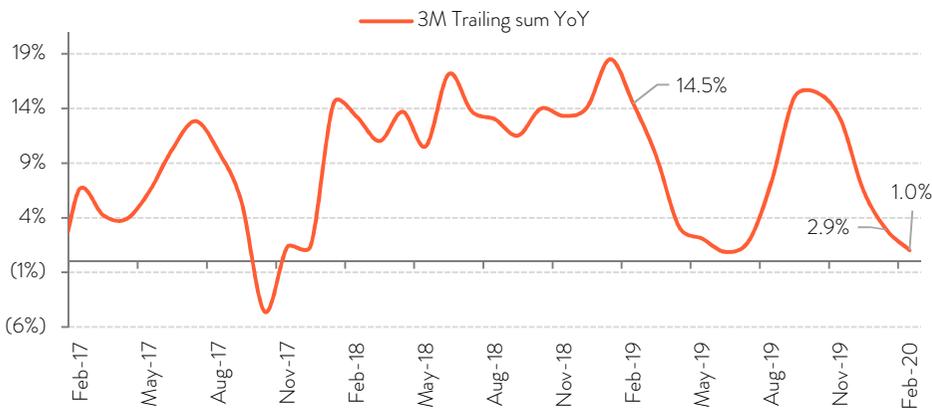
State government finances

FIG 97 – STATES* FISCAL DEFICIT WAS SEEN RECOVERING IN FEB'20



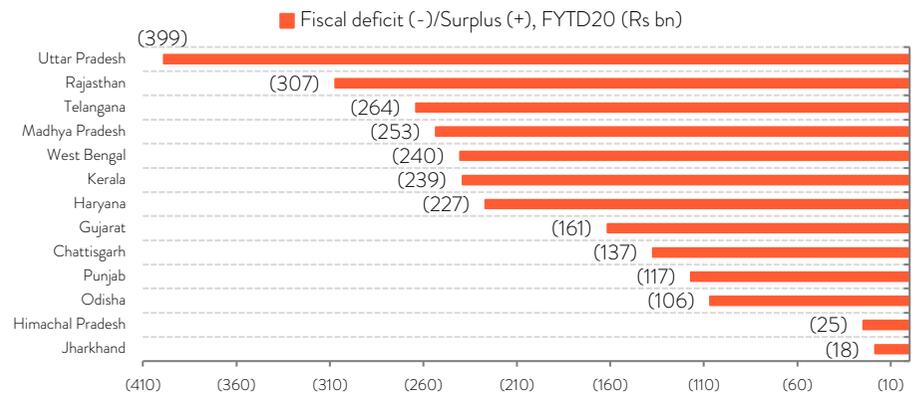
Note: *All states excluding N.E states, AP, Bihar, Goa, J&K, Karnataka, Maharashtra, TN, and Uttarakhand

FIG 99 – TOTAL EXPENDITURE OF STATES* CONTINUED TO COOL IN FEB'20...



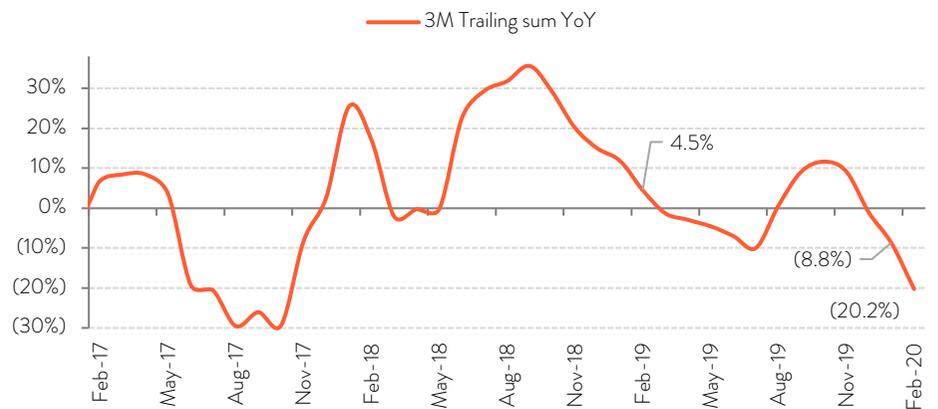
Note: *All states excluding N.E states, AP, Bihar, Goa, J&K, Karnataka, Maharashtra, TN, and Uttarakhand

FIG 98 – U.P. AND RAJASTHAN HIGHEST DEFICIT STATE SO FAR IN FYTD20



Note: FYTD20- Apr'19-Feb'20

FIG 100 – ...LED BY SHARP REDUCTION IN CAPEX OF STATES*



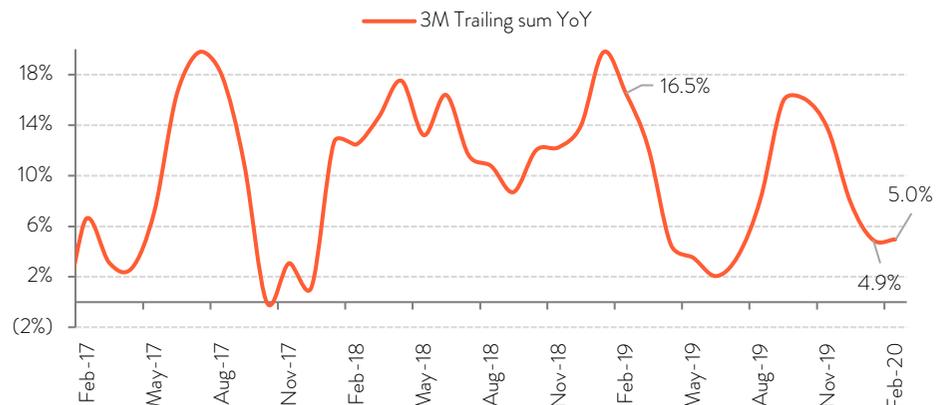
Note: *All states excluding N.E states, AP, Bihar, Goa, J&K, Karnataka, Maharashtra, TN, and Uttarakhand

FIG 101 – STATE* GOVT. REVENUE RECEIPTS LOOK STRAINED IN FYTD20, CAPEX CONTINUES TO CONTRACT

	Apr'17-Feb'18 (Rs bn)	Apr'18-Feb'19 (Rs bn)	% change	Apr'19-Feb'20 (Rs bn)	% change
Total Receipts	12,681	14,619	15.3	15,335	4.9
Revenue Receipts	10,445	12,021	15.1	12,645	5.2
Receipts: Tax Revenue	7,960	9,035	13.5	9,200	1.8
Receipts: Non-Tax Revenue	907	1,057	16.6	1,009	(4.6)
Receipts: Grant in aid & contribution	1,577	1,929	22.3	2,436	26.3
Capital Receipts	2,237	2,598	16.2	2,690	3.5
Total Expenditure	12,544	14,403	14.8	15,289	6.2
Revenue Expenditure	10,836	12,372	14.2	13,340	7.8
Capital Expenditure	1,707	2,031	19.0	1,950	(4.0)
Revenue Surplus or Deficit	(392)	(350)	-	(588)	-
Fiscal Surplus or Deficit	(2,160)	(2,441)	-	(2,658)	-

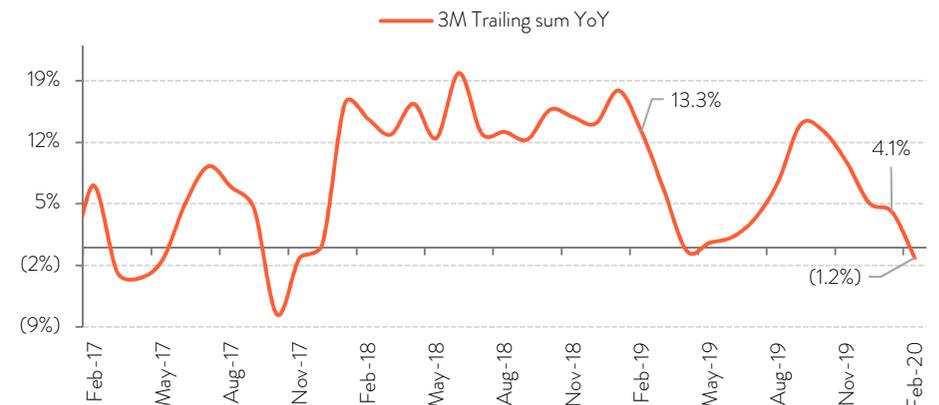
Note: *All states excluding N.E states, AP, Bihar, Goa, J&K, Karnataka, Maharashtra, TN, and Uttarakhand

FIG 102 – REVENUE SPENDING OF STATES* BEGAN PICKING UP IN FEB'20



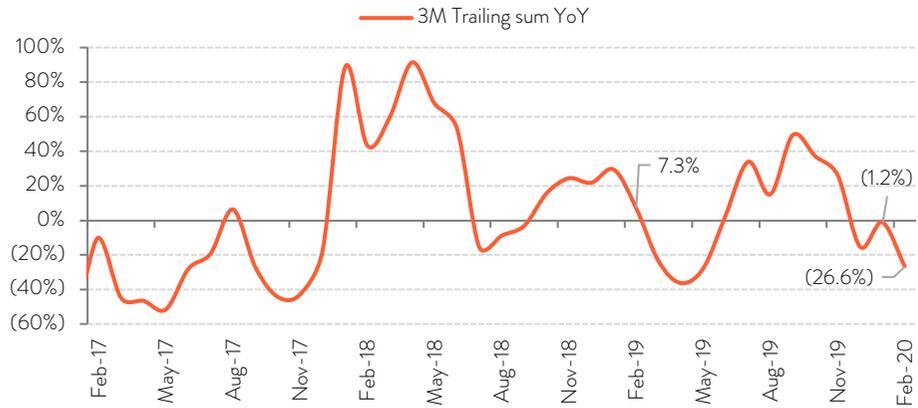
Note: *All states excluding N.E states, AP, Bihar, Goa, J&K, Karnataka, Maharashtra, TN, and Uttarakhand

FIG 103 – TOTAL RECEIPT GROWTH OF STATES* SLIP FURTHER IN FEB'20...



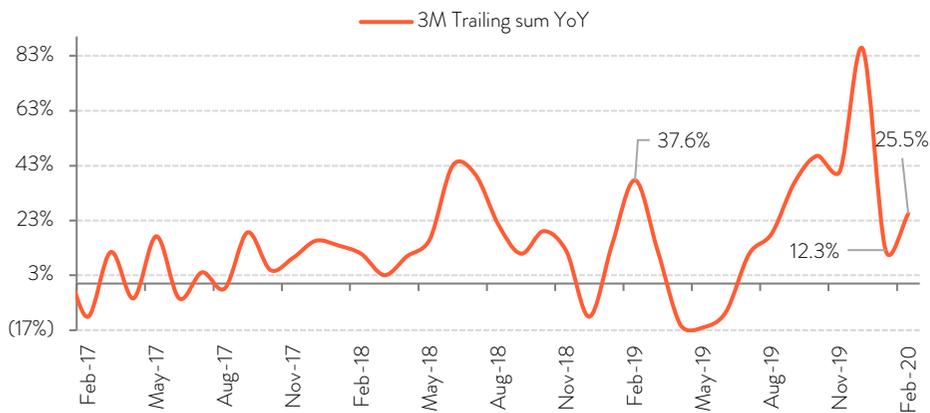
Note: *All states excluding N.E states, AP, Bihar, Goa, J&K, Karnataka, Maharashtra, TN, and Uttarakhand

FIG 104 – ...AS CAPITAL RECEIPTS OF STATES* EASED IN FEB'20



Note: *All states excluding N.E states, AP, Bihar, Goa, J&K, Karnataka, Maharashtra, TN, and Uttarakhand

FIG 106 – SUPPORTED BY HIGHER GRANTS-IN-AID FROM CENTRE TO STATES* IN FEB'20



Note: *All states excluding N.E states, AP, Bihar, Goa, J&K, Karnataka, Maharashtra, TN, and Uttarakhand

FIG 105 – REVENUE RECEIPTS OF STATES* IMPROVED MARGINALLY IN FEB'20



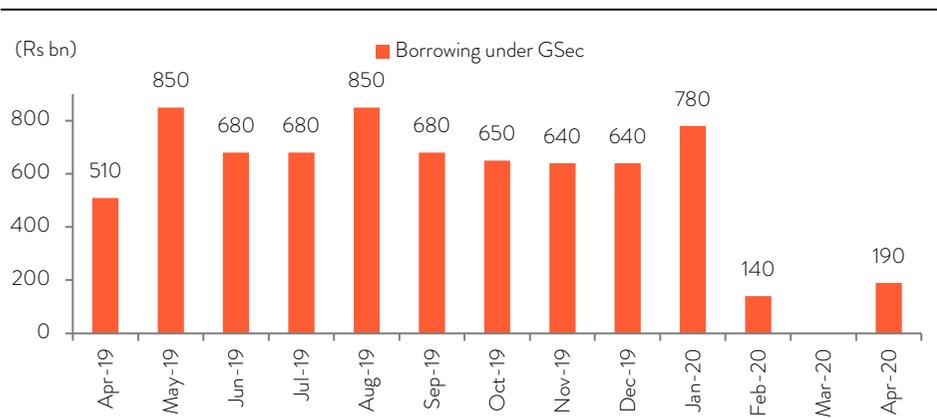
Note: *All states excluding N.E states, AP, Bihar, Goa, J&K, Karnataka, Maharashtra, TN, and Uttarakhand

FIG 107 – TAX RECEIPTS OF STATES* CONTINUED TO DECLINE IN FEB'20



Note: *All states excluding N.E states, AP, Bihar, Goa, J&K, Karnataka, Maharashtra, TN, and Uttarakhand

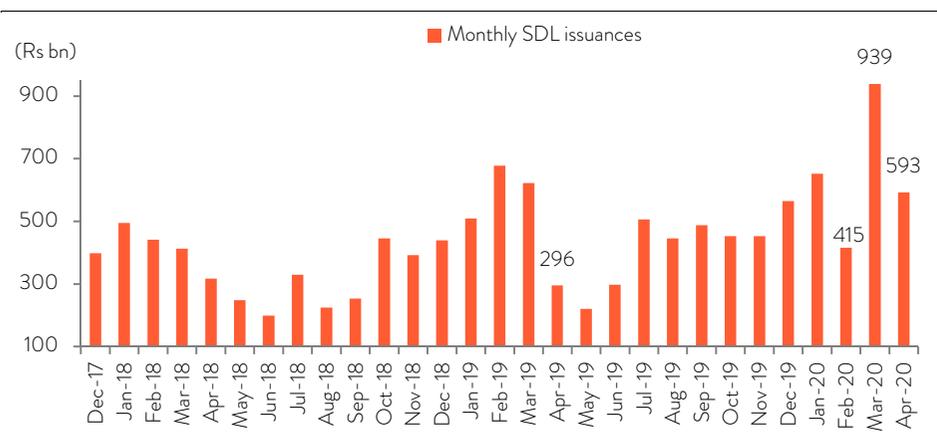
FIG 108 – CENTRE’S GROSS BORROWING IN APR’20 WAS AT RS 190BN



Source: RBI, till 17 Apr'20

State government borrowing

FIG 110 – STATE GOVERNMENT BORROWINGS EASE IN APR’20



Source: RBI

FIG 109 – CENTRE’S GROSS BORROWING FOR H1FYFY21 WAS REVISED TO RS 6TN (RS 4.88TN EARLIER), OVERALL BORROWING HIGHER AT RS 12TN

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	190#	2400*
Q2	1,570	1,630	1,910	1,890	1,440	2,210		3600*
Q3	1,430	1,640	1,610	1,640	1,270	1,930		-
Q4	1,090	840	800	670	1,680	920		-
Total	5,920	5,850	5,820	5,880	5,710	7,100		12,000

Source: RBI; *Includes Rs 240bn FRBs, #till 17 Apr'20

FIG 111 – MARKET BORROWINGS OF STATES LIKELY TO BE HIGHER IN Q1 THAN PREVIOUS YEARS

Quarterly SDL issuances, (Rs bn)	FY16	FY17	FY18	FY19	FY20	FY21 (actual)	FY21 (planned)
Q1	502	548	650	766	815	703*	1,272
Q2	627	792	1,130	809	1,439	-	-
Q3	858	1,214	1,054	1,277	1,470	-	-
Q4	959	1,322	1,348	1,809	2,006	-	-
Total	2,946	3,876	4,182	4,661	5,731	-	-

Source: RBI; *As of 5 May 2020

External sector

Exports

FIG 112 – GLOBAL EXPORTS INCHING LOWER

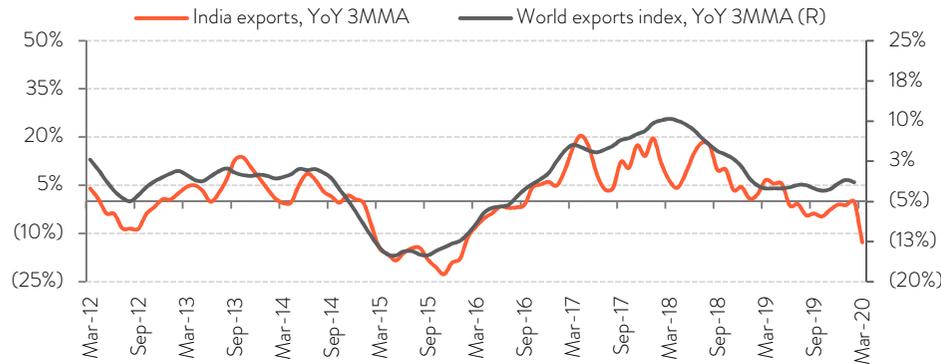
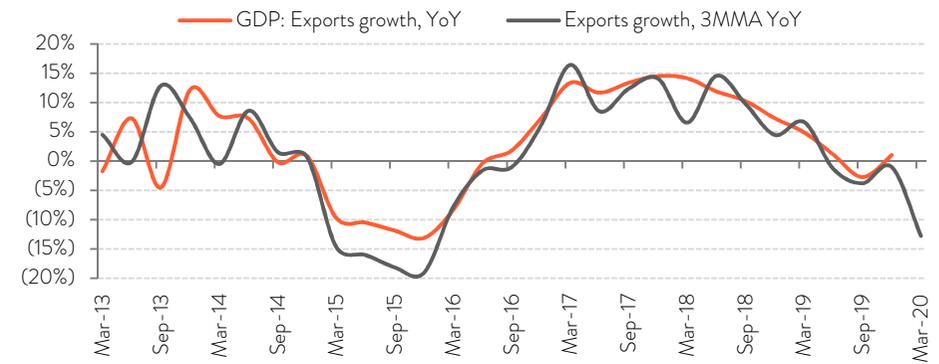


FIG 113 – INDIA'S EXPORTS PLUNGE SHARPLY BY 34.6% IN MAR'20



Exports by major sectors

FIG 114 – LED BY A 42.3% DROP IN ENGINEERING GOODS

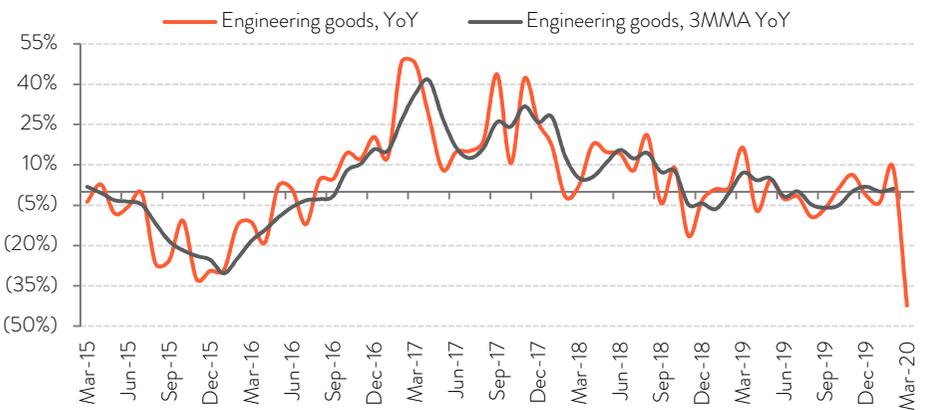


FIG 115 – GEMS AND JEWELLERY EXPORTS TOO FALL SHARPLY



FIG 116 – EXPORTS OF ORGANIC CHEMICALS ALSO DIP SIGNIFICANTLY

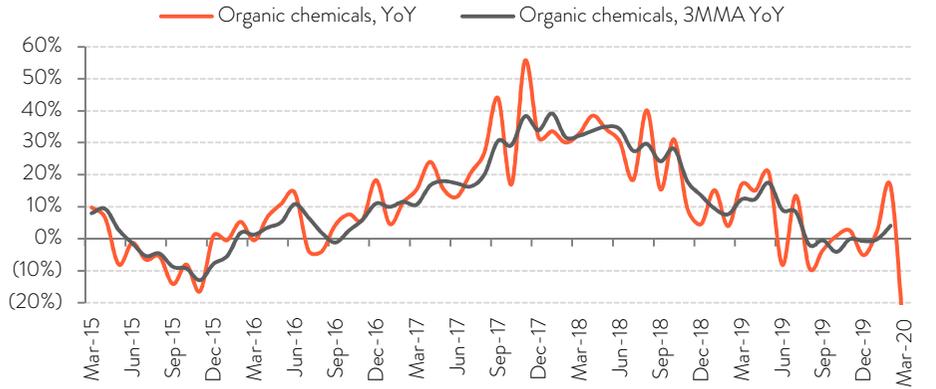
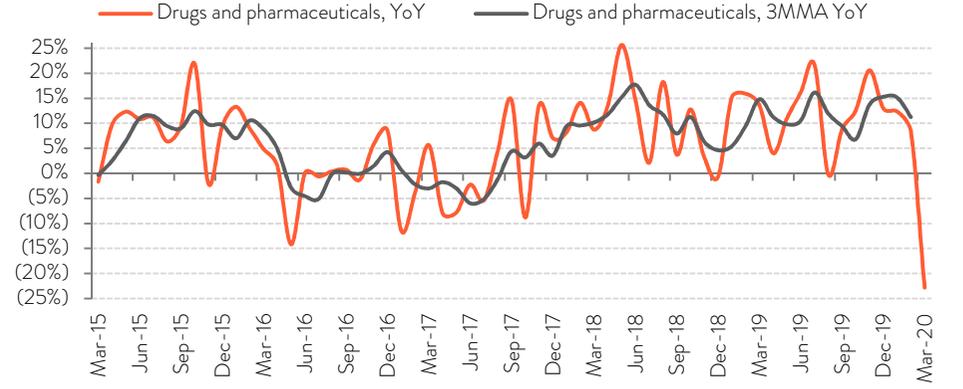


FIG 117 – EXPORT OF DRUGS AND PHARMACEUTICALS ALSO DECLINE



Imports

FIG 118 – IMPORT GROWTH ALSO DECELERATES

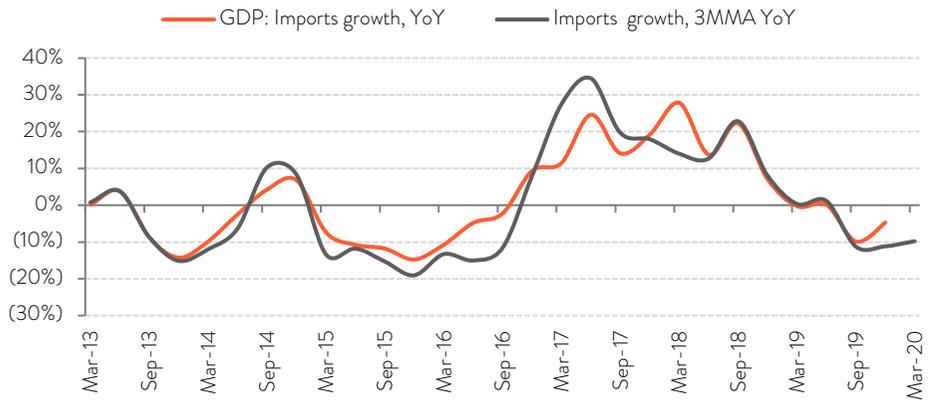


FIG 119 – ...LED BY OIL

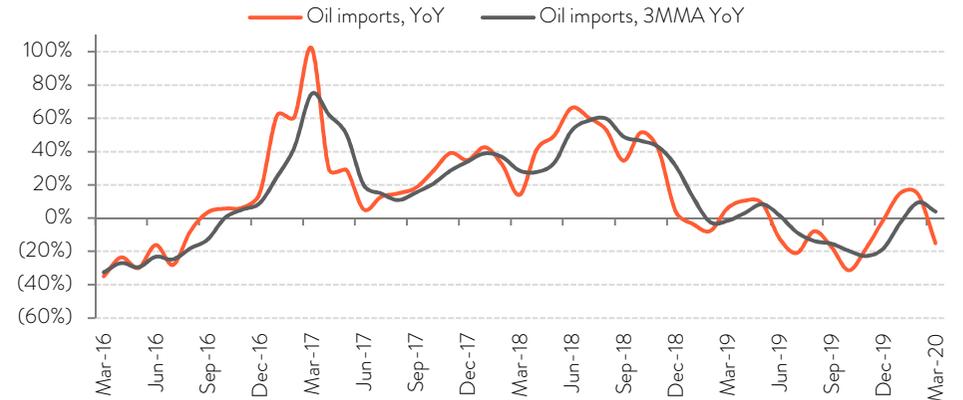


FIG 120 – GOLD IMPORTS ALSO FALL IN MAR'20

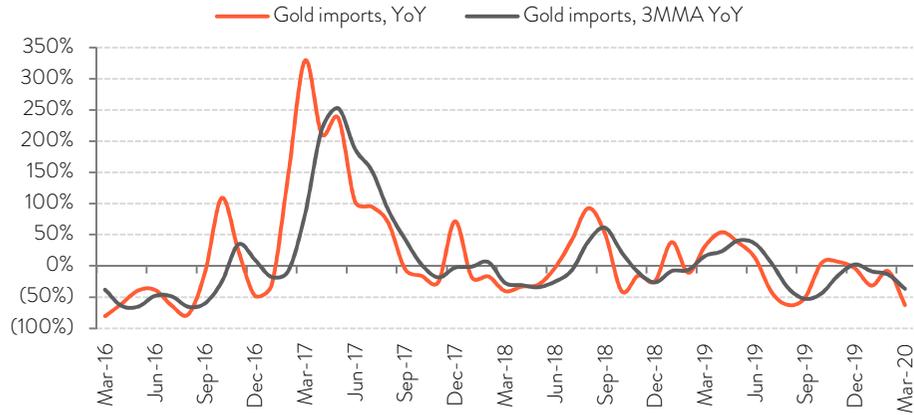


FIG 121 – IMPORTS OF PEARLS AND PRECIOUS ALSO EDGE DOWN

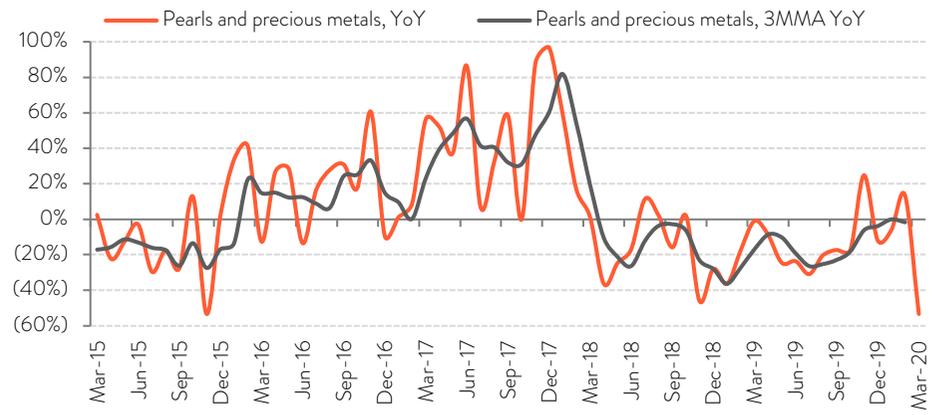


FIG 122 – IRON AND STEEL IMPORTS TOO PLUNGE

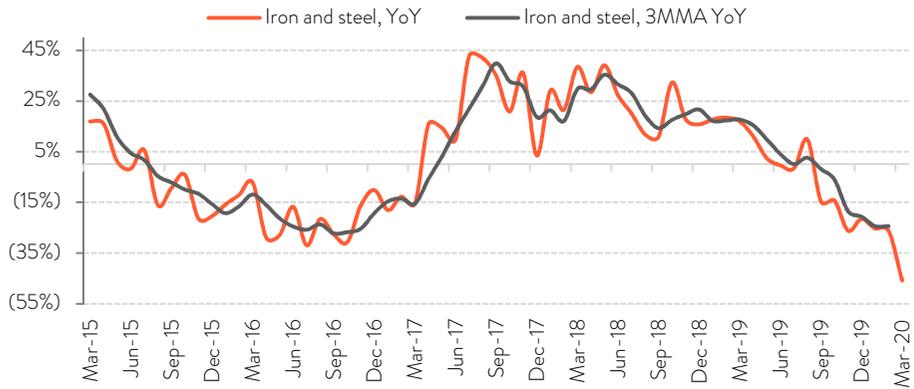
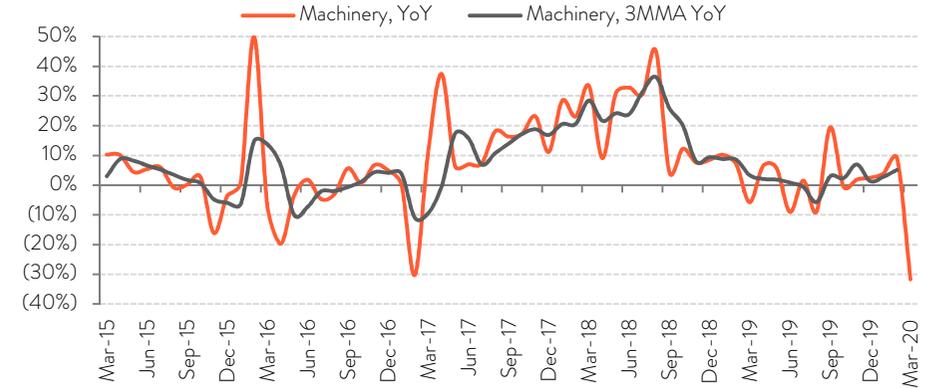


FIG 123 – SIMILAR TREND VISIBLE IN MACHINERY IMPORTS



Exports and imports by major regions

FIG 124 – EXPORTS TO ASIA AND PACIFIC (EX. CHINA) HAVE DECLINED THE MOST IN FYTD20 FOLLOWED BY EUROPE

Region (% YoY)	Share (in %) FY19	Nov'19	Dec'19	Jan'20	FYTD19	FYTD20
Americas	21.1	14.7	10.3	3.4	10.0	3.4
Asia and Pacific (Ex. China)	28.1	(14.4)	(12.2)	(8.8)	5.0	(12.2)
China	5.1	(7.1)	(6.2)	23.6	30.9	4.8
Europe	19.7	(8.2)	(2.5)	0.4	7.6	(2.6)
Middle East and Africa	24.8	5.8	(0.4)	(4.0)	9.2	1.5
Other	1.1	(10.2)	(41.6)	(50.1)	30.3	(5.3)

FIG 125 – IMPORTS FROM ALL REGIONS HAVE CONTRACTED IN FYTD20 LED BY EUROPE

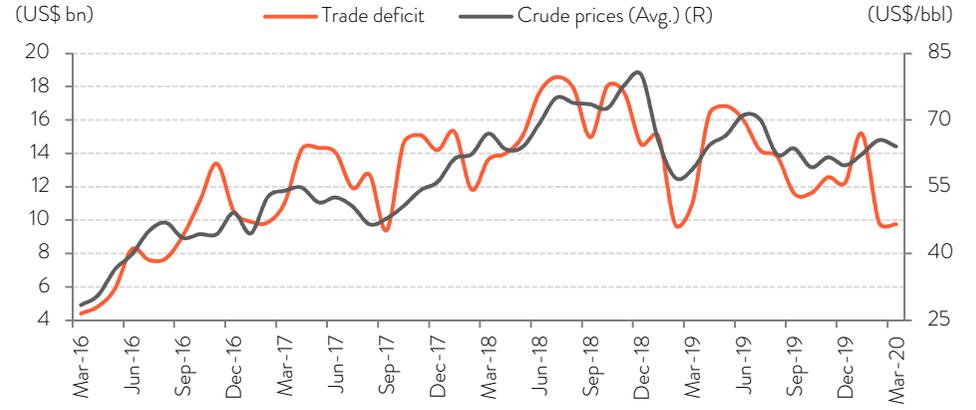
Region (% YoY)	Share (in %) FY19	Nov'19	Dec'19	Jan'20	FYTD19	FYTD20
Americas	12.7	(15.6)	(4.5)	(0.2)	17.1	(6.0)
Asia and Pacific (Ex. China)	25.3	(14.0)	(6.7)	(9.2)	22.2	(7.4)
China	13.7	(11.1)	(9.3)	(3.3)	(5.1)	(3.6)
Europe	15.3	(16.0)	(26.4)	(10.9)	13.8	(10.9)
Middle East	31.1	(12.0)	(2.2)	5.5	24.3	(8.8)
Other	1.9	28.5	(7.9)	111.9	(54.5)	25.4

Trade deficit

FIG 126 – TRADE DEFICIT REMAINED STABLE AT US\$ 9.9BN

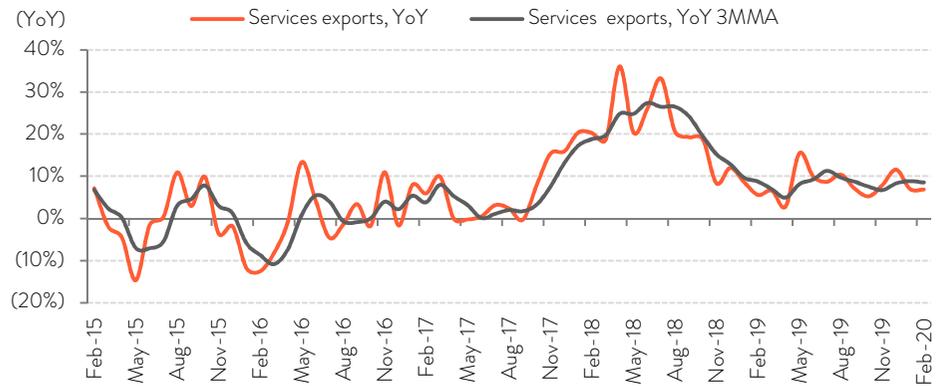


FIG 127 – EVEN AS OIL PRICES MODERATED



Trade in services

FIG 128 – SERVICES EXPORTS DECELERATE



BoP

FIG 129 – CAD NARROWS TO A 14-QUARTER LOW AT 0.2% OF GDP IN Q3FY20

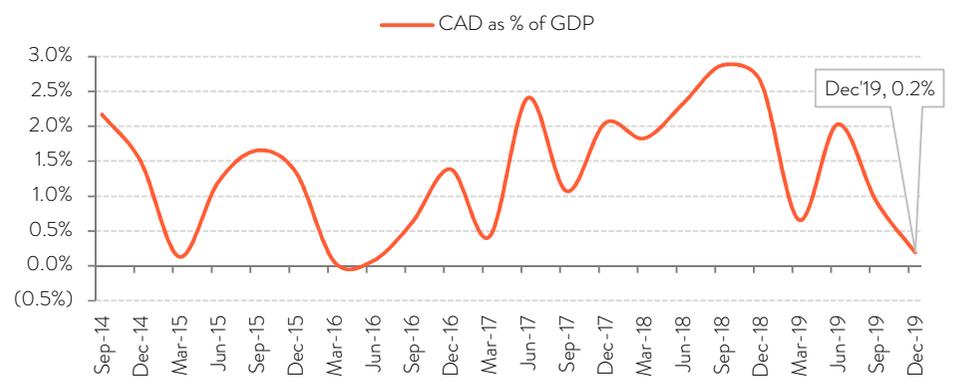


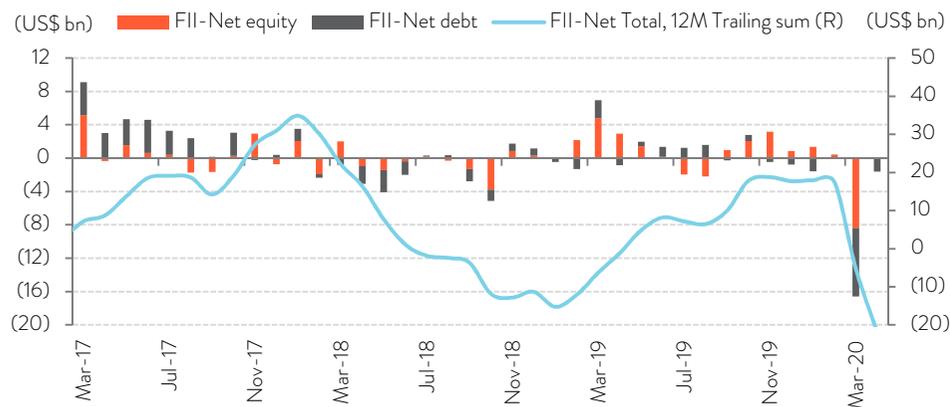
FIG 130 – LED BY LOWER TRADE DEFICIT

(US\$ bn)	Q3FY19	Q4FY19	Q1FY20	Q2FY20	Q3FY20
Current account	(17.8)	(4.6)	(14.4)	(6.5)	(1.4)
CAD/GDP (%)	(2.7)	(0.7)	(2.0)	(0.9)	(0.2)
Trade balance	(49.3)	(35.2)	(46.2)	(38.1)	(34.6)
- Merchandise exports	83.1	87.4	82.7	80	81.2
- Merchandise imports	132.4	122.6	128.9	118.1	115.9
--Oil imports	38.4	32.4	35.3	29.6	31.4
--Non-oil imports	94	90.2	93.6	88.5	84.5
- Net Services	21.7	21.3	20.1	20.4	21.9
--Software	19.9	19.9	21.0	21.1	21.5
Transfers	17.4	16.2	18.0	20.0	18.7
Other invisibles	(7.6)	(6.9)	(6.3)	(8.8)	(7.4)
Capital account	13.8	19.2	28.3	12.3	22.4
% of GDP	2.1	2.7	4.0	1.7	3.1
Foreign investments	5.2	15.9	19.0	10.4	17.8
- FDI	7.3	6.4	14.2	7.9	10
- FII	(2.1)	9.4	4.8	2.5	7.8
Banking capital	4.9	(8.1)	3.4	(1.8)	(2.3)
Short-term credit	(0.7)	1.5	2.0	(0.6)	(1.4)
ECBs	2.0	7.5	6.1	3.3	3.2
External assistance	1.7	1.3	1.5	0.4	1.3
Other capital account items	0.7	1.2	(3.8)	0.6	3.7
E&O	(0.3)	(0.4)	0.2	(0.7)	0.7
Overall balance	(4.3)	14.2	14.0	5.1	21.6

Foreign inflows

FII inflows

FIG 131 – FII OUTFLOWS EASE IN MAR'20



Source: Bloomberg

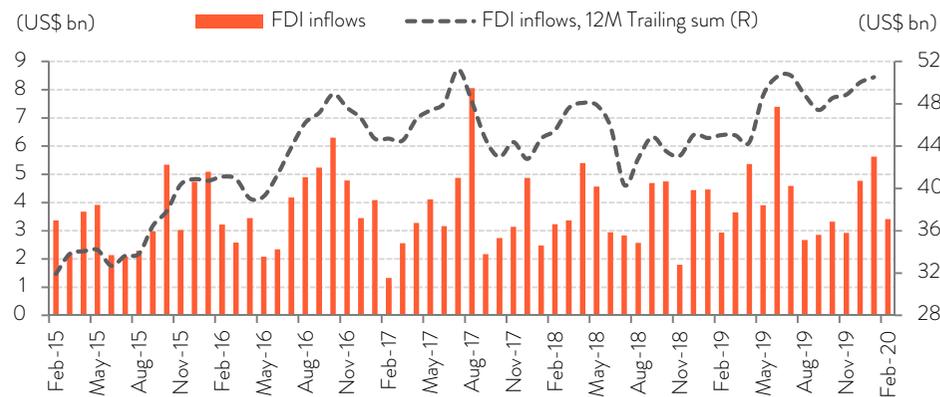
FIG 133 – FDI INFLOWS INTO TELECOM AND COMPUTER SERVICES RISE IN FYTD20

Sector (US\$ bn)	% Share FY19	Jun'19	Sep'19	Dec'19	FYTD19	FYTD20
Services Sector	20.6	2.8	1.7	2.1	6.6	6.5
Computer software and hardware	14.5	2.2	1.8	2.3	5.0	6.3
Trading	10.1	1.1	1.0	1.4	3.0	3.5
Telecommunications	6.0	4.2	0.1	0.0	2.3	4.3
Automobile industry	5.9	1.0	1.2	0.4	2.1	2.5

Source: DIPP

FDI inflows

FIG 132 – FDI INFLOWS EDGE LOWER TO US\$ 3.4BN IN FEB'20 VERSUS US\$ 5.6BN IN JAN'20



Source: RBI, Bank of Baroda Research

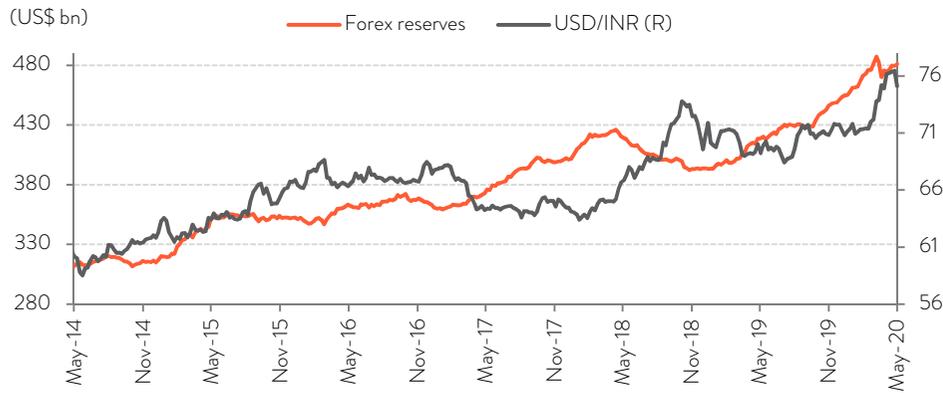
FIG 134 – FDI INFLOWS FROM MAURITIUS RISE IN FYTD20, INFLOWS FROM SINGAPORE DIP

Country (US\$ bn)	% Share in FY19	Jun'19	Sep'19	Dec'19	FYTD19	FYTD20
Singapore	36.6	5.3	2.7	3.6	13.0	11.7
Mauritius	18.2	4.7	1.7	1.1	6.0	7.5
Netherlands	8.7	1.4	1.0	1.2	3.0	3.5
Japan	6.7	0.5	1.3	1.0	2.2	2.8
UK	3.0	0.3	0.6	0.3	1.1	1.1

Source: DIPP

Forex reserves and external debt

FIG 135 – INDIA’S FX RESERVES RISE TO US\$ 481.1BN IN MAY’20



Source: Bloomberg | Weekly data as of 1 May 2020

FIG 137 – RBI PURCHASED US\$ 9.1BN (NET) IN FEB’20 IN THE SPOT MARKET

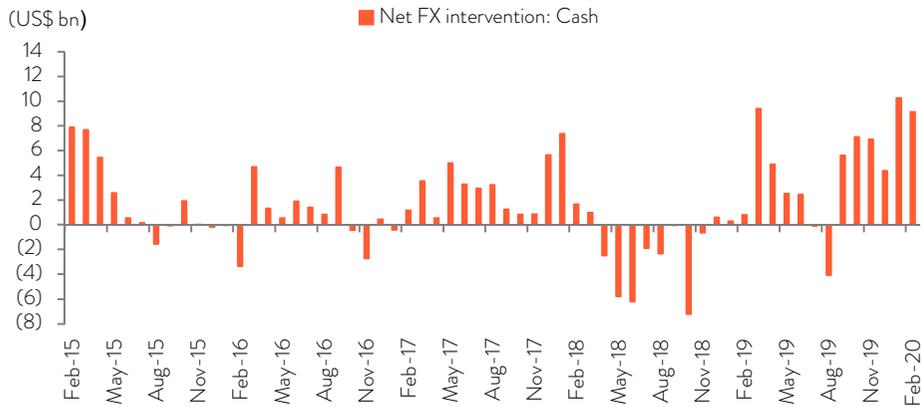


FIG 136 – IMPORT COVER COMFORTABLE AT 12.1 MONTHS IN MAR’20

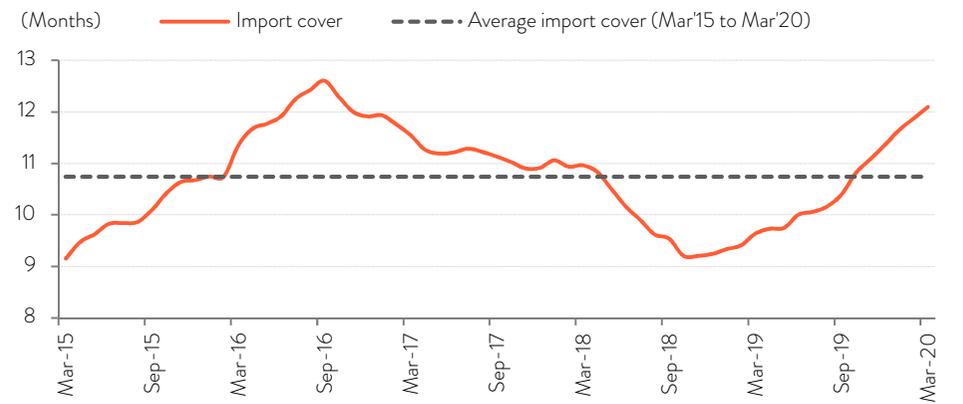
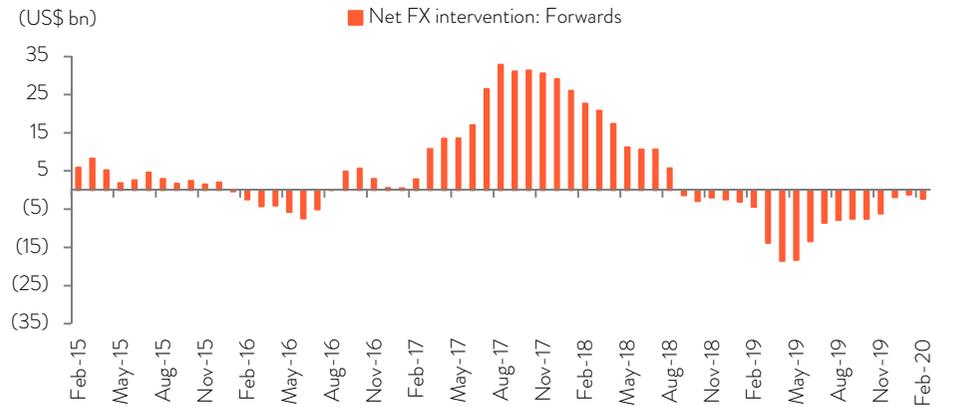


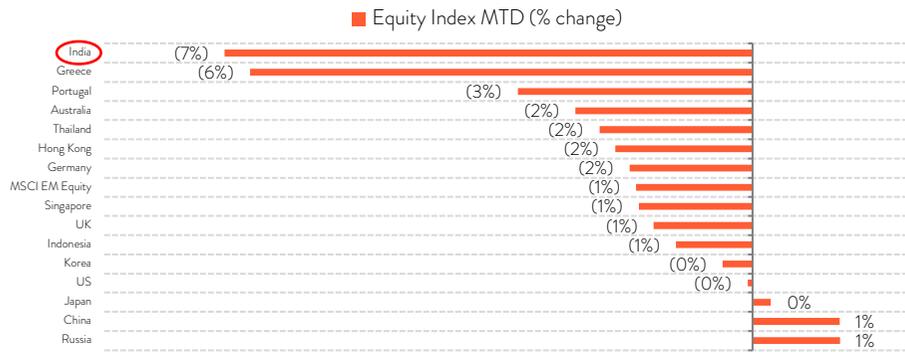
FIG 138 – IN FORWARDS MARKET, RBI SOLD US\$ 1.1BN IN FEB’20, OUTSTANDING POSITION AT (-) US\$ 2.3BN



Markets

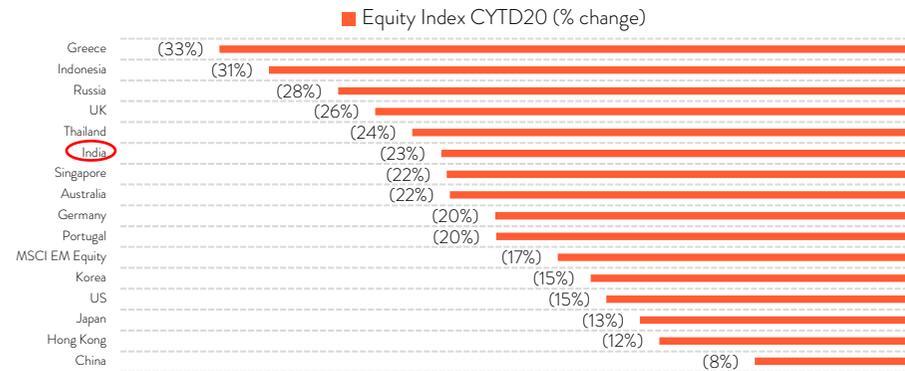
Equity

FIG 139 – IN MAY'20, SENSEX FELL BY 7%, IN CONSTANT CURRENCY TERMS DUE TO RISING CASES OF COVID-19



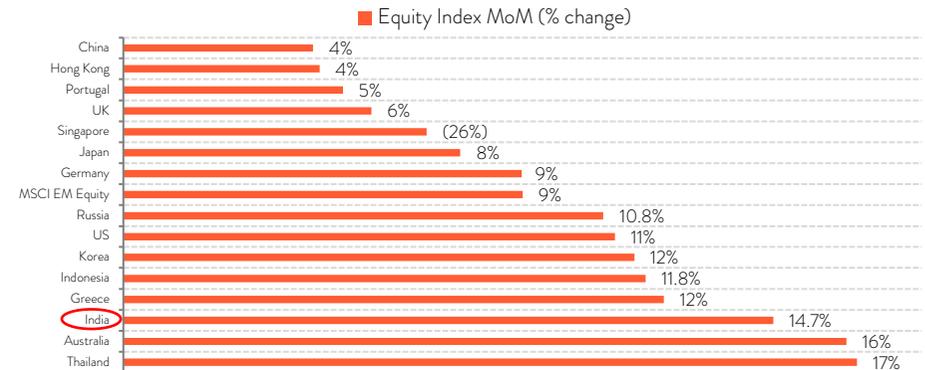
Source: Bloomberg | * As on 11 May 2020, Indices are in US\$ terms

FIG 141 – HOWEVER, SENSEX FELL SHARPLY BY 23% ON CYTD20 BASIS



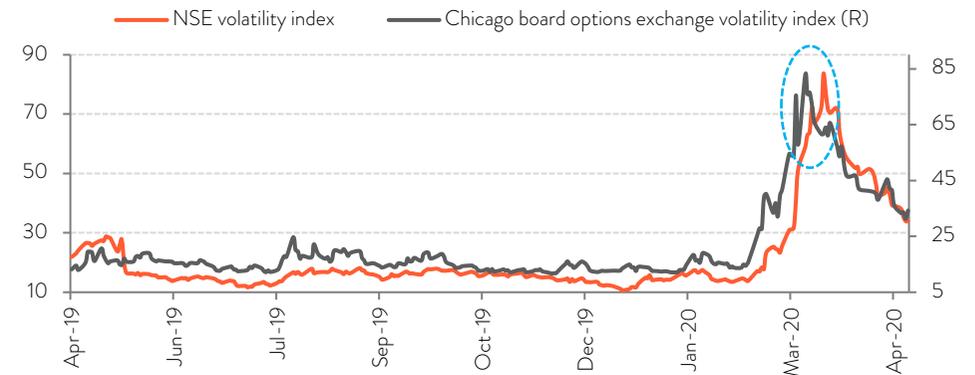
Source: Bloomberg | * As on 30 Apr 2020, Indices are in US\$ terms

FIG 140 – SENSEX ROSE BY 14.7% IN APR'20, IN LINE WITH OTHER GLOBAL MARKETS DUE TO RELAXATION IN LOCKDOWN



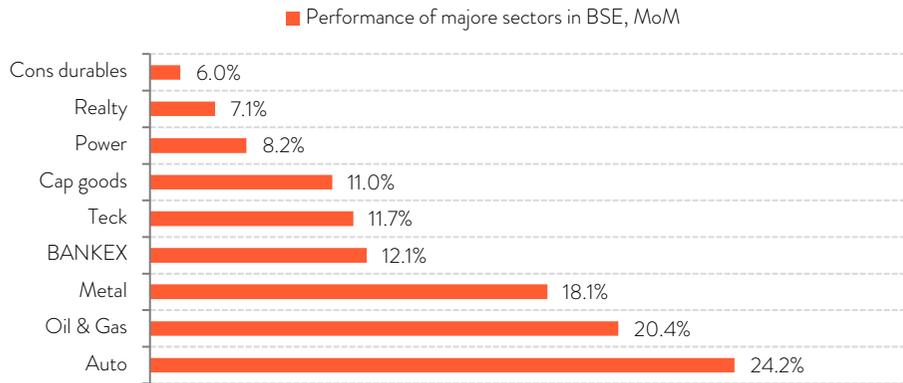
Source: Bloomberg | * As on 30 Apr 2020, Indices are in US\$ terms

FIG 142 – VIX INDEX FELL TO 33.99 IN APR'20 FROM ITS HIGH OF OF 83.61 IN MAR'20, DUE TO FLATTENING OF THE COVID-19 CURVE GLOBALLY



Source: Bloomberg

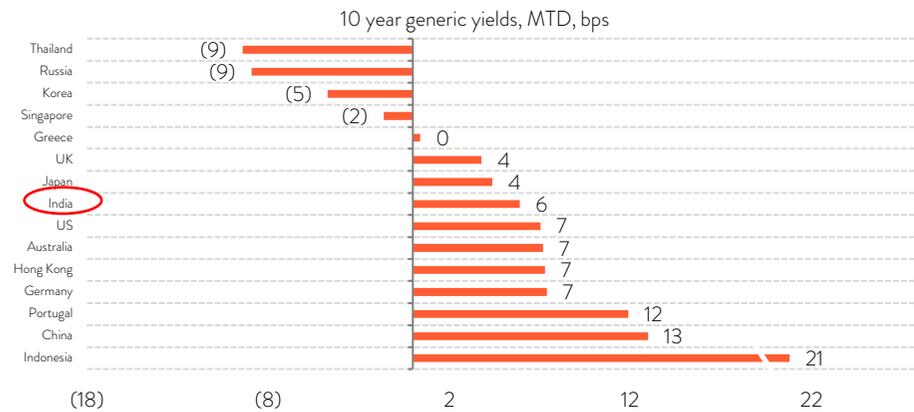
FIG 143 – AUTO STOCKS ROSE THE MOST



Source: Bloomberg | * As on 30 Apr 2020

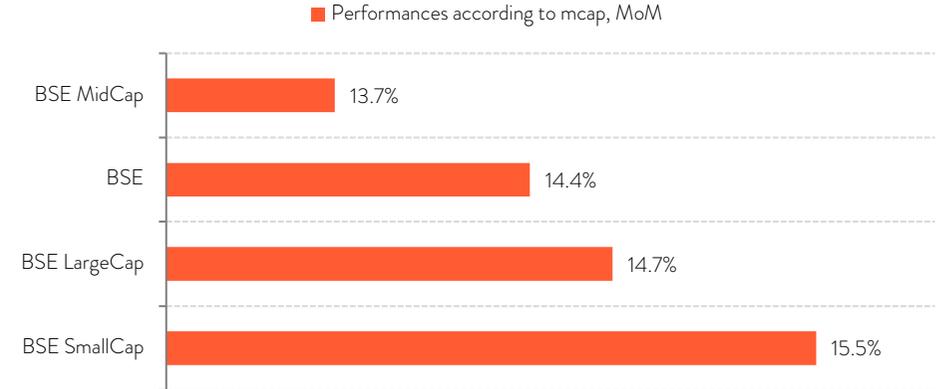
10 year bond yields

FIG 145 – IN MAY'20, INDIA'S 10Y YIELD ROSE BY 6BPS DUE TO CENTRE'S HIGHER BORROWING PLAN IN FY21



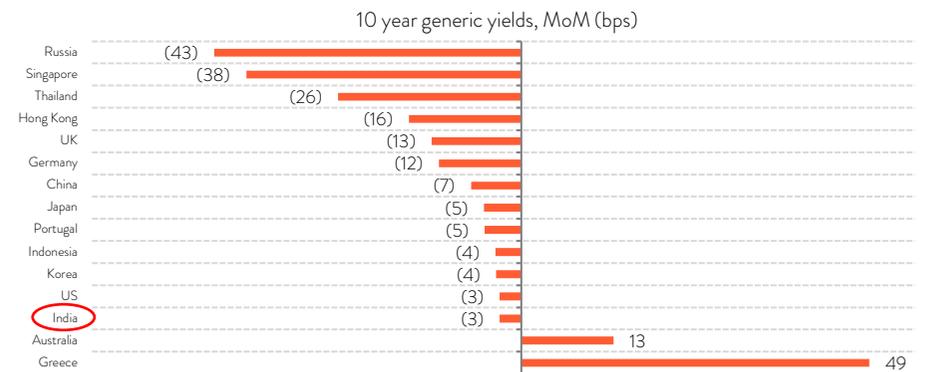
Source: Bloomberg | *As on 11 May 2020

FIG 144 – SMALL CAP ROSE SHARPLY



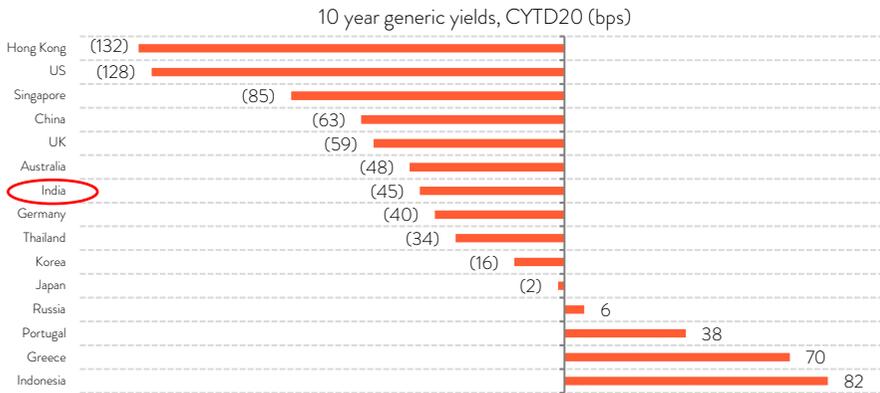
Source: Bloomberg | * As on 30 Apr 2020

FIG 146 – INDIA'S 10Y YIELD FELL BY 3BPS IN APR'20



Source: Bloomberg | * As on 30 Apr 2020

FIG 147 – IN CYTD20 AS WELL, INDIA’S 10Y YIELD HAS FALLEN BY 45BPS



Source: Bloomberg | *As on 30 Apr 2020

Currencies

FIG 149 – INR APPRECIATED IN APR'20



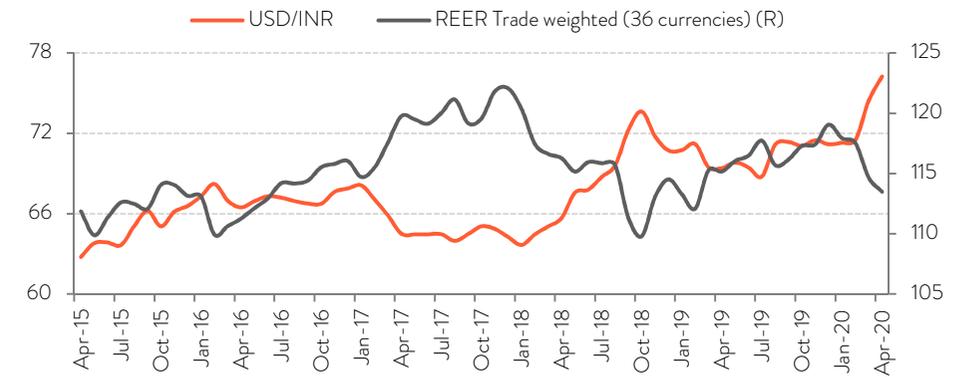
Source: Bloomberg | *As on 30 Apr 2020

FIG 148 – INDIA’S 10Y YIELD FELL SHARPLY BY 130BPS IN APR'20 ON YOY BASIS



Source: Bloomberg | *As on 30 Apr 2020

FIG 150 – INR STILL OVERVALUED BY 13.5%



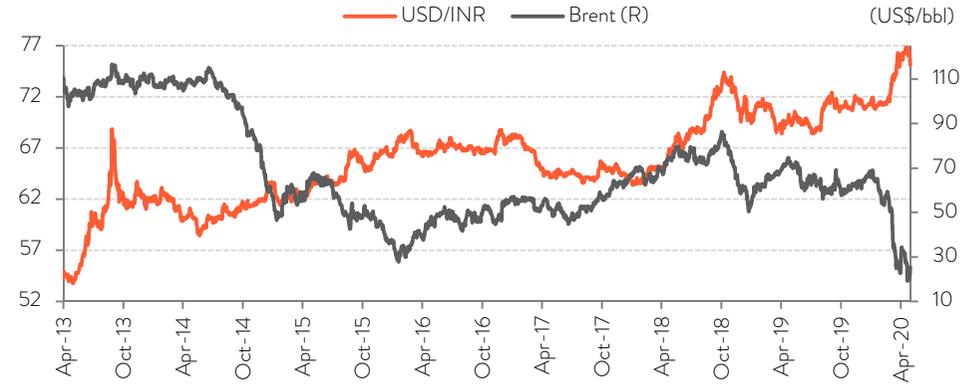
Source: Bloomberg

FIG 151 – EM CURRENCIES ALSO ROSE IN APR'20



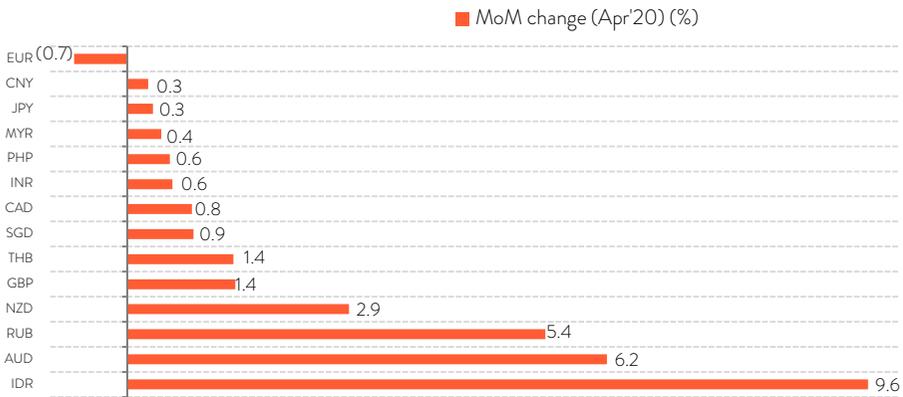
Source: Bloomberg | *As on 30 Apr 2020

FIG 152 – AS OIL PRICES REMAIN LOW



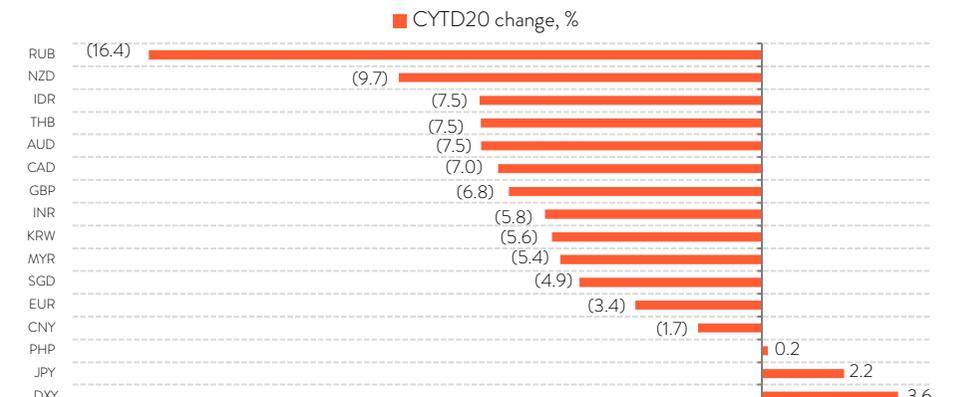
Source: Bloomberg | *As on 30 Apr 2020

FIG 153 – INR ROSE BY 0.6% IN APR'20



Source: Bloomberg | *As on 30 Apr 2020

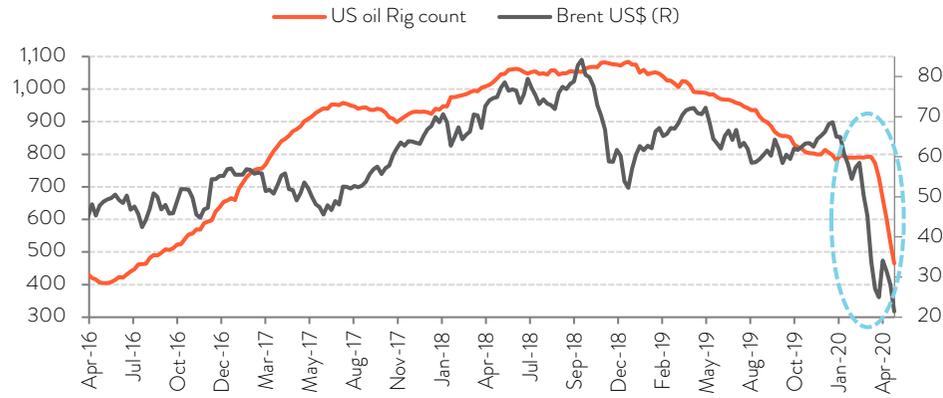
FIG 154 – HOWEVER IN CYTD20, INR HAS DEPRECIATED BY 5.8%



Source: Bloomberg | *As on 30 Apr 2020

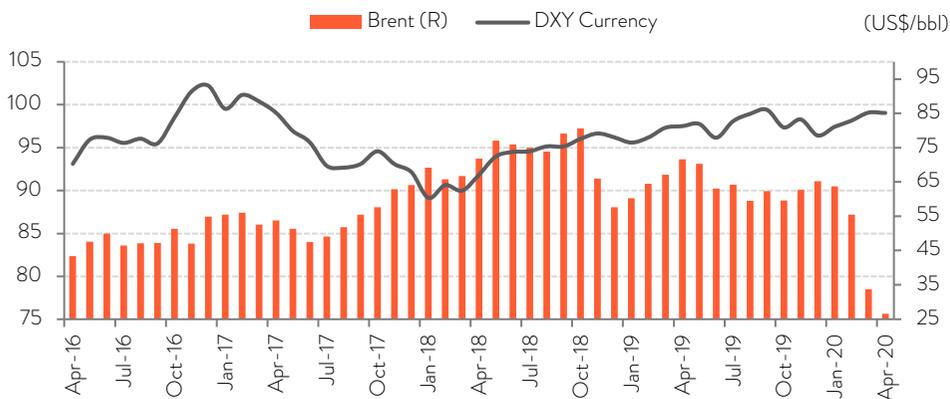
Commodities

FIG 155 – OIL PRICES FELL SHARPLY BY 21% IN APR'20 (US\$ 26.6/BBL) AMIDST MUTED DEMAND, US RIG COUNT ALSO FELL (465 VS 529 IN APR'20)



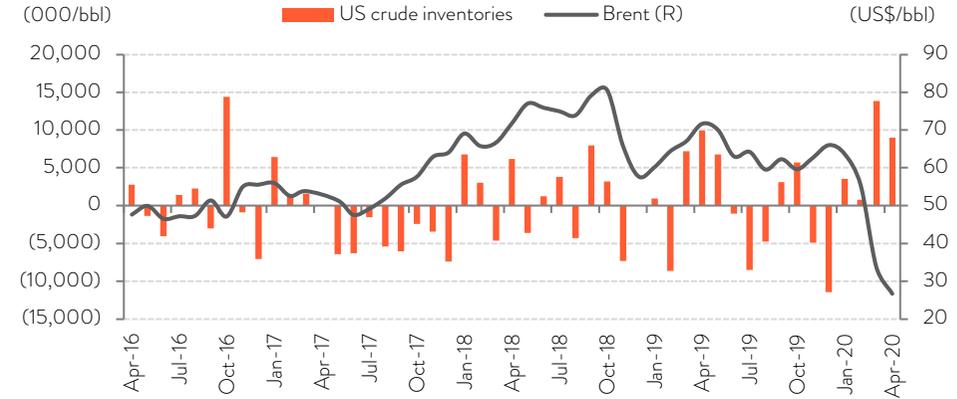
Source: Bloomberg

FIG 157 – DXY FELL TO 99.02 IN APR'20 VERSUS 99.05 IN MAR'20, OIL PRICES ALSO DECLINED



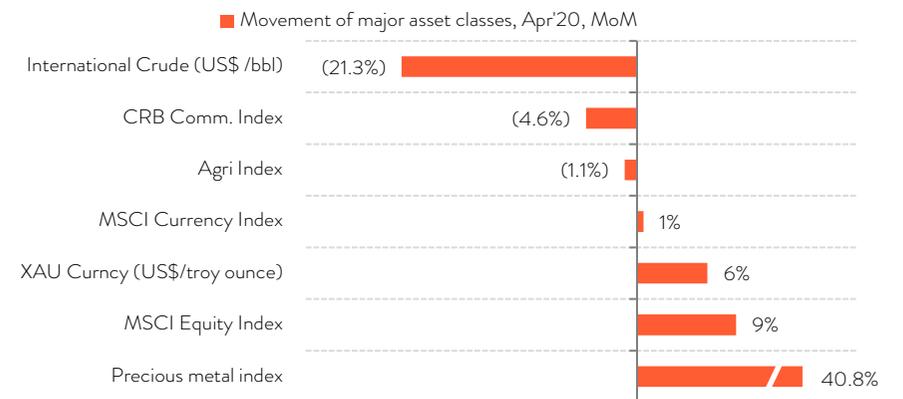
Source: Bloomberg | DXY Index as on last trading day of the month

FIG 156 – US CRUDE INVENTORIES WAS STILL HIGHER IN APR'20 ON ACCOUNT OF MUTED DEMAND



Source: Bloomberg

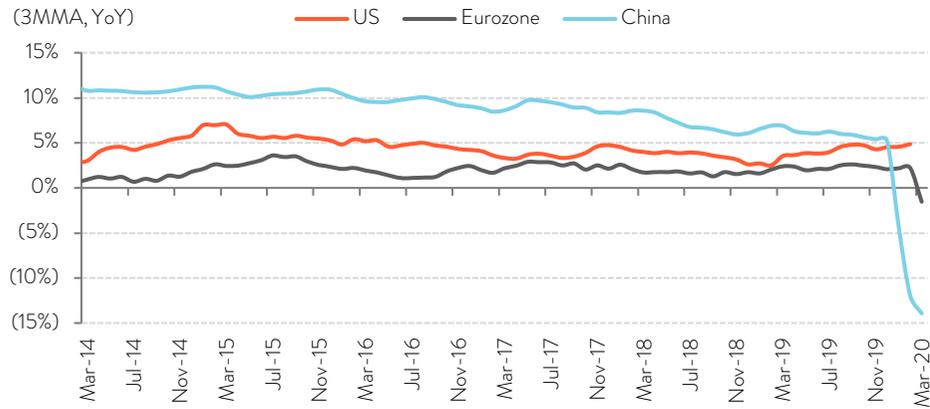
FIG 158 – GOLD PRICES INCHED UP DUE TO SAFE HAVEN DEMAND



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

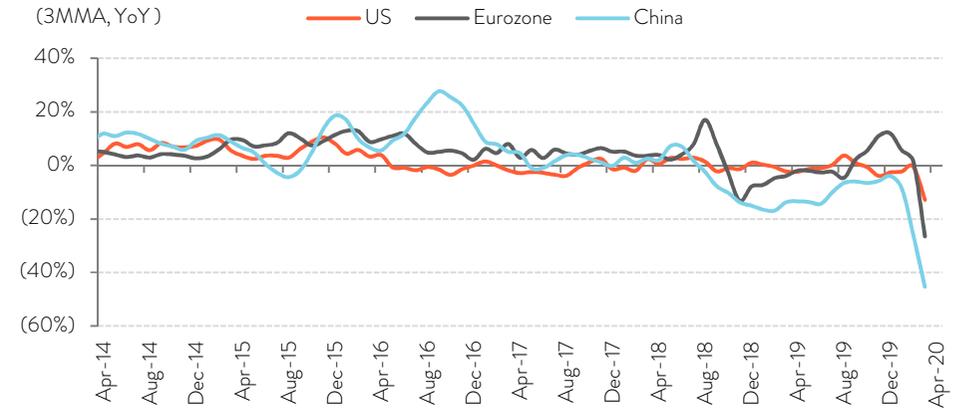
Global consumption

FIG 159 – RETAIL SALES FALLS SHARPLY IN CHINA



Note: Data for retail sales for US till Feb'20

FIG 160 – CONTRACTION CONTINUES IN AUTO SALES



Note: Data for Eurozone and China is till Mar'20

FIG 161 – CONSUMER CONFIDENCE SLIPS

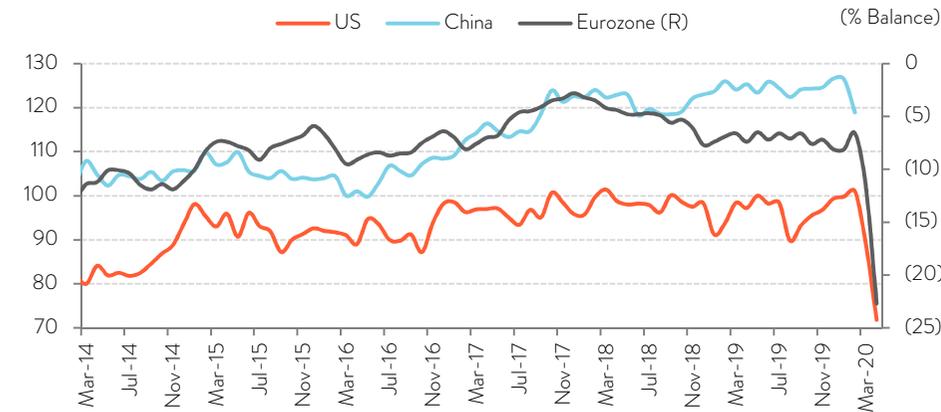
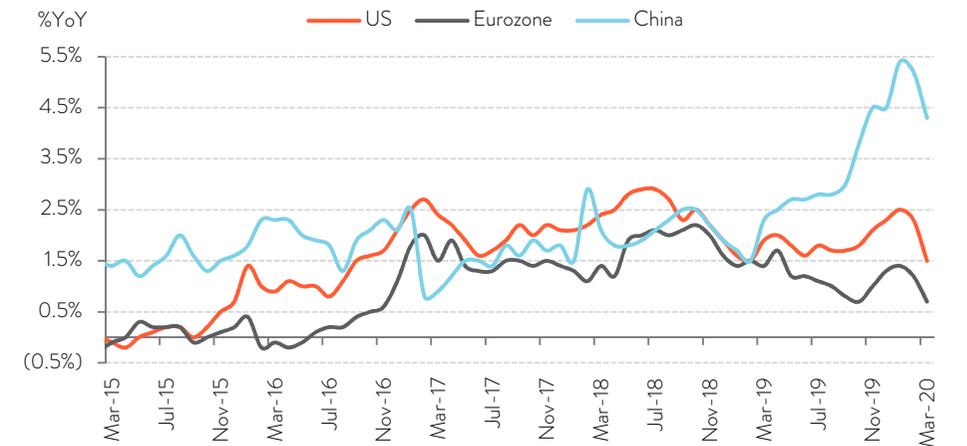


FIG 162 – CPI EASES ACROSS COUNTRIES



Policy

FIG 163 – GLOBAL CENTRAL BANKS ARE ON MONETARY EASING CYCLE TO SUPPORT GROWTH

Country	Current inflation rate (%)	Current policy rate (%)	CY19 (change in bps)	CYTD20 (change in bps)	Direction of policy rate in CYTD20
Germany	0.8	0.0	0	0	-
Japan	0.4	(0.1)	0	0	-
China	4.3	4.4	0	0	-
Korea	0.1	0.8	(50)	(50)	↓
Australia	2.2	0.3	(75)	(50)	↓
Indonesia	3.0	4.5	(100)	(50)	↓
Thailand	(3.0)	0.8	(50)	(50)	↓
Malaysia	(0.2)	2.5	(25)	(50)	↓
UK	1.5	0.1	0	(65)	↓
Russia	3.1	5.5	(150)	(75)	↓
India	5.9	4.4	(135)	(75)	↓
Mexico	2.2	6.5	(100)	(75)	↓
Phillipines	2.2	3.3	(75)	(75)	↓
US	1.5	0.3	(75)	(150)	↓
Brazil	3.3	0.3	0	(150)	↓
Turkey	10.9	9.8	(1,200)	(225)	↓

Source: Bloomberg

Global investment and manufacturing

FIG 164 – GLOBAL MANUFACTURING AND SERVICES PMI PLUMMETS IN APR'20 AMID COVID-19

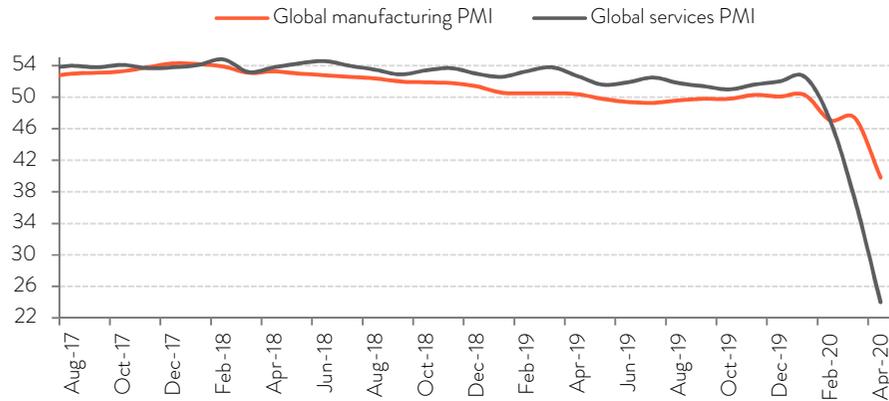


FIG 165 – MANUFACTURING ACTIVITY ACROSS REGIONS TAKES A HIT IN APR'20

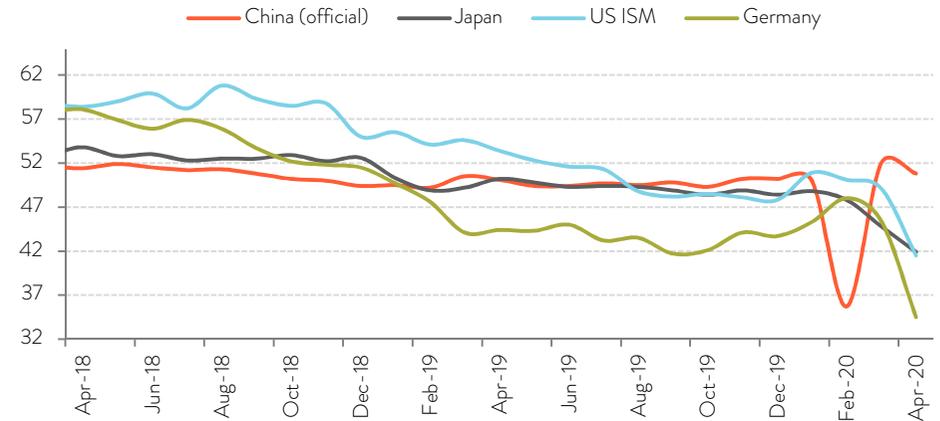


FIG 166 – WEAK COMMODITY PRICES DRAGGED PRODUCER PRICES DOWN IN MAR'20

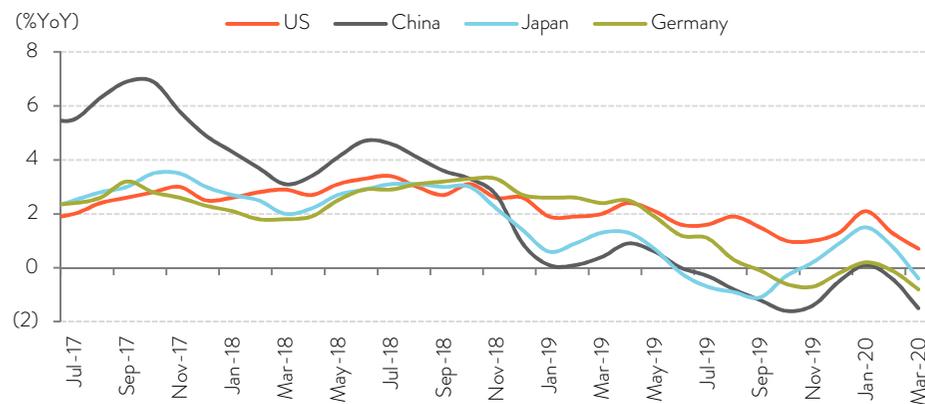
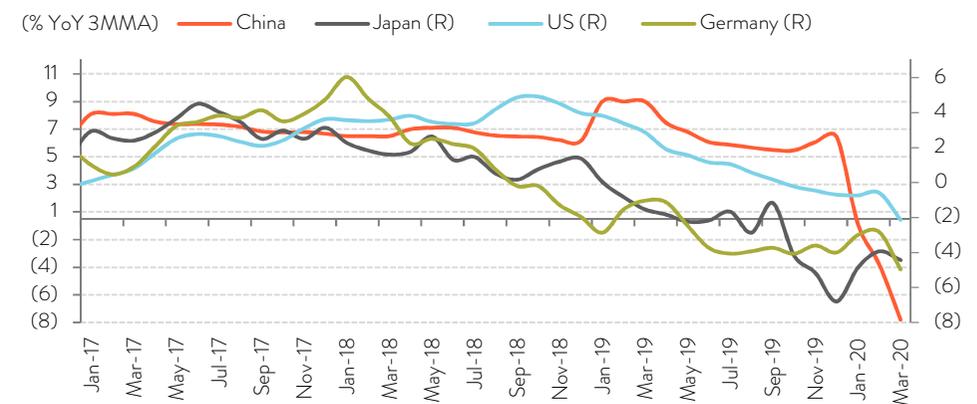


FIG 167 – GLOBAL INDUSTRIAL PRODUCTION REMAINED WEAK IN MAR'20



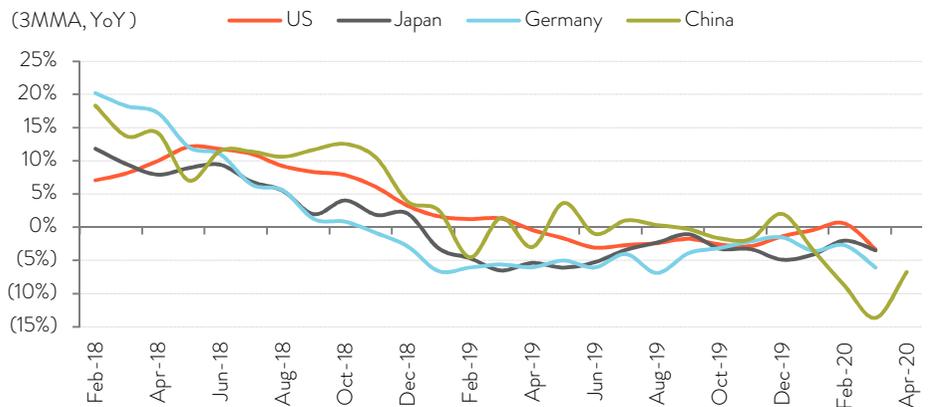
Global trade

FIG 168 – WORLD TRADE VOLUME DIPPED FURTHER IN FEB'20



Source: NPB, World Trade Monitor

FIG 170 – CHINA'S EXPORTS RISE UNEXPECTEDLY IN APR'20



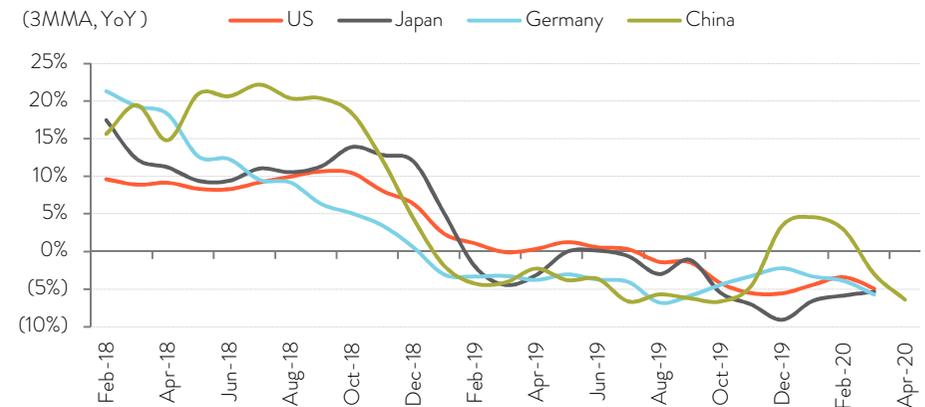
Source: Bloomberg

FIG 169 – BARRING CHINA AND EASTERN EUROPE, TRADE VOLUME IN OTHER COUNTRIES/REGIONS FALLS IN FEB'20

Country/Region (% YoY)	Aug-19	Sep-19	Oct-19	Nov-19	Dec-19	Jan-20	Feb-20
Africa and Middle East	(2.4)	(3.6)	(3.9)	(4.2)	(3.0)	(2.1)	(1.6)
China	(2.2)	(3.0)	(1.9)	(0.8)	5.2	4.0	1.3
Eastern Europe / CIS	0.7	2.6	3.1	3.2	2.8	2.1	0.9
Emerging Asia (ex. China)	(3.3)	(3.4)	(4.3)	(3.9)	(2.6)	(1.1)	(0.4)
Euro Area	(0.8)	(0.3)	(0.1)	0.2	(0.9)	(1.7)	(2.7)
Japan	1.3	1.9	(0.1)	(1.0)	(2.3)	(2.1)	(3.4)
Latin America	(0.5)	0.9	(0.7)	(1.8)	(3.4)	(3.7)	(3.6)
US	0.4	(0.2)	(1.2)	(2.4)	(2.4)	(2.4)	(2.3)

Source: NPB, World Trade Monitor

FIG 171 – IMPORTS HOWEVER REMAIN LACKLUSTRE



Source: Bloomberg

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