

India Economics

Monthly Chartbook

September 2018

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RBI decision depends on INR

While PMI data is pointing to some slowdown in economic activity, underlying consumption remains robust and investment cycle points to a continued cyclical recovery led by infra and housing. Higher oil prices are driving increase in trade deficits, now at 5-year high and leading to INR depreciation of 12.3% in CYTD18. Notably, FPI outflows have reversed in the last two months. Inflation is likely to see a seasonal dip before inching up again in Q4FY19. However, yields have increased as INR depreciates. A 4.8% dip since last policy implies RBI will remain vigilant in October.

Consumption is improving: Q1 consumption increased by 8.6% compared with 6.7% and 6.9% increase in Q4 and Q1 of last financial year. The increase has sustained in Q2 as well given rising electronic imports and durable goods production. Though, car sales and two-wheeler sales have shown some deceleration. Given the widespread distribution of monsoon and record food grain production at 248.8mn tons (up 3.5%), agriculture output is likely to remain buoyant (up 5.3% in Q1). With higher MSPs for kharif crops, rural consumption is likely to improve. State pay commissions will add to urban consumption.

PMIs see some moderation: Manufacturing PMI dropped to 51.7 in Aug'18 from 52.3 in Jul'18 and services PMI dropped to 51.9 in Aug'18 from 54.1 in Jul'18 led by dip in new orders. The depreciation of INR is

likely to raise input costs for industry which implies margin pressure as we go ahead. Broad indicators of manufacturing and services such as port cargo, railway freight, air and railway passenger are showing continued growth. On the other hand, CV sales and tourist arrivals have been slightly lower. State revenue receipts are also holding up. Capital goods imports remain resilient.

Inflation on the mend: CPI inflation moderated to 4.2% in Jul'18 led by lower food inflation. Core inflation remained elevated at 6.3%. However, CPI inflation is likely to fall to 3.8% in Aug'18 on the back of declining food inflation. At the same time, a depreciating currency will put upward pressure on inflation in the coming months. The 17% (CPI weighted) increase in MSPs for kharif season will also add to inflation. International oil prices also rose by 4% in Aug'18. This will also add to inflationary pressure. However, lower food inflation will mitigate these risks.

INR under pressure: FPI inflows in Aug'18 were US\$ 77mn vs US\$ 313mn in Jul'18. RBI's overall CYTD18 intervention (cash + forward) is at US\$ 6.7bn. With trade deficit rising to US\$ 18bn, a 5-year high, and sharp depreciation in EM currencies, INR fell by 3.6% in Aug'18. It has further fallen by another 1% in Sep'18. While FDI inflows are improving, rising oil prices has put pressure on INR.

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

Consumption

Final consumption expenditure

FIG 1 – CONSUMPTION GREW BY 8.6% IN Q1FY19 AS AGAINST 6.9% IN Q1FY18

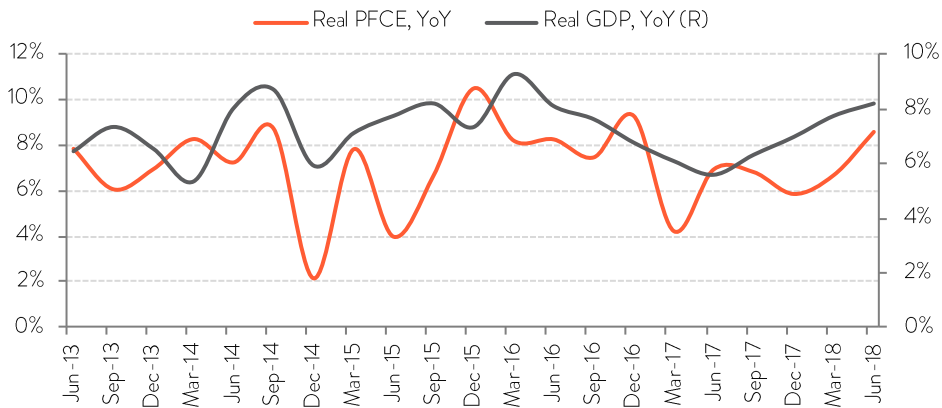


FIG 2 – SLOWDOWN IN GOVERNMENT CONSUMPTION

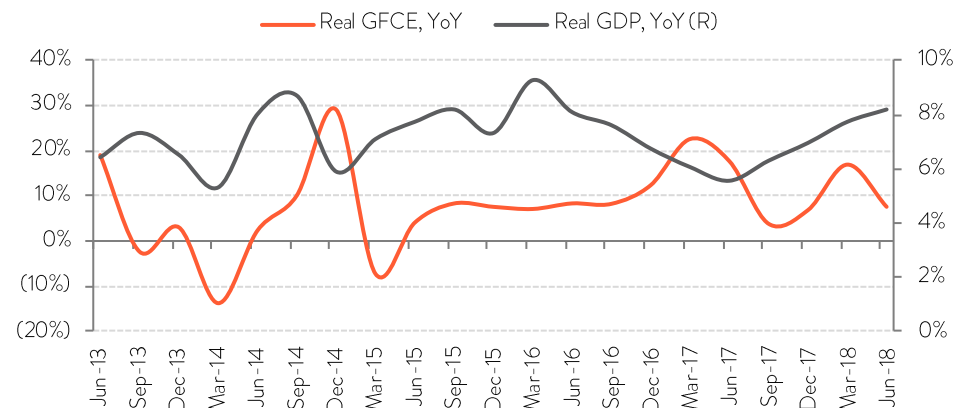


FIG 3 – GENERAL GOV REVENUE SPENDING DIPS, LED BY CENTRE...

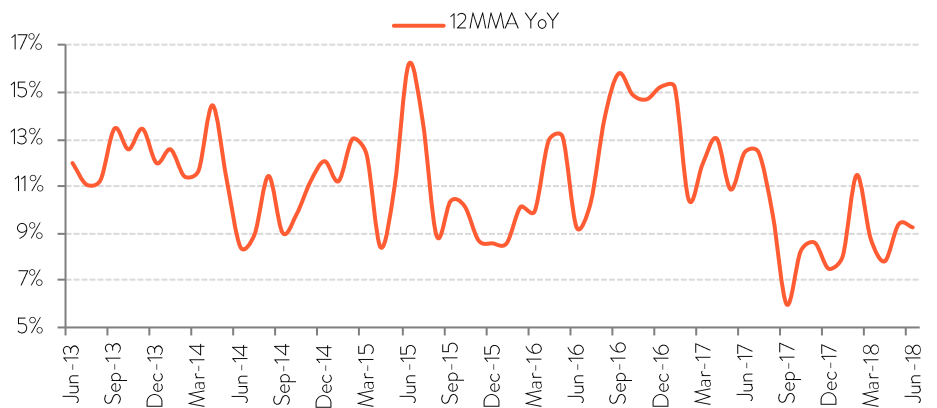
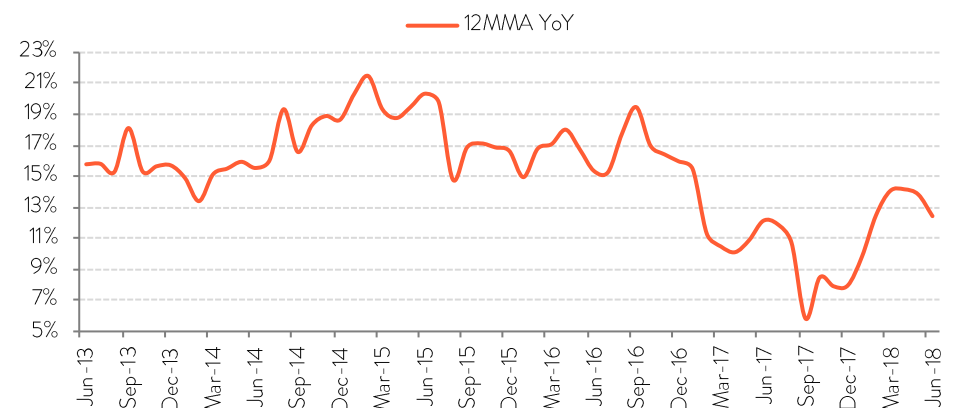


FIG 4 – ... STATE* GOV REVENUE SPENDING TOO DECLINES



Note: *All states excluding N.E states, Andhra Pradesh, Goa, J&K, Odisha & W.Bengal

Non-oil imports, electronic imports

FIG 5 – NON-OIL-NON-GOLD IMPORTS REMAINS STEADY

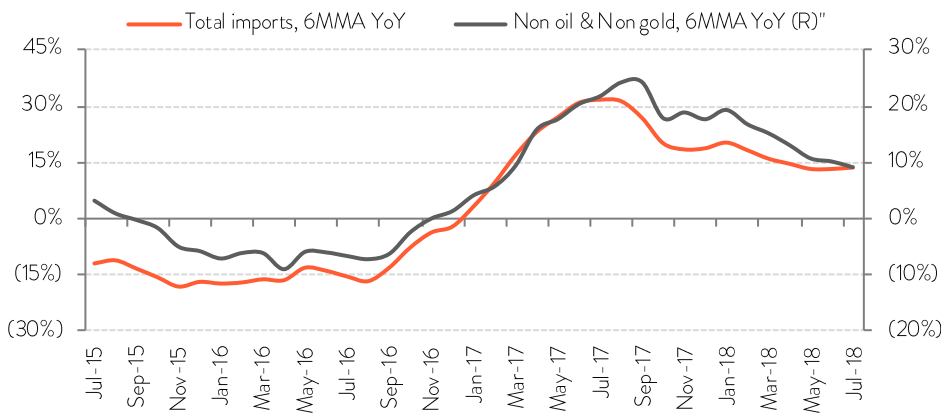


FIG 6 – PICK UP IN ELECTRONIC IMPORTS

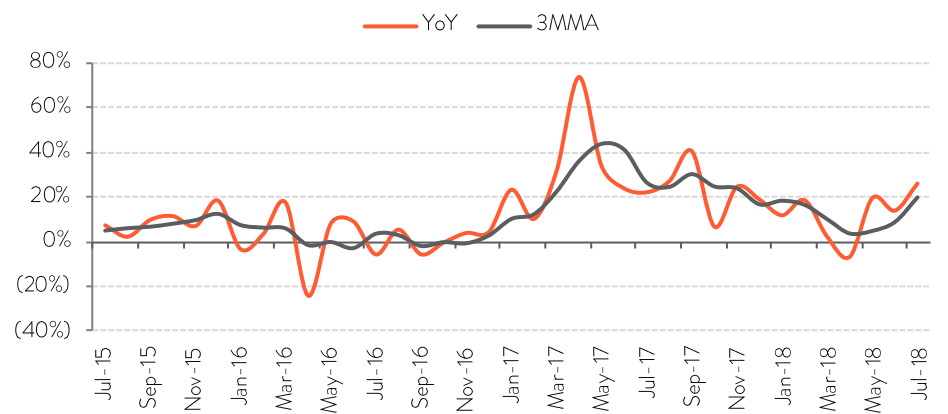


FIG 7 – PASSENGER CAR SALES PLUNGE TO (-)0.4% IN JUL'18

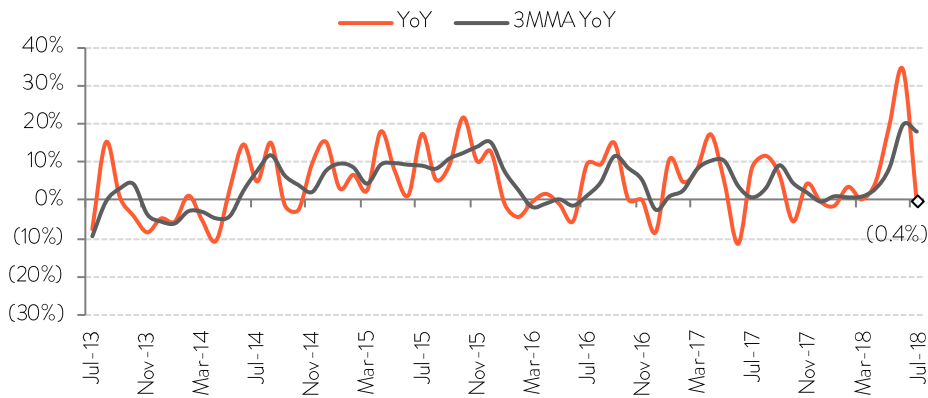
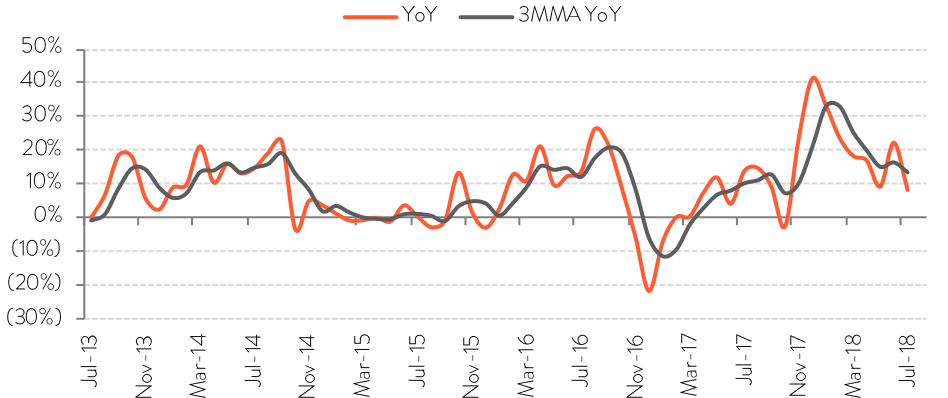


FIG 8 – ... TWO-WHEELER SALES DECELERATE



Credit deployment of personal loans

FIG 9 – CREDIT CARD OUTSTANDING CONTINUES TO GROW IN JUL'18

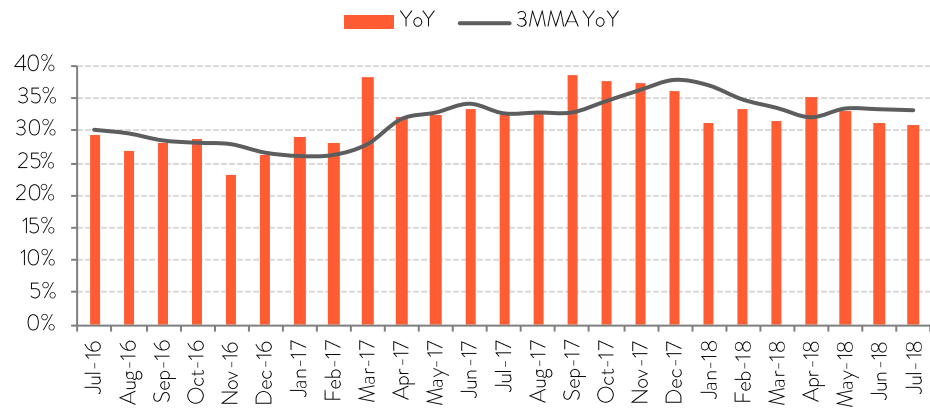


FIG 10 – PERSONAL LOANS MODERATE A BIT

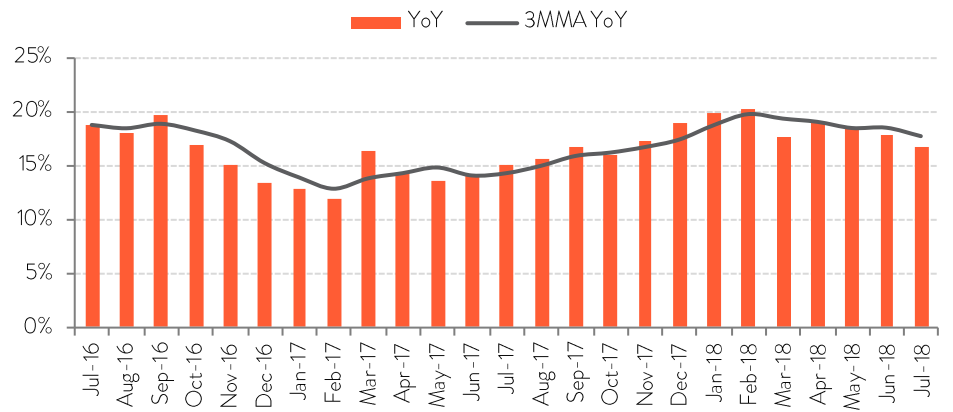


FIG 11 – VEHICLE LOANS CONTINUES TO REMAIN STABLE

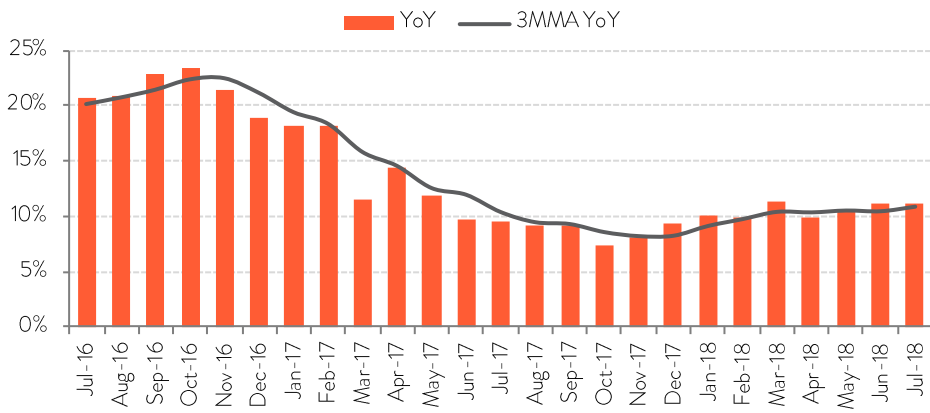
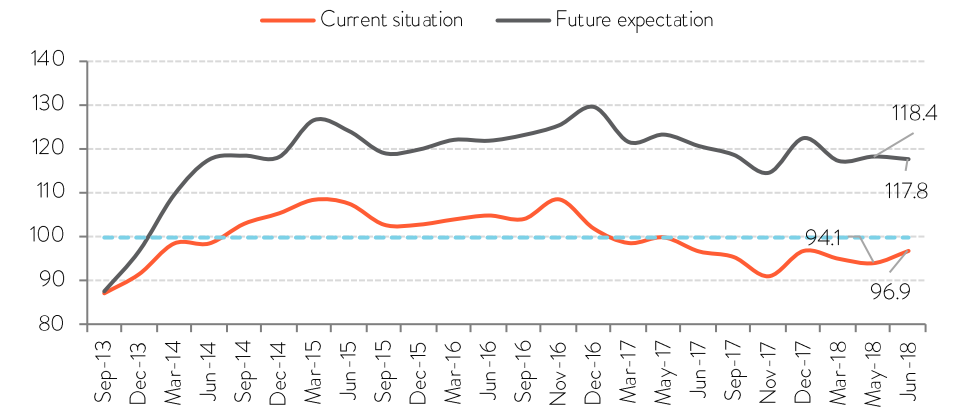


FIG 12 – CONSUMER CONFIDENCE REMAINS STEADY



Consumer durables & non-durables production

FIG 13 – CONSUMER DURABLES OUTPUT IMPROVES IN JUN'18

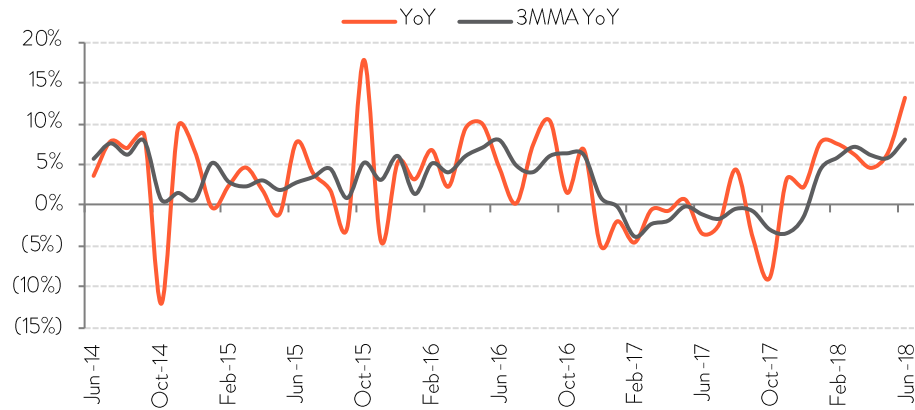
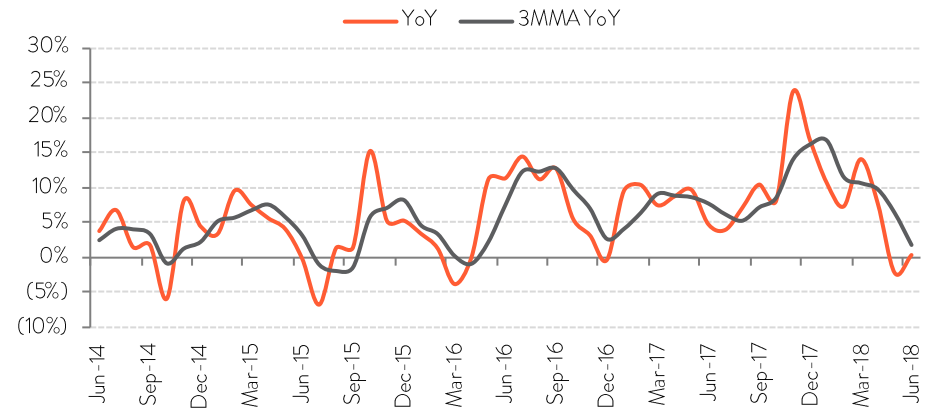


FIG 14 – ...MARGINAL PICK UP IN FMCG OUTPUT



Agriculture

FIG 15 – AGRICULTURE GROWTH JUMPS TO 5.3% IN Q1FY19 AGAINST 3% IN Q1FY18

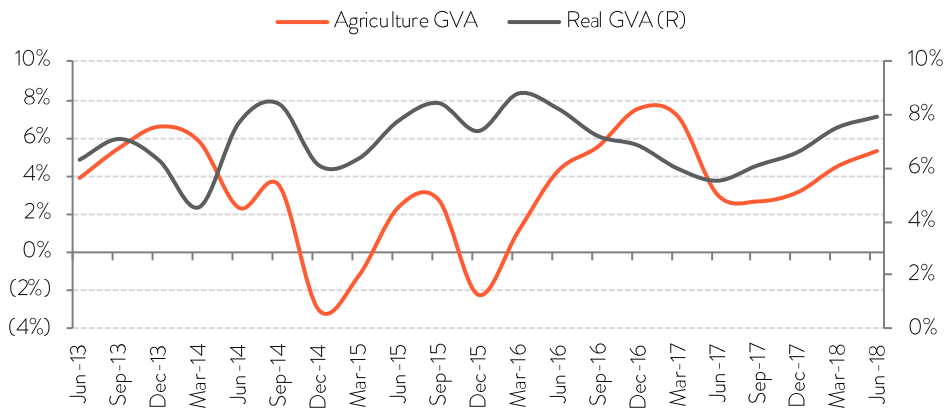
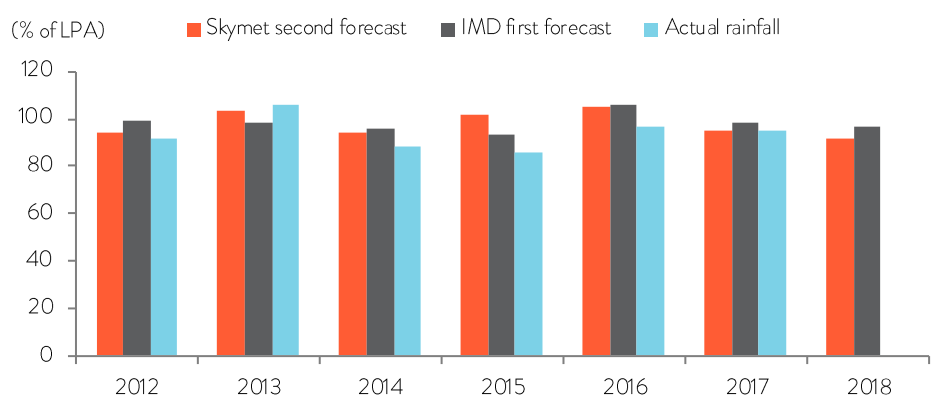


FIG 16 – SKYMET SECOND FORECAST AT 92% OF LPA AGAINST 100% FOR FIRST FORECAST



Source: Skymet Projections, IMD Projections

FIG 17 – STOCK OF FOODGRAINS ROSE TO 66 MN TN IN JUL'18 COMPARED TO 54 MN TN IN JUN'17

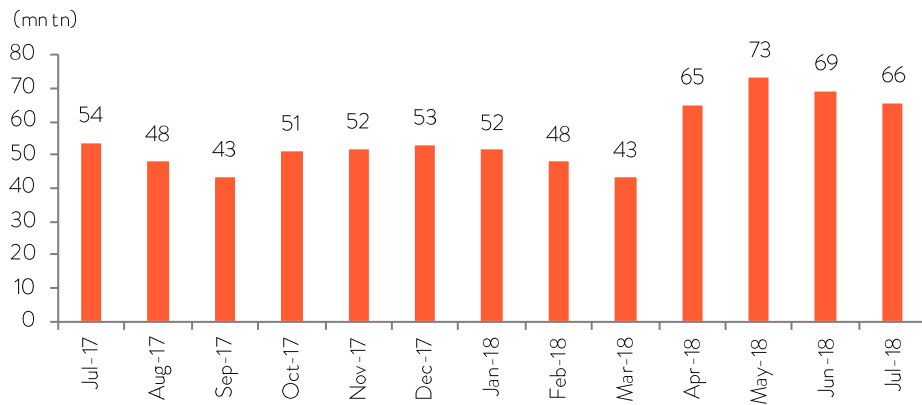


FIG 18 – RICE PROCUREMENT IS HIGHER THAN WHEAT

Year	Wheat	Rice
2010-11	22.51	34.20
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	36.49*
2018-19	35.52**	-

Source: Ministry of Consumer Affairs, Food and Public Distribution | *As on: 31 Aug 2018 | **As on: 6 Jul 2018

FIG 19 – AGRICULTURE CREDIT IMPROVES TO 6.6% IN JUL'18

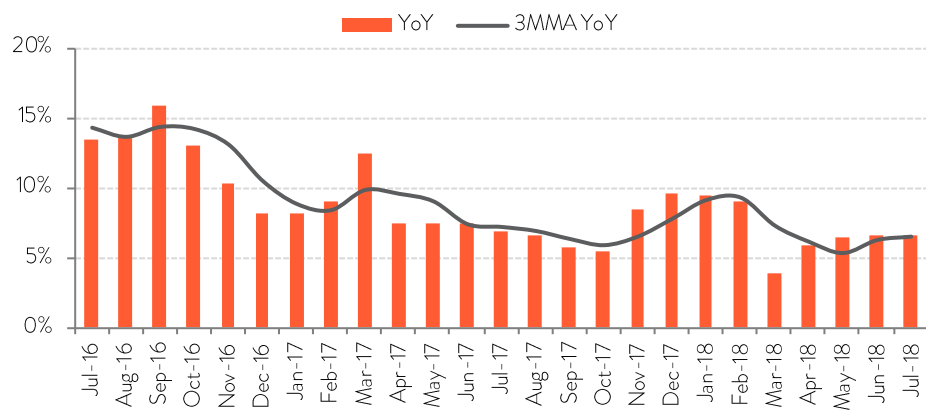


FIG 20 – RURAL WAGES (MEN) CONTINUE TO REMAIN STABLE

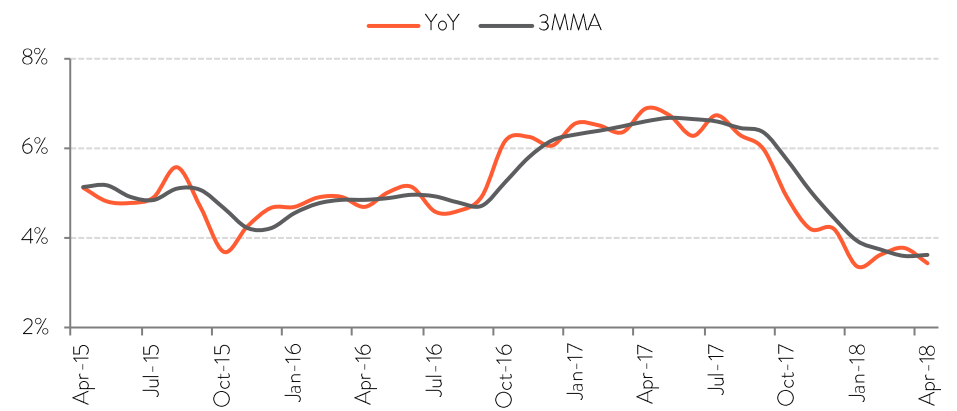
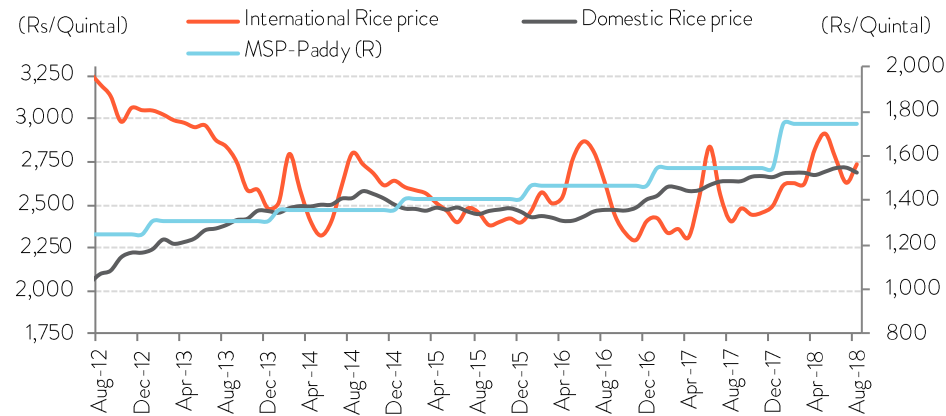
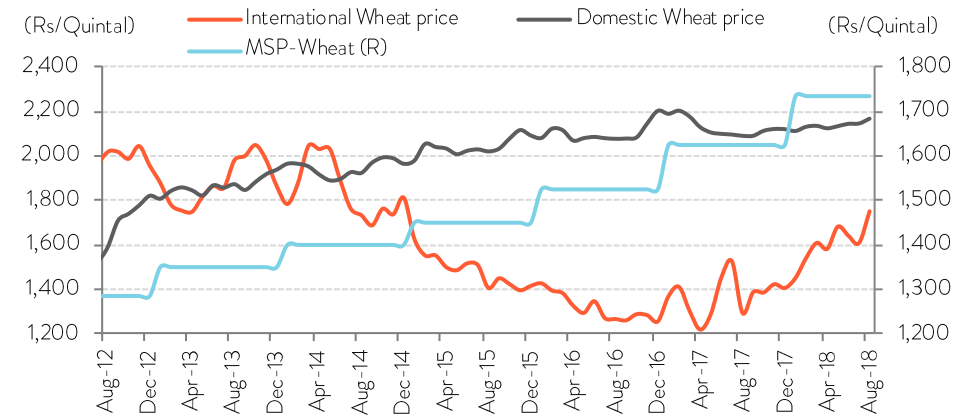


FIG 21 – WHILE INTERNATIONAL PRICES OF RICE ARE RISING; DOMESTIC PRICES ARE FALLING



Source: Bloomberg

FIG 22 – BOTH DOMESTIC PRICES AND INTERNATIONAL RICES ARE RISING

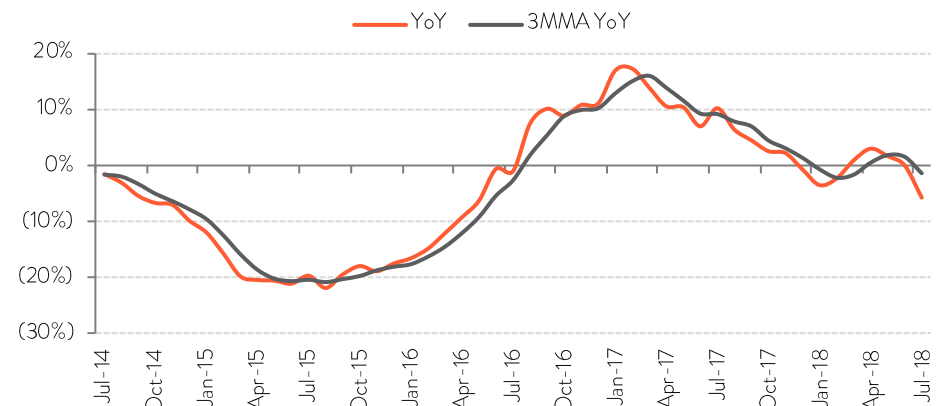


Source: Bloomberg

FIG 23 – KHARIF SOWING RISES

Crop type (ha mn)	Normal area as on date	Area sown in 2018-19	Area sown in 2017-18	Normal area for whole Kharif season	Growth (YoY %)
Food grains	66.9	69.1	69.2	69.6	(0.3)
Cereals	55.2	55.6	55.5	58.4	0.2
Rice	37.1	38.2	37.3	39.6	2.3
Pulses	11.7	13.4	13.7	11.2	(2.2)
Oilseeds	18.1	17.4	16.9	18.4	2.8
Cotton	11.5	11.8	12.1	12.0	(2.4)
Sugarcane	4.6	5.2	5.0	5.0	4.2
Jute and Mesta	0.8	0.7	0.7	0.8	(0.7)
Total	101.9	104.2	104.0	105.8	0.2

FIG 24 – GLOBAL FOOD PRICES SOFTENS TO 0.9% IN JUN'18



Source: FAO

Inflation

FIG 25 – RETAIL INFLATION SOFTENED TO 4.2% IN JUN'18 IN JUL'18 VS 4.9% IN JUN'18...

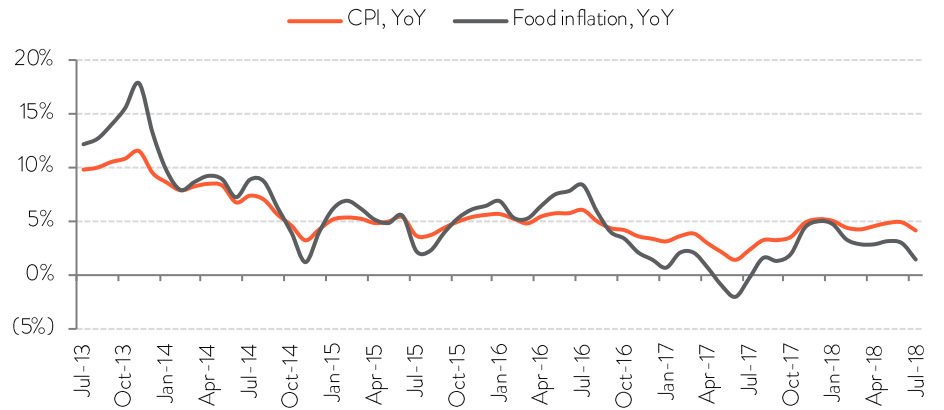


FIG 26 – ...LED BY FOOD WHICH WAS AT ITS 10-MONTH LOW OF 1.4%

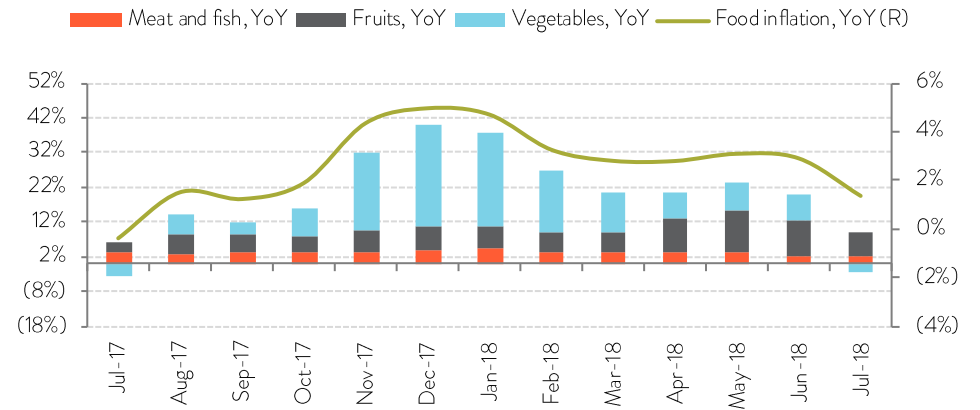
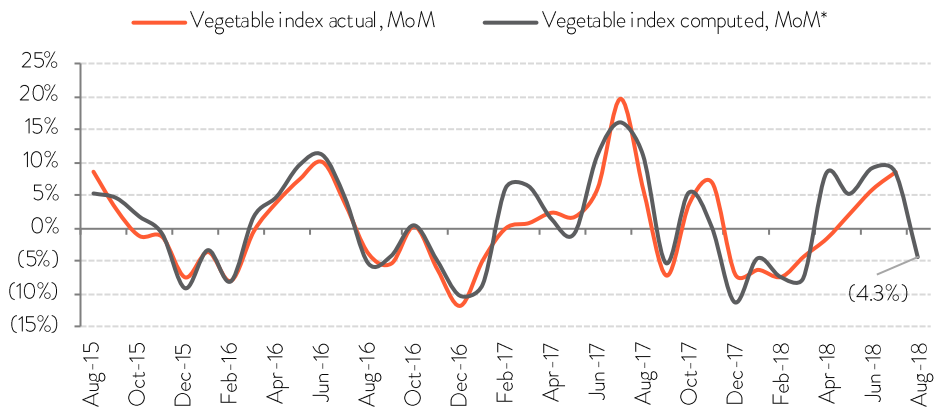


FIG 27 – VEGTABLE PRICES IS SEEN FALLING LATELY AS WELL



Source: NHB | *Vegetable index computed using average retail price of major items

FIG 28 – CORE INFLATION ALSO EDGED DOWN BY 10BPS IN JUL'18 VS JUN'18

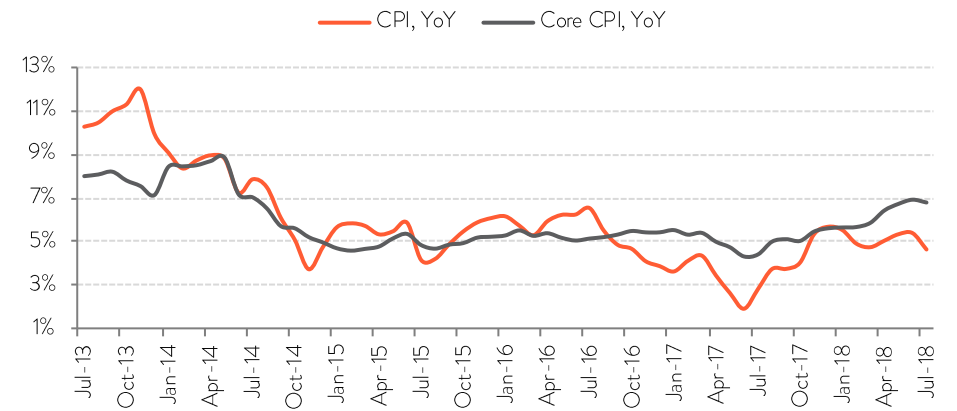


FIG 29 – ...LED BY BROAD BASED DECLINE IN ALL CATEGORIES

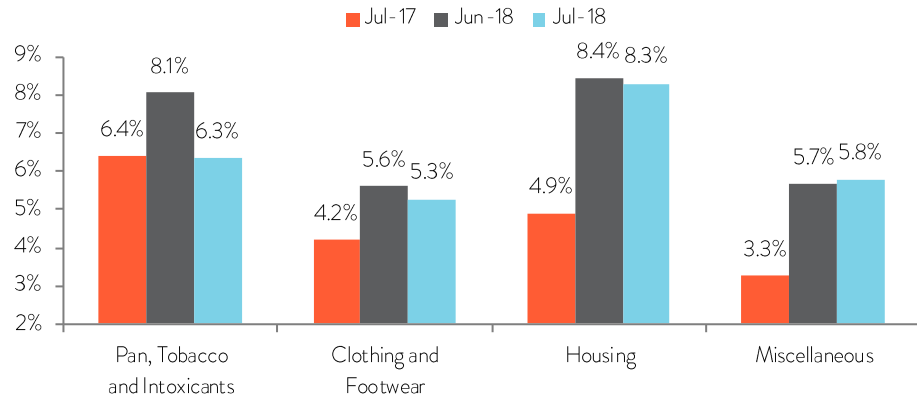


FIG 30 – HOWEVER CPI EXCL VEGETABLES, PULSES & HOUSING (VOLATILE ITEMS) INCHED UP SLIGHTLY

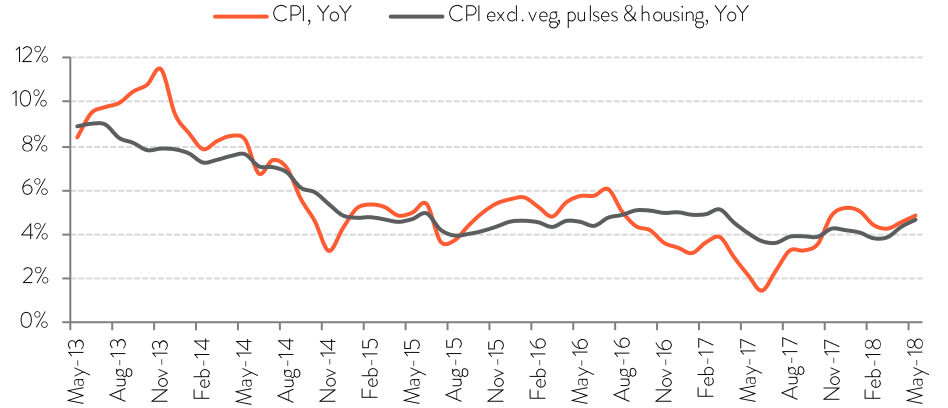


FIG 31 – RETAIL PRICES OF PETROL & DIESEL EDGED UP SLIGHTLY IN AUG'18

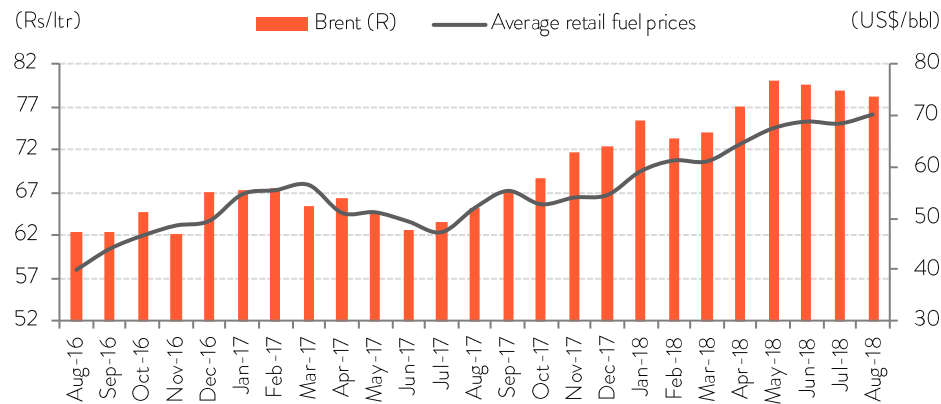
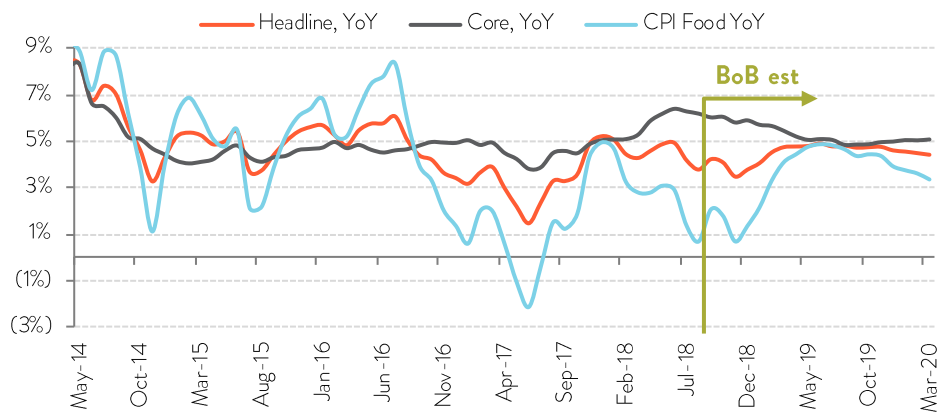


FIG 32 – INFLATION IS LIKELY TO COOL OFF IN Q2 & Q3 FY19



Industry

FIG 33 – INDUSTRIAL OUTPUT ACCELERATES TO 10.3% IN Q1FY19

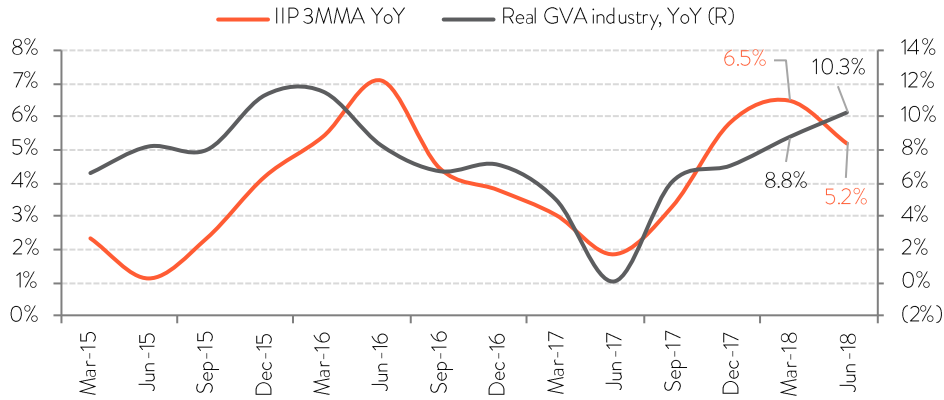


FIG 34 – ... BARRING ELECTRICITY, BROAD BASED IMPROVEMENT ON YOY BASIS

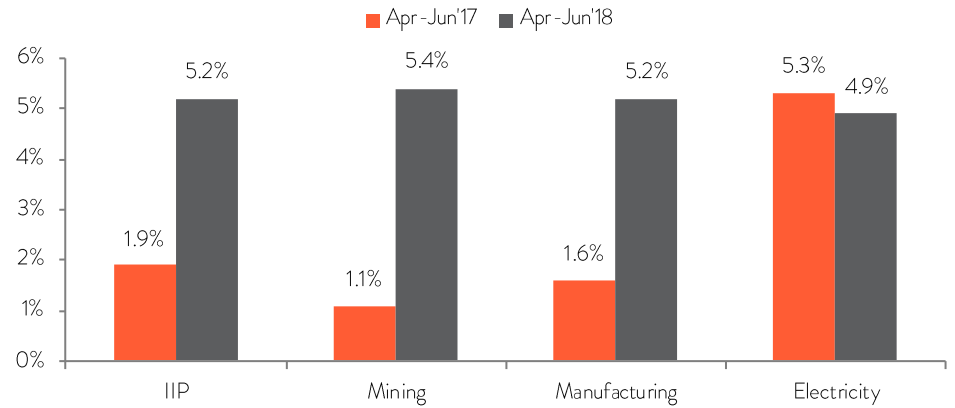


FIG 35 – PRIMARY GOODS PUSHED IIP UPWARDS

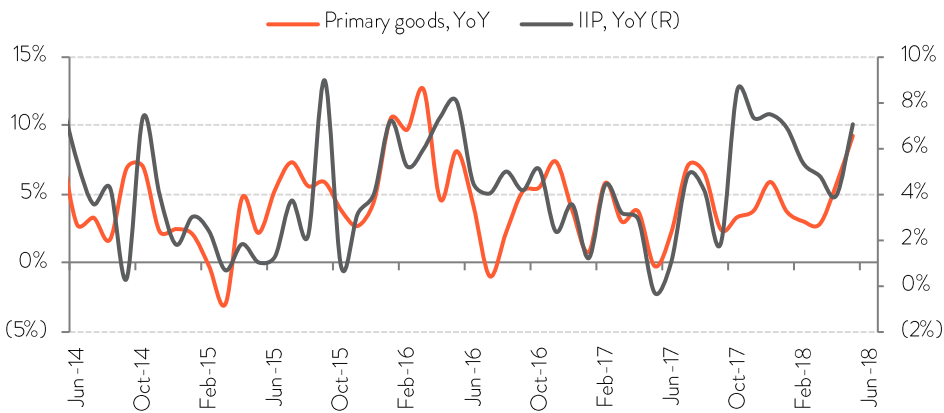


FIG 36 – CAP GOODS DOING THE SAME

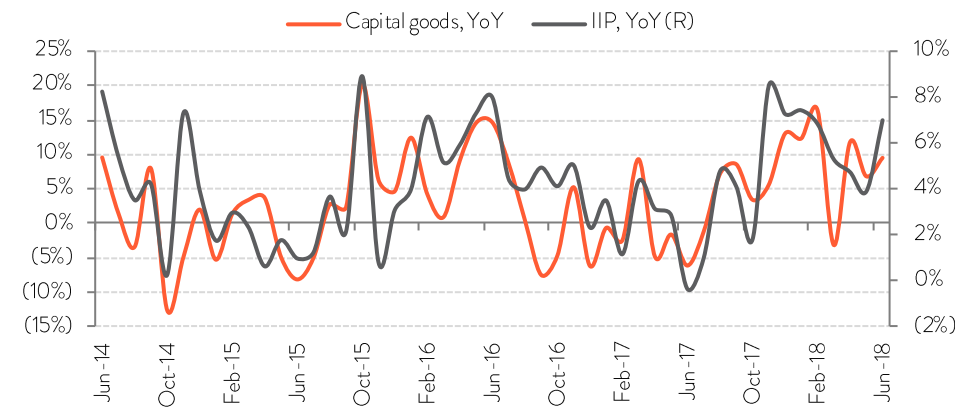


FIG 37 – INDUSTRIAL PRODUCTION PEAKS TO 7% IN JUN'18

Sectoral (%)	Weight	Apr-Jun'17	Apr-Jun'18	Jun-17	May-18	Jun-18
IIIP	100.0	1.9	5.2	(0.3)	3.9	7.0
Mining	77.6	1.1	5.4	0.1	5.8	6.6
Manufacturing	14.4	1.6	5.2	(0.7)	3.7	6.9
Electricity	8.0	5.3	4.9	2.1	4.2	8.5
Use-Based						
Primary Goods	34.1	2.2	5.9	(0.3)	5.7	9.3
Capital Goods	8.2	(4.2)	9.5	(6.1)	6.9	9.6
Intermediate Goods	17.2	1.0	1.6	(1.2)	0.8	2.4
Infrastructure and Construction Goods	12.3	1.7	7.7	1.0	7.4	8.5
Consumer Durables Goods	12.8	(1.2)	7.9	(3.5)	6.4	13.1
Consumer Non-Durables Goods	15.3	7.8	1.8	4.8	(2.1)	0.5

Manufacturing

FIG 38 – MANUFACTURING ACTIVITY CLOCKS DOUBLE DIGIT GROWTH

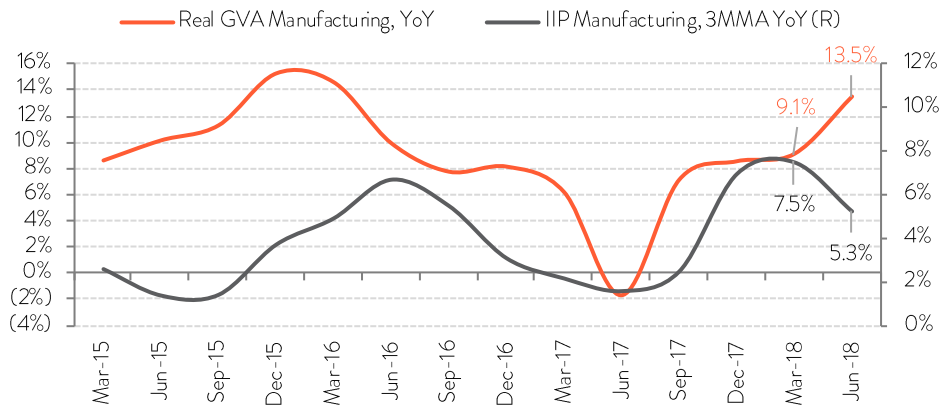
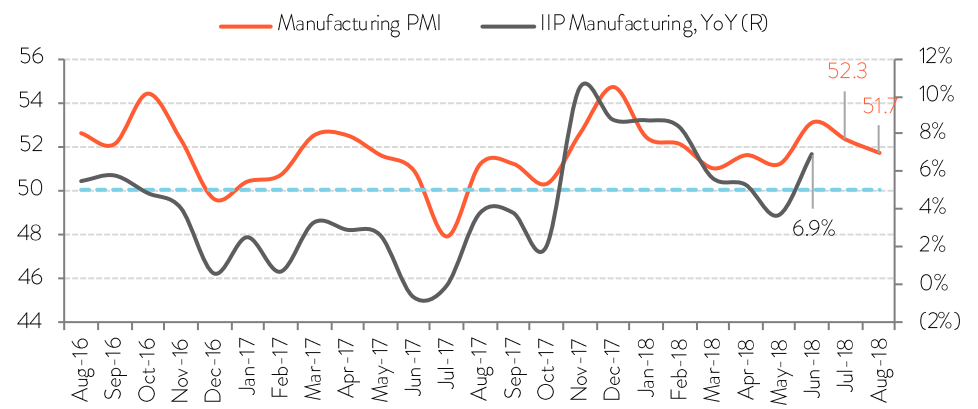


FIG 39 – MANUFACTURING PMI EASES FURTHER TO 51.7 IN AUG'18



Source: Markit

Mining & Electricity

FIG 40 – MINING ACTIVITY DIPS IN Q1FY19

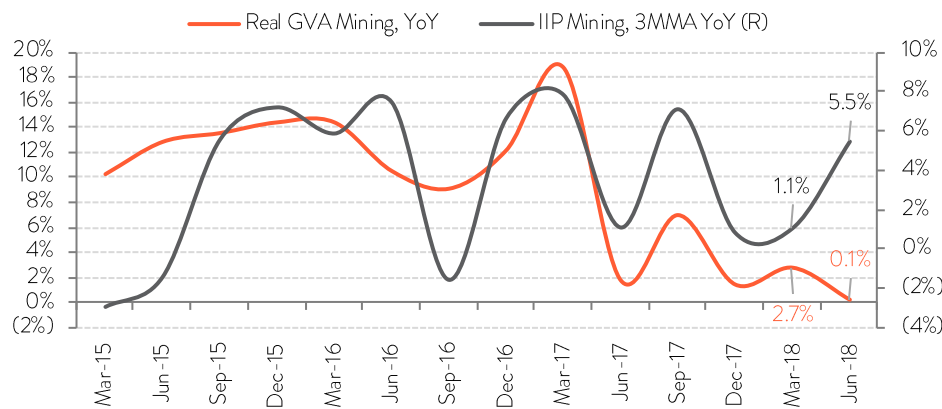
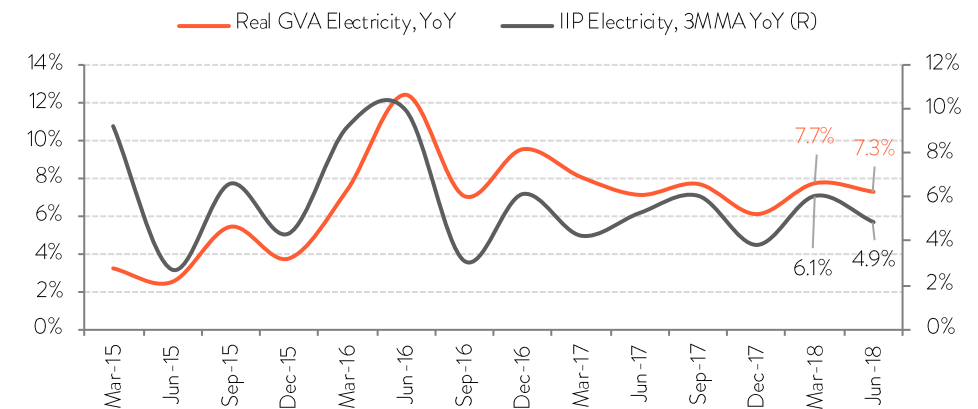


FIG 41 – ELECTRICITY MODERATES TO 7.3% IN Q1FY19



Infrastructure and Construction

FIG 42 – GROWTH IN CONSTRUCTION SECTOR EASES

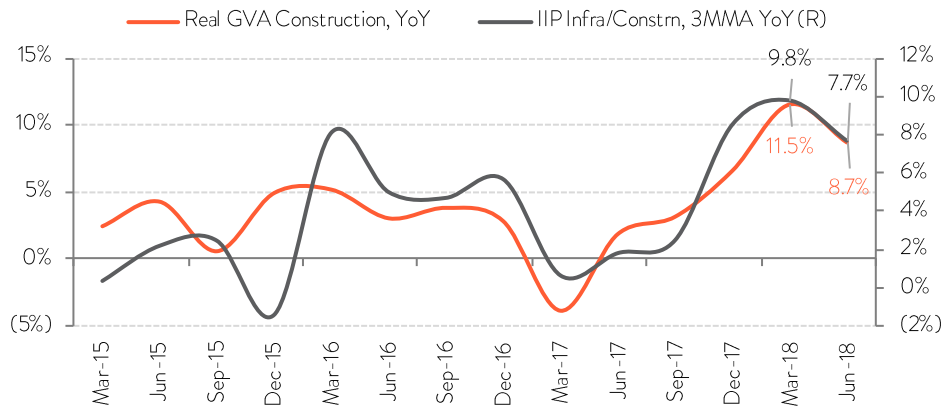
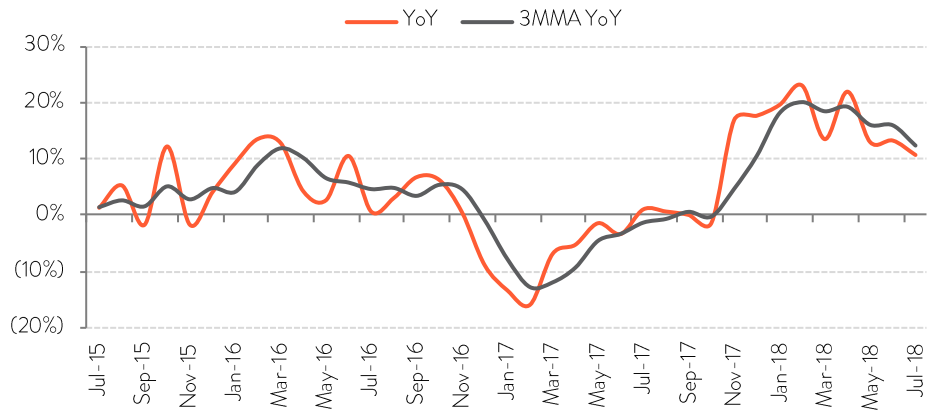


FIG 43 – CEMENT PRODUCTION MODERATES TO 12.3% FROM 13.3% IN JUN'18



Infrastructure Index

FIG 44 – INFRA INDEX SLOWS TO 6.6% IN JUL'18

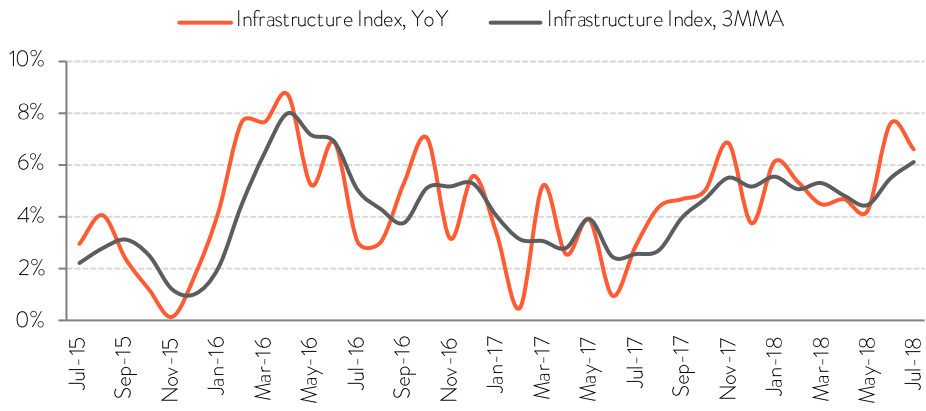
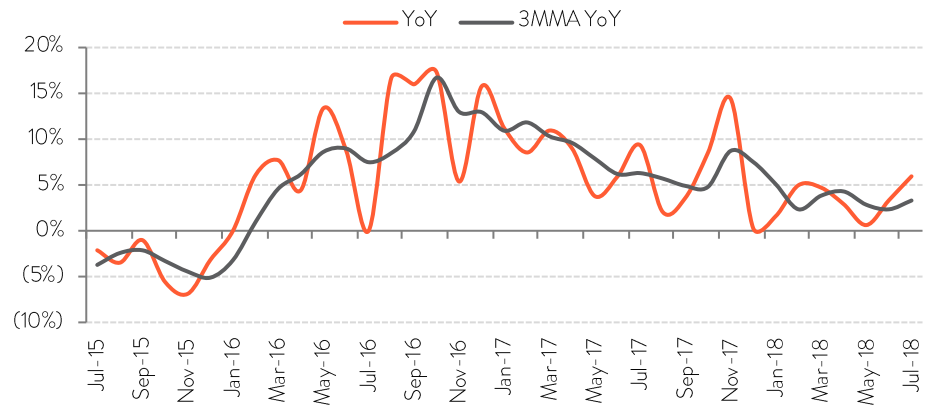


FIG 45 – STEEL PRODUCTION IMPROVES BY 6% IN JUL'18



Auto production & Business expectation index

FIG 46 – AUTO PRODUCTION SLOWS TO 16% IN JUL'18

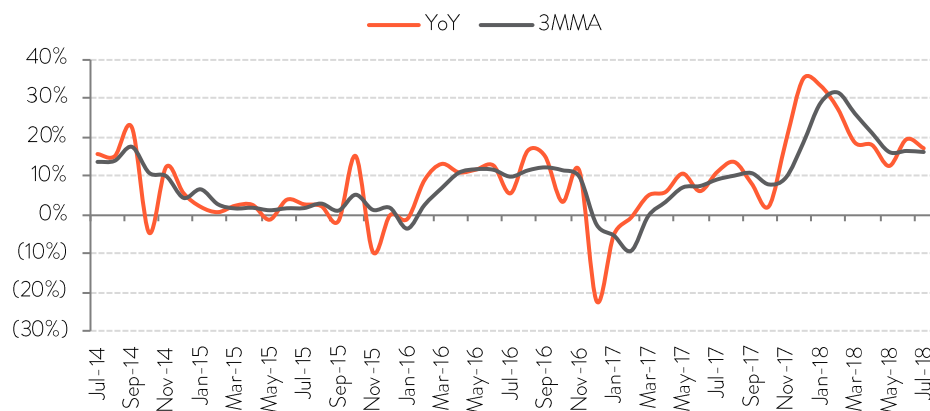


FIG 47 – BUSINESS SENTIMENT MODERATES FOR SEP'18

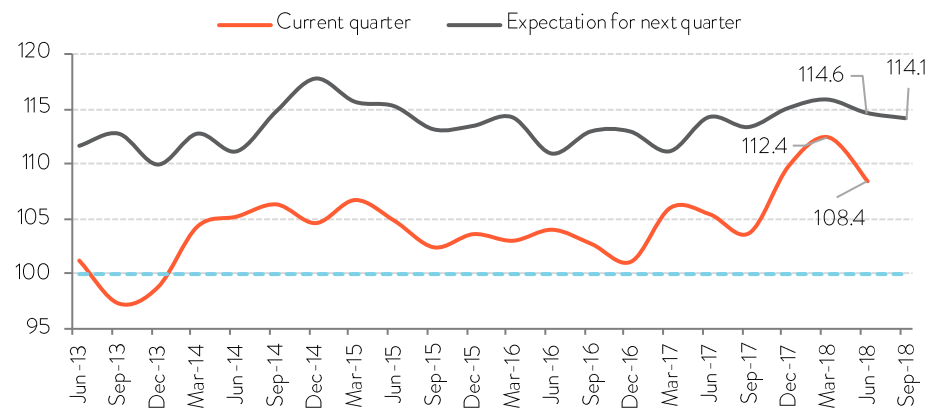


FIG 48 – INFRASTRUCTURE INDEX SLOWS TO 6.6% IN JUN'18

(%)	Weight	Jul-17	May-18	Jun-18	Jul-18
Infrastructure Index	100	2.9	4.3	7.6	6.6
Coal	4.16	0.6	12.2	11.8	9.7
Crude Oil	3.62	(0.5)	(2.9)	(3.4)	(5.4)
Natural Gas	2.77	6.6	(1.4)	(2.7)	(5.2)
Petroleum Refinery Products	11.29	(2.7)	4.9	12.1	12.3
Fertilizers	1.06	0.2	8.4	1.0	1.3
Steel	7.21	9.4	0.7	3.4	6.0
Cement	2.16	1.0	13.0	13.2	10.8
Electricity	7.9	6.6	4.1	8.4	4.8

Investment

FIG 49 – REAL GFCF GROWTH REMAINED ABOVE AVERAGE IN Q1FY19

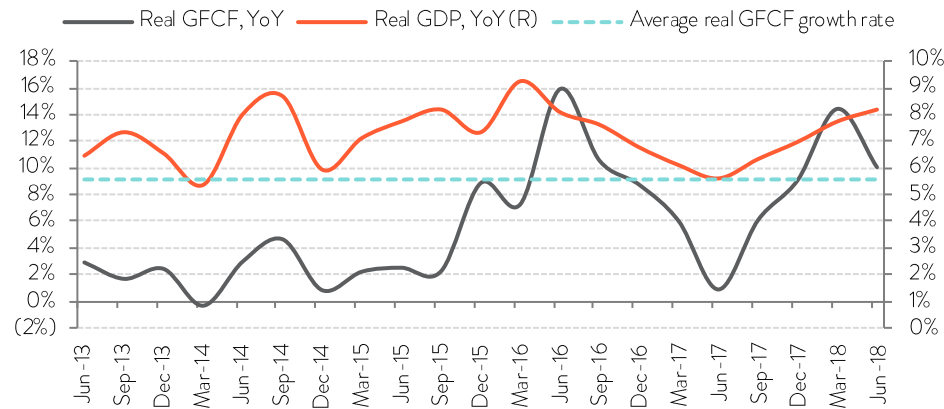


FIG 50 – NOMINAL GFCF GROWTH ALSO REMAINED ROBUST

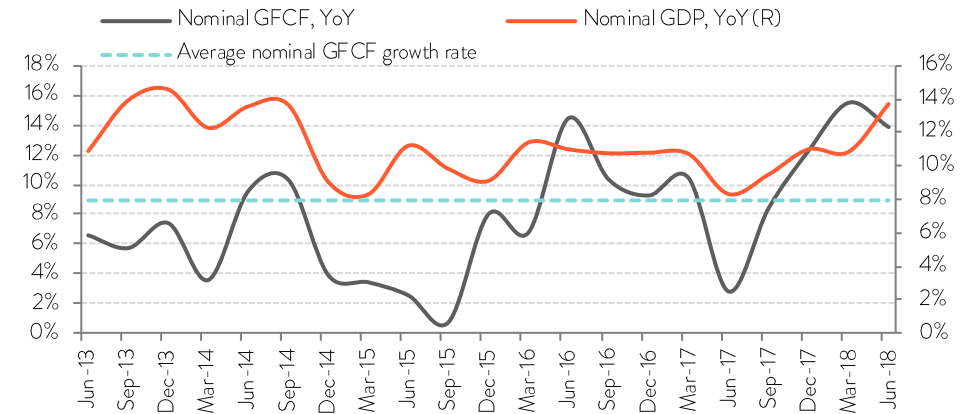


FIG 51 – CAPACITY UTILISATION SHARPLY IMPROVED TO 75% IN MAR'18

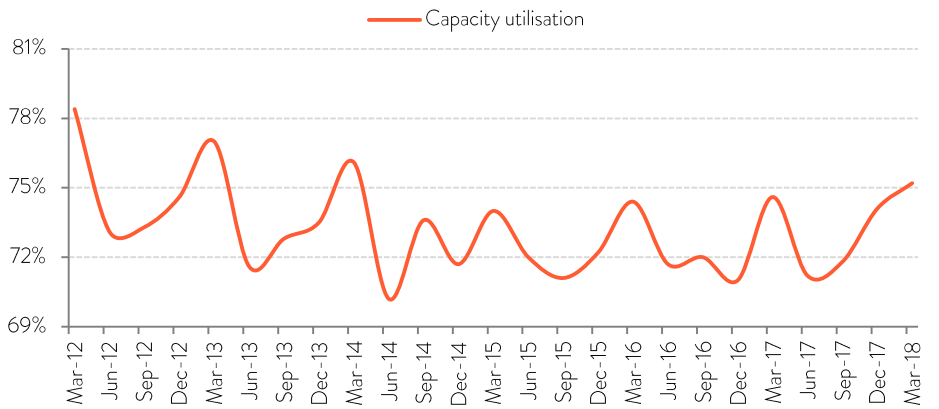


FIG 52 – CAPITAL GOODS PRODUCTION PICKED UP SHARPLY IN JUN'18

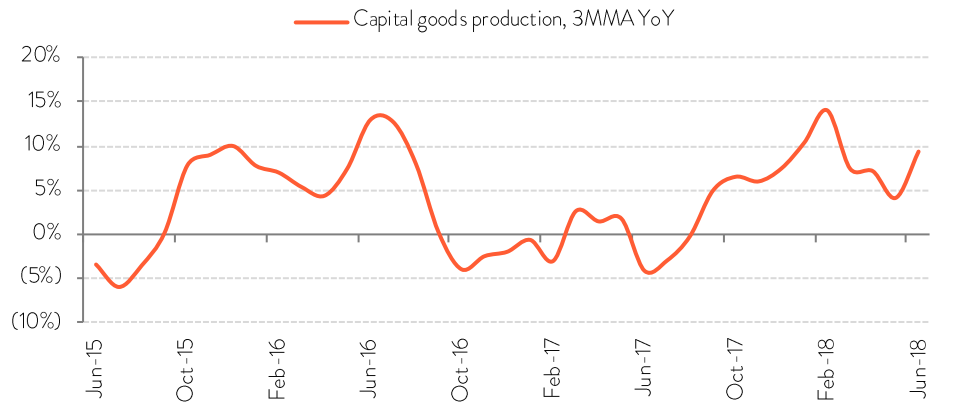


FIG 53 – CAPITAL GOODS IMPORT CONTINUED TO REMAIN BUOYANT IN JUL'18

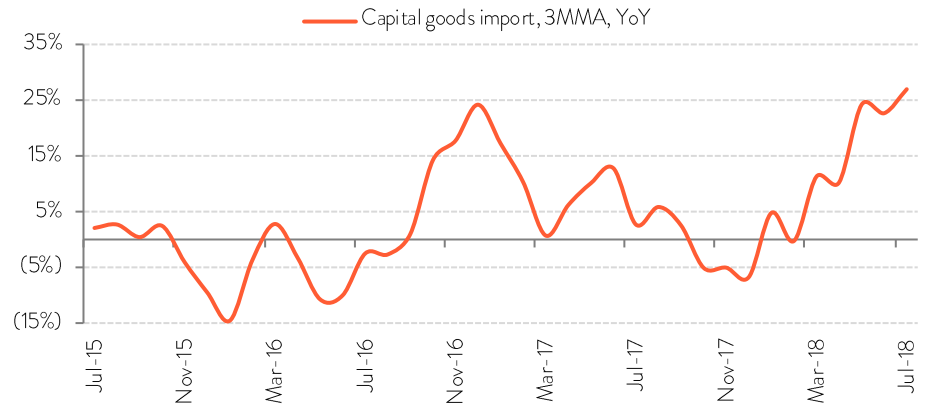


FIG 54 – CENTRAL GOVERNMENT'S SPENDING MODERATED IN JUL'18 ON FISCAL CONSIDERATION

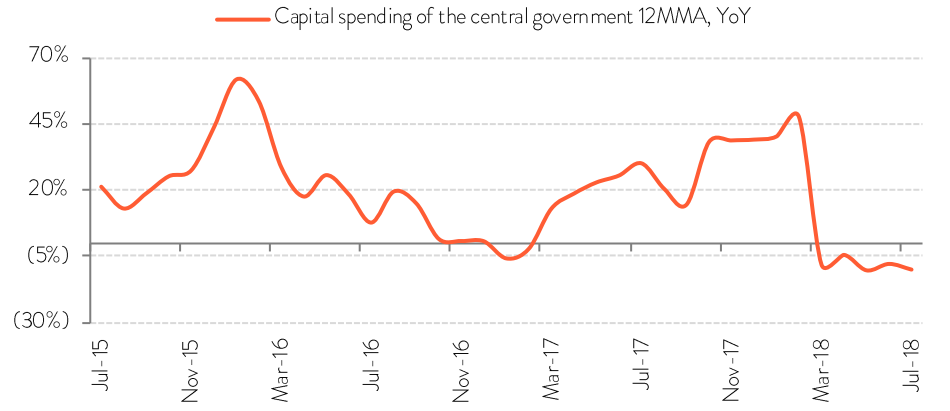


FIG 55 – INDUSTRY CREDIT WAS SUBDUED AT 0.3% IN JUL'18 VS 0.9% IN JUN'18

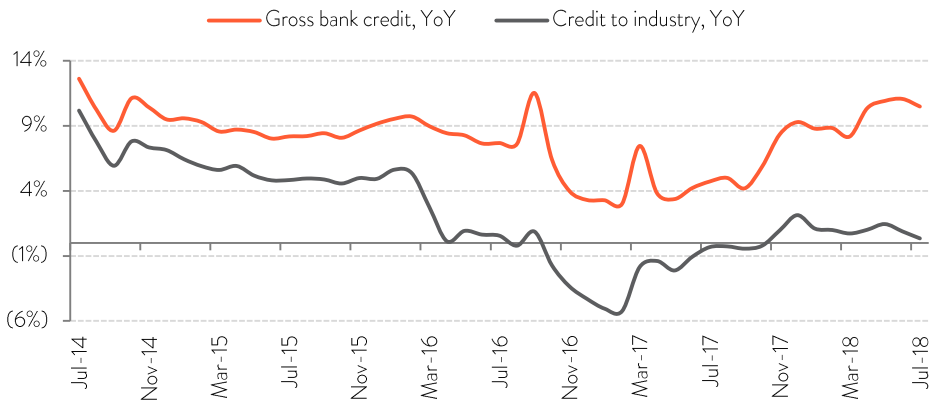


FIG 56 – ...LED BY MUTED CREDIT TO LARGE INDUSTRY

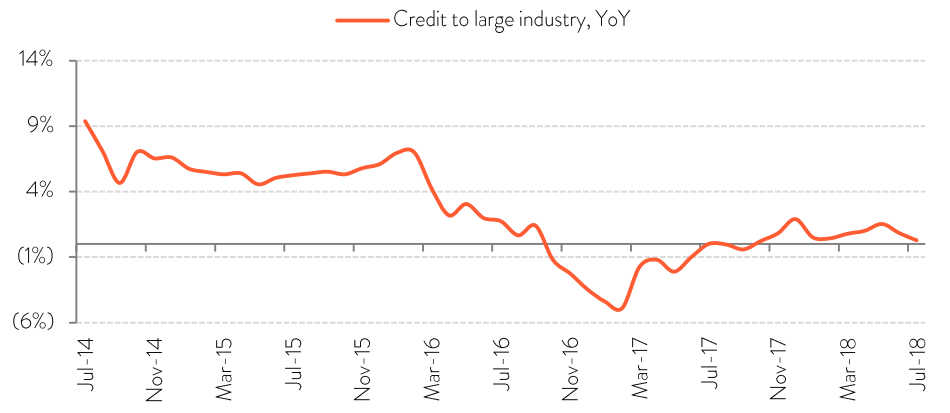


FIG 57 – ...HOWEVER CREDIT TO MEDIUM INDUSTRY PICKED UP

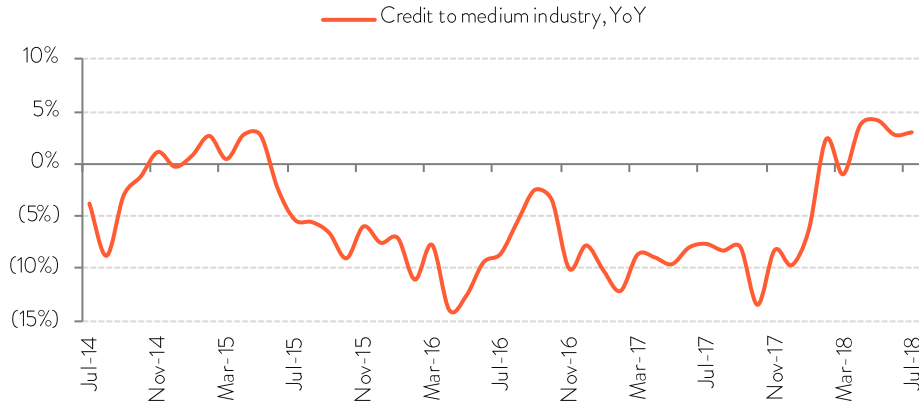


FIG 58 – ...SO IS THE CASE FOR INFRA CREDIT

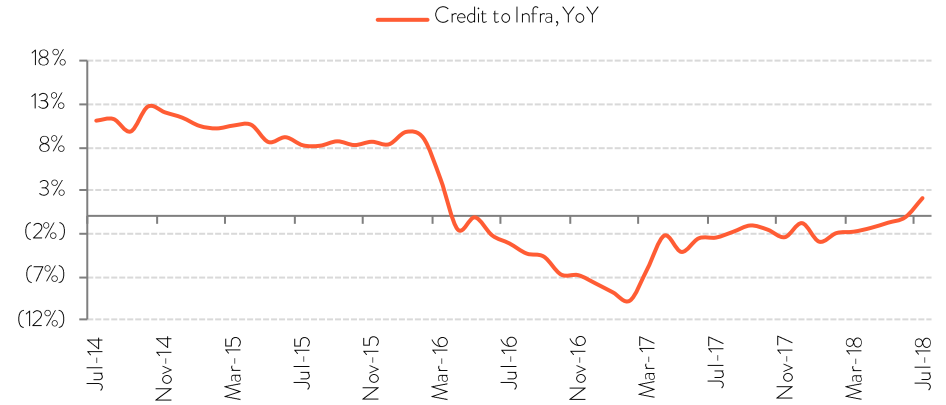


FIG 59 – CREDIT TO HOUSING JUMPED SHARPLY TO 16.5% IN JUL'18 VS 15.8% IN JUN'18

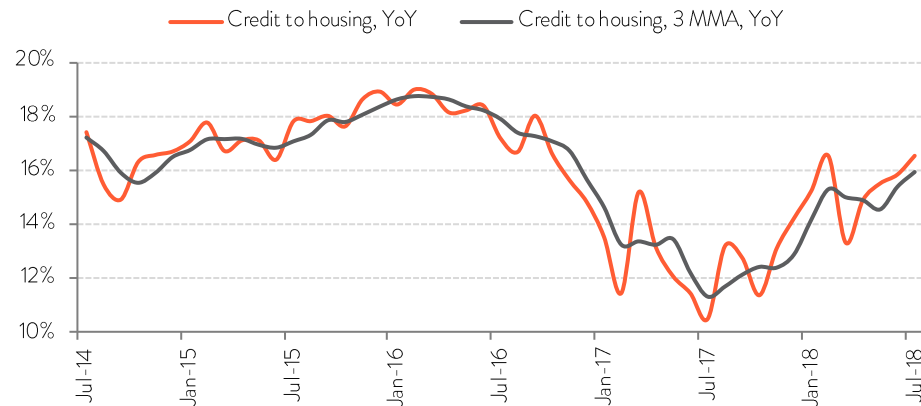
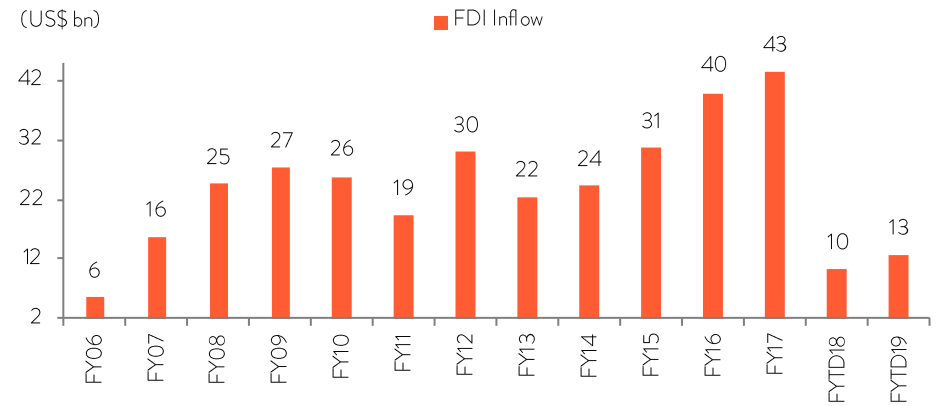


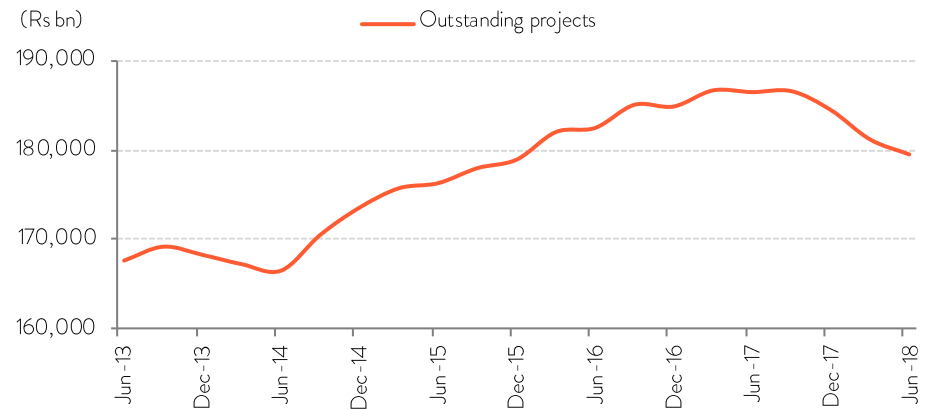
FIG 60 – FDI INFLOW PICKED UP IN FYTD19 COMPARED TO SAME PERIOD OF PREVIOUS YEAR



Source: DIPP | *FYTD: Apr-Jun

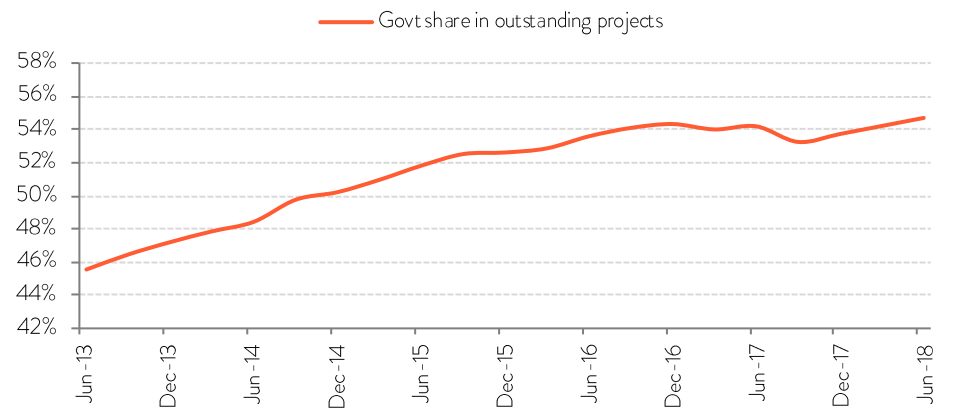
Capex data

FIG 61 – O/S PROJECTS DECLINED IN JUN'18



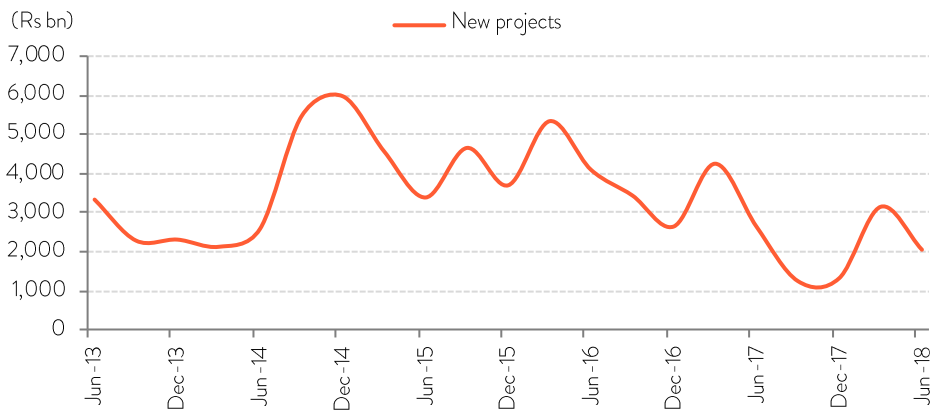
Source: CMIE

FIG 62 – ...GOVT SHARE IN O/S PROJECTS PICKED UP



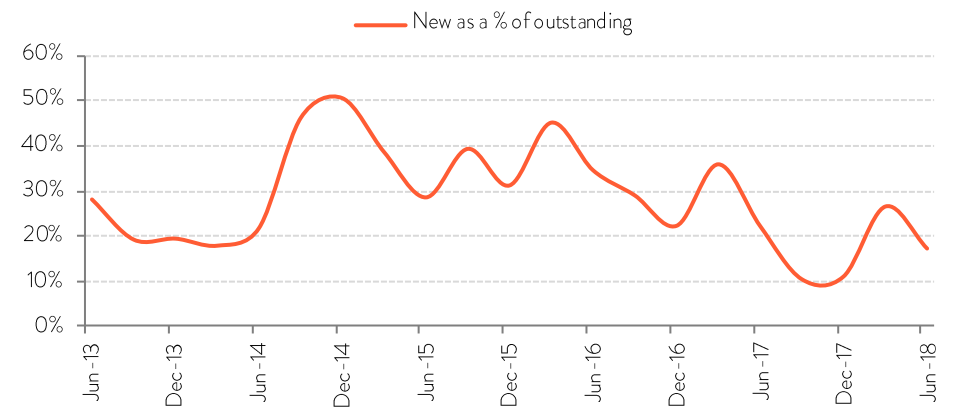
Source: CMIE

FIG 63 – NEW PROJECTS ALSO DECLINED IN JUN'18



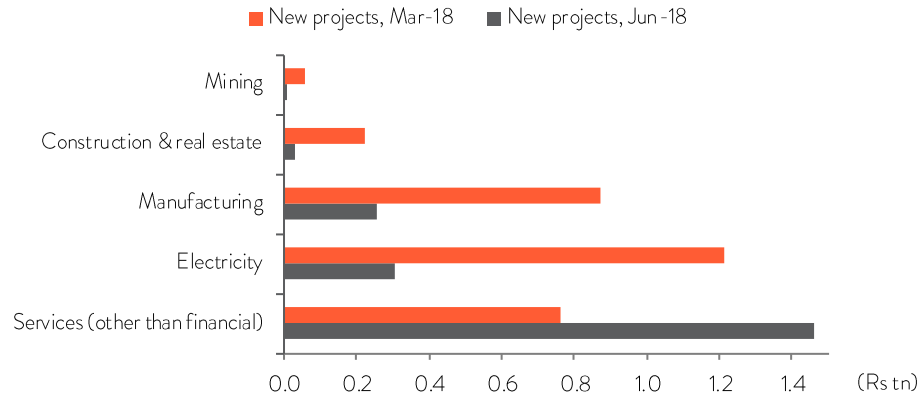
Source: CMIE

FIG 64 – NEW AS A % OF O/S NOTED CONSIDERABLE DECLINE



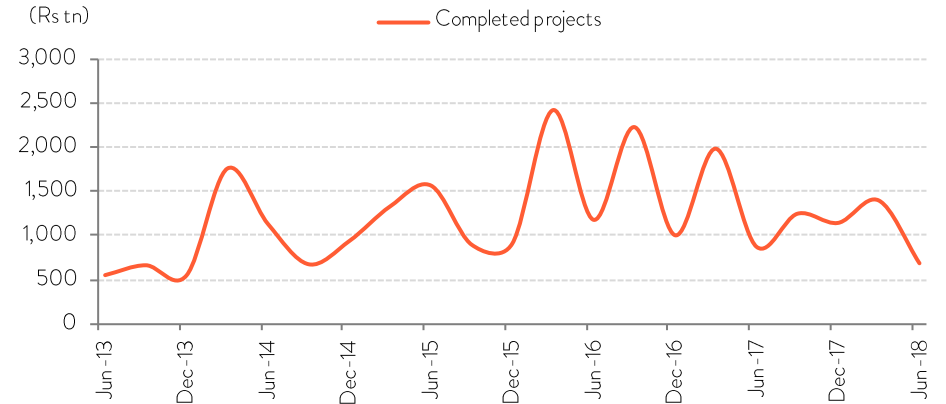
Source: CMIE

FIG 65 – EXCL SERVICES, ALL NEW PROJECTS NOTED SIGNIFICANT DECLINE



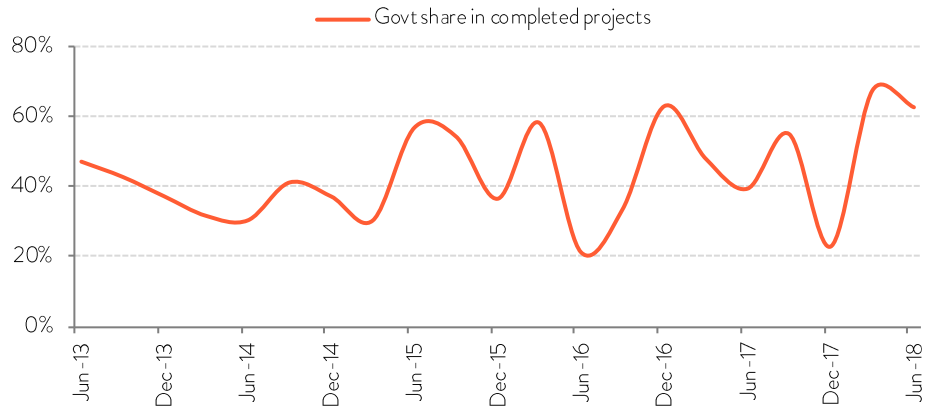
Source: CMIE

FIG 66 – COMPLETED PROJECTS ALSO DECLINED SHARPLY



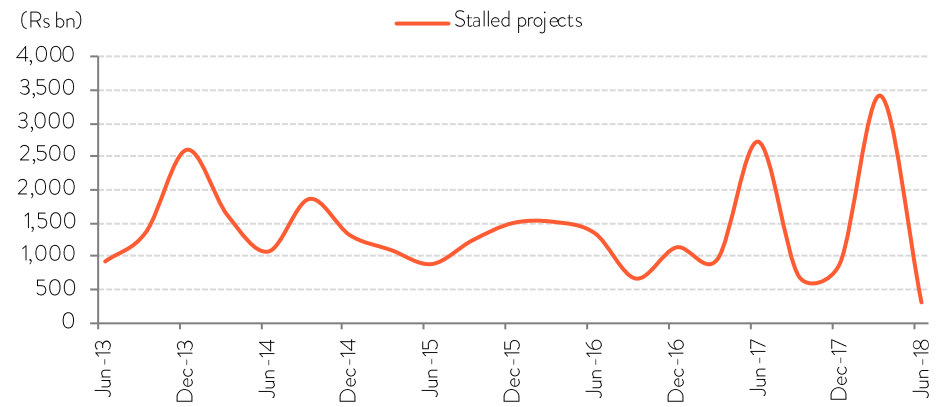
Source: CMIE

FIG 67 – GOV SHARE IN COMPLETED PROJECTS FELL IN JUN'18



Source: CMIE

FIG 68 – STALLED PROJECTS DECLINED SHARPLY IN JUN'18



Source: CMIE

Services sector

FIG 69 – GVA: SERVICES ACTIVITY GREW STEADILY IN Q1FY19

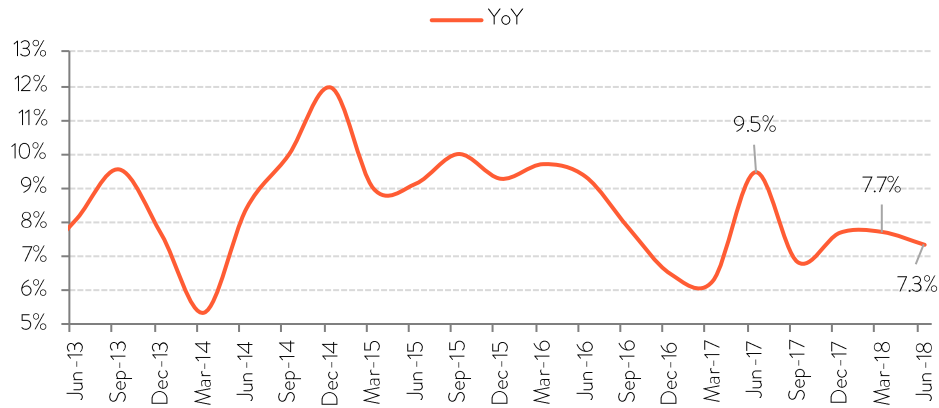


FIG 71 – GVA: TRADE & RELATED SERVICES ALSO HOLD GROUND IN Q1FY19

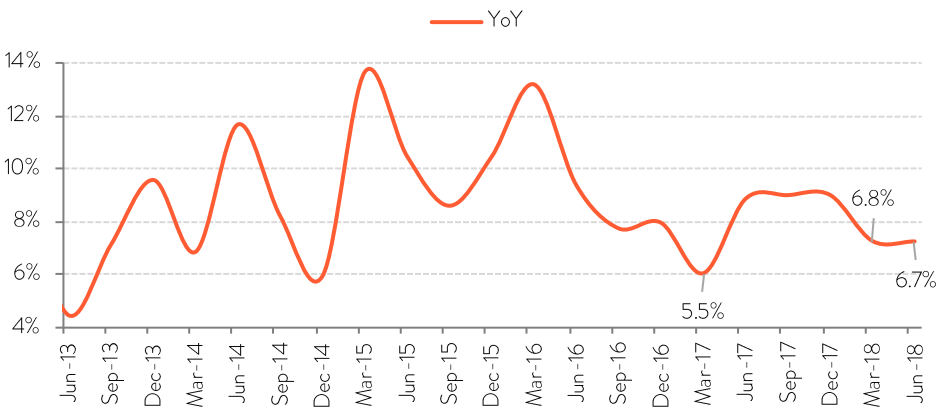
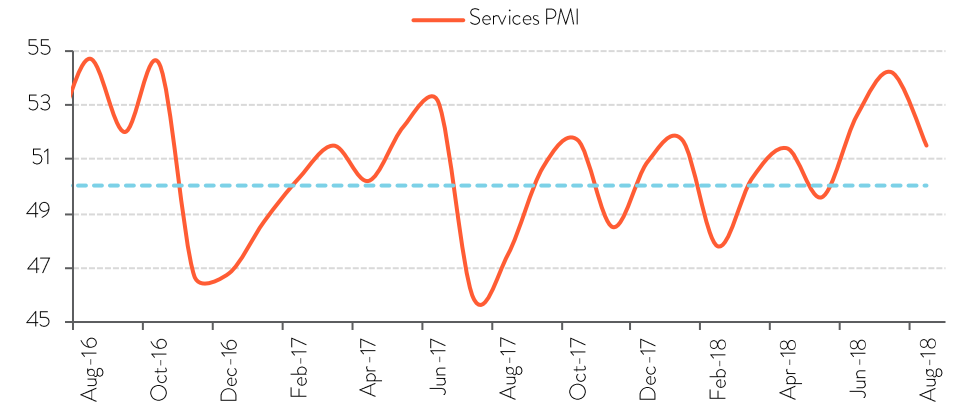
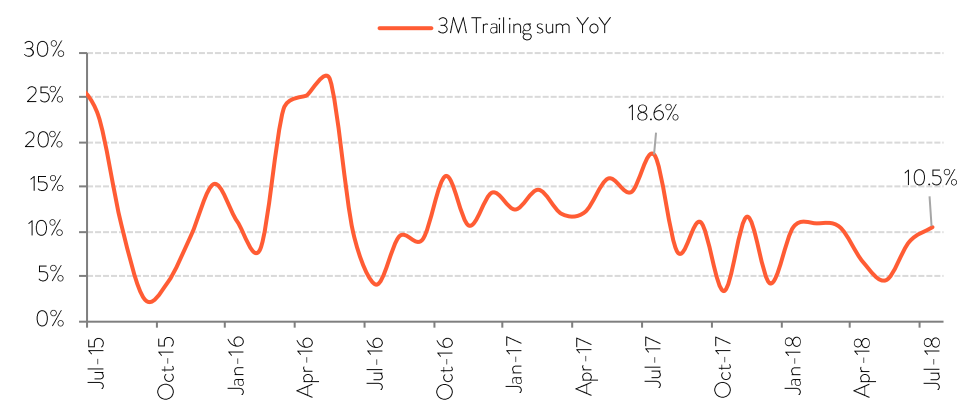


FIG 70 – SERVICES PMI SHOWS ACTIVITY SLOWED IN AUG'18; THOUGH JUL-AUG'18 AVERAGE STILL HIGHER THAN Q1



Source: Markit

FIG 72 – STATES* REVENUE RECEIPTS RECOVER IN JUL'18, THOUGH STILL LOWER THAN LAST YEAR



Note: *All states excluding N.E states, Andhra Pradesh, Goa, J&K, Odisha & W. Bengal

Trade

FIG 73 – COMMERCIAL VEHICLE SALES DIP IN JUL'18 ON A YOY BASIS

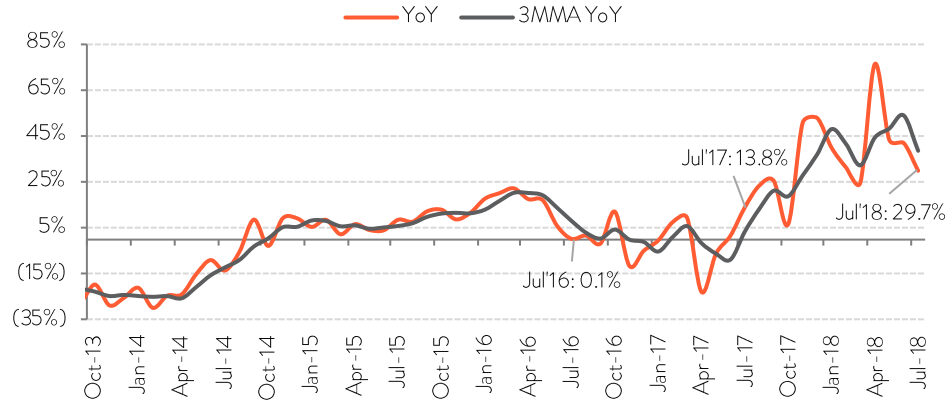
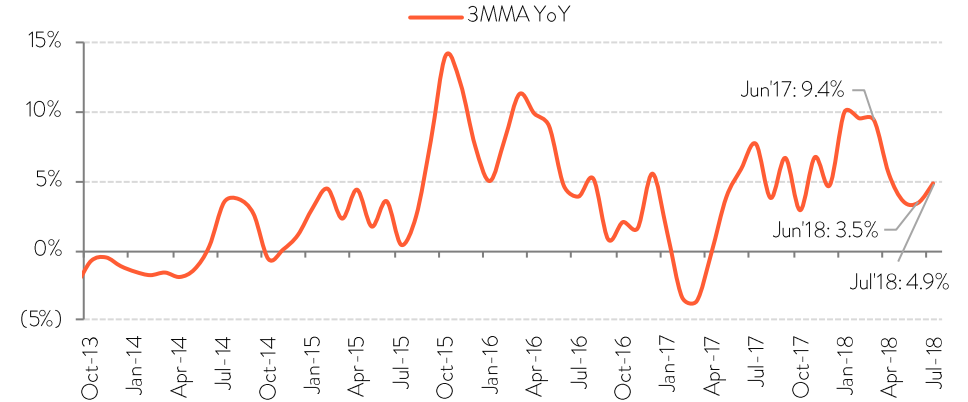


FIG 74 – ...WHILE DIESEL CONSUMPTION BOUNCES BACK, AS OIL PRICES DECLINE (-6.5%)



Source: PPAC

FIG 75 – PORT CARGO VOLUMES IN AUG'18 RECOVERS FROM THE LOW OF Q1FY19

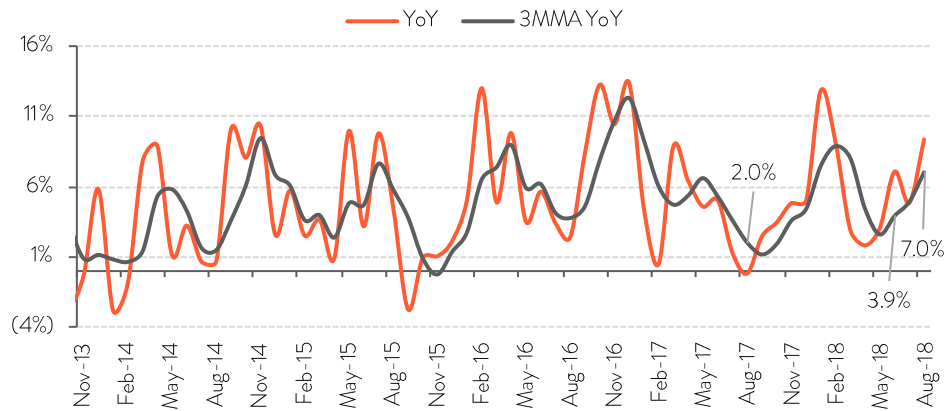
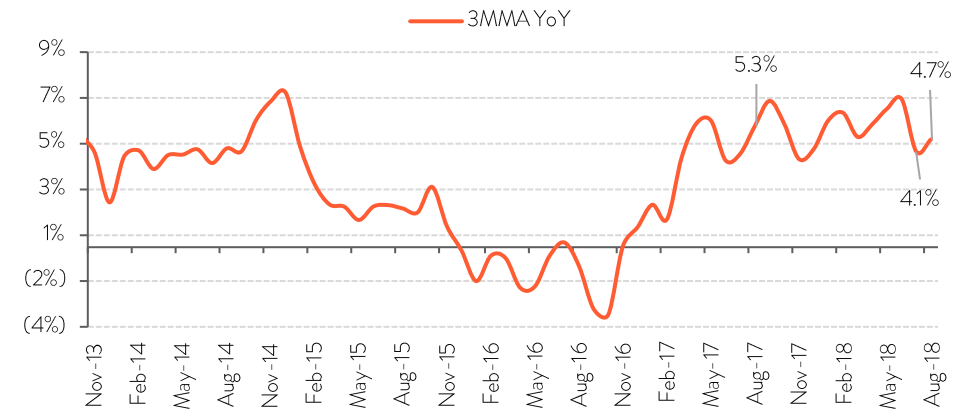


FIG 76 – ...RAILWAY FREIGHT TRAFFIC PICKS UP IN AUG'18, INDICATING REVIVAL IN DOMESTIC TRADE



Hotels and Communications

FIG 77 – FOREIGN TOURIST ARRIVAL GROWTH DECLINES FOR THE 8TH CONSECUTIVE MONTH IN JUL'18

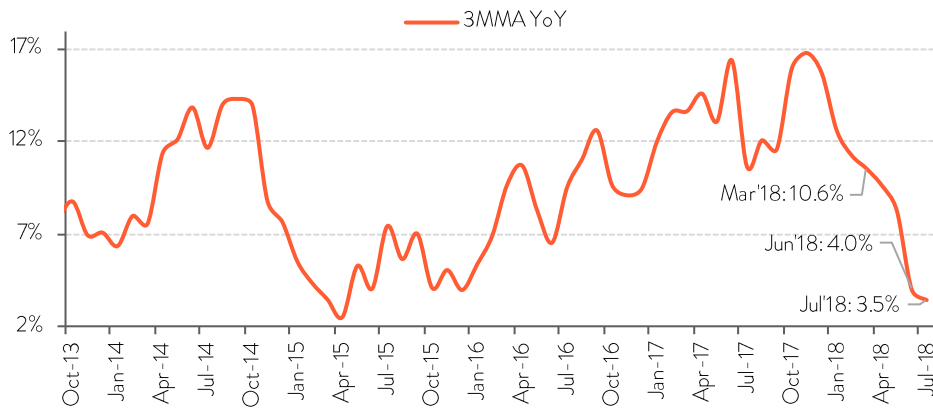


FIG 78 – ...BUT AIRLINE PASSENGER TRAFFIC STILL STRONG, SUPPORTED BY DOMESTIC PASSENGER GROWTH

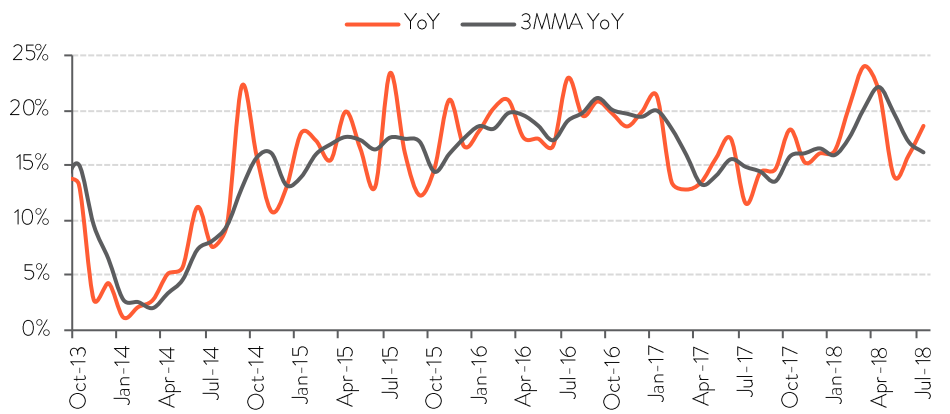


FIG 79 – RAILWAY PASSENGER TRAFFIC GROWTH PICKS UP IN AUG'18

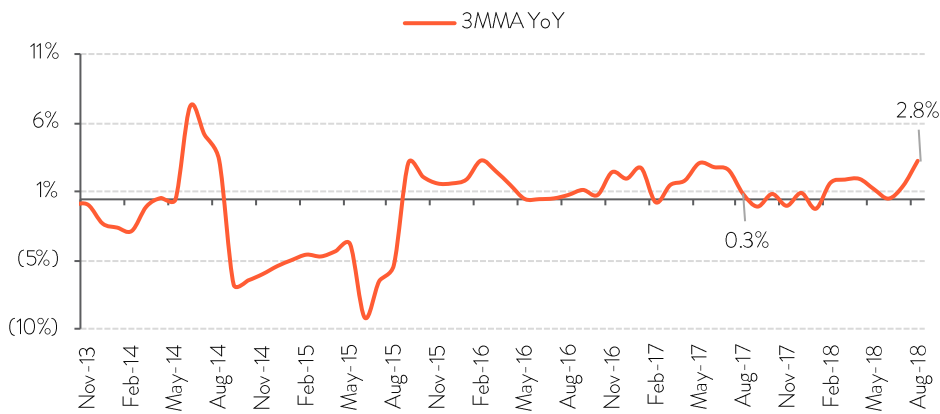
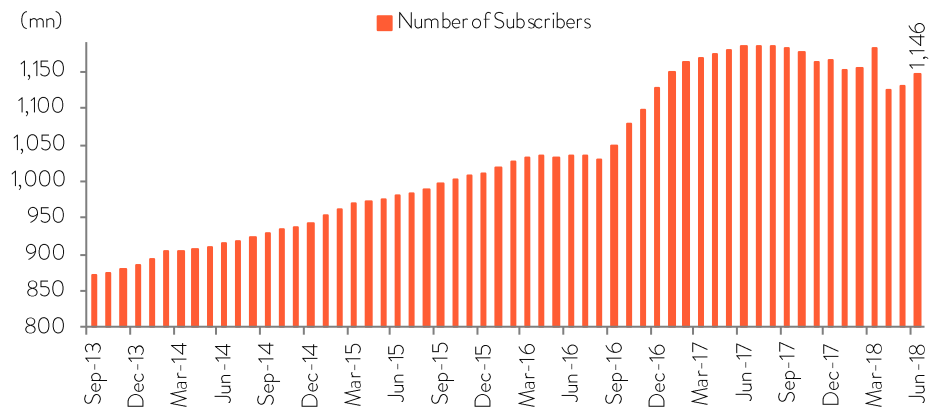


FIG 80 – WIRELESS SUBSCRIBER NOS. IMPROVE FURTHER IN JUN'18



Finance and Real estate

FIG 81 – GVA: FINANCE, REAL ESTATE & PROF. SERVICES INCHES UP IN Q1FY19, THOUGH STILL LOWER THAN Q1FY18

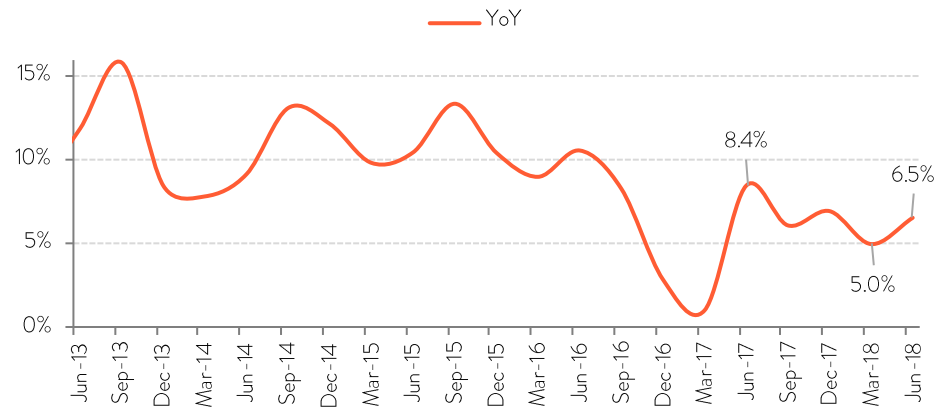
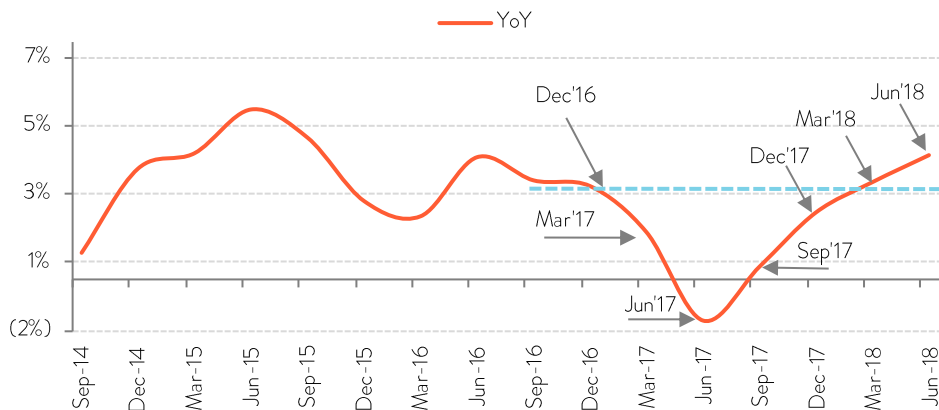


FIG 83 – AVERAGE PROPERTY PRICE INDEX* RISES FURTHER HIGHER IN JUN'18



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

FIG 82 – BOTH DEPOSIT AND CREDIT GROWTH SHOW MARKED IMPROVEMENT IN Q1FY19; GROWTH IN JUL-AUG'18 STEADY

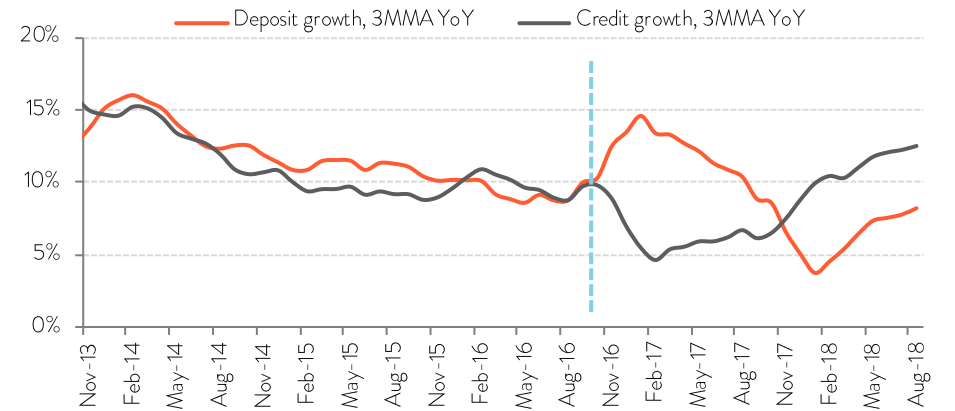
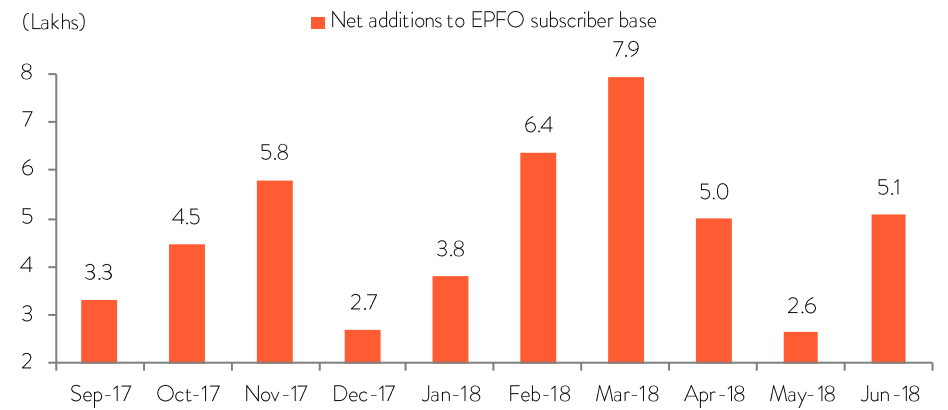


FIG 84 – 47.1 LAKH JOBS FORMALIZED SINCE SEP'17; ADDITION IN Q1FY19 SLOWED (12.7 LAKHS) VS Q4FY18 (18.1 LAKHS)



Source: EPFO

Public administration

FIG 85 – PUBLIC ADMINISTRATION & RELATED SERVICES GROWTH PULLS BACK, MAKING SPACE FOR PRIVATE SECTOR

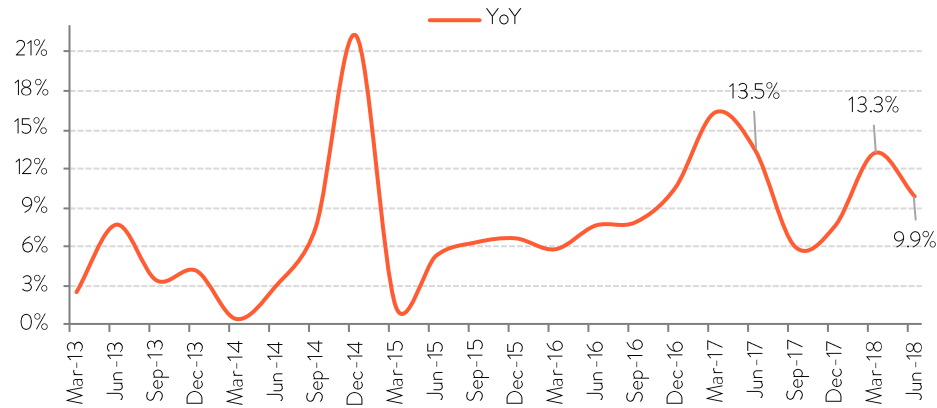


FIG 86 – GENERAL GOVT. SPENDING GAINS MOMENTUM IN JUL'18...

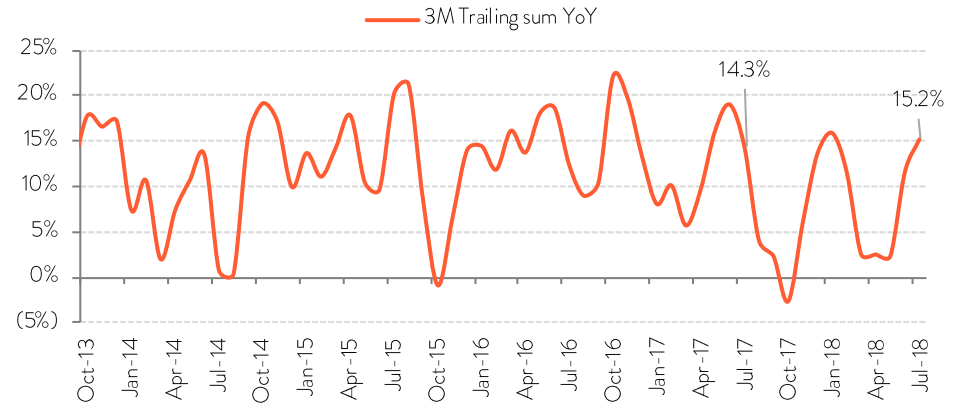


FIG 87 – ...LED BY CENTRAL GOVT. SPENDING

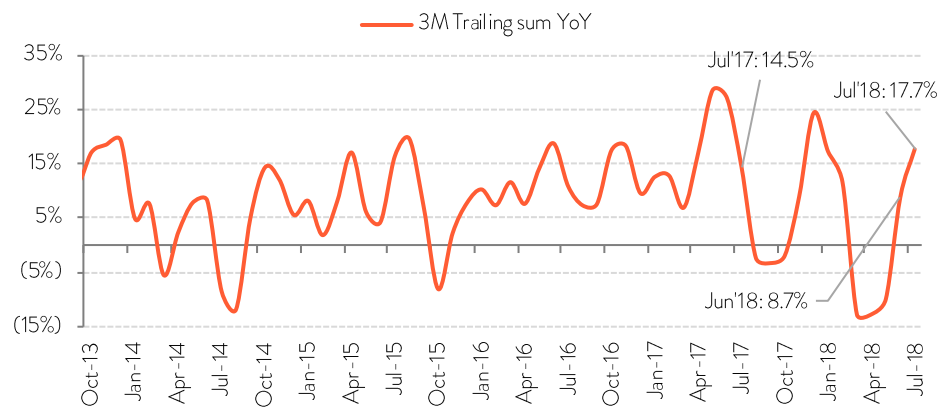
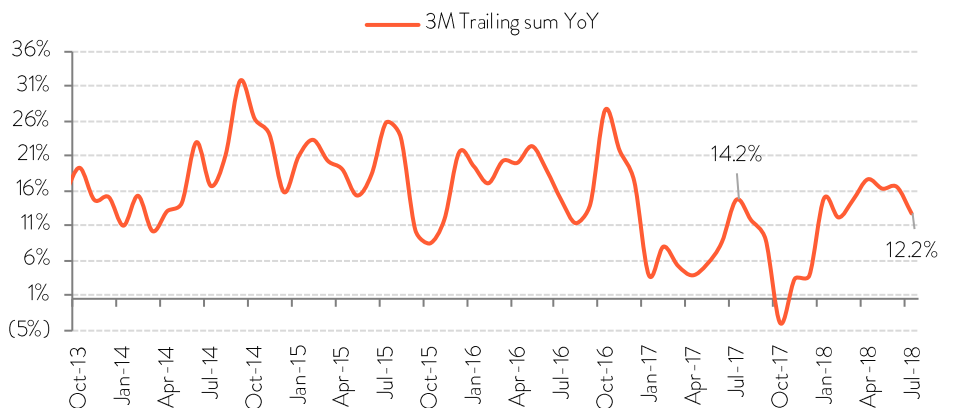


FIG 88 – ...WHILE STATE* GOVT. SPENDING CONTINUES TO SHOW A DECLINING TREND

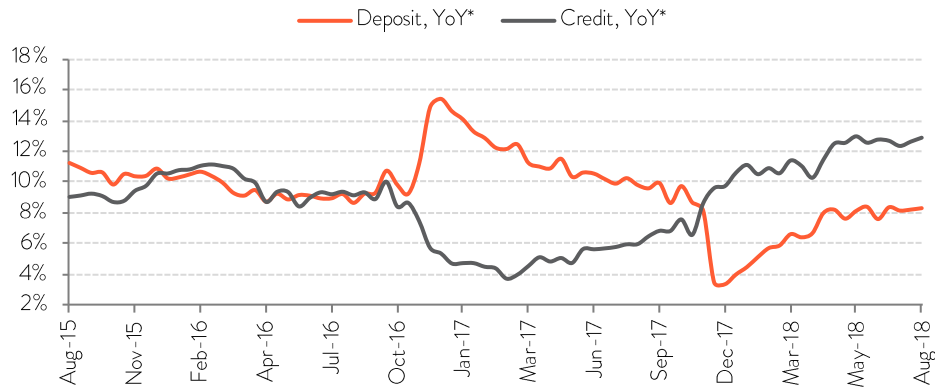


Note: *All states excluding N.E states, Andhra Pradesh, Goa, J&K, Odisha & W. Bengal

Financial sector

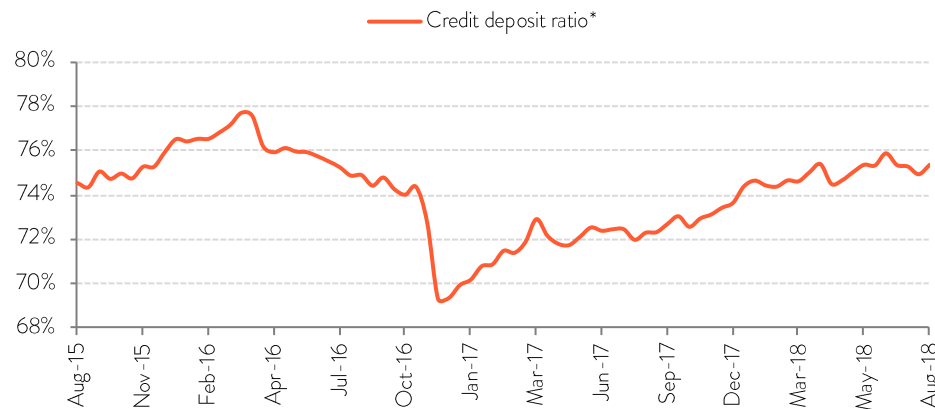
Money and banking

FIG 89 – CREDIT GROWTH PICKED UP TO 12.9%, DEPOSITS HIGHER AT 8.3% IN JUL'18 VS 12.8% & 7.6% RESPECTIVELY IN JUL'18



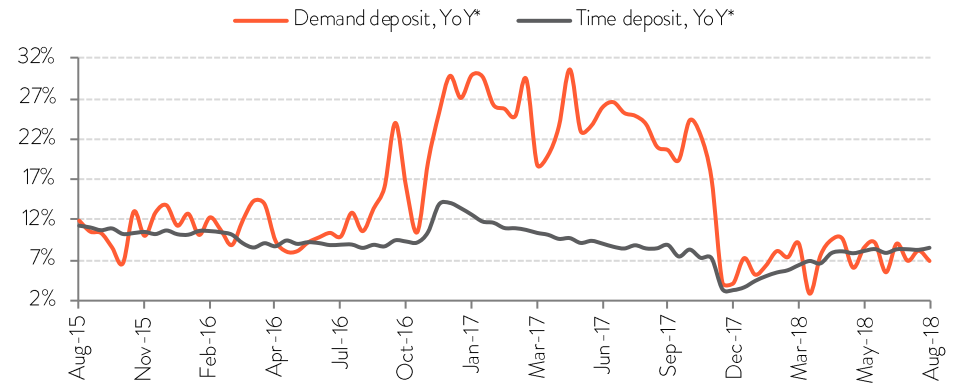
Note: *Aug18 implies fortnight as of 17 Aug 2018.

FIG 91 – C-D RATIO ROSE TO 75.4% IN AUG'18



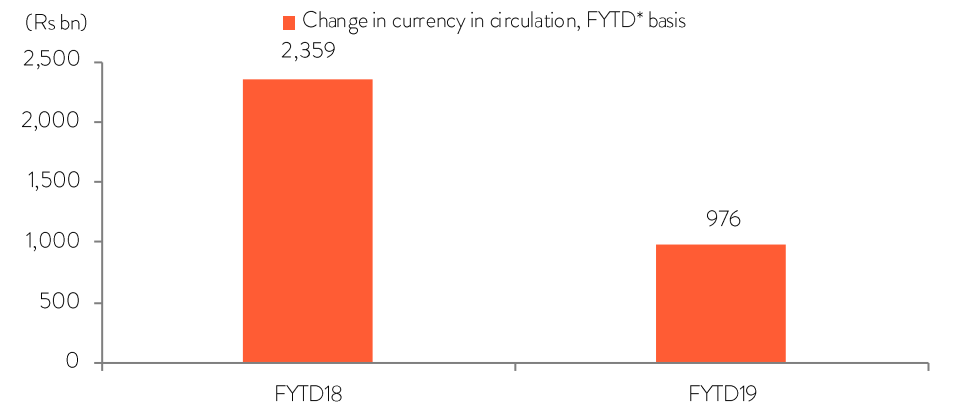
Note: *Aug18 implies fortnight as of 17 Aug 2018.

FIG 90 – TIME DEPOSITS REMAINED STABLE IN JUL'18; DEMAND DEPOSITS EDGED DOWN SLIGHTLY



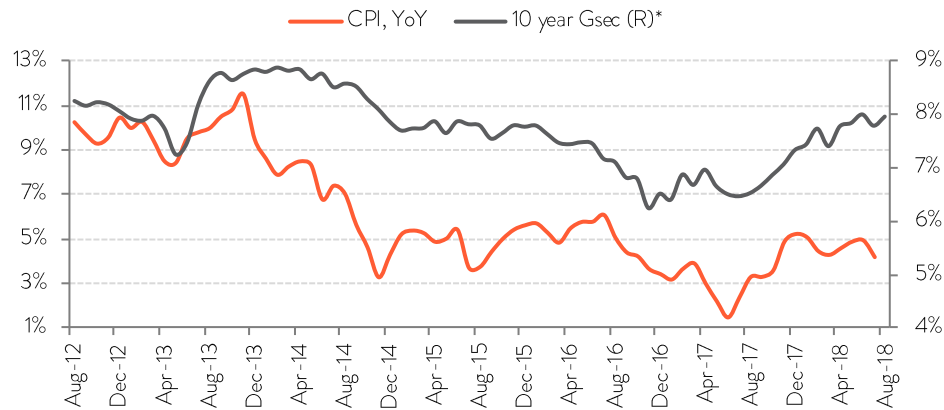
Note: *Aug18 implies fortnight as of 17 Aug 2018.

FIG 92 – CURRENCY IN CIRCULATION ROSE TO RS 19TN, UP BY RS 4TN YOY



Note: *FYTD implies Apr-Aug.

FIG 93 – INFLATION EDGED DOWN, 10-YEAR GSEC YIELD SHOT UP LEADING TO RISING REAL RATES



Note: *As on last trading day of the month

FIG 95 – YIELD GAP INCREASED DUE TO RISING LONG-END YIELDS

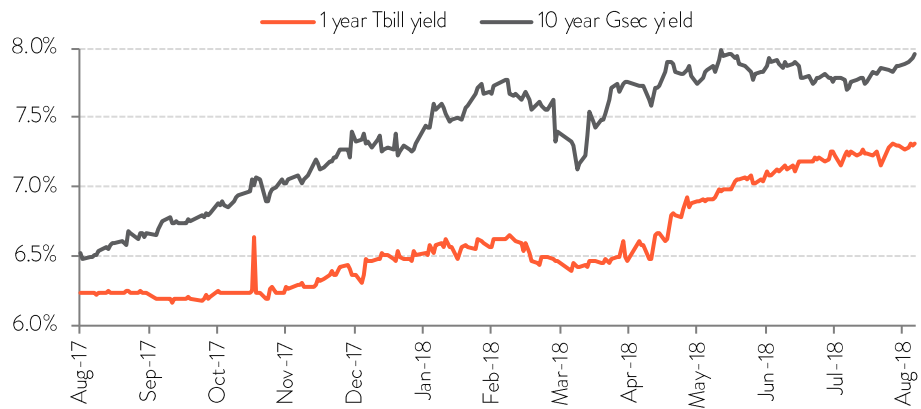
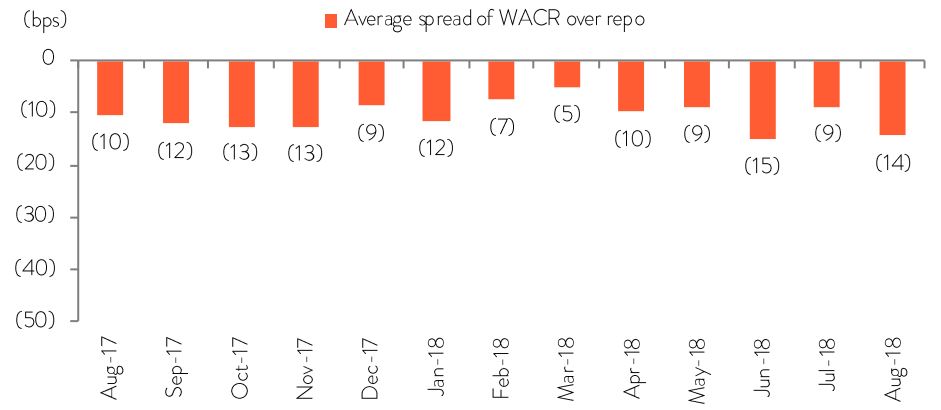
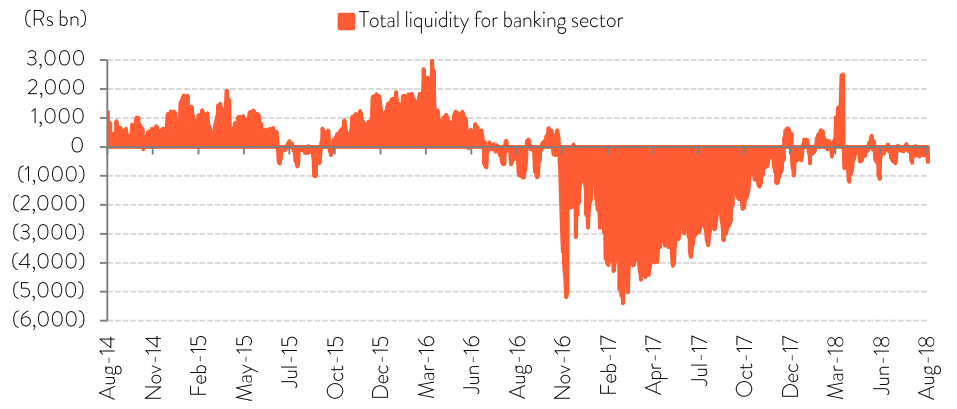


FIG 94 – SPREAD BETWEEN CALL AND REPO WIDENED TO 14BPS IN AUG'18



Source: RBI

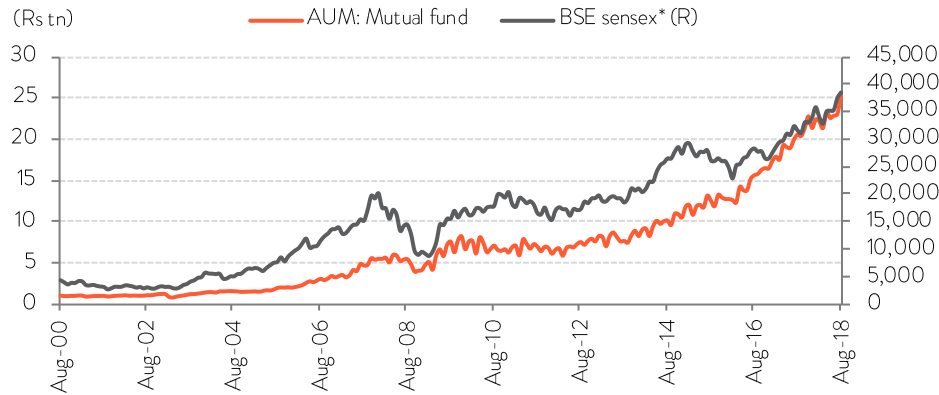
FIG 96 – SURPLUS LIQUIDITY IN THE SYSTEM ROSE TO RS 524BN IN AUG'18 VS RS 86BN IN JUL'18



Source: RBI

Mutual fund (MF) indicators

FIG 97 – SENSEX ROSE TO A RECORD CLOSING OF 38,645 IN AUG'18; AUM ROSE TO 25TN



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

Insurance sector indicators

FIG 99 – NUMBER OF LIFE INSURANCE POLICIES SOLD SHOT UP IN JUL'18

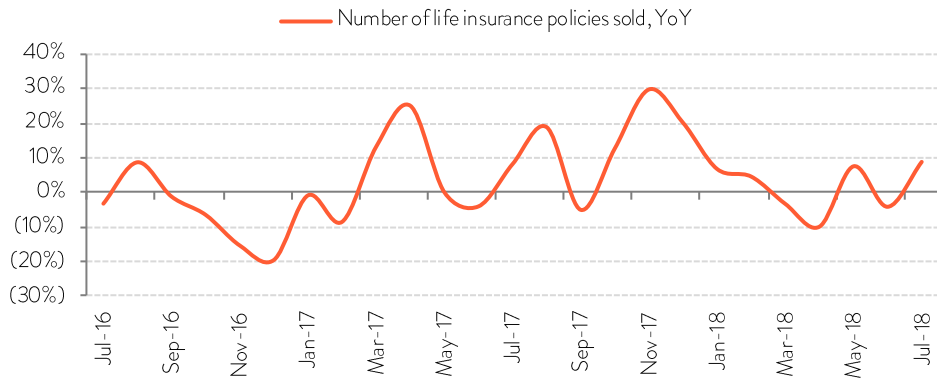


FIG 98 – NET INFLOW INTO MF JUMPED UP LED BY EQUITY

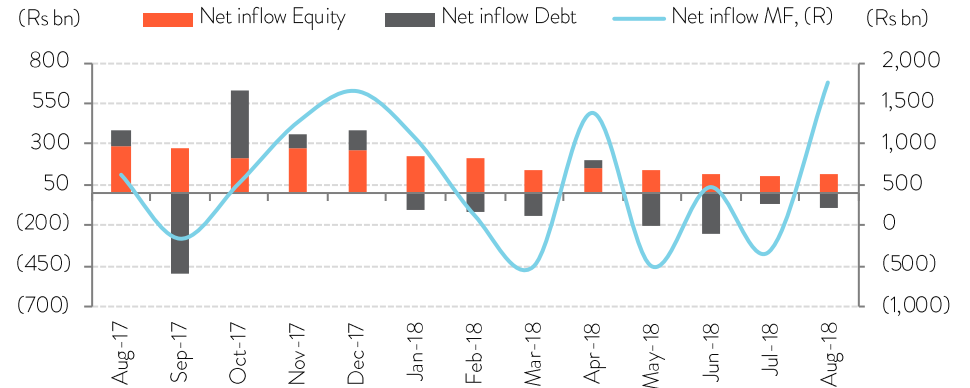
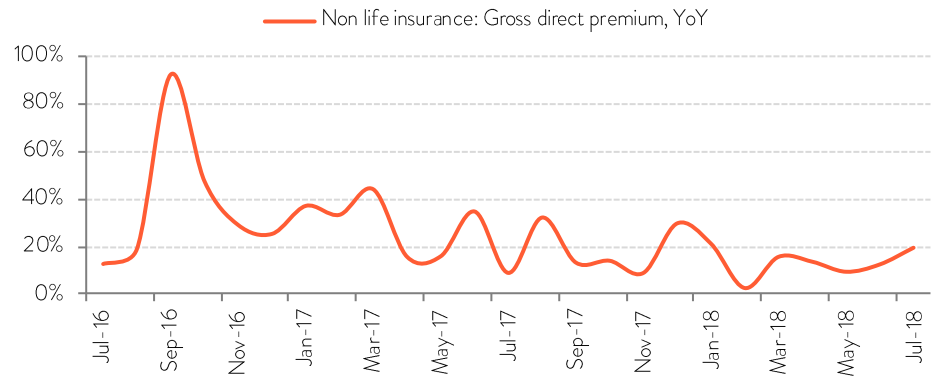


FIG 100 – GROSS DIRECT PREMIUM FOR NON LIFE INSURANCE ALSO ROSE



Public finance

Central government finances

FIG 101 – OVERALL FISCAL DEFICIT NARROWS IN JUL'18 VS A YEAR AGO

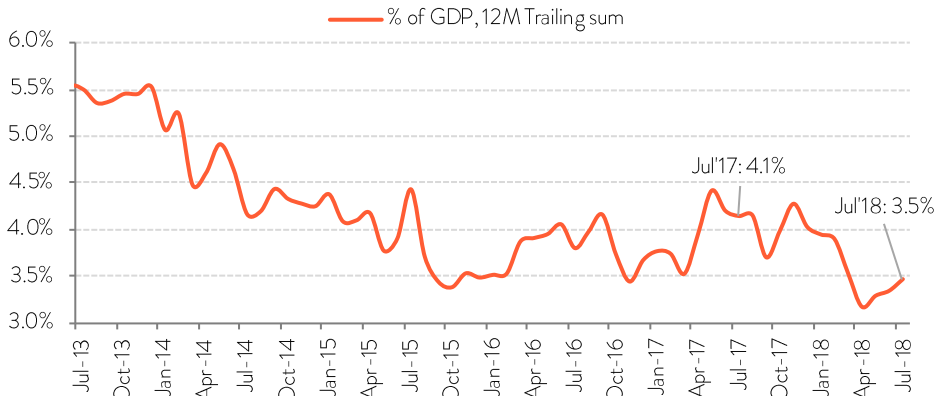


FIG 102 – REVENUE DEFICIT STABILIZES

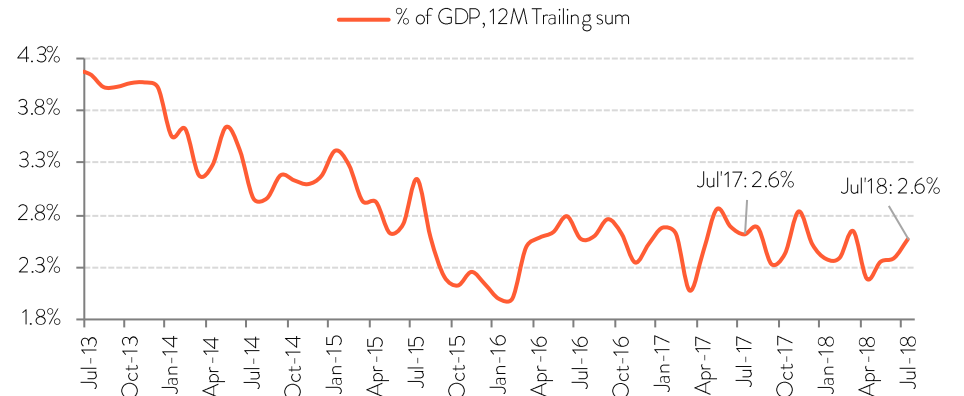


FIG 103 – ...THUS KEEPING PRIMARY DEFICIT UNDER CONTROL

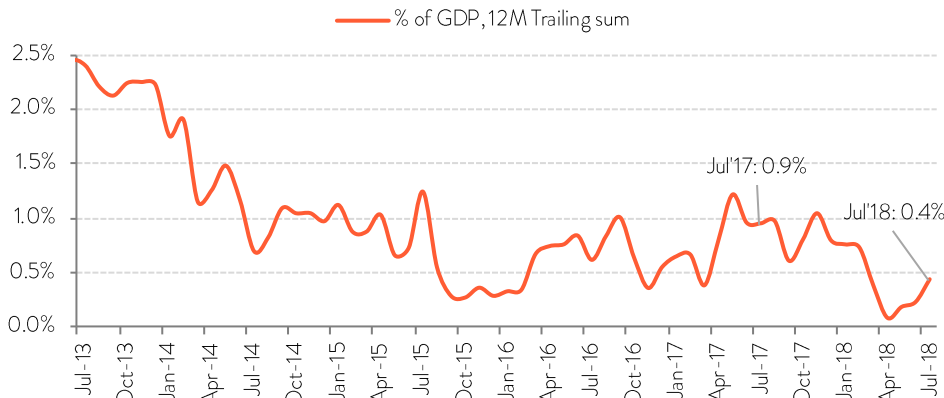


FIG 104 – TOTAL EXPENDITURE GROWTH CONTINUES TO SLOW IN JUL'18

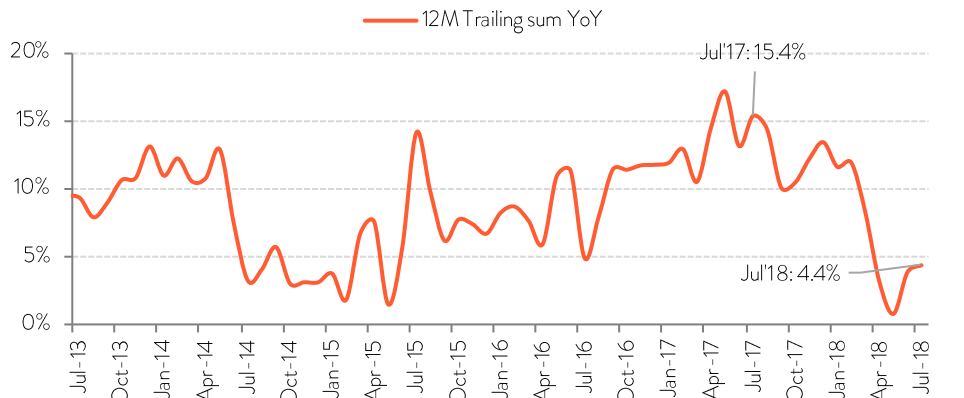


FIG 105 – ...LED BY FURTHER WEAKENING OF CAPEX GROWTH

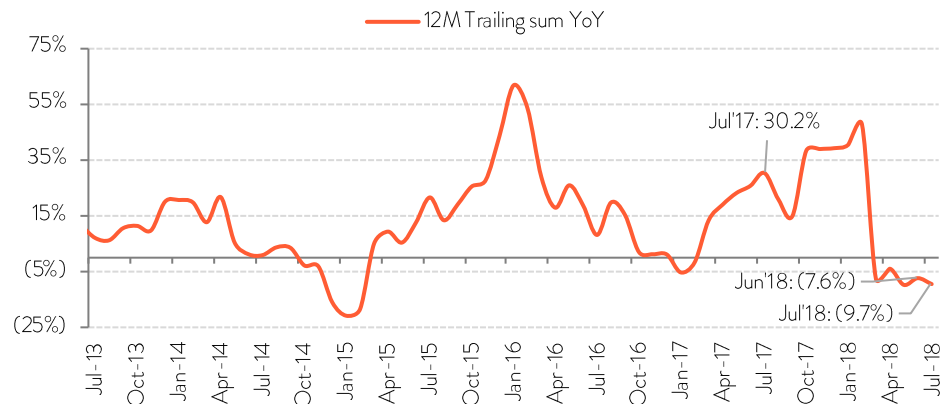


FIG 106 – REVENUE EXPENDITURE GROWTH PICKS UP SLIGHTLY IN JUL'18

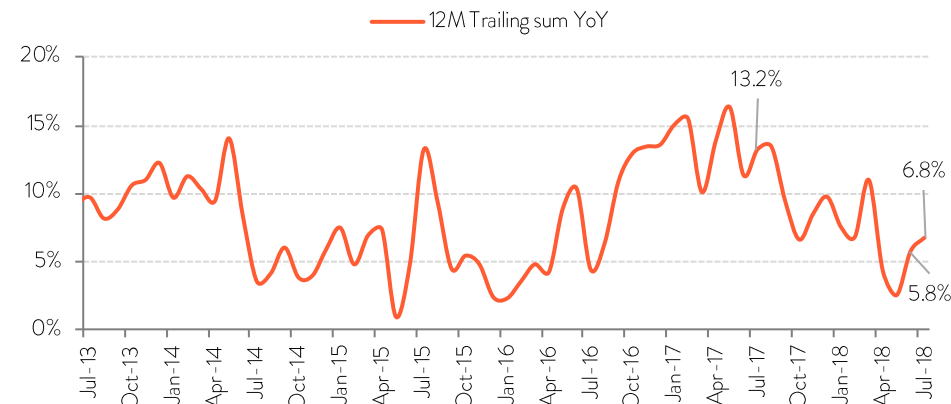


FIG 107 – ROAD TRANSPORT & HIGHWAYS, AND HEALTH MINISTRY DRIVE SPENDING IN JUL'18 (FYTD BASIS)

Ministry	Apr'16-Jul'16 (Rs bn)	Apr'17-Jul'17 (Rs bn)	% change	Apr'18-Jul'18 (Rs bn)	% change
Ministry of Finance	1,962	2,182	11.2	2,601	19.2
Ministry of Defence	962	1,532	59.2	1,550	1.2
Ministry of Consumer Affairs, Food and Public Distribution	766	1,096	43.2	1,085	(1.0)
Ministry of Rural Development	404	493	21.9	561	13.8
Ministry of Home Affairs	263	353	34.2	429	21.6
Ministry of Human Resource Development	290	312	7.4	209	(33.0)
Ministry of Road Transport and Highways	282	286	1.6	355	24.1
Ministry of Chemicals and Fertilisers	357	305	(14.4)	220	(28.0)
Ministry of Petroleum and Natural Gas	63	161	153.1	148	(7.6)
Ministry of Agriculture	117	177	51.5	245	38.1
Ministry of Health and Family Welfare	155	169	9.2	195	15.6

FIG 108 – TOTAL RECEIPTS DIP IN THE BEGINNING OF Q2FY19

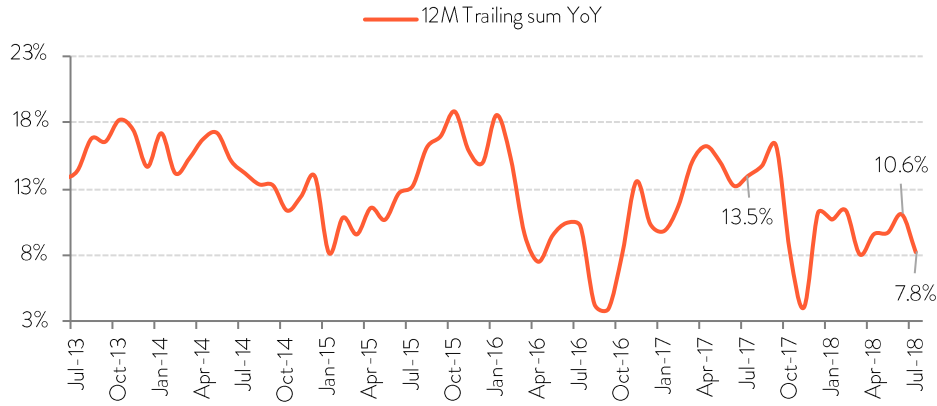


FIG 109 – ...AS REVENUE RECEIPTS SEE A DECLINE (BOTH TAX & NON-TAX)

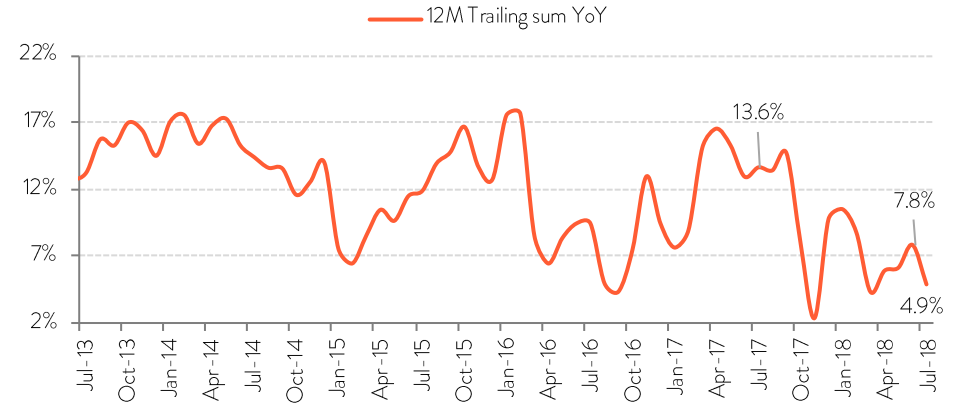


FIG 110 – NON-TAX REVENUE RECEIPTS IN JUL'18 FAR LOWER THAN LAST YEAR

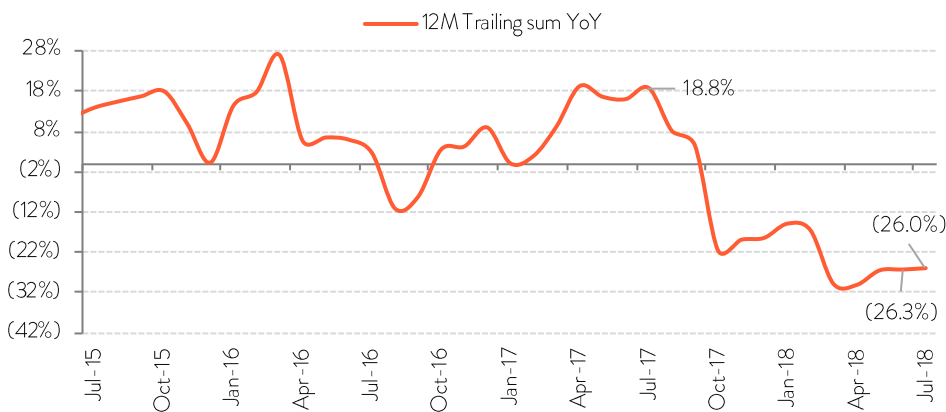


FIG 111 – ...CAPITAL RECEIPTS COMPENSATE WITH MUCH HIGHER GROWTH

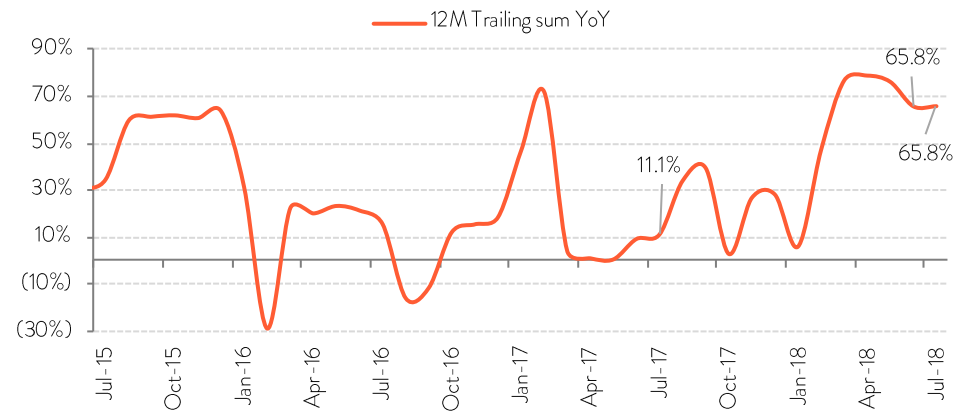


FIG 112 – CENTRE’S EXPENDITURE AND TAX REVENUE TAKES A STRONG HIT IN JUL’18 VS JUL’17 (FYTD BASIS)

	Apr’16-Jul’16 (Rs bn)	Apr’17-Jul’17 (Rs bn)	% change	Apr’18-Jul’18 (Rs bn)	% change
Tax revenue	3,864	4,525	17.1	5,055	11.7
Direct taxes	1,589	1,924	21.1	2,053	6.7
Corp Tax	671	833	24.2	838	0.6
Income Tax	918	1,091	18.8	1,215	11.3
Indirect taxes	2,275	2,601	14.3	2,649	1.9
Non-tax revenue	341	331	(2.8)	431	30.1
Centre’s revenue	4,205	4,857	15.5	5,486	13.0
Total expenditure	6,567	8,084	23.1	8,897	10.1
Capital exp	713	951	33.4	1,113	17.0
Revenue exp	5,854	7,133	21.8	7,784	9.1
Fiscal deficit	3,935	5,049	28.3	5,403	7.0

FIG 113 – GROSS DIRECT TAX COLLECTION SLIPS IN JUL’18, THOUGH STILL HIGHER THAN LAST YEAR

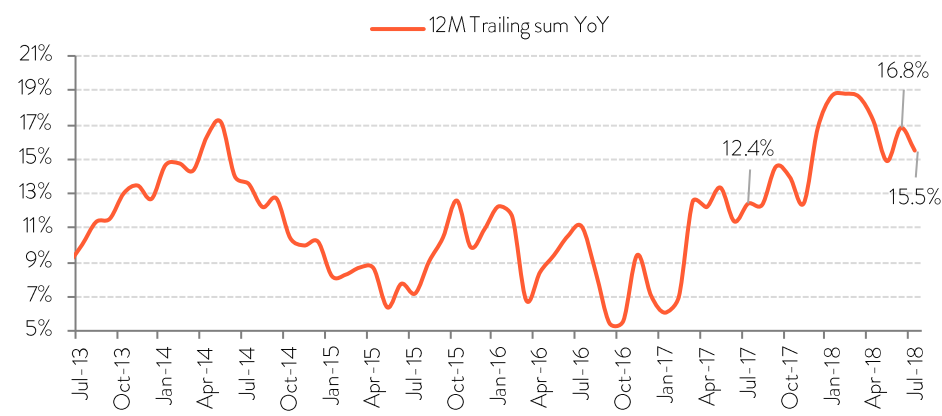


FIG 114 – SHARE IN GDP OF BOTH INDIRECT & DIRECT TAX DECLINING

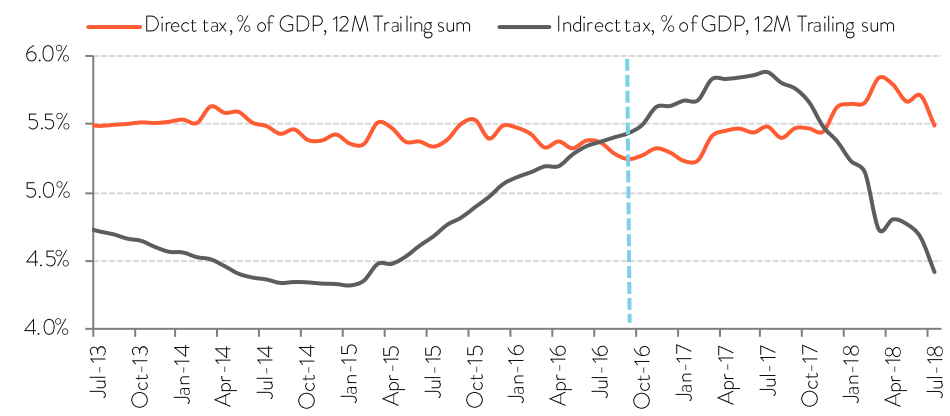


FIG 115 – CORPORATE TAX REVENUE IN JUL'18 STILL HIGHER THAN JUL'17

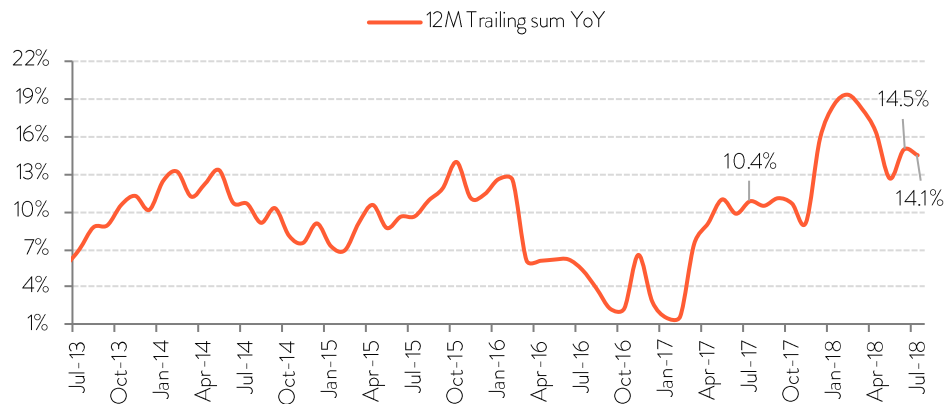


FIG 116 – TREND IN GROWTH OF INCOME TAX REVENUE ALSO HIGHER

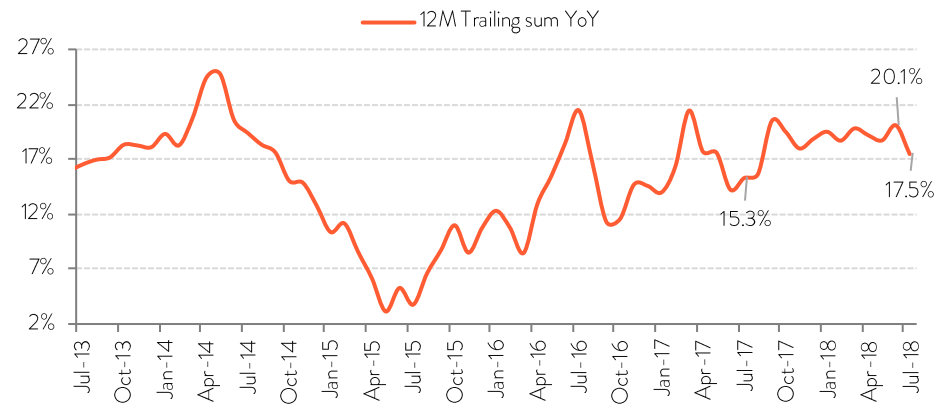


FIG 117 – GST COLLECTIONS AVERAGE AROUND RS 950BN TILL JUL'18 VS RS 912 IN FY18

	Jul-17	Aug-17	Sep-17	Oct-17	Nov-17	Dec-17	Jan-18	Feb-18	Mar-18	Apr-18	May-18	Jun-18	Jul-18	FYTD19	FY19 (BE)
Central GST (Rs bn)	0.1	153	151	312	238	242	231	431	274	321	281	309	579	1,490	6,039
UT GST (Rs bn)	0.0	0.0	0.0	0.2	0.8	2.2	1.9	0.9	9.7	0.9	0.5	0.6	1.6	4	-
Integrated GST (Rs bn)	0.3	709	304	184	186	171	194	(197)	137	200	169	102	(399)	72	500
State GST* (Rs bn)	935	(9)	416	283	341	395	373	576	539	333	433	473	678	1,917	-
GST Cess (Rs bn)	0.0	77	80	80	71	79	80	82	76	85	72	80	80	317	900
Total GST	936	930	951	859	837	889	880	893	1,035	940	956	965	940	3,801	-
GST 3B Filing by deadline (mn)	3.8	2.7	3.9	4.4	4.9	5.4	5.4	5.5	6.0	6.2	6.5	-	-	-	-
No. of Eligible Monthly Taxpayers (mn)	6.6	7.4	7.8	7.7	8.0	8.1	8.3	8.5	8.7	8.7	8.7	-	-	-	-
Compliance (%)	58	37	50	57	62	67	65	64	69	72	74	-	-	-	-

Source: PIB | *Computed from PIB and CGA data.

FIG 118 – CENTRAL GOVT. REIGNS PUBLIC DEBT IN FY18, ALTHOUGH STILL HIGHER THAN FY17

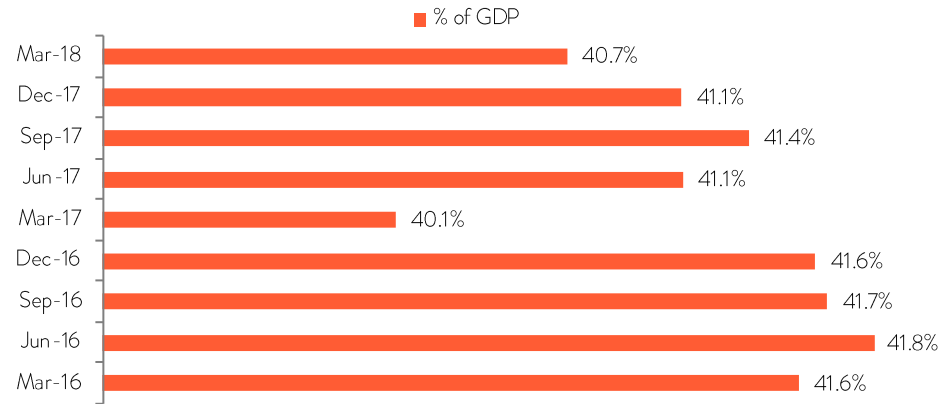
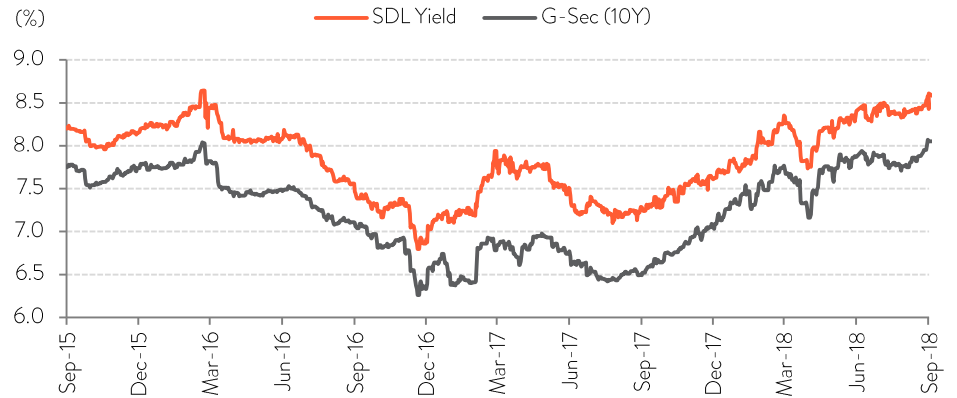


FIG 119 – GAP BETWEEN AVG. YIELD ON SDL & 10Y G-SEC NARROWING IN AUG'18 & SEP'18



Source: CCIL

FIG 120 – SUBSIDIES HAVE BEEN RATIONALISED

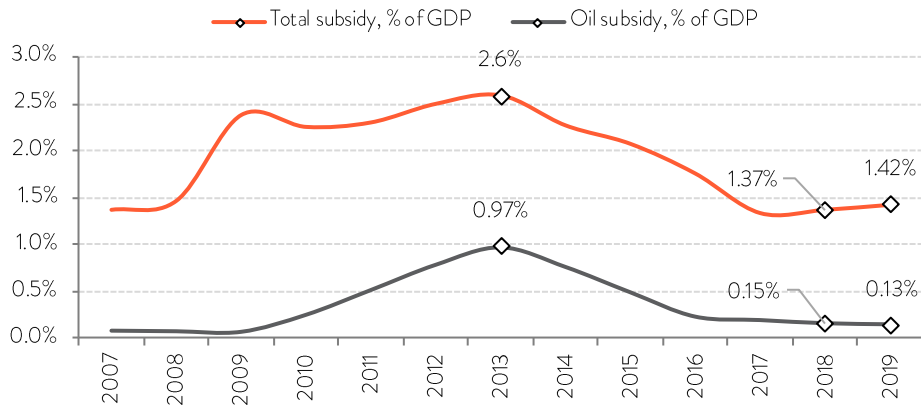
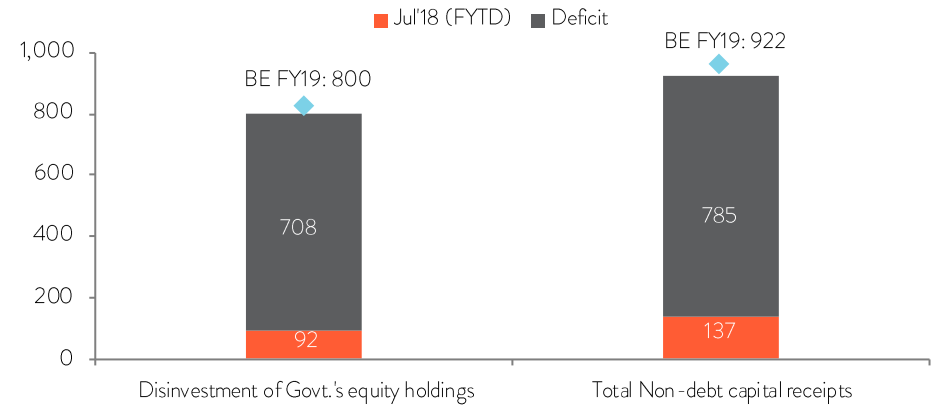
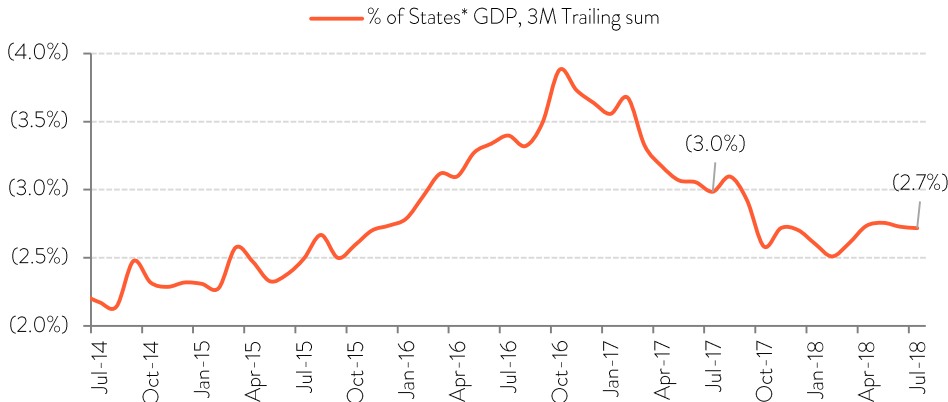


FIG 121 – CENTRAL GOVT.'S DISINVESTMENT STATUS



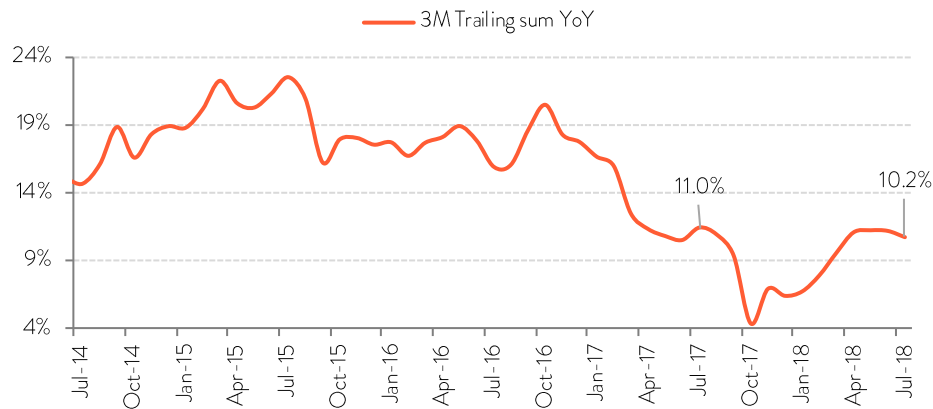
State government finances

FIG 122 – FISCAL DEFICIT OF STATES* ON THE PATH OF CONSOLIDATION



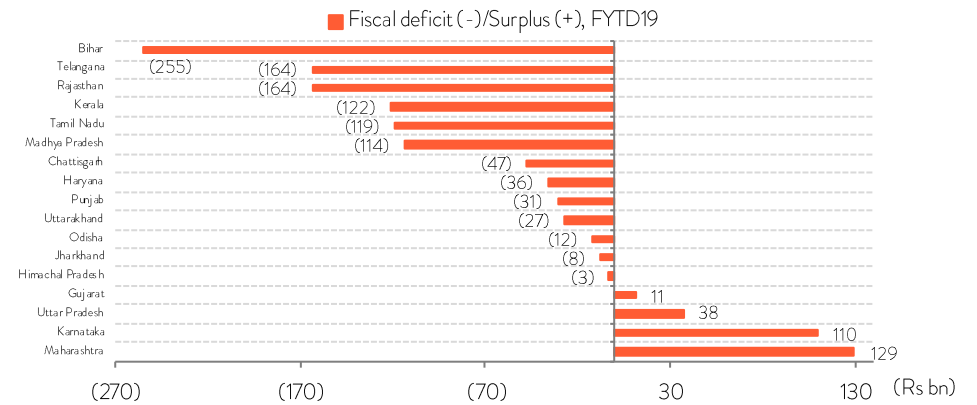
Note: *All states excluding N.E states, Andhra Pradesh, Goa, J&K, Odisha & W. Bengal

FIG 124 – TOTAL EXPENDITURE OF STATES* CONTINUES TO DECLINE



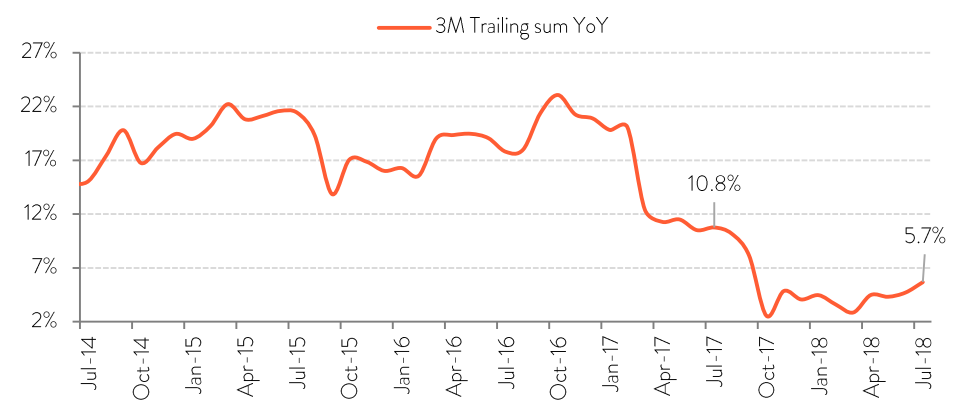
Note: *All states excluding N.E states, Andhra Pradesh, Goa, J&K, Odisha & W. Bengal

FIG 123 – BIHAR MOST DEFICIT STATE TILL JUL'18



Note: FYTD- Apr'18-Jul'18

FIG 125 – TOTAL RECEIPTS OF STATES* ALSO GROWING SLOWLY



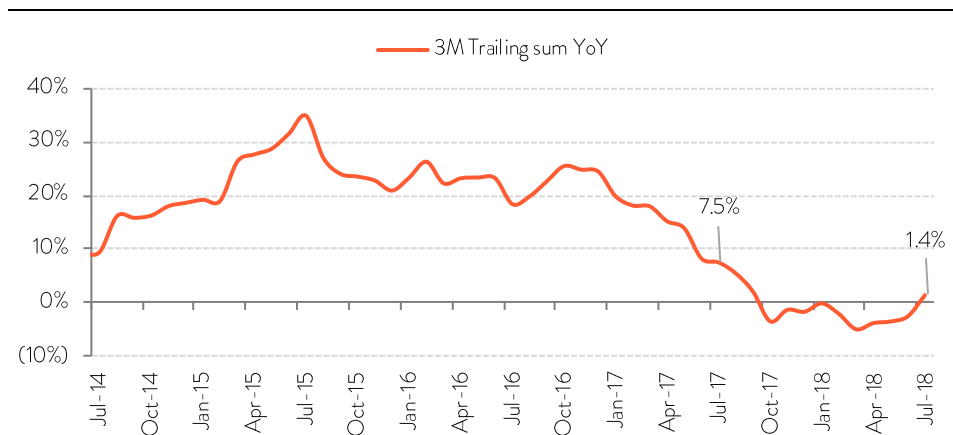
Note: *All states excluding N.E states, Andhra Pradesh, Goa, J&K, Odisha & W. Bengal

FIG 126 – STATE* GOVT. EXPENDITURE AND REVENUES IMPROVES (FYTD BASIS)

	Apr'16-Jul'16 (Rs bn)	Apr'17-Jul'17 (Rs bn)	% change	Apr'18-Jul'18 (Rs bn)	% change
Total Receipts	5,271	5,723	8.6	6,777	18.4
Revenue Receipts	4,574	5,359	17.1	5,860	9.4
Receipts: Tax Revenue	3,601	4,260	18.3	4,567	7.2
Receipts: Non-Tax Revenue	289	333	15.2	456	37.1
Capital Receipts	744	365	(51.0)	918	151.6
Total Expenditure	5,210	5,766	10.7	6,606	14.6
Revenue Expenditure	4,399	5,064	15.1	5,797	14.5
Capital Expenditure	811	703	(13.4)	809	15.2
Revenue Surplus or Deficit	175	295	68.4	63	(78.7)
Fiscal Surplus or Deficit	(729)	(452)	(38.0)	(754)	67.0

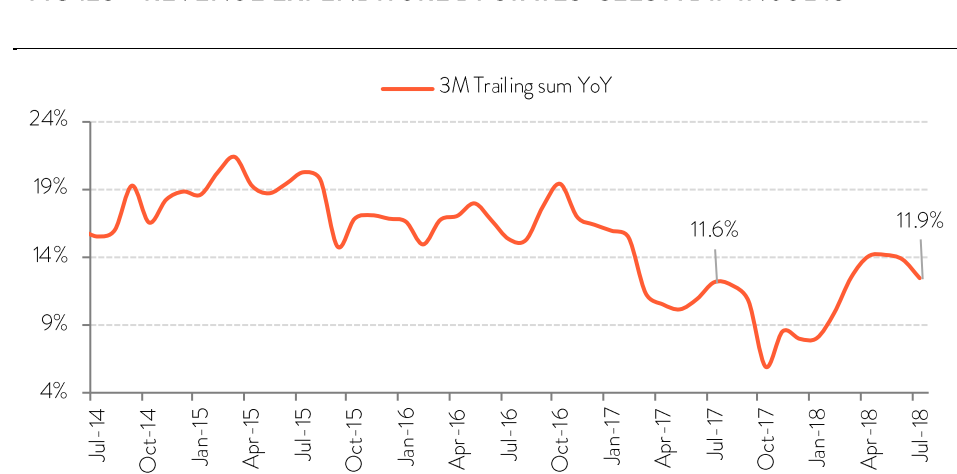
Note: *All states excluding N.E states, Andhra Pradesh, Goa, J&K, Odisha & W. Bengal

FIG 127 – CAPITAL EXPENDITURE OF STATE* GOVERNMENT ON THE PATH OF RECOVERY



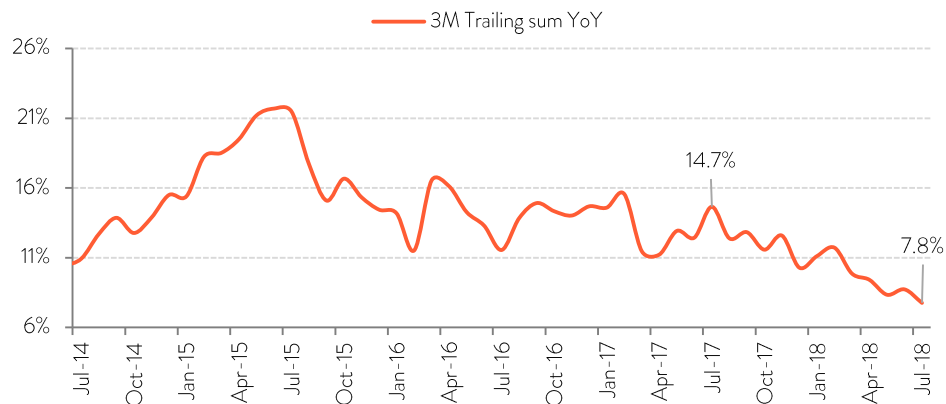
Note: *All states excluding N.E states, Andhra Pradesh, Goa, J&K, Odisha & W. Bengal

FIG 128 – REVENUE EXPENDITURE BY STATES* SEES A DIP IN JUL'18



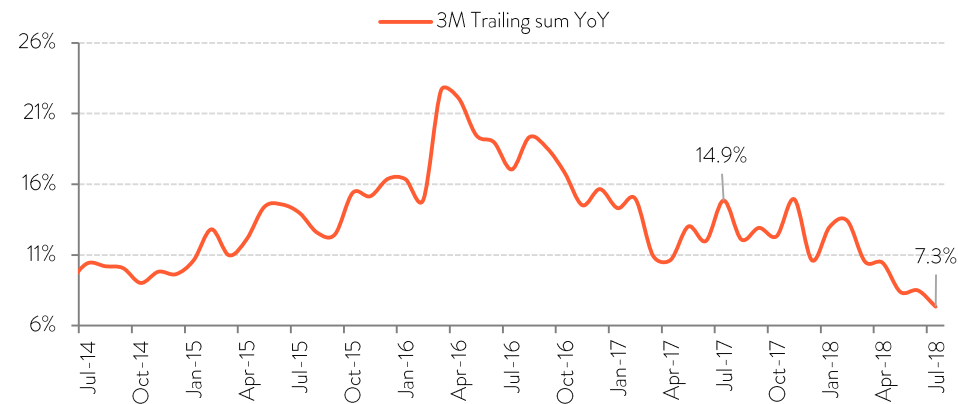
Note: *All states excluding N.E states, Andhra Pradesh, Goa, J&K, Odisha & W. Bengal

FIG 129 – REVENUE RECEIPTS OF STATES* MUCH LOWER THAN LAST YEAR



Note: *All states excluding N.E states, Andhra Pradesh, Goa, J&K, Odisha, Rajasthan & W. Bengal

FIG 130 – ...TAX REVENUE OF STATES* DRAGS IT DOWN



Note: *All states excluding N.E states, Andhra Pradesh, Goa, J&K, Odisha, Rajasthan & W. Bengal

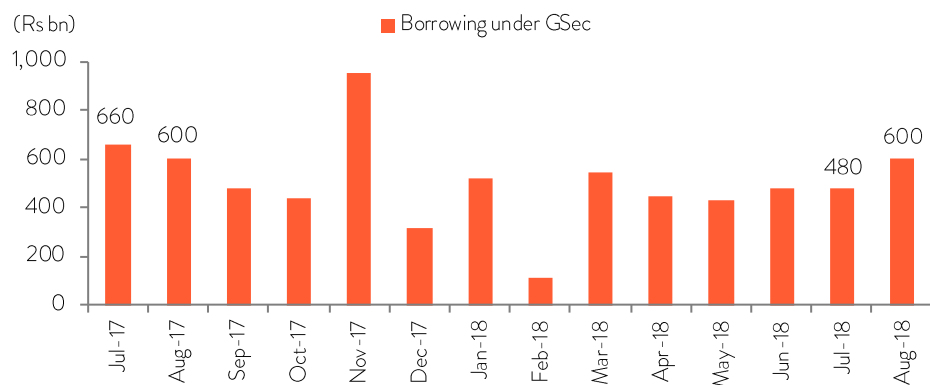
FIG 131 – PATTERN OF STATE SPENDING

State	Pay commission implemented	Loan waiver announced	Capex Declining (Jul'18, 12M Trailing sum, %YoY)
Andhra Pradesh	✓	✓	✓
Bihar	✓	✗	✗
Chhattisgarh	✓	✗	✗
Gujarat	✓	✗	✗
Haryana	✓	✗	✗
Karnataka	✗	✓	✗
Madhya Pradesh	✓	✓	✓
Maharashtra	✗	✓	✓
Odisha	✓	✗	✗
Punjab	✗	✓	✓
Uttar Pradesh	✓	✓	✓
Rajasthan	✓	✓	✗
Telangana	✓	✓	✓
Uttarakhand	✓	✗	✗

Source: News Reports, CEIC, Bank of Baroda | Note: ✓ means yes; ✗ means no

Central government borrowing

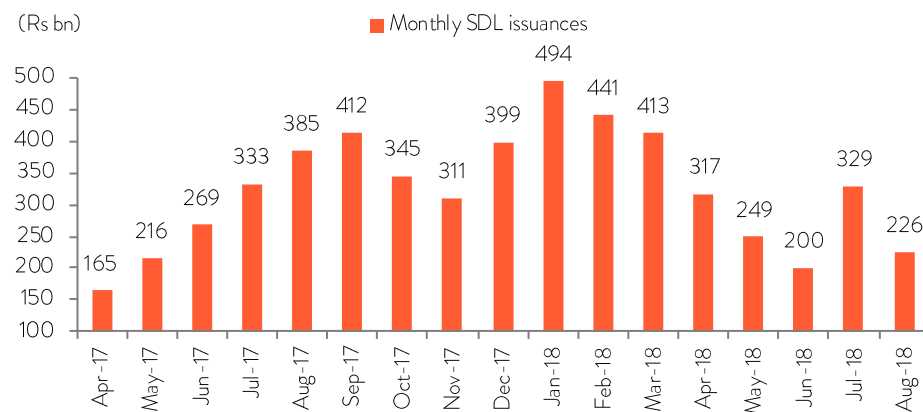
FIG 132 – CENTRE'S GROSS BORROWING ROSE TO RS 600BN IN AUG'18



Source: RBI

State government borrowing

FIG 134 – STATE BORROWING LIKELY TO PICK UP



Source: RBI

FIG 133 – TILL DATE* Q2FY19 BORROWING STANDS LOWER

Total accepted amount (G-Sec), (Rs bn)	FY15	FY16	FY17	FY18	FY19 (Actual)	FY19 (planned)
Q1	1,962	1,751	1,650	1,798	1,360	1,440
Q2	1,506	1,710	1,620	1,740	1,080*	1,440
Q3	1,450	1,453	1,448	1,710	-	-
Q4	950	826	537	1,178	-	-
Total	5,867	5,740	5,255	6,426	-	-

Source: RBI | *till 31st Aug'18

FIG 135 – PLANNED Q2FY19 BORROWING EVEN HIGHER THAN Q1

Quarterly SDL issuances, (Rs bn)	FY15	FY16	FY17	FY18	FY19 (Actual)	FY19 (planned)
Q1	439	502	548	650	766	1,219
Q2	469	627	792	1,130	657*	1,374
Q3	692	858	1,214	1,054	-	-
Q4	809	959	1,322	1,348	-	-
Total	2,408	2,946	3,876	4,182	-	-

Source: RBI | *till 3 Sep 2018

External sector

Exports

FIG 136 – EXPORT GROWTH MAINTAINS MOMENTUM

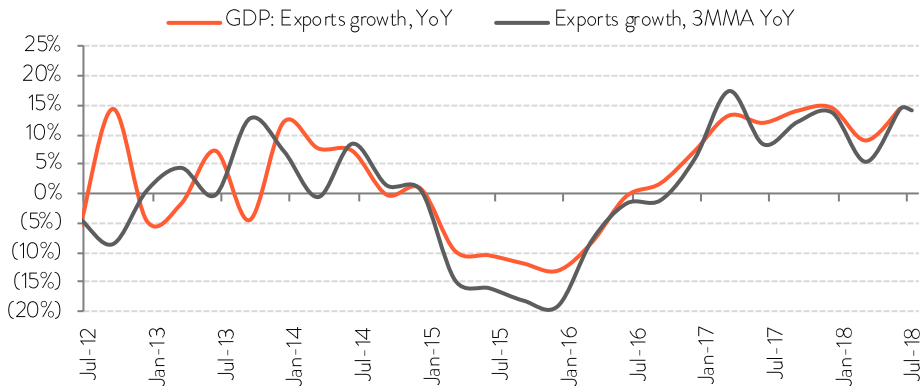
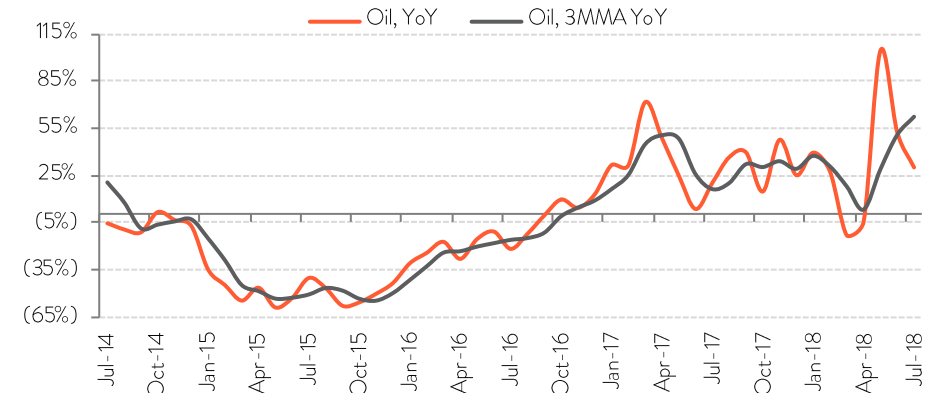


FIG 137 – OIL EXPORTS HIGHER BY 30% IN JUL'18 (52.5% IN JUN'18)



Exports by major sectors

FIG 138 – GEMS & JEWELLERY EXPORTS RISE 25% IN JUL'18 VS 3% IN JUN'18

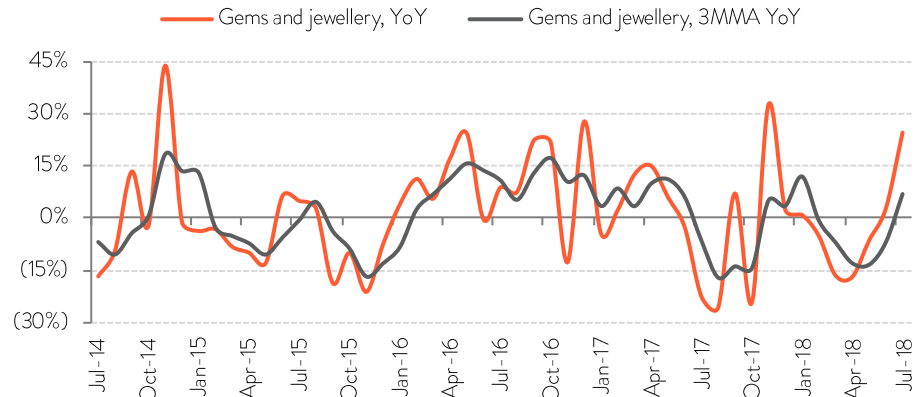


FIG 139 – TEXTILE EXPORTS IMPROVING

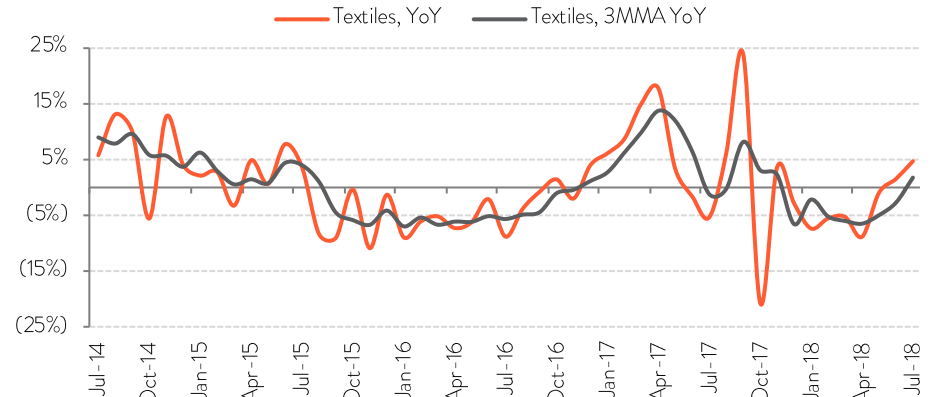


FIG 140 – EXPORTS OF DRUGS AND PHARMACEUTICALS DECLINE

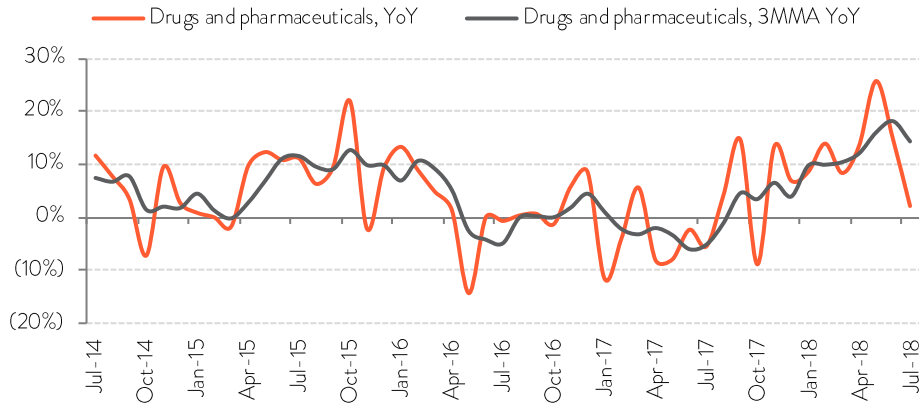
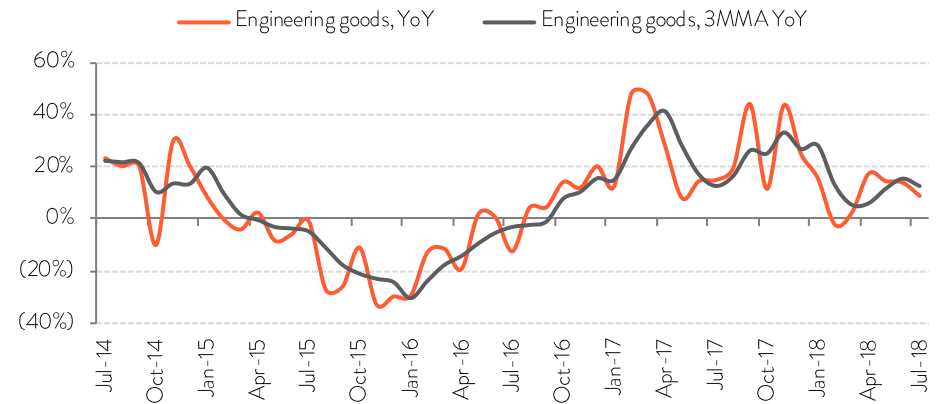


FIG 141 – ENGINEERING EXPORTS ALSO EDGE DOWN



Imports

FIG 142 – IMPORT GROWTH REMAINS BUOYANT

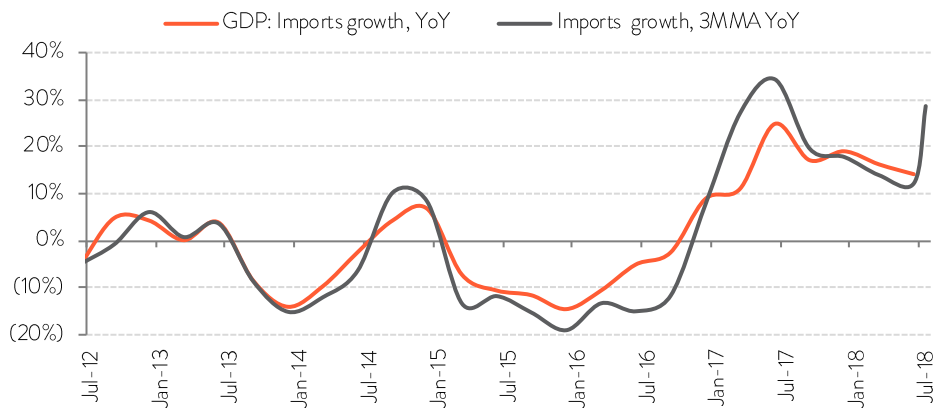


FIG 143 – LED BY HIGHER OIL IMPORTS (UP BY 60.5% IN JUL'18)

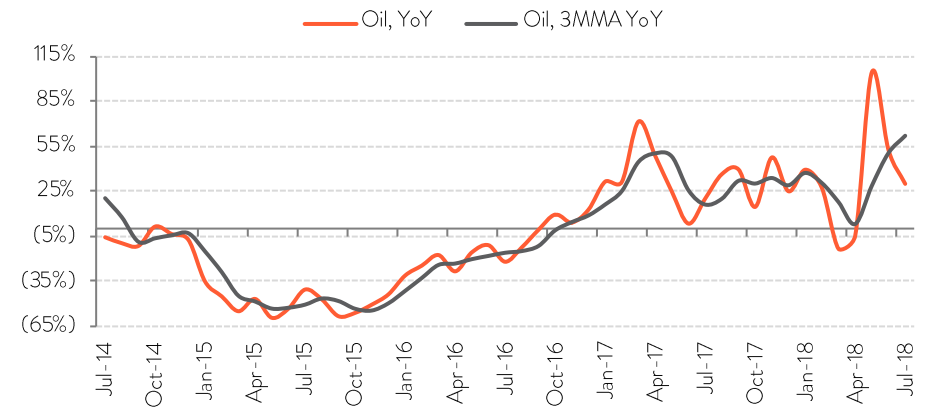


FIG 144 – IMPORTS OF PRECIOUS METALS ALSO EDGE UP

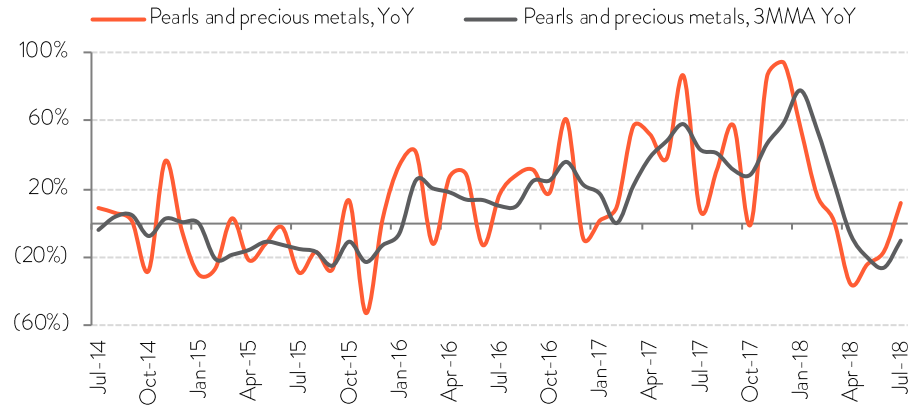


FIG 145 – SIMILAR TREND VISIBLE IN COAL IMPORTS

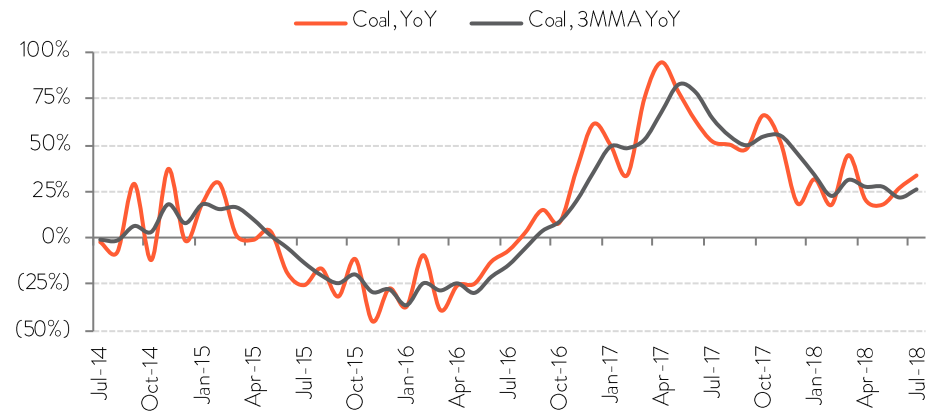


FIG 146 – CAPITAL GOODS IMPORT RISE

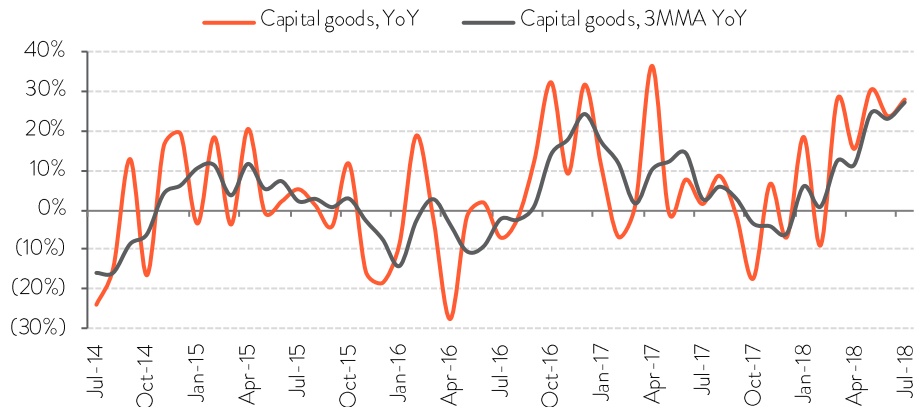
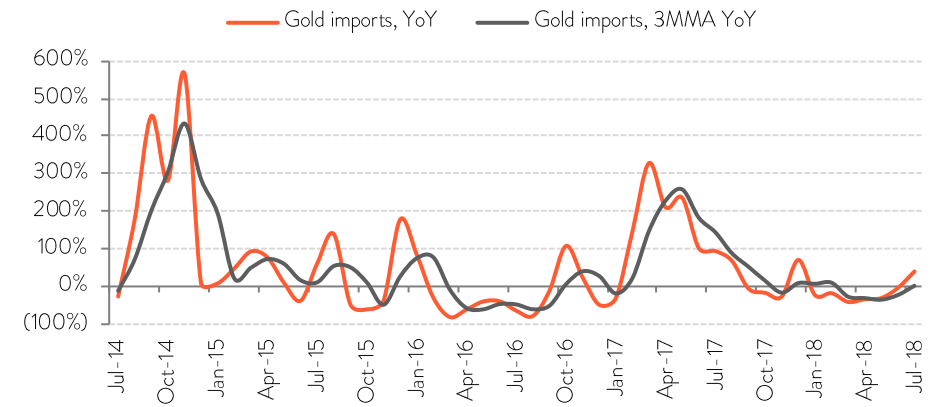


FIG 147 – GOLD IMPORTS ALSO INCHING UP



Exports and imports by major regions

FIG 148 – EXPORTS TO CHINA AND ASIA (EXCL. CHINA) DECLINE IN JUL'18; HIGHER IN FYTD18

Region (% YoY)	Share (in %) FY18	May'18	Jun'18	Jul'18	FYTD18	FYTD19
Americas	20.9	15.0	11.8	12.7	12.3	13.0
Asia and Pacific (Ex. China)	29.2	15.7	20.1	11.9	13.7	11.8
China	4.4	77.5	76.3	46.7	25.4	56.1
Europe	20.0	32.7	19.3	15.3	4.6	18.2
Middle East	24.4	16.2	9.2	31.4	0.2	13.3
Other	1.0	56.7	56.0	16.7	(46.8)	28.4

FIG 149 – IMPORTS FROM MAJOR TRADING PARTNERS RISE, LED BY IMPORTS FROM EUROPE AND MIDDLE EAST

Region (% YoY)	Share (in %) FY18	May'18	Jun'18	Jul'18	FYTD18	FYTD19
Americas	11.9	21.9	26.2	27.9	39.1	18.4
Asia and Pacific (Ex. China)	23.1	20.0	29.6	31.5	30.7	21.4
China	16.4	3.1	2.2	1.3	29.7	(2.6)
Europe	14.9	2.3	8.3	68.6	28.5	15.3
Middle East	28.8	28.0	43.0	52.4	23.0	35.4
Other	4.9	(47.1)	(62.5)	(55.2)	53.9	(53.3)

Trade deficit

FIG 150 – TRADE DEFICIT RISES TO 5-YEAR HIGH IN JUL'18

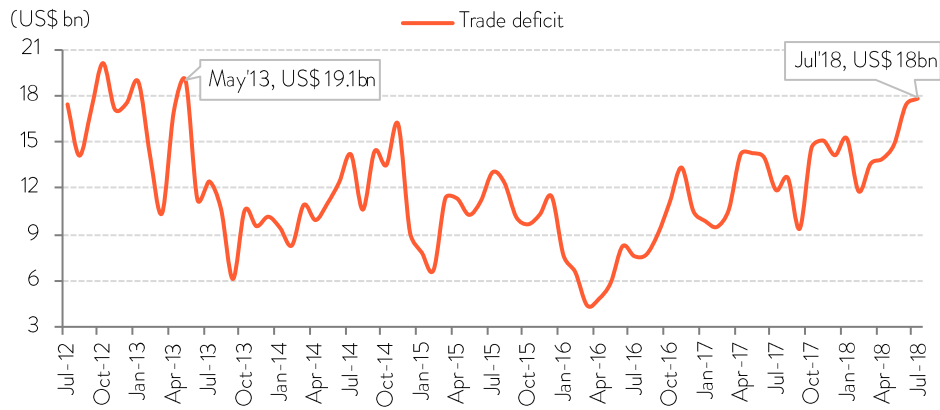
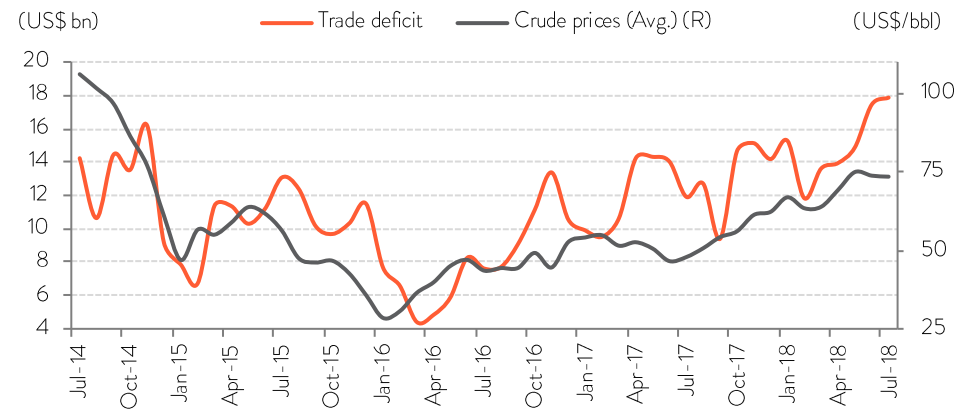
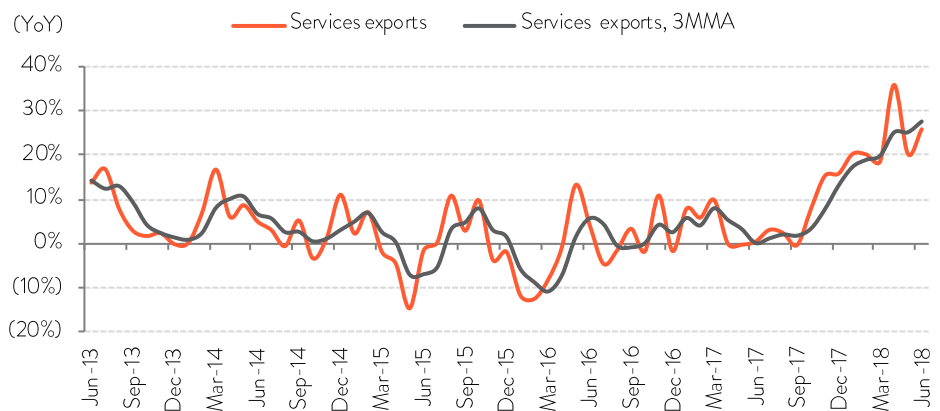


FIG 151 – ...LED BY HIGHER OIL PRICES



Trade in services

FIG 152 – SERVICES EXPORT RISE 26% IN JUN'18



BoP

FIG 153 – CAD AS A % OF GDP RISES TO 2.4% IN Q1FY19 FROM 1.9% IN Q4FY18

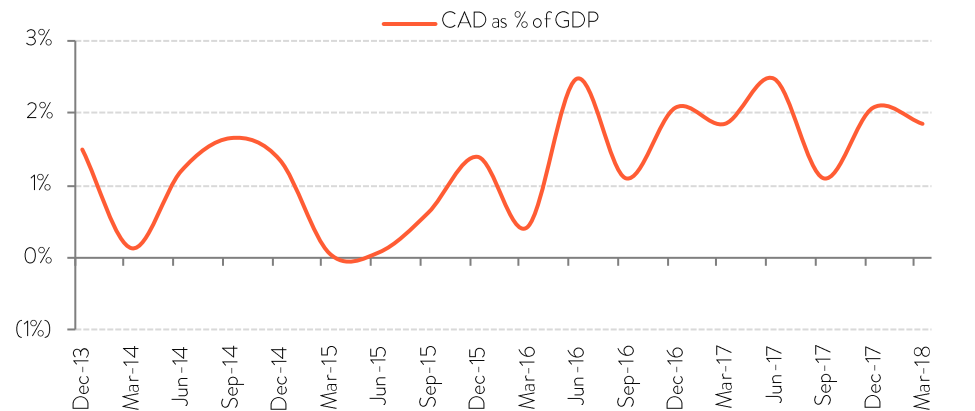


FIG 154 – ...ON THE BACK OF HIGHER MERCHANDISE TRADE DEFICIT

(US\$ bn)	Q1FY18	Q2FY18	Q3FY18	Q4FY18	Q1FY19
Current account	(15.0)	(6.9)	(13.7)	(13.0)	(15.8)
CAD/GDP (%)	(2.5)	(1.1)	(2.1)	(1.9)	(2.4)
- Trade balance	(24.0)	(14.0)	(23.0)	(21.0)	(27.0)
Trade balance/GDP (%)	(4.2)	(2.4)	(3.4)	(3.1)	(4.1)
- Merchandise exports	73.0	76.0	78.0	82.0	83.0
- Merchandise imports	115.0	109.0	122.0	124.0	129.0
-- Oil imports	23.0	24.0	29.0	33.0	34.0
-- Non-oil imports	92.0	85.0	92.0	91.0	95.0
- Net Services	18.0	18.0	21.0	20.0	19.0
--Telecom, Computer and Information	18.0	18.0	18.0	19.0	19.0
- Primary income	(6.0)	(9.0)	(6.0)	(8.0)	(6.0)
- Secondary income	15.0	16.0	16.0	16.0	17.0
Capital account	0.0	0.0	0.0	0.0	0.0
Financial account	15.5	7.4	13.0	11.8	16.6
Percentage of GDP	2.7	1.3	1.9	1.7	2.5
Foreign investments (FDI + FII)	19.6	14.5	9.6	8.7	1.6
- FDI	7.1	12.4	4.3	6.4	9.7
- FII	12.5	2.1	5.3	2.3	(8.1)
- Equities	0.7	(3.4)	2.2	2.1	(2.7)
- Debt	11.2	5.9	3.2	0.2	(6.4)
-Other investments	8.5	3.5	13.3	16.5	5.2
-ADRs/GDRs	0.0	0.0	0.0	0.0	0.0
-Currency and deposits	0.8	0.8	3.3	4.7	3.0
--NRI deposits	1.2	0.7	3.1	4.6	3.5
-Loans	6.3	(1.8)	2.4	2.3	6.9
-Trade credits	0.6	4.0	4.8	4.5	(3.5)
-Other receivables/payable accounts	1.4	0.6	2.9	5.8	(0.7)
-Reserve assets	(11.4)	(9.5)	(9.4)	(13.2)	11.3
Errors & Omissions	(0.6)	(0.4)	0.6	1.3	(0.8)

Foreign inflows

FII inflows

FIG 155 – MARGINAL PICKUP IN FII INFLOWS IN AUG'18-US\$ 762MN

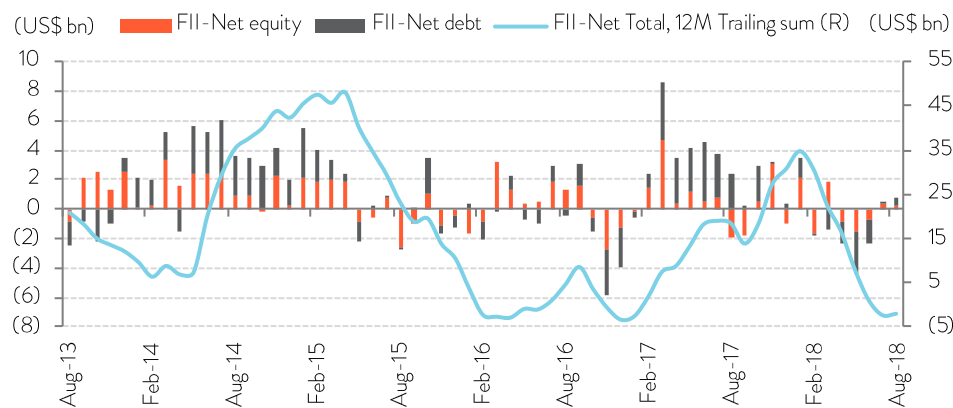


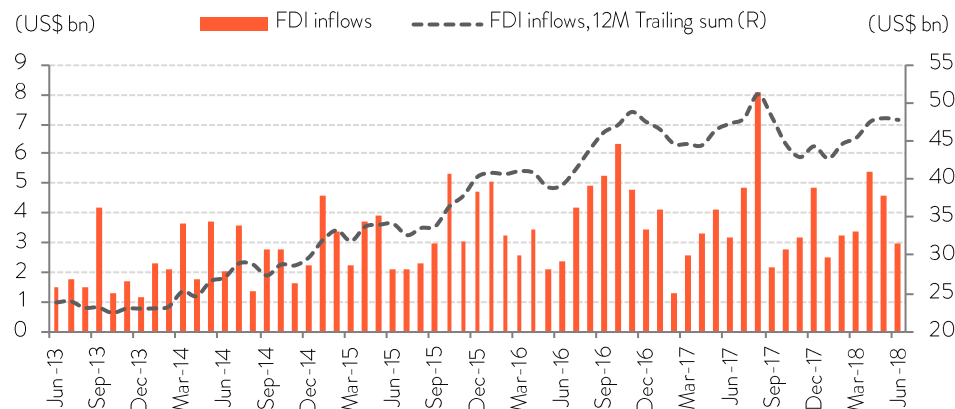
FIG 157 – PICKUP IN FDI INFLOWS FROM SINGAPORE

Country (US\$ bn)	% Share FY18	Jun'17	Sep'17	Dec'17	Mar'18	Jun'18
Mauritius	35.5	3.3	8.2	1.9	2.6	1.5
Singapore	27.2	3.0	2.3	3.9	3.0	6.5
Japan	3.6	0.4	0.5	0.3	0.3	0.9
UK	1.9	0.1	0.2	0.4	0.1	0.6
Netherlands	6.2	0.6	1.4	0.4	0.4	0.8

Source: DIPP

FDI inflows

FIG 156 – FDI INFLOWS AT US\$ 12.9BN IN FYTD19 VS US\$ 10.6BN IN FYTD18



Source: RBI, Bank of Baroda Research

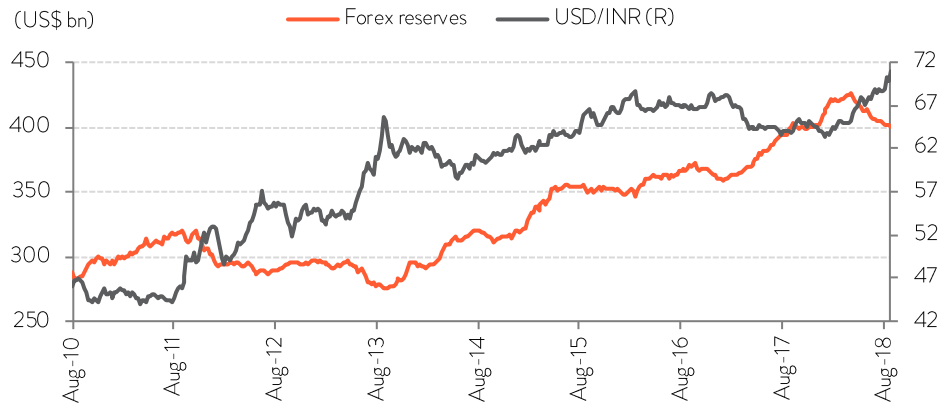
FIG 158 – FDI INFLOWS IN TELECOM SECTOR RISE

Sector (US\$ bn)	% Share FY18	Jun'17	Sep'17	Dec'17	Mar'18	Jun'18
Services Sector	34.4	1.9	1.0	1.7	2.1	2.4
Telecommunications	13.5	0.1	6.0	0.1	0.1	1.6
Computer software and hardware	5.3	1.3	1.7	2.1	1.0	1.4
Automobile industry	4.4	0.7	0.5	0.5	0.4	0.5
Trading	3.4	0.8	0.7	0.8	2.1	1.6

Source: DIPP

Forex reserves and external debt

FIG 159 – INDIA'S FX RESERVES DIP TO US\$ 400BN



Source: Bloomberg | Weekly data as of 24 Aug 2018

FIG 160 – FX RESERVES SUFFICIENT TO COVER 9.9 MONTHS OF IMPORTS

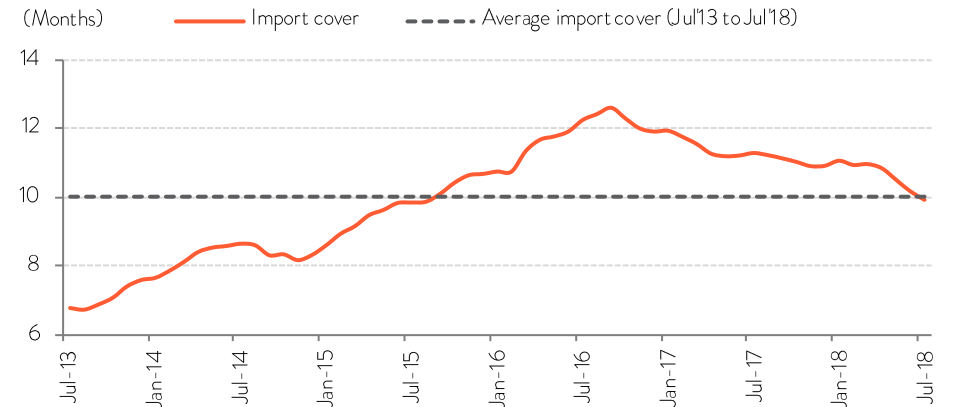


FIG 161 – IN SPOT MARKET, RBI SOLD US\$ 6.2BN IN JUN'18 (NET SALES OF US\$ 5.8 BN IN MAY'18)

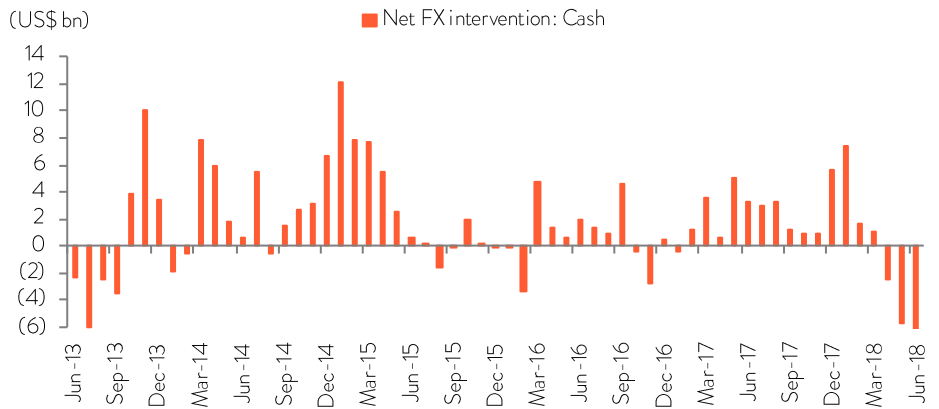
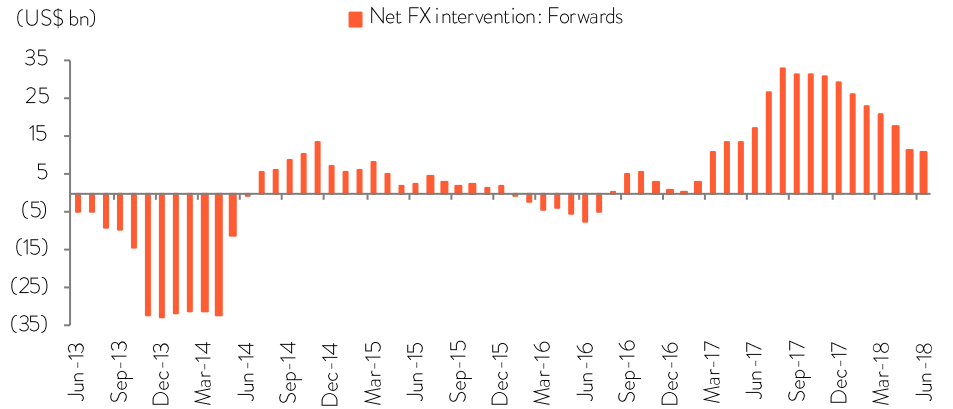


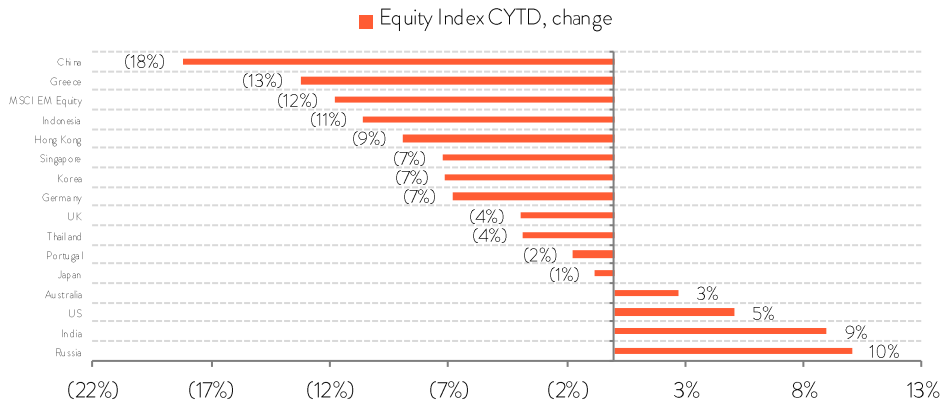
FIG 162 – RBI SOLD US\$ 10.2BN IN FORWARDS MARKET IN Q1FY19 VS PURCHASE OF US\$ 6.2BN LAST YEAR



Markets

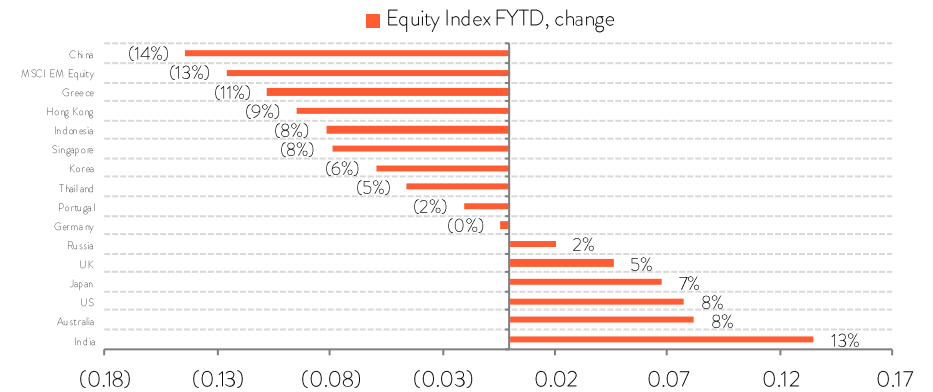
Equity

FIG 163 – NIFTY OUTPERFORMED MAJOR EMS IN CYTD18*



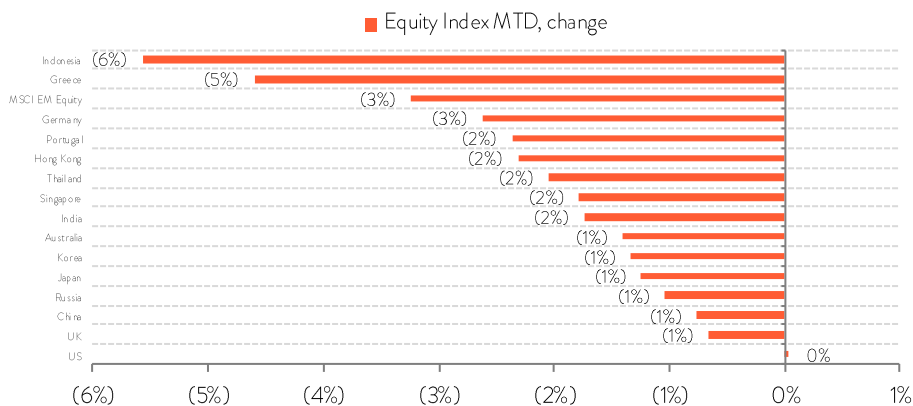
Source: Bloomberg | *till 05 Sep 2018

FIG 164 – ...SO IS THE CASE OF FYTD19*



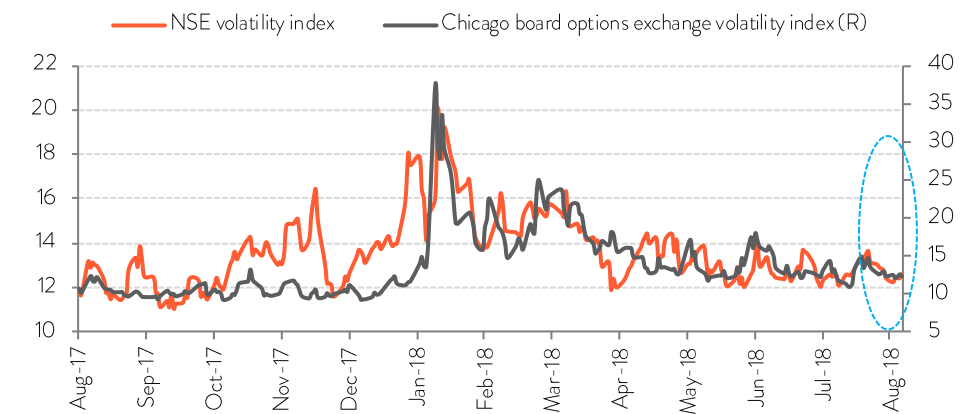
Source: Bloomberg | *till 05 Sep 2018

FIG 165 – ...HOWEVER, IN MTD* BASIS, NIFTY DECLINED BY 2%



Source: Bloomberg | *till 05 Sep 2018

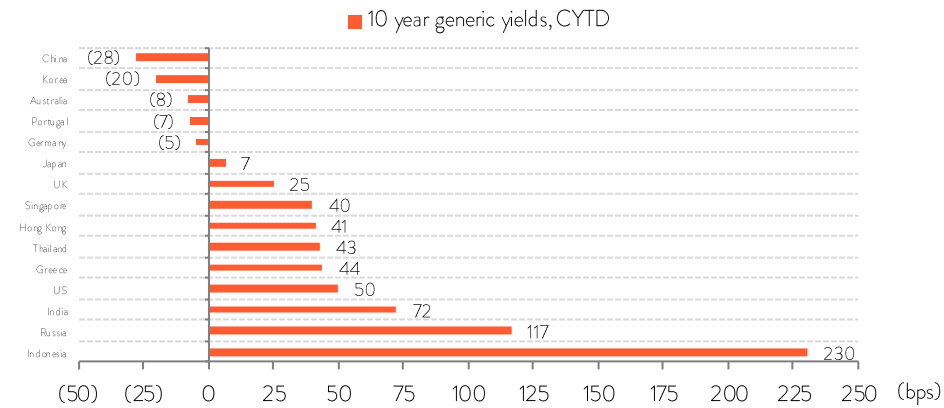
FIG 166 – NIFTY VIX ROSE TO 12.6 IN AUG'18 VS 12.5 IN JUL'18



Source: Bloomberg

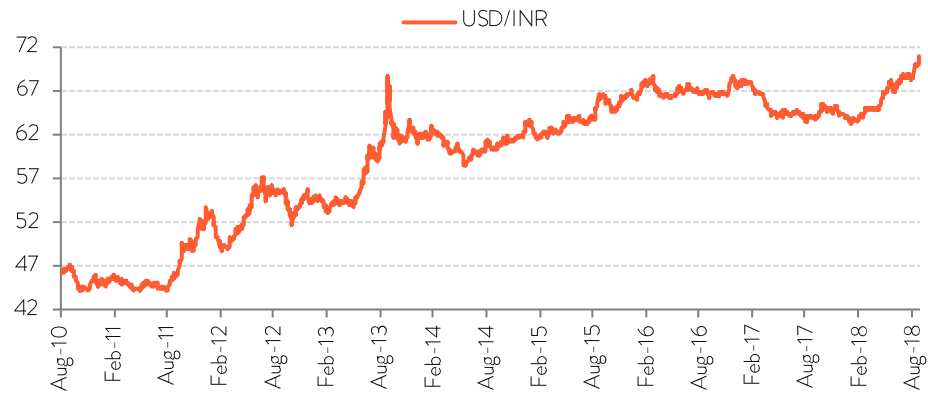
10 year Bond yields

FIG 167 – INDIAN 10 YEAR YIELD SURGED BY 50BPS IN CYTD18*



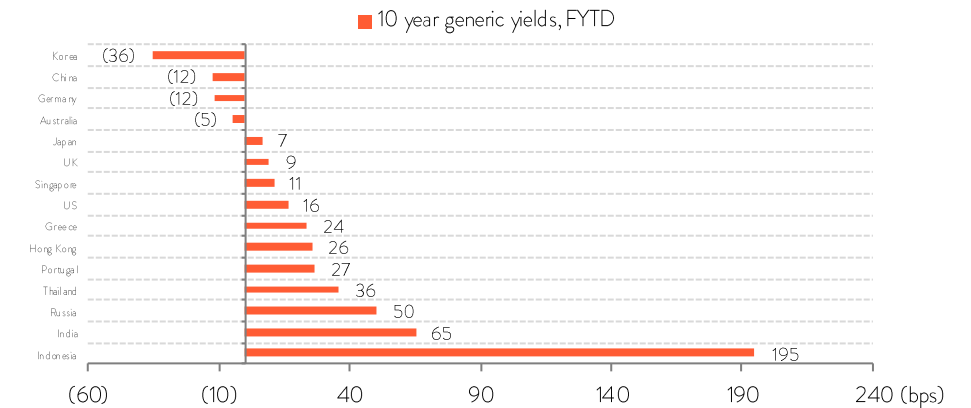
Source: Bloomberg | *till 05 Sep 2018

FIG 169 – INR BREACHES THE 70/\$ MARK IN AUG'18



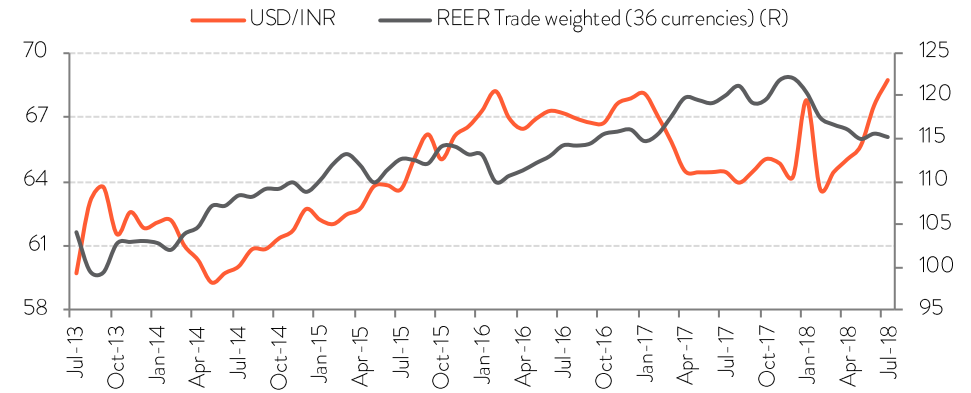
Source: Bloomberg | *As on 31 Jul 2018

FIG 168 – IN FYTD19*, 10 YEAR G-SEC ROSE BY 65BPS; SECOND HIGHEST COMPARED TO MAJOR ECONOMIES



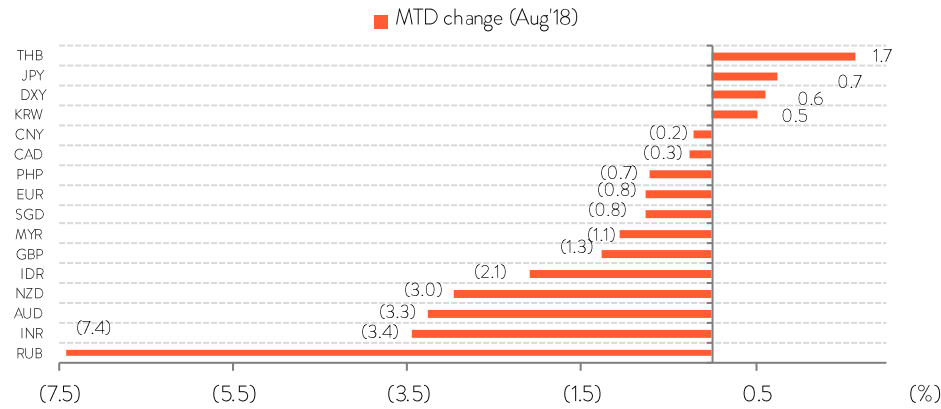
Source: Bloomberg | *till 05 Sep 2018

FIG 170 – INR STILL OVERVALUED BY 15.2% (JUL'18)



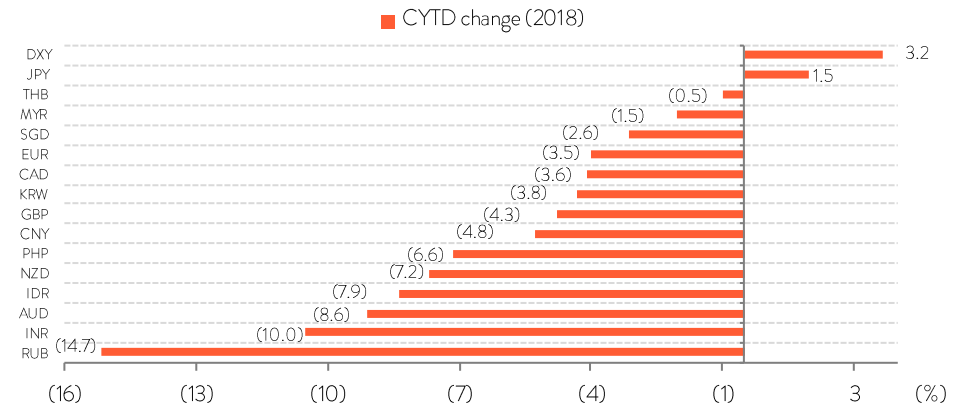
Source: Bloomberg

FIG 171 – INR DEPRECIATES BY 3.4% IN AUG'18



Source: Bloomberg | *As on 31 Jul 2018

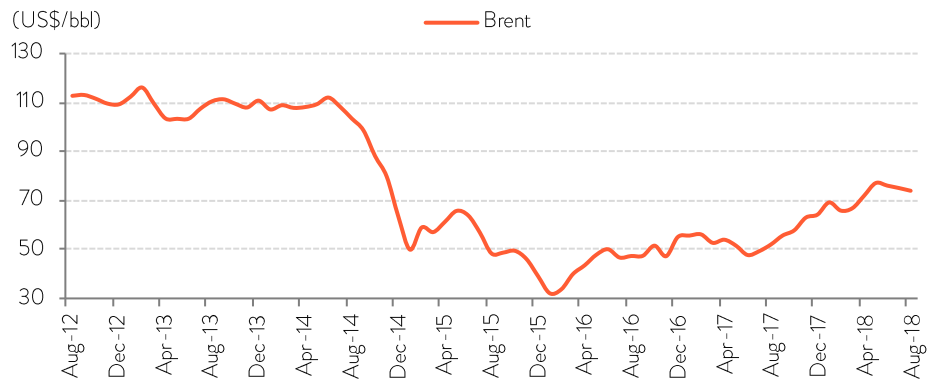
FIG 172 – INR AMONGST THE WORST PERFORMING ASIAN CURRENCIES IN CYTD18



Source: Bloomberg | *As on 31 Jul 2018

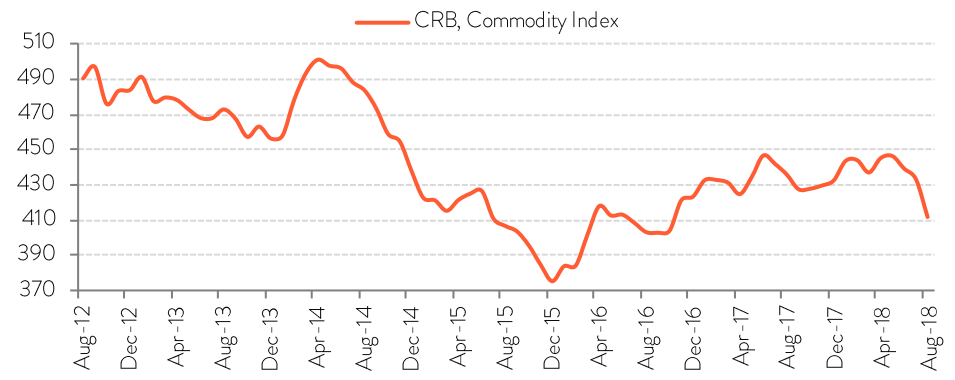
Commodities

FIG 173 – BRENT PRICES MODERATED TO US\$ 74/BBL IN AUG'18 VS US\$ 75/BBL IN JUL'18



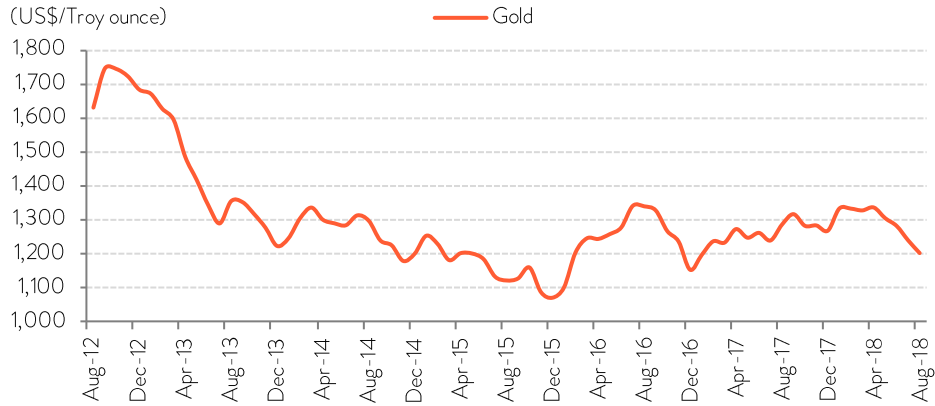
Source: Bloomberg

FIG 174 – GLOBAL COMMODITY PRICES ALSO PLUNGED IN AUG'18



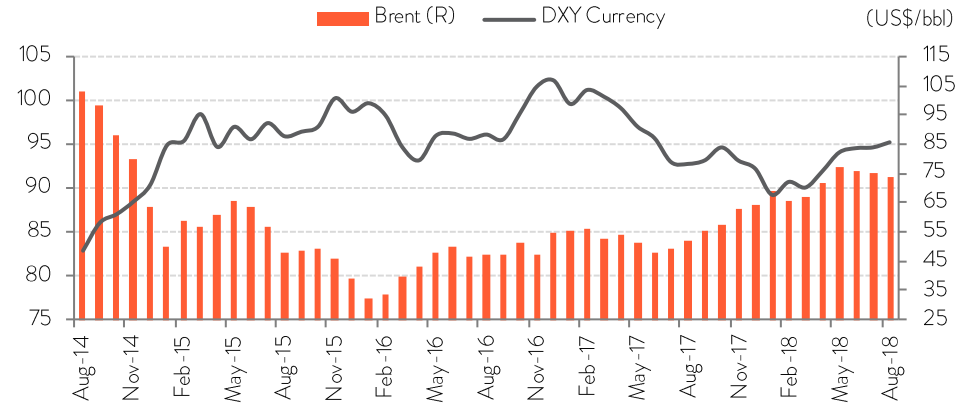
Source: Bloomberg | Index as on last trading day of the month

FIG 175 – GOLD PRICES EDGED DOWN IN AUG'18



Source: Bloomberg

FIG 176 – DXY ROSE; OIL PRICES FELL SLIGHTLY IN AUG'18



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

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