

India Economics

Monthly Chartbook

November 2019

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Government spending to offset weak consumption

Consumption demand remained muted even as mild pick-up was seen in the festive season. Services activity has been contracting for two consecutive months now. Elevated growth concerns have prompted Moody's to downgrade India's outlook to negative. However, an above average monsoon and spending by centre and states will ensure some pick-up in demand in H2. States are relying on borrowings to spend as revenue growth slows. With liquidity surplus at Rs 2.8tn, yield curve has steepened. Headline inflation is likely to increase to 4.25% in Oct'19, though it is unsustainable at these levels as growth remains weak. Thus core inflation will moderate (Philips curve). We expect RBI to cut rates further in Dec'19 by 25bps as growth remains an overwhelming concern.

Muted consumption: Led by muted demand for durable goods, two-wheelers and passenger vehicles, consumption demand remained lacklustre in Sep'19. Sales of consumer companies dropped to 5.2% in Sep'19 from 10.5% in Jun'19. Rural demand is likely to improve as a result of firming up of domestic prices (including MSPs) and better rains. Recent uptick in government spending is likely to boost demand in coming months as well.

Government spending revives: Both centre and state governments upped their spending in Sep'19 (3MMA basis), with central government capex taking the lead (65% v 29% in Aug'19). However, on the revenue front, tax revenues of both centre and states remain constrained.

Indirect tax collections are growing at 2.8% as of Sep'19 (FYTD basis). Centre has been compensating states for SGST shortfall. Direct tax collections are also increasing at 5.2% below Budget estimate of 18.6%. To boost spending, states have increased reliance on grants from centre (52% in Sep'19 vs 20% in Aug'19) and market borrowings (Rs 2.8tn in FYTD20 vs Rs 2.1tn in FYTD19). Centre is looking at disinvestments to boost its revenue. Even with centre and states revving up their spending, growth is likely to be below 5% in Q2FY20 due to sharp reduction in private consumption and investment spending.

Inflation at 4%, yields fall: Headline CPI rose to 4% in Oct'19 led by food items such as vegetables and pulses due to unseasonal rains. It is expected to inch up further in Oct'19. However, due to lower crude oil prices, core inflation has moderated to 4%. Even as inflation has inched up and fiscal concerns remain, 10Y yield fell by 5bps in Oct'19 as surplus liquidity in the banking system increased to an average of Rs 2tn in Oct'19.

Lower oil prices to support INR: INR fell marginally by (-) 0.1% in Oct'19 despite robust FII inflows (US\$ 2.8bn). During CYTD19, INR has depreciated by (-) 1.6% compared with decline of (-) 8.5% in CY18. This has been possible because of FPI inflows and lower oil prices. With Chinese Yuan appreciating below 7 to US\$, we continue to believe that INR is unlikely to depreciate in the near-term.

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

Consumption

Final consumption expenditure

FIG 1 – CONSUMPTION WEAKENS TO 3.1% IN Q1FY20

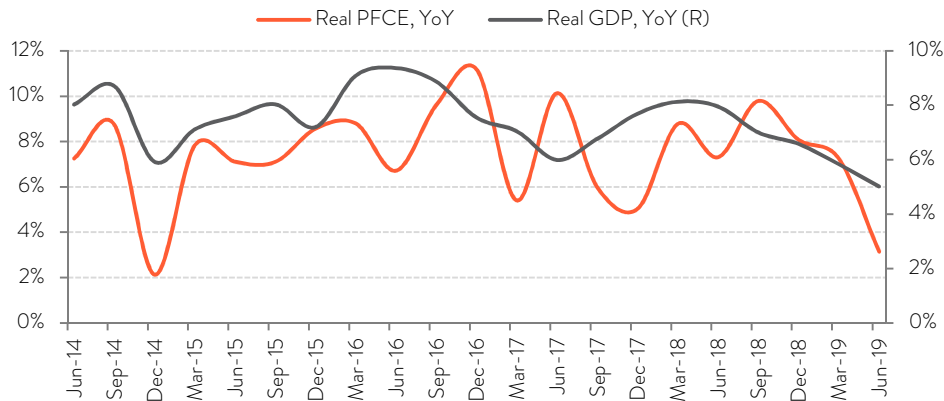


FIG 2 – LACKLUSTRE GROWTH IN GOVERNMENT CONSUMPTION IN Q1FY20

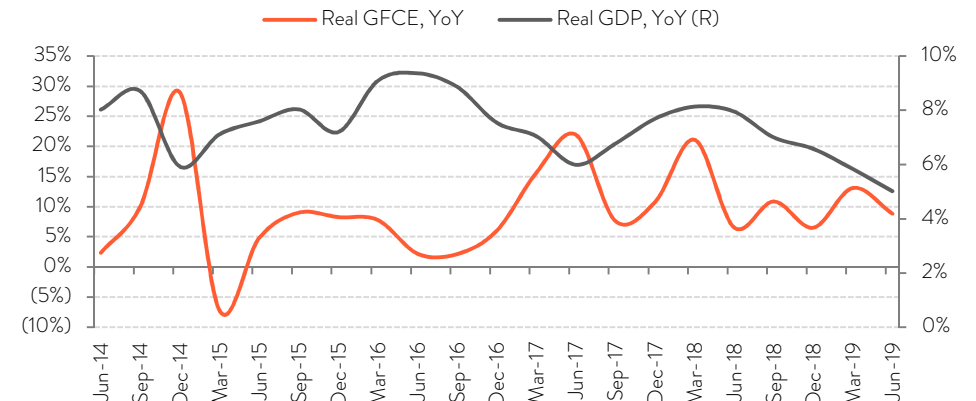


FIG 3 – UPTICK IN GENERAL GOV REVENUE SPENDING

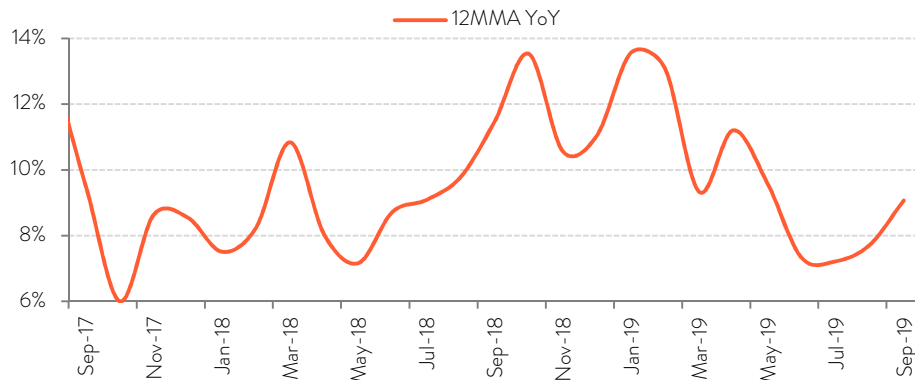
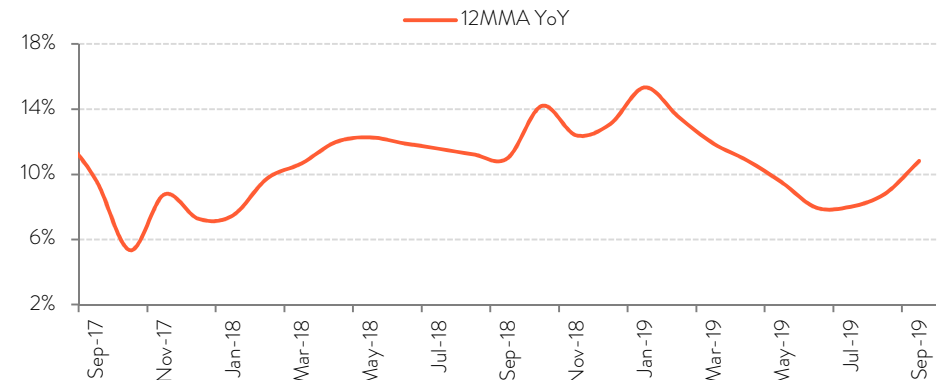


FIG 4 – STATE* GOV REVENUE SPENDING TOO MOVING AT THE SAME PACE



Note: * All states excluding N.E states, Bihar, Goa, H.P, J&K, Karnataka and Uttarakhand

Non-oil imports, electronic imports

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

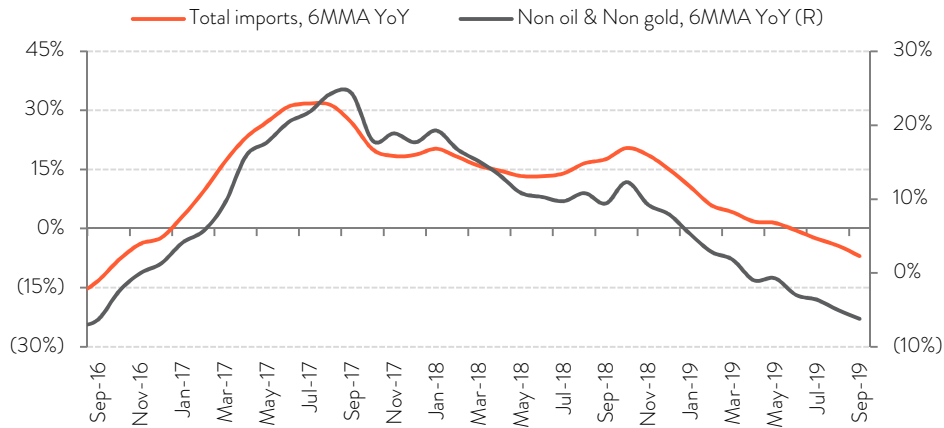


FIG 6 – ELECTRONIC IMPORTS DECLINES; ALEBIT AT SLOW PACE

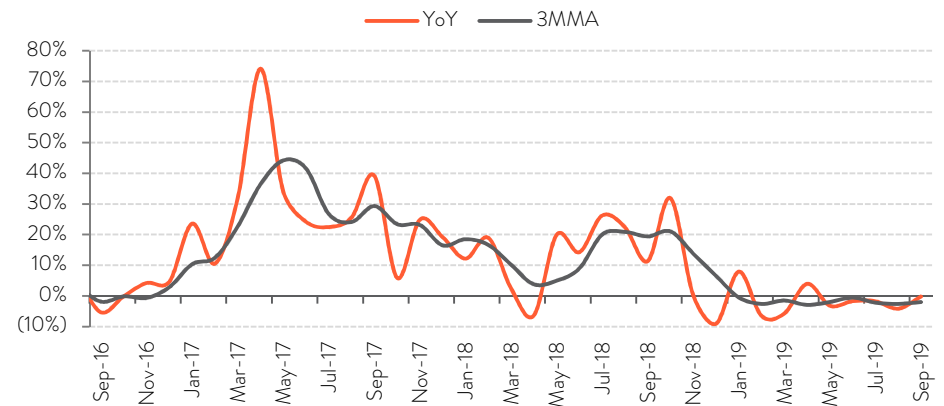


FIG 7 – DOWNTURN CONTINUES IN PASSENGER CAR SALES

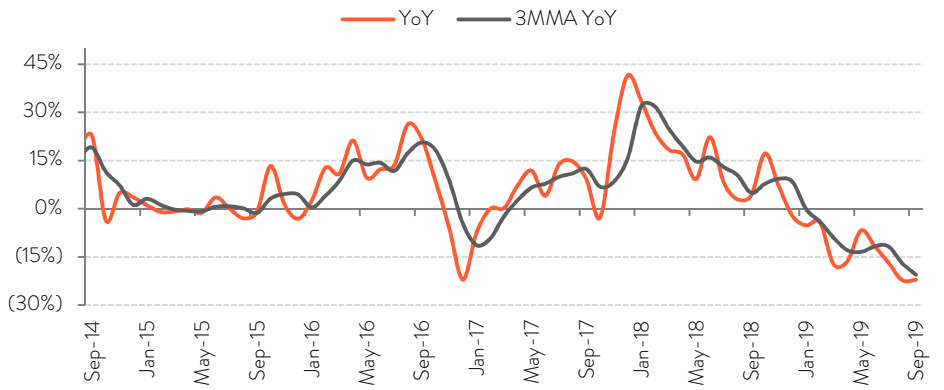
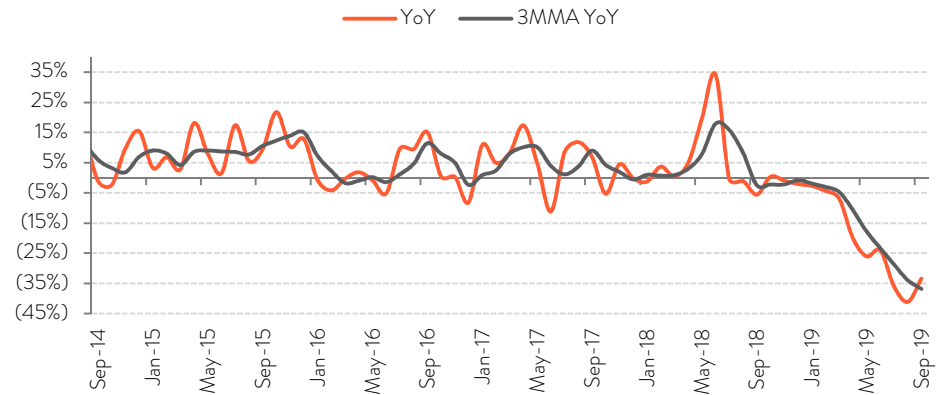


FIG 8 – TWO-WHEELER SALES FALLING AT THE SAME PACE IN SEP'19 (-22.1%)



Credit deployment of personal loans

FIG 9 – GROWTH IN CREDIT CARD OUTSTANDING INCHES UP

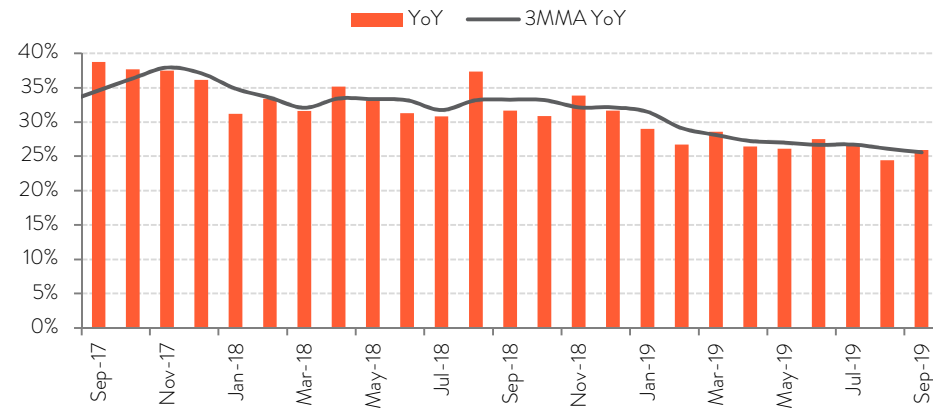


FIG 10 – GROWTH IN PERSONAL LOANS IMPROVES IN SEP'19

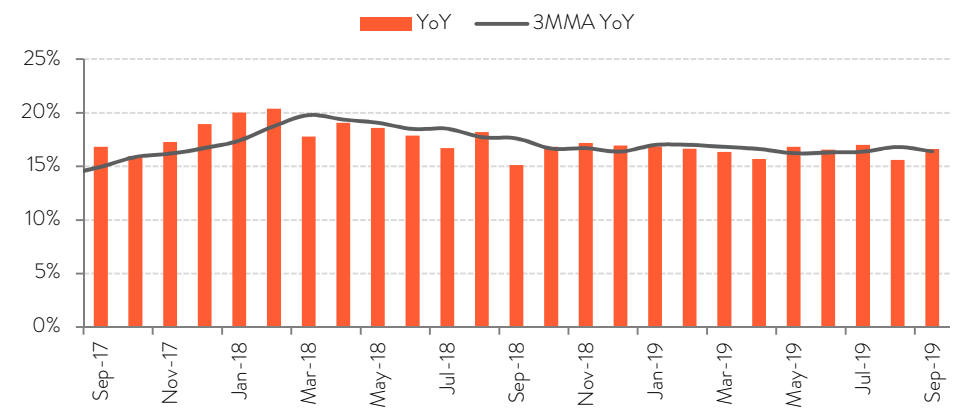


FIG 11 – GROWTH IN VEHICLE LOANS RISES TO 4.1% IN SEP'19

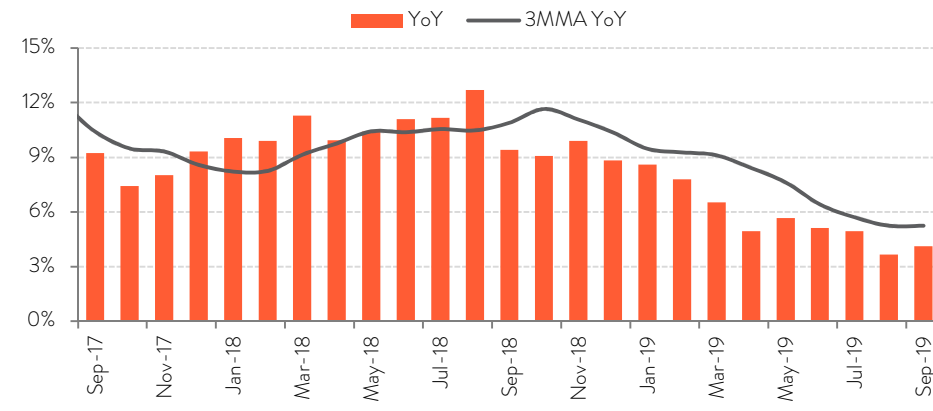
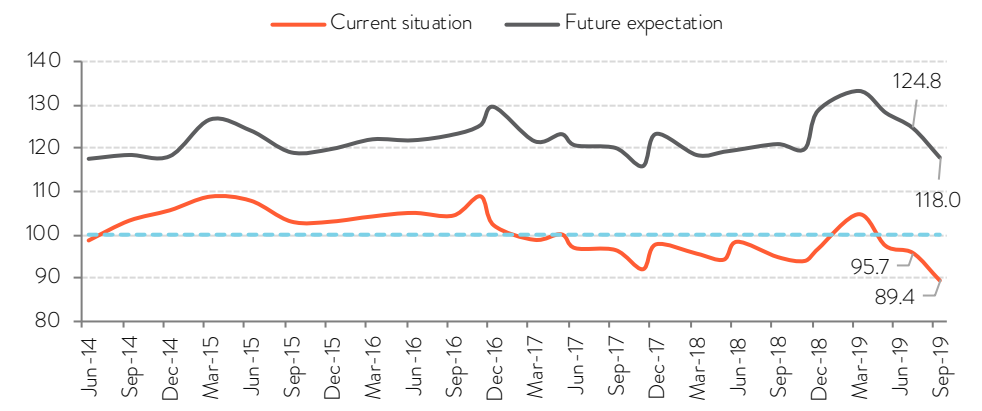


FIG 12 – CONSUMER CONFIDENCE DROPS TO 6-YEAR LOW



Consumer durables & non-durables production

FIG 13 – CONSUMER DURABLES DECLINES BY (-)9.1% IN AUG'19

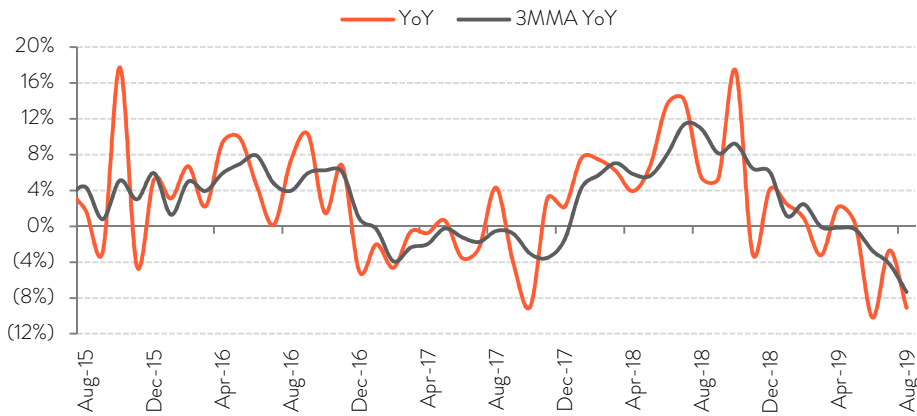
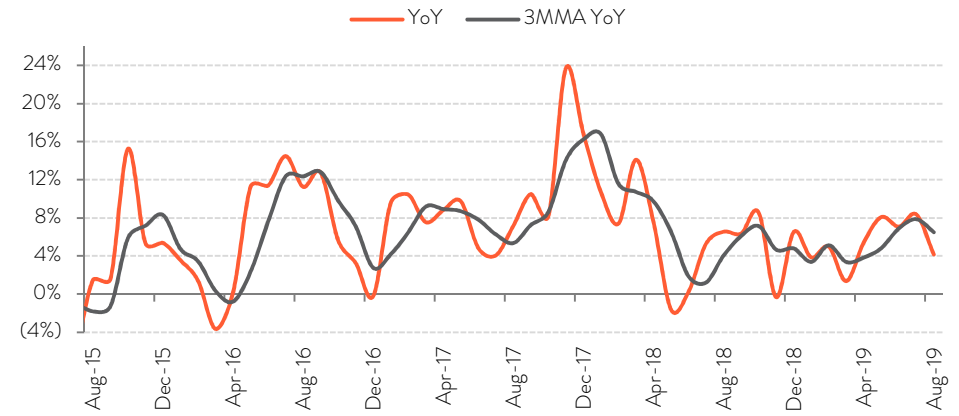


FIG 14 – FMCG OUTPUT DECELERATES IN AUG'19



Agriculture

FIG 15 – AGRICULTURE GROWTH IMPROVES TO 2% IN Q1FY20 (-0.1% IN Q4FY19)

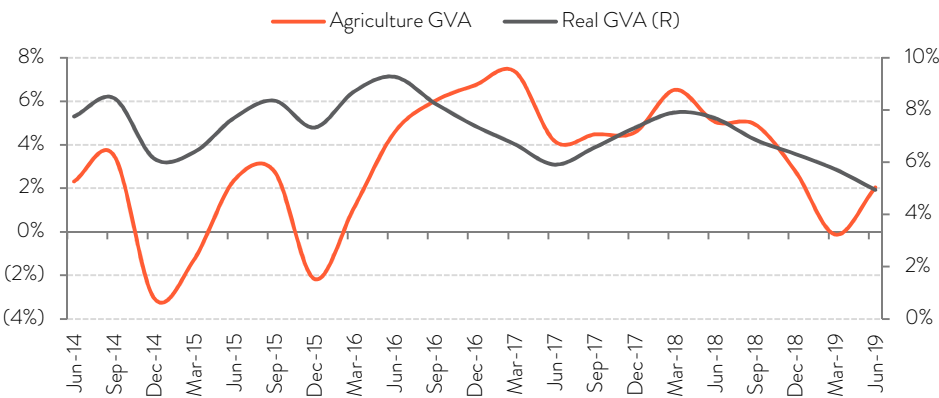


FIG 16 – STOCK OF FOODGRAINS AT 67MN TN IN SEP'19 COMPARED WITH 55MN TN IN SEP'18

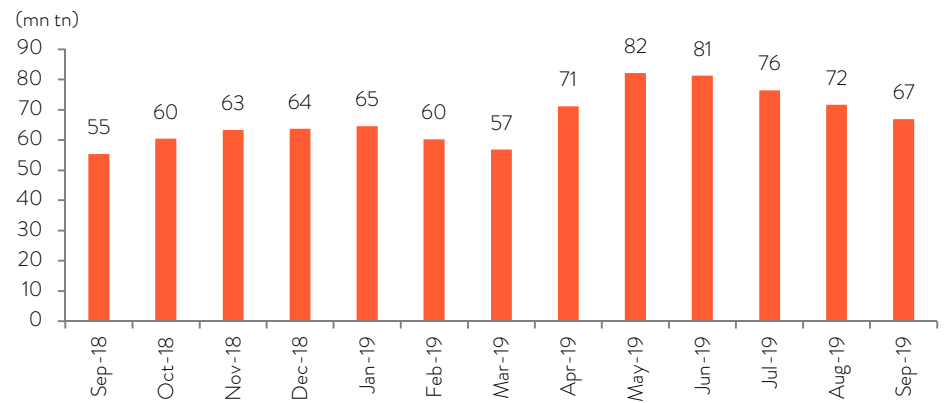


FIG 17 – GROWTH IN AGRICULTURE CREDIT IMPROVES MARGINALLY

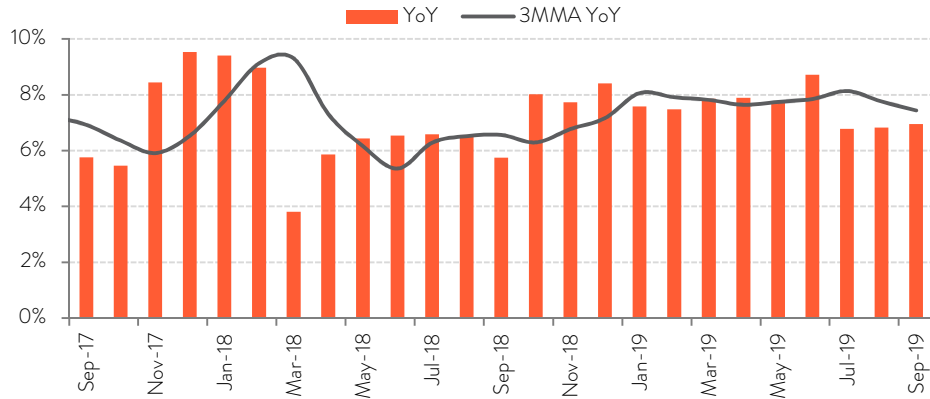
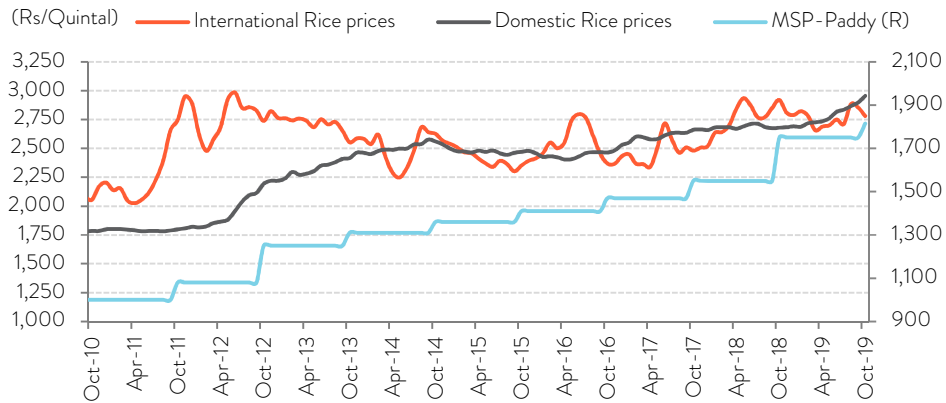


FIG 19 – WHILE DOMESTIC PRICE OF RICE IS RISING; INTERNATIONAL PRICES MODERATING...



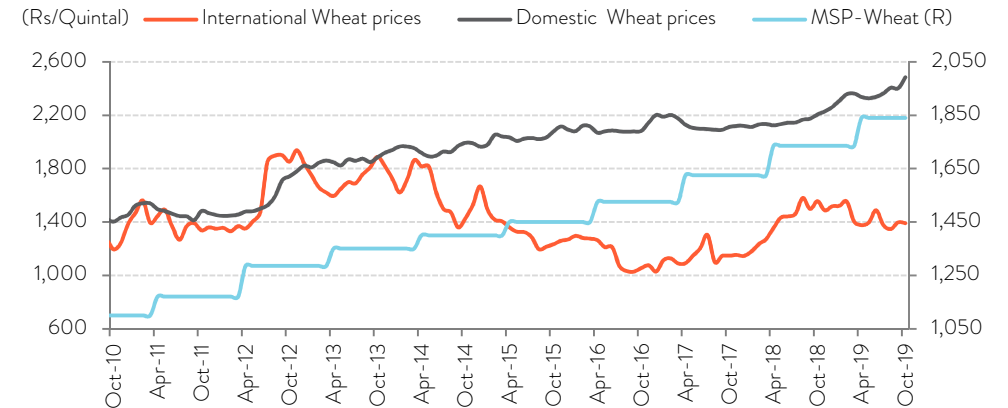
Source: World Bank

FIG 18 – PROCUREMENT OF RICE IS INCREASING MUCH HIGHER THAN WHEAT

Year	Wheat	Rice
2011-12	28.34	35.04
2012-13	38.15	34.04
2013-14	25.09	31.85
2014-15	28.02	32.04
2015-16	28.09	34.22
2016-17	22.96	38.11
2017-18	30.83	38.19
2018-19	35.80	44.33*
2019-20	34.13#	-

Source: Ministry of Consumer Affairs, Food and Public Distribution | *As on: 30 Sep 2019 | #As on 05 Jul 2019

FIG 20 – ... SIMILAR CASE FOR WHEAT PRICES



Source: World Bank

FIG 21 – GLOBAL FOOD PRICES RISES IN OCT'19

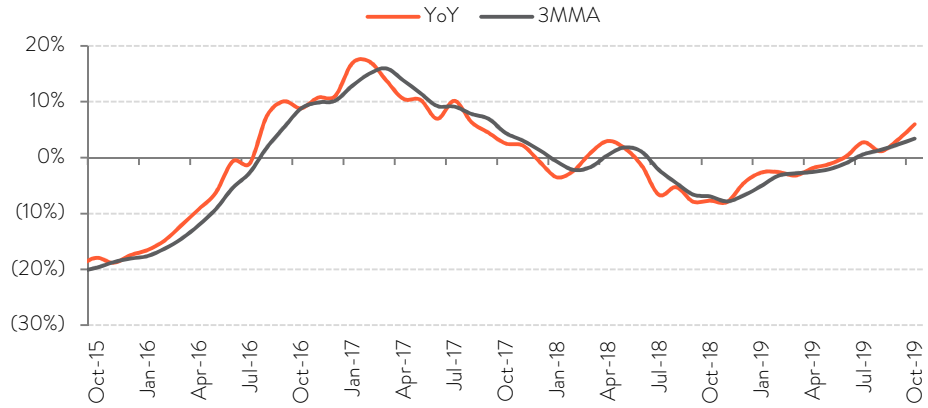
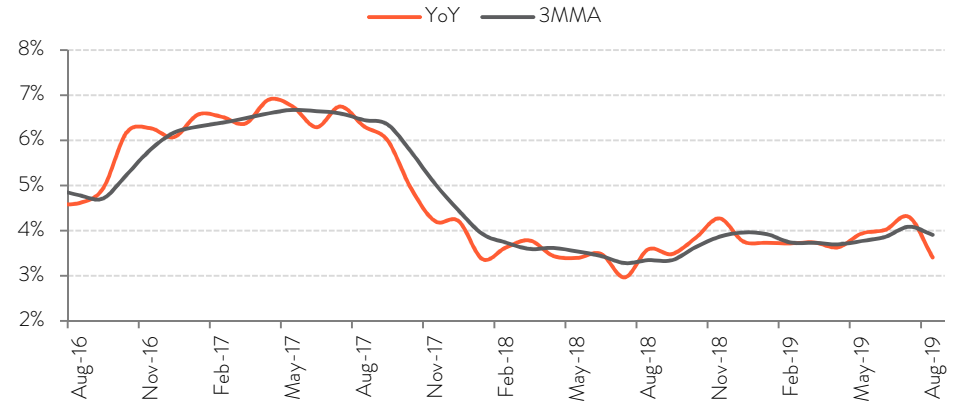


FIG 22 – RURAL WAGES (MEN) MODERATES IN AUG'19



Inflation

FIG 23 – RETAIL INFLATION ROSE TO ITS 14-MONTH HIGH OF 4% IN SEP'19 LED BY 210BPS JUMP IN FOOD INFLATION (5.1% VS 3% IN AUG'19)

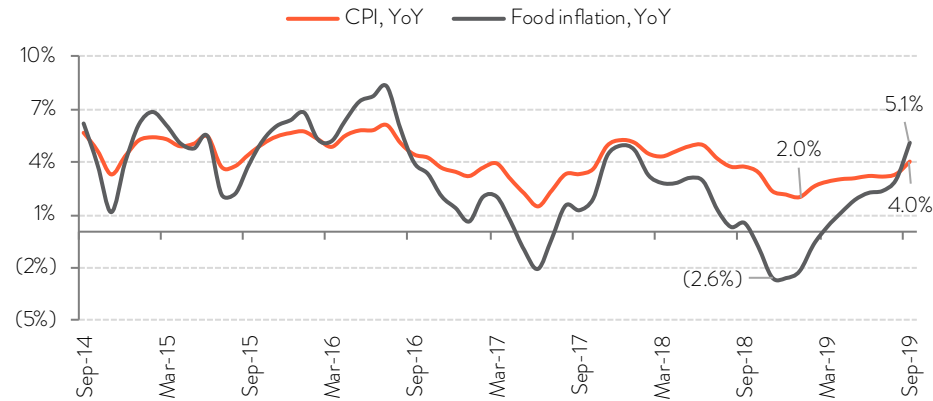


FIG 24 – ...ON ACCOUNT OF FIRMING UP OF VEGETABLE INFLATION (15.4% IN SEP'19 VS 6.9% IN AUG'19)

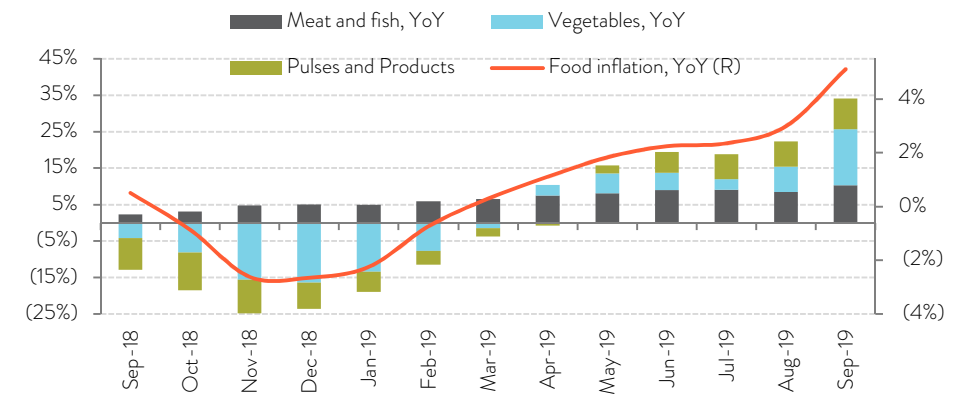
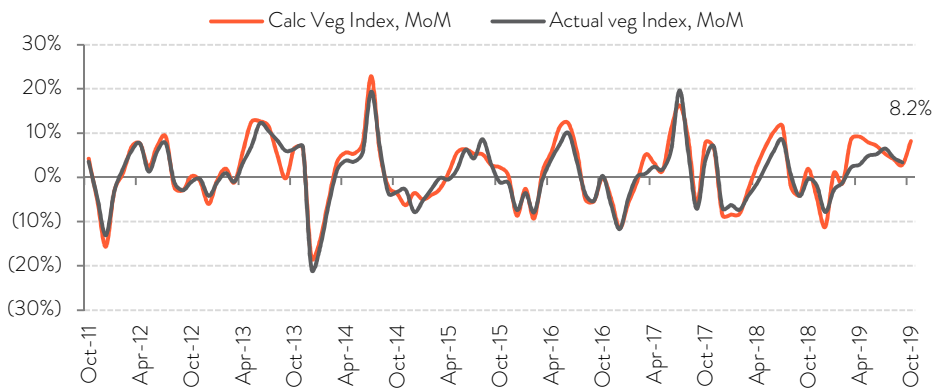


FIG 25 – ... VEGETABLE PRICES EXPECTED TO INCREASE BY 8.2% IN OCT'19 ON MOM BASIS



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

FIG 26 – CORE INFLATION EDGED DOWN BY 30BPS TO 4% IN SEP'19, CLOSING THE GAP BETWEEN CPI AND CORE CPI

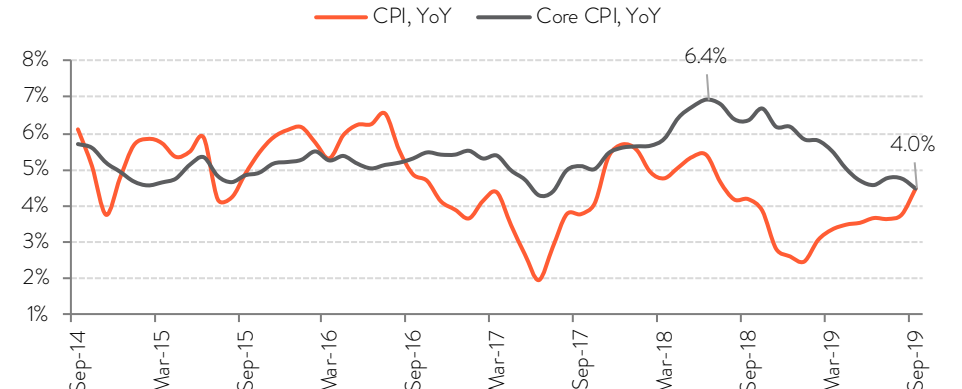


FIG 27 – ...CONSIDERABLE MODERATION IN TRANSPORT & COMMUNICATION INFLATION DROVE CORE LOWER

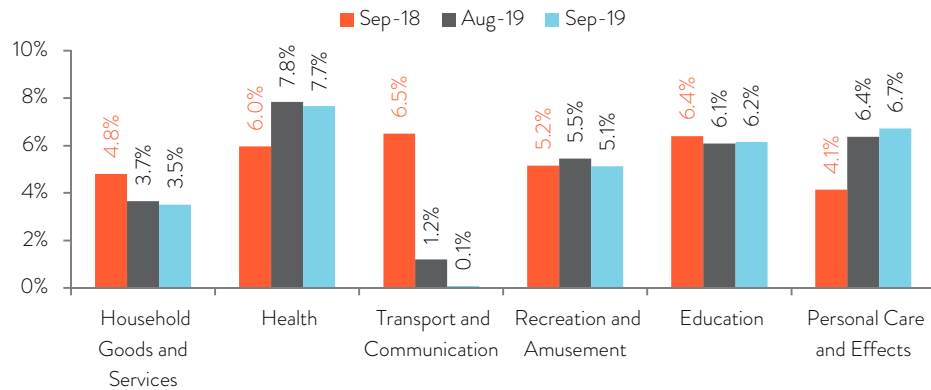


FIG 29 – CPI EXCL VOLATILE COMPONENTS SUCH AS VEG, PULSES AND HOUSING ALSO EDGED UP BY 10BPS TO 2.7% IN SEP'19

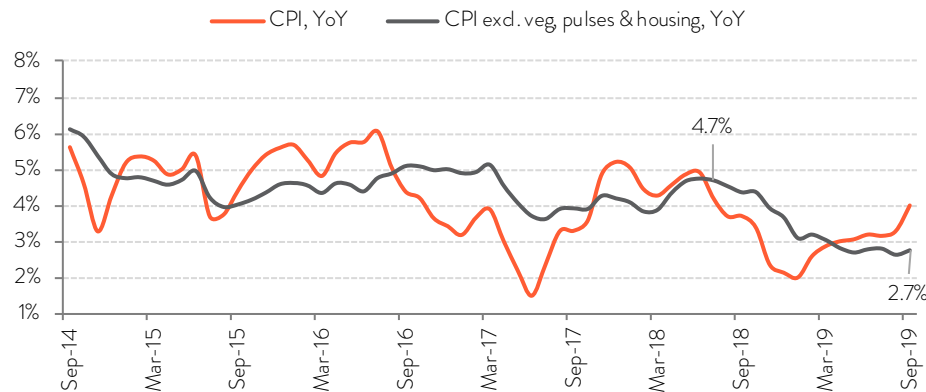
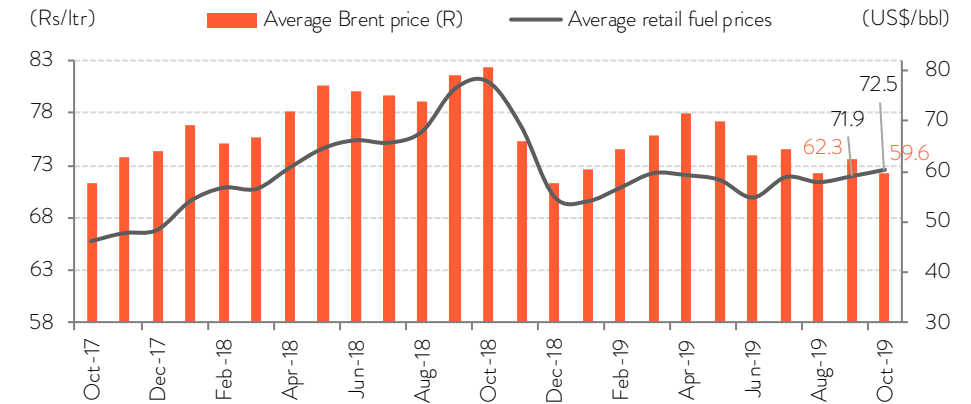
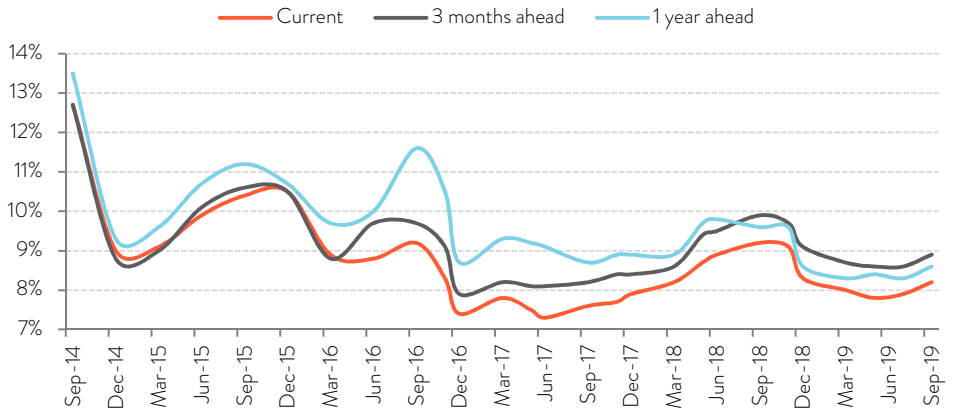


FIG 28 – DESPITE FALLING INTERNATIONAL CRUDE PRICES, RETAIL FUEL PRICES EDGED UP TO RS 72.5/LT IN OCT'19 VS RS 71.9/LT IN SEP'19



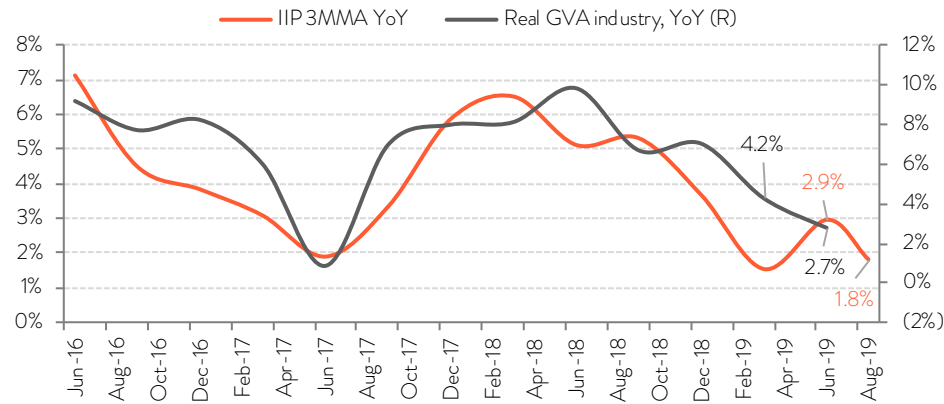
Note: *Average retail price of Delhi, Kolkata, Mumbai and Chennai

FIG 30 – – RBI INFLATION INDEX (BOTH 3-MONTHS AND 1-YEAR) EDGED UP BY 30BPS IN SEP'19



Industry

FIG 31 – INDUSTRIAL OUTPUT DROPS IN AUG'19



Note: IIP for Aug'19 is average for Jul-Aug'19 on a YoY basis

FIG 32 – MUCH LOWER GROWTH THIS YEAR ACROSS SECTORS

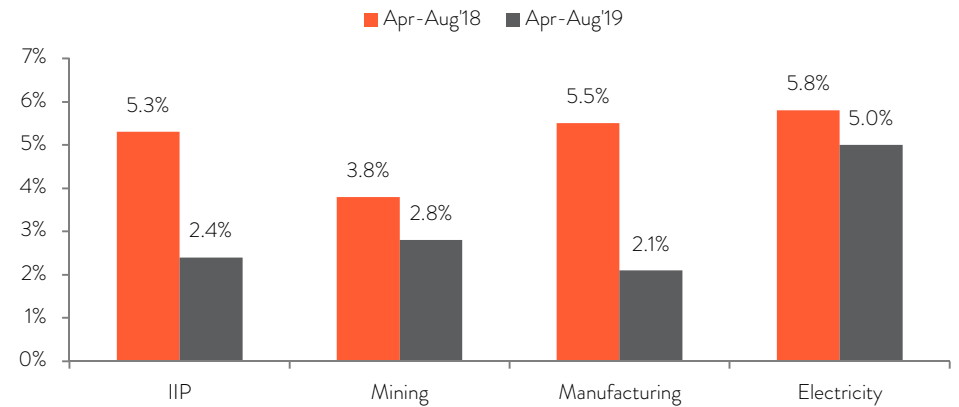


FIG 33 – CAPITAL GOODS DRAGGED IIP DOWN

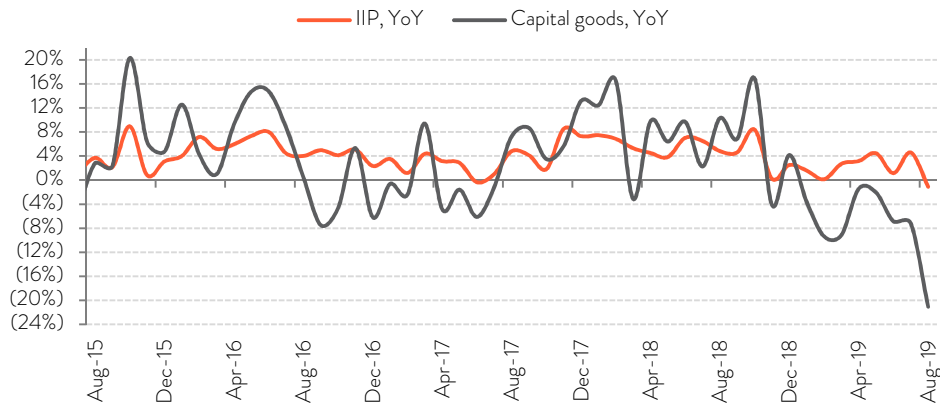


FIG 34 – CONSUMER DURABLE GOODS TOO DOING THE SAME

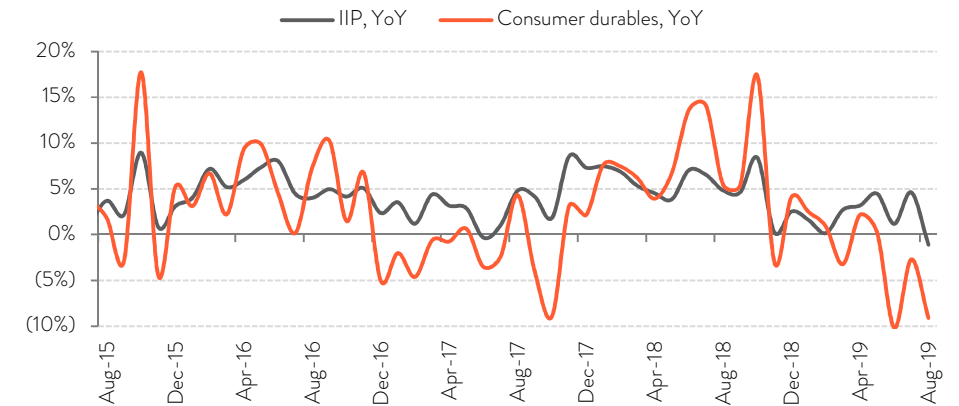
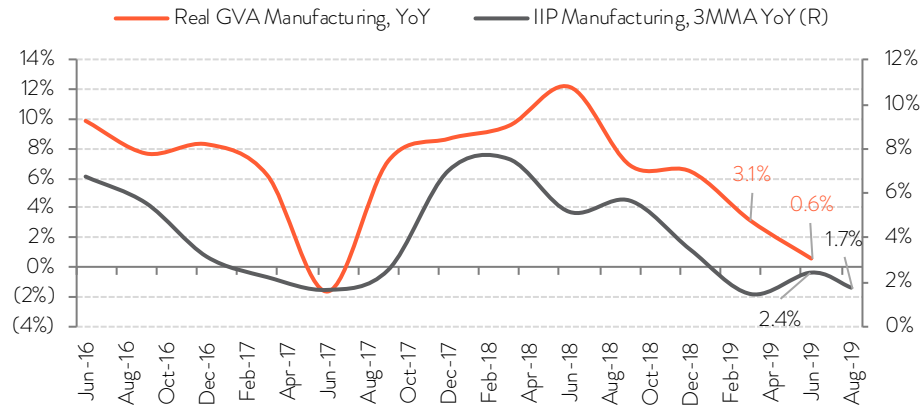


FIG 35 – INDUSTRIAL PRODUCTION DECLINES SHARPLY IN AUG'19

Sectoral (%)	Weight	Aug-19	Jul-19	Aug-18	Apr-Aug'19	Apr-Aug'18
IIP	100.0	(1.1)	4.6	4.8	2.4	5.3
Mining	14.4	0.1	4.8	(0.6)	2.8	3.8
Manufacturing	77.6	(1.2)	4.5	5.2	2.1	5.5
Electricity	8.0	(0.9)	4.8	7.6	5.0	5.8
Use-Based						
Primary Goods	34.1	1.1	3.5	2.5	2.4	5.4
Capital Goods	8.2	(21.0)	(7.2)	10.3	(7.9)	7.7
Intermediate Goods	17.2	7.0	14.7	2.9	9.9	1.3
Infrastructure and Construction Goods	12.3	(4.5)	3.5	8.0	(0.1)	8.6
Consumer Durables Goods	12.8	(9.1)	(2.7)	5.5	(4.0)	8.6
Consumer Non-Durables Goods	15.3	4.1	8.4	6.5	6.6	3.4

Manufacturing

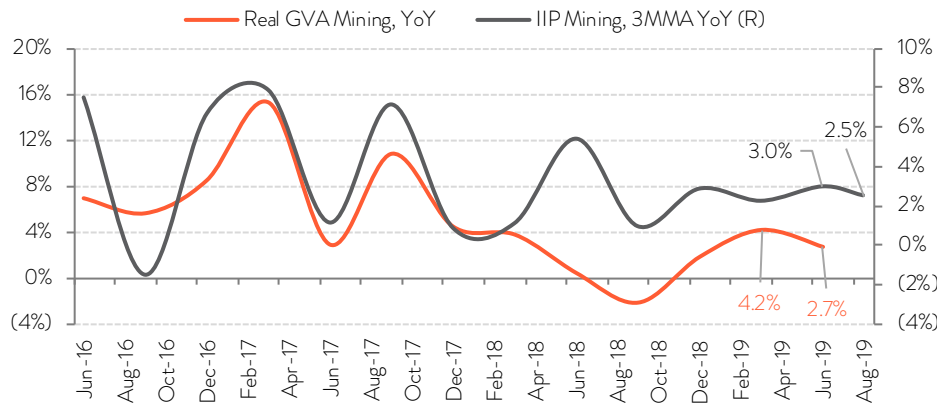
FIG 36 – MANUFACTURING SLOWS IN AUG'19



Note: IIP for Aug'19 is average for Jul-Aug'19 on a YoY basis

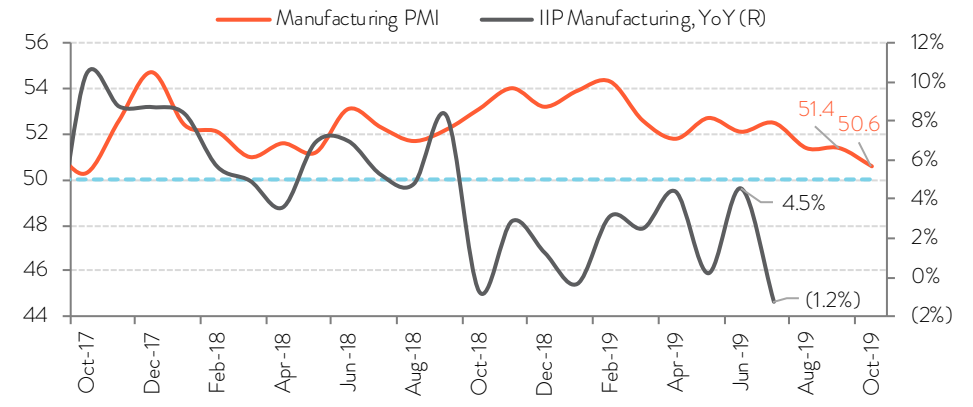
Mining & Electricity

FIG 38 – MINING ACTIVITY FALLS IN AUG'19



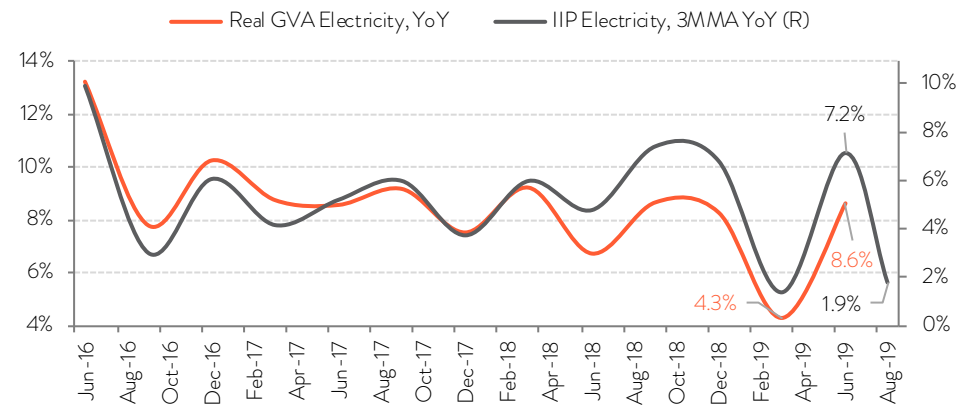
Note: IIP for Aug'19 is average for Jul-Aug'19 on a YoY basis

FIG 37 – MANUFACTURING PMI SLIPS TO 50.6 IN OCT'19



Source: Markit

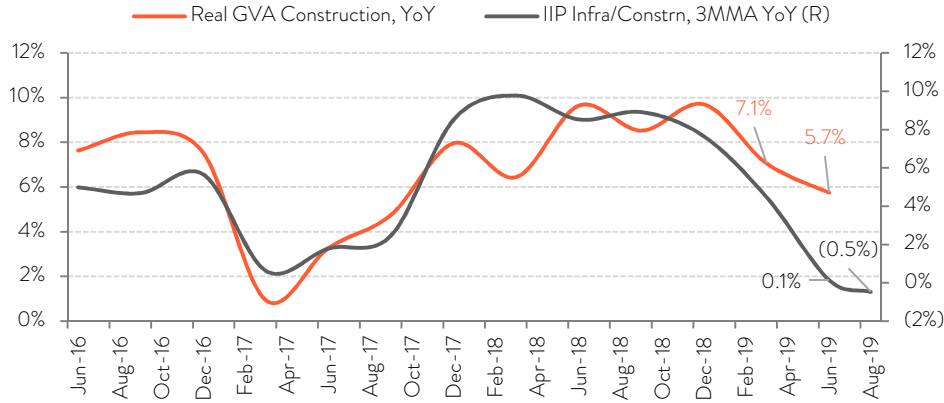
FIG 39 – ELECTRICITY OUTPUT DROPS IN AUG'19



Note: IIP for Aug'19 is average for Jul-Aug'19 on a YoY basis

Infrastructure and Construction

FIG 40 – GROWTH IN CONSTRUCTION SECTOR DIPS IN AUG'19



Note: IIP for Aug'19 is average for Jul-Aug'19 on a YoY basis

Infrastructure Index

FIG 42 – INFRA INDEX SLUMPS BY (-) 5.2% IN SEP'19

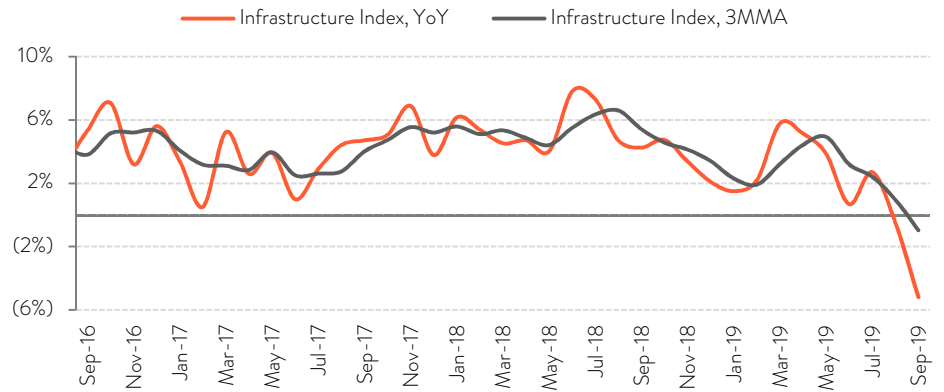


FIG 41 – CEMENT PRODUCTION DECLINES AT MUCH SLOWER PACE

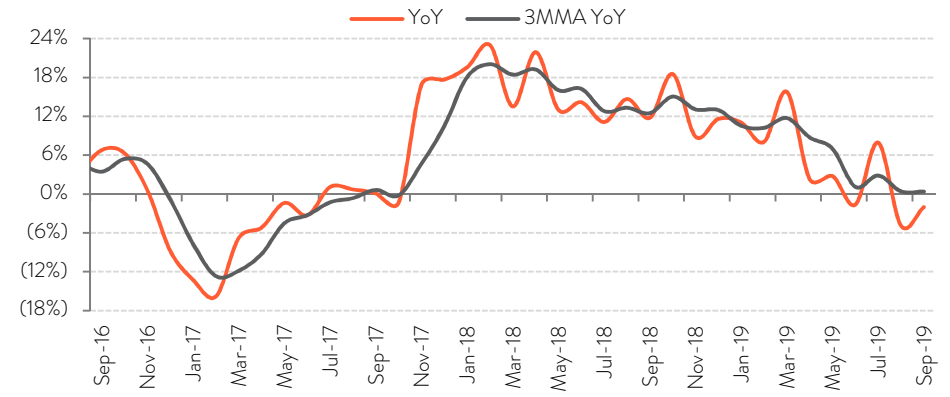
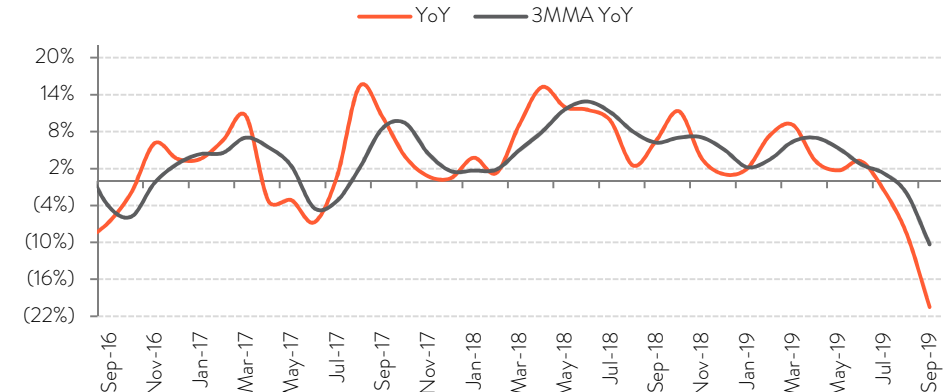


FIG 43 – COAL PRODUCTION CONTRACTS BY (-) 20.5% IN SEP'19



Auto production & Business expectation index

FIG 44 – AUTO PRODUCTION CONTINUES TO DECLINE AT THE SAME PACE

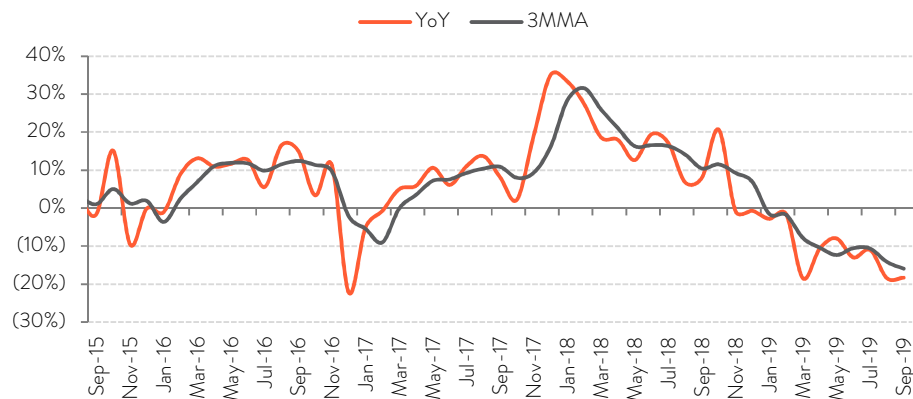


FIG 45 – SUBDUED BUSINESS SENTIMENT IN Q3FY20

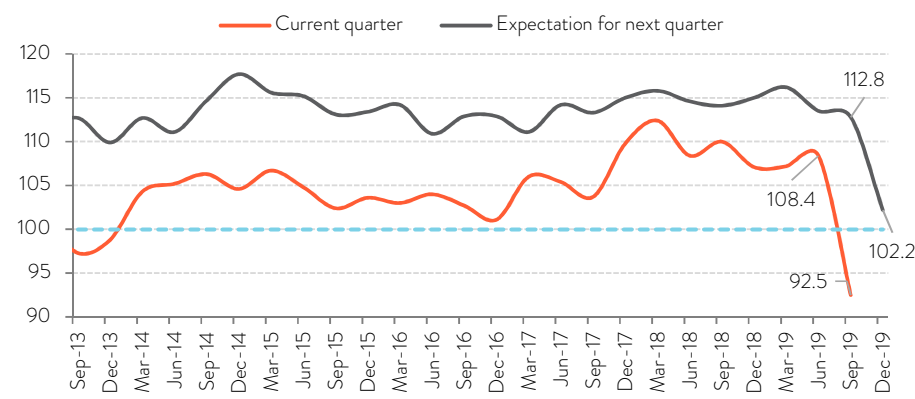


FIG 46 – INFRASTRUCTURE INDEX DECLINES BY (-) 5.2% IN SEP'19

(%)	Weight	Sep-19	Aug-19	Jul-19	Sep-18
Infrastructure Index	100	(5.2)	0.1	2.7	4.3
Coal	10.3	(20.5)	(8.6)	(1.6)	6.4
Crude Oil	9.0	(5.4)	(5.4)	(4.4)	(4.2)
Natural Gas	6.9	(4.9)	(3.9)	(0.5)	(1.7)
Petroleum Refinery Products	28.0	(6.7)	2.6	(0.9)	2.5
Fertilizers	2.6	5.4	2.9	1.5	2.5
Steel	17.9	(0.3)	5.1	8.9	3.2
Cement	5.4	(2.1)	(5.1)	7.9	11.8
Electricity	19.9	(3.7)	(0.9)	4.7	8.2

Investment

FIG 47 – REAL GFCF GROWTH WAS STILL LOWER AT 4% IN Q1FY20 VS 3.6% IN Q4FY19 IMPACTING GDP GROWTH (25-QUARTER LOW)

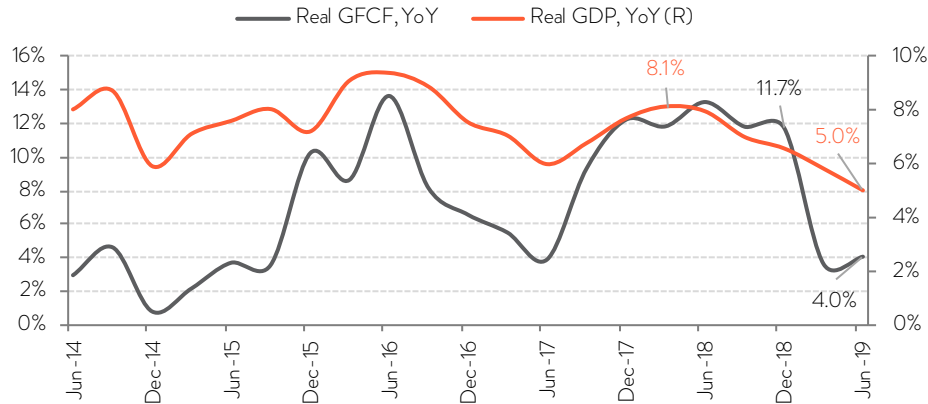


FIG 49 – CAPACITY UTILISATION DROPPED TO 73.6 IN Q1FY20

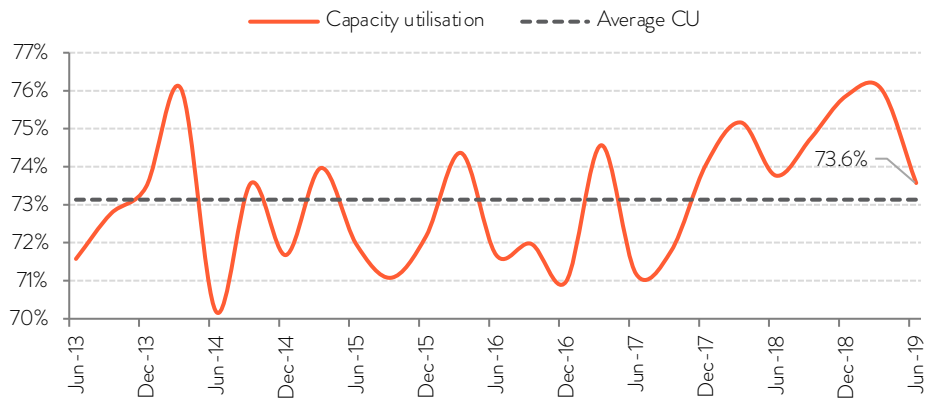
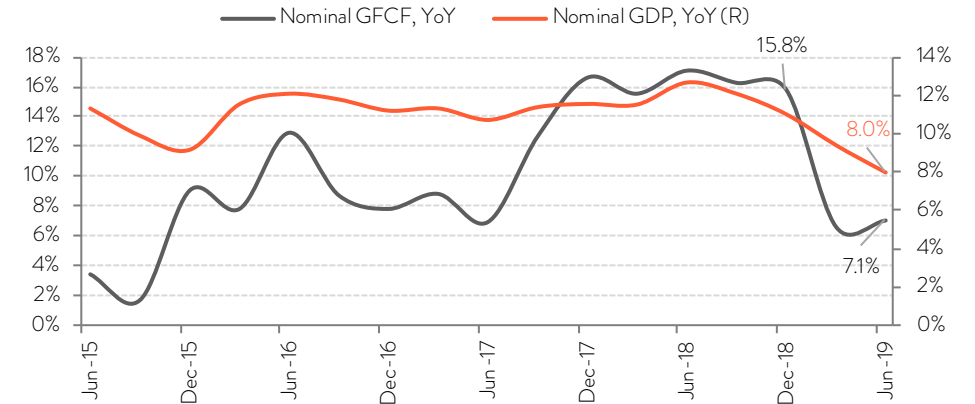


FIG 48 – IN NOMINAL TERMS AS WELL GFCF REMAINED MUTED AT 7.1% IN Q1FY20 VS 6.6% IN Q4FY19



PE: Provisional Estimates

FIG 50 – CAPITAL GOODS PRODUCTION CONTINUED TO DECLINE BY (-) 21% IN AUG'19 VS (-) 7.2% IN JUL'19 ON YOY BASIS

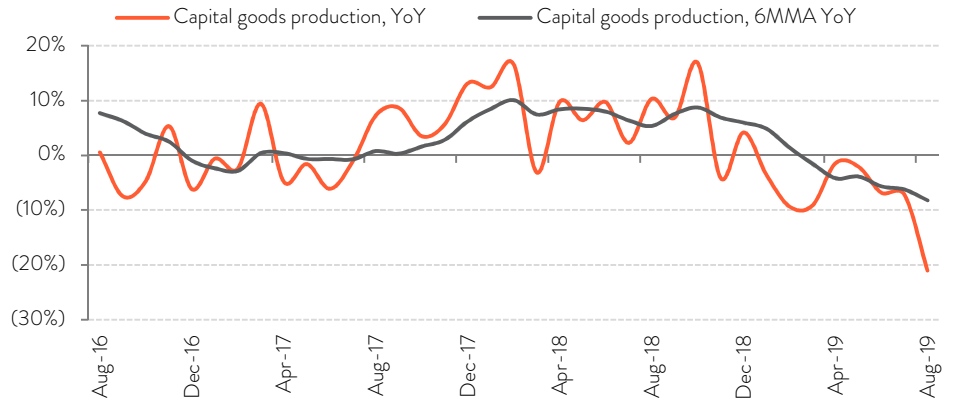


FIG 51 – CAPITAL GOODS IMPORTS ALSO FELL BY (-) 9.4% IN SEP'19 VS (-) 20.1% IN AUG'19 ON YOY BASIS

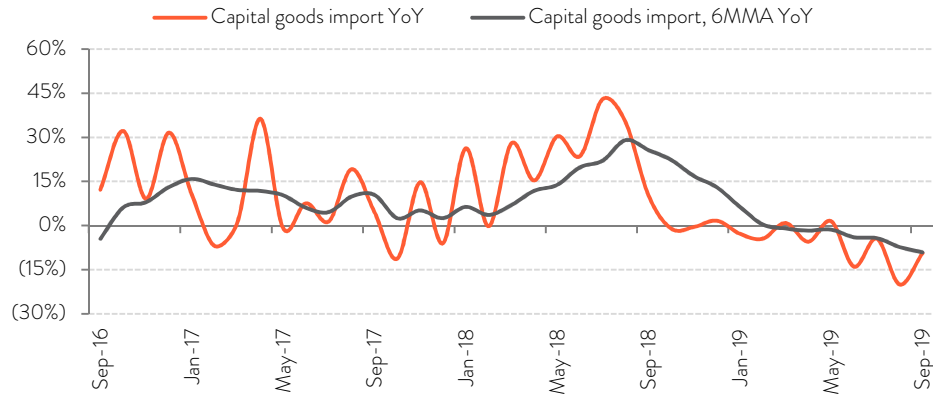


FIG 52 – CENTRE'S CAPEX SPENDING PICKED UP CONSIDERABLY IN SEP'19 AT 17.6% VS 7.7% IN AUG'19

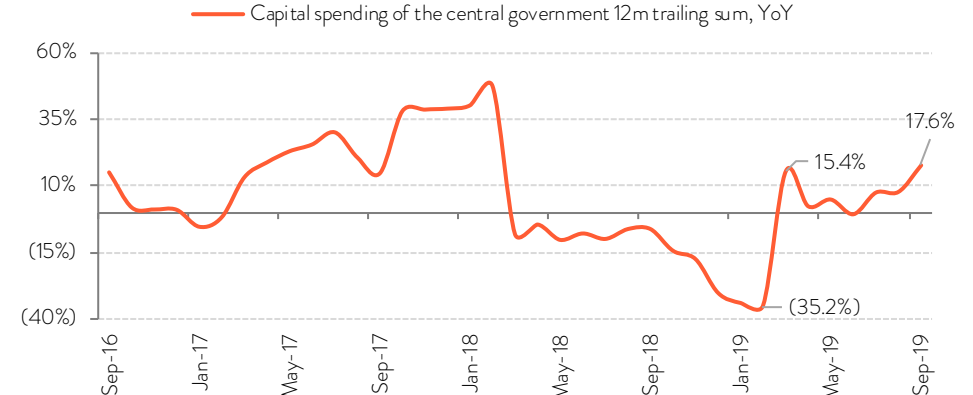


FIG 53 – INDUSTRY CREDIT GROWTH DECELERATED TO 2.7% IN SEP'19 VS 3.9% IN AUG'19; OVERALL CREDIT DEMAND ALSO MODERATED

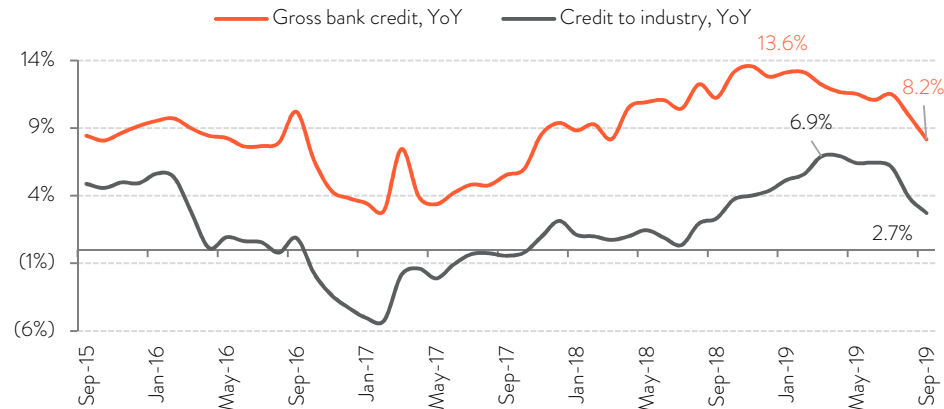


FIG 54 – CREDIT GROWTH TO MSME SECTOR WAS STILL IN THE NEGATIVE TERRITORY (-0.7% FOR MSE & -0.3% FOR MEDIUM INDUSTRY)

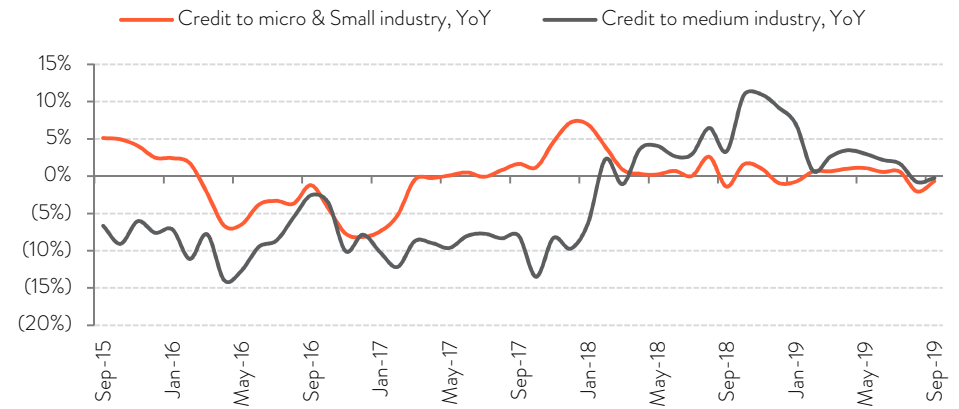


FIG 55 – CREDIT TO LARGE INDUSTRY EDGED DOWN CONSIDERABLY TO 3.4% IN SEP'19 VS 5.1% IN AUG'19

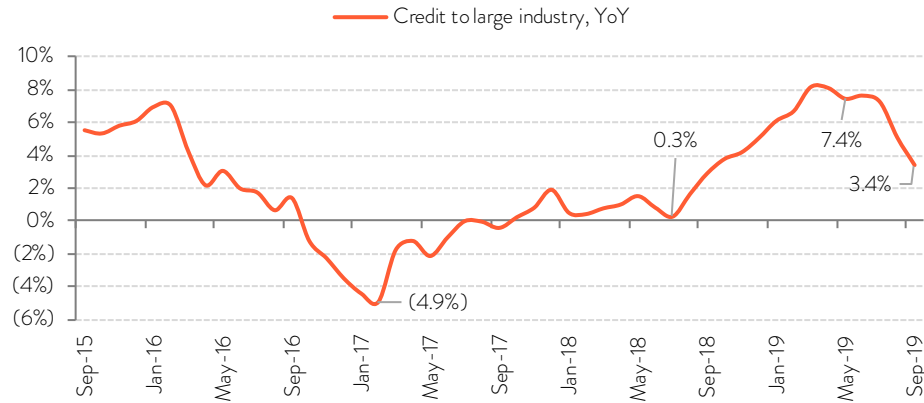


FIG 56 – ...HOWEVER, CREDIT TO HOUSING REMAINED ROBUST

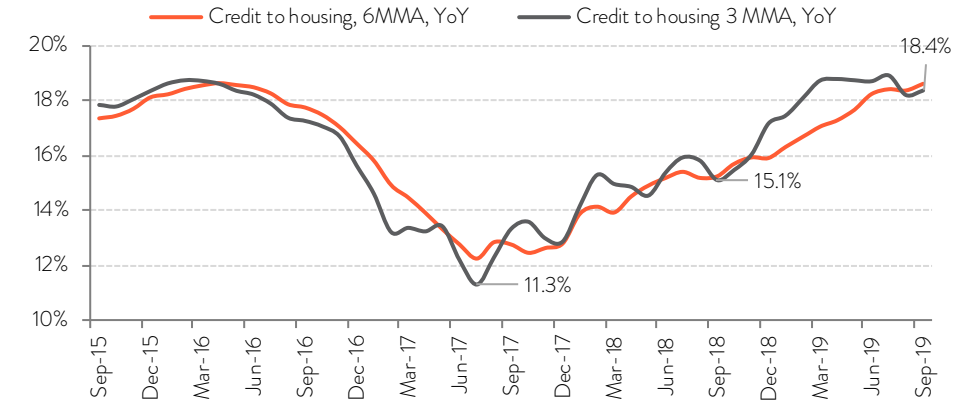
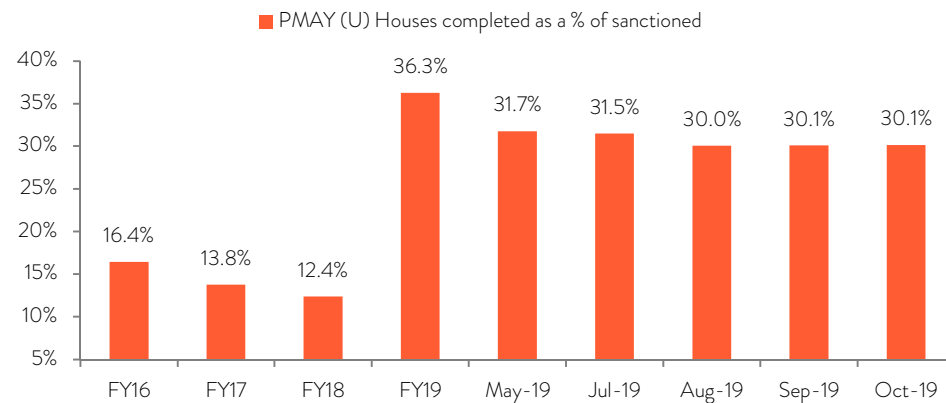
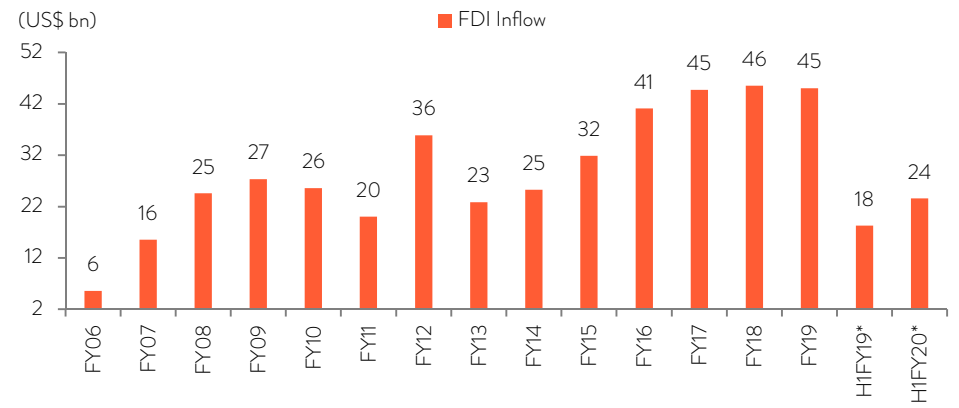


FIG 57 – PMAY-U PROJECT CONSTRUCTION REMAINED BUOYANT, GIVING A BOOST TO AFFORDABLE HOUSING DEMAND



Source: MOHUA

FIG 58 – FDI INFLOWS IN H1FY20 PICKED UP TO US\$ 24BN VS US\$ 18BN IN THE SAME PERIOD OF PREVIOUS YEAR



Source: RBI,*Apr-Aug 2019

Services sector

FIG 59 – GVA: SERVICES ACTIVITY GROWTH DIPS IN Q1FY20

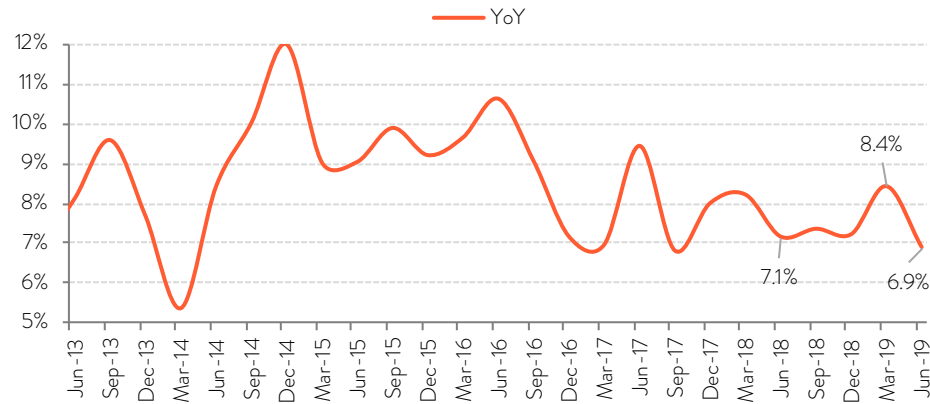
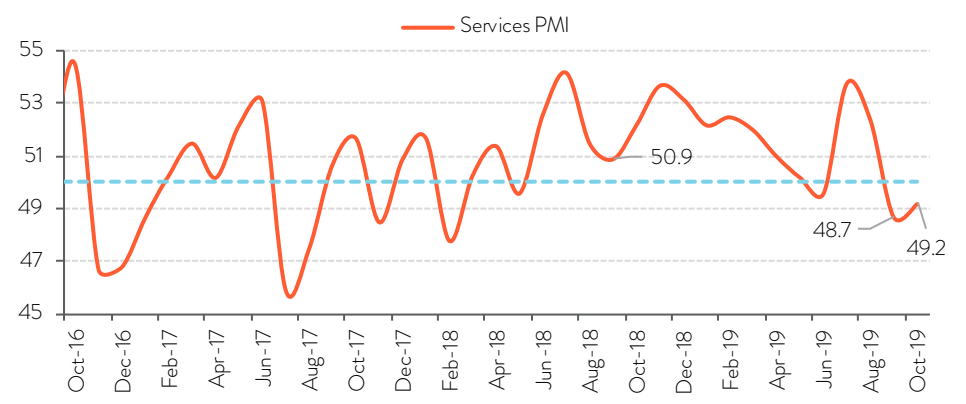


FIG 60 – PMI INDICATES SERVICES SECTOR STILL IN CONTRACTION



Source: Markit

FIG 61 – GVA: TRADE & RELATED SERVICES GROWTH SHOWED SOME IMPROVEMENT IN Q1

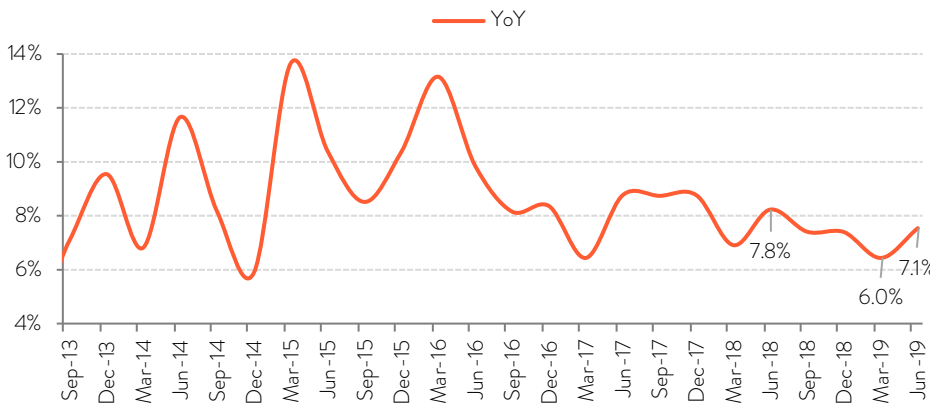
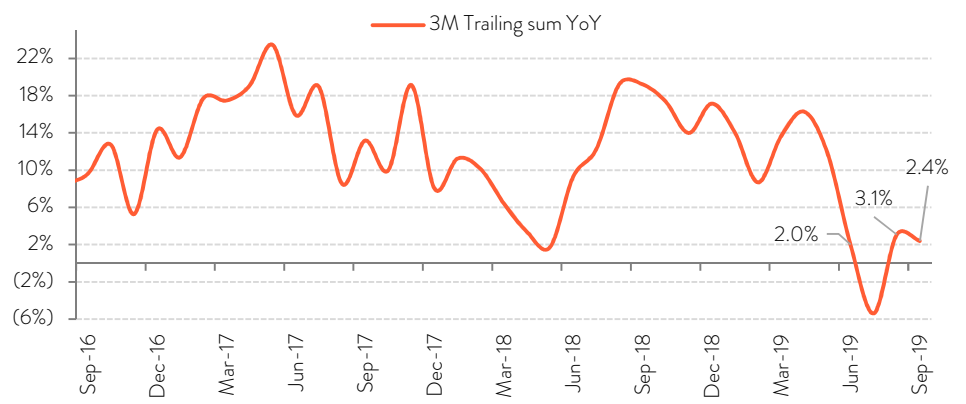


FIG 62 – STATES* TAX REVENUE GROWTH REMAINED MUTED IN SEP'19



Note: *All states excluding N.E states, Bihar, Goa, H.P., J&K, Karnataka and Uttarakhand

Trade

FIG 63 – COMMERCIAL VEHICLE SALES DROPPED SHARPLY IN Q2FY20...

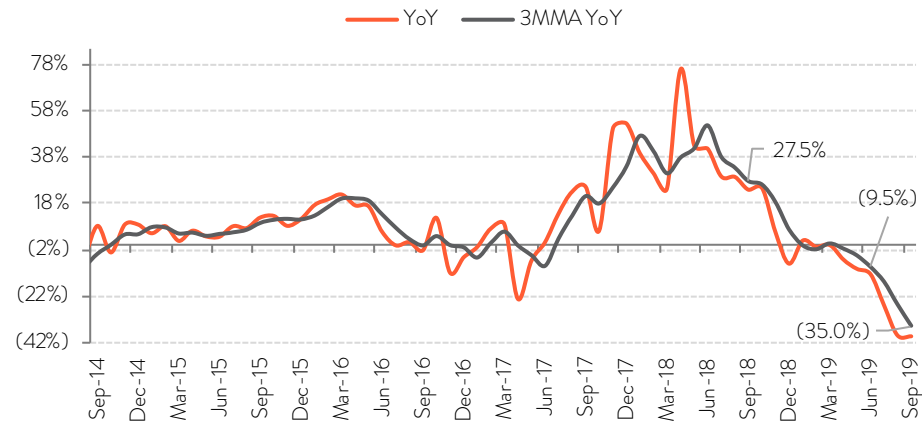
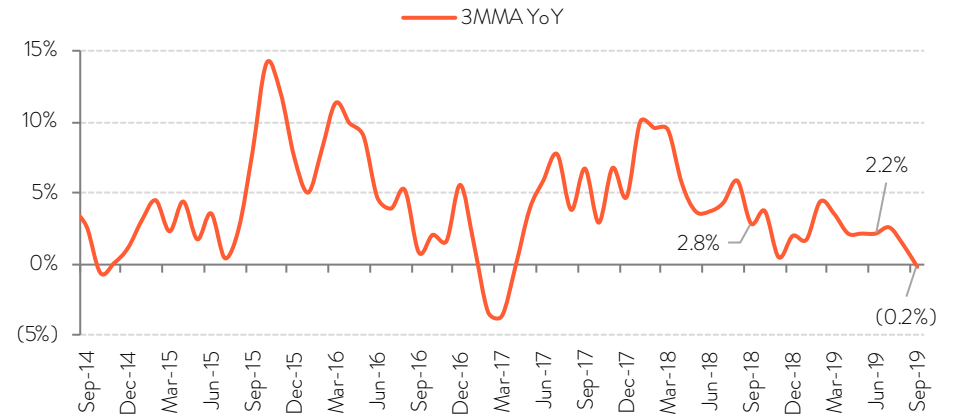


FIG 64 – ... DRAGGING DIESEL CONSUMPTION ALSO DOWN IN Q2FY20



Source: PPAC

FIG 65 – PORT CARGO VOLUMES DROPPED FURTHER IN OCT'19

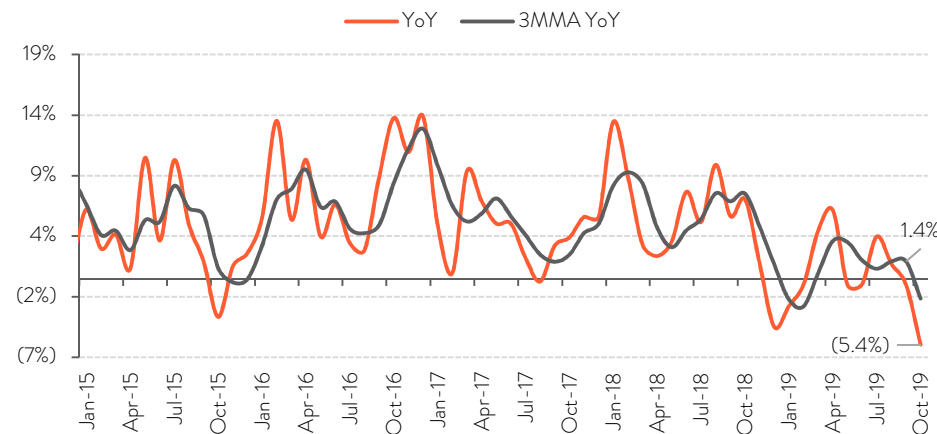
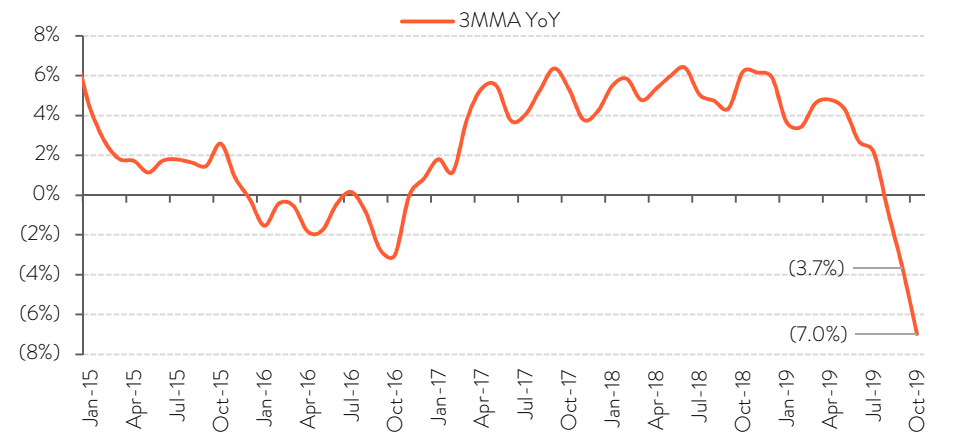


FIG 66 – RAILWAY FREIGHT TRAFFIC TOO DECLINED SHARPLY IN OCT'19



Hotels and Communications

FIG 67 – FOREIGN TOURIST ARRIVAL GROWTH DIPS MARGINALLY IN SEP'19...

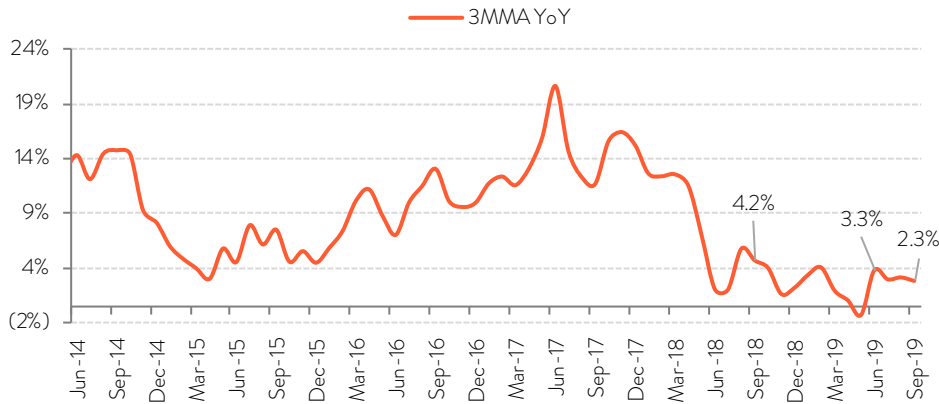


FIG 68 – AIRLINE PASSENGER TRAFFIC GROWTH RECOVERS IN Q2 VS Q1

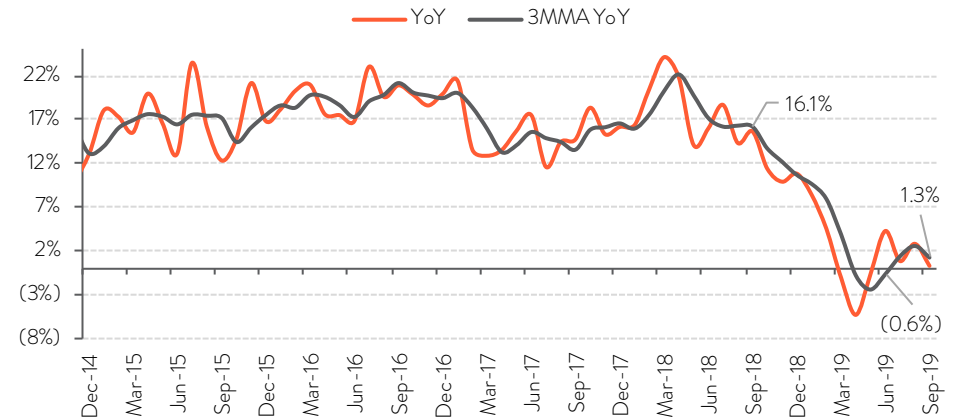


FIG 69 – RAILWAY PASSENGER TRAFFIC GROWTH REMAINED SUBDUED IN Q2FY20

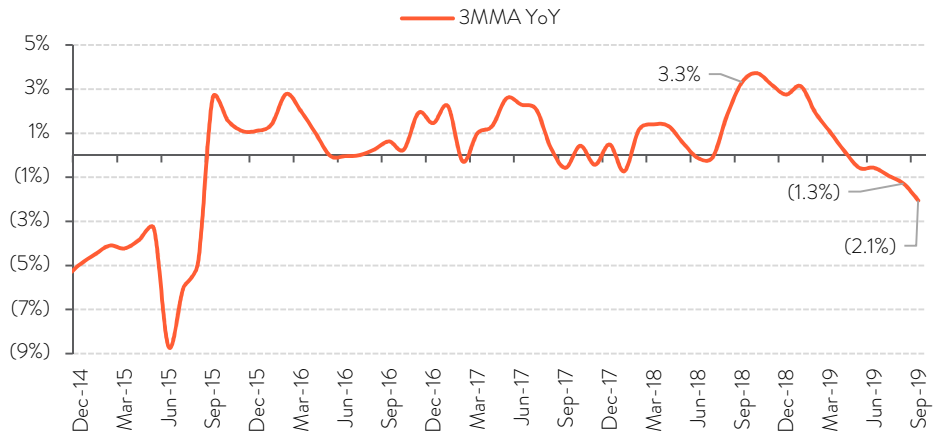
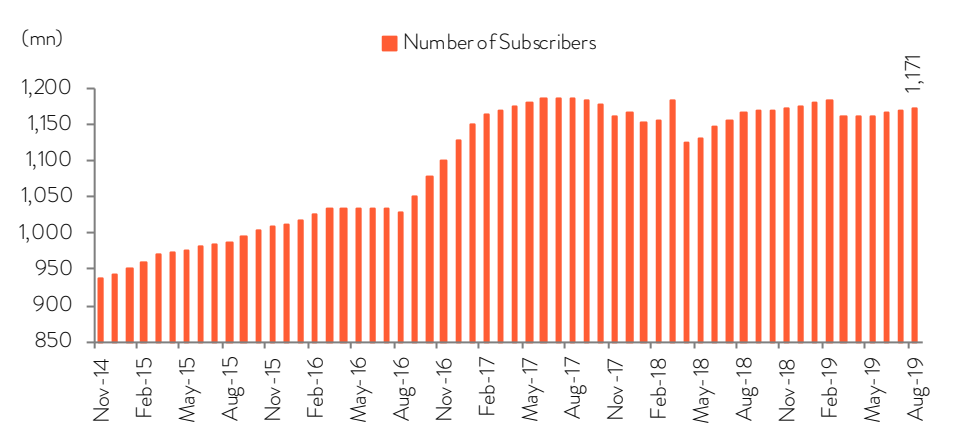


FIG 70 – WIRELESS SUBSCRIBERS STEADY AT 1.17BN IN AUG'19



Finance and Real estate

FIG 71 – GROWTH IN GVA: FINANCE, REAL ESTATE & PROF. SERVICES DIPPED IN Q1FY20

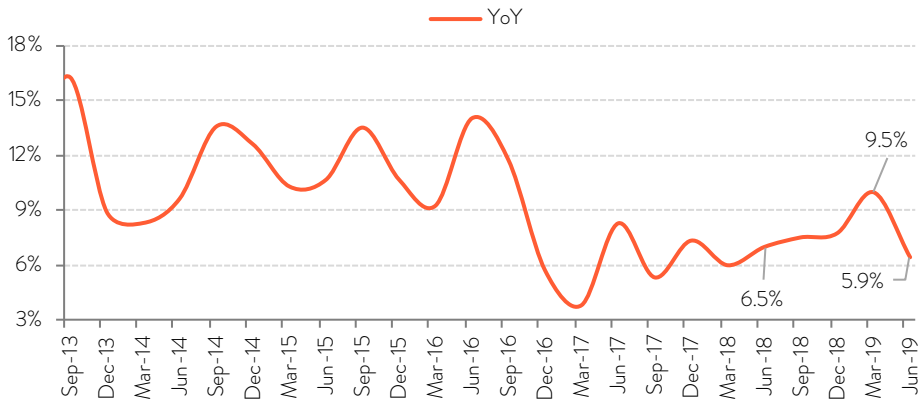
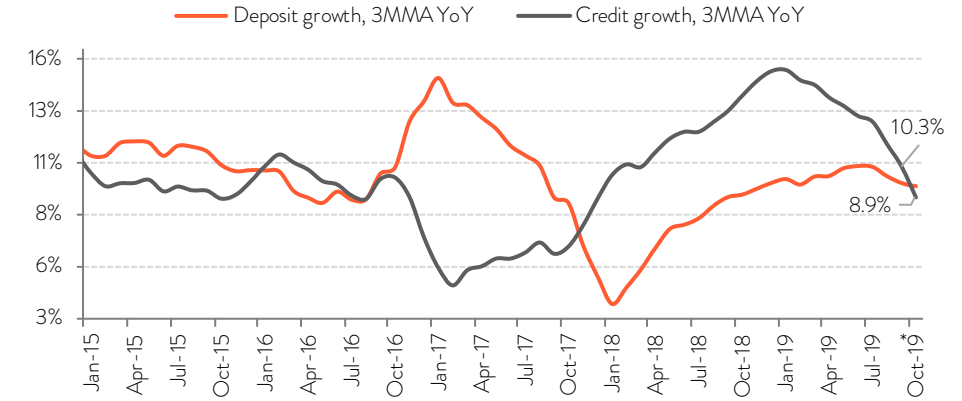


FIG 72 – CREDIT AND DEPOSIT GROWTH SEEN DECELERATING IN OCT'19



Note: *Oct-19 implies fortnight as of 11 Oct 2019

FIG 73 – CREDIT TO SERVICES CONTINUES TO LEAD MODERATION IN OVERALL CREDIT GROWTH...

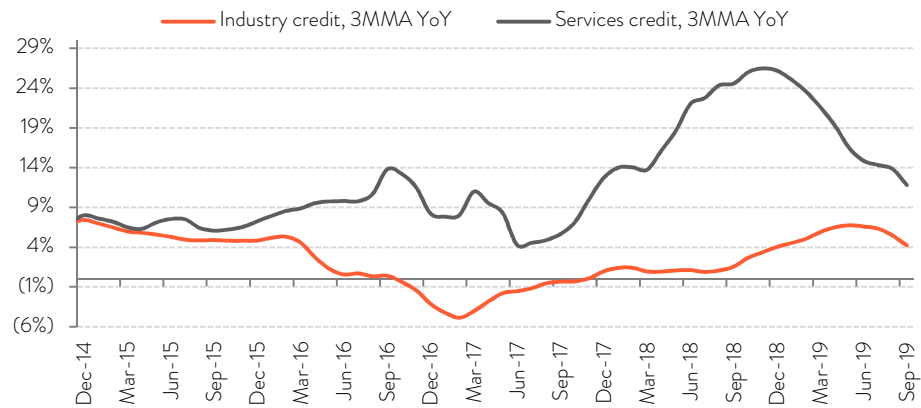


FIG 74 – ...MAINLY LED BY NBFC; COMMERCIAL REAL ESTATE SHOWING SIGNS OF PICK UP

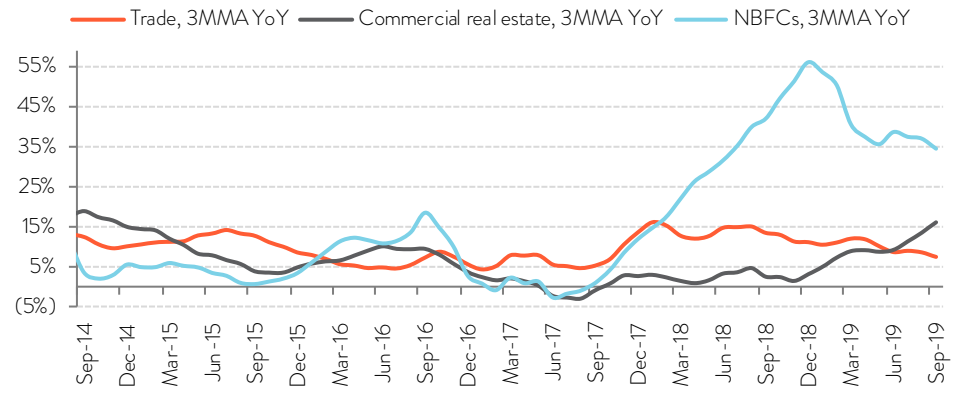
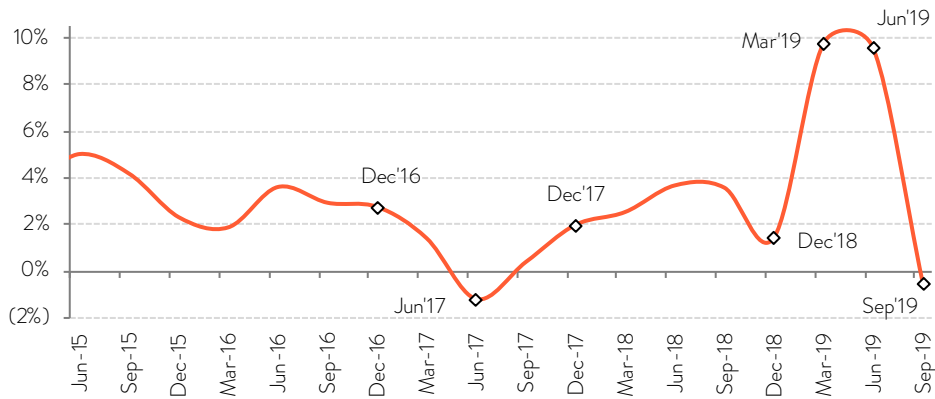
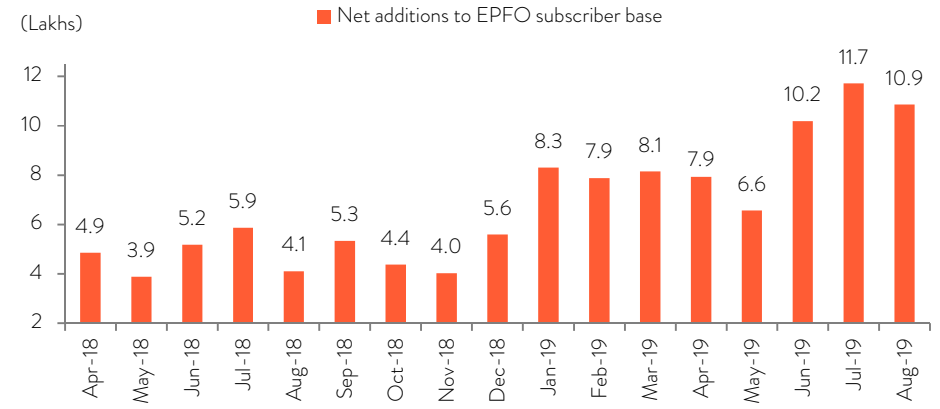


FIG 75 – AVERAGE PROPERTY PRICE INDEX* DROPS STEEPLY IN SEP'19



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

FIG 76 – ADDITIONS IN PAYROLL DIP IN AUG'19



Source: EPFO

Public administration

FIG 77 – PUBLIC ADMINISTRATION & RELATED SERVICES ALSO ACTED AS A DRAG ON SERVICES GROWTH; BUT IS SET TO REVIVE IN Q2FY20 AS...

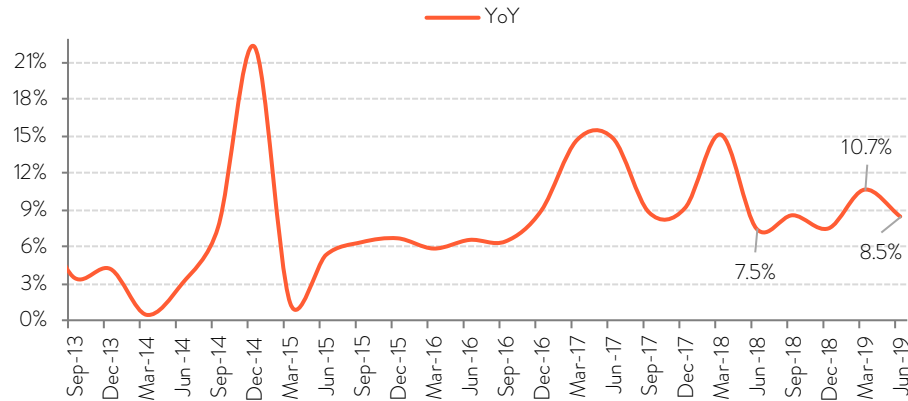


FIG 78 – ...GENERAL GOVT. SPENDING IMPROVED SIGNIFICANTLY IN SEP'19

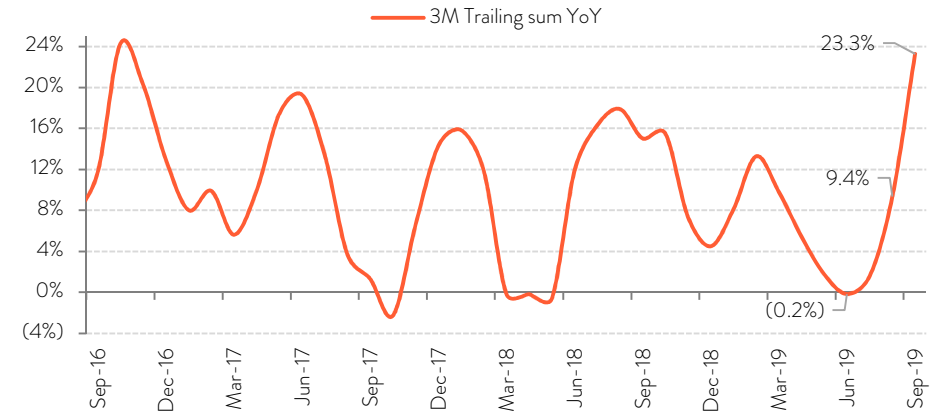


FIG 79 – ...LED BY CENTRAL GOVT. SPENDING

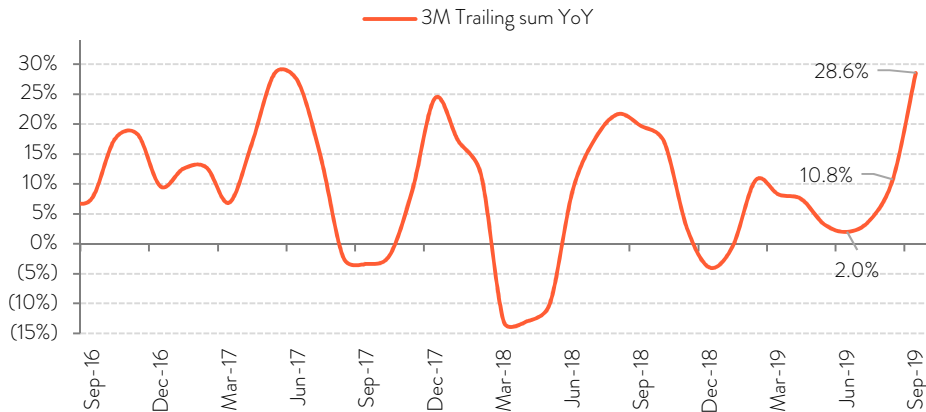
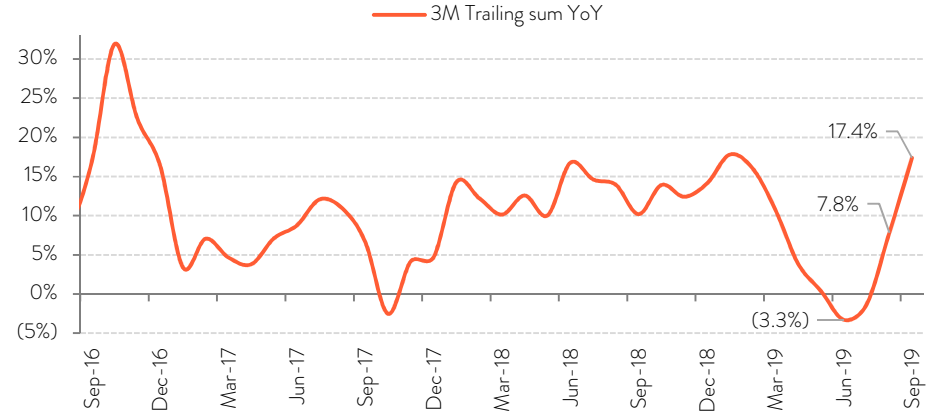


FIG 80 – ...AND STATE* GOVT. SPENDING

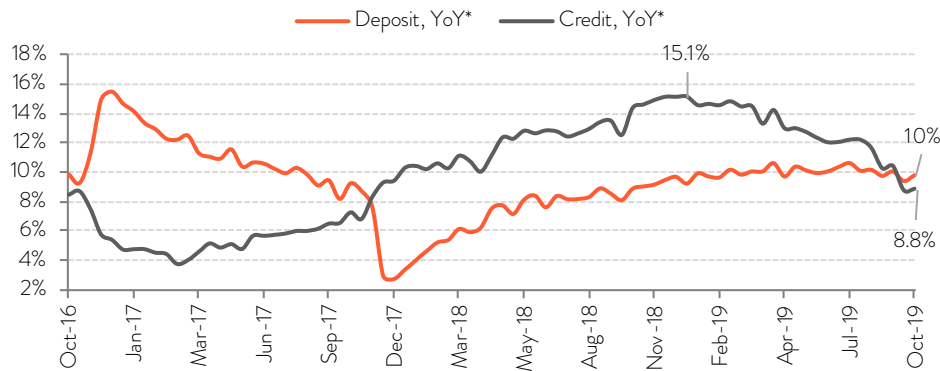


Note: *All states excluding N.E states, Bihar, Goa, H.P., J&K, Karnataka and Uttarakhand

Financial sector

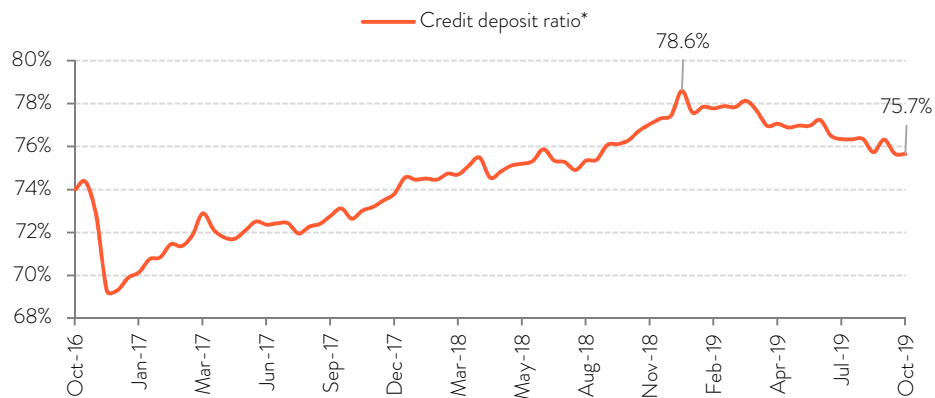
Money and banking

FIG 81 – CREDIT GROWTH WAS AT 8.8% IN OCT'19 VS 8.7% IN SEP'19, DEPOSIT GROWTH INCHED UP BY 9.8% VS 9.4% IN SEP'19



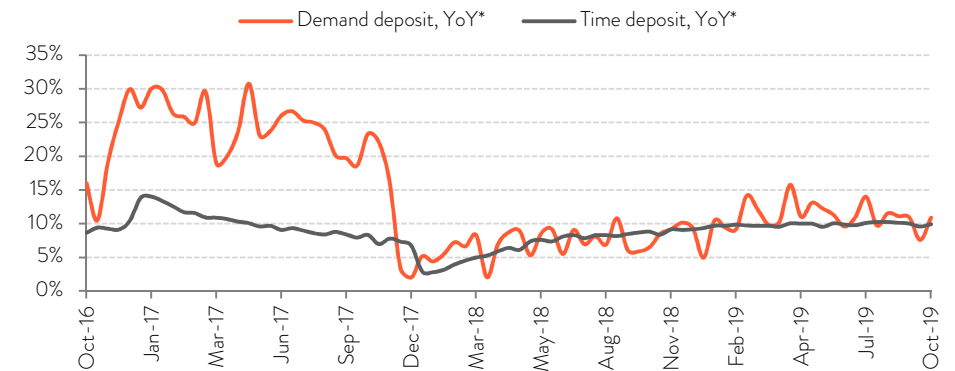
Note: *Oct19 implies fortnight as of 11 Oct 2019

FIG 83 – CD RATIO ROSE WAS STABLE AT 75.7%



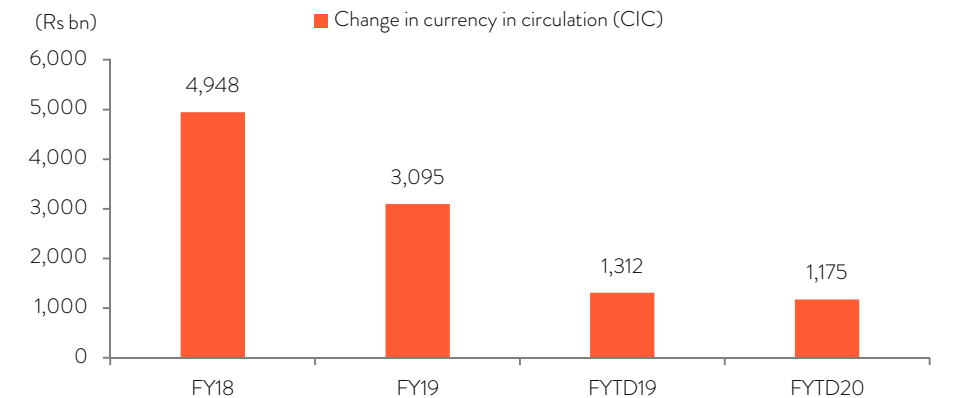
Note: *Oct19 implies fortnight as of 11 Oct 2019

FIG 82 – DEMAND DEPOSITS PICKED UP BY 10.9% IN OCT'19 VS 7.6% IN SEP'19, TIME DEPOSITS WAS STABLE AT 9.6% IN SEP'19



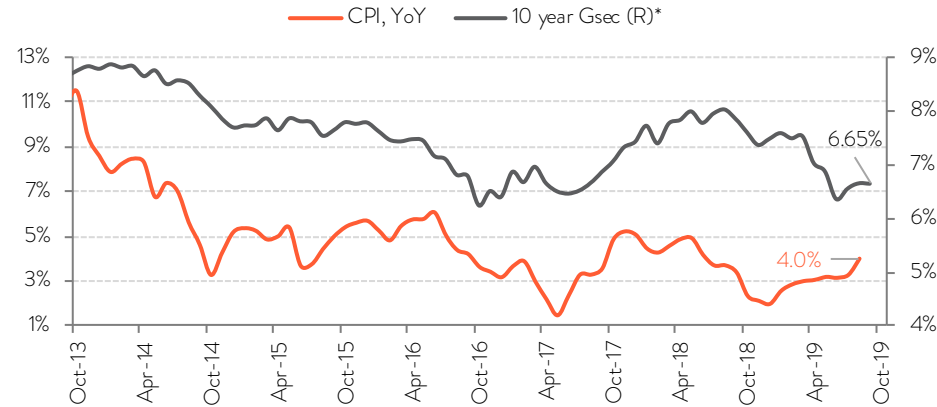
Note: *Oct19 implies fortnight as of 11 Oct 2019

FIG 84 – CIC ACCRETION HAS PICKED PACE AT RS 1.2TN IN FYTD20 VS RS 1.3TN IN THE SAME PERIOD LAST YEAR



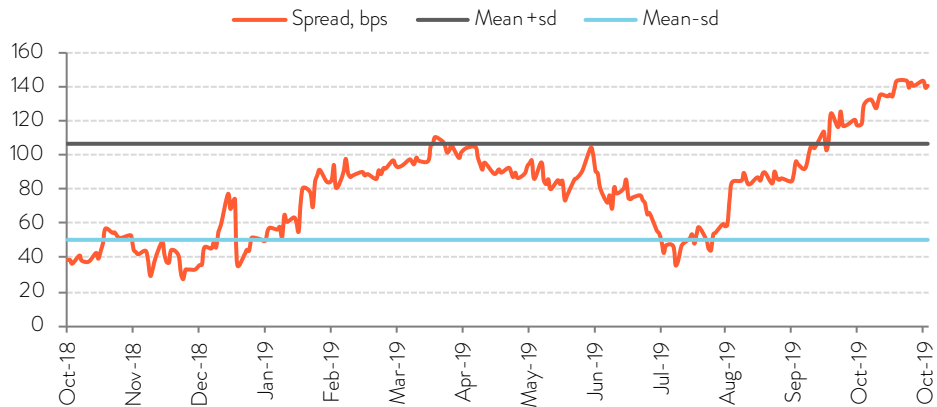
FYTD: Apr-Oct'19

FIG 85 – 10Y GSEC YIELD WAS AT 6.65% IN OCT'19 AMIDST FISCAL CONCERNS, INFLATION ALSO TOUCHED MPC'S 4% MARK



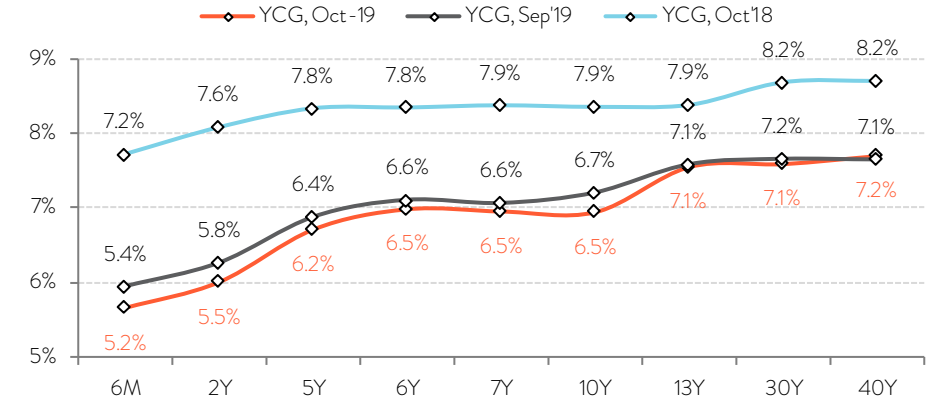
Note: *As on last trading day of the month. 7.26GS2029 is used as its trading volume was higher compared to benchmark yield 6.45GS2029

FIG 87 – SPREAD BETWEEN 10Y GSEC YIELD AND 1YR TBILL HAS RISEN BY 135BPS IN OCT'19 FROM 107BPS IN SEP'19



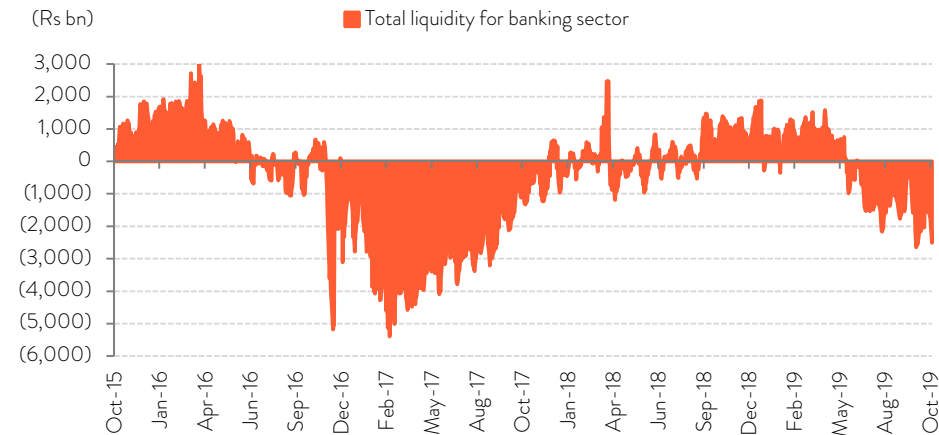
Source: RBI

FIG 86 – YIELD CURVE GRAPH (YCG) SHOWS A STEEPENING BIAS DUE TO RISING GAP BETWEEN LONG AND SHORT END



Source: Bloomberg

FIG 88 – AVERAGE SYSTEM LIQUIDITY SURPLUS ROSE TO RS 2TN IN OCT'19 VS RS 1.1TN IN SEP'19 AND CURRENTLY AT ~RS 2.8TN



Source: RBI

Interest rates on small savings schemes

FIG 89 – INTEREST RATES ON SMALL SAVINGS SCHEME

Instrument (%)	Q2FY19	Q3FY19	Q4FY19	Q1FY20	Q2FY20	Q3FY20	GSec Yield (1 Nov 2019)
Savings deposit	4.0	4.0	4.0	4.0	4.0	4.0	-
1 year time deposit	6.6	6.9	7.0	7.0	6.9	6.9	5.25
2 year time deposit	6.7	7.0	7.0	7.0	6.9	6.9	5.51
3 year time deposit	6.9	7.2	7.0	7.0	6.9	6.9	5.77
5 year time deposit	7.4	7.8	7.8	7.8	7.7	7.7	6.23
5 year recurring deposit	6.9	7.3	7.3	7.3	7.2	7.2	6.23
5 year senior citizen savings scheme	8.3	8.7	8.7	8.7	8.6	8.6	6.23
5 year monthly income scheme	7.3	7.7	7.7	7.7	7.6	7.6	6.23
5 year national savings certificate	7.6	8.0	8.0	8.0	7.9	7.9	6.23
Public provident fund scheme	7.6	8.0	8.0	8.0	7.9	7.9	6.45*
Kisan vikas patra	7.3	7.7	7.7	7.7	7.6	7.6	-
Sukanya samriddhi account scheme	8.1	8.5	8.5	8.5	8.4	8.4	-

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

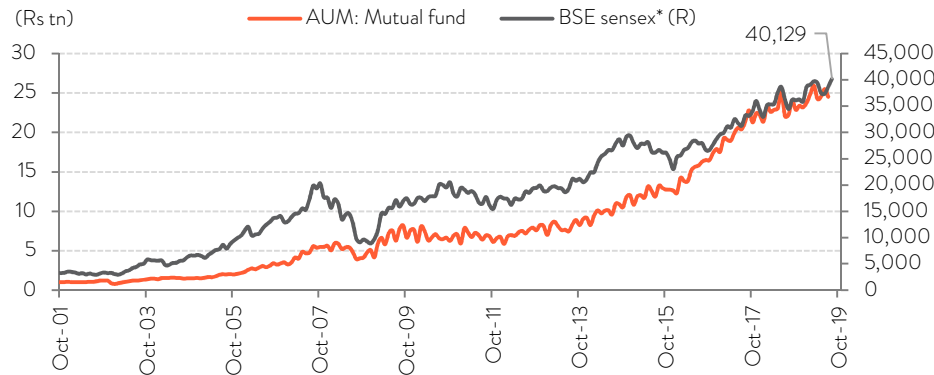
FIG 90 – INTEREST RATES CHARGED BY LEADING BANKS

1Y MCLR (%)	Mar'19	Apr'19	May'19	Jun'19	Jul'19	Aug'19	Sep'19	Oct'19
Public Sector Banks	8.65	8.65	8.70	8.70	8.60	8.45	8.40	8.30
Bank of Baroda	8.65	8.65	8.70	8.65	8.60	8.35	8.35	8.30
Bank of India	8.65	8.65	8.70	8.70	8.60	8.50	8.40	8.40
Canara Bank	8.65	8.65	8.65	8.65	8.60	8.60	8.45	8.35
Indian Bank	8.45	8.45	8.45	8.45	8.40	8.30	8.30	8.30
Punjab National Bank	8.55	8.50	8.45	8.45	8.40	8.25	8.15	8.05
State Bank of India	8.60	8.60	8.60	8.60	8.55	8.50	8.35	8.30
Union Bank of India	8.65	8.65	8.70	8.70	8.60	8.45	8.40	8.35
Private Sector Banks								
Axis Bank Ltd.	8.90	8.90	8.80	8.70	8.65	8.55	8.45	8.35
HDFC Bank Ltd.	8.75	8.70	8.70	8.70	8.70	8.60	8.45	8.35
ICICI Bank Ltd.	8.80	8.75	8.75	8.75	8.65	8.65	8.55	8.45
Indusind Bank	9.90	9.85	9.85	9.75	9.70	9.65	9.55	9.45
Kotak Mahindra Bank	9.00	8.90	8.90	8.90	8.85	8.75	8.75	8.60

Source: RBI

Mutual fund (MF) indicators

FIG 91 – SENSEX ROSE BY 3.8% TO ITS RECORD HIGH OF 40,129 IN OCT'19 SUPPORTED BY GOVT MEASURES, AUM OF MFS WAS AT RS 25TN



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

Insurance sector indicators

FIG 93 – LIFE INSURANCE POLICIES SOLD IN SEP'19 ROSE BY 5.5% VS (-) 5% IN JUL'19, DESPITE AN UNFAVOURABLE BASE

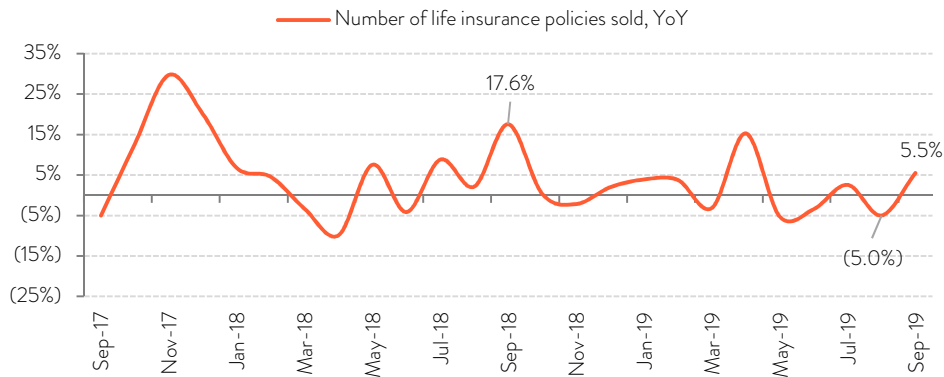


FIG 92 – MF EQUITY AND DEBT INFLOW EDGED DOWN TO RS 0.8BN AND RS 5.9BN RESPECTIVELY VS RS 7.9BN & RS 58.9BN IN AUG'19

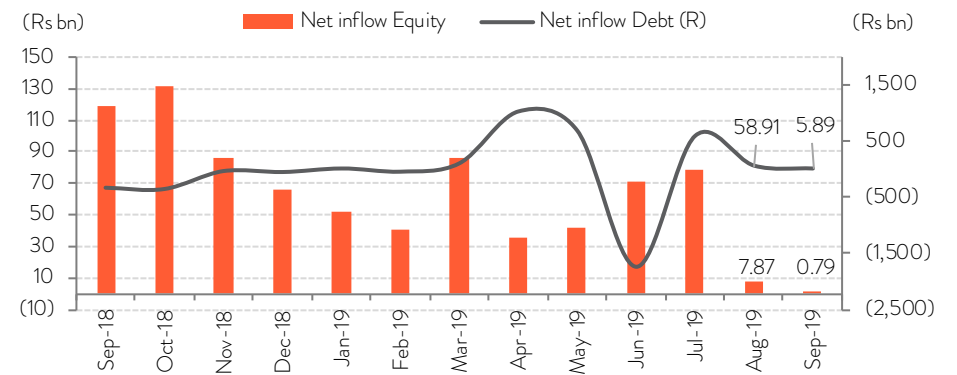
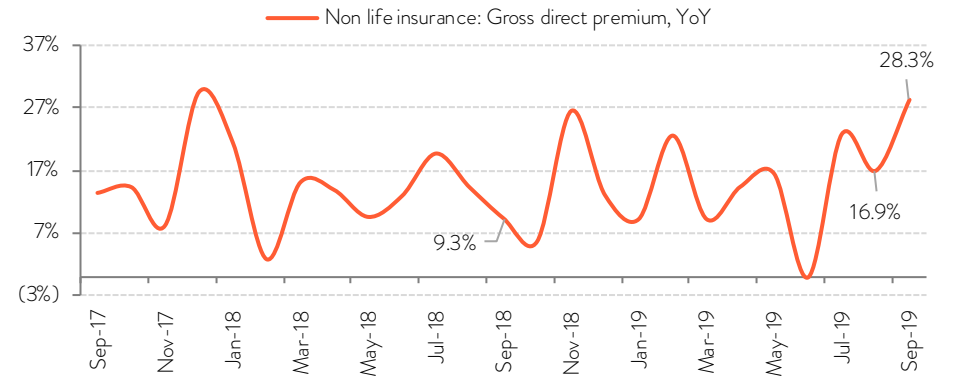


FIG 94 – GROSS DIRECT PREMIUM FOR NON LIFE INSURANCE ALSO PICKED UP SIGNIFICANTLY TO 28.3% IN SEP'19 VS 16.9% IN AUG'19



Public finance

Central government finances

FIG 95 – FISCAL DEFICIT SPIKES IN SEP'19

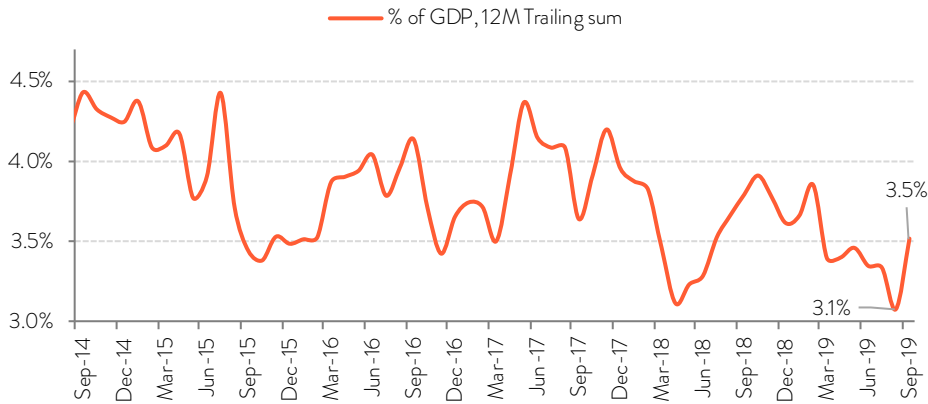


FIG 96 – REVENUE DEFICIT ALSO WITNESSES SHARP INCREASE

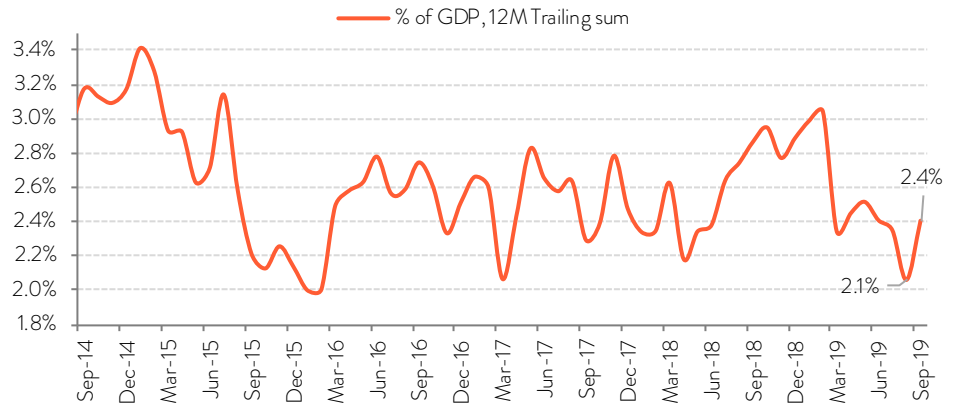


FIG 97 – PRIMARY DEFICIT UP AT 0.5%

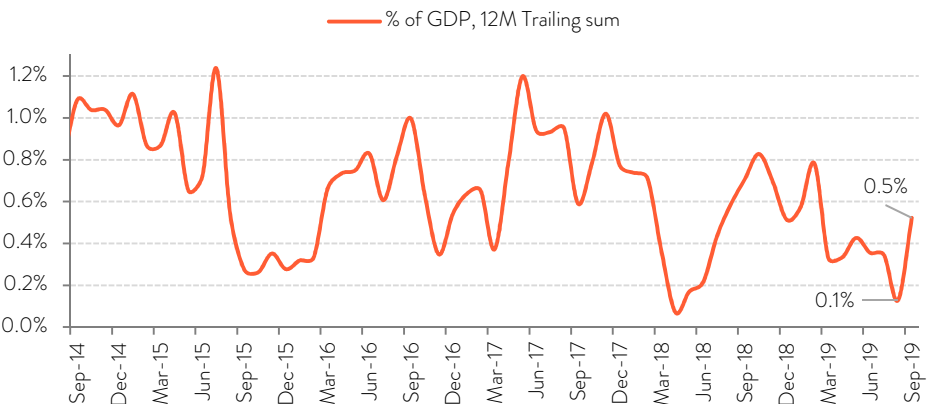


FIG 98 – SPIKE IN TOTAL EXPENDITURE GROWTH IN SEP'19 A KEY REASON

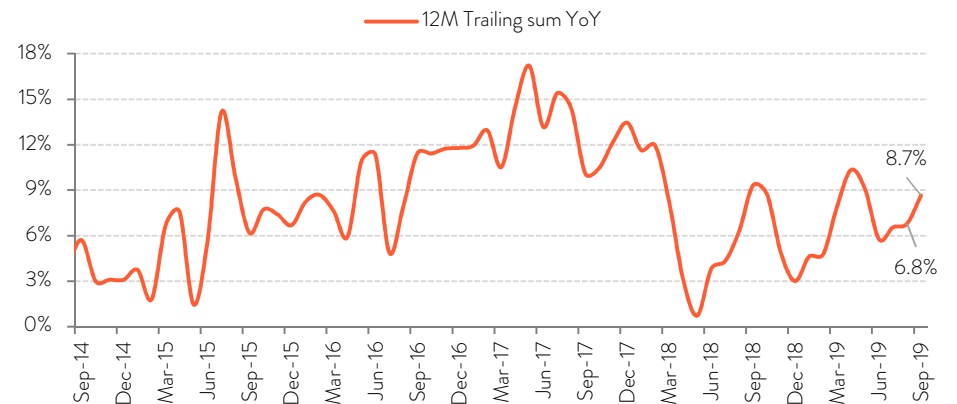


FIG 99 – REVENUE SPENDING ROSE STEADILY IN SEP'19

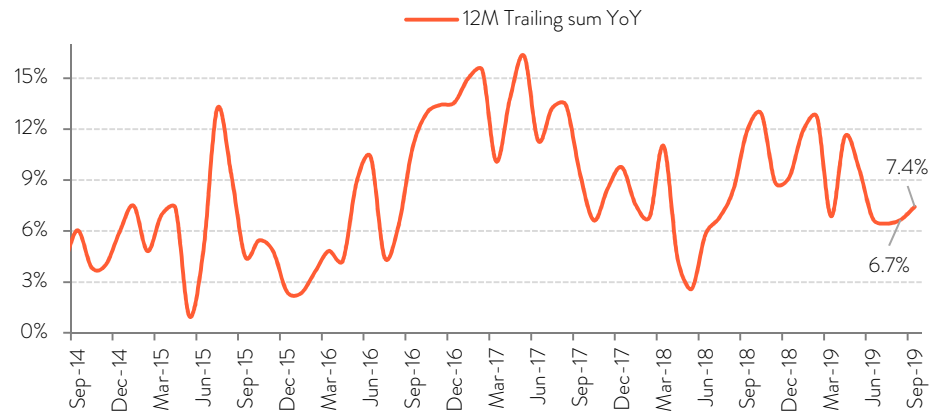


FIG 100 – CAPEX GROWTH SHOOTS UP SHARPLY IN SEP'19

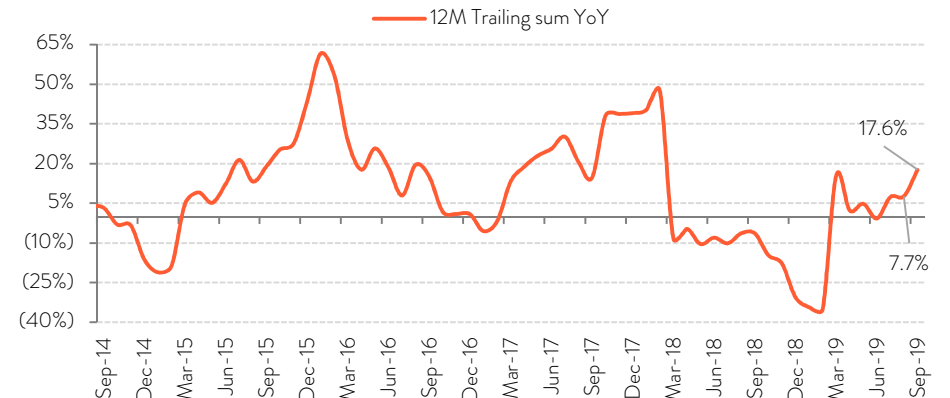


FIG 101 – HIGHER SPENDING BY MINSTRIES OF CHEMICALS, PETROLEUM, AND AGRICULTURE, LIFT HEADLINE EXPENDITURE UP IN H1FY20 (FYTD BASIS)

Ministry	Apr'17-Sep'17 (Rs bn)	Apr'18-Sep'18 (Rs bn)	% change	Apr'19-Sep'19 (Rs bn)	% change
Ministry of Finance	3,121	3,773	20.9	4,639	23.0
Ministry of Defence	2,103	2,304	9.6	2,623	13.8
Ministry of Consumer Affairs, Food and Public Distribution	1,332	1,314	(1.4)	1,256	(4.4)
Ministry of Rural Development	664	738	11.1	715	(3.0)
Ministry of Home Affairs	538	637	18.3	668	4.9
Ministry of Human Resource Development	447	431	(3.5)	507	17.5
Ministry of Road Transport and Highways	411	532	29.6	518	(2.7)
Ministry of Chemicals and Fertilisers	392	372	(5.1)	562	50.8
Ministry of Petroleum and Natural Gas	280	262	(6.5)	354	35.0
Ministry of Agriculture	268	365	36.2	547	49.7
Ministry of Health and Family Welfare	259	303	16.9	341	12.4

FIG 102 – RECEIPT GROWTH DIPS IN SEP'19...

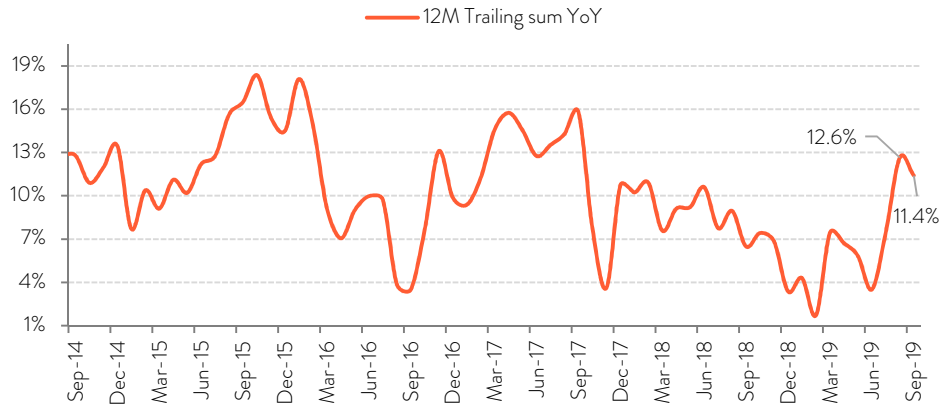


FIG 103 – ...AS REVENUE RECEIPT GROWTH DECLINED

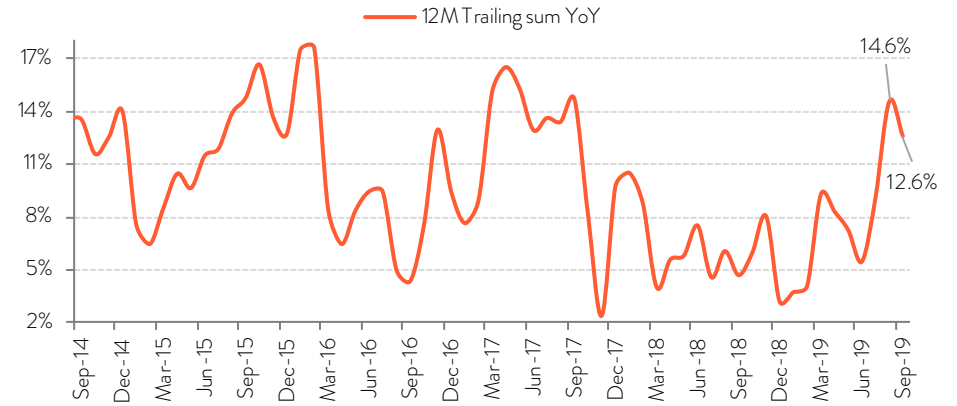


FIG 104 – ...TAX REVENUE GROWTH KEY DRIVER

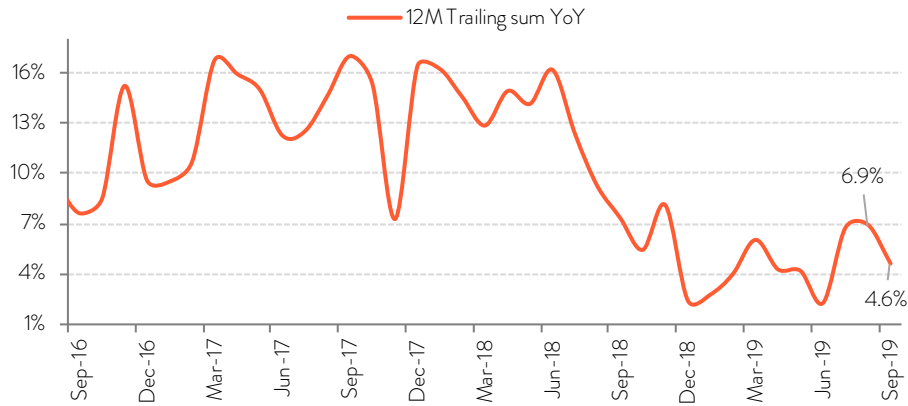


FIG 105 – NON-TAX RECEIPT GROWTH STEADY

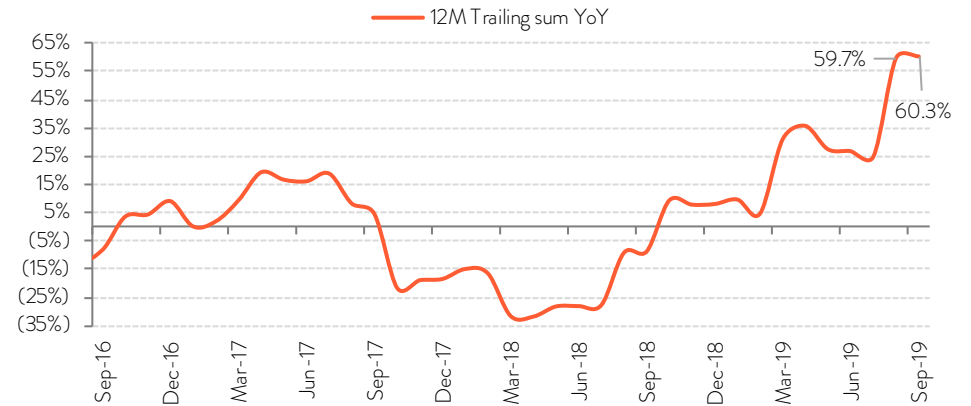


FIG 106 – CENTRE’S SPENDING SEES A REVIVAL IN H1FY20, TAX COLLECTIONS REMAIN WEAK (FYTD BASIS)

	Apr'17-Sep'17 (Rs bn)	Apr'18-Sep'18 (Rs bn)	% change	Apr'19-Sep'19 (Rs bn)	% change
Gross Tax revenue	7,674	8,453	10.1	8,796	4.1
Direct taxes	3,758	4,393	16.9	4,623	5.2
Corp Tax	2,079	2,437	17.2	2,493	2.3
Income Tax	1,679	1,956	16.5	2,130	8.9
Indirect taxes*	3,916	4,059	3.6	4,173	2.8
Non-tax revenue	808	1,090	34.8	2,090	91.8
Centre's revenue (net)	6,232	6,918	11.0	8,165	18.0
Total expenditure	11,492	13,042	13.5	14,886	14.1
Capital exp	1,464	1,626	11.1	1,875	15.3
Revenue exp	10,028	11,416	13.8	13,011	14.0
Fiscal deficit	4,989	5,947	19.2	6,516	9.6

Note: *excluding GST compensation cess

FIG 107 – GROSS DIRECT TAX COLLECTION EASES FURTHER IN SEP'19...

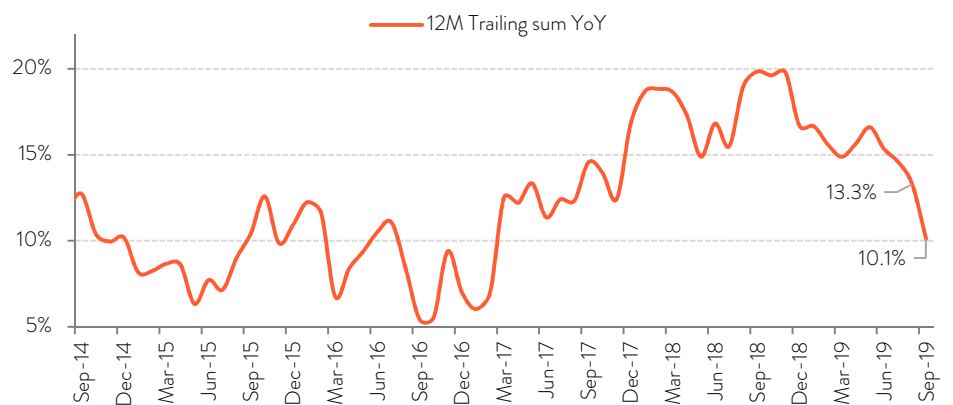


FIG 108 – ...LED BY LOWER CORPORATE TAX COLLECTIONS

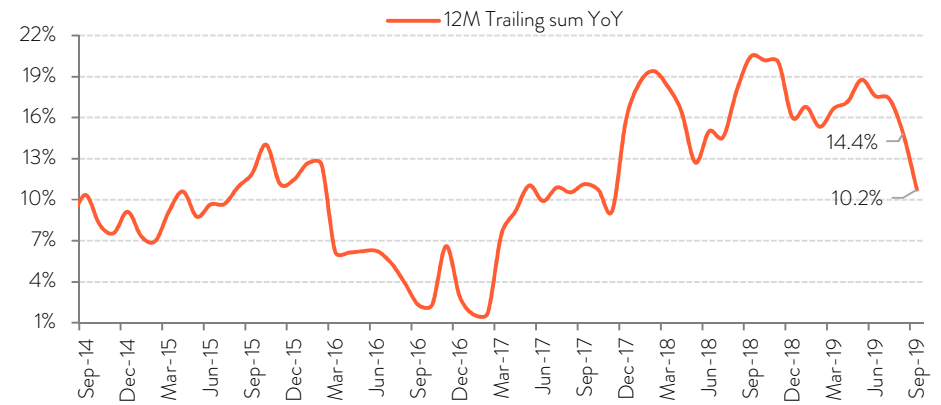


FIG 109 – INCOME TAX REVENUE TOO DECLINED IN SEP'19

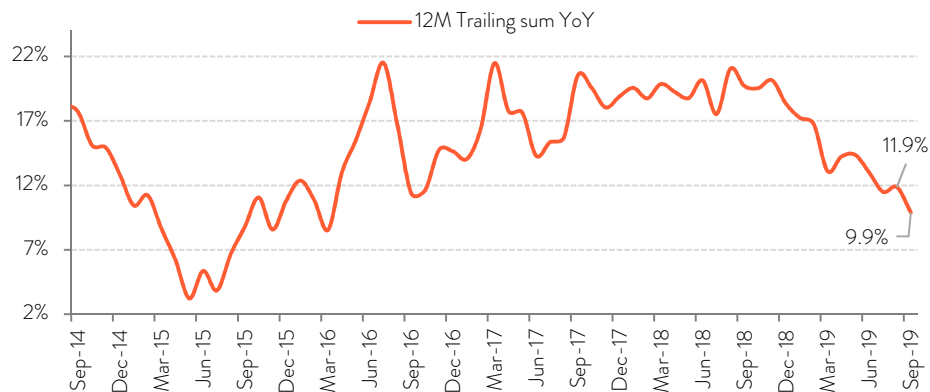


FIG 110 – GAP BETWEEN SHARE IN GDP OF DIRECT & INDIRECT TAX REMAINS WIDE; SHARE OF INDIRECT TAXES CONTINUES TO DECREASE

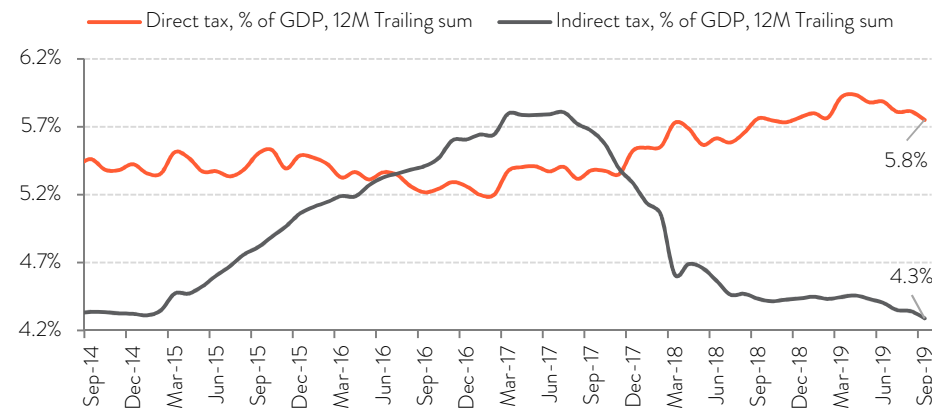


FIG 111 – GST COLLECTIONS IN H1FY20 AVERAGE AT RS 980BN VS RS 959BN IN H1FY19

(Rs bn)	Sep-18	Oct-18	Nov-18	Dec-18	Jan-19	Feb-19	Mar-19	Apr-19	May-19	Jun-19	Jul-19	Aug-19	Sep-19	Monthly run rate (FY20)	FYTD20	FY20 (BE)
CGST	299	480	344	431	351	359	462	468	346	354	241	685	381	413	2,476	5,260
UT GST	1.1	1.3	0.8	5.9	1.3	1.1	5.8	1.7	1.5	1.9	2.0	1.2	4.8	2	13	-
IGST	148	(142)	90	(94)	95	45	23	(6)	72	40	253	(461)	(37)	(23)	(138)	280
SGST*	481	561	433	605	441	579	566	450	503	544	405	625	533	510	3,060	6,128
Cess	79	77	79	77	84	82	82	89	77	80	82	68	71	78	468	1,093
Total GST	1,007	976	947	1,025	972	1,066	1,139	1,003	999	1,021	982	919	954	980	5,878	6,633
GST 3B Filing by deadline (mn)	6.7	7.0	7.2	7.3	7.3	7.6	7.2	7.2	7.4	7.6	7.6	7.6	7.4	-	-	-

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

FIG 112 – CENTRAL GOVT. PUBLIC DEBT JUMPS IN Q1FY20

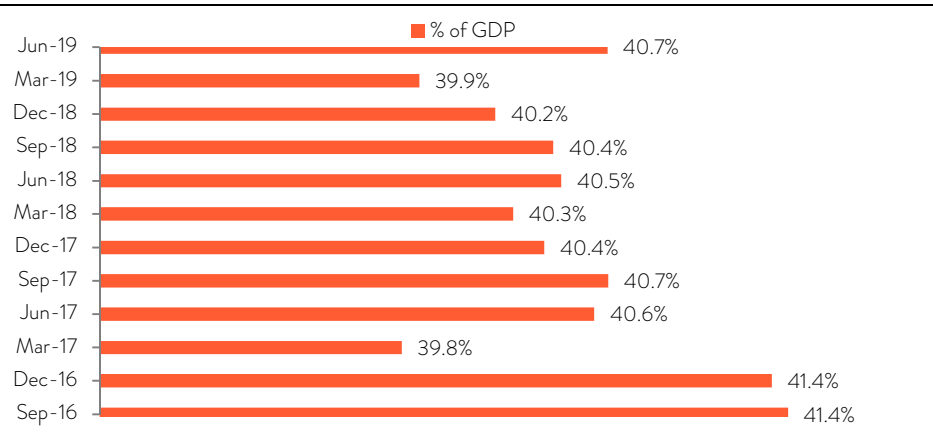


FIG 113 – GAP BETWEEN AVG. YIELD ON SDL & 10Y G-SEC DECLINED IN OCT'19 (-7BPS); GAP SEEN INCREASING IN NOV'19

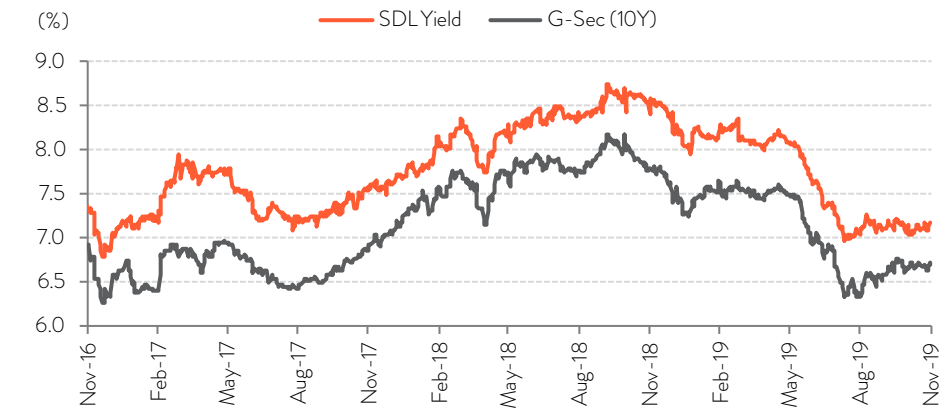


FIG 114 – SUBSIDIES MAINTAINED AT A STEADY RATIO IN FY20

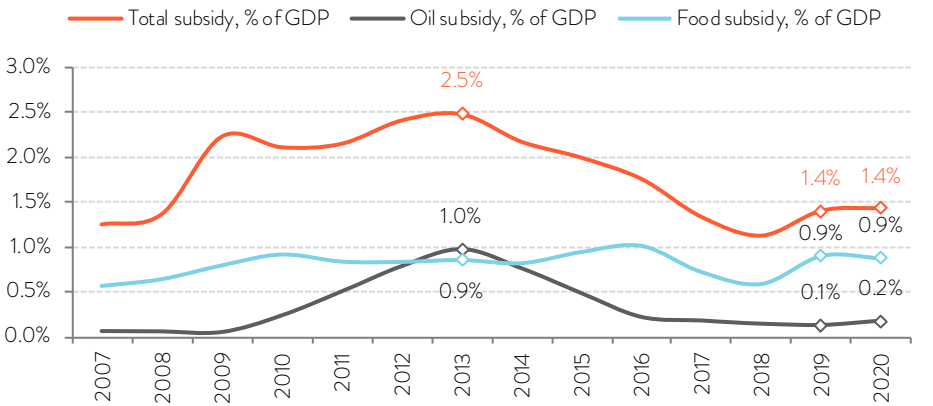
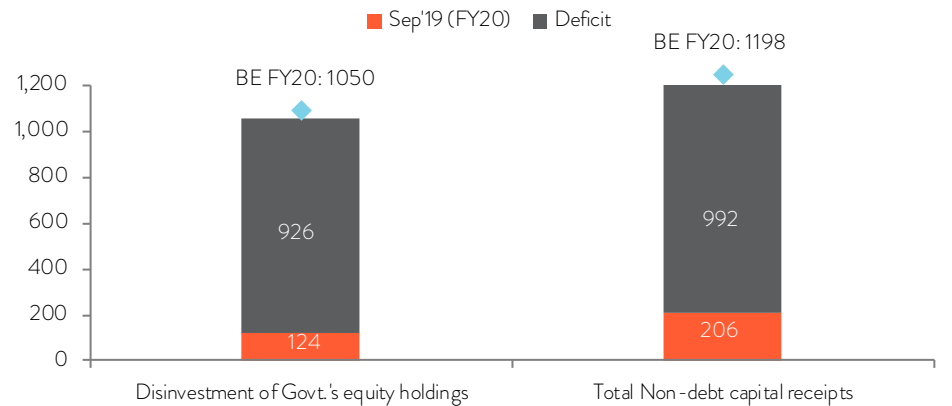
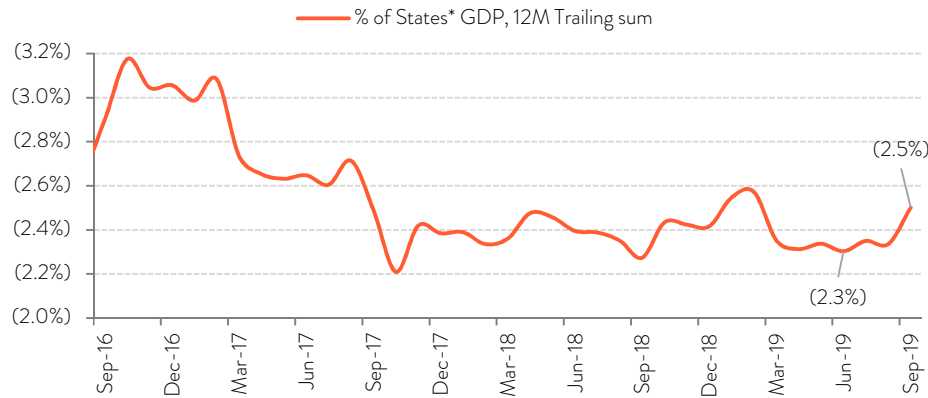


FIG 115 – CENTRAL GOVT.'S FY20 DISINVESTMENT STATUS



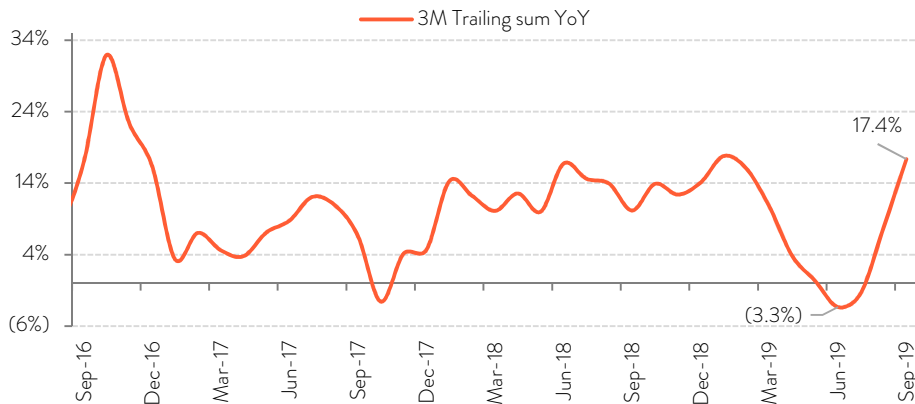
State government finances

FIG 116 – STATES* FISCAL DEFICIT INCHES UP IN Q2FY19



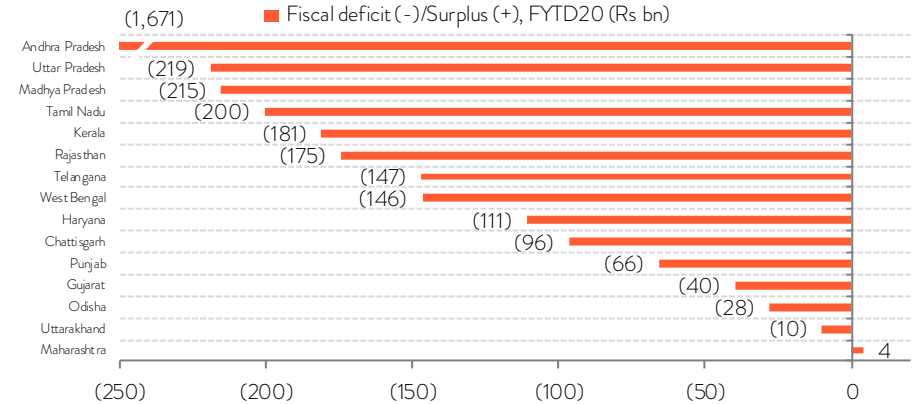
Note: *All states excluding N.E states, Bihar, Goa, H.P., J&K, Karnataka and Uttarakhand

FIG 118 – TOTAL EXPENDITURE OF STATES* JUMPS SHARPLY IN SEP'19



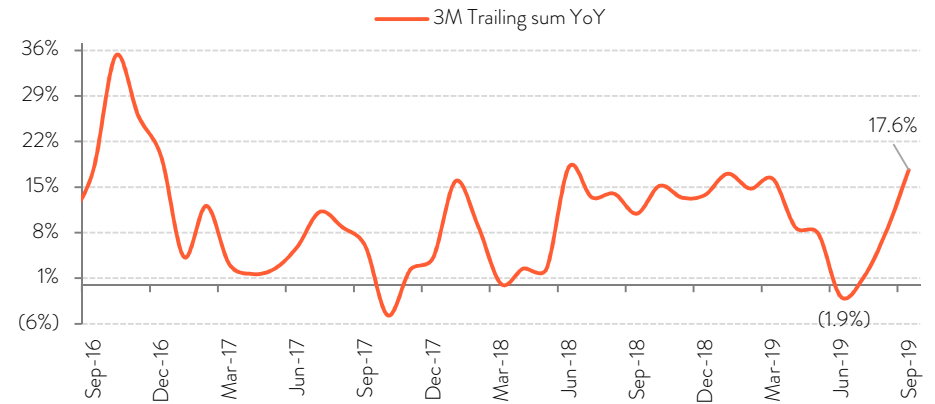
Note: *All states excluding N.E states, Bihar, Goa, H.P., J&K, Karnataka and Uttarakhand

FIG 117 – A.P REMAINS HIGHEST DEFICIT STATE IN H1FY20



Note: FYTD20- Apr'19-Sep'19

FIG 119 – TOTAL RECEIPTS OF STATES* ALSO SEES AN IMPROVEMENT



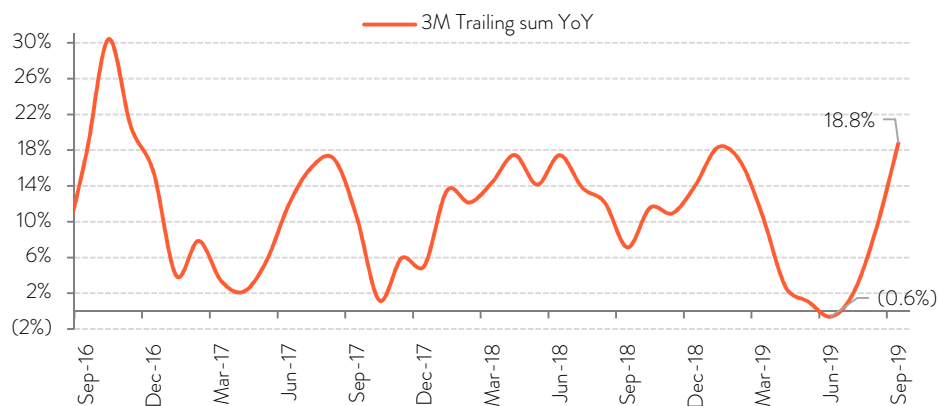
Note: *All states excluding N.E states, Bihar, Goa, H.P., J&K, Karnataka and Uttarakhand

FIG 120 – STATE* GOVT. TAX RECEIPTS AND CAPEX UNDER PRESSURE IN H1FY20

	Apr'17-Sep'17 (Rs bn)	Apr'18-Sep'18 (Rs bn)	% change	Apr'19-Sep'19 (Rs bn)	% change
Total Receipts	9,022	10,305	14.2	8,972	(12.9)
Revenue Receipts	7,576	8,856	16.9	9,253	4.5
Receipts: Tax Revenue	5,980	6,833	14.3	6,984	2.2
Receipts: Non-Tax Revenue	508	646	27.1	618	(4.3)
Receipts: Grant in aid & contributions	1,088	1,378	26.6	1,652	19.9
Capital Receipts	1,447	1,449	0.1	1,913	32.0
Total Expenditure	8,978	10,166	13.2	10,930	7.5
Revenue Expenditure	7,997	8,940	11.8	9,791	9.5
Capital Expenditure	982	1,226	24.9	1,211	(1.2)
Revenue Surplus or Deficit	(421)	(84)	-	(538)	-
Fiscal Surplus or Deficit	(1,485)	(1,352)	-	(1,800)	-

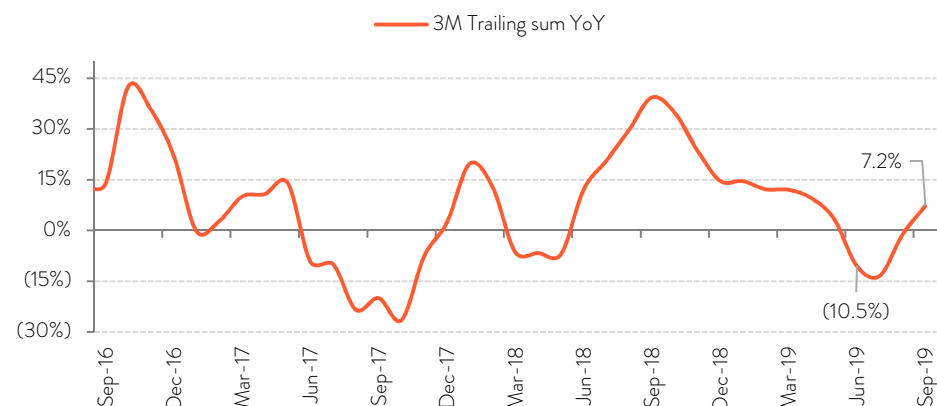
Note: *All states excluding N.E states, Bihar, Goa, H.P., J&K, Karnataka and Uttarakhand

FIG 121 – IMPROVEMENT IN STATE* SPENDING LED BY REVENUE EXPENDITURE



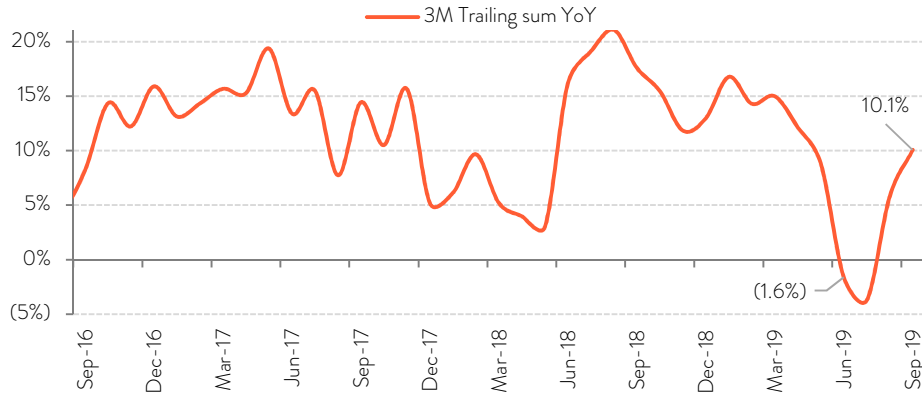
Note: *All states excluding N.E states, Bihar, Goa, H.P., J&K, Karnataka and Uttarakhand

FIG 122 – CAPEX OF STATES* ALSO SHOWING SIGNS OF REVIVAL



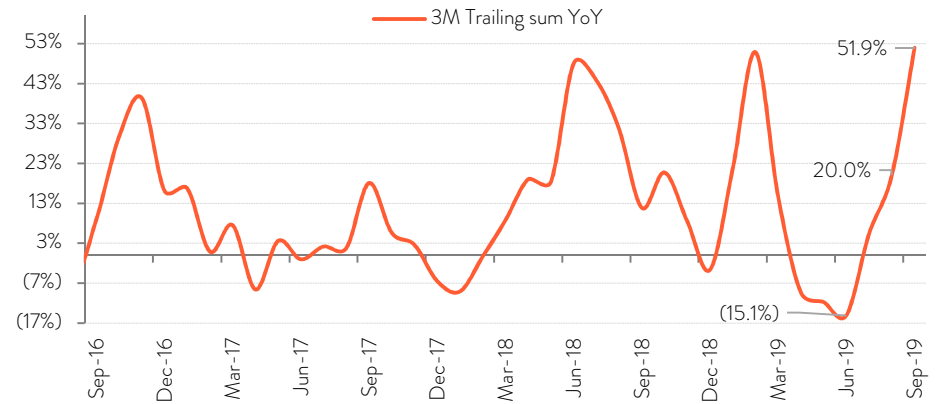
Note: *All states excluding N.E states, Bihar, Goa, H.P., J&K, Karnataka and Uttarakhand

FIG 123 – REVENUE RECEIPTS OF STATES* IMPROVES SUBSTANTIALLY IN Q2



Note: *All states excluding N.E states, Bihar, Goa, H.P., J&K, Karnataka and Uttarakhand

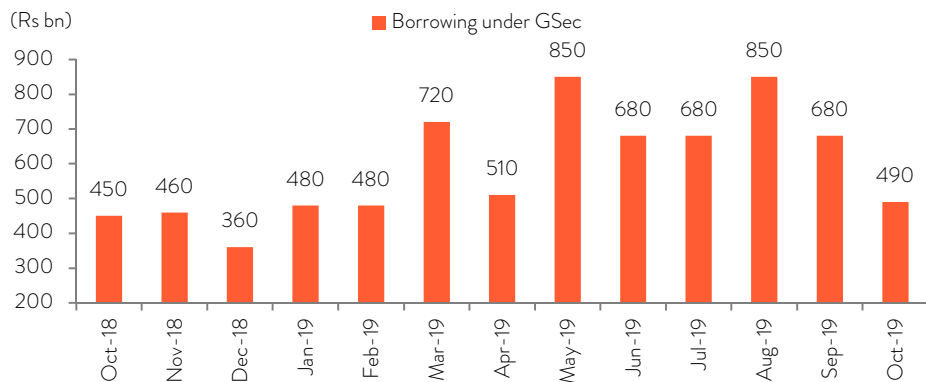
FIG 124 – ...LED BY HIGHER GRANTS FROM CENTRE



Note: *All states excluding N.E states, Bihar, Goa, H.P., J&K, Karnataka and Uttarakhand

Central government borrowing

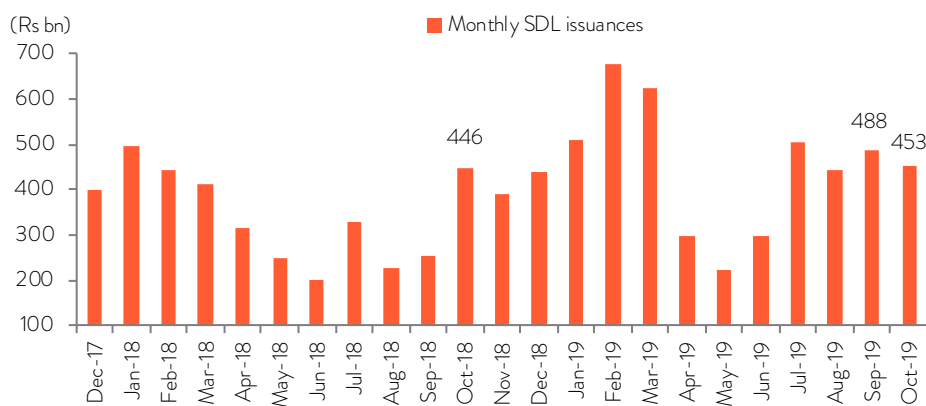
FIG 125 – CENTRE’S GROSS BORROWING* IN OCT’19 WAS AT RS 490BN VS RS 680BN IN SEP’19



Source: RBI, *till 18 Oct 2019

State government borrowing

FIG 127 – STATE GOVERNMENT BORROWINGS EASED IN OCT’19



Source: RBI

FIG 126 – CENTRE’S GROSS BORROWING FOR H2FY20 HAS BEEN KEPT AS PER BUDGETED AT RS 2.68TN

Total accepted amount (G-Sec), (Rs bn)	FY15	FY16	FY17	FY18	FY19	FY20 (actual)	FY20 (planned)
Q1	1,830	1,740	1,500	1,680	1,320	2040	2,210
Q2	1,570	1,630	1,910	1,890	1,440	2210	2,210
Q3	1,430	1,640	1,610	1,640	1,270	490*	2080
Q4	1,090	840	800	670	1680	-	600
Total	5,920	5,850	5,820	5,880	5,710	-	7100

Source: RBI, *till 18 Oct 2019

FIG 128 – MARKET BORROWINGS OF STATES REACHES RS 2.8TN IN FYTD20

Quarterly SDL issuances, (Rs bn)	FY15	FY16	FY17	FY18	FY19	FY20 (actual)	FY20 (planned)
Q1	439	502	548	650	766	815	1,101
Q2	469	627	792	1,130	809	1,439	1,394
Q3	692	858	1,214	1,054	1,277	532*	1,707
Q4	809	959	1,322	1,348	1,809	-	-
Total	2,408	2,946	3,876	4,182	4,661	-	-

Source: RBI; *As of 5 Nov 2019

External sector

Exports

FIG 129 – GLOBAL EXPORTS DECLINING SINCE JAN'19

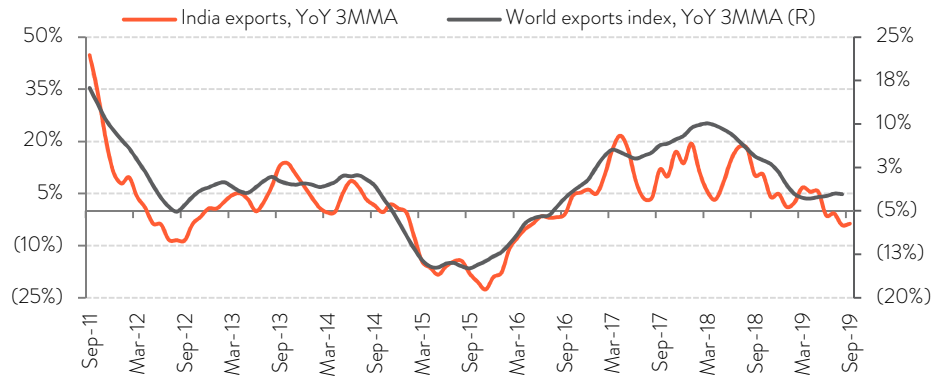
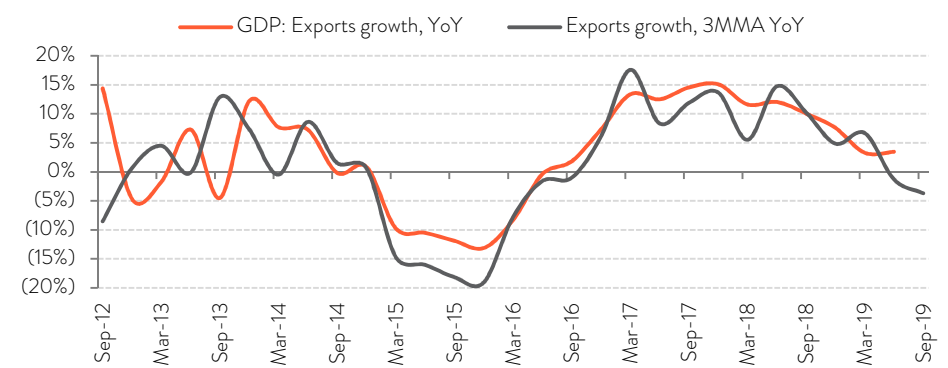


FIG 130 – INDIA'S EXPORTS DECLINE FURTHER IN SEP'19



Exports by major sectors

FIG 131 – AS OIL EXPORTS FALL BY (-) 18.6% IN SEP'19 VS. (-) 10.7% IN AUG'19

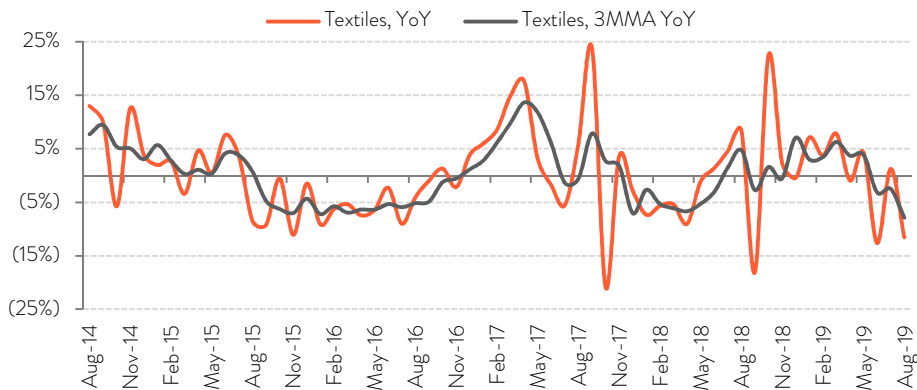


FIG 132 – AGRICULTURAL EXPORTS CONTINUE TO DECLINE EVEN IN SEP'19

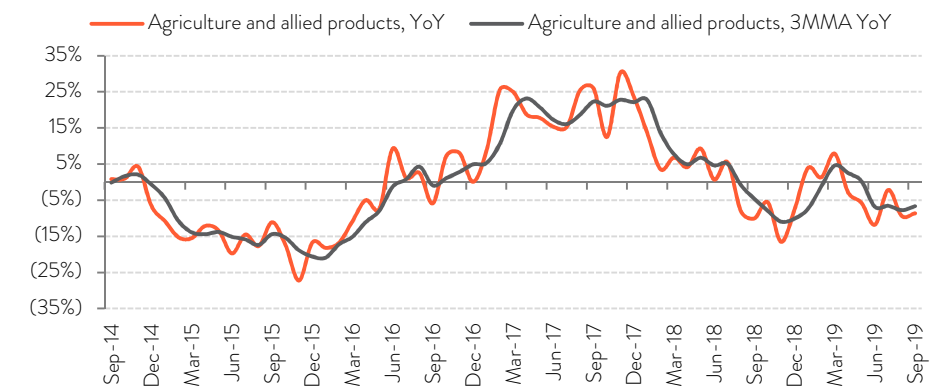


FIG 133 – SIMILAR TREND VISIBLE IN EXPORT OF TEXTILES

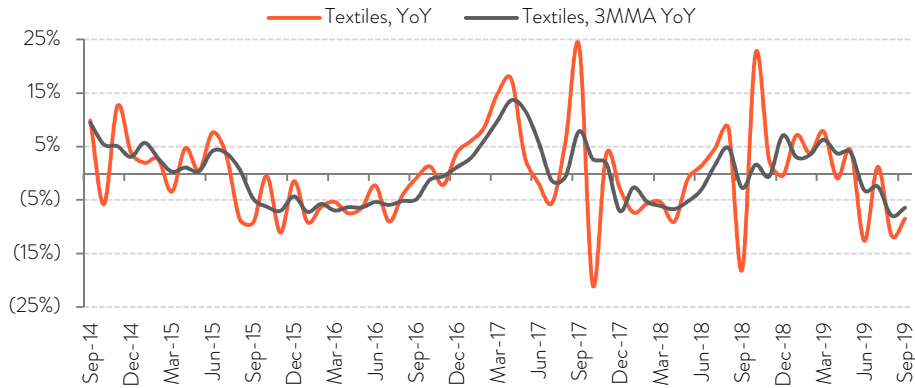
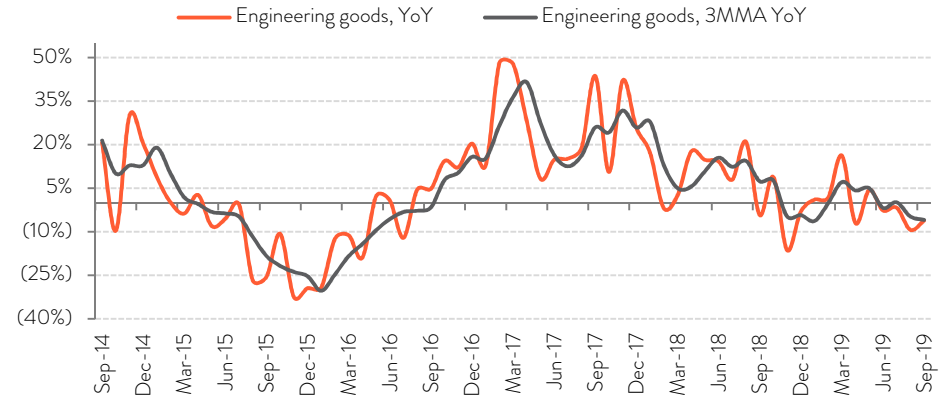


FIG 134 – EXPORT OF ENGINEERING GOODS FALLS FOR THE FOURTH STRAIGHT MONTH IN SEP'19



Imports

FIG 135 – IMPORT GROWTH FALLS TO A 38-MONTH LOW AT (-) 13.8% IN SEP'19

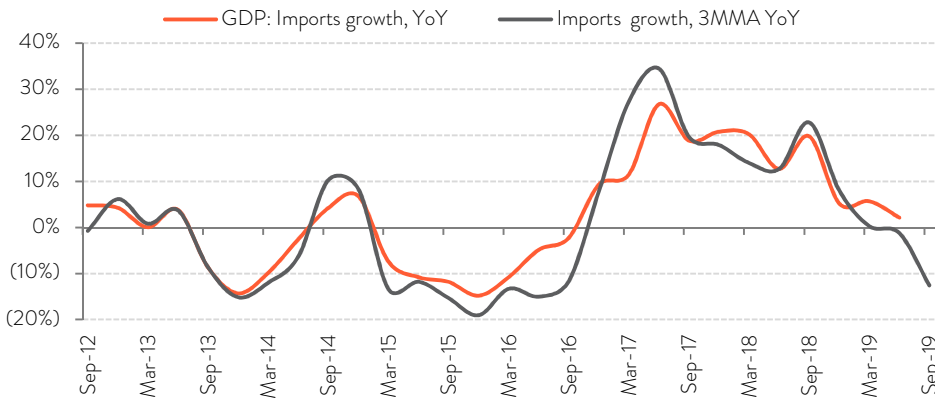


FIG 136 – LED BY A DECLINE IN OIL IMPORTS AT (-) 18.3%

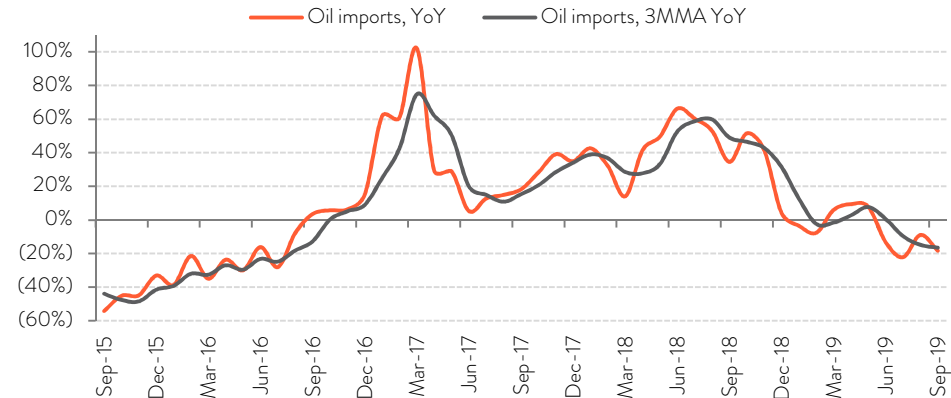


FIG 137 – GOLD IMPORTS FALL BY (-) 50.8%

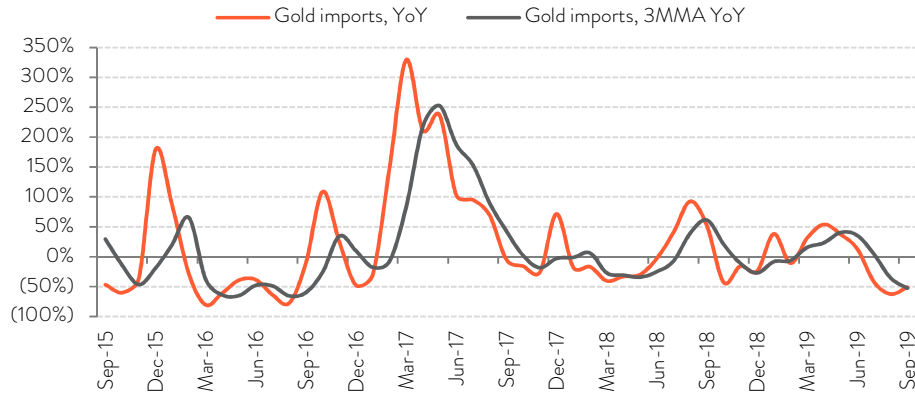


FIG 138 – IMPORT OF PRECIOUS STONES DECLINING SINCE NOV'18

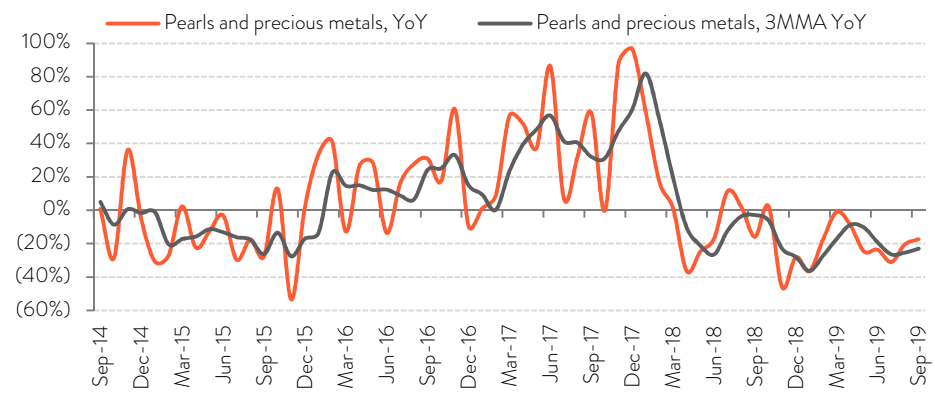


FIG 139 – IRON AND STEEL IMPORTS FALL STEEPLY IN SEP'19

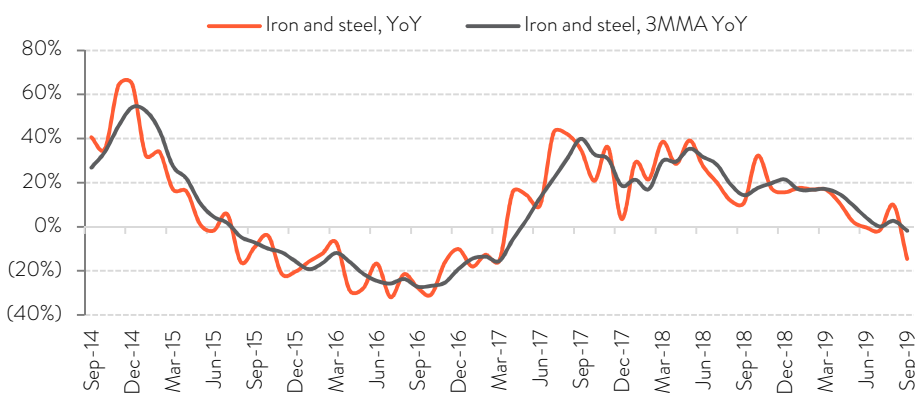
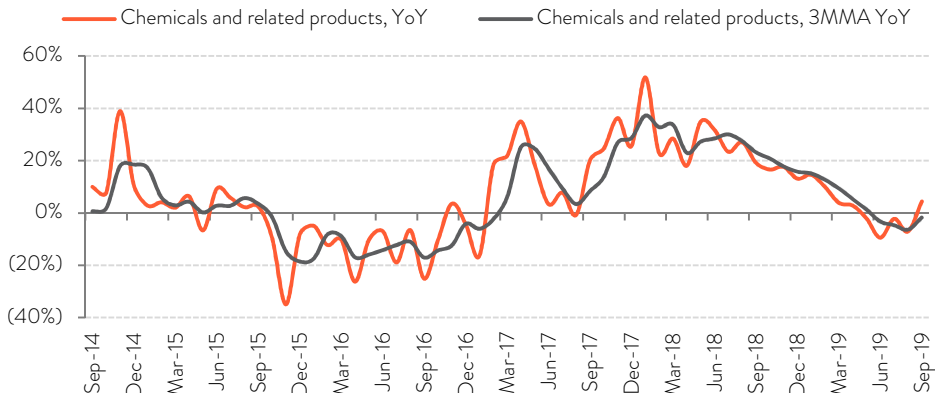


FIG 140 – HOWEVER, IMPORTS OF CHEMICALS INCREASED



Exports and imports by major regions

FIG 141 – IN FYTD20, EXPORTS TO CHINA HAVE RISEN, WHILE EXPORTS TO OTHER ASIAN COUNTRIES DECLINED

Region (% YoY)	Share (in %) FY19	Jul'19	Aug'19	Sep'19	FYTD19	FYTD20
Americas	21.1	4.6	(5.6)	(1.4)	11.8	0.8
Asia and Pacific (Ex. China)	28.1	(3.2)	(16.1)	(20.7)	10.6	(11.2)
China	5.1	22.9	19.8	0.6	44.3	8.6
Europe	19.7	(2.4)	(7.1)	(2.3)	13.8	(2.6)
Middle East and Africa	24.8	4.7	(0.5)	4.4	7.8	1.1
Other	1.1	(33.7)	21.5	(41.6)	31.9	(1.4)

FIG 142 – IMPORTS FROM ALL REGIONS HAVE FALLEN IN FYTD20

Region (% YoY)	Share (in %) FY19	Jul'19	Aug'19	Sep'19	FYTD19	FYTD20
Americas	12.7	(10.0)	(33.5)	(15.2)	25.6	(5.7)
Asia and Pacific (Ex. China)	25.3	(1.5)	(11.3)	(15.5)	24.4	(5.0)
China	13.7	1.5	(1.2)	(0.5)	(3.0)	(0.4)
Europe	15.3	(20.7)	(25.6)	(21.6)	21.7	(7.7)
Middle East	31.1	(18.9)	(7.8)	(14.5)	32.4	(9.9)
Other	1.9	21.0	65.8	(17.5)	(57.1)	21.2

Trade deficit

FIG 143 – TRADE DEFICIT NARROWED TO US\$ 10.9BN IN SEP'19 FROM US\$ 13.5BN IN AUG'19

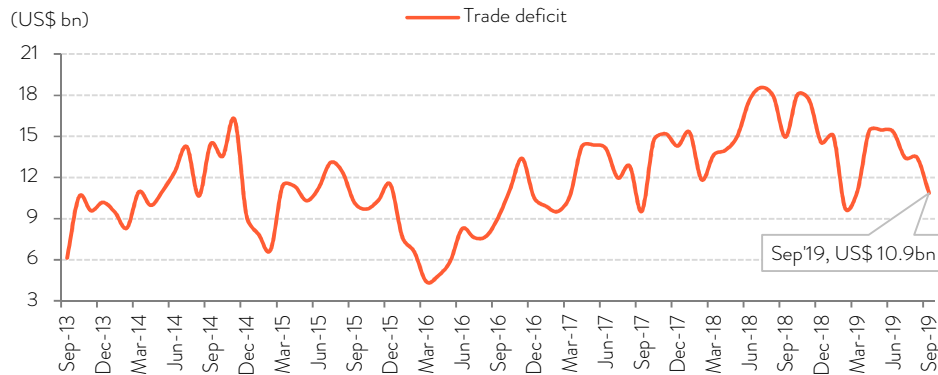
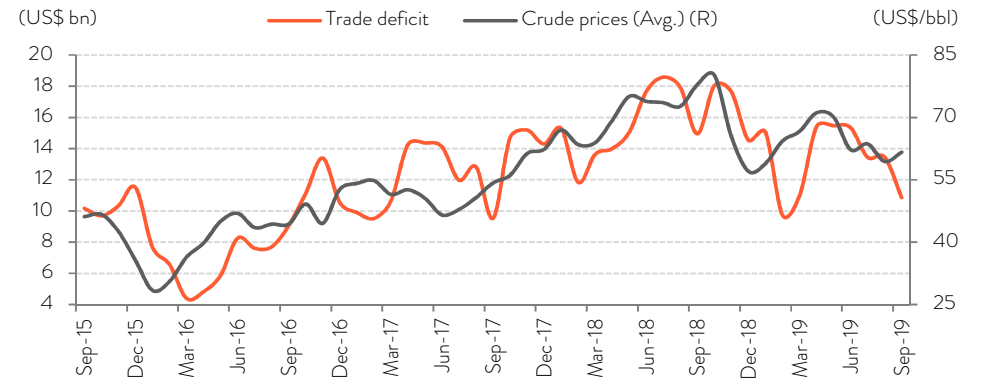
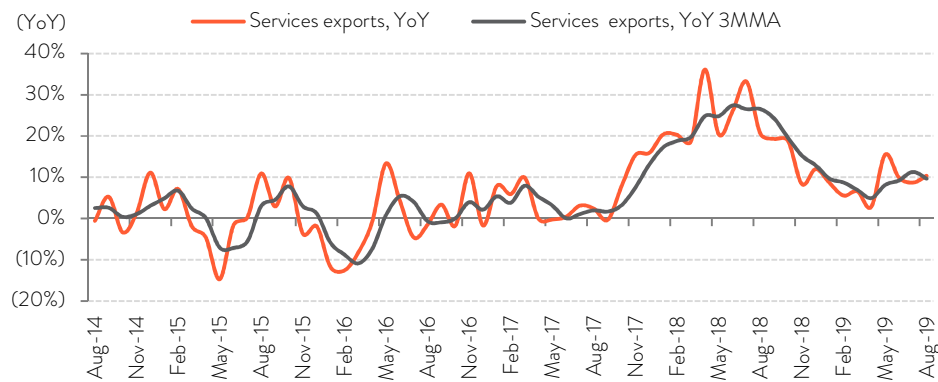


FIG 144 – EVEN AS OIL PRICES INCHED UP



Trade in services

FIG 145 – SERVICES EXPORTS HOLDING UP



BoP

FIG 146 – CAD ROSE TO 2% OF Q1FY20 FROM 0.7% OF GDP IN Q4FY19

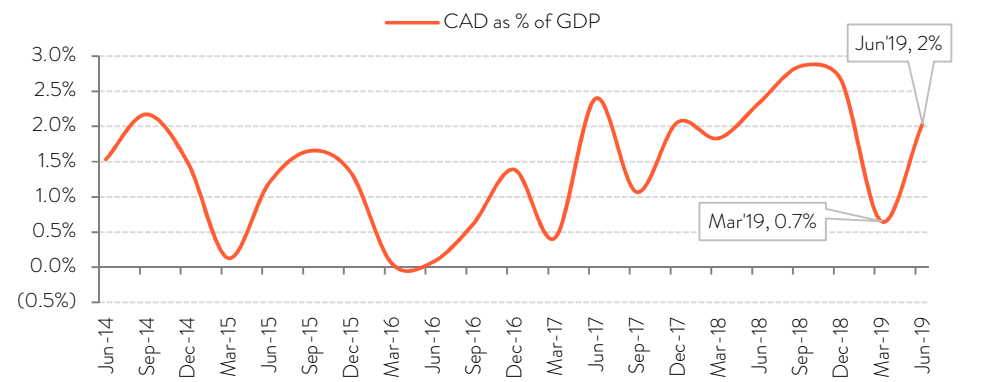


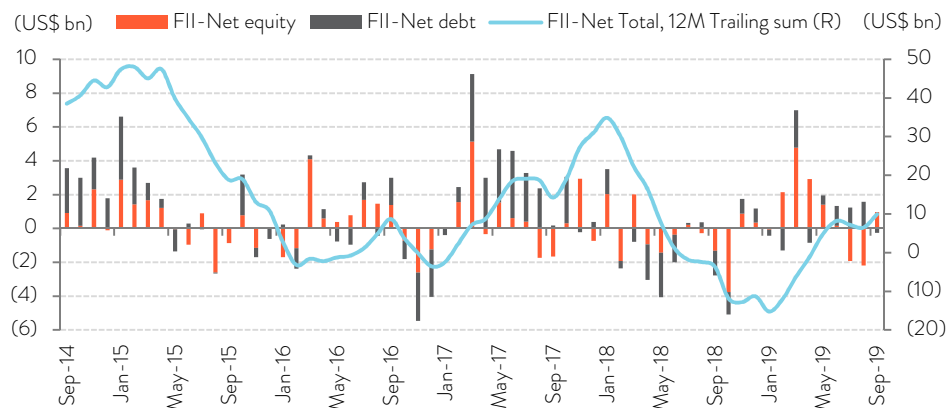
FIG 147 – LED BY HIGHER TRADE DEFICIT

(US\$ bn)	Q1FY19	Q2FY19	Q3FY19	Q4FY19	Q1FY20
Current account	(15.8)	(19.1)	(17.8)	(4.6)	(14.3)
CAD/GDP (%)	(2.3)	(2.9)	(2.7)	(0.7)	(2.0)
Trade balance	(45.8)	(50.0)	(49.3)	(35.2)	(46.2)
- Merchandise exports	83.4	83.4	83.1	87.4	82.7
- Merchandise imports	129.1	133.4	132.4	122.6	128.9
--Oil imports	34.8	35.2	34.7	32.4	35
--Non-oil imports	94.3	98.2	97.7	90.2	93.9
- Net Services	18.7	20.3	21.7	21.3	20
--Software	18.6	19.3	19.9	19.9	21
Transfers	17.1	19.3	17.4	16.2	18
Other invisibles	(5.8)	(8.7)	(7.6)	(6.9)	(6.1)
Capital account	4.8	16.7	13.8	19.2	27.9
% of GDP	0.7	2.6	2.1	2.7	4.0
Foreign investments	1.4	7.7	5.2	15.9	18.7
- FDI	9.6	7.5	7.3	6.4	13.9
- FII	(8.1)	0.2	(2.1)	9.4	4.8
Banking capital	10.1	0.5	4.9	(8.1)	(3.9)
Short-term credit	(3.5)	4.8	(0.7)	1.5	2.0
ECBs	(1.3)	2.2	2.0	7.2	6.4
External assistance	0.5	0	1.7	1.3	1.5
Other capital account items	(2.4)	1.5	0.7	1.2	3.2
E&O	(0.3)	0.5	(0.3)	(0.4)	0.4
Overall balance	(11.3)	(1.9)	(4.3)	14.2	14.0

Foreign inflows

FII inflows

FIG 148 – FII INFLOWS AT A 7-MONTH HIGH IN OCT'19 LED BY US\$ 2.1BN INFLOWS IN EQUITY SEGMENT



Source: Bloomberg

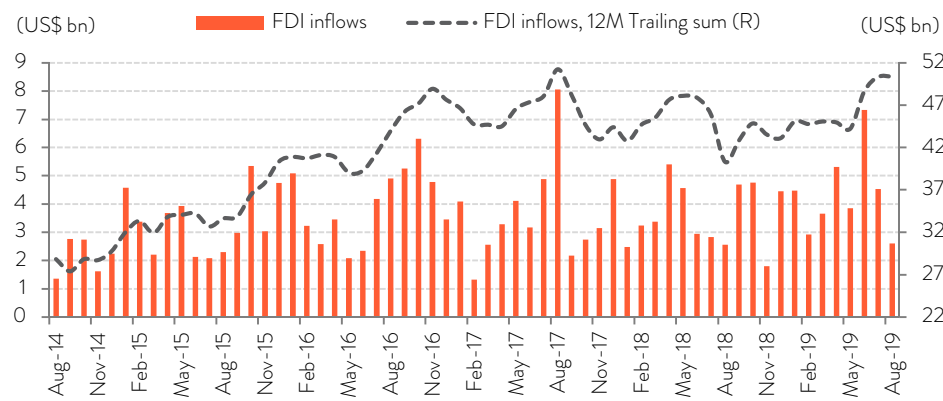
FIG 150 – FDI INFLOWS INTO TELECOM SECTOR RISE TO US\$ 4.2BN IN Q1FY20

Sector	% Share FY19	Jun'18	Sep'18	Dec'18	Mar'19	Jun'19
Services sector	20.6	2.4	2.5	1.7	2.6	2.8
Computer software and hardware	14.5	1.4	1.1	2.5	1.4	2.2
Trading	10.1	1.6	0.5	0.9	1.4	1.1
Telecommunications	6.0	1.6	0.6	0.1	0.4	4.2
Automobile industry	5.9	0.5	1.1	0.5	0.5	1.0

Source: DIPP

FDI inflows

FIG 149 – FDI INFLOWS AT US\$ 1.8BN IN AUG'19 VS US\$ 3.7BN IN JUL'19



Source: RBI, Bank of Baroda Research

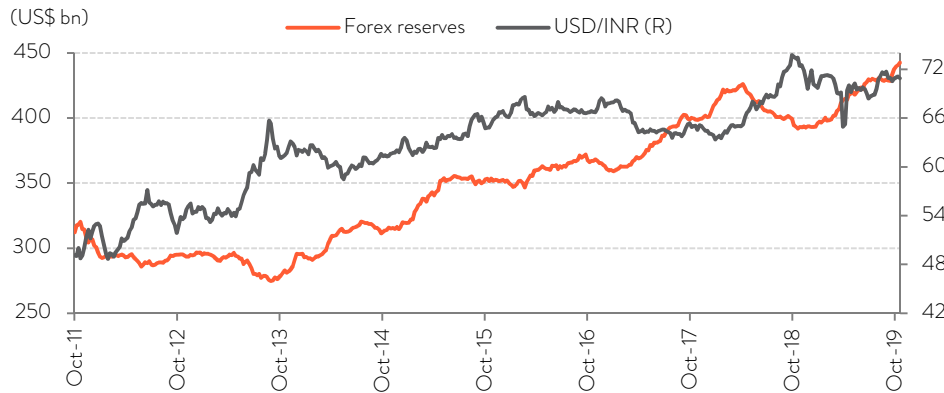
FIG 151 – SINGAPORE REMAINS THE BIGGEST SOURCE OF FDI INFLOWS INTO INDIA

Country (US\$ bn)	% Share in FY19	Jun'18	Sep'18	Dec'18	Mar'19	Jun'19
Singapore	36.6	6.5	2.1	4.4	3.3	5.3
Mauritius	18.2	1.5	2.4	2.1	2.1	4.7
Netherlands	8.7	0.8	1.5	0.6	0.9	1.4
Japan	6.7	0.9	1.0	0.3	0.8	0.5
UK	3.0	0.6	0.2	0.2	0.3	0.3

Source: DIPP

Forex reserves and external debt

FIG 152 – INDIA’S FX RESERVES RISE TO A LIFETIME HIGH AT US\$ 443BN IN OCT’19; UP BY US\$ 31BN IN FYTD20



Source: Bloomberg | Weekly data as of 25 Oct 2019

FIG 154 – RBI’S SOLD US\$ 4.1BN IN SPOT MARKET IN AUG’19

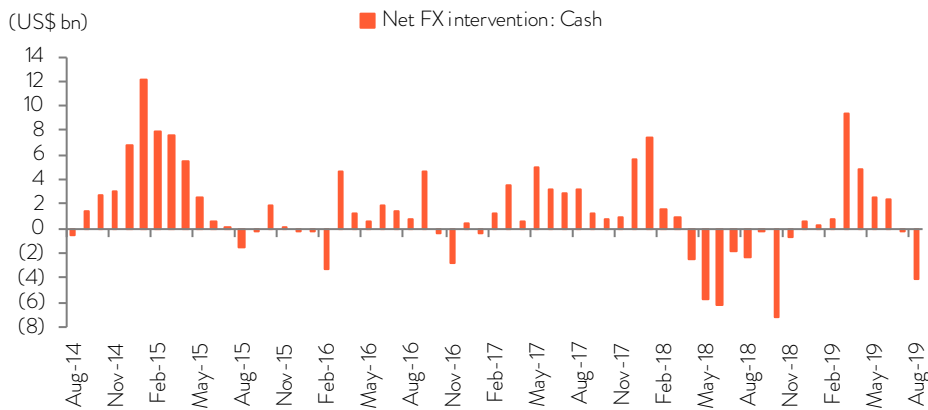


FIG 153 – IMPORT COVER RISES TO 10.5 MONTHS IN SEP’19

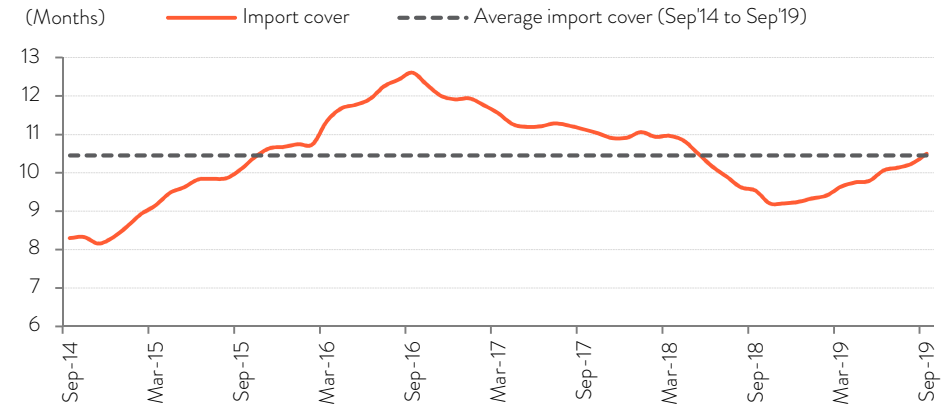
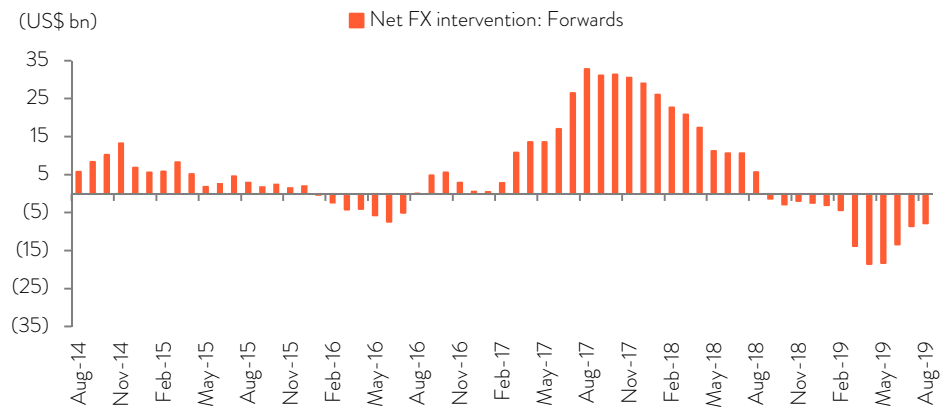


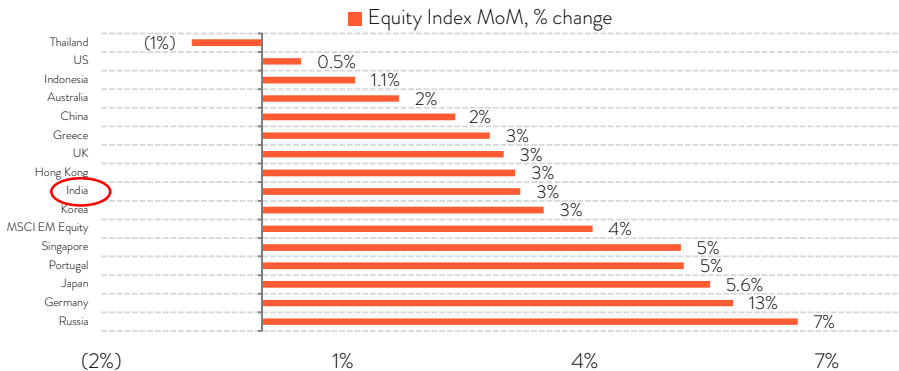
FIG 155 – IN FORWARDS MARKET, RBI BOUGHT US\$ 5.9BN BETWEEN APR-AUG’19, OUTSTANDING POSITION AT (-) US\$ 7.8BN



Markets

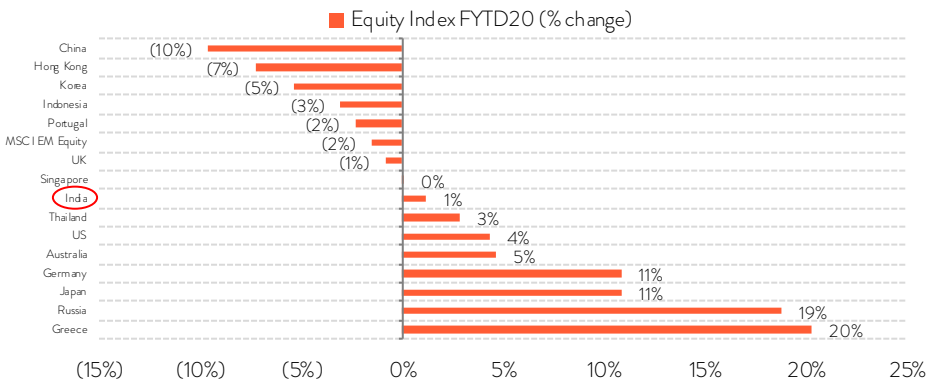
Equity

FIG 156 – ON MOM BASIS*, SENSEX UNDERPERFORMED AND ROSE BY 3% IN CONSTANT CURRENCY, MSCI EM'S INDEX ROSE BY 4%



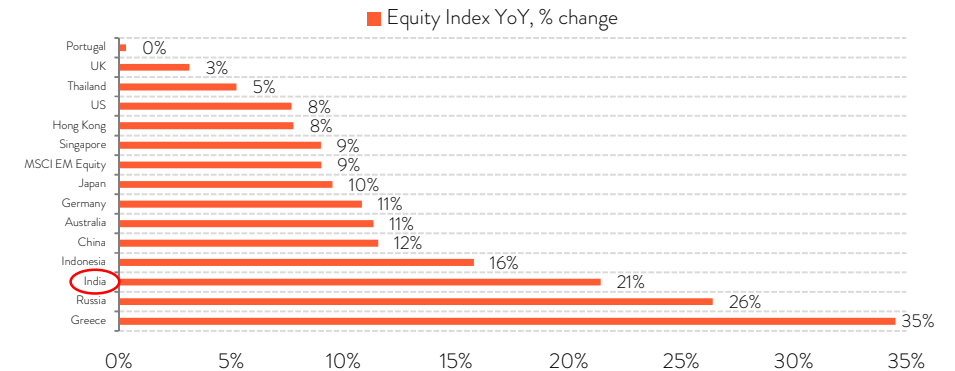
Source: Bloomberg | *As on 31 Oct 2019, Indices are in US\$ terms

FIG 158 – IN FYTD20*, SENSEX ROSE BY 1%



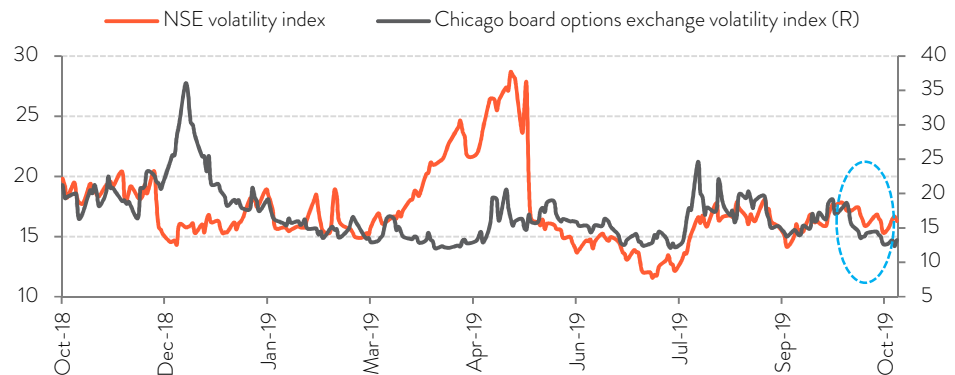
Source: Bloomberg | *As on 31 Oct 2019, Indices are in US\$ terms

FIG 157 – ON YOY BASIS*, SENSEX OUTPERFORMED AND ROSE BY 21%, MSCI EM INDEX ROSE BY 9%



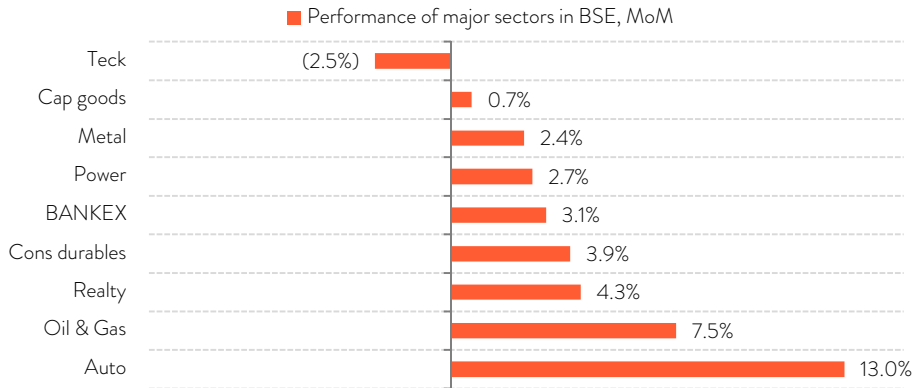
Source: Bloomberg | *As on 31 Oct 2019, Indices are in US\$ terms

FIG 159 – VIX INDEX ROSE TO 16.28 IN OCT'19 VS 15.87 IN SEP'19 AS UNCERTAINTY REIGNED OVER TRADE DEAL



Source: Bloomberg

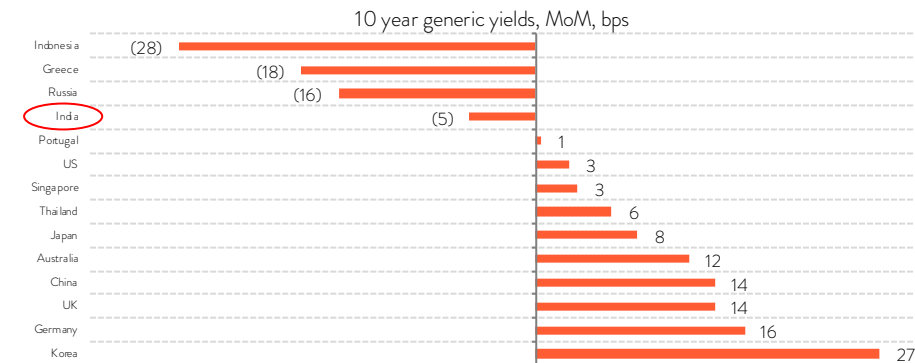
FIG 160 – EXCEPT TECHNOLOGY, ALL OTHER SECTORS NOTED GAIN



Source: Bloomberg, * As on 31 Oct 2019

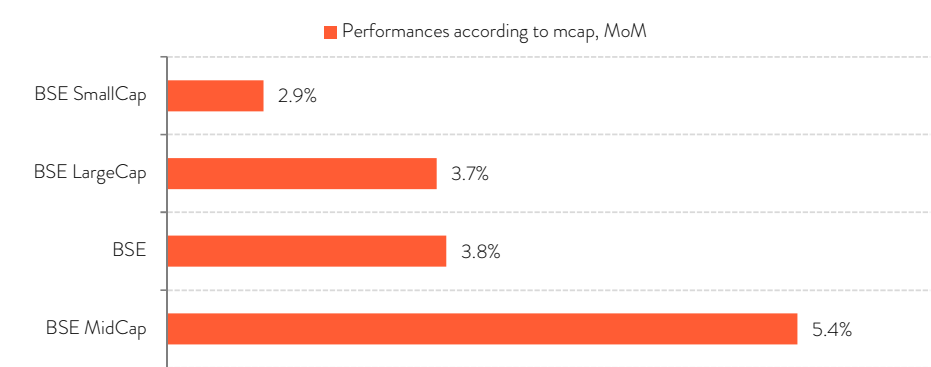
10 year Bond yields

FIG 162 – ON MOM BASIS*, INDIA'S 10 YEAR YIELD FELL BY 5BPS AMIDST GROWTH CONCERNS



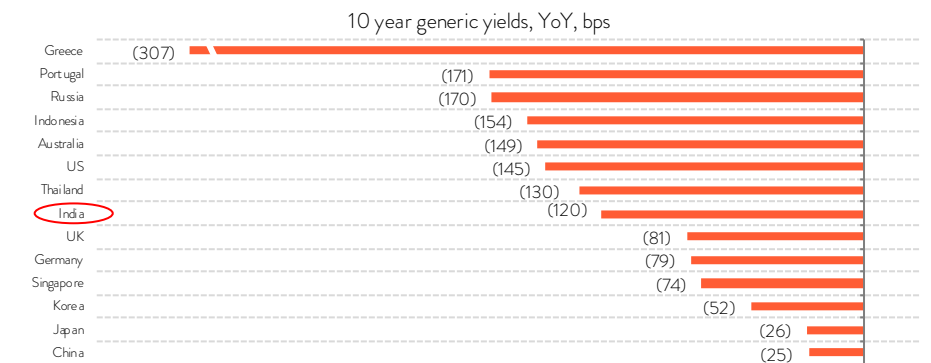
Source: Bloomberg | *As on 31 Oct 2019 | For India 7.26GS2029 is used as its trading volume was higher

FIG 161 – MID AND LARGE CAP STOCKS NOTED CONSIDERABLE INCREASE IN OCT'19



Source: Bloomberg | * As on 31 Oct 2019

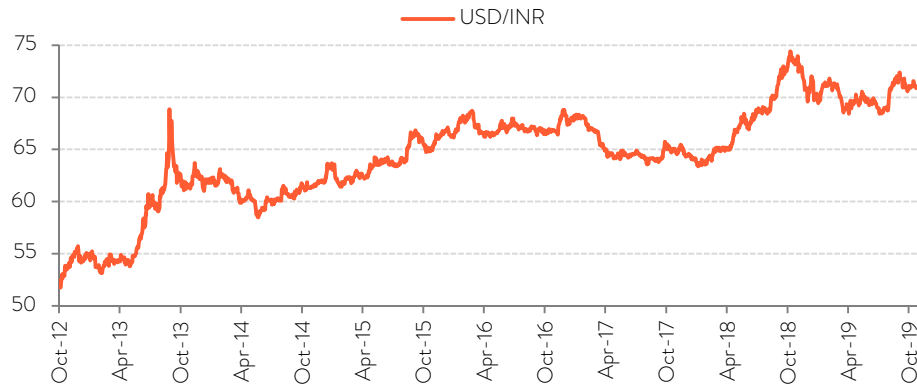
FIG 163 – ON YOY BASIS*, INDIA'S 10 YEAR YIELD FELL BY 120BPS IN LINE WITH OTHER GLOBAL YIELDS



Source: Bloomberg | * As on 31 Oct 2019 | For India 7.26GS2029 is used as its trading volume was higher

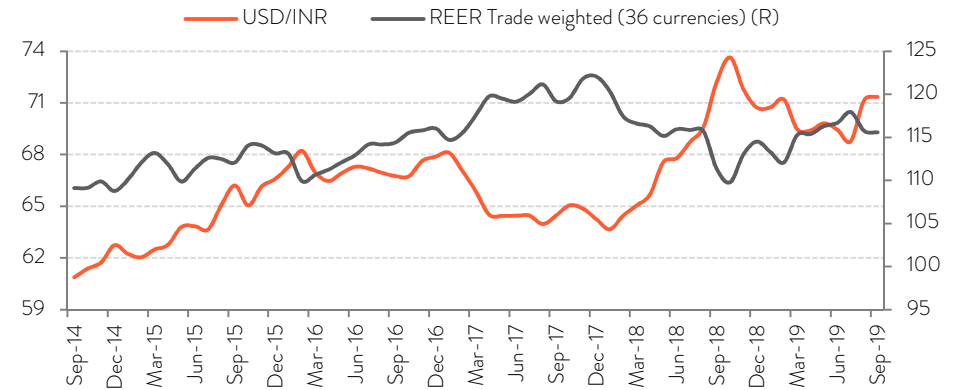
Currencies

FIG 164 – INR DEPRECIATED MARGINALLY BY (-) 0.1% IN OCT'19



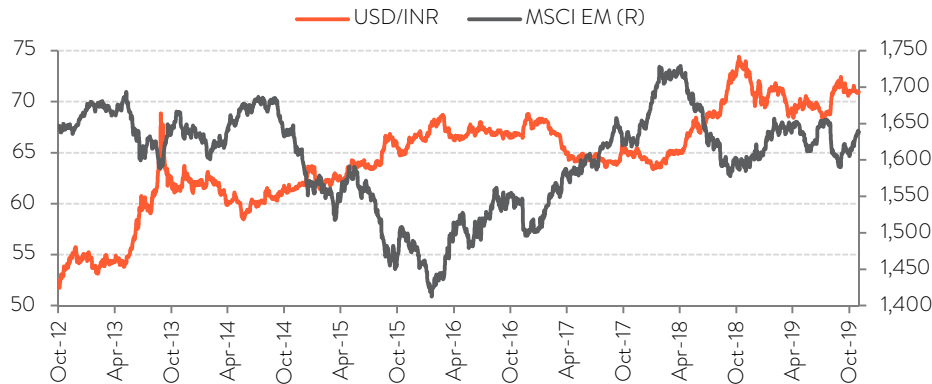
Source: Bloomberg | *As on 31 Oct 2019

FIG 165 – INR STILL OVERVALUED BY 15.6% (SEP'19)



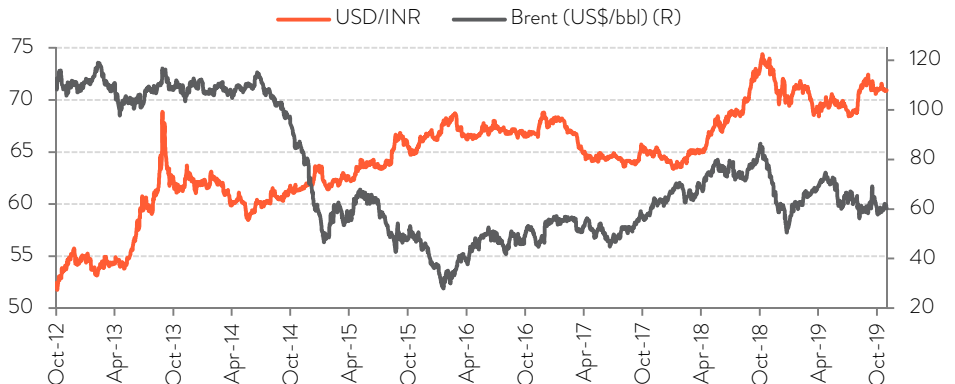
Source: Bloomberg

FIG 166 – OTHER EM CURRENCIES APPRECIATED



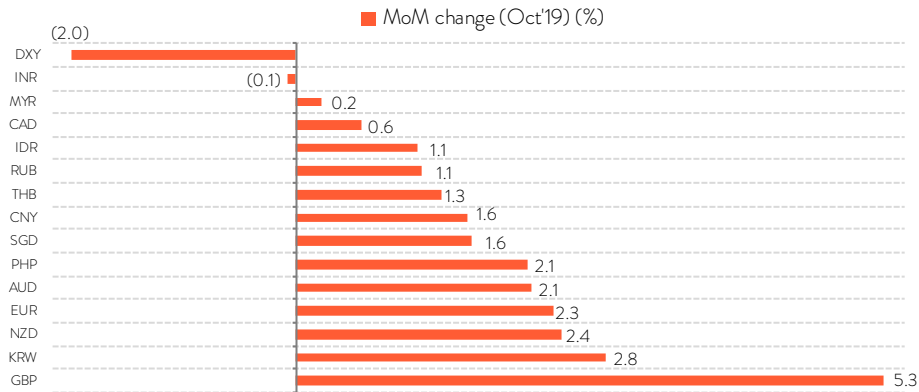
Source: Bloomberg | *As on 31 Oct 2019

FIG 167 – AS OIL PRICES MODERATED



Source: Bloomberg | *As on 31 Oct 2019

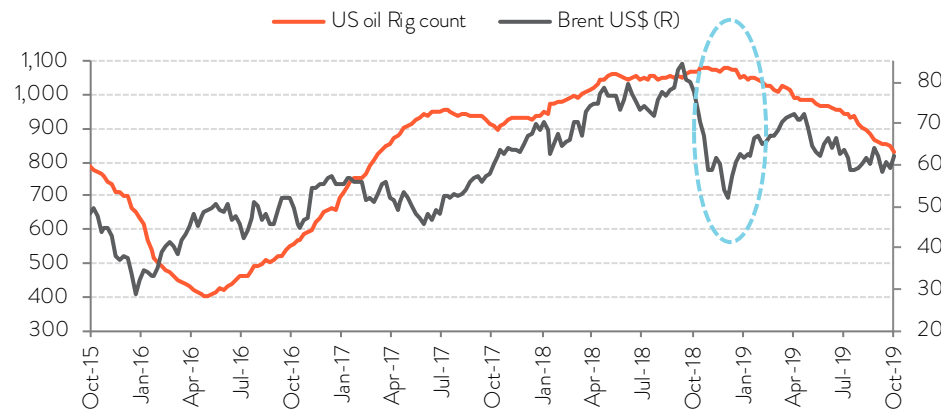
FIG 168 – EXCEPT INDIA, OTHER GLOBAL CURRENCIES ROSE IN OCT'19 AS DOLLAR WEAKENED



Source: Bloomberg | *As on 31 Oct 2019

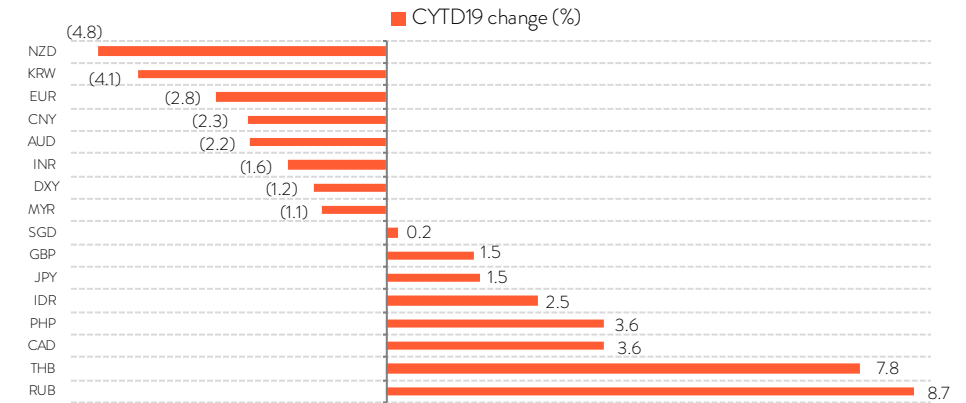
Commodities

FIG 170 – US RIG COUNT CONTINUED TO FALL TO 830 IN OCT'19 FROM 851 IN SEP'19



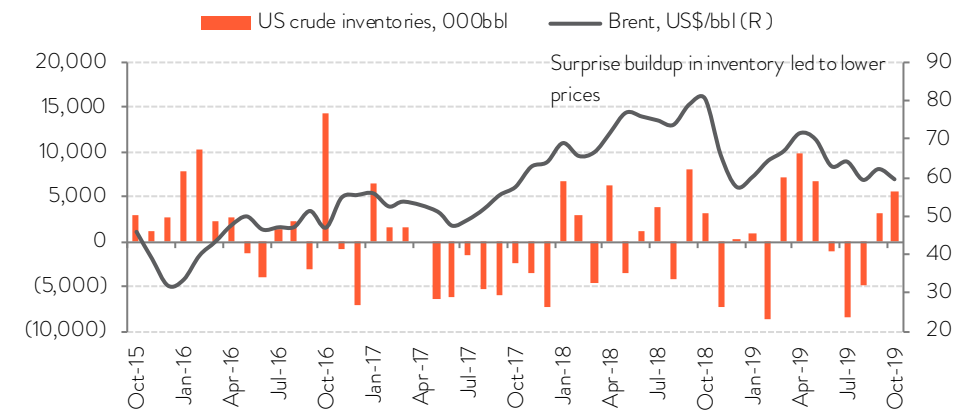
Source: Bloomberg

FIG 169 – IN CYTD19, INR HAS DEPRECIATED BY (-) 1.6%



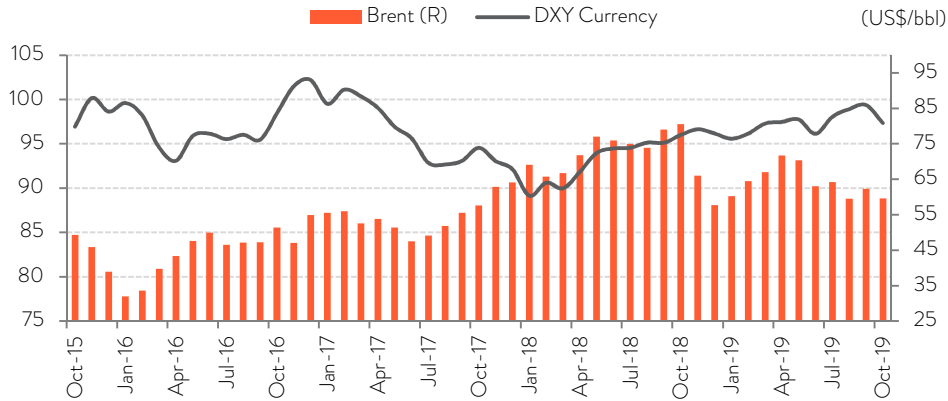
Source: Bloomberg | *As on 31 Oct 2019

FIG 171 – US INVENTORIES PICKED UP IN OCT'19; OIL PRICES FELL BY (-) 4.3% ON MOM BASIS (US\$ 59.6/BBL)



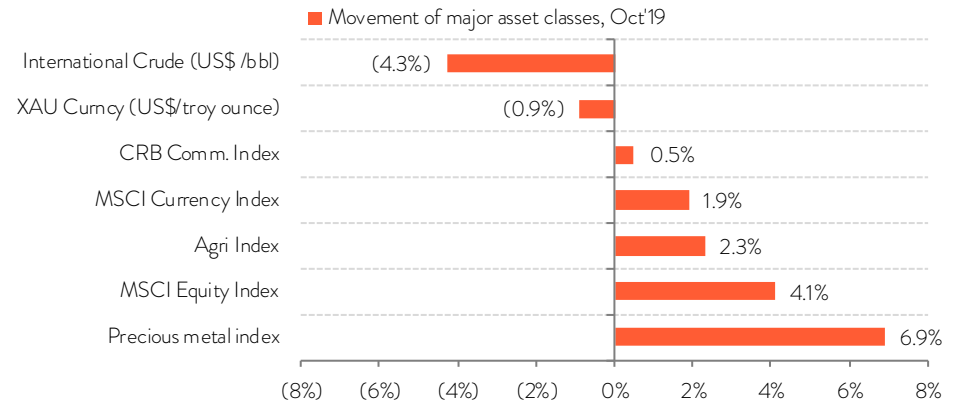
Source: Bloomberg

FIG 172 – DXY FELL TO 97.35 FROM 99.38 IN SEP'19 DUE TO WEAKER US MACRO PRINT, CRUDE ON AN AVERAGE WAS AT US\$ 59.6/BBL IN OCT'19



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

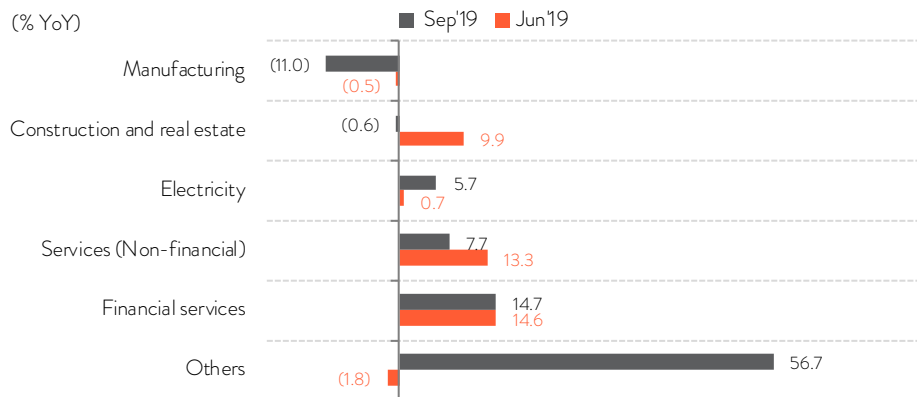
FIG 173 – AMONGST MAJOR ASSET CLASS, PRECIOUS METALS ROSE THE MOST; CRUDE CONTINUES TO FALL



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

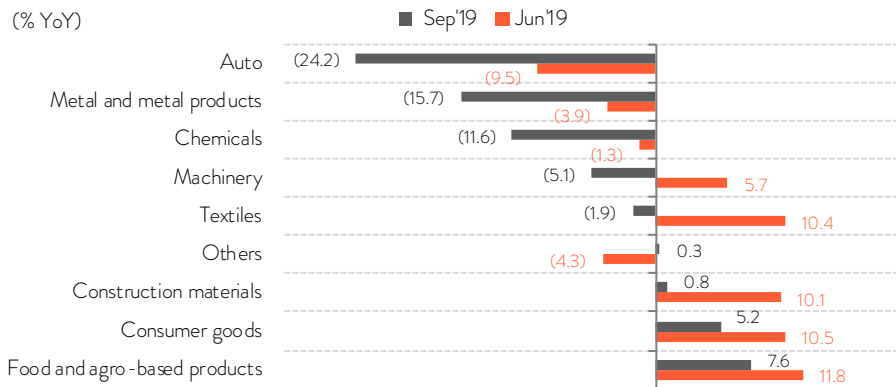
Corporate earnings

FIG 174 – NET SALES IN MANUFACTURING DECLINED EVEN IN SEP'19



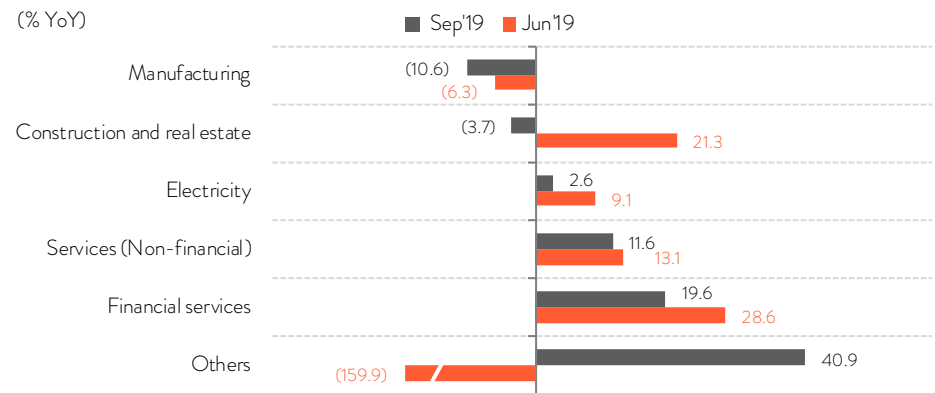
Source: CMIE

FIG 176 – WITHIN MANUFACTURING, NET SALES IN THE AUTO SECTOR FELL THE MOST



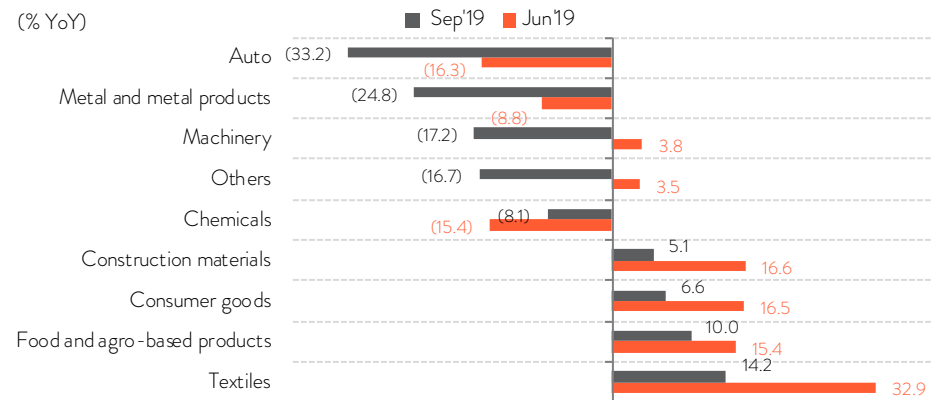
Source: CMIE

FIG 175 – PBDIT OF MANUFACTURING SECTOR DECLINED



Source: CMIE

FIG 177 – PBDIT FOR MOST MANUFACTURING FIRMS DECLINE, LED BY AUTO



Source: CMIE

Global consumption

FIG 178 – RETAIL SALES INCH UP IN EUROZONE AND MODERATE IN CHINA

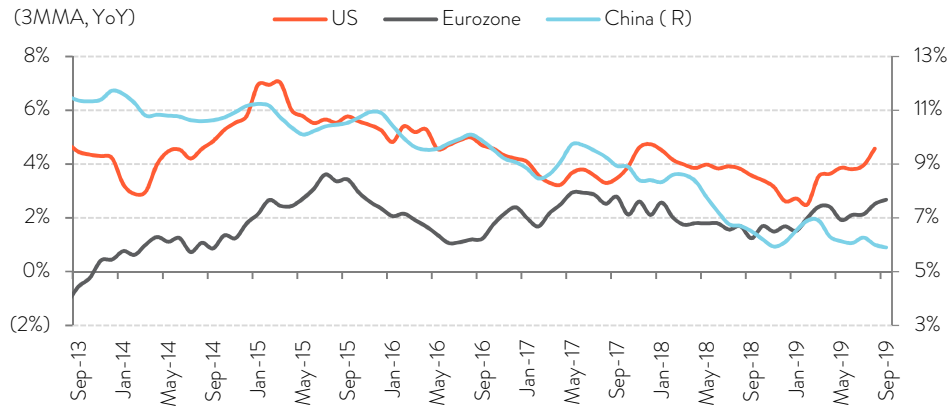


FIG 179 – AUTO SALES IMPROVES IN EUROZONE

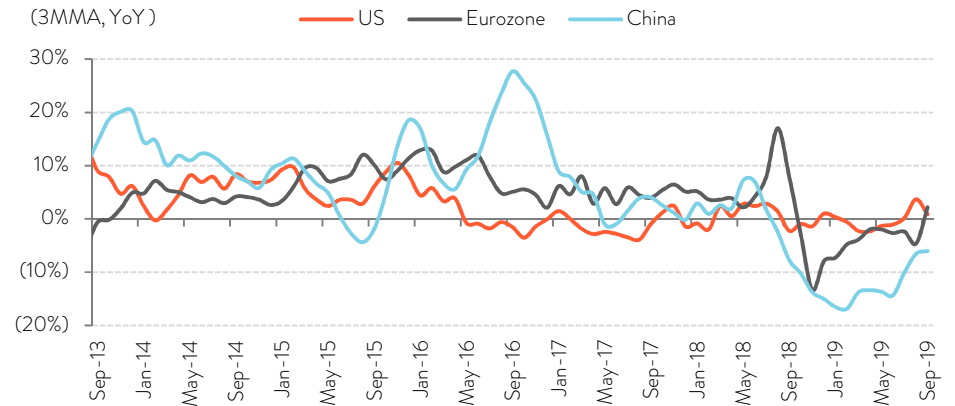
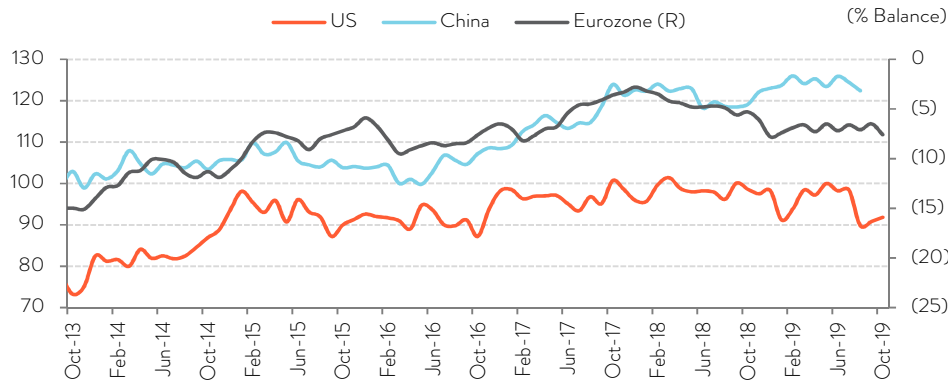
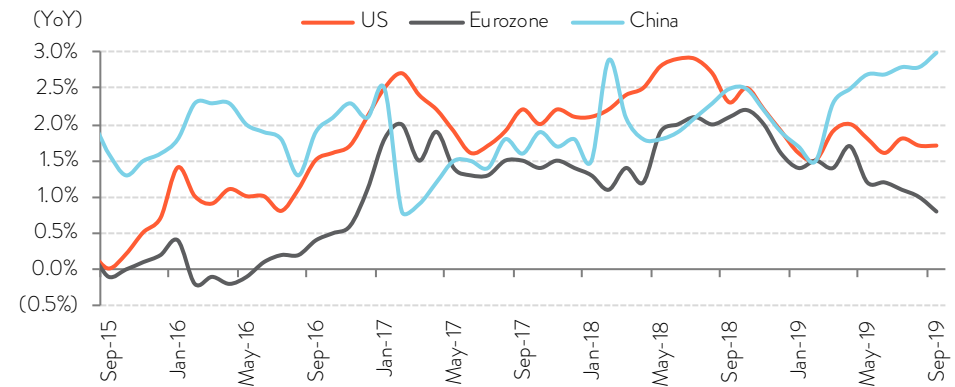


FIG 180 – CONSUMER CONFIDENCE IMPROVES IN US AND DROPS IN EUROZONE



Note: Consumer confidence for eurozone is % diffusion index, China's consumer confidence is for Aug'19

FIG 181 – CPI EASES IN EUROZONE; REMAINS UNCHANGED FOR US AND INCHES UP FOR CHINA



Global inflation and policy rates

FIG 182 – GLOBAL POLICY EASING CYCLE CONTINUES, US CUTS RATE FOR THE 3RD TIME IN CYTD19

Country	Current inflation rate (%)	Current policy rate (%)	CY18 (change in bps)	CYTD19 (change in bps)	Direction of policy rate in CYTD19
Germany	1.1	0	0	0	-
UK	1.7	0.75	25	0	-
Japan	0.2	(0.1)	0	0	-
China	3	4.35	0	0	-
Brazil	2.89	1.75	75	0	-
Korea	(0.4)	1.5	25	(25)	↓
Malaysia	1.1	3	25	(25)	↓
Mexico	3	7.75	100	(50)	↓
Thailand	0.11	1.25	25	(50)	↓
Russia	4	7	0	(75)	↓
US	1.7	1.75	100	(75)	↓
Australia	1.6	0.75	0	(75)	↓
Phillipines	0.9	4	175	(75)	↓
Indonesia	3.13	5	175	(100)	↓
India	3.99	5.15	50	(135)	↓
Turkey	9.26	14	1,600	(1,000)	↓

Source: Bloomberg

Global investment and manufacturing

FIG 183 – GLOBAL MANUFACTURING RUNNING BELOW 50 SINCE MAY'19; SERVICES ACTIVITY TOO COOLING OFF

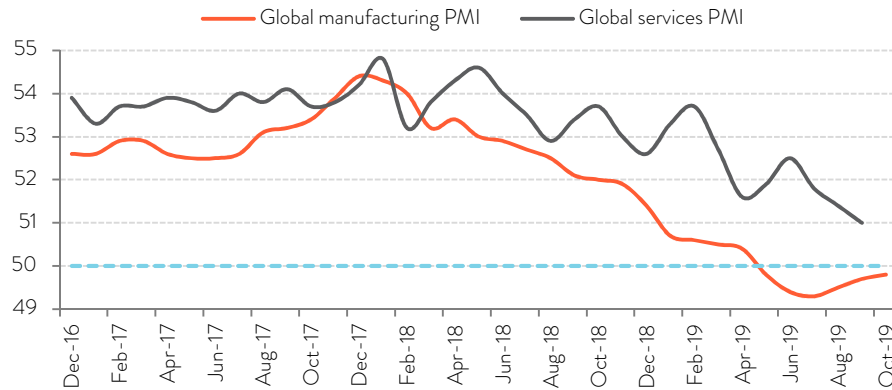


FIG 184 – MANUFACTURING ACTIVITY (PMI) IN CONTRACTION ACROSS ALL MAJOR ECONOMIES IN OCT'19

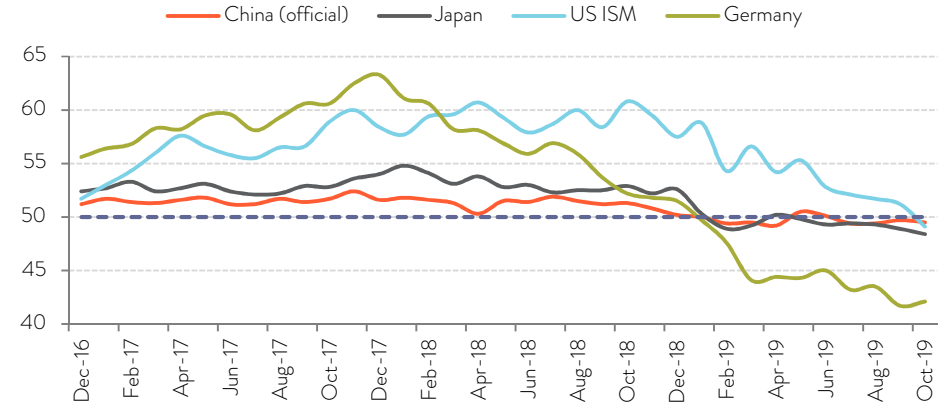


FIG 185 – PRODUCER PRICES DECELERATING

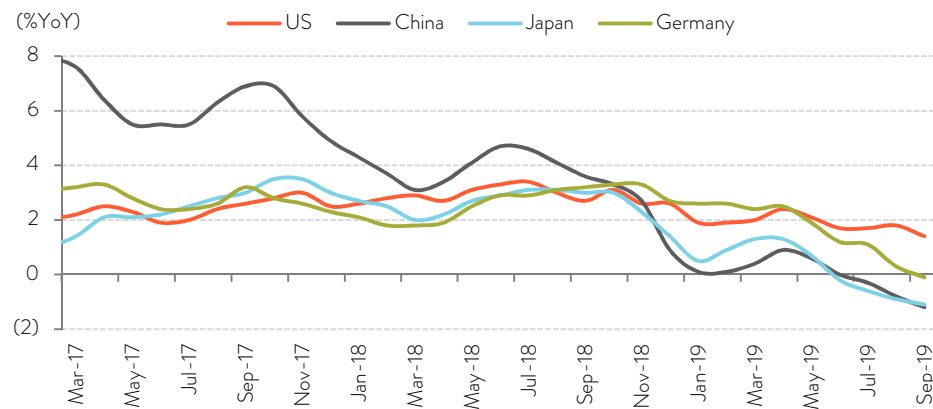
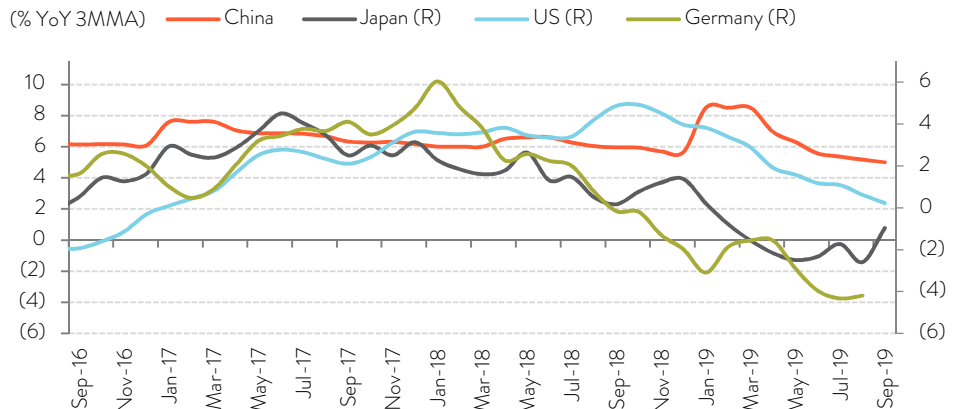


FIG 186 – GLOBAL INDUSTRIAL PRODUCTION GROWTH REMAINS WEAK



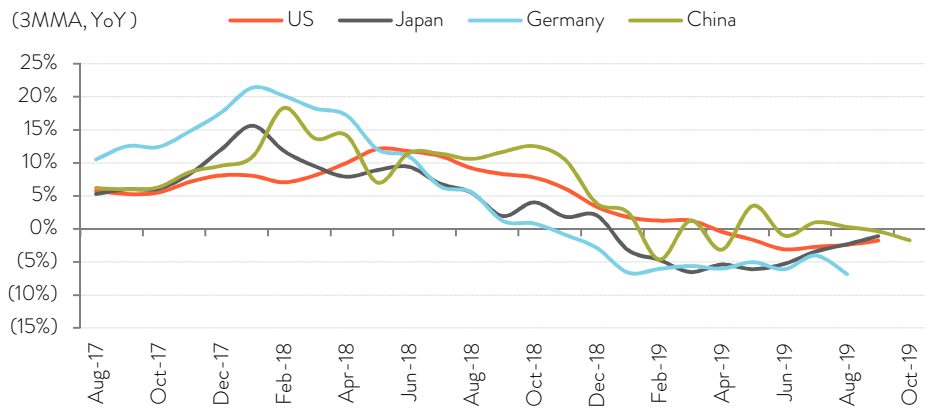
Global trade

FIG 187 – WORLD TRADE VOLUME DIPS FURTHER IN AUG'19



Source: NPB, World Trade Monitor

FIG 189 – EXPORT GROWTH IN ALL MAJOR ECONOMIES DECLINING



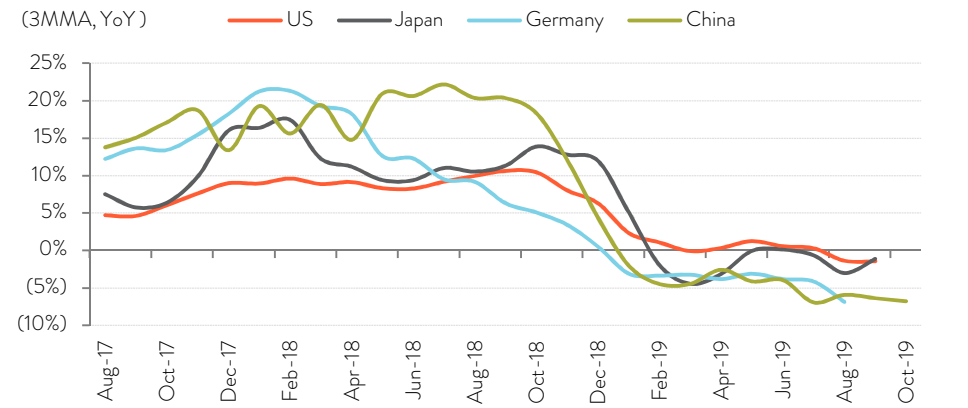
Source: Bloomberg

FIG 188 – BARRING US, TRADE VOLUMES IN OTHER MAJOR ECONOMIES DECLINED IN AUG'19

Country/Region (% YoY)	Feb-19	Mar-19	Apr-19	May-19	Jun-19	Jul-19	Aug-19
US	1.0	0.6	(1.7)	1.0	0.2	0.3	1.0
Japan	(3.3)	0.6	0.9	(0.9)	1.4	2.3	(0.2)
Euro Area	1.7	1.2	(0.5)	0.8	(1.0)	(1.0)	(2.3)
China	(6.2)	9.0	2.5	(2.4)	(1.0)	(0.5)	0.0
Emerging Asia (ex. China)	(2.4)	(0.4)	0.6	(1.9)	(2.8)	(3.2)	(3.9)
Eastern Europe / CIS	(0.3)	(1.3)	1.2	(2.0)	(1.3)	(0.9)	(2.0)
Latin America	3.7	(4.6)	(0.8)	2.9	(4.0)	(2.2)	(3.0)
Africa and Middle East	(0.5)	0.4	0.9	(0.7)	(1.7)	(3.0)	(2.4)

Source: NPB, World Trade Monitor

FIG 190 – IMPORTS TOO REMAIN LACKLUSTRE



Source: Bloomberg

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