

India Economics

Monthly Chartbook

July 2024

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Monsoon and Budget developments to drive markets

This month remains crucial. All eyes will be on the Union Budget where some support towards propelling consumption demand is expected, as rural demand is showing continued stress. In addition to this, monsoon woes have impinged on the inflation outlook. With unseasonal rains and persistent heatwaves, mandi prices have escalated. Arrivals have also been impacted. Our CPI estimate for Jun'24 is at 4.9% from 4.75% in May'24. We do not rule out the possibility of headline CPI overshooting RBI's projections, if supply side bottlenecks are not addressed through timely policy interventions. From the perspective of markets, changing political landscape globally remains a key watchable. India finally made its entry in the global bond index and with increase in weight in the index, more flows are anticipated. INR would get support from a softer dollar led by expectations of Fed rate cut.

All eyes on rain: In line with IMD's expectation, there was an early onset of monsoon in Kerala, however there has been a delay in momentum for the North West and Central region. Due to this, the country recorded rainfall at 11% below LPA in Jun'24. The El-Nino conditions are likely to turn ENSO neutral during the crucial phase of monsoon and will be closely monitored. The water storage levels continue to be lower than last year (22% versus 28%) in major reservoirs and below the decadal average. Notably, sown area of kharif crops has registered improvement over last year. For rural demand, there has been slower pace of growth for both tractor and two-wheeler sales sequentially, along with lower demand for work by households under MGNREGA.

Budget to focus on consolidation: Centre's fiscal deficit ratio (% of GDP) eased to 4.9% as of May'24 (12MMA basis) from 5.8% as of Apr'24. This was on account of sharp reduction in government spending as total expenditure was

lower by (-) 0.4% as of May'24 (FYTD basis) compared with 39.3% in Apr'24. Both capex (-14.4% versus 26.5%) and revenue (4.7% versus 43.7%) spending fell. On the other hand, net revenue growth noted sharp improvement (38.3% versus 16.4%), led by jump in direct tax collections (22.7% versus 12.1%). Indirect tax collections slowed. In the upcoming final budget, we expect government to keep the fiscal deficit target unchanged at 5.1%.

Yields rangebound: India's 10Y yield traded broadly stable in Jun'24 and Jul'24 as well. There were anticipation of higher pace of frontloading by FPI's but much of the buying by FPIs in debt segment already happened before the inclusion. Since 28 Jun 2024, FPI inflows of US\$ 869mn have come in so far. Further, looking at the FPI utilisation rate, the benchmark security has the highest concentration due to higher liquidity. Utilisation rate of below 5 year papers is also higher. One of the notable development in this month's yield curve is the downward shift of short end papers (below 6 year tenor). Thus, some indirect impact might be felt on the shorter part of the curve. Needless to say, some easing in domestic liquidity conditions would also lend support.

INR appreciated marginally: INR appreciated by 0.1% Jun'24, after touching a fresh record-low during the month. This was despite gains in the dollar. Return of FPI inflows and rangebound oil prices supported the rupee. The trajectory of INR will be determined by the movement in dollar. Based on recent data, markets are anticipating a rate cut in Sep'24 which is exerting pressure on DXY. However, the evolving political scenario might lead to some volatility in the dollar. However, INR is likely to remain stable supported by RBI's effective two-way intervention. We expect INR to trade in the range of 83.25-83.75/\$.

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

High frequency indicators

Fig 1 – Power demand moderates

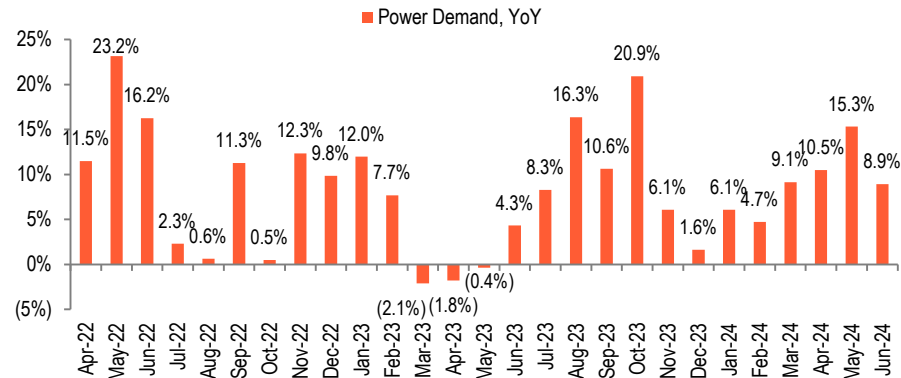
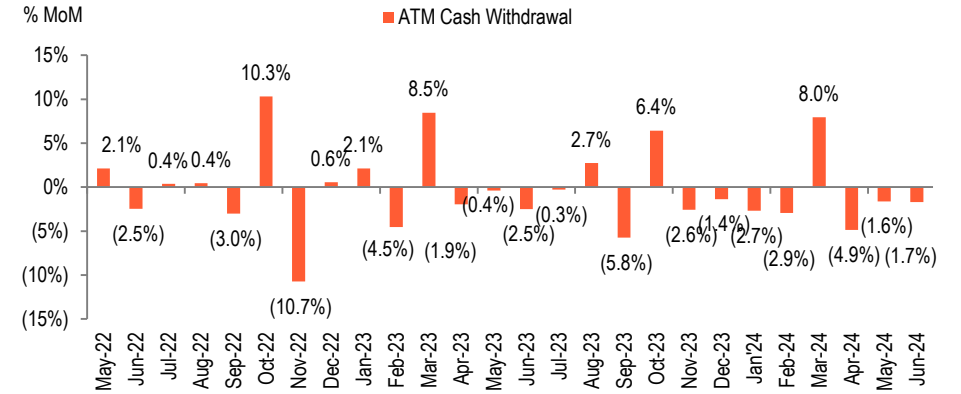
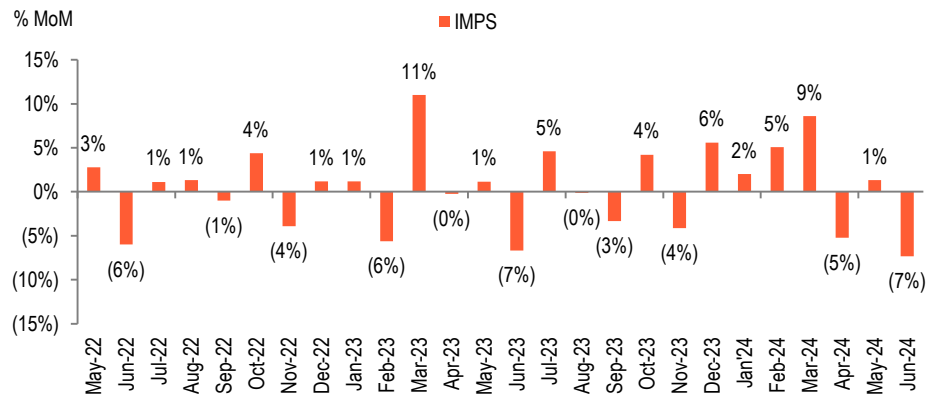


Fig 2 – Growth for cash withdrawal continues to decline



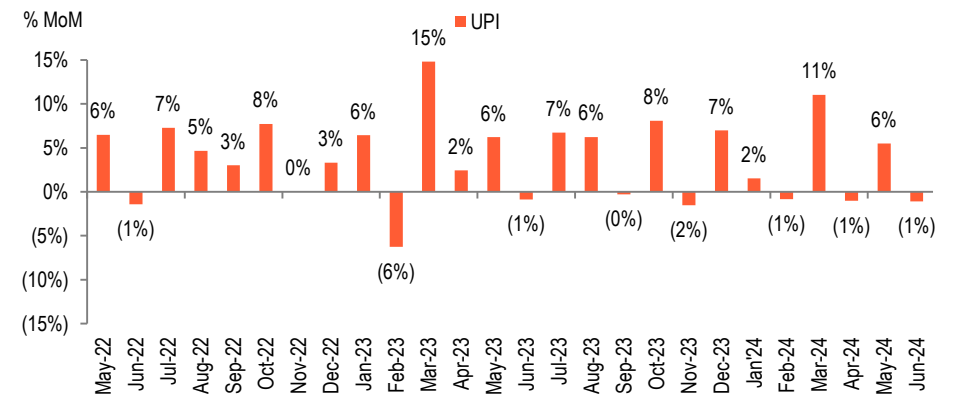
Source: NPCI. Note: NFS Cashwithdrawal amount does not include Card to Card Transfer

Fig 3 – Volume of IMPS transactions rebounds



Source: RBI

Fig 4 – Growth falters in UPI payments



Source: RBI

Fig 5 – Growth in fertilizer sales dips

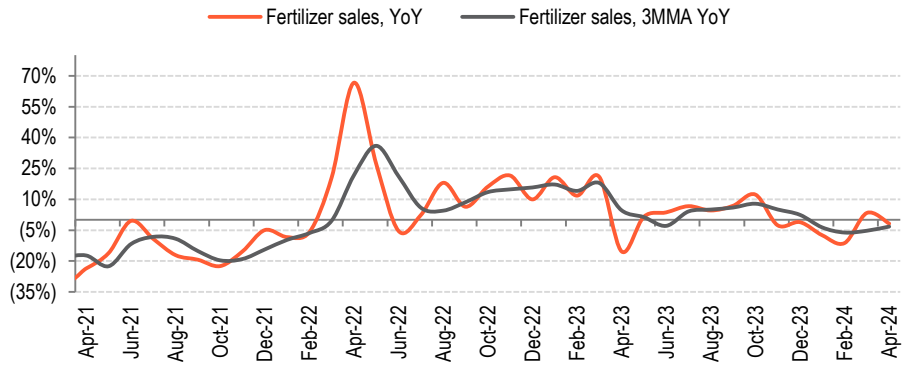
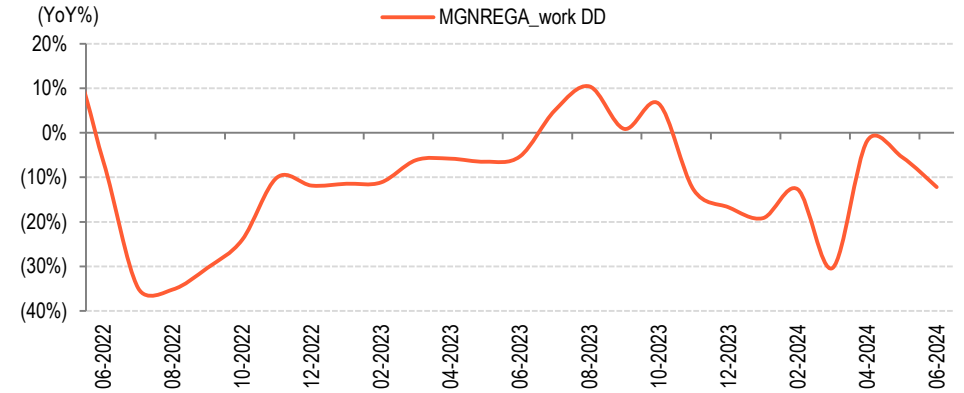


Fig 6 – Demand for work (MGNREGA-household) moderates



Final consumption expenditure

Fig 7 – Private consumption remains steady in Q4

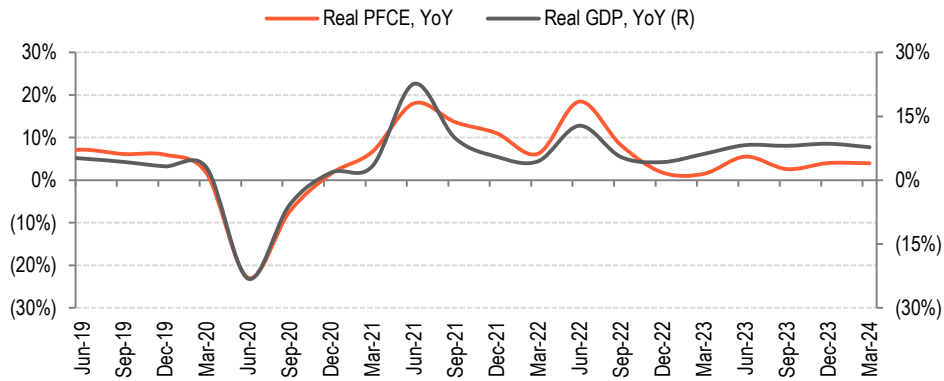


Fig 8 – Government consumption growth rebounds in Q4

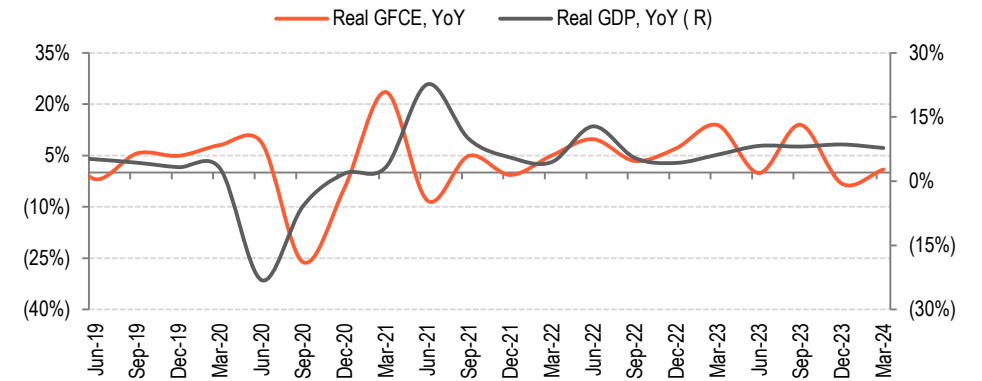


Fig 9 – General govt. revenue spending moderates

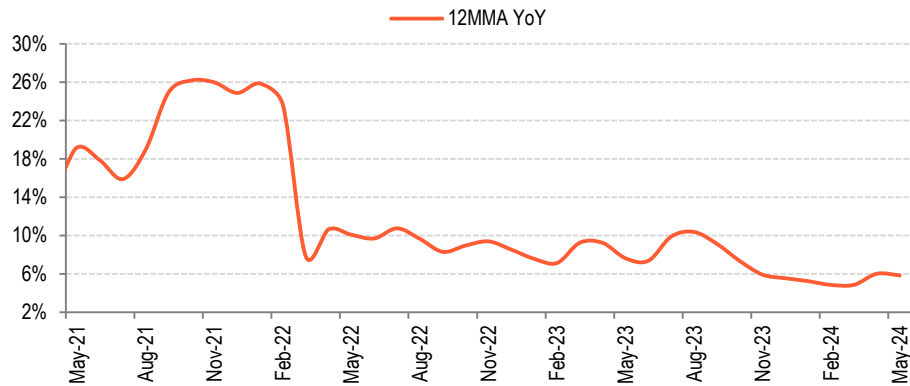
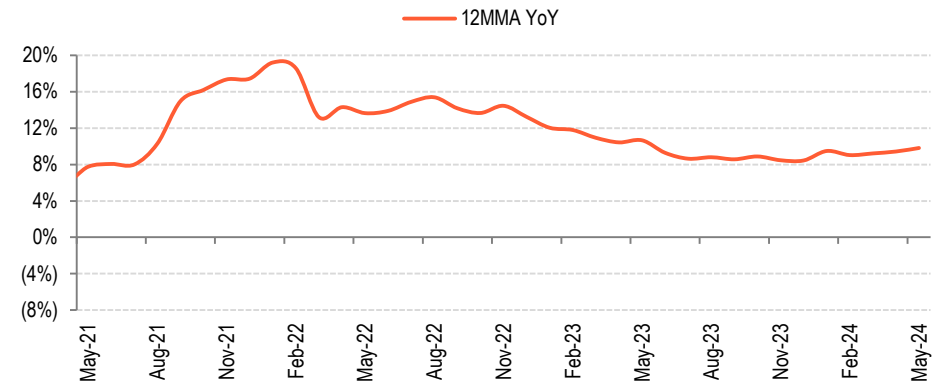


Fig 10 – State* govt. revenue spending remains steady



Note: *All states excluding N.E states, A.P., Goa, J&K and Rajasthan

Non-oil imports, electronic imports

Fig 11 – Growth in non-oil-non-gold imports inches up

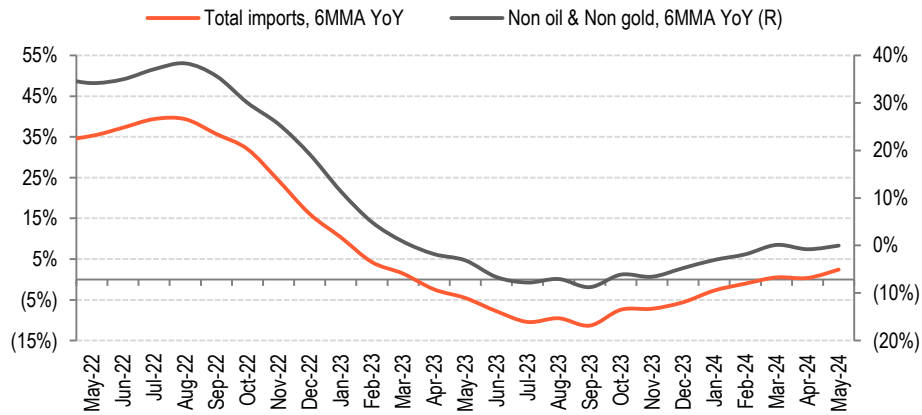


Fig 12 – Growth in electronic imports slows

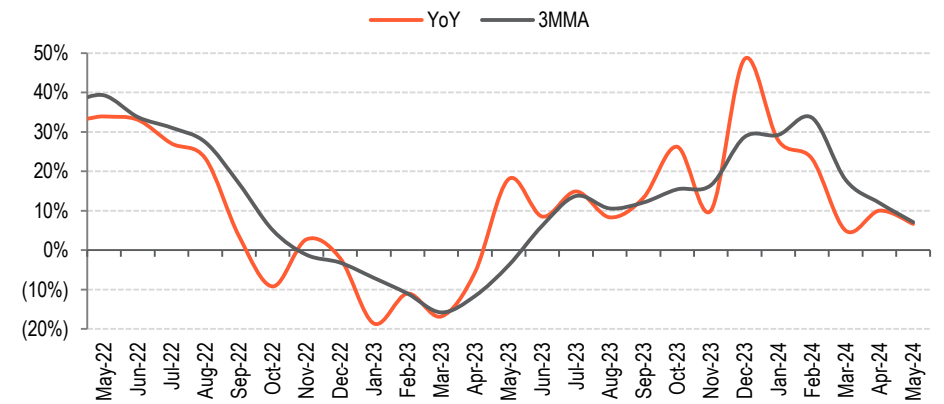
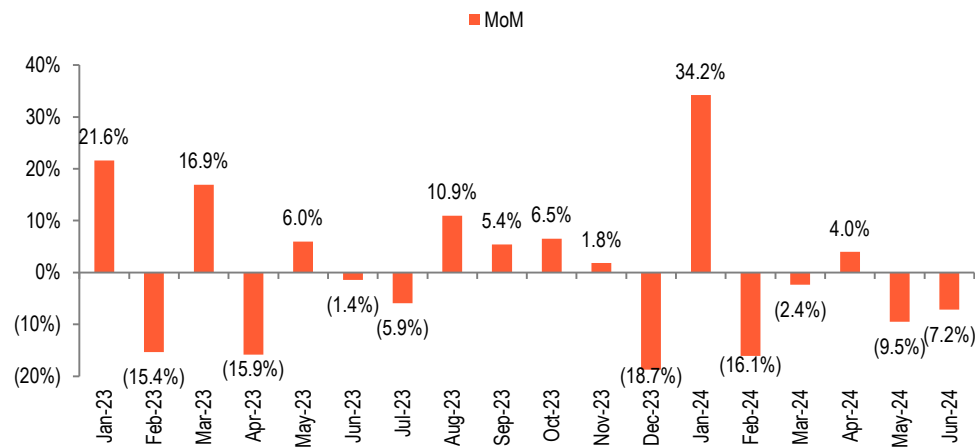
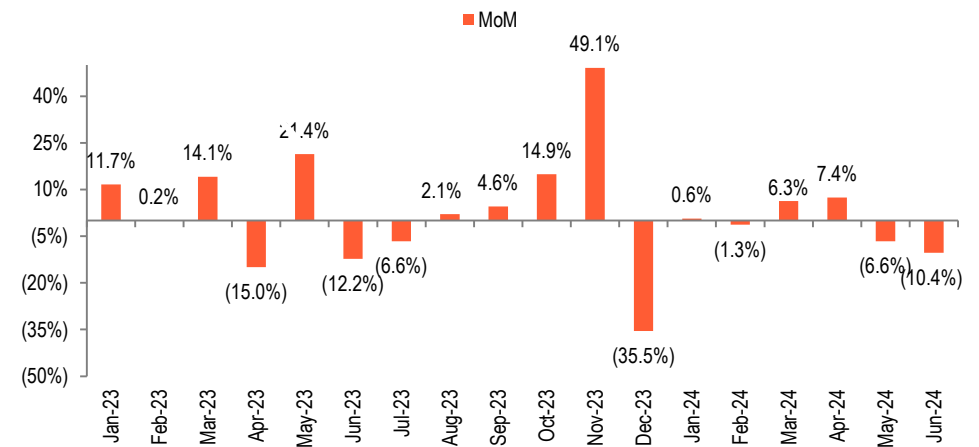


Fig 13 – Slower pace of contraction in retail passenger vehicle sales



Source: FADA

Fig 14 – Two-wheeler sales decline at a much faster pace



Credit deployment of personal loans

Fig 15 – Improvement in credit card loan growth

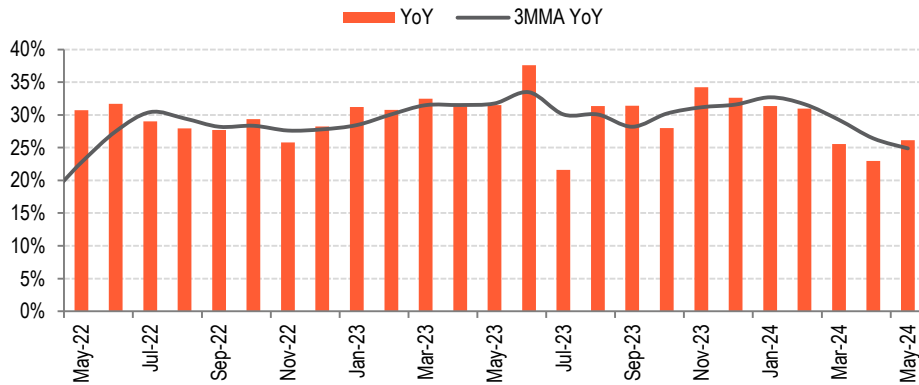


Fig 16 – Higher growth in personal loan

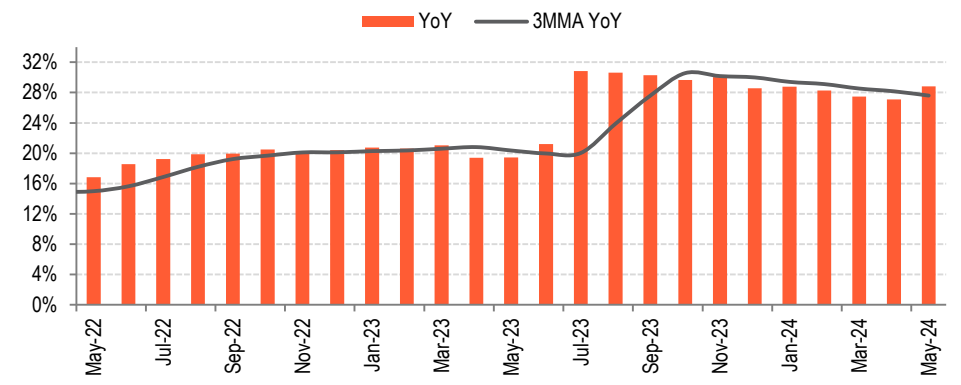


Fig 17 – Steady growth in vehicle loans

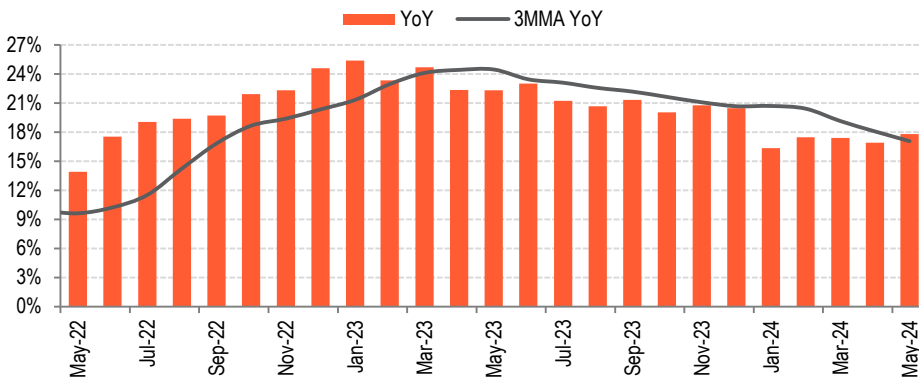


Fig 18 – Consumer's confidence for current level declines marginally

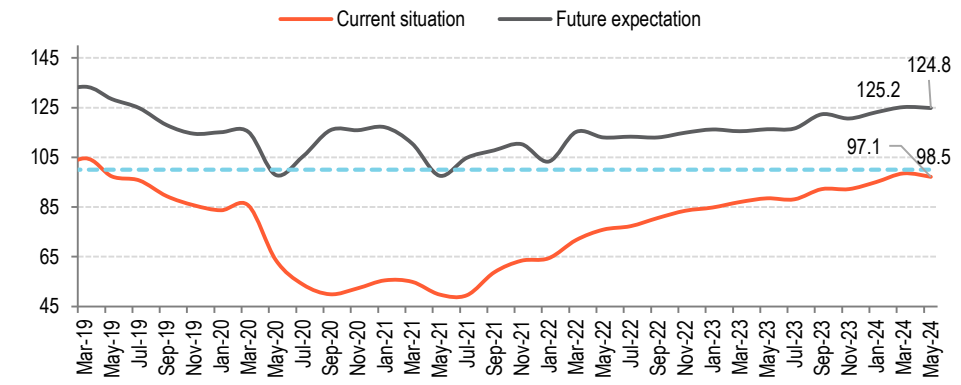


Fig 19 – Higher spending on essential items as per RBI’s survey

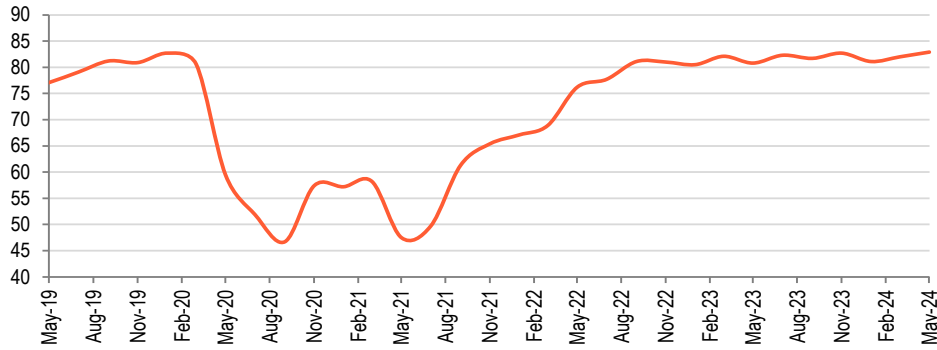
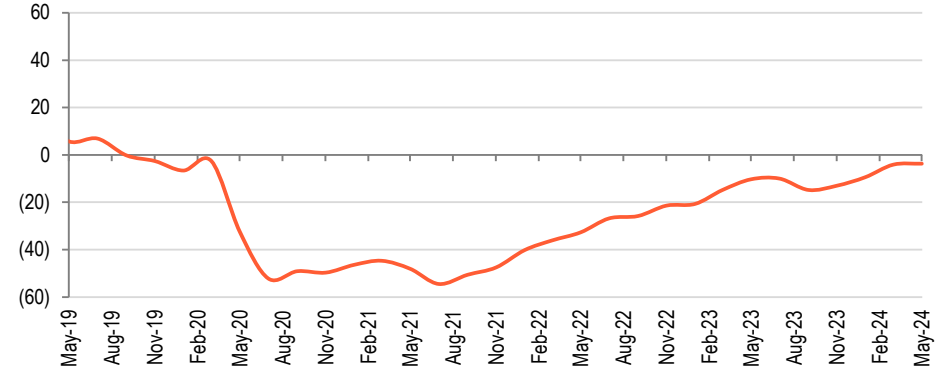


Fig 20 – Similar movement in non-essential spending



Consumer durables & non-durables production

Fig 21 – Steady growth for consumer durables output

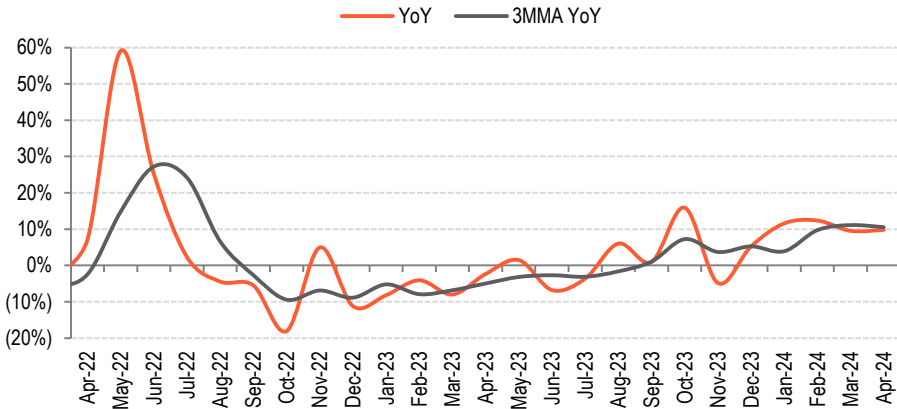
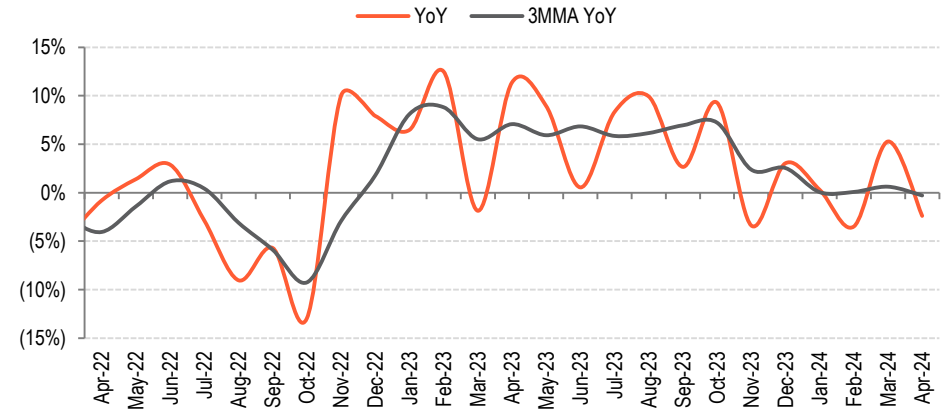


Fig 22 – FMCG output contracts



Agriculture

Fig 23 – Foodgrain stocks continue to be higher than last year

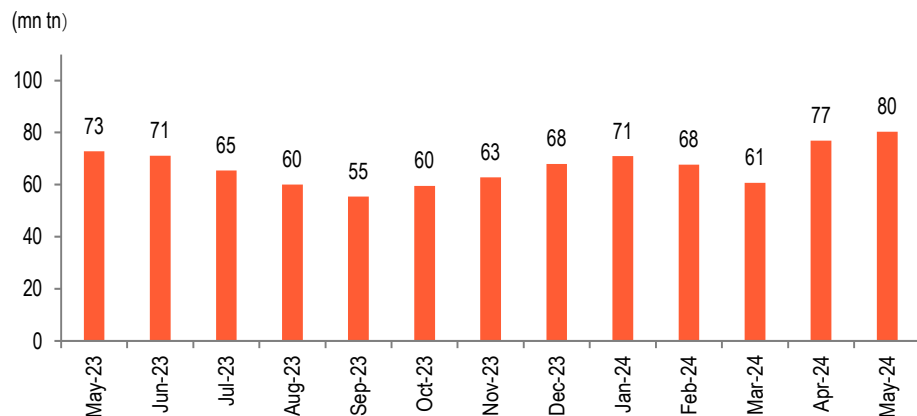


Fig 25 – Growth in agriculture credit edges upwards

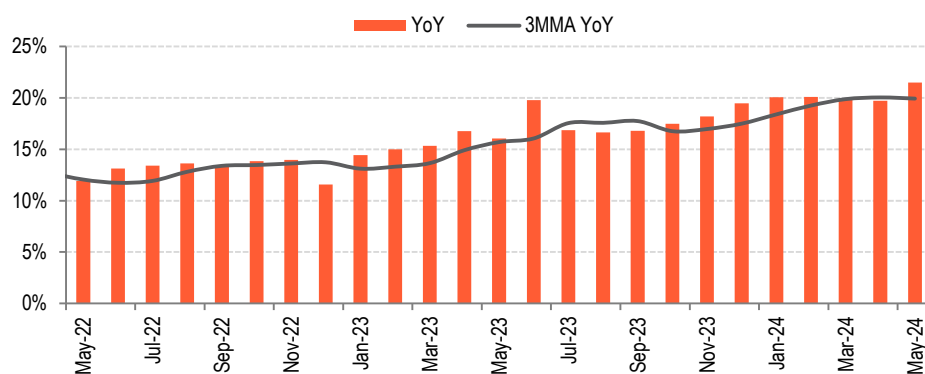
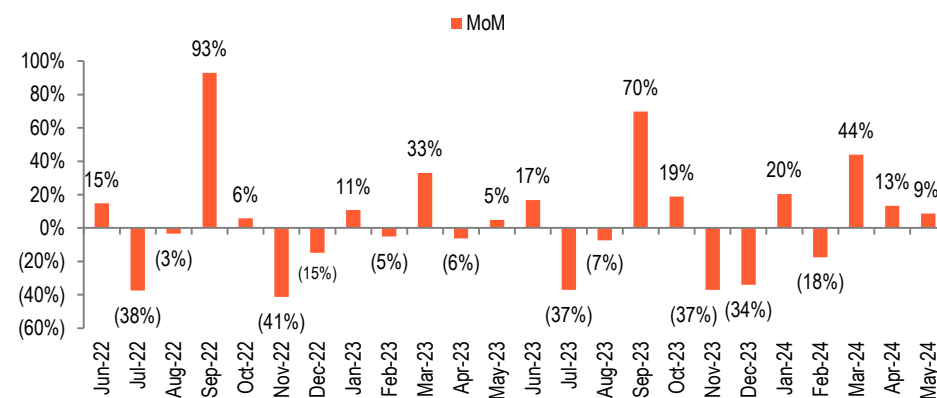


Fig 24 – Slower growth in tractor sales



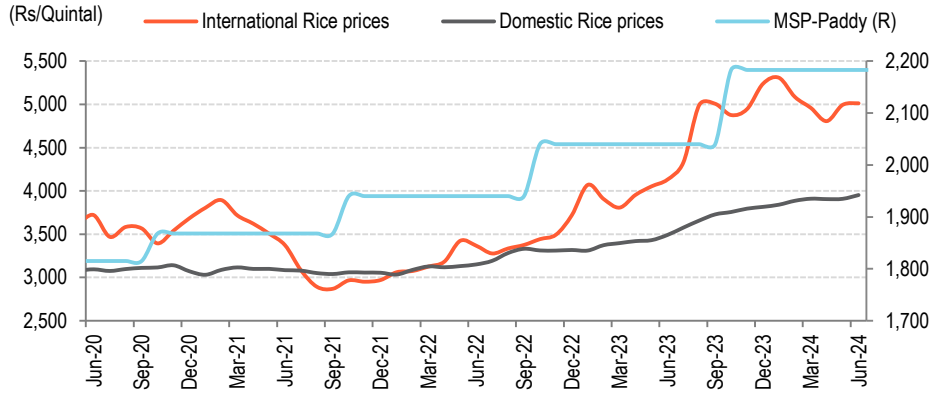
Note: Tractor sales including exports

Fig 26 – Procurement of rice and wheat

Year	Wheat	Rice
2016-17	22.96	38.11
2017-18	30.83	38.19
2018-19	35.80	44.39
2019-20	34.13	51.83
2020-21	38.99	60.17
2021-22	43.34	57.59
2022-23	18.8	56.9
2023-24	26.2	50.1
2024-25	26.5*	

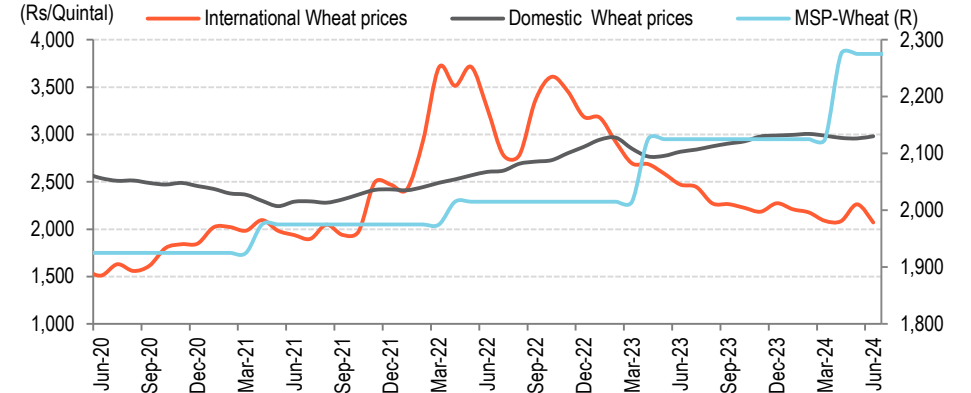
Source: Ministry of Consumer Affairs, Food and Public Distribution | *As on: 31 May 2024

Fig 27 – Both domestic and international rice prices have risen



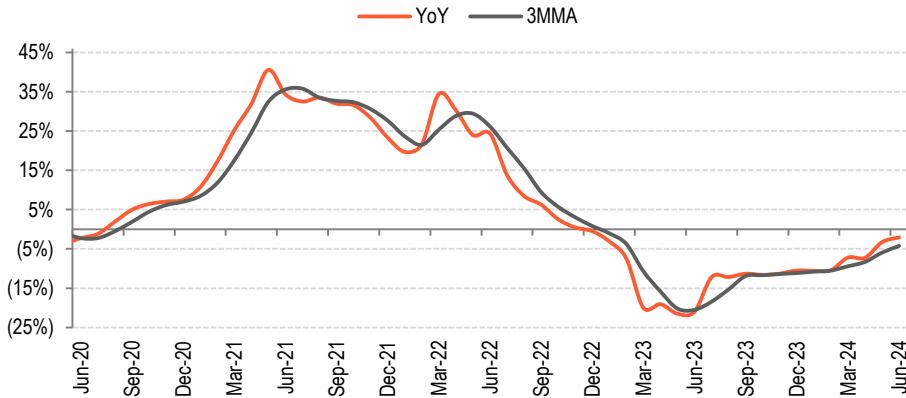
Source: World Bank

Fig 28 – Domestic wheat prices inch up; international wheat price falls



Source: World Bank

Fig 29 – Global food prices firm up in Jun'24



Source: FAO

Fig 30 – Wage growth (men) steady

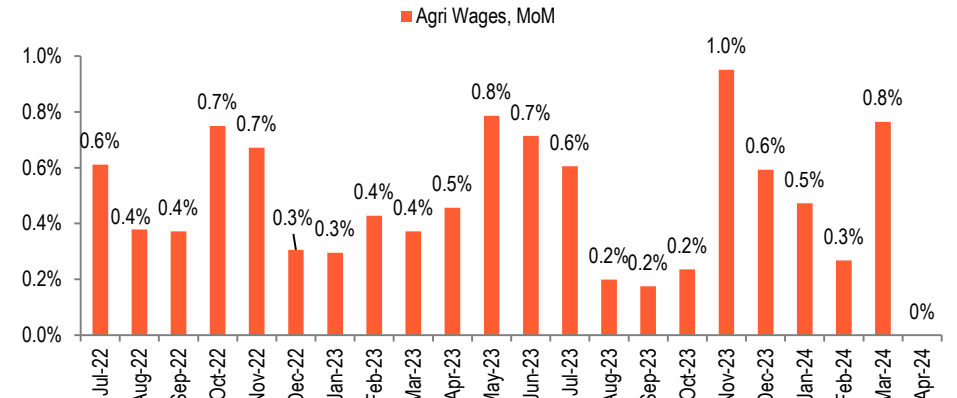


Fig 31 – Kharif sowing is higher compared with last year

Crop Type (mn ha)	Area sown in 2024-25	Area sown in 2023-24
Foodgrains	7.6	6.7
Cereals	5.4	5.9
Rice	2.3	2.3
Pulses	2.3	0.8
Oilseeds	4.3	1.7
Cotton	5.9	3.6
Sugarcane	5.7	5.5
Jute and Mesta	0.6	0.6
Total	24.07	18.2

Note: For the week ended 28 Jun 2024

Inflation

Fig 32 – Headline CPI at 4.75% in May'24, food remained sticky

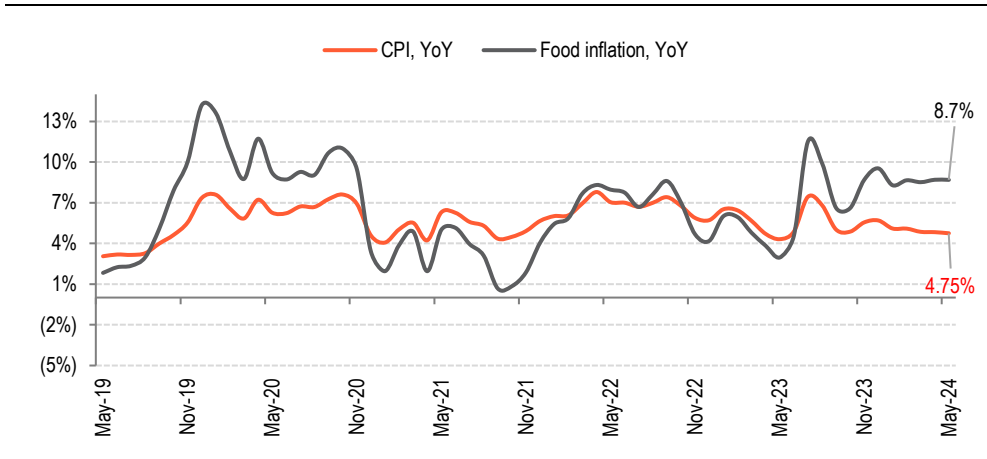


Fig 33 – Cereals, pulses, fruits and vegetable inflation still elevated

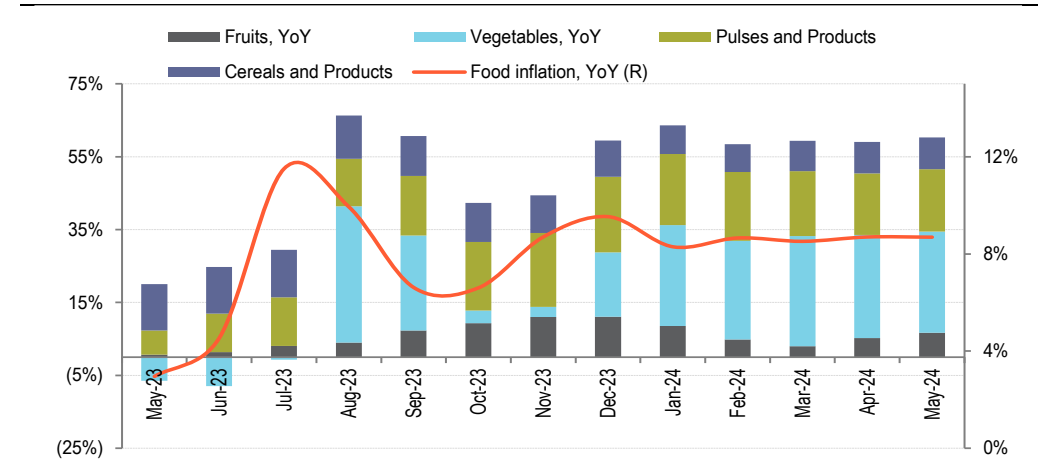


Fig 34 – Core inflation and its sub-components continued to provide comfort except personal care and effects (due to higher gold prices)

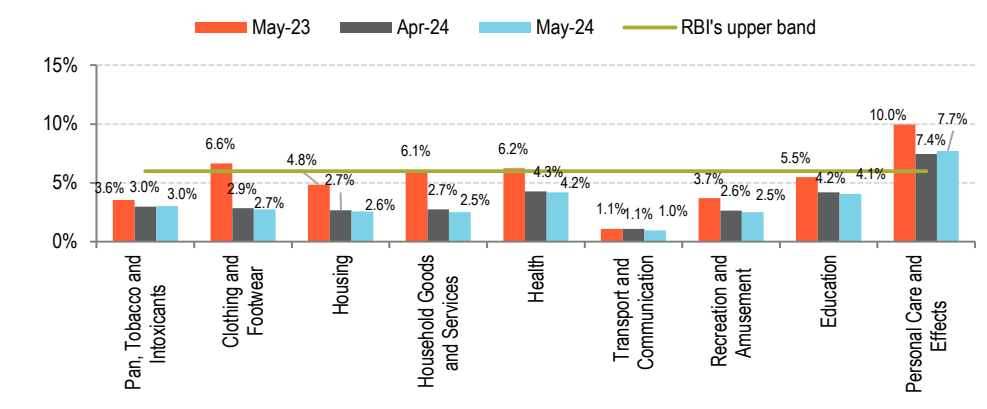
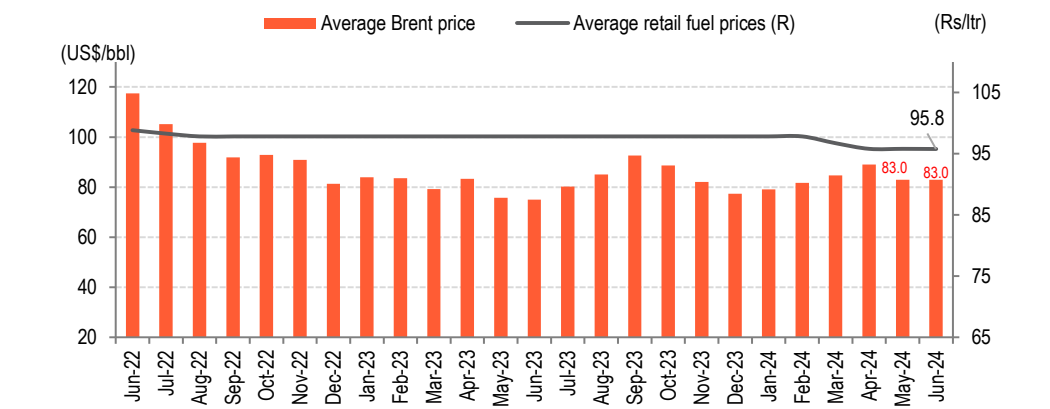


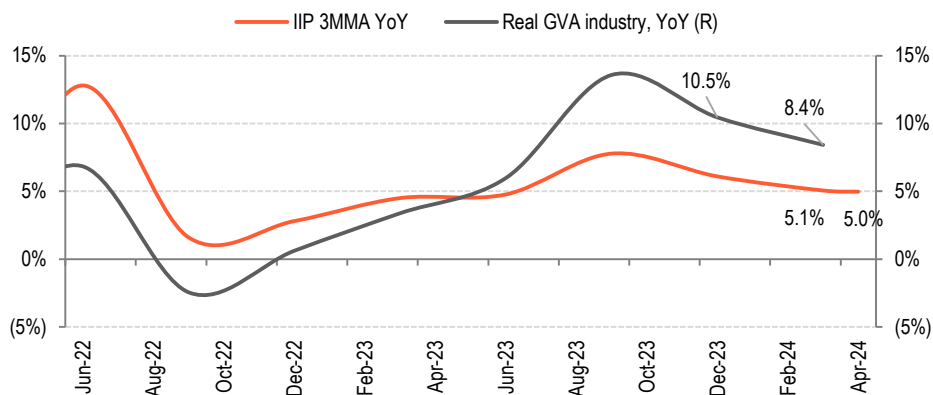
Fig 35 – Domestic retail price was stable at Rs 95.8/ltr in Jun'24, average crude price was also unchanged at US\$ 83/bbl in Jun'24



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

Industry

Fig 36 – Slower industrial growth likely in Q1



Note: Apr'24 data is on YoY basis

Fig 37 – Sectorwise growth higher in FY24, barring electricity

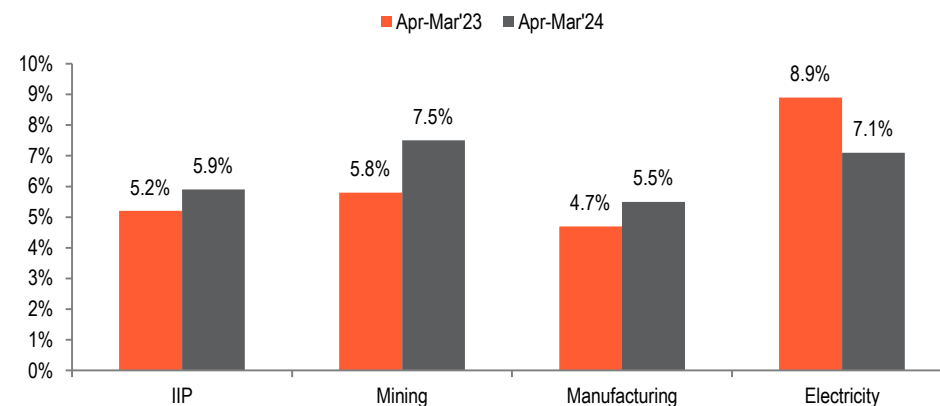
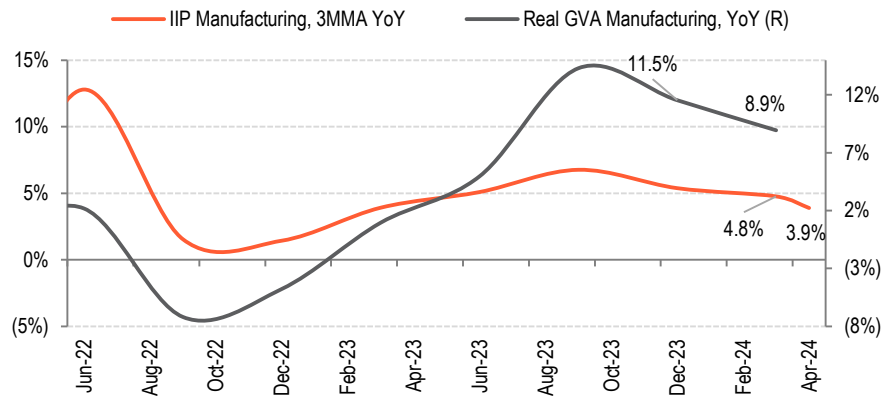


Fig 38 – IIP growth moderates

Sectoral (%)	Weight	Mar-24	Apr-24	Apr-23	Apr-Mar'23	Apr-Mar'24
IIP	100.0	5.4	5.0	4.6	5.2	5.9
Mining	14.4	1.3	6.7	5.1	5.8	7.5
Manufacturing	77.6	5.8	3.9	5.5	4.7	5.5
Electricity	8.0	8.6	10.2	(1.1)	8.9	7.1
Use-Based						
Primary Goods	34.1	3.0	7.0	1.9	7.5	6.1
Capital Goods	8.2	6.6	3.1	4.4	13.1	6.2
Intermediate Goods	17.2	5.5	3.2	1.7	3.8	5.2
Infrastructure and Construction Goods	12.3	7.4	8.0	13.4	8.4	9.7
Consumer Durables Goods	12.8	9.5	9.8	(2.3)	0.6	3.6
Consumer Non-Durables Goods	15.3	5.3	(2.4)	11.4	0.7	4.1

Manufacturing

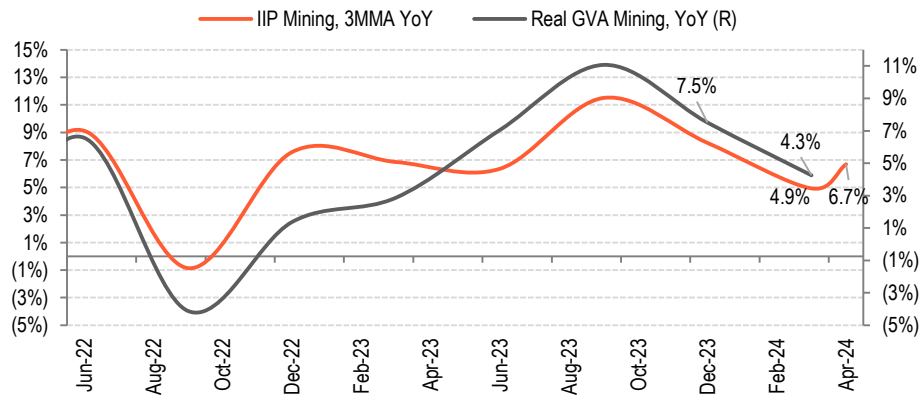
Fig 39 – Manufacturing growth eases



Note: Apr'24 data is on YoY basis

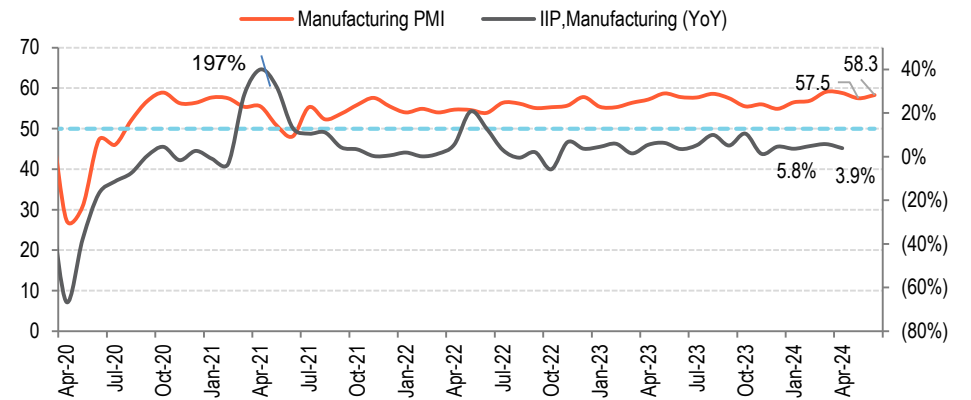
Mining & Electricity

Fig 41 – Mining activity activity expected to improve in Q1



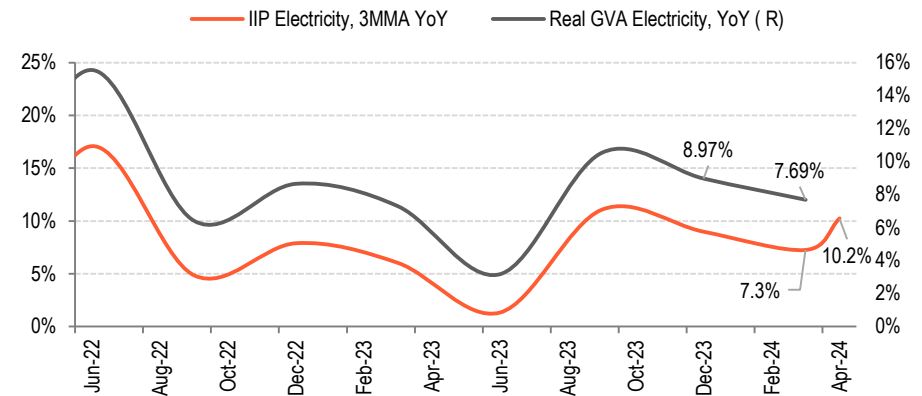
Note: Apr'24 data is on YoY basis

Fig 40 – Manufacturing PMI improves



Source: Markit

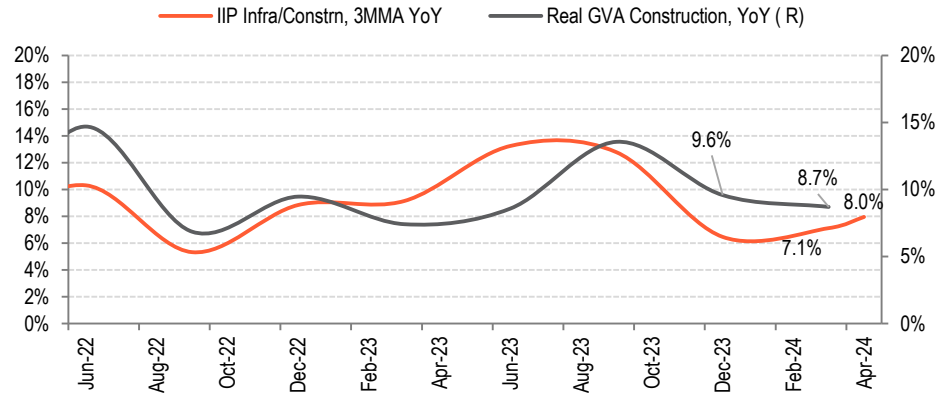
Fig 42 – Higher electricity growth on account of heat wave



Note: Apr'24 data is on YoY basis

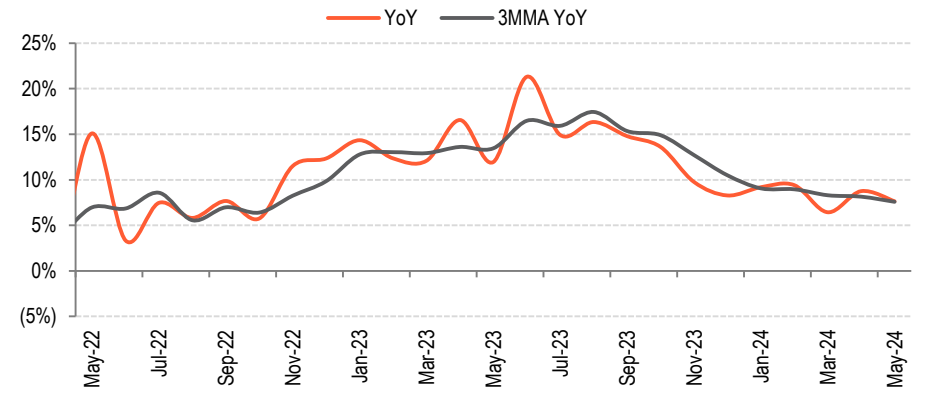
Infrastructure and construction

Fig 43 – Growth in construction to be higher in Q1



Note: Apr'24 data is on YoY basis

Fig 44 – Slower growth in steel output



Infrastructure index

Fig 45 – Slower pace of growth in infrastructure index

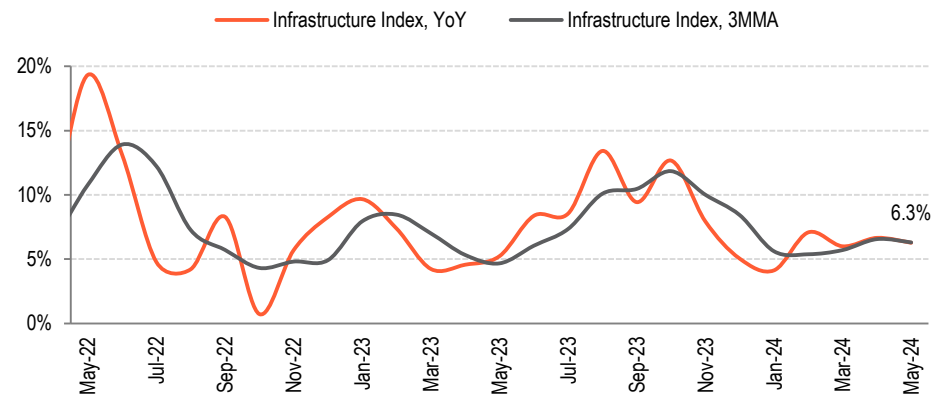
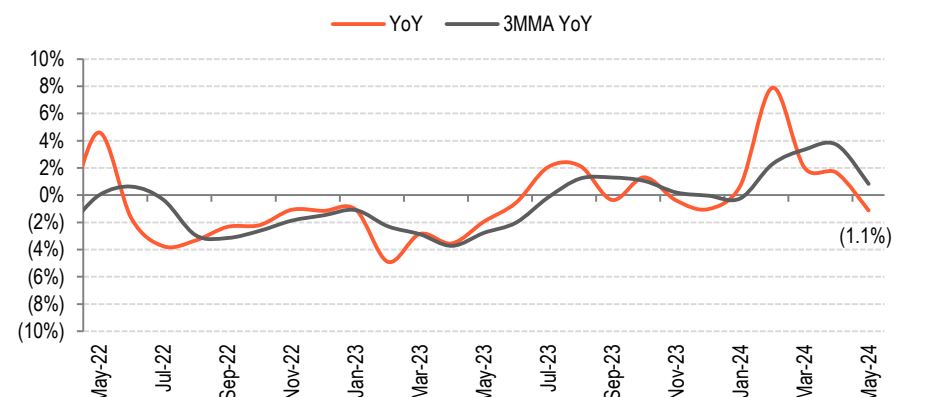


Fig 46 – Moderation in coal output



Auto production & business expectation index

Fig 47 – Slower growth in auto production

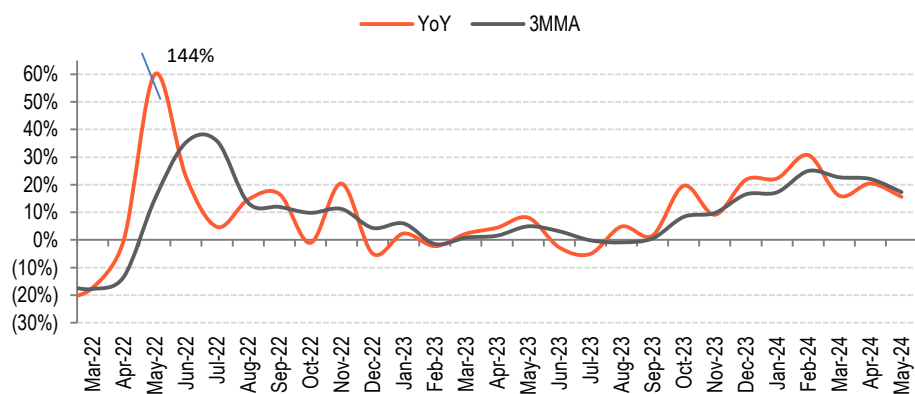


Fig 48 – Business sentiments remain optimistic for Q1

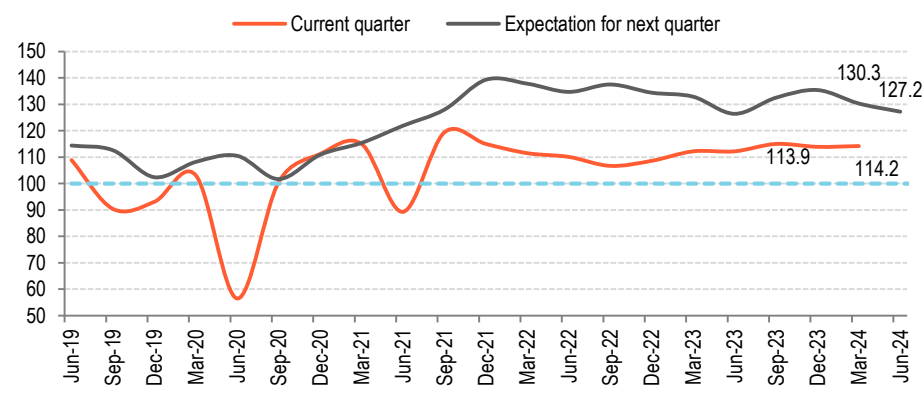
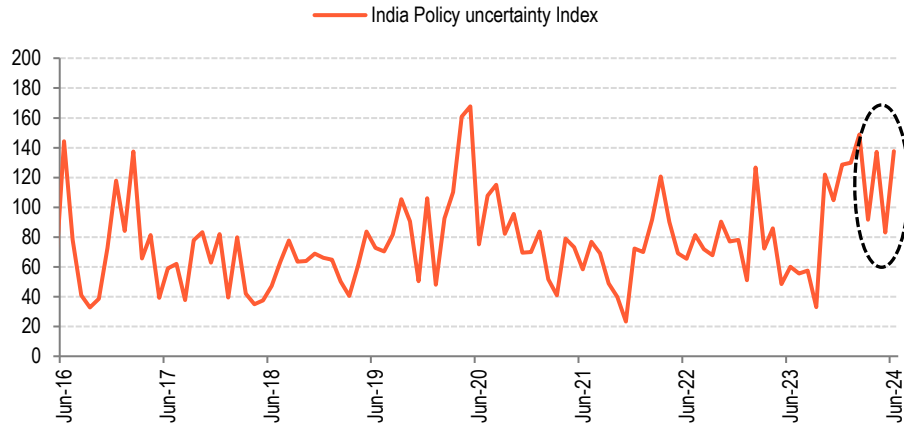


Fig 49 – Infrastructure index moderates

(%)	Weight	Apr-24	May-24	May-23	Apr-May'24	Apr-May'25
Infrastructure Index	100	6.7	6.3	6.7	4.9	6.5
Coal	10.3	7.5	10.2	7.5	8.2	8.9
Crude Oil	9.0	1.6	(1.1)	1.6	(2.7)	0.2
Natural Gas	6.9	8.6	7.5	8.6	(1.6)	8.0
Petroleum Refinery Products	28.0	3.9	0.5	3.9	0.7	2.2
Fertilizers	2.6	(0.8)	(1.7)	(0.8)	15.7	(1.2)
Steel	17.9	8.8	7.6	8.8	14.2	8.2
Cement	5.4	(0.5)	(0.8)	(0.5)	14.1	(0.6)
Electricity	19.9	10.2	12.8	10.2	(0.1)	11.6

Investment

Fig 50 – Policy uncertainty index in India exhibited some volatility in the post election run up



Source: <https://www.policyuncertainty.com>

Fig 52 – Capital goods production moderated to 3.1% in Apr'24 from 6.6% in Mar'24 despite a favourable base

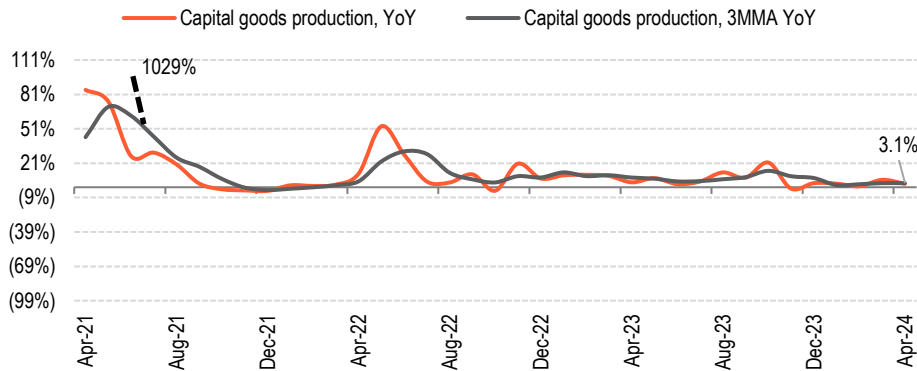


Fig 51 – Real GFCF grew at a softer pace of 6.5% in Q4 from 9.7% in Q3 and 3.8% in Q4 of FY23

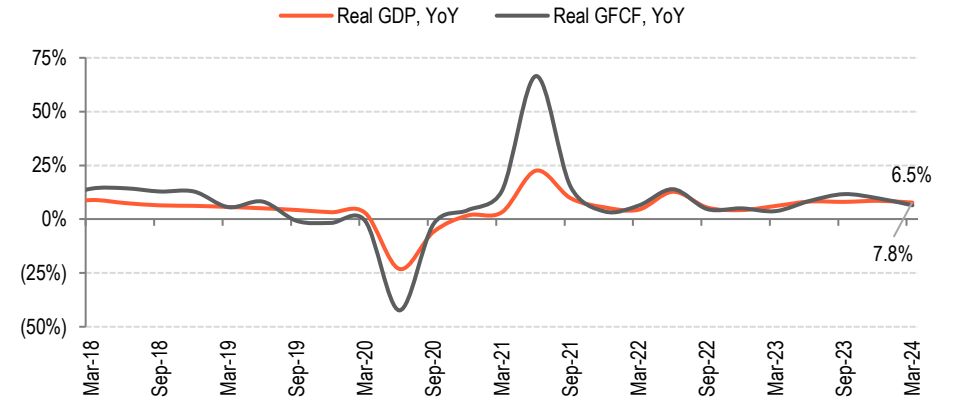


Fig 53 – Capital goods imports rose by 11.3% in May'24 from -1% in Apr'24

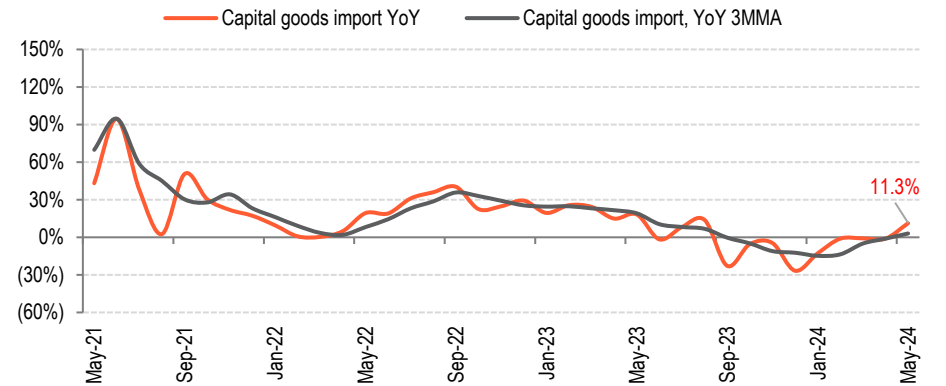


Fig 54 – Centre’s capex spending growth was at 15.5% in May’24

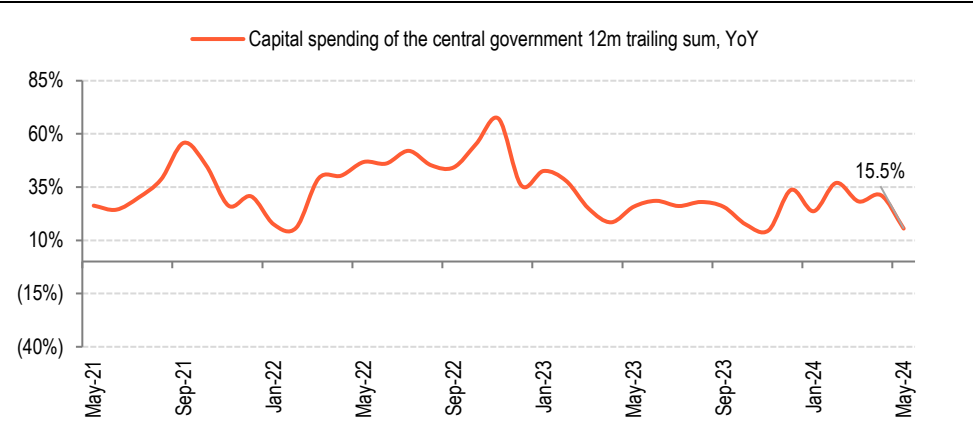


Fig 55 – Credit to micro and small industry rose by 15.1% in May’24 from 15.6% in Apr’24, for medium industry, it inched up to 15.5%

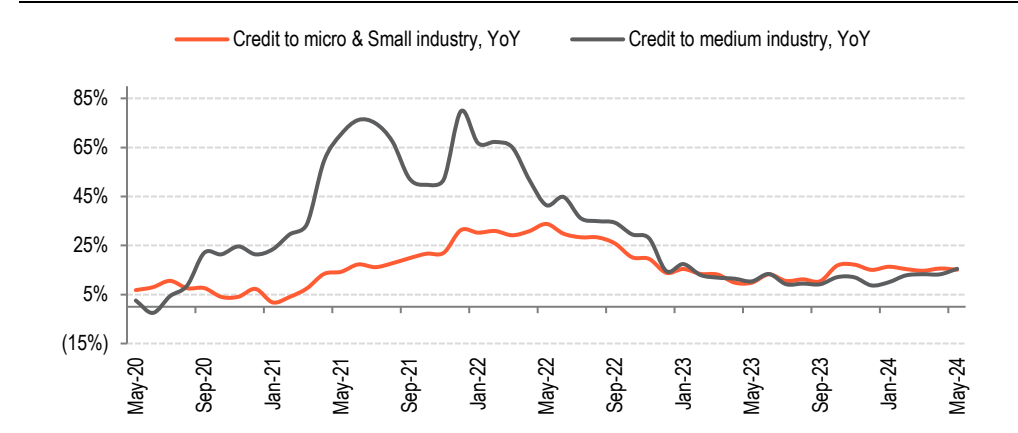


Fig 56 – Credit to housing sector rose by 38.7% in May’24 from 36.9% in Apr’24

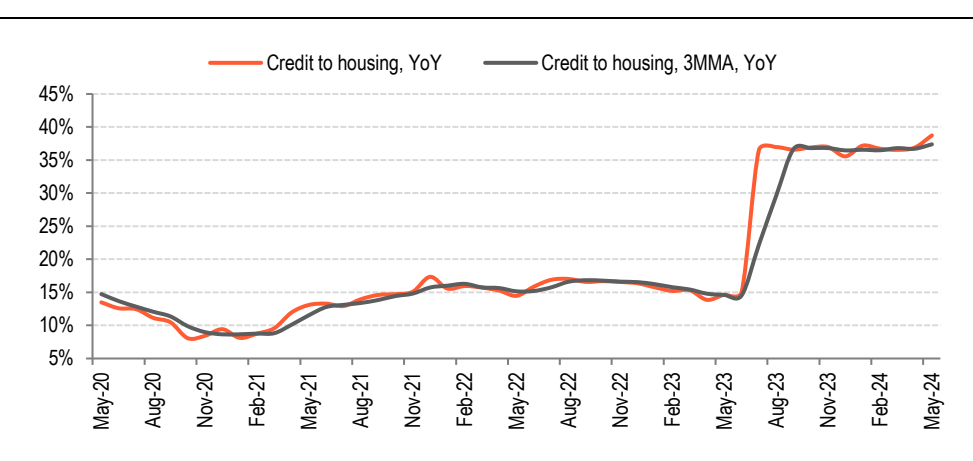
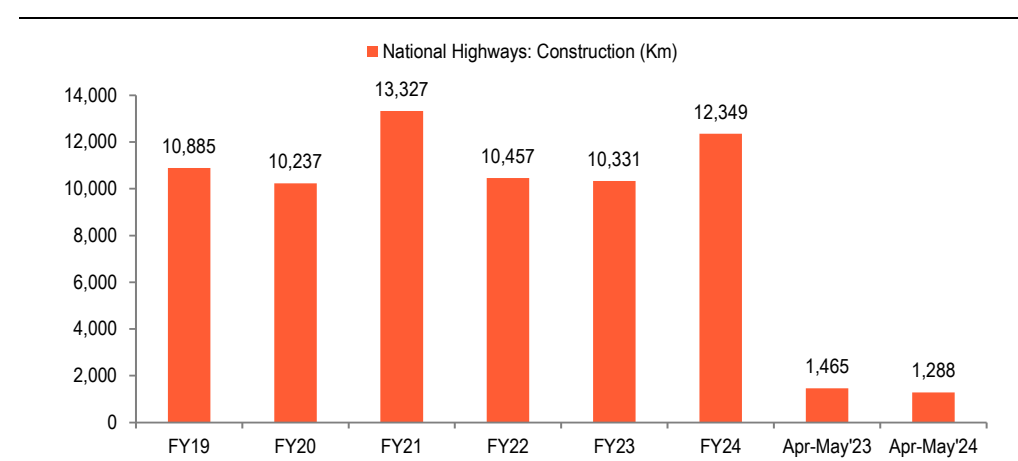
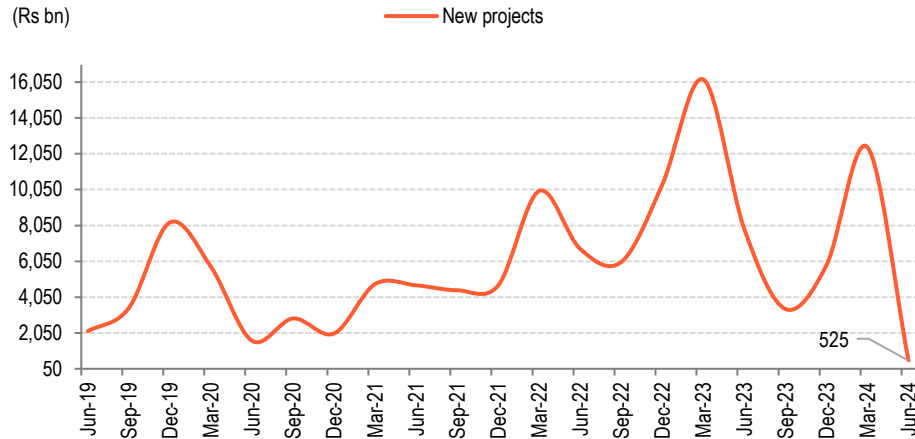


Fig 57 – Highway construction



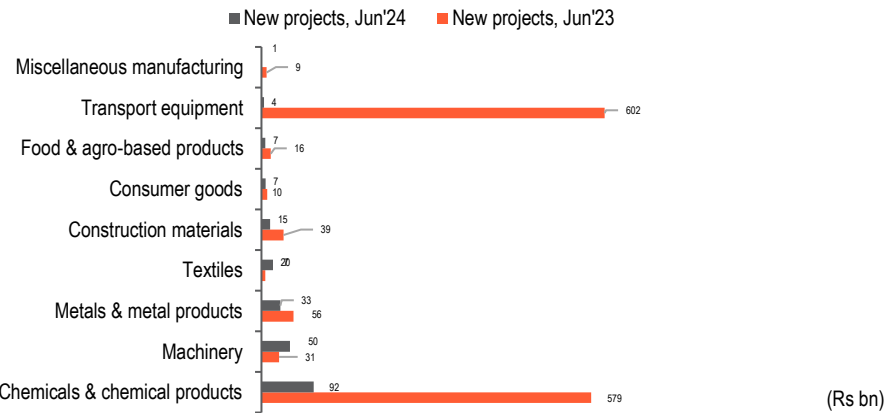
Capex data

Fig 58 – New project announcements fell sharply to Rs 525bn in Q1FY25 compared to Rs 7.8tn in Q1FY24, led by election driven slack



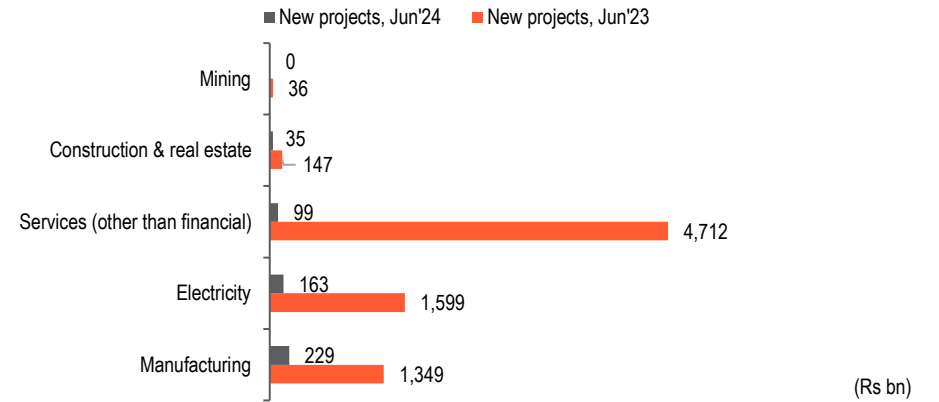
Source: CMIE

Fig 60 – ...within manufacturing, sharp fall was led by chemicals and transport equipment



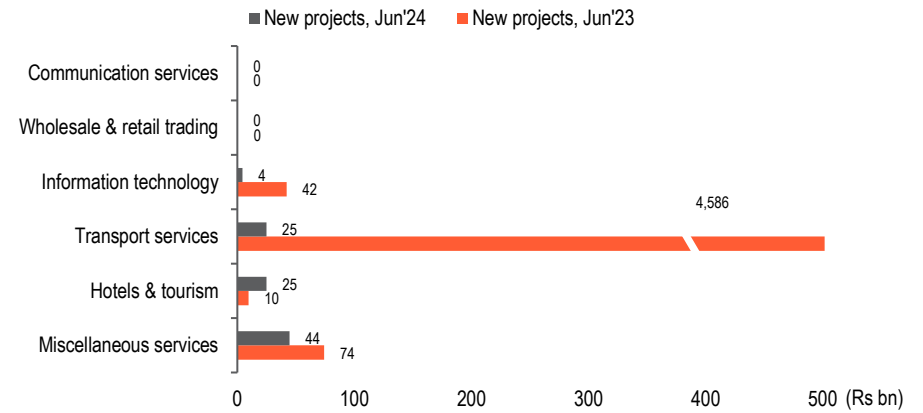
Source: CMIE

Fig 59 – ...in Q1, fall was across the board



Source: CMIE

Fig 61 – Within services, drag in announcements wrt. Transport services was noticed



Source: CMIE

Services sector

Fig 62 – GVA: Services sector growth slowed in Q4FY24; FY24 growth also lower than last year

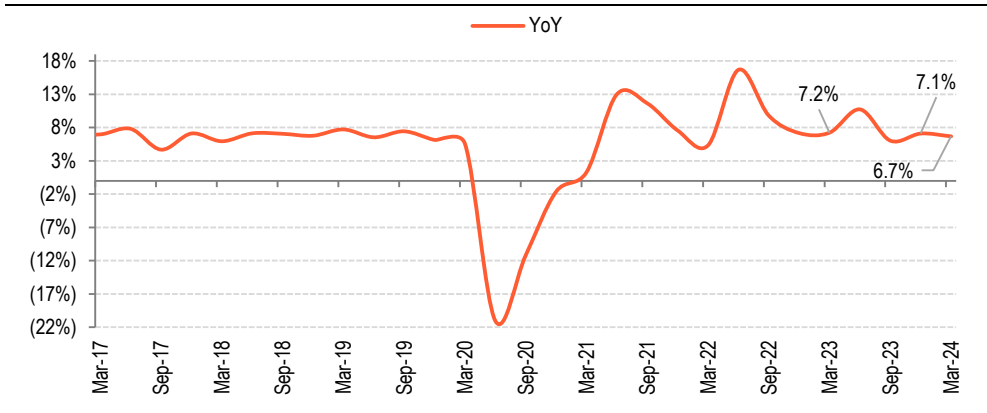
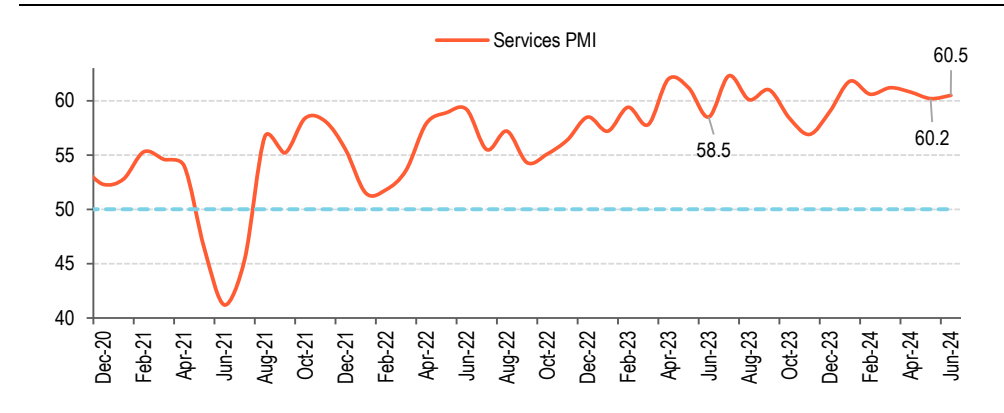


Fig 63 – Services PMI inched up in Jun'24; Q1 average (60.5) only slightly lower than Q4 (61.2)



Source: Markit

Fig 64 – GVA: Trade & related services activity also eased in Q4; FY24 noted much sharper slowdown

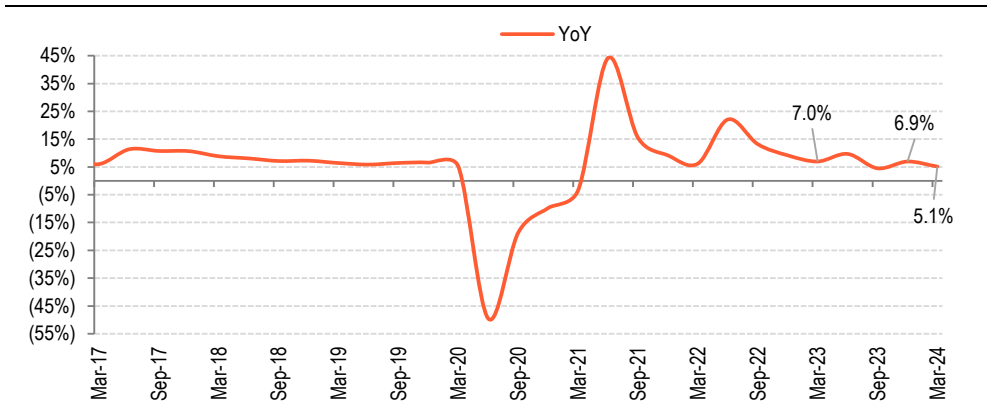
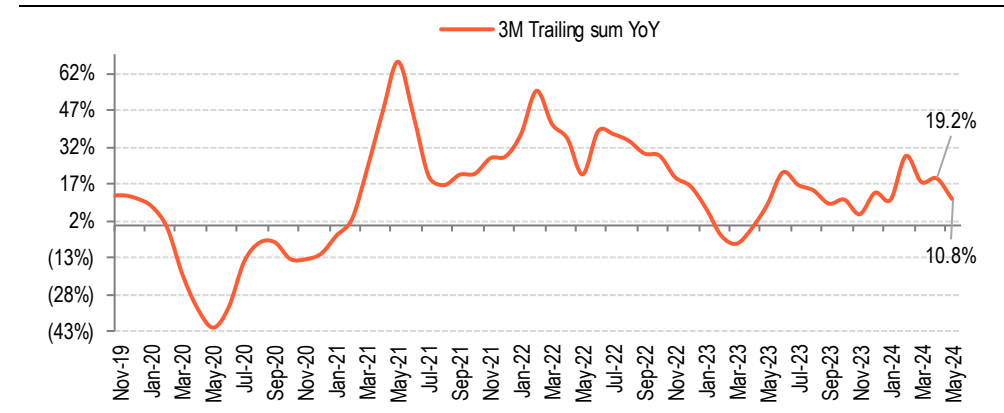


Fig 65 – States' tax revenue growth moderated in May'24



Note: *All states excluding North Eastern states, A.P., Goa, J&K and Rajasthan

Trade

Fig 66 – Vehicle registration growth eased in Q1FY25 versus Q4; but is higher than last year

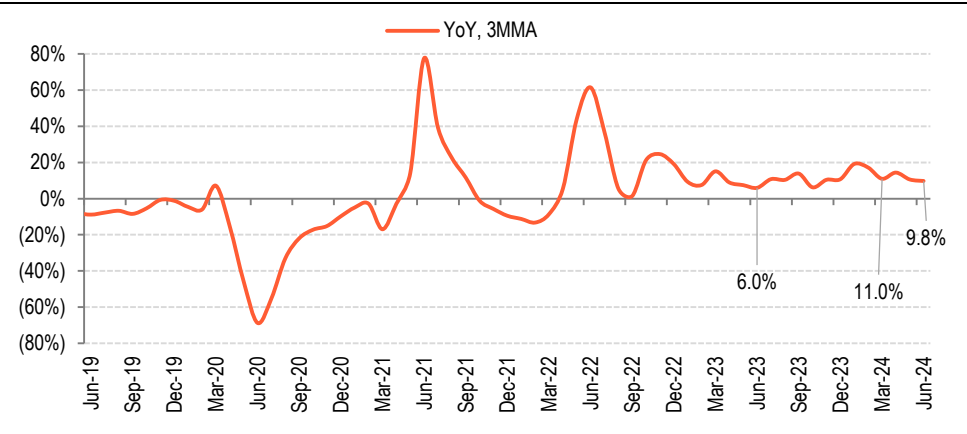


Fig 67 – Diesel consumption growth eased in Jun'24; Q1 average (1.2%) was much lower than Q4 also (4.1%)

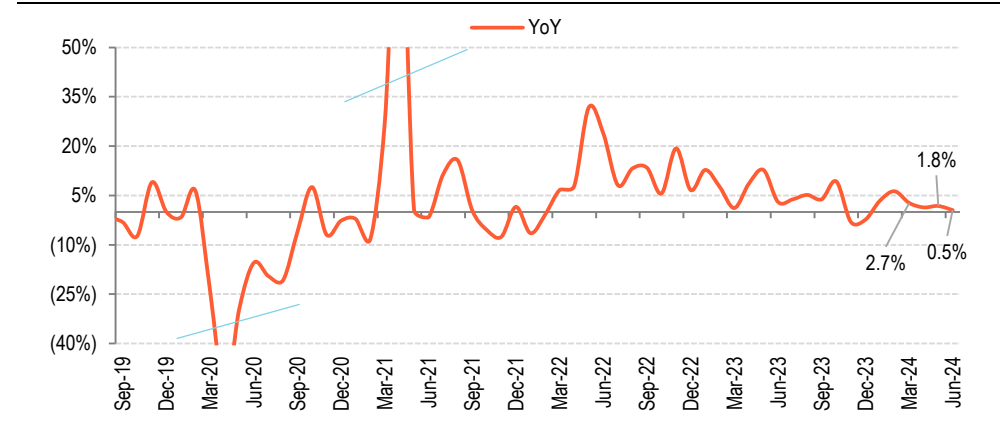


Fig 68 – Railway freight traffic growth recovered in Jun'24; Q1 average better than Q4

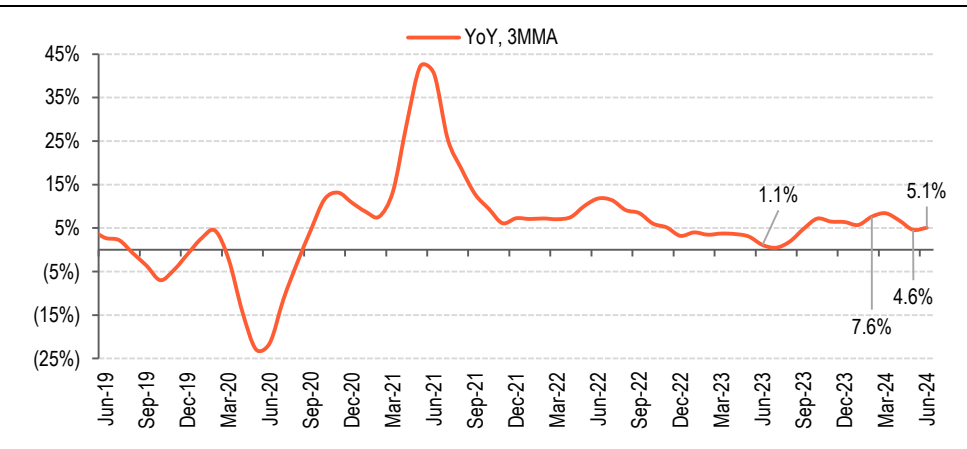


Fig 69 – Port cargo traffic growth showing traction

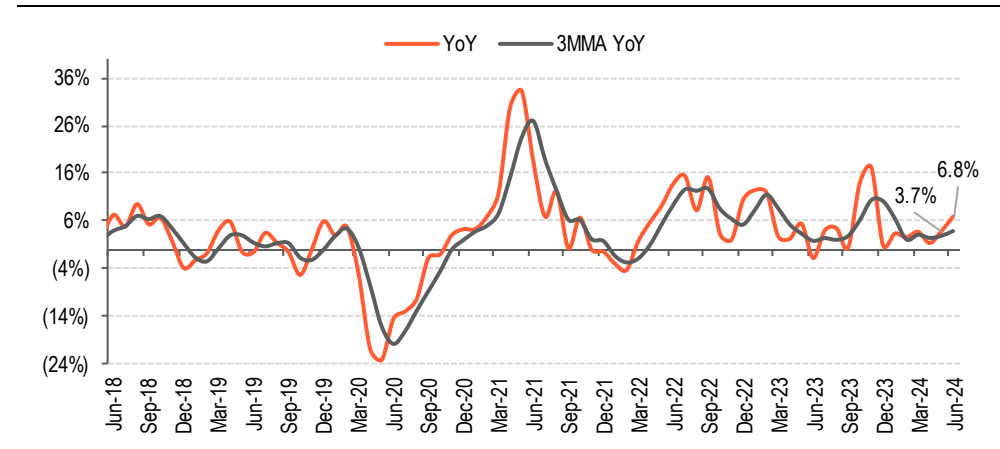


Fig 70 – Toll collections growth rose in Jun'24; Q1 average (5.7%) lower than last year, mainly due to base effect

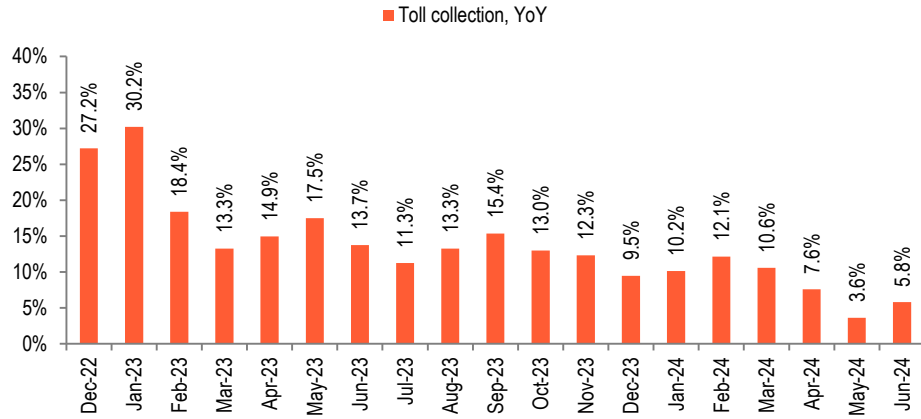
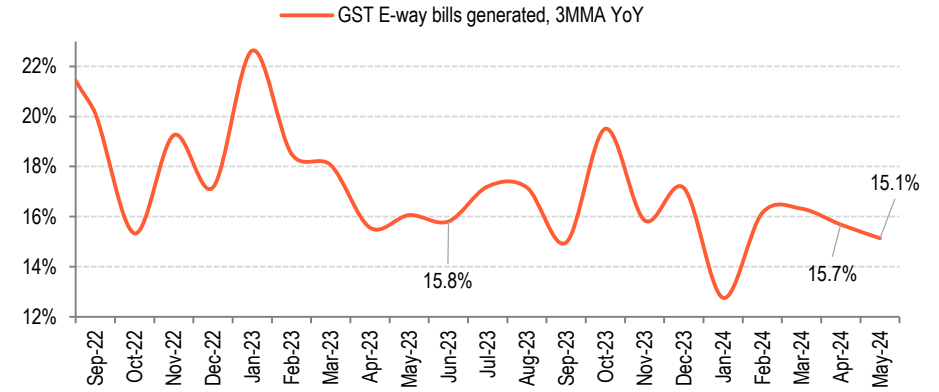


Fig 71 – Growth in e-way bills generation slowed in May'24, but is at similar levels as last year



Hotels and communications

Fig 72 – Airline passenger traffic fell in Jun'24; now at level similar to last year

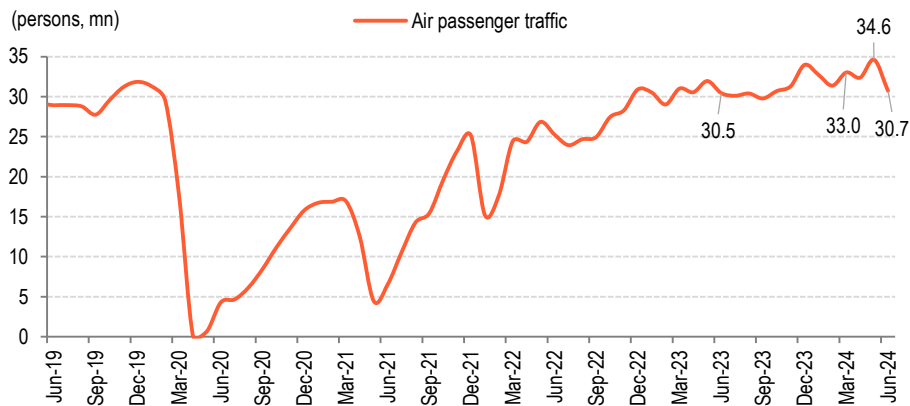


Fig 73 – Domestic passenger traffic led the decline

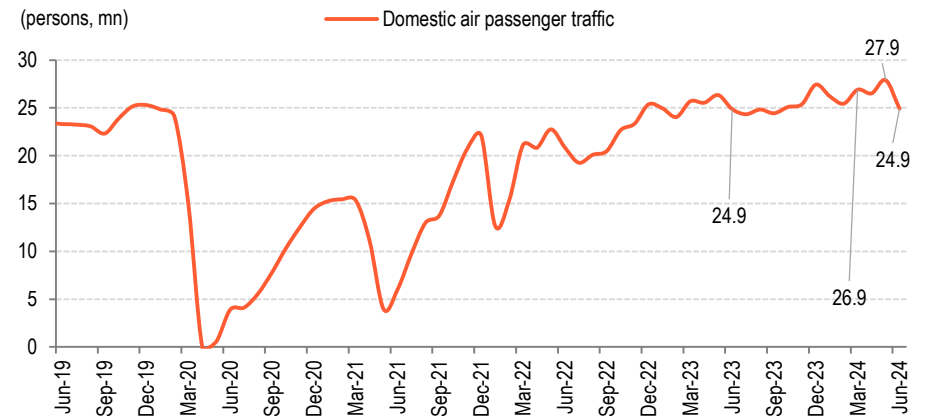


Fig 74 – Foreign tourist arrivals took a hit in Apr'24, but were higher than last year

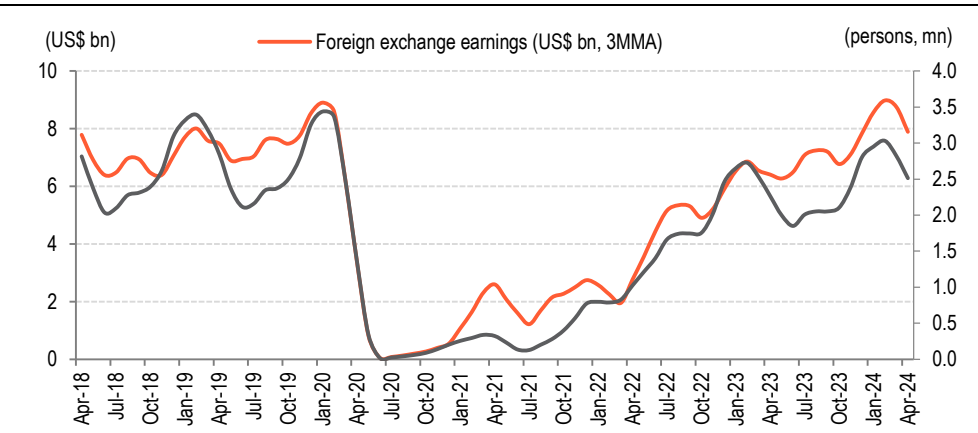
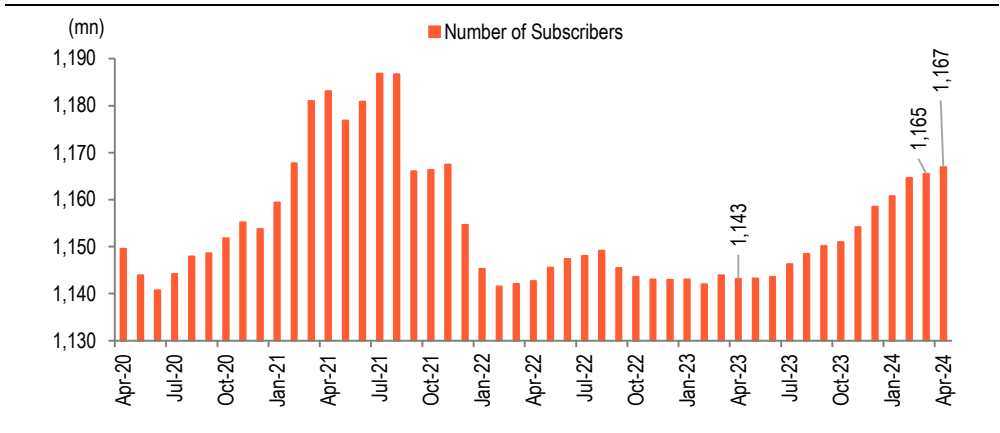


Fig 75 – Number of telecom subscribers rose by 1.5mn in Apr'24, following 7mn subscribers added in Q4



Finance and real estate

Fig 76 – Growth in GVA: Finance, real estate & prof. pushed growth higher in Q4

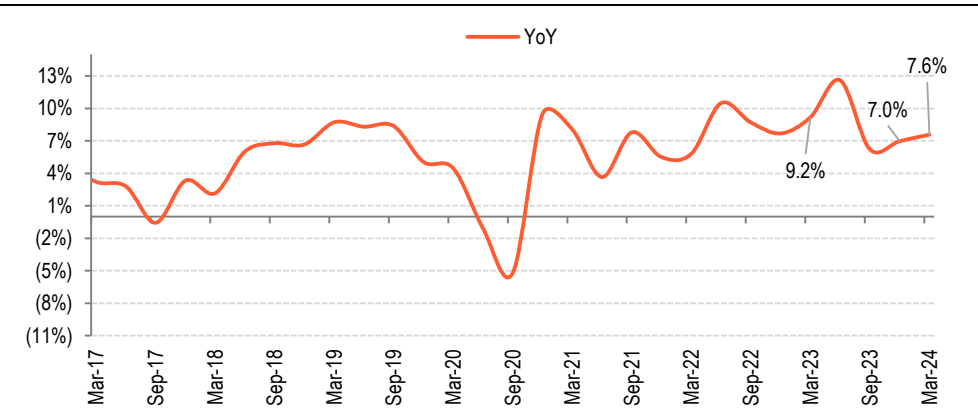
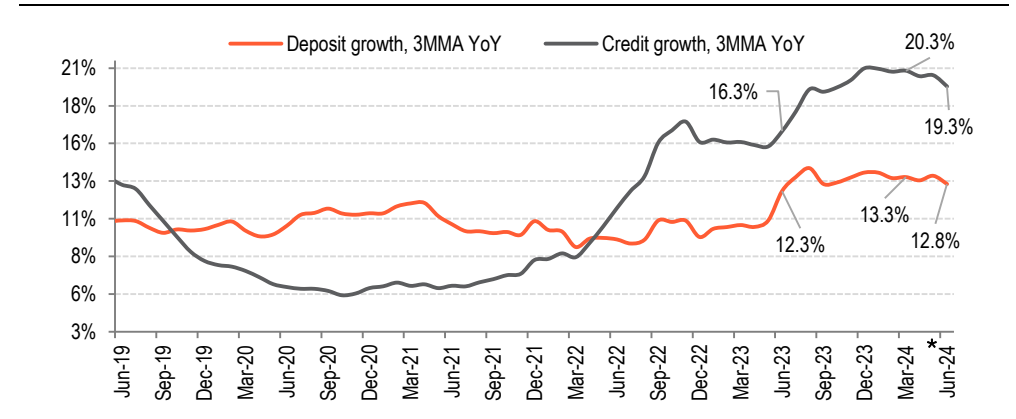


Fig 77 – Credit growth moderated in Q1 compared to Q4; deposits also slowing



*Data as of 14 June 2024

Fig 78 – Credit to both services and industry remained broadly steady in May'24

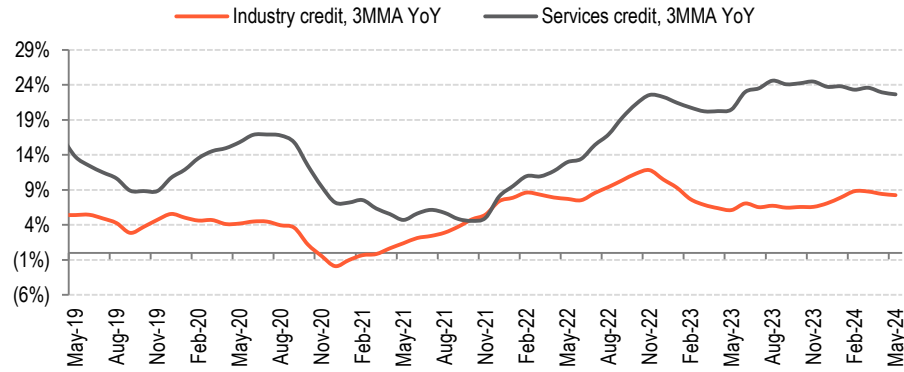


Fig 79 – Within services, credit to commercial real estate and NBFCs inched up, while it remained stable in case of trade

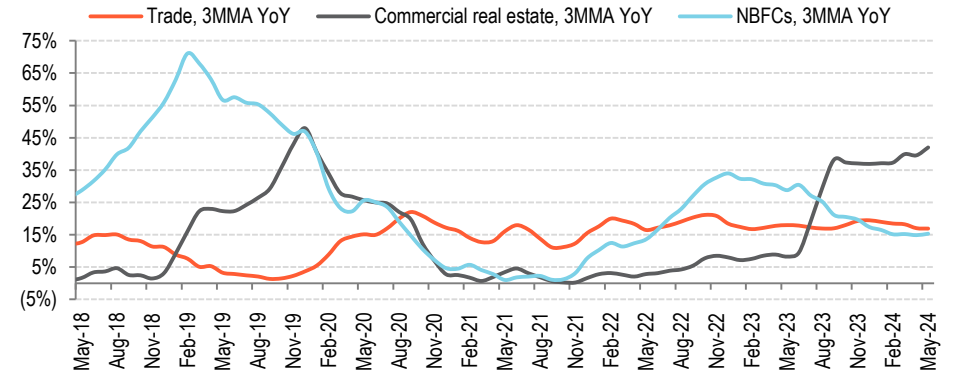
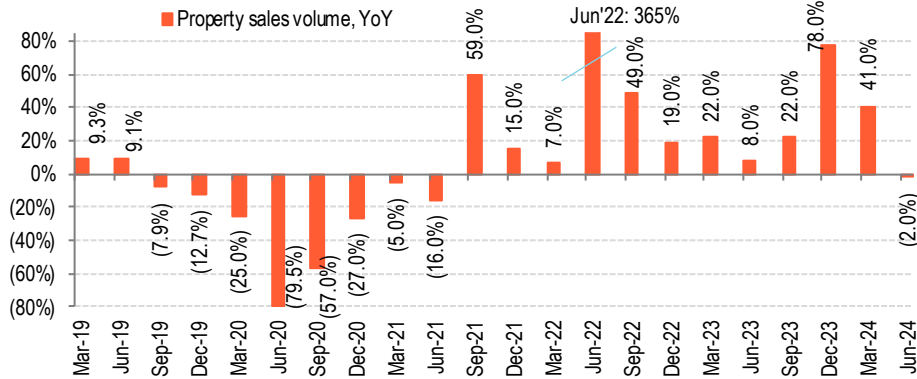
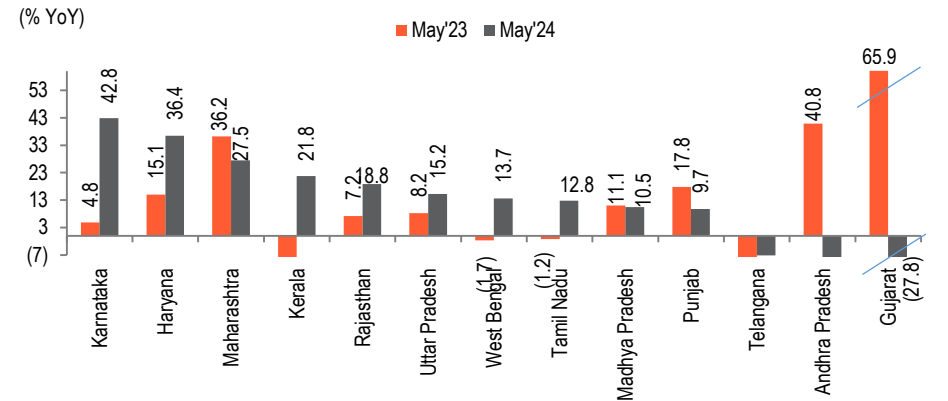


Fig 80 – Property sales volume growth in Q1FY25 declines



Source: Proptiger

Fig 81 – Stamp duty collections of Karnataka, and Haryana, off to a good start in Apr-May'24 period



Labour market

Fig 82 – Naukri job index slowed Q1FY25

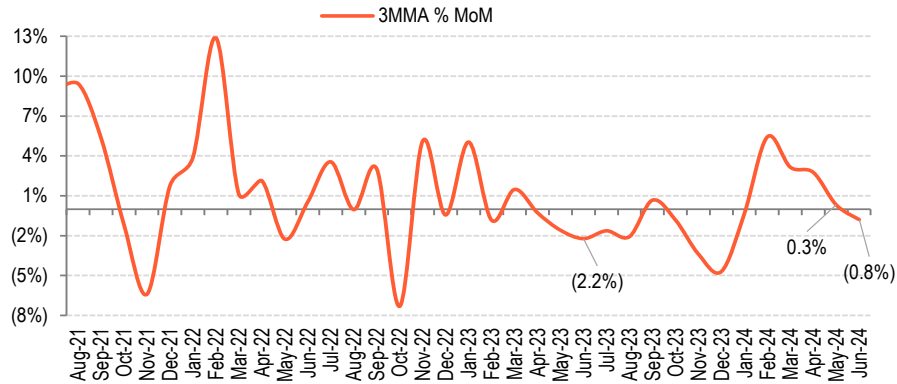


Fig 83 – Overall unemployment rate dipped to May'24



Public administration

Fig 84 – Public admin & defence services rose marginally in Q4

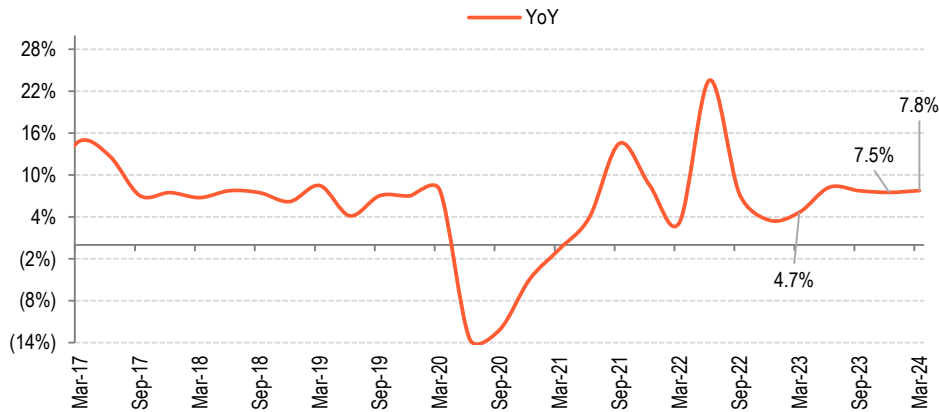


Fig 85 – General govt. spending moderated in May'24

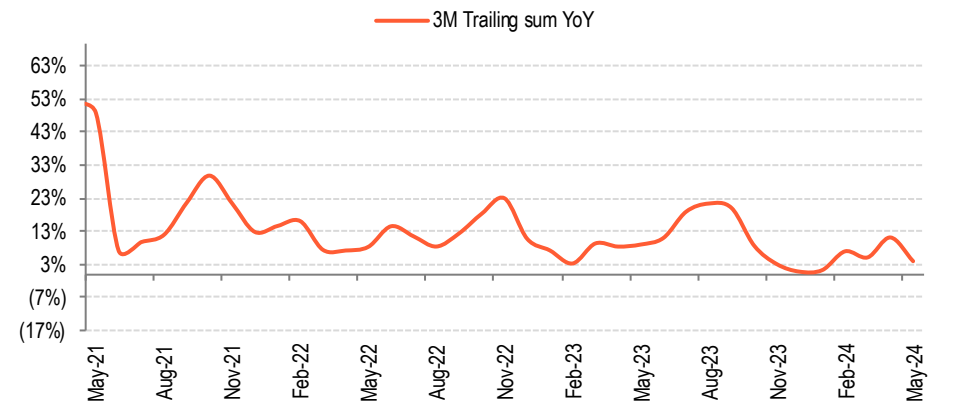


Fig 86 – Central government spending leading the trend

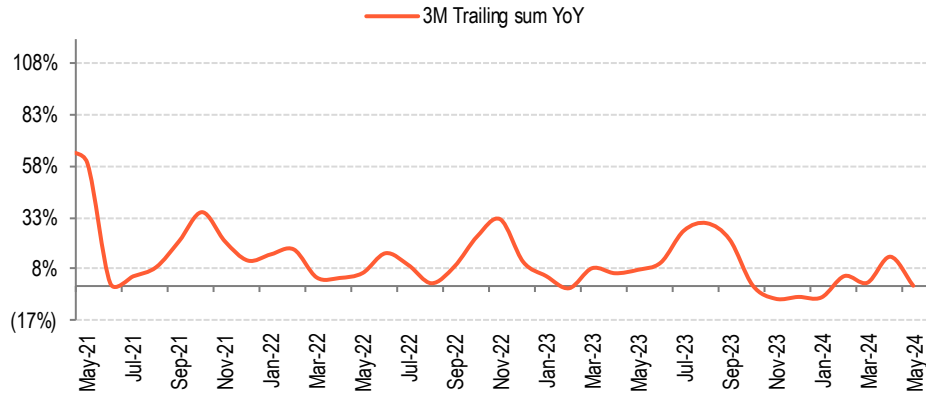
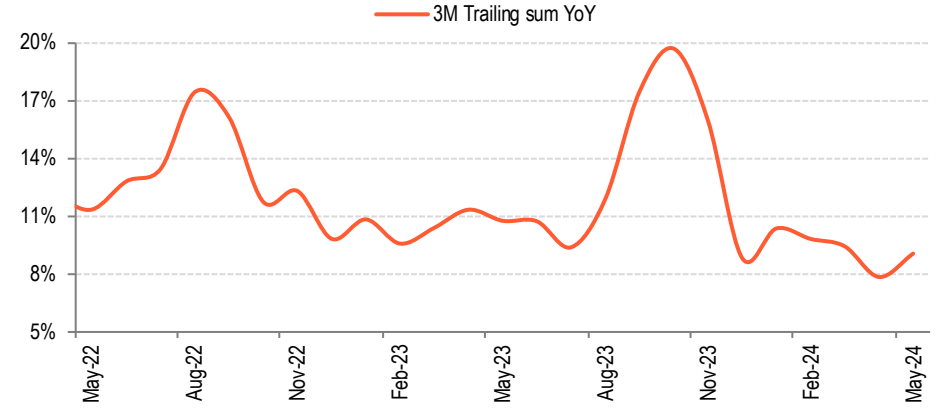


Fig 87 – State* Govt. spending inches up

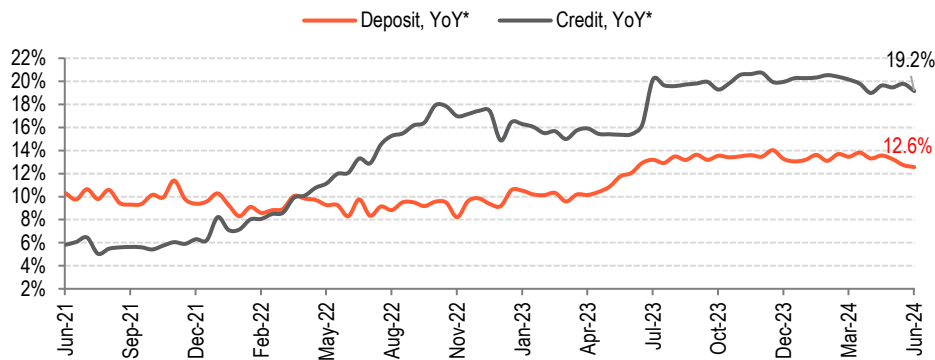


Note: *All states excluding North Eastern states, A.P., Goa, J&K and Rajasthan

Financial sector

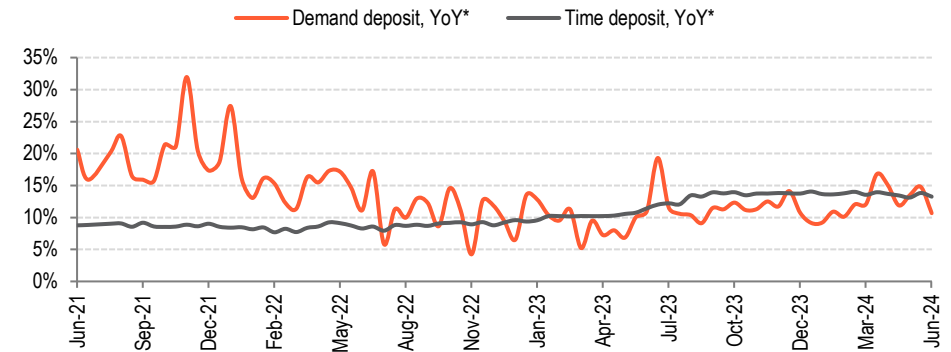
Money and banking

Fig 88 – Credit growth was at 19.2% in Jun'24 compared to 19.8% in May'24 (incl. merger), deposit growth was stable at 12.6%



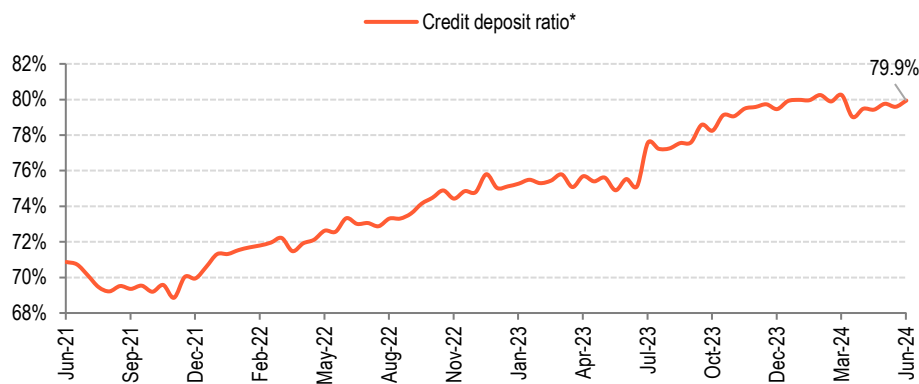
Note: Fortnight as of 14 Jun '2024

Fig 89 – ...Time deposits remained stable, some moderation was visible in demand deposits



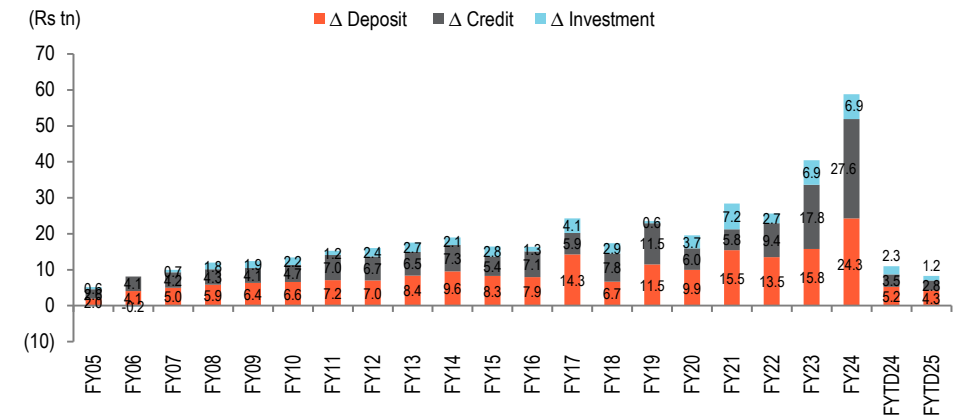
Note: Fortnight as of 14 Jun '2024

Fig 90 – CD ratio was at 79.9



Note: Fortnight as of 14 Jun '2024

Fig 91 – Credit, deposit and investment accretion



Note: Fortnight as of 14 Jun '2024, Accretion from March

Fig 92 – Credit to govt inched up to 11.3% from 11.1% in Mar'24, credit to commercial sector inched down to 14.2% from 15%

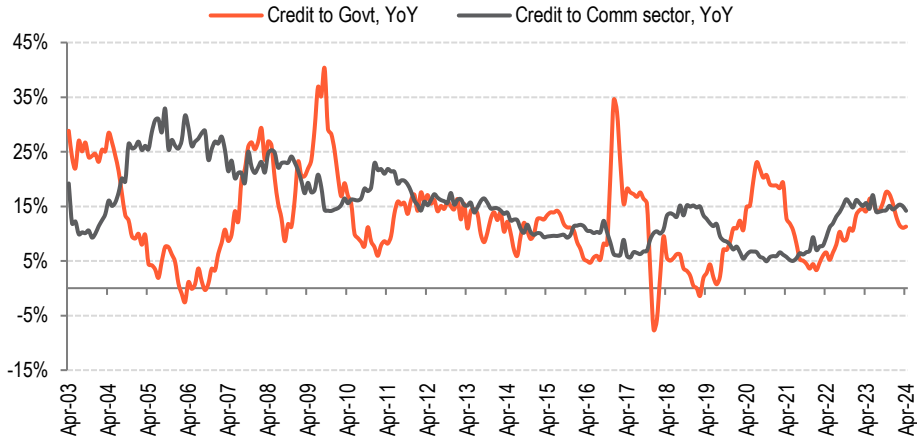


Fig 93 – WALR and repo

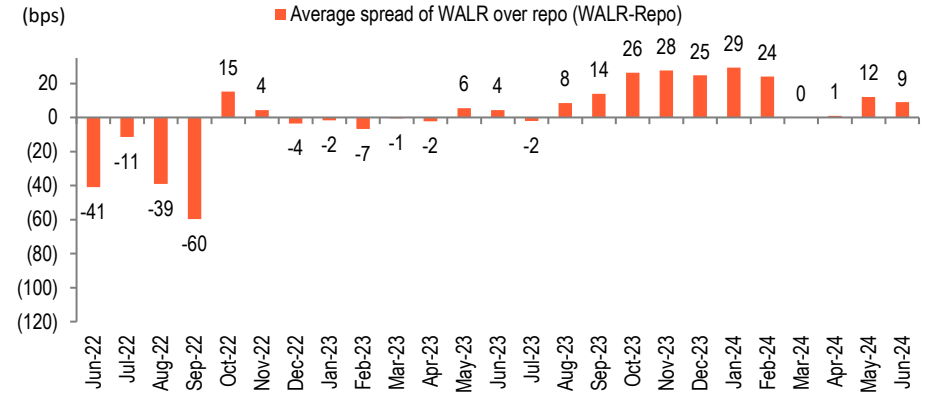


Fig 94 – WALR on fresh loans moderated to 8.6% in May'24 from 8.85% in Apr'24, WADTDR inched a tad to 6.99% from 6.97%

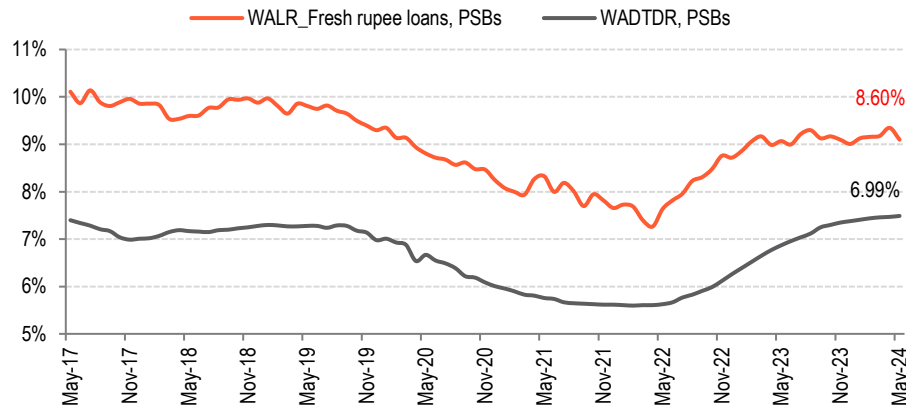
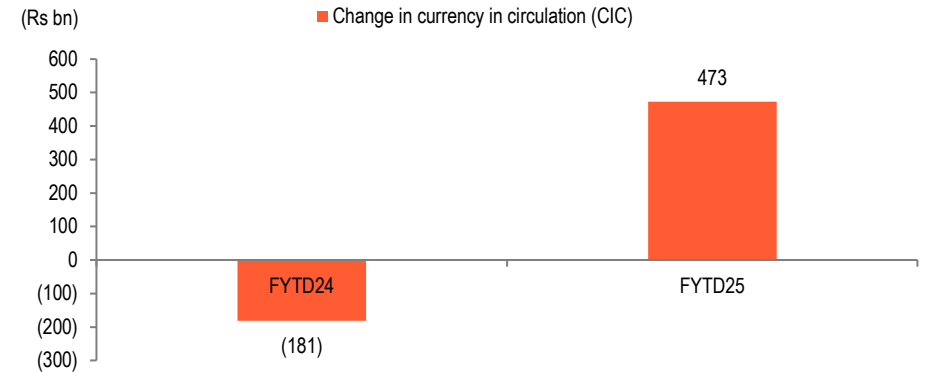
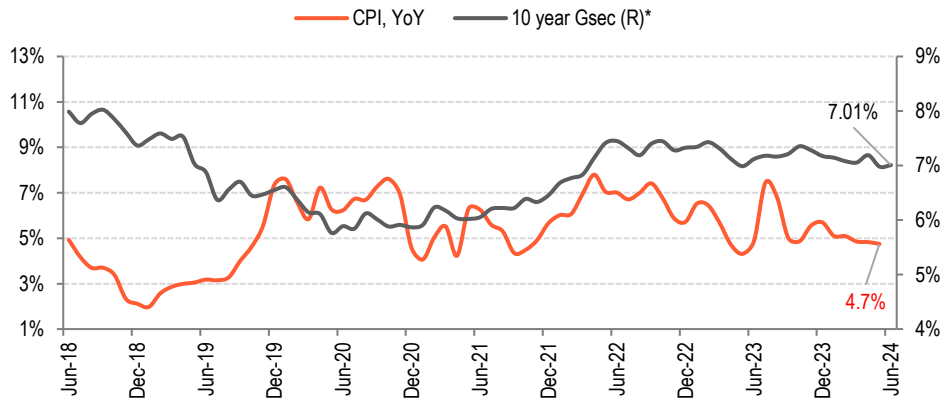


Fig 95 – CIC accretion is gaining pace



Note: Accretion from Mar

Fig 96 – 10Y GSec yield inched up to 7.01% in Jun'24 from 6.98% in May'24 and currently trading at 6.99%, inflation was at 4.75% in May'24



Note: *As on last trading day of the month

Fig 98 – Corporate debt issuances rose to Rs 612bn in May'24

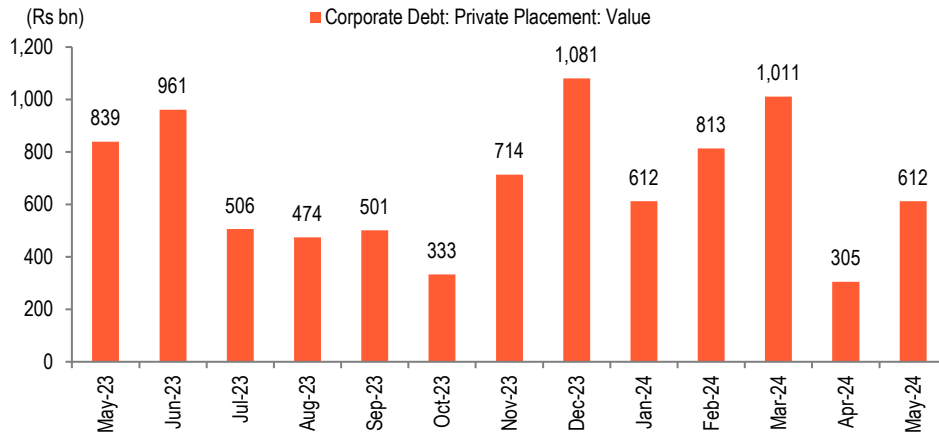
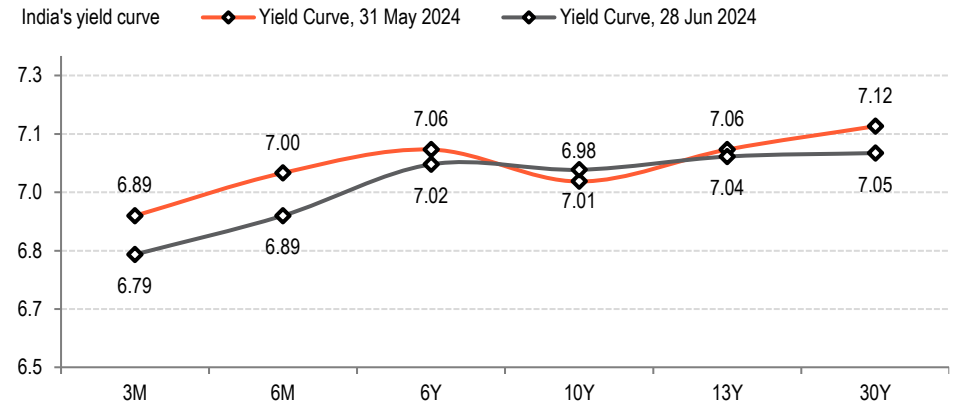
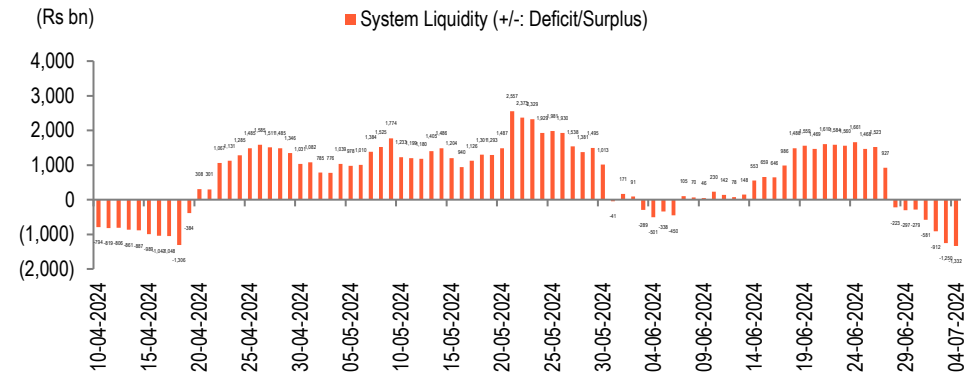


Fig 97 – Downward shift of small tenor papers was visible



Source: Bloomberg, 5Y and 6Y papers used interchangeably due to lack of trade

Fig 99 – Avg. system liquidity deficit moderated to Rs 547bn in Jun'24 from Rs 1.4tn in May'24 and is currently at an avg. surplus of Rs 1tn (till 4th Jul)



Source: RBI

Fig 100 – 3Y AAA NBFC spread rose to 83bps as on 28 Jun 2024 from 79bps as on 31 May 2024

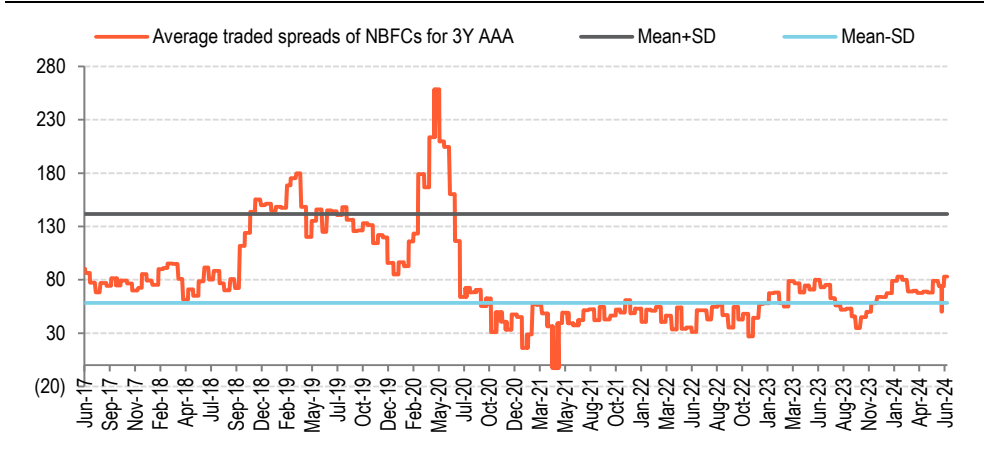


Fig 101 – For 10Y AAA NBFC, it moderated to 56bps from 63bps

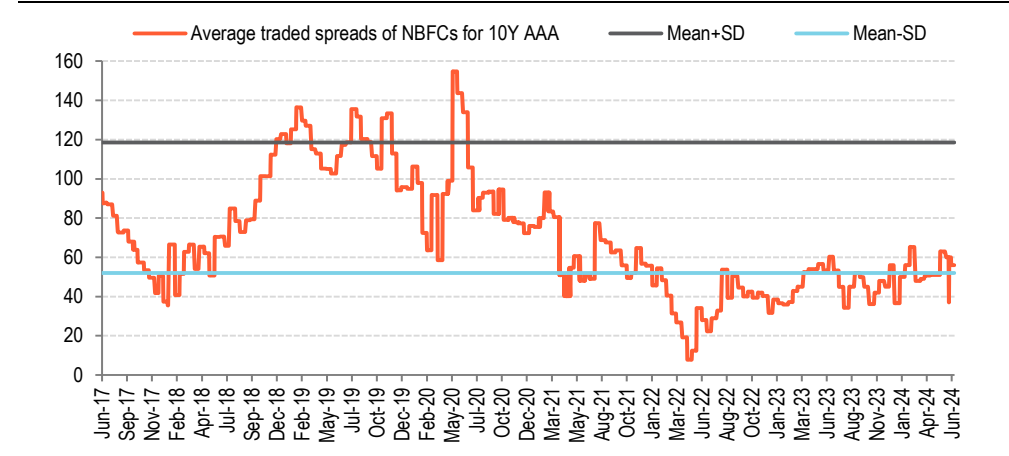


Fig 102 – 3Y AAA corp spread inched up to 59bps from 49bps

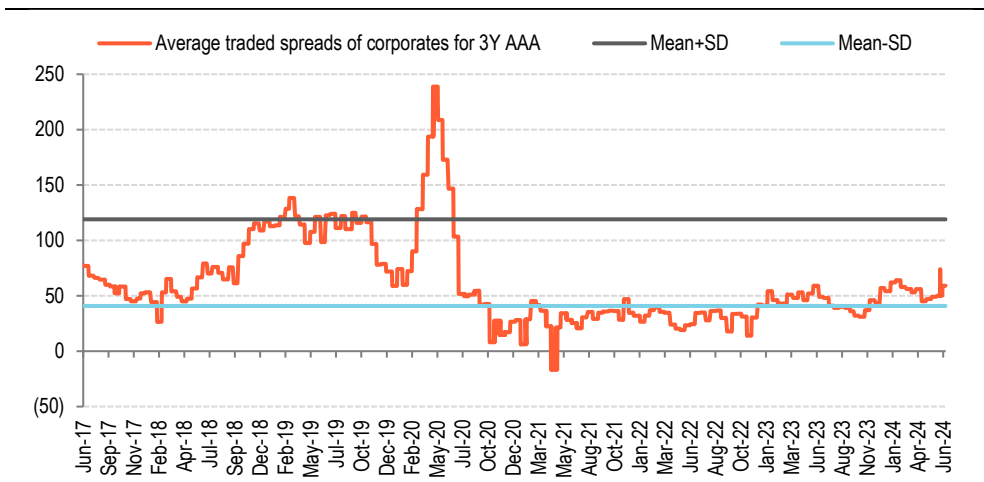


Fig 103 – For 10Y AAA corp spread, it was at 38bps

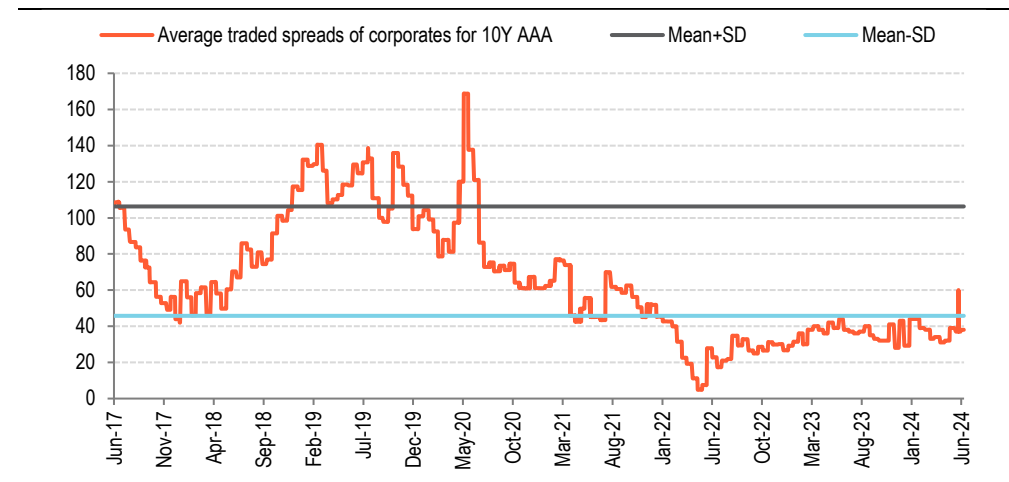


Fig 104 – INR 3Y swap was broadly stable at 6.49

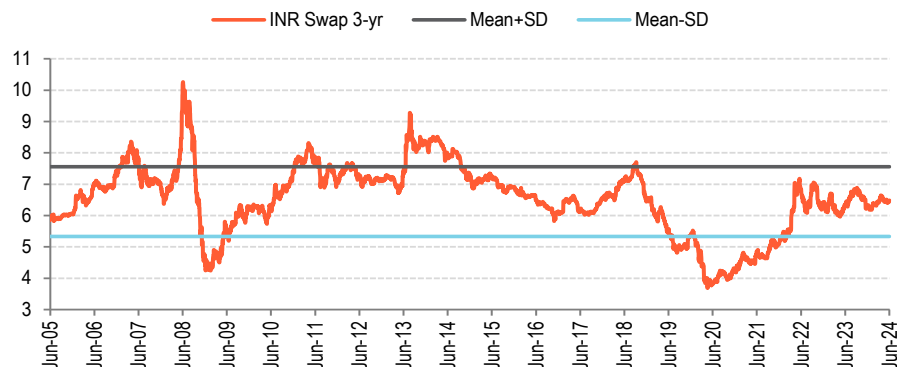
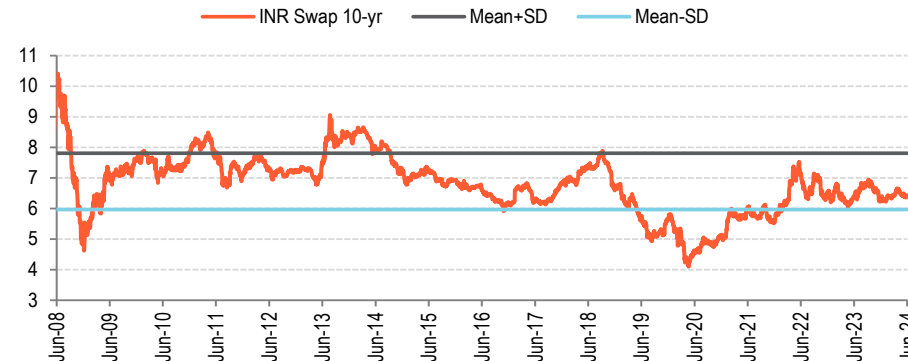


Fig 105 – For 10Y, it was slightly lower at 6.44



Interest rates on small savings schemes

Fig 106 – Interest rate small savings scheme to remain unchanged in Q2FY25

Instrument (%)	Q2FY21	Q3FY21	Q4FY21	Q1FY22	Q2FY22	Q3FY22	Q4FY22	Q1FY23	Q2FY23	Q3FY23	Q4FY23	Q1FY24	Q2FY24	Q3FY24	Q4FY24	Q1FY25	Q2FY25
Savings deposit	4.0	4.0	4.0	4.0	4.0	4.0	4.0	4.0	4.0	4.0	4.0	4.0	4.0	4.0	4.0	4.0	4.0
1 year time deposit	5.5	5.5	5.5	5.5	5.5	5.5	5.5	5.5	5.5	5.5	6.6	6.8	6.9	6.9	6.9	6.9	6.9
2 year time deposit	5.5	5.5	5.5	5.5	5.5	5.5	5.5	5.5	5.5	5.7	6.8	6.9	7.0	7.0	7.0	7.0	7.0
3 year time deposit	5.5	5.5	5.5	5.5	5.5	5.5	5.5	5.5	5.5	5.8	6.9	7.0	7.0	7.0	7.1	7.1	7.1
5 year time deposit	6.7	6.7	6.7	6.7	6.7	6.7	6.7	6.7	6.7	6.7	7.0	7.5	7.5	7.5	7.5	7.5	7.5
5 year recurring deposit	5.8	5.8	5.8	5.8	5.8	5.8	5.8	5.8	5.8	5.8	5.8	6.2	6.5	6.7	6.7	6.7	6.7
5 year senior citizen savings scheme	7.4	7.4	7.4	7.4	7.4	7.4	7.4	7.4	7.4	7.6	8.0	8.2	8.2	8.2	8.2	8.2	8.2
5 year monthly income scheme	6.6	6.6	6.6	6.6	6.6	6.6	6.6	6.6	6.6	6.7	7.1	7.4	7.4	7.4	7.4	7.4	7.4
5 year national savings certificate	6.8	6.8	6.8	6.8	6.8	6.8	6.8	6.8	6.8	6.8	7.0	7.7	7.7	7.7	7.7	7.7	7.7
Public provident fund scheme	7.1	7.1	7.1	7.1	7.1	7.1	7.1	7.1	7.1	7.1	7.1	7.1	7.1	7.1	7.1	7.1	7.1
Kisan vikas patra	6.9	6.9	6.9	6.9	6.9	6.9	6.9	6.9	6.9	7.0	7.2	7.5	7.5	7.5	7.5	7.5	7.5
Sukanya samridhi account scheme	7.6	7.6	7.6	7.6	7.6	7.6	7.6	7.6	7.6	7.6	7.6	8.0	8.0	8.0	8.2	8.2	8.2

Source: Department of Economic Affairs, Ministry of Finance, Government of India, Red highlighted ones are the change in rates

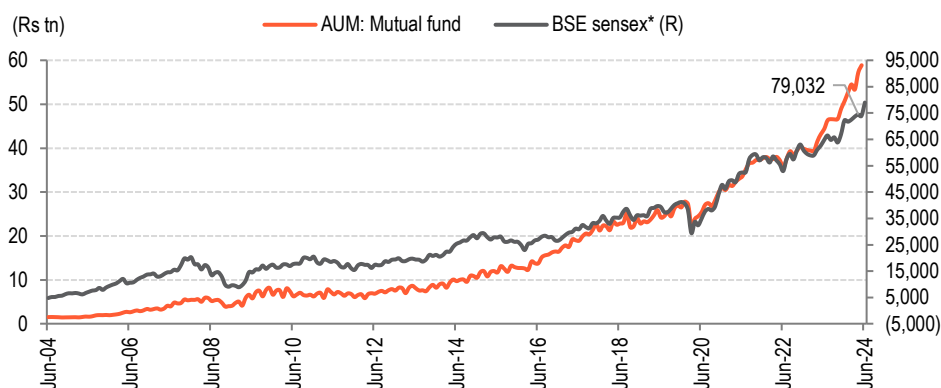
Fig 107 – MCLR rate of some banks increased

1Y MCLR (%)	Mar'23	Apr'23	May'23	Jun'23	Jul'23	Aug'23	Sep'23	Oct'23	Nov'23	Dec'23	Jan'24	Feb'24	Mar'24	Apr'24	May'24	Jun'24
Public Sector Banks																
Bank of Baroda	8.55	8.60	8.60	8.65	8.65	8.65	8.70	8.70	8.75	8.75	8.80	8.80	8.80	8.85	8.85	8.85
Bank of India	8.50	8.60	8.60	8.65	8.65	8.70	8.70	8.70	8.75	8.80	8.80	8.80	8.85	8.85	8.85	8.90
Canara Bank	8.60	8.65	8.65	8.65	8.65	8.70	8.70	8.70	8.75	8.75	8.80	8.85	8.90	8.90	8.90	8.90
Indian Bank	8.55	8.60	8.60	8.65	8.65	8.65	8.70	8.70	8.75	8.75	8.80	8.85	8.85	8.85	8.85	8.90
Punjab National Bank	8.50	8.50	8.50	8.60	8.60	8.60	8.65	8.65	8.65	8.65	8.70	8.80	8.80	8.80	8.80	8.85
State Bank of India	8.50	8.50	8.50	8.50	8.55	8.55	8.55	8.55	8.55	8.65	8.65	8.65	8.65	8.65	8.65	8.75
Union Bank of India	8.65	8.65	8.65	8.65	8.65	8.65	8.70	8.70	8.70	8.80	8.80	8.90	8.90	8.90	8.90	8.90
Private Sector Banks																
Axis Bank Ltd.	8.95	8.95	9.10	9.10	9.10	9.15	9.15	9.15	9.20	9.25	9.25	9.30	9.30	9.30	9.30	9.30
HDFC Bank Ltd.	8.95	8.95	9.05	9.05	9.05	9.10	9.15	9.20	9.20	9.20	9.25	9.30	9.30	9.30	9.30	9.30
ICICI Bank Ltd.	8.75	8.75	8.75	8.85	8.85	8.90	8.95	8.95	9.00	9.00	9.10	9.10	9.10	9.10	9.10	9.10
Indusind Bank	10.15	10.20	10.20	10.20	10.25	10.25	10.30	10.30	10.35	10.35	10.35	10.40	10.40	10.40	10.45	10.45
Kotak Mahindra Bank	9.05	9.10	9.20	9.20	9.25	9.30	9.30	9.35	9.35	9.35	9.35	9.45	9.45	9.45	9.45	9.50

Source: RBI, Note: Bank whose MCLR went up in Jun'24 has been marked red

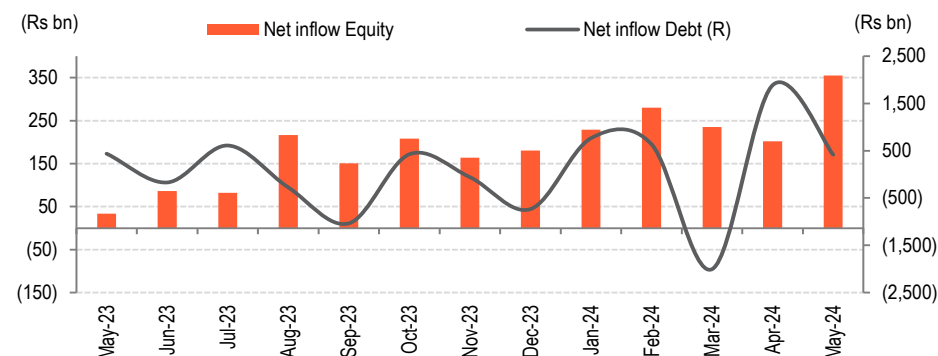
Mutual fund (MF) indicators

Fig 108 – Sensex inched up by 6.9% in Jun'24, AUM of MFs rose to Rs 58.9tn in May'24 from Rs 57.3tn in Apr'24



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

Fig 109 – MF equity inflows inched up to Rs 355bn from Rs 202bn; debt inflow fell to Rs 417bn in May'24 from Rs 1.9tn in Apr'24



Insurance sector indicators

Fig 110 – Sale of life insurance policies rose to 12.4% in May'24 from 10.7% in Apr'24

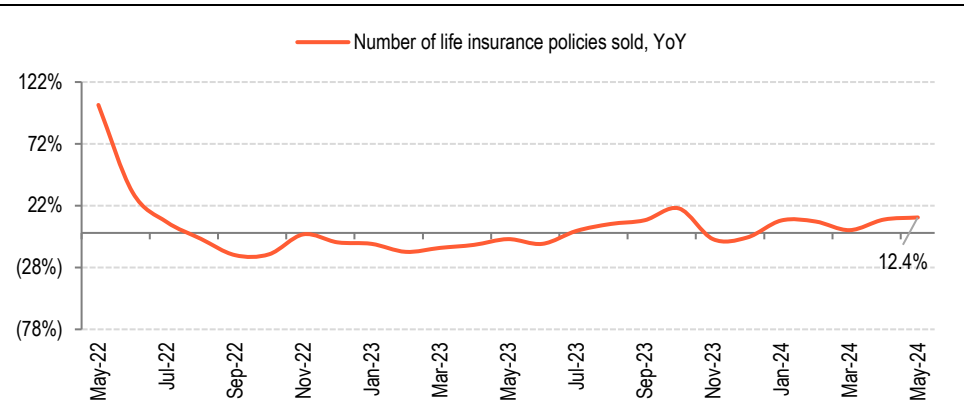
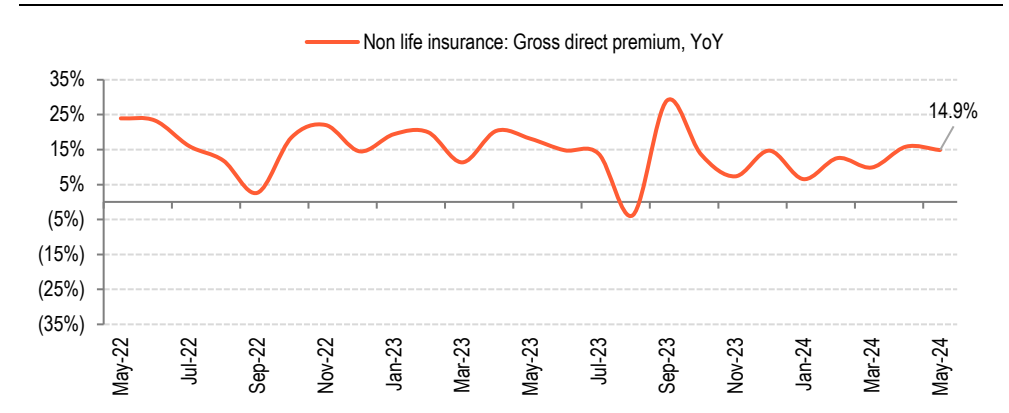


Fig 111 – Gross direct premium for non-life insurance continued to maintain its momentum and has risen by 14.9% in May'24 from 15.9% in Apr'24



Public finance

Central government finances

Fig 112 – Fiscal deficit eased significantly in May'24 (12MMA basis)

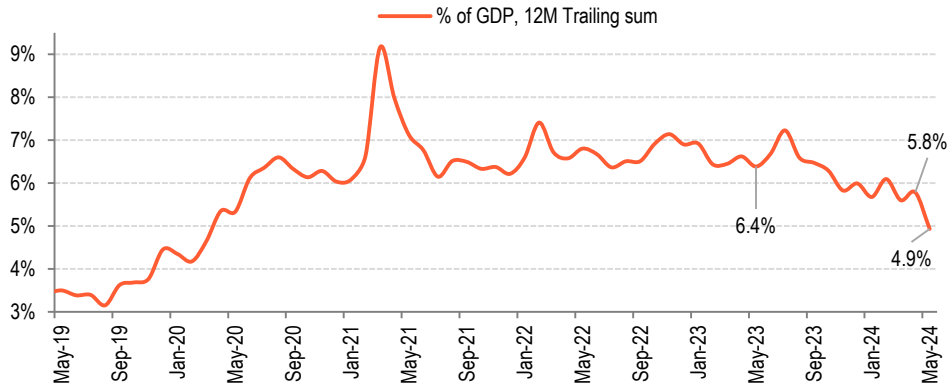


Fig 113 – Revenue deficit also inched down

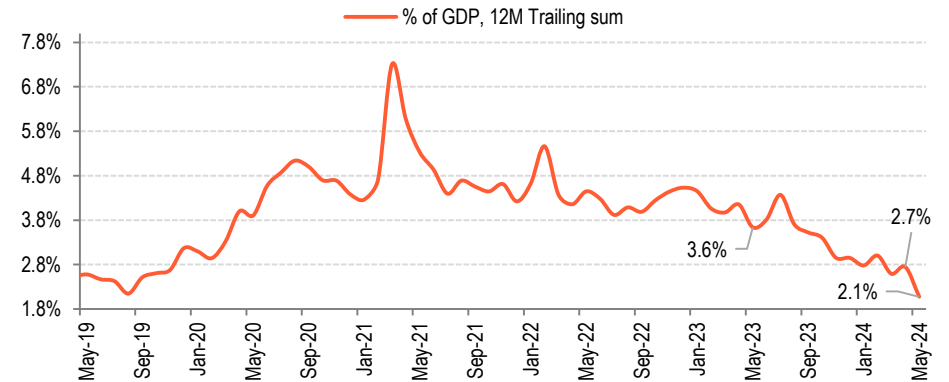


Fig 114 – Primary deficit at 1.4% as of May'24

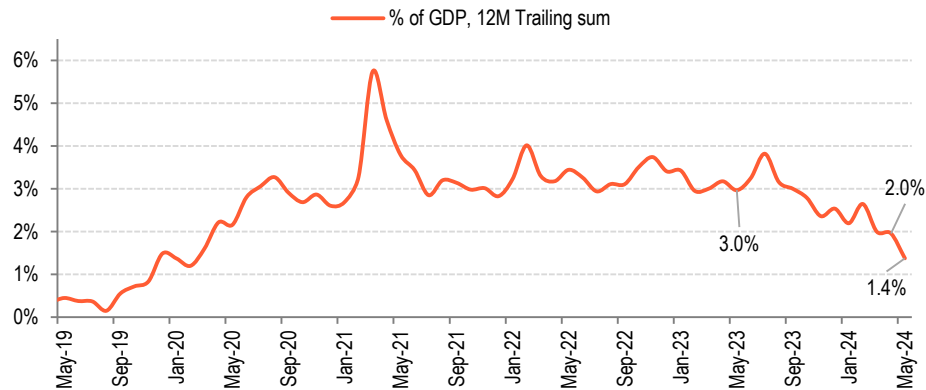


Fig 115 – Government spending slowed considerably in May'24 (12MMA basis)...

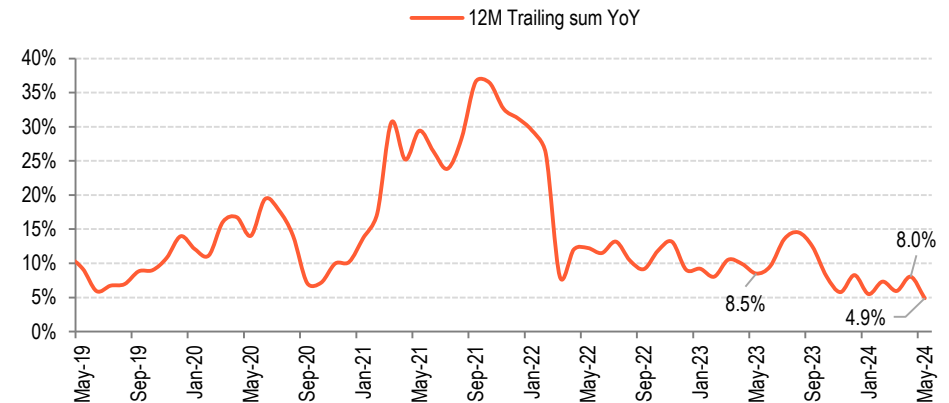


Fig 116 – ...dragged by both revenue expenditure and

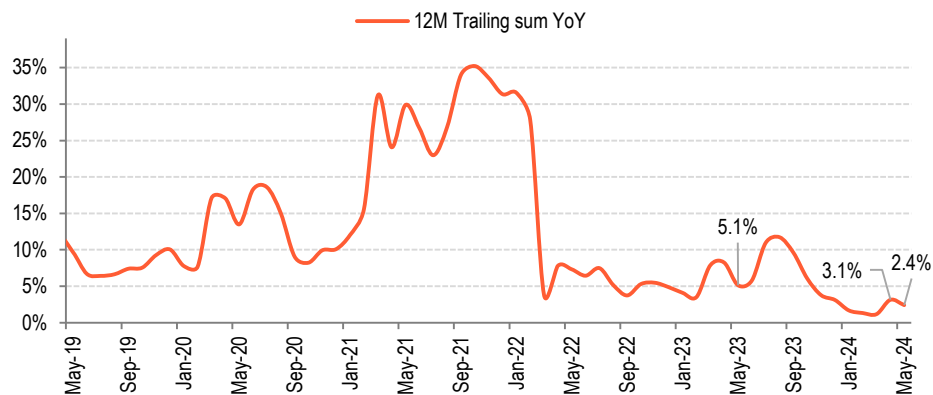


Fig 117 – ...Capex spending

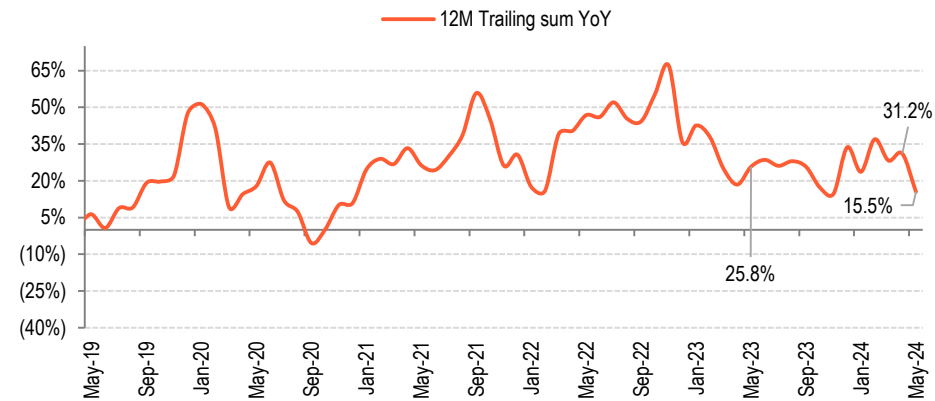


Fig 118 – Support to spending was led by ministries of rural development, road transport, and consumer affairs

Ministry	Apr-May'22	Apr-May'23	% change	Apr-May'24	% change
Ministry of Finance	2,329	1,713	(26.5)	1,688	(1.4)
Ministry of Defence	899	979	8.9	998	1.9
Ministry of Consumer Affairs, Food and Public Distribution	351	409	16.6	512	25.1
Ministry of Rural Development	116	191	64.9	302	57.9
Ministry of Home Affairs	365	385	5.6	427	11.0
Ministry of Education	83	98	18.4	121	23.6
Ministry of Road Transport and Highways	432	580	34.2	594	2.4
Ministry of Chemicals and Fertilisers	108	245	127.2	160	(34.7)
Ministry of Petroleum and Natural Gas	0	1	1006.4	2	201.8
Ministry of Agriculture	239	47	(80.3)	68	45.0
Ministry of Health and Family Welfare	59	97	64.7	166	71.6

Fig 119 – Receipt growth continued to maintain momentum in May'24

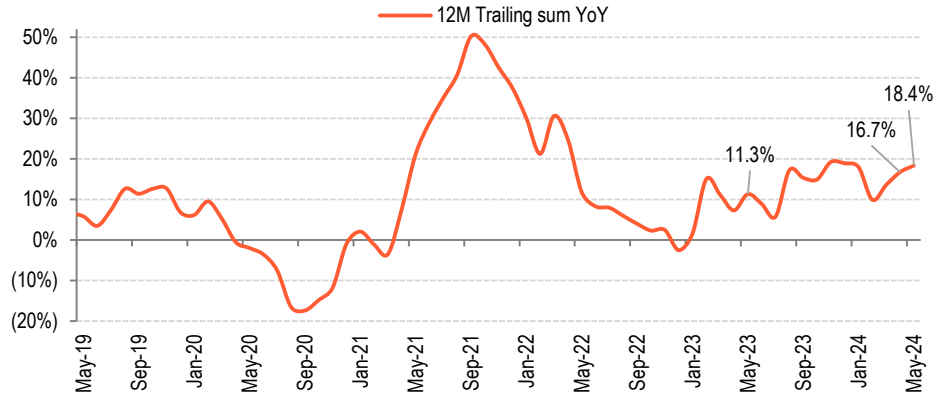


Fig 120 – Revenue receipts helped overall performace...

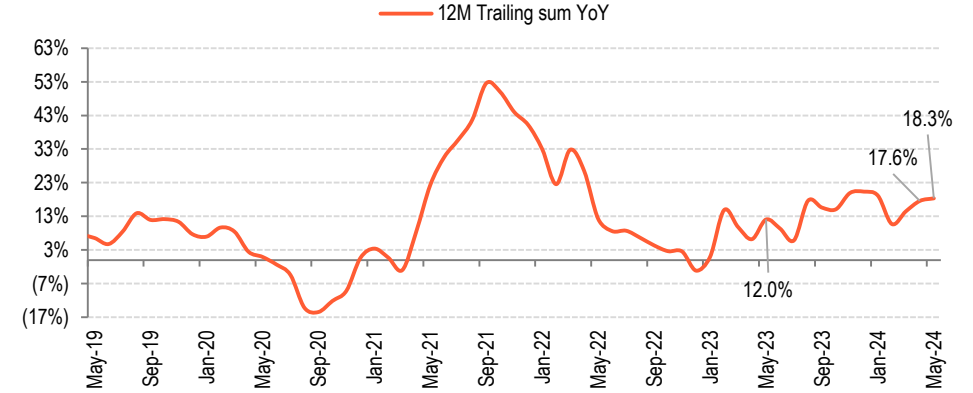


Fig 121 – ...As net tax revenue receipts continue to inch up

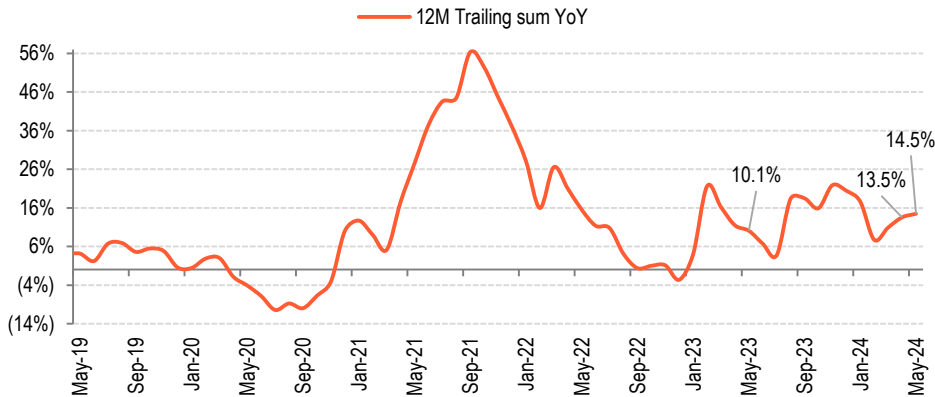


Fig 122 – Non-tax collection growth begins to cool down

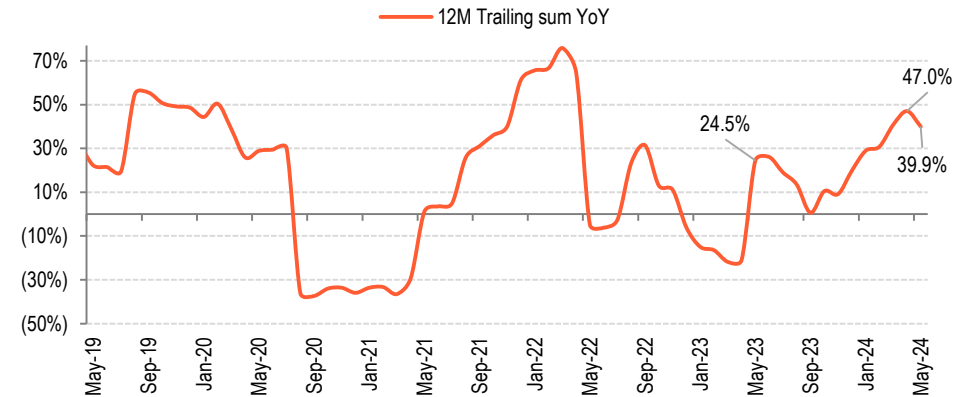


Fig 123 – Centre’s gross tax collections are off to good start at the beginning of Q1; capex spend is lower than last year

	Apr-May'22	Apr-May'23	% change	Apr-May'24	% change
Gross Tax revenue	4,035	3,970	(1.6)	4,596	15.8
Direct taxes	1,916	1,838	(4.0)	2,256	22.7
Corp Tax	785	565	(28.0)	453	(19.8)
Income Tax	1,130	1,273	12.6	1,803	41.6
Indirect taxes	2,120	2,131	0.5	2,340	9.8
Non-tax revenue	493	1,347	173.4	2,517	86.9
Centre's revenue (net)	3,568	4,127	15.7	5,708	38.3
Total expenditure	5,858	6,260	6.9	6,235	(0.4)
Capital exp	1,071	1,678	56.7	1,436	(14.4)
Revenue exp	4,787	4,582	(4.3)	4,798	4.7
Fiscal deficit	2,039	2,103	-	506	-

Fig 124 – Gross direct tax collections continue to inch up

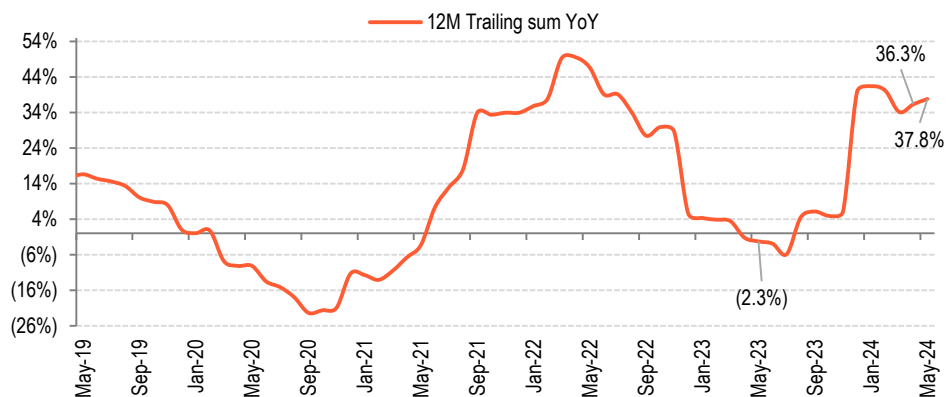


Fig 125 – Gross indirect tax collections eased a tad

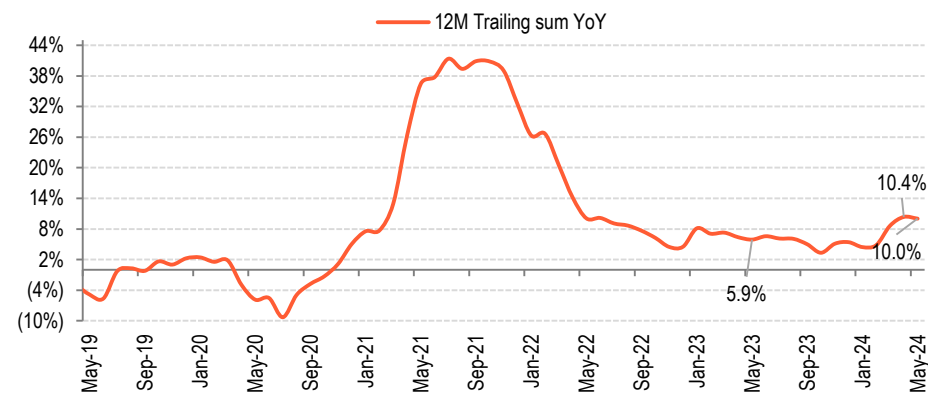


Fig 126 – Amongst direct taxes, corporate tax collection growth moderated...

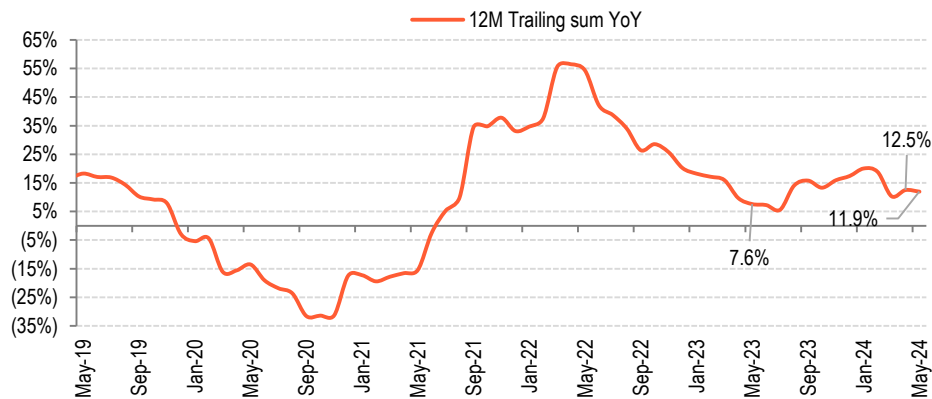


Fig 127 – ...Income tax collections growth improved

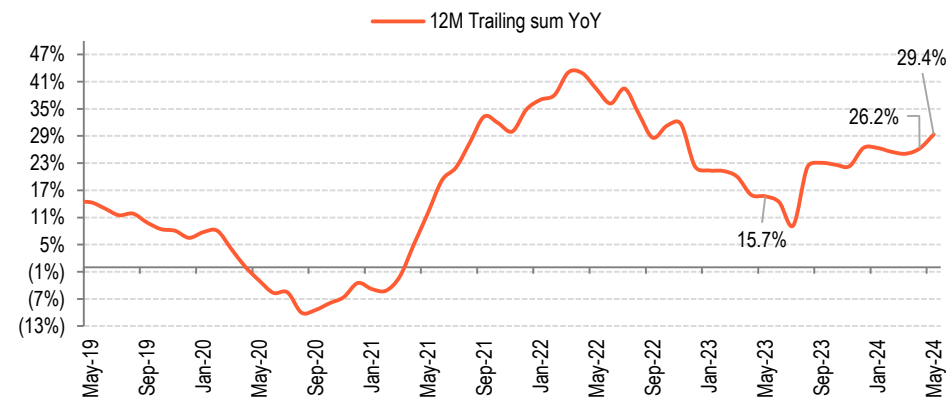
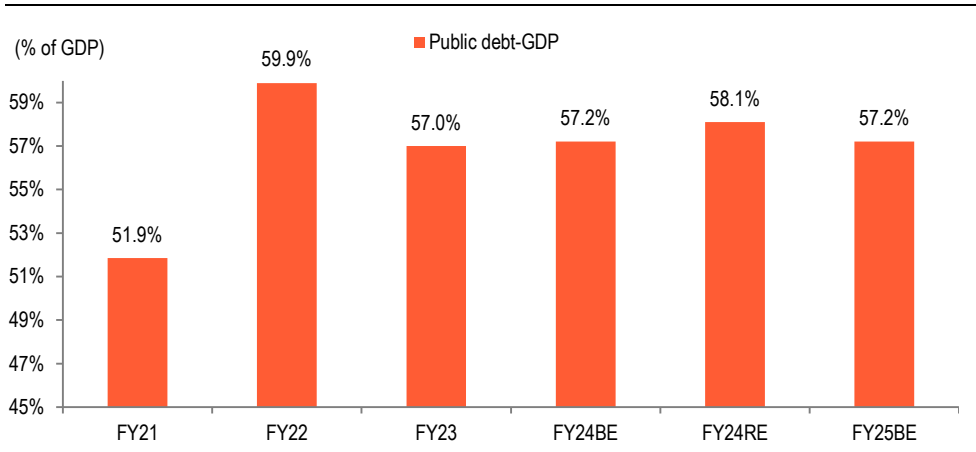


Fig 128 – GST collections for May'24 show build-up in momentum

(Rs bn)	May-23	Jun-23	Jul-23	Aug-23	Sep-23	Oct-23	Nov-23	Dec-23	Jan-24	Feb-24	Mar-24	Apr-24	May-24	Monthly run rate (FYTD25)	FYTD25	FY25 (BE)
CGST	607	648	672	627	617	705	661	680	737	711	731	912	677	794	1,588	9,177
UT GST	2.6	3.4	2.5	3.1	2.0	11.2	2.5	4.5	4.7	3.8	7.0	2.9	3.1	3.0	6.0	-
IGST	10	16	(24)	63	17	(159)	43	(113)	(65)	(127)	383	(26)	(82)	(54)	(109)	-
SGST*	884	865	826	820	970	1,003	824	1,031	891	1,067	855	711	1,025	868	1,736	-
Cess	112	118	114	114	114	119	118	118	116	125	127	130	118	124	248	1,500
Total GST	1,615	1,651	1,591	1,627	1,720	1,679	1,649	1,721	1,683	1,780	2,103	1,730	1,740	1,735	3,470	-

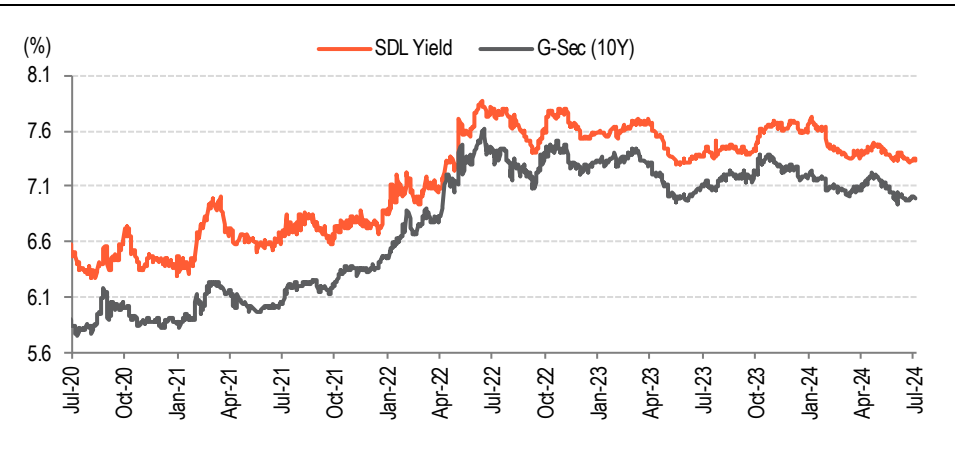
Source: PIB | *Computed from PIB and CGA data

Fig 129 – Central government debt is estimated to come down in FY25



Source: Union Budget documents

Fig 130 – Spread between 10Y G-sec and SDL yield widened in Jun'24, but has declined in Jul'24 so far



Source: CCIL

Fig 131 – Total subsidy disbursed so far (Apr-May'24) same at previous year's level; food subsidy is higher than last year

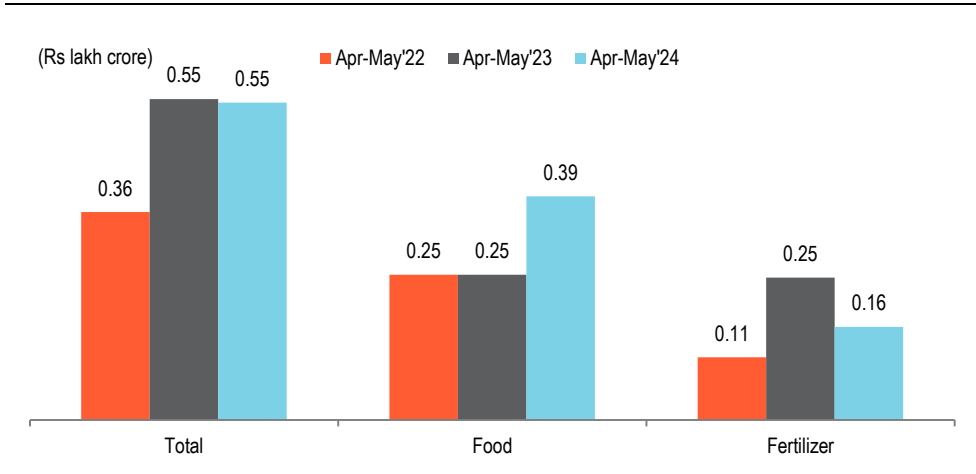
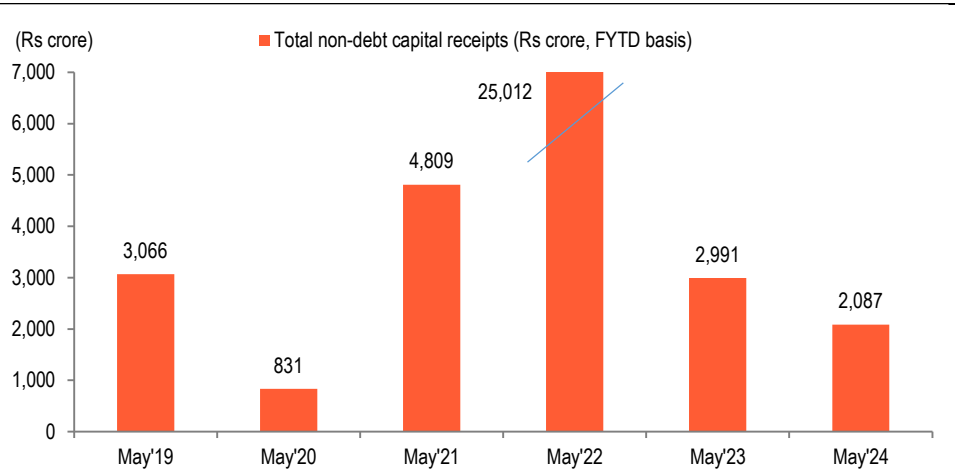


Fig 132 – Central gov't's non-debt capital receipts currently (Apr-May) lower than last year (FYTD basis)



Central government borrowing

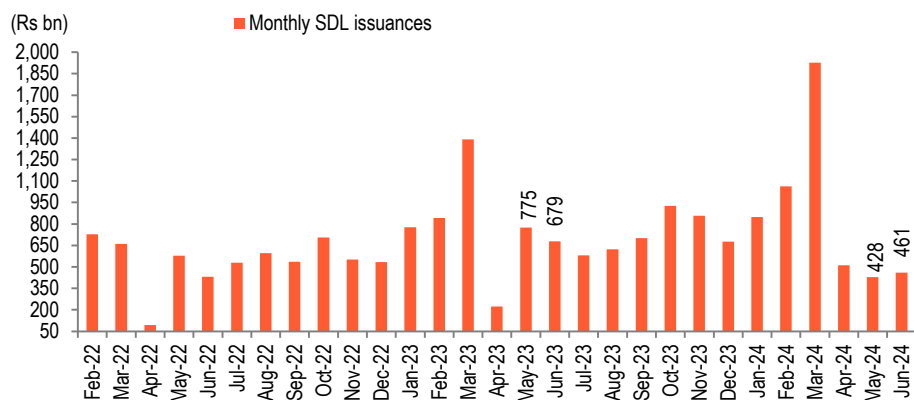
Fig 133 – Centre’s borrowing through T-bill in Q1 has been at Rs 3.5 lakh crore

Total accepted amount (T-bills), (Rs bn)	FY18	FY19	FY20	FY21	FY22	FY23	FY24	FY25	FY25 (planned)
Q1	2,888	3,089	3,364	5,328	5,375	5,247	4,963	3,469	3,210
Q2	3,186	3,299	3,024	5,417	3,215	3,704	3,899	230*	2,600
Q3	2,632	3,070	2,889	3,745	3,630	3,589	3,611		
Q4	2,486	1,812	2,511	2,714	4,766	4,566	4,258		
Total	11,192	11,271	11,788	17,204	16,986	17,105	16,731		

Source: RBI, *Till 3rd Jul

State government borrowing

Fig 135 – State government borrowings slowed further in Jun’24



Source: RBI

Fig 134 – Centre has raised Rs 3.5 lakh crore in Q1

Total accepted amount (G-Sec), (Rs bn)	FY18	FY19	FY20	FY21	FY22	FY23	FY24	FY25	FY25 (planned)
Q1	1,680	1,320	2,040	3,140	3,064	3,570	4,080	3,490	3,780
Q2	1,890	1,440	2,210	4,220	3,649	4,390	4,800		3,720
Q3	1,640	1,270	1,930	2,910	3,190	3,510	3,850		
Q4	670	1,680	920	3,191	1,370	2,740	2,700		
Total	5,880	5,710	7,100	13,461*	11,273	14,210	15,430		

Source: RBI* Against budgeted Rs 12.8tn

Fig 136 – States have borrowed only 55% of the planned amount in Q1FY25

Quarterly SDL issuances, (Rs bn)	FY19	FY20	FY21	FY22	FY23	FY24	FYTD25 (actual)	FY25 (planned)
Q1	766	815	1,673	1,446	1,102	1,677	1,401	2,540
Q2	809	1,439	1,614	1,644	1,661	1,903	141*	2,636
Q3	1,277	1,470	2,023	1,653	1,879	2,460		
Q4	1,809	2,006	1,898	2,184	3,009	3,838		
Total	4,661	5,731	7,206	6,927	7,652	9,879		

Source: RBI; *as of 2 Jul 2024

External sector

Exports

Fig 137 – Global export growth continues to remain weak

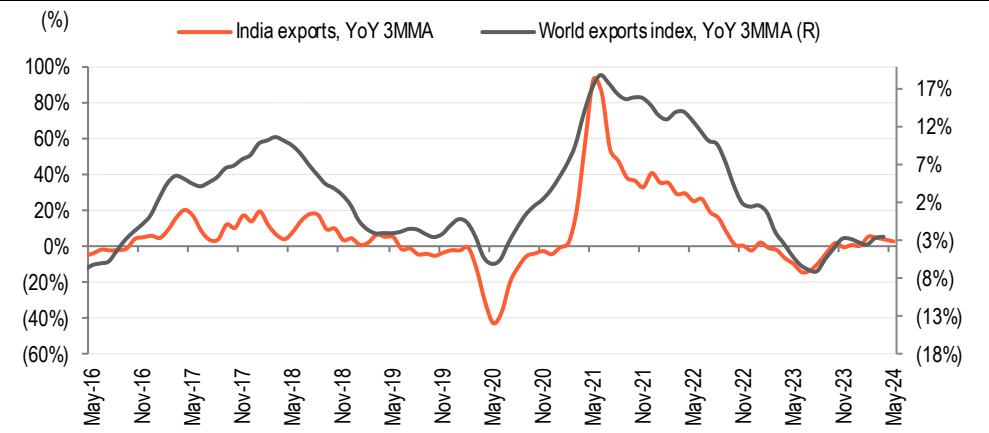
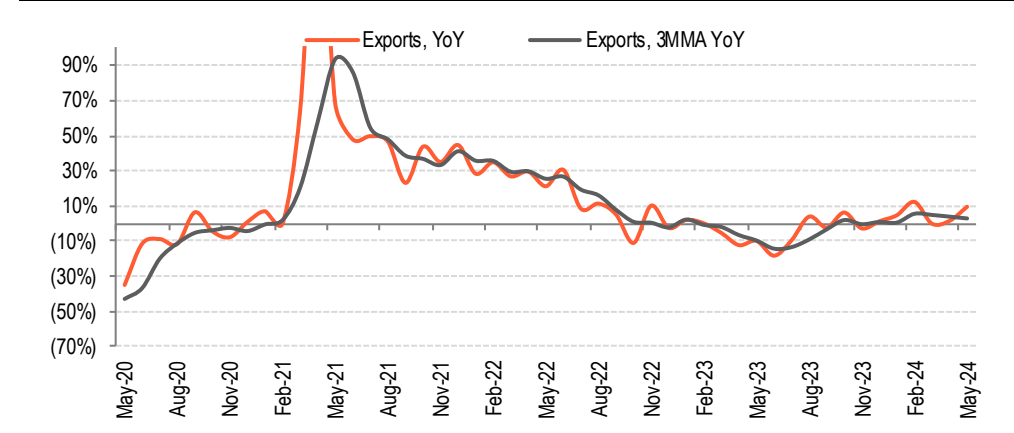


Fig 138 – India's exports surged by 9.1% in May'24 following a 1.1% increase in Apr'24



Exports by major sectors

Fig 139 – Oil exports rose by 15.7% in May'24 compared with 3% increase in Apr'24

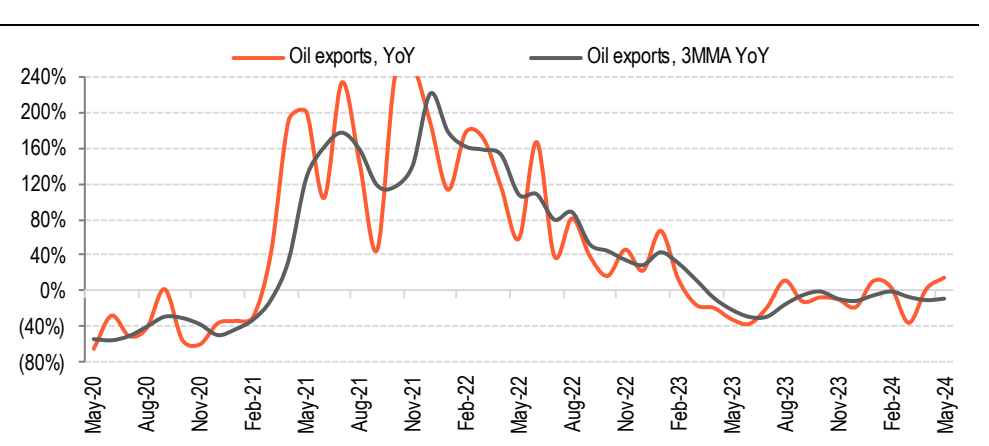


Fig 140 – Non-oil exports also inched up, led by improvement in engineering goods exports

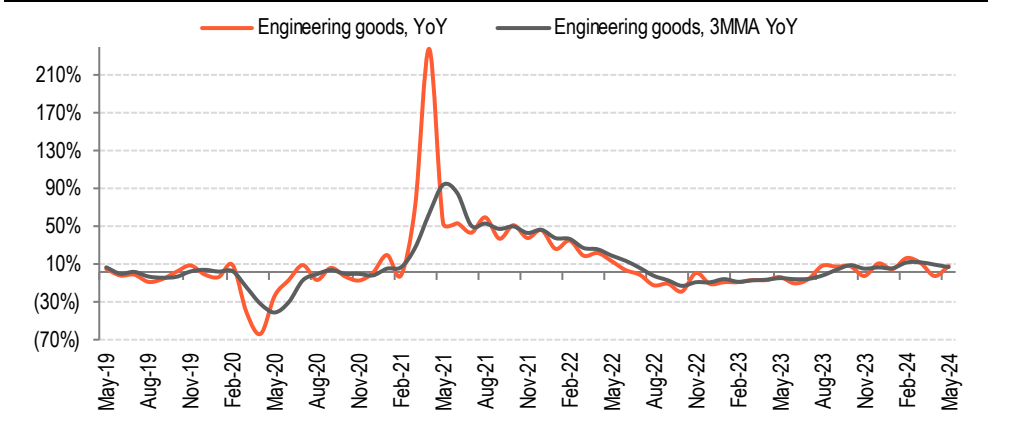


Fig 141 – Textiles exports also witnessed some traction

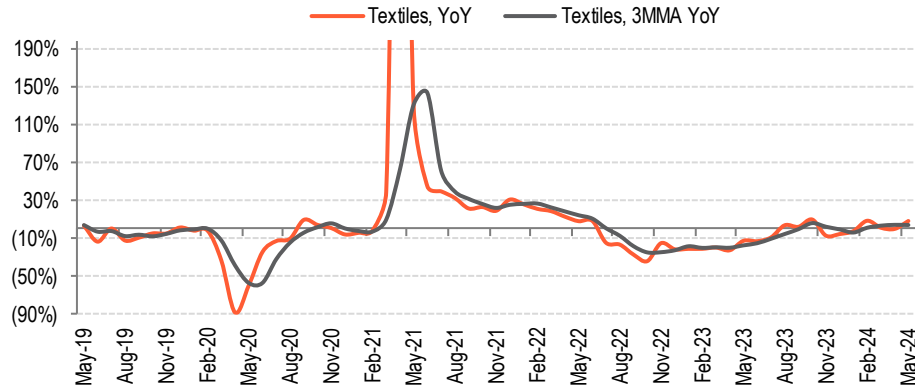
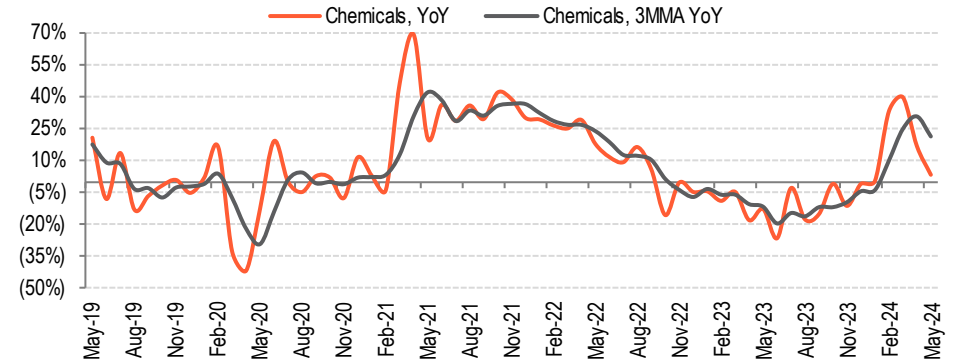


Fig 142 – However, exports of chemicals moderated



Imports

Fig 143 – Import growth eased to 7.7% in May'24 from 10.3% in Apr'24

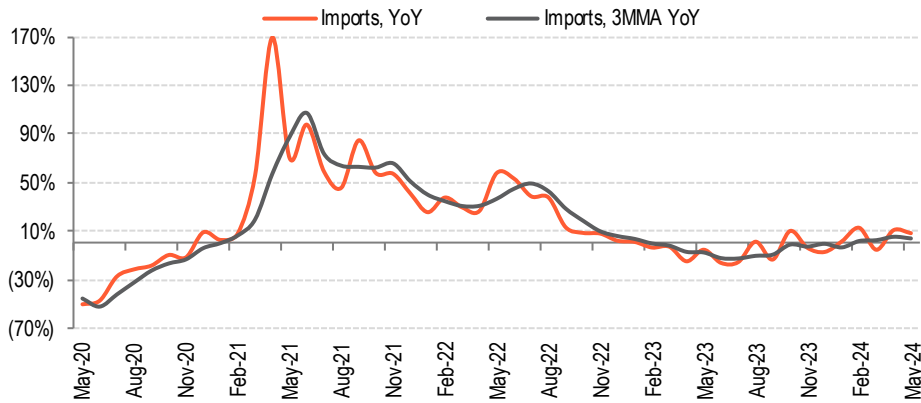


Fig 144 – Led by lower gold imports

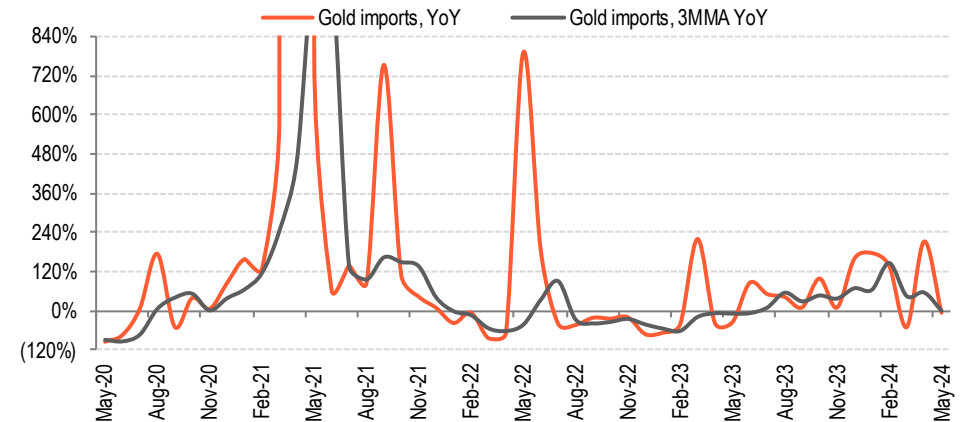


Fig 145 – .. however, oil imports witnessing an upward momentum

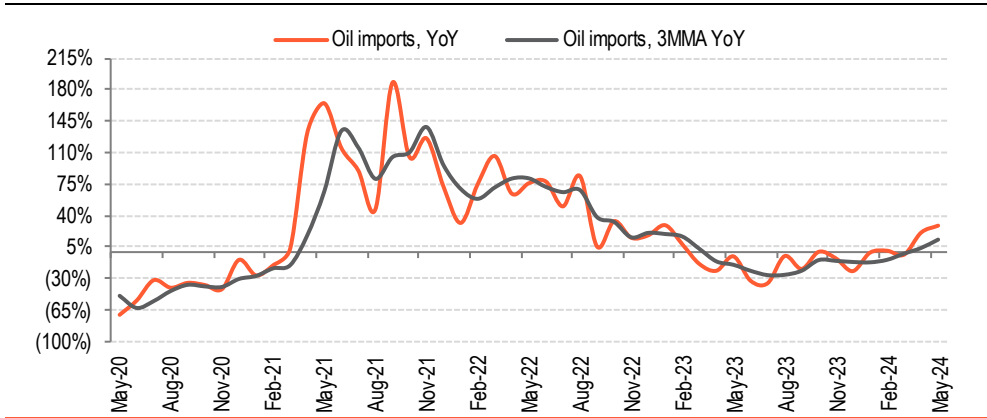


Fig 146 – Imports of pearls and precious stones records positive growth in May'24, after declining in the last 3-months

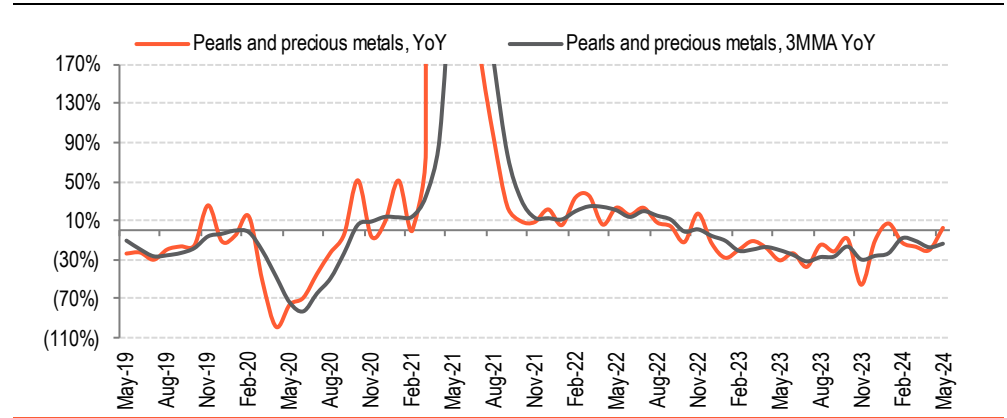


Fig 147 – Imports of organic and inorganic chemicals declined at a slower pace in May'24

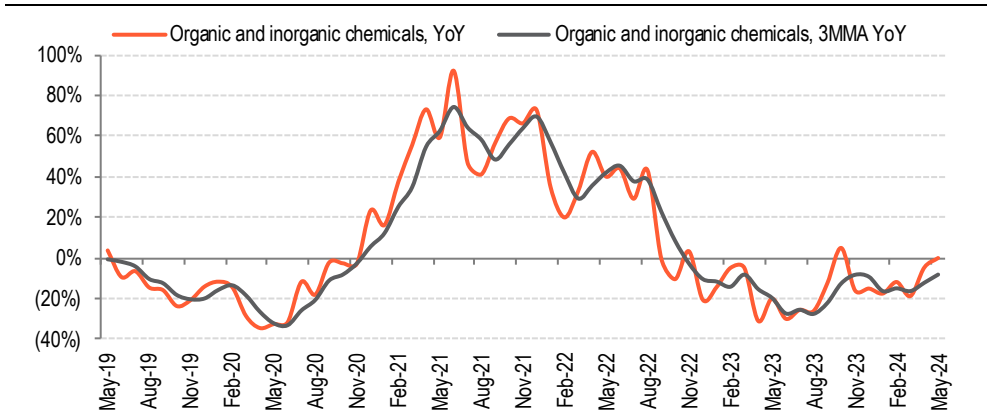
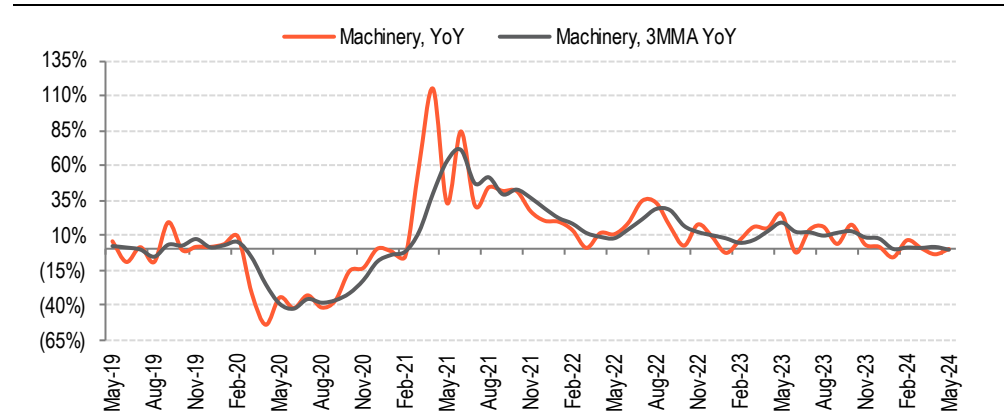


Fig 148 – Machinery imports also see an improvement



Exports and imports by major regions

Fig 149 – Broad based pickup in exports to all regions in May'24

Region (% YoY)	Share in FY24	FY23	FY24	Mar-24	Apr-24	May-24
Americas	26.3	(12.9)	10.6	1.3	7.7	13.3
Asia and Pacific (Ex. China)	3.9	(23.4)	2.2	(1.4)	0.9	3.4
China	23.5	(13.0)	(3.5)	(8.8)	(9.8)	3.3
Europe	22.5	(4.6)	13.3	(8.4)	6.8	19.9
Middle East and Africa	22.9	(6.6)	1.5	5.3	(10.4)	13.7
Other	1.0	(0.6)	5.5	49.5	(7.0)	19.7

Fig 150 – Imports from Americas and Europe declined in May'24

Region (% YoY)	Share in FY24	FY23	FY24	Mar-24	Apr-24	May-24
Americas	10.3	(14.1)	3.5	(9.4)	21.4	(9.2)
Asia and Pacific (Ex. China)	25.1	(16.3)	5.5	(6.5)	4.6	6.3
China	15.1	1.9	3.3	(0.5)	3.9	2.8
Europe	13.9	7.1	(5.4)	(24.8)	11.4	(18.3)
Middle East and Africa	26.4	(33.1)	20.2	(2.1)	10.1	29.6
Other	9.3	165.2	20.3	8.5	23.9	17.7

Trade deficit

Fig 151 – Trade deficit inched up to a 7-month high in May'24 at US\$ 23.8bn

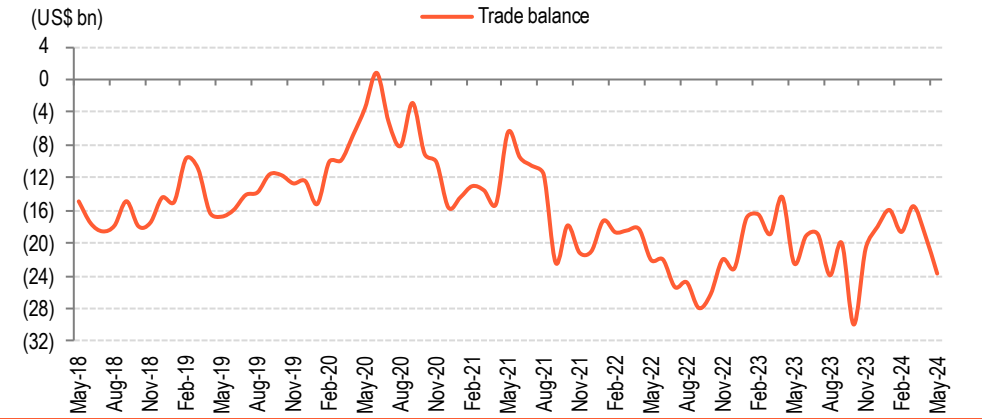
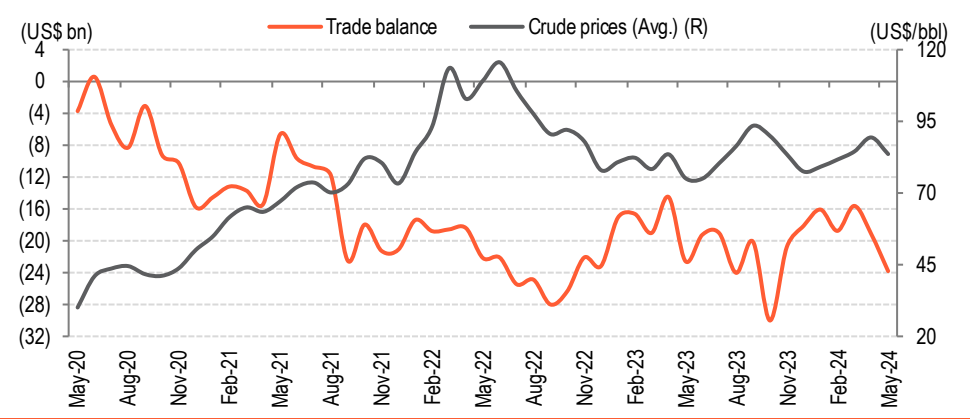
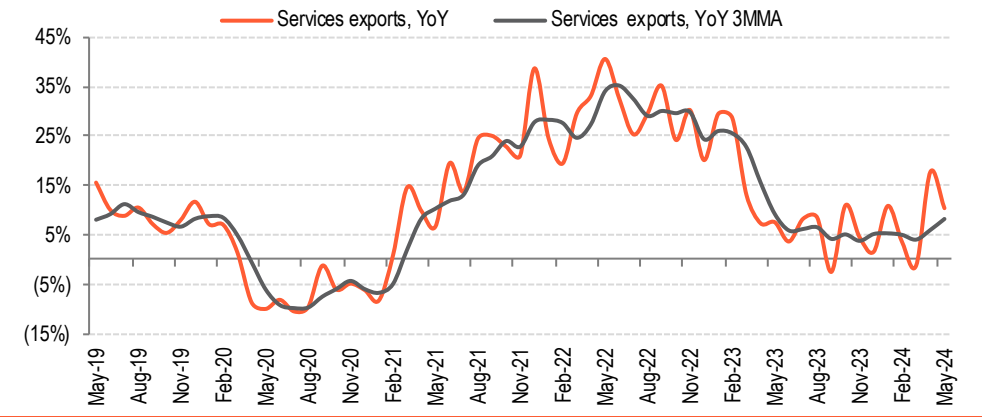


Fig 152 – ... led by higher oil prices



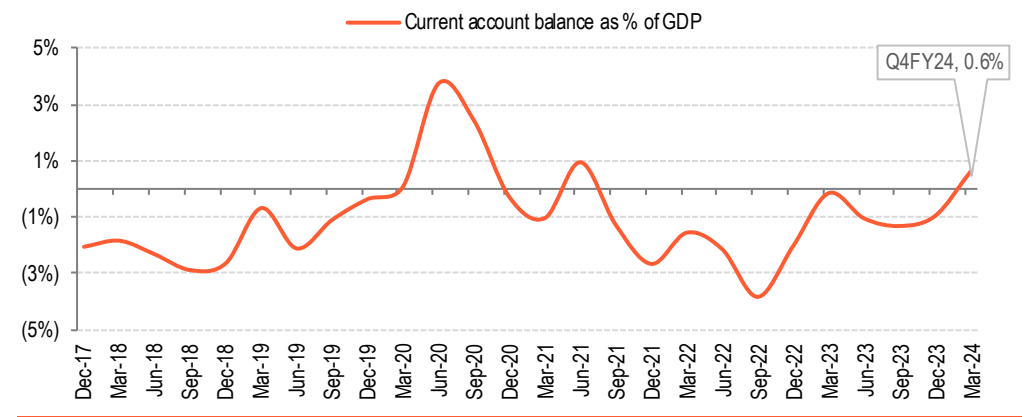
Trade in services

Fig 153 – Services exports moderated to 10.3% in May'24 after increasing by 17.7% in Apr'24



BoP

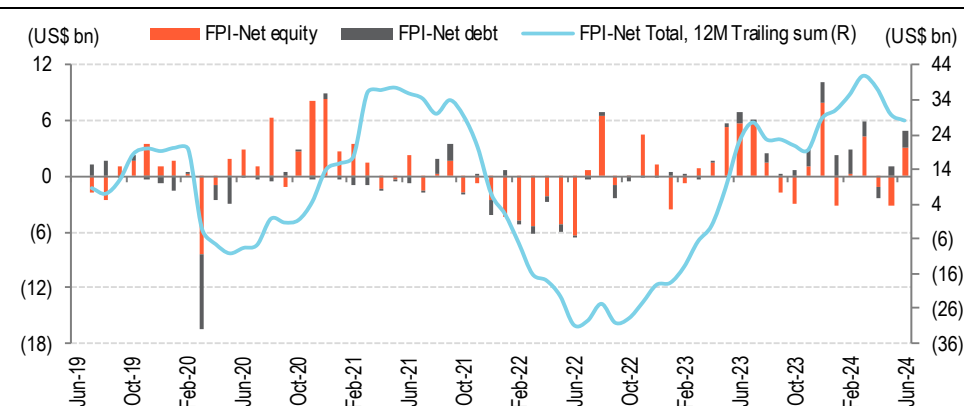
Fig 154 – India's current account recorded a first surplus in the last 11 quarters



Foreign inflows

FPI inflows

Fig 155 – FPI inflows revive after a gap of 2-months, inflows at US\$ 5bn in Jun'24



Source: Bloomberg

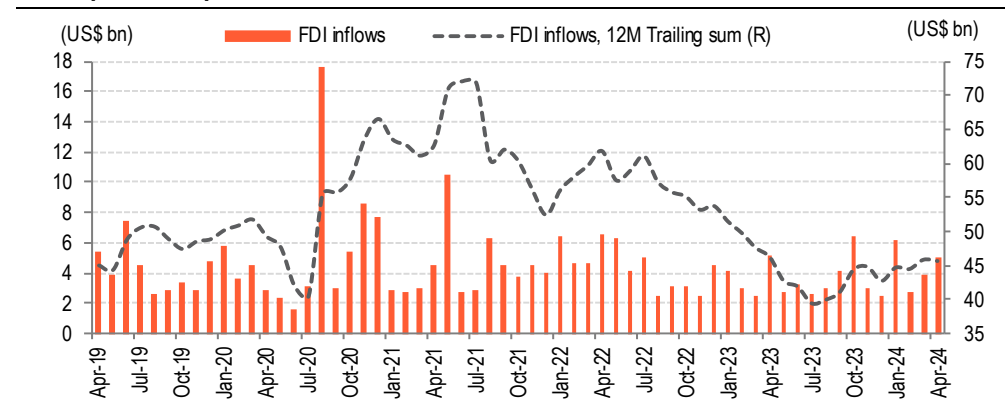
Fig 157 – FDI inflows lower in FY24, led by computer hardware and software and services

Sector	% Share FY24	FY23	FY24	Q4FY23	Q3FY24	Q4FY24
Computer software and hardware	17.9	9.4	8.0	1.3	1.0	4.6
Services Sector	14.9	8.7	6.6	2.1	1.3	1.5
Construction (Infrastructure) activities	9.5	1.7	4.2	0.5	1.4	0.4
Trading	8.7	4.8	3.9	0.6	1.7	1.2
Non Conventional Energy	8.5	2.5	3.8	0.8	0.9	1.6
Automobile industry	3.4	1.9	1.5	0.6	0.2	0.6
Drugs and Pharmaceuticals	2.4	2.1	1.1	0.2	0.8	0.2

Source: DIPP

FDI inflows

Fig 156 – FDI equity inflows start FY25 on a positive note and increase to US\$ 5bn in Apr'24 compared with US\$ 3.9bn in Mar'24



Source: RBI, Bank of Baroda Research

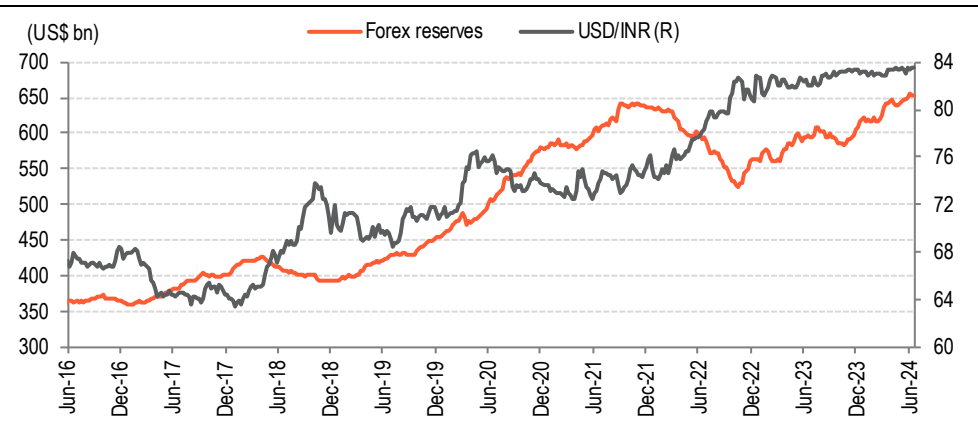
Fig 158 – Country wise, inflows from Singapore have fallen sharply in FY24, while inflows from Mauritius, Japan and Netherlands have been higher

Country (US\$ bn)	% Share FY24	FY23	FY24	Q4FY23	Q3FY24	Q4FY24
Singapore	26.5	17.2	11.8	4.1	2.2	4.3
Mauritius	17.9	6.1	8.0	1.4	4.1	0.9
US	11.3	6.0	5.0	1.1	0.8	2.2
Netherlands	11.1	2.5	4.9	0.3	0.4	2.6
Japan	7.2	1.8	3.2	0.4	0.6	0.4
UK	2.7	1.7	1.2	0.1	0.3	0.3

Source: DIPP

Forex reserves and external debt

Fig 159 – India’s FX reserves at US\$ 653.7bn; accretion of US\$ 8bn in FYTD25



Source: Bloomberg | Note: Weekly data as of 21 June 2024

Fig 160 – India’s import cover improving gradually but remains lower than long-term average

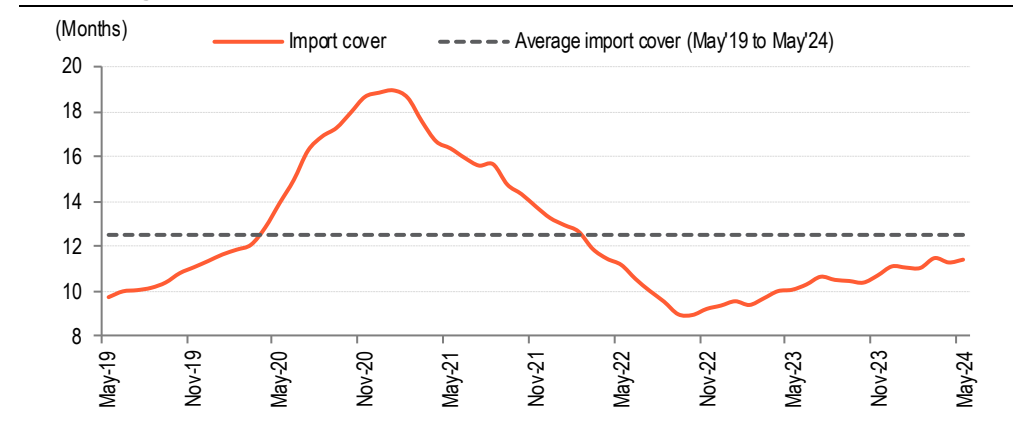


Fig 161 – RBI’s purchased net US\$ 3.6bn in the spot market in Apr’24

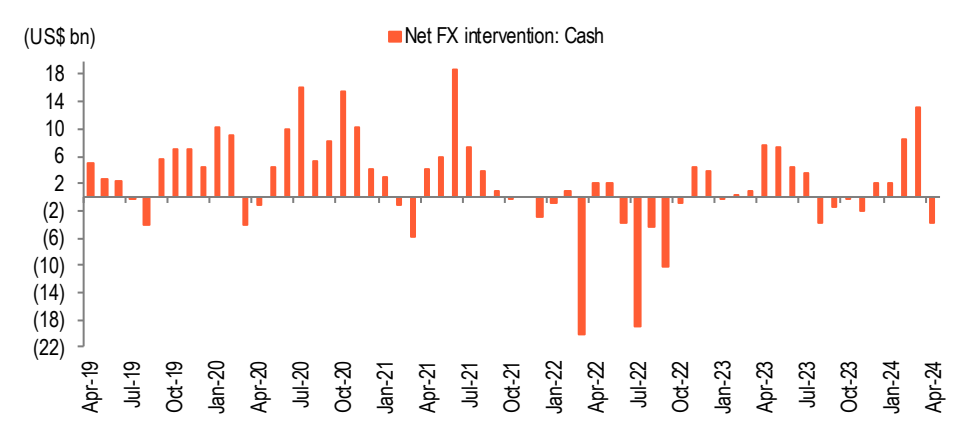
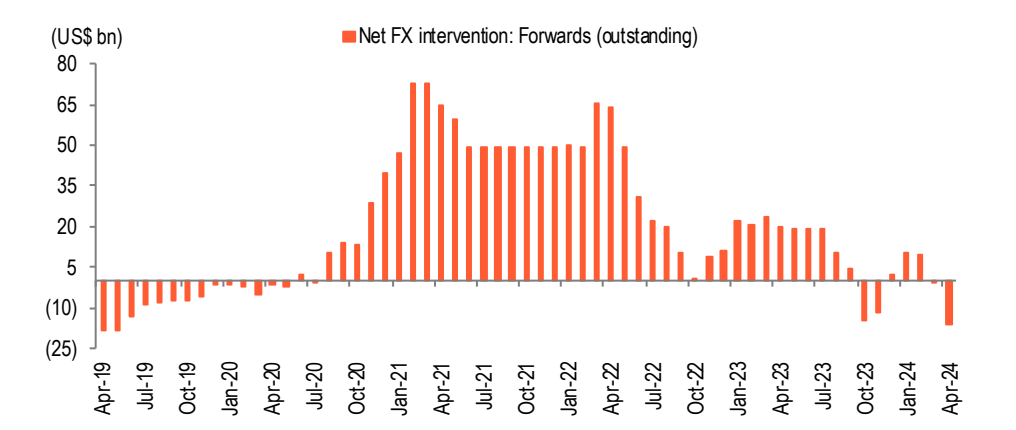


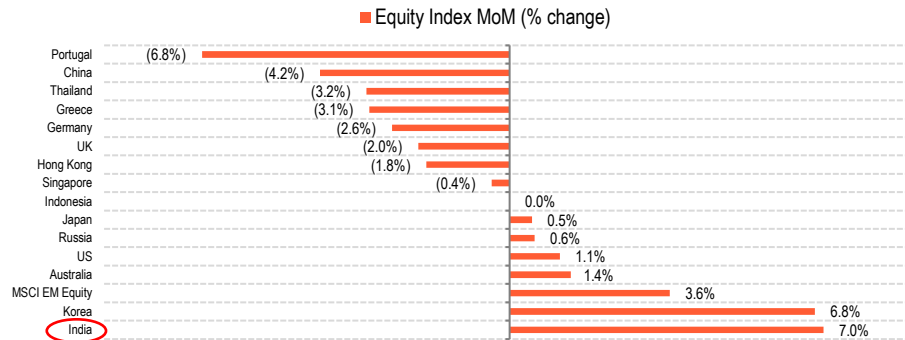
Fig 162 – RBI’s outstanding forwards book continues to decline



Markets

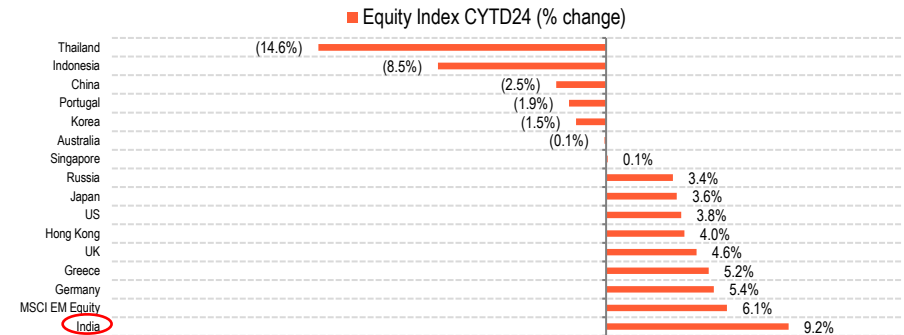
Equity

Fig 163 – In Jun'24, Sensex has risen at the fastest pace by 7%



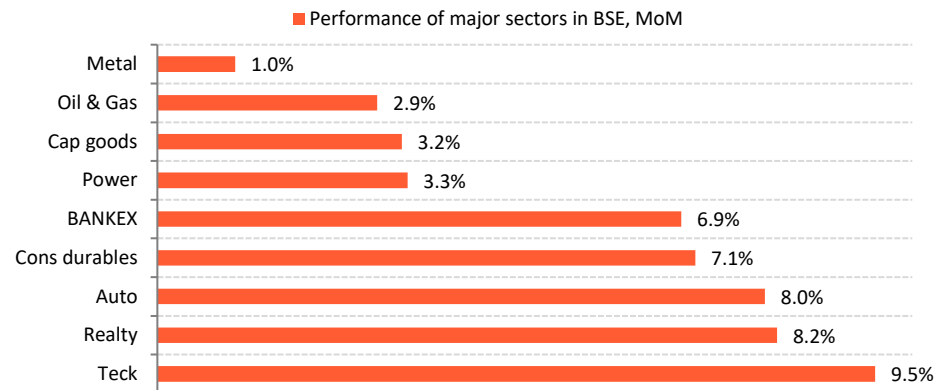
Source: Bloomberg | * As on 28 Jun 2024, Indices are in US\$ terms

Fig 164 – In CYTD24 as well, Sensex rose at the sharpest pace by 9.2%



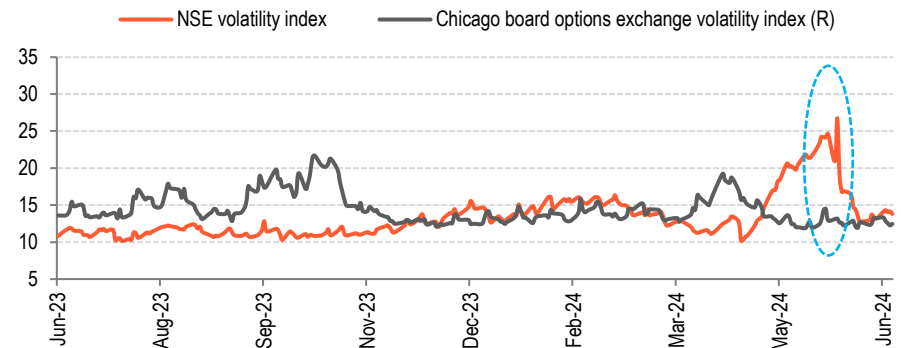
Source: Bloomberg | * As on 28 Jun 2024, Indices are in US\$ terms

Fig 165 – Technology and real estate stocks rose the most



Source: Bloomberg | * As on 28 Jun 2024

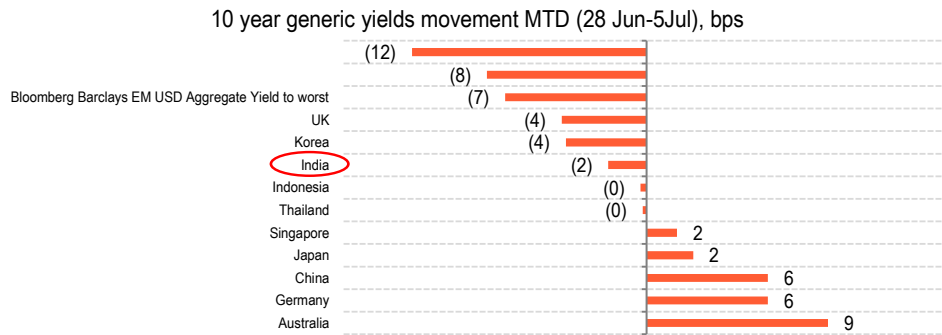
Fig 166 – VIX index moderated to 13.8 as on 28 Jun 2024 from 24.6 as on 31 May 2024



Source: Bloomberg

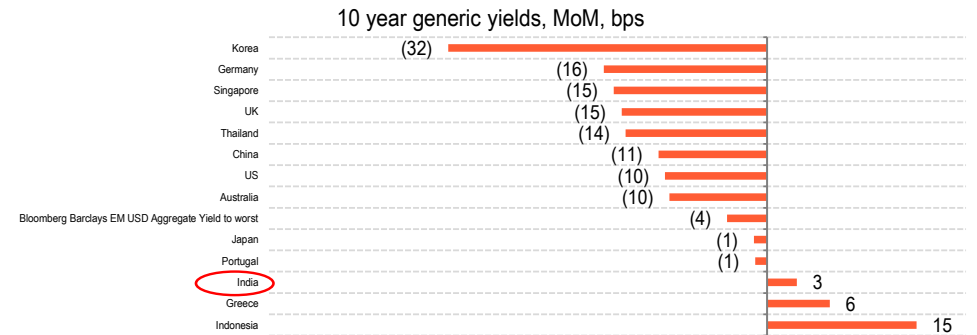
10-year bond yields

Fig 167 – In Jul'24*, India's 10Y yield has fallen marginally by 2bps



Source: Bloomberg, *As on 5 Jul 2024

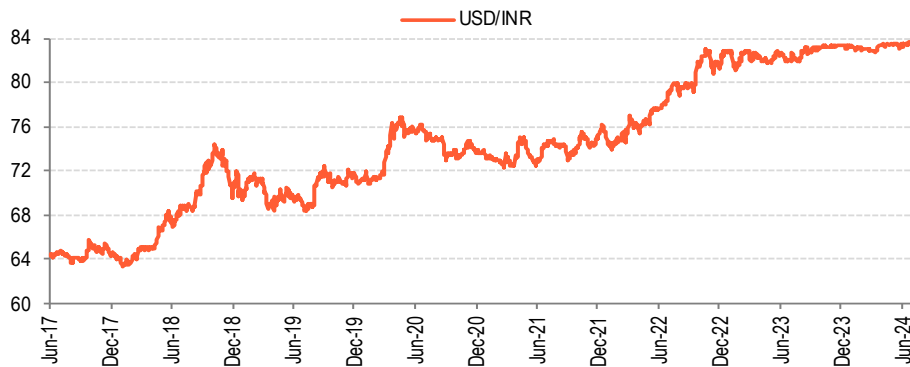
Fig 168 – However, in Jun'24, India's 10Y yield has risen by 3bps



Source: Bloomberg, As on 28 Jun 2024

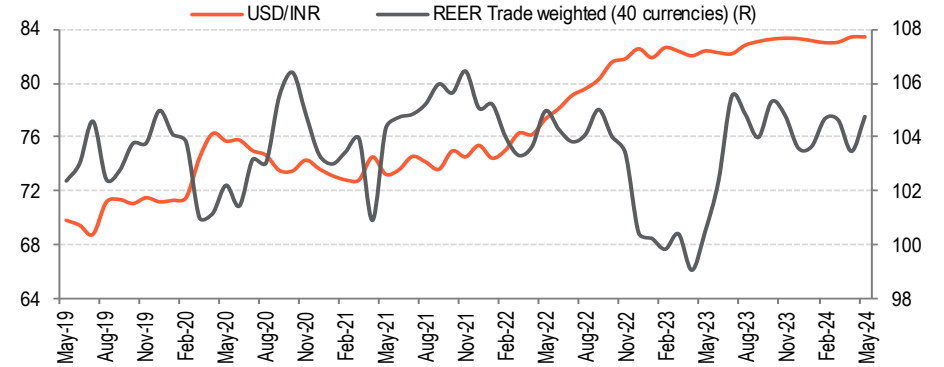
Currencies

Fig 169 – INR traded in a narrow range in Jun'24



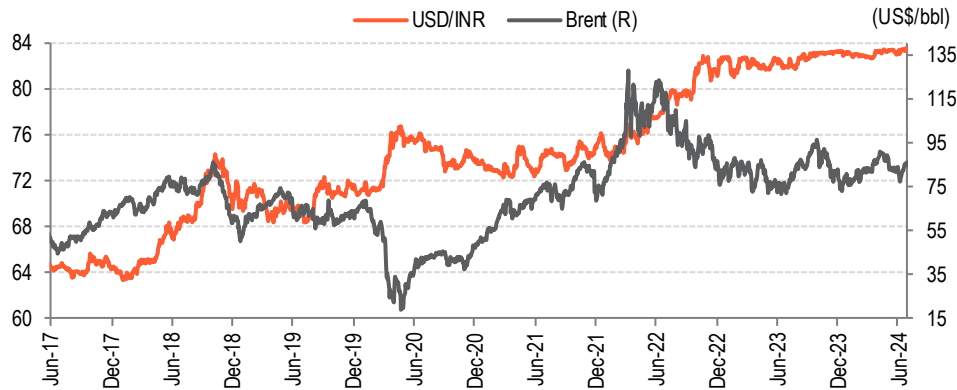
Source: Bloomberg | *As on 28 June 2024

Fig 170 – INR overvalued by 4.8% on REER basis (May'24)



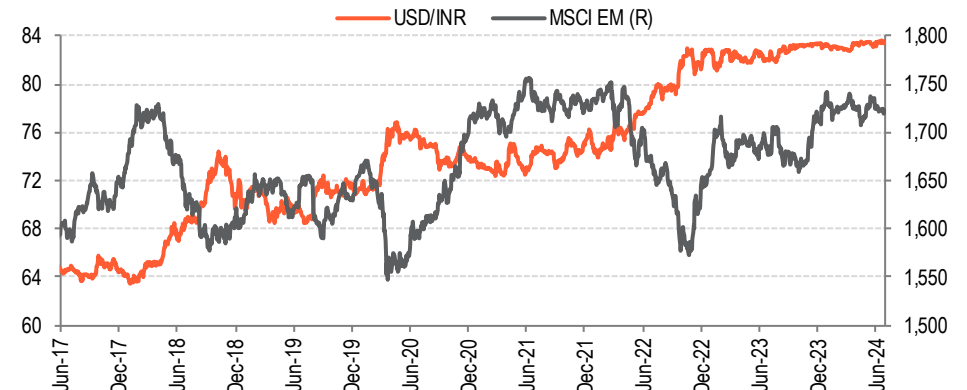
Source: Bloomberg

Fig 171 – Oil prices were stable on an average basis



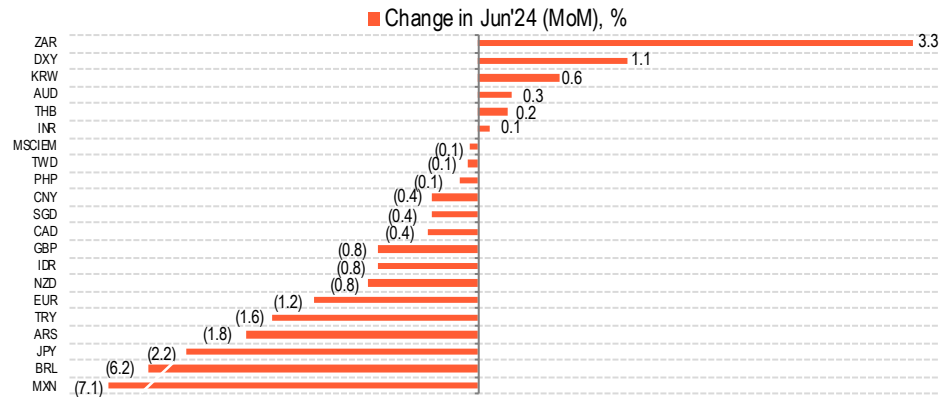
Source: Bloomberg | *As on 28 June 2024

Fig 172 – Even so, EM currencies depreciated



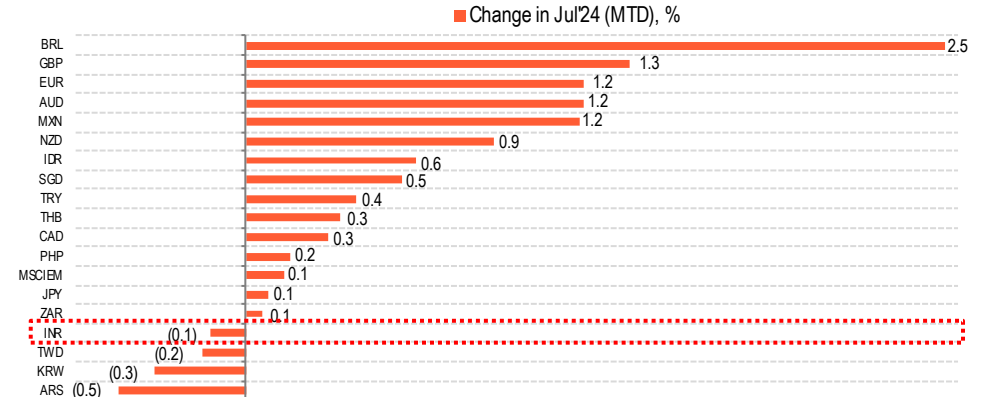
Source: Bloomberg | *As on 28 June 2024

Fig 173 – INR appreciated marginally in Jun'24



Source: Bloomberg | *As on 28 June 2024

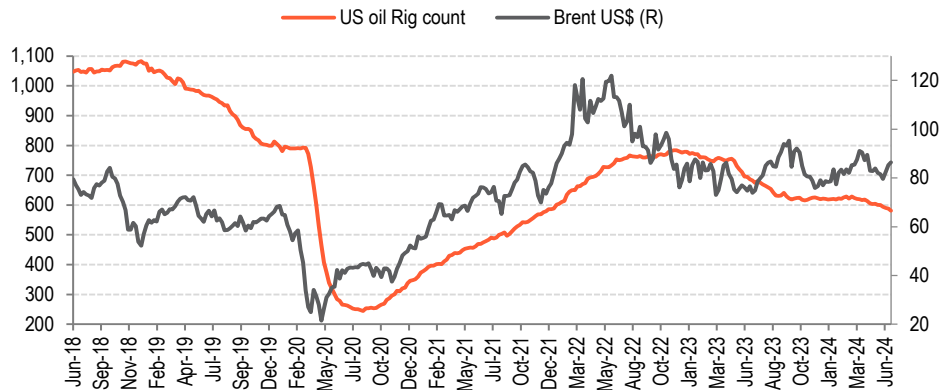
Fig 174 – In Jul'24, INR has depreciated by 0.1%



Source: Bloomberg | *As on 5 July 2024

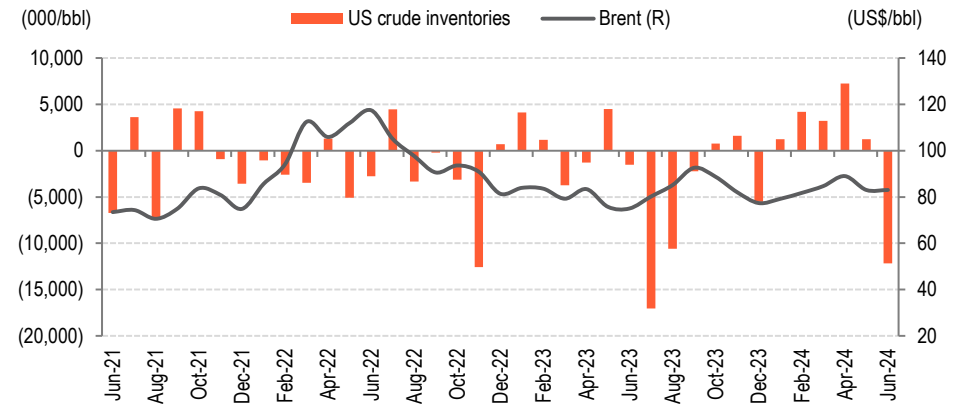
Commodities

Fig 175 – US rig count moderated



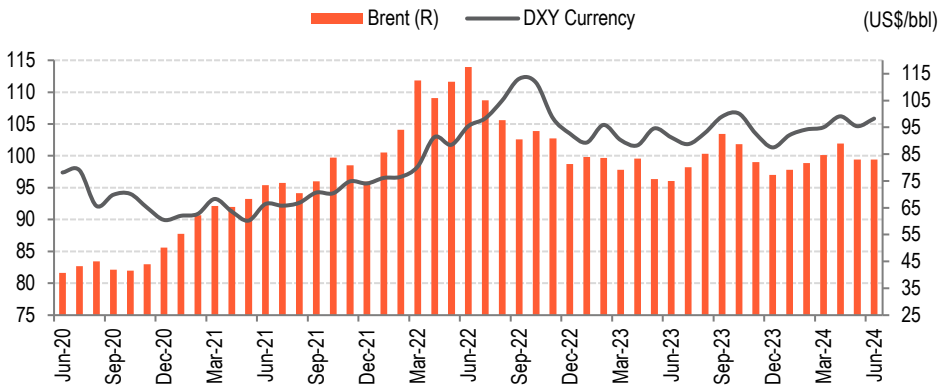
Source: Bloomberg

Fig 176 – Inventory draw down was visible



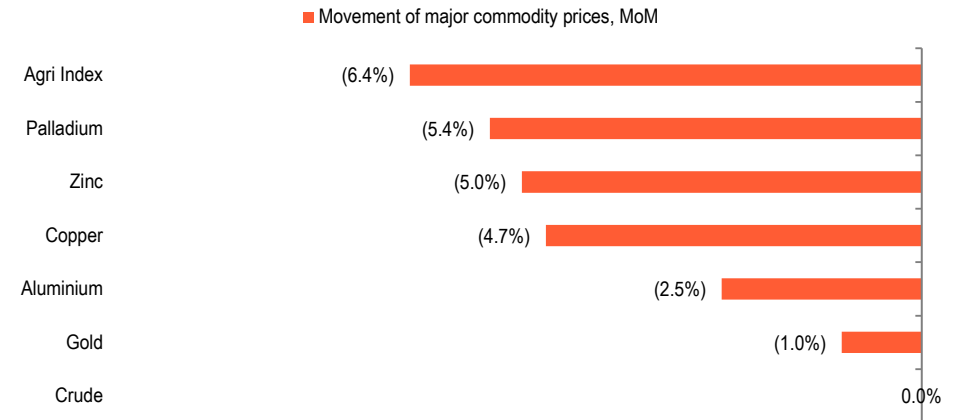
Source: Bloomberg

Fig 177 – Oil price (average) was stable at US\$ 83/bbl in Jun'24, DXY inched up to 105.87 over speculation about timing of rate cut by Fed



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

Fig 178 – Commodity prices seen falling across the board



Source: Bloomberg | Index as on last trading day of the month, all other commodities are averaged and MoM change is taken

Fig 179 – Performance of high frequency indicators

Indicators	Jun-23	Jul-23	Aug-23	Sep-23	Oct-23	Nov-23	Dec-23	Jan-24	Feb-24	Mar-24	Apr-24	May-24	Jun-24
Agriculture													
Tractor sales	(0.7)	0	(4.1)	(15.6)	(5.3)	1.5	(21.3)	(14.5)	(25.7)	(19.5)	(2.9)	0.5	-
Two wheeler sales	6.8	8.2	6.3	21.7	(12.6)	21.1	27.6	15.0	13.3	5.4	33.2	2.5	4.7
MNREGA work (HH, MoM)	4.7	(28.8)	(17.7)	(4.3)	(1.9)	(2.3)	9.0	(5.2)	10.4	(14.8)	36.9	26.3	(2.8)
Manufacturing													
IIP: General index	4.0	6.2	10.9	6.4	11.9	2.5	4.4	4.1	5.6	5.4	5.0	-	-
IIP: Manufacturing	3.5	5.3	10.0	5.1	10.6	1.3	4.6	3.6	4.9	5.8	3.9	-	-
IIP: Capital goods	2.9	5.1	13.1	8.4	21.7	(1.1)	3.7	3.4	1.0	6.6	3.1	-	-
IIP: Infra & construction goods	13.3	12.6	15.7	10.1	12.6	1.5	5.5	5.5	8.5	7.4	8.0	-	-
IIP: Consumer goods	(6.8)	(3.6)	6.0	1.0	15.9	(4.8)	5.2	11.6	12.4	9.5	9.8	-	-
Steel	21.3	14.9	16.3	14.8	13.6	9.8	8.3	9.2	9.4	6.4	8.8	7.6	-
Cement	9.9	6.9	19.7	4.7	17.0	(4.8)	3.8	4.0	7.8	10.6	(0.5)	(0.8)	-
Electricity	4.2	8.0	15.3	9.9	20.3	5.7	1.2	5.7	7.6	8.6	10.2	12.8	-
PMI: Manufacturing	57.8	57.7	58.6	57.5	55.5	56.0	54.9	56.5	56.9	59.1	58.8	57.5	58.3
Services													
Services PMI index	58.5	62.3	60.1	61.0	58.4	56.9	59.0	61.8	60.6	61.2	60.8	60.2	60.5
Automobile sales	9.6	10.0	8.6	20.4	(7.7)	18.5	21.1	15.0	13.1	3.1	26.7	2.6	0.7
Passenger vehicle sales	4.8	4.0	6.5	19.0	(1.4)	17.2	2.7	13.3	12.4	(6.2)	15.9	(1.0)	(6.8)
Vehicle registration	10.5	10.9	9.8	21.3	(6.6)	19.6	22.0	16.1	13.9	3.8	27.5	3.1	0.6
Rail freight traffic	(1.9)	1.5	6.4	6.7	8.5	4.3	6.4	6.4	10.1	8.6	1.4	3.7	10.1
Port cargo volume	(2.2)	4.3	4.4	0.3	13.8	17.0	0.7	3.2	2.4	3.6	1.3	3.7	6.8
Credit growth	18.0	19.5	19.7	17.6	20.4	21.1	20.0	20.3	20.5	20.2	19.2	19.8	19.2
Deposit growth	15.5	12.9	13.2	12.3	13.2	14.2	13.3	13.2	13.1	13.5	12.6	12.7	12.6
CIC	4.9	4.4	4.0	4.1	2.9	4.3	4.0	3.9	3.7	4.1	3.2	4.6	6.0
Toll collection (in mn)	316.1	295.0	308.0	298.9	319.7	320.8	337.2	331.4	323.4	338.7	328.1	347.4	334.4
Diesel consumption	3.0	3.8	5.2	3.8	9.3	(3.1)	(2.4)	3.4	6.3	2.7	1.4	2.3	1.0
GST E-way bill (in mn)	86.1	88.0	93.4	92.0	100.3	87.6	95.3	96.0	97.3	103.5	96.7	103.2	100.1
External Trade													
Merchandise exports	(18.8)	(10.0)	3.5	(2.8)	5.8	(3.3)	0.8	4.3	11.9	(0.6)	1.1	9.1	-
Merchandise imports	(16.8)	(16.1)	0.7	(14.0)	9.5	(4.3)	(7.8)	1.0	12.2	(6.0)	10.3	7.7	-
Services exports	3.5	8.1	8.4	(2.7)	10.9	4.4	1.4	10.7	3.4	(1.4)	17.7	10.3	-
Services imports	(3.4)	(2.2)	(0.8)	(10.3)	(0.4)	(11.1)	(1.2)	0.1	1.7	(2.1)	19.1	5.4	-

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

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