

## Limping back to normalcy

**Lead logistics indicators continued to improve in August, slowing their pace of decline vs. July – major port cargo fell 10% YoY (vs. –13% in July), container rail volumes dipped 8% (vs. –13%), and e-way bills contracted 3% (vs. –7%) – while IR's freight volume grew 4% YoY (vs. –5%). Though a return to pre-Covid levels is still some time away, the festive season can provide impetus to domestic trade. Sustainable recovery hinges on economic revival (domestic and global) and is unlikely before Q4FY21. TCI Express remains our top pick.**

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**Decline in major port cargo eases:** Cargo at major ports declined at a slightly slower rate of 10% YoY in Aug'20 (+0.4% MoM) vs. a 13% drop in Jul'20. Apart from Vizag (+12% YoY) and Mormugao (+10%), all other major ports reported YoY volume decreases. Chennai (–22% YoY), Cochin (–18%), JNPT (–17%), and Mumbai (–17.5%) posted the steepest declines. Among commodities, iron ore (+38% YoY) and fertiliser (+30%) volumes did well, but coking coal (–30%) and POL (–22%) plummeted. Container volumes declined 13% YoY in TEU terms, the sixth consecutive month of double-digit decline.

**EXIM container rail traffic continues double-digit slide:** Container cargo carried by the Indian Railways (IR) fell by a slower 8% YoY in August vis-à-vis a 13% decline in July. Domestic volumes grew 6% YoY whereas EXIM continued its double-digit slide, falling 11% YoY (–12% in July). The MoM uptick in EXIM container rail volume (+3%) was, however, higher than container traffic growth at major ports (flat MoM on tonnage), indicating market share gains for rail sequentially. NTKM contracted 14% YoY (–16% in July) as a 7% dip in lead distance compounded the impact of declining volumes.

**Rail freight volumes up YoY:** After contracting for five months, total freight carried by IR grew 4% YoY in Aug'20 (–1% MoM). This was driven by a sharp jump in food grains (+98% YoY), fertilisers (+29%), and pig iron and finished steel (+16%) volumes. Freight loading by IR posted healthy 13% YoY growth in the month of September as well (till 15 Sep), indicating a sustained recovery.

**E-way bills plateau; core EXIM declines again:** Total e-way bills generated declined at a slower 3% YoY (–7% in July) to 49.4mn in Aug'20, stabilising at 90-95% of pre-Covid levels. Total merchandise EXIM dropped 21% YoY (exports/imports down 13%/26%), but non-oil, non-gold EXIM declined at a steeper 19% YoY vs. 16% YoY in July.

## RECOMMENDATION SNAPSHOT

Ticker	Rating
AGLL IN	ADD
CCRI IN	SELL
MAHLOG IN	BUY
TCIEXP IN	BUY
TRPC IN	BUY
VRLL IN	BUY



## Key exhibits

### Major port volumes

**FIG 1 – CARGO VOLUMES AT MAJOR PORTS FELL 10% YOY IN AUG'20**

('000 tonnes)	Aug-20	Aug-19	YoY (%)	Jul-20	MoM (%)	YTD FY21	YTD FY20	YoY (%)
Chennai	3,339	4,283	(22.0)	3,805	(12.2)	14,426	20,715	(30.4)
Cochin	2,280	2,774	(17.8)	2,128	7.1	10,043	14,323	(29.9)
Ennore	2,119	2,464	(14.0)	1,831	15.7	9,119	13,340	(31.6)
JNPT	4,739	5,683	(16.6)	4,847	(2.2)	21,685	29,118	(25.5)
Kandla	9,553	10,540	(9.4)	9,063	5.4	43,665	51,530	(15.3)
Kolkata	4,601	5,361	(14.2)	4,329	6.3	20,651	27,078	(23.7)
Mormugao	896	817	9.7	1,303	(31.2)	7,654	6,428	19.1
Mumbai	4,300	5,210	(17.5)	4,397	(2.2)	20,158	24,981	(19.3)
New Mangalore	2,713	2,940	(7.7)	2,261	20.0	14,273	15,058	(5.2)
Paradip	8,114	8,872	(8.5)	8,903	(8.9)	42,751	46,963	(9.0)
Tuticorin	3,105	3,429	(9.4)	3,009	3.2	13,680	15,145	(9.7)
Vizag	5,908	5,287	11.7	5,580	5.9	26,942	28,991	(7.1)
<b>Total major ports</b>	<b>51,667</b>	<b>57,660</b>	<b>(10.4)</b>	<b>51,456</b>	<b>0.4</b>	<b>2,45,047</b>	<b>2,93,670</b>	<b>(16.6)</b>

Source: Indian Ports Association, BOBCAPS Research

**FIG 2 – IRON ORE, FERTILISER VOLUMES GREW; COKING COAL, PETROLEUM DECLINED**

('000 tonnes)	Aug-20	Aug-19	YoY (%)	Jul-20	MoM (%)	YTD FY21	YTD FY20	YoY (%)
Coal - Coking	3,331	4,775	(30.2)	2,822	18.0	16,848	24,728	(31.9)
Coal - Thermal	5,735	5,680	1.0	5,480	4.7	28,934	38,797	(25.4)
Containers - Tonnage	11,460	12,672	(9.6)	11,461	(0.0)	49,268	63,534	(22.5)
Fertilisers - Finished & raw	1,801	1,391	29.5	1,748	3.0	7,012	6,200	13.1
Iron ore	5,601	4,056	38.1	6,249	(10.4)	27,291	21,510	26.9
POL	15,760	20,150	(21.8)	15,458	2.0	79,418	97,544	(18.6)
Others	7,979	8,936	(10.7)	8,238	(3.1)	36,276	41,357	(12.3)
<b>Total major ports</b>	<b>51,667</b>	<b>57,660</b>	<b>(10.4)</b>	<b>51,456</b>	<b>0.4</b>	<b>2,45,047</b>	<b>2,93,670</b>	<b>(16.6)</b>

Source: Indian Ports Association, BOBCAPS Research

**FIG 3 – KEY CONTAINER PORTS – JNPT AND CHENNAI – CONTINUE TO REPORT YOY VOLUME DECLINES**

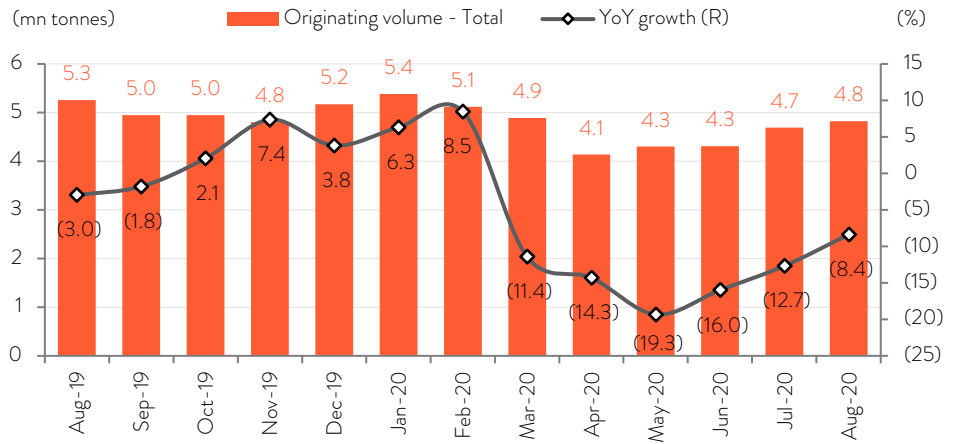
('000 teu)	Aug-20	Aug-19	YoY (%)	Jul-20	MoM (%)	YTD FY21	YTD FY20	YoY (%)
Chennai	116	123	(5.7)	110	5.5	439	629	(30.2)
Cochin	55	58	(5.2)	54	1.9	222	261	(14.9)
Ennore	8	9	(11.1)	8	-	53	61	(13.1)
JNPT	353	434	(18.7)	344	2.6	1,545	2,172	(28.9)
Kandla	45	37	21.6	44	2.3	185	194	(4.6)
Kolkata	62	76	(18.4)	59	5.1	252	361	(30.2)
Mormugao	1	3	(66.7)	2	(50.0)	8	14	(42.9)
Mumbai	2	2	-	2	-	6	12	(50.0)
New Mangalore	15	14	7.1	14	7.1	57	64	(10.9)
Paradip	2	-	NM	1	100.0	6	3	100.0
Tuticorin	64	80	(20.0)	69	(7.2)	286	353	(19.0)
Vizag	40	45	(11.1)	43	(7.0)	197	218	(9.6)
<b>Total major ports</b>	<b>763</b>	<b>881</b>	<b>(13.4)</b>	<b>750</b>	<b>1.7</b>	<b>3,256</b>	<b>4,342</b>	<b>(25.0)</b>

Source: Indian Ports Association, BOBCAPS Research

### Container rail traffic

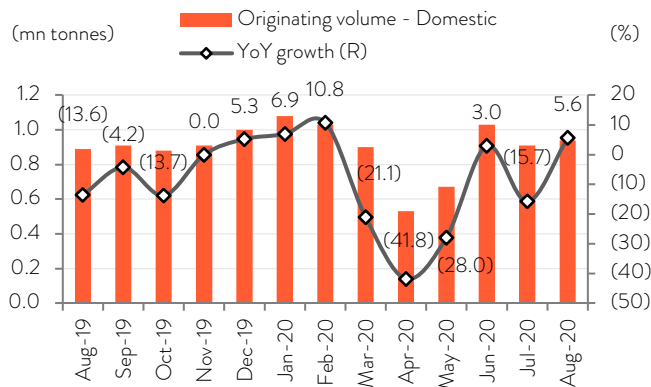
**FIG 4 – FALL IN CONTAINER RAIL TRAFFIC SLOWED TO 8% YOY IN AUG'20...**

**Container rail traffic fell 8% YoY to 4.8mn tonnes vs. a 13% decline in July**



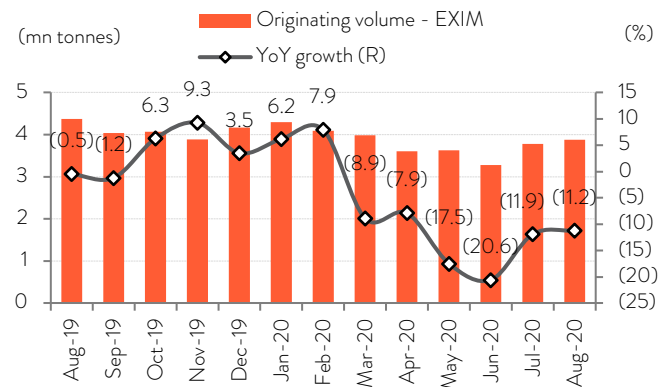
Source: Indian Railways, BOBCAPS Research

**FIG 5 – ...LED BY A 6% YOY RISE IN DOMESTIC VOLUMES**



Source: Indian Railways, BOBCAPS Research

**FIG 6 – EXIM VOLUMES DECLINED 11% YOY**



Source: Indian Railways, BOBCAPS Research

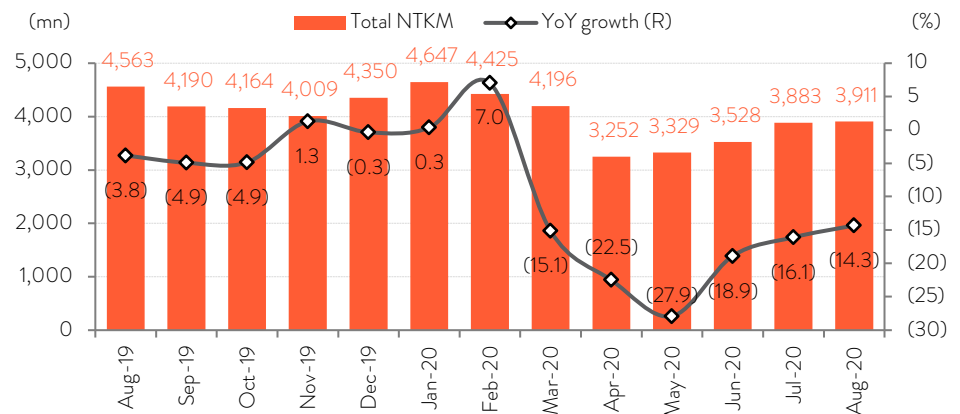
**FIG 7 – LEAD DISTANCE CONTINUES TO PLUNGE**

(km)	Aug-19	Sep-19	Oct-19	Nov-19	Dec-19	Jan-20	Feb-20	Mar-20	Apr-20	May-20	Jun-20	Jul-20	Aug-20
<b>Domestic lead distance</b>	<b>1,287</b>	<b>1,169</b>	<b>1,232</b>	<b>1,198</b>	<b>1,225</b>	<b>1,225</b>	<b>1,245</b>	<b>1,220</b>	<b>1,183</b>	<b>1,202</b>	<b>977</b>	<b>1,264</b>	<b>1,214</b>
YoY growth (%)	0.8	(4.8)	(3.4)	(5.2)	(3.4)	(3.9)	(1.8)	(4.5)	0.5	(5.7)	(16.3)	20.2	(5.7)
<b>EXIM lead distance</b>	<b>782</b>	<b>774</b>	<b>757</b>	<b>750</b>	<b>749</b>	<b>773</b>	<b>768</b>	<b>773</b>	<b>727</b>	<b>695</b>	<b>769</b>	<b>723</b>	<b>714</b>
YoY growth (%)	0.1	(2.3)	(5.7)	(4.9)	(4.2)	(6.3)	(1.7)	(2.9)	(8.8)	(10.9)	(0.3)	(11.2)	(8.7)
<b>Total lead distance</b>	<b>867</b>	<b>846</b>	<b>841</b>	<b>835</b>	<b>841</b>	<b>864</b>	<b>864</b>	<b>856</b>	<b>785</b>	<b>774</b>	<b>819</b>	<b>828</b>	<b>811</b>
YoY growth (%)	(0.9)	(3.2)	(6.9)	(5.6)	(3.8)	(2.6)	(1.5)	(4.4)	(9.6)	(10.6)	(3.4)	(3.9)	(6.5)

Source: Indian Railways, BOBCAPS Research

**NTKM decline of 14% was a bit lower than the 16% drop in July**

**FIG 8 – NTKM DOWNSLIDE EASED SLIGHTLY TO 14% IN AUG'20**

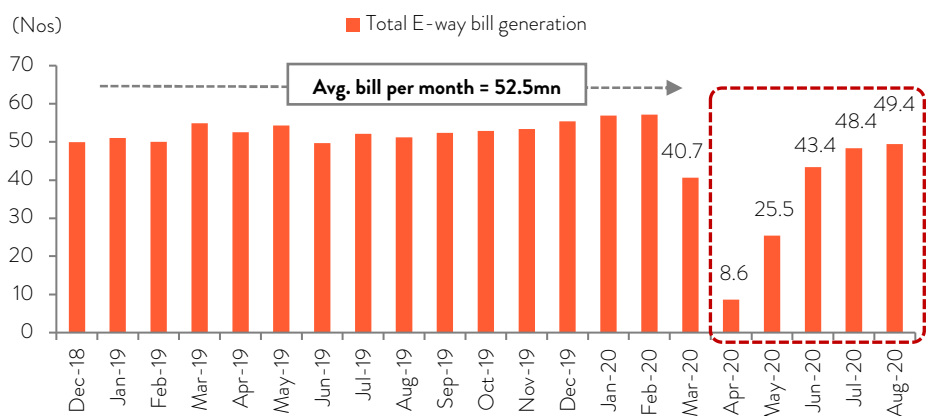


Source: Indian Railways, BOBCAPS Research

### E-way bill collection

**E-way bill numbers appear to have stabilised at 90-95% of pre-Covid levels**

**FIG 9 – E-WAY BILLS GENERATED IN AUG'20 TOTALLED 49.4MN**



Source: Company, BOBCAPS Research

### EXIM trade

**FIG 10 – CORE EXIM TRADE DECLINED 19% YOY IN AUG'20, FASTER THAN 16% IN JUL'20**

(US\$ bn)	Aug-19	Sep-19	Oct-19	Nov-19	Dec-19	Jan-20	Feb-20	Mar-20	Apr-20	May-20	Jun-20	Jul-20	Aug-20
<b>Total EXIM trade</b>	<b>65.8</b>	<b>62.9</b>	<b>63.8</b>	<b>64.1</b>	<b>66.0</b>	<b>67.1</b>	<b>65.2</b>	<b>52.6</b>	<b>27.5</b>	<b>41.3</b>	<b>43.0</b>	<b>52.1</b>	<b>52.2</b>
YoY growth (%)	(10.5)	(11.0)	(10.6)	(8.1)	(6.0)	(1.1)	2.7	(31.2)	(59.3)	(45.2)	(38.9)	(21.2)	(20.8)
<b>Total exports</b>	<b>26.0</b>	<b>26.0</b>	<b>26.4</b>	<b>26.0</b>	<b>27.4</b>	<b>26.0</b>	<b>27.7</b>	<b>21.4</b>	<b>10.4</b>	<b>19.1</b>	<b>21.9</b>	<b>23.6</b>	<b>22.7</b>
YoY growth (%)	(6.5)	(6.6)	(1.1)	(0.3)	(1.8)	(1.7)	2.9	(34.6)	(60.3)	(36.5)	(12.4)	(10.2)	(12.7)
<b>Non-oil, non-gold exports</b>	<b>19.6</b>	<b>19.0</b>	<b>19.0</b>	<b>19.3</b>	<b>21.1</b>	<b>19.8</b>	<b>21.2</b>	<b>16.9</b>	<b>9.1</b>	<b>16.4</b>	<b>18.5</b>	<b>20.4</b>	<b>19.0</b>
YoY growth (%)	(5.7)	(4.2)	0.6	4.1	(0.5)	(0.8)	6.2	(34.2)	(53.5)	(23.6)	(3.5)	3.4	(3.2)
<b>Total imports</b>	<b>39.9</b>	<b>36.9</b>	<b>37.4</b>	<b>38.1</b>	<b>38.6</b>	<b>41.1</b>	<b>37.5</b>	<b>31.2</b>	<b>17.1</b>	<b>22.2</b>	<b>21.1</b>	<b>28.5</b>	<b>29.5</b>
YoY growth (%)	(12.9)	(13.8)	(16.3)	(12.7)	(8.8)	(0.8)	2.5	(28.7)	(58.6)	(51.0)	(53.5)	(28.4)	(26.0)
<b>Non-oil, non-gold imports</b>	<b>27.5</b>	<b>26.6</b>	<b>25.9</b>	<b>24.1</b>	<b>25.5</b>	<b>26.6</b>	<b>24.4</b>	<b>19.9</b>	<b>12.5</b>	<b>18.6</b>	<b>15.6</b>	<b>20.2</b>	<b>19.4</b>
YoY growth (%)	(7.7)	(8.9)	(10.1)	(12.0)	(12.2)	(4.7)	0.3	(30.5)	(52.2)	(34.2)	(41.4)	(29.2)	(29.6)
<b>Non-oil, non-gold EXIM</b>	<b>47.1</b>	<b>45.6</b>	<b>45.0</b>	<b>43.4</b>	<b>46.5</b>	<b>46.4</b>	<b>45.6</b>	<b>36.8</b>	<b>21.5</b>	<b>35.0</b>	<b>34.1</b>	<b>40.5</b>	<b>38.3</b>
YoY growth (%)	(6.9)	(7.0)	(5.8)	(5.5)	(7.3)	(3.0)	3.0	(32.2)	(52.8)	(29.6)	(25.5)	(15.8)	(18.6)

Source: Ministry of Commerce and Industry, BOBCAPS Research

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