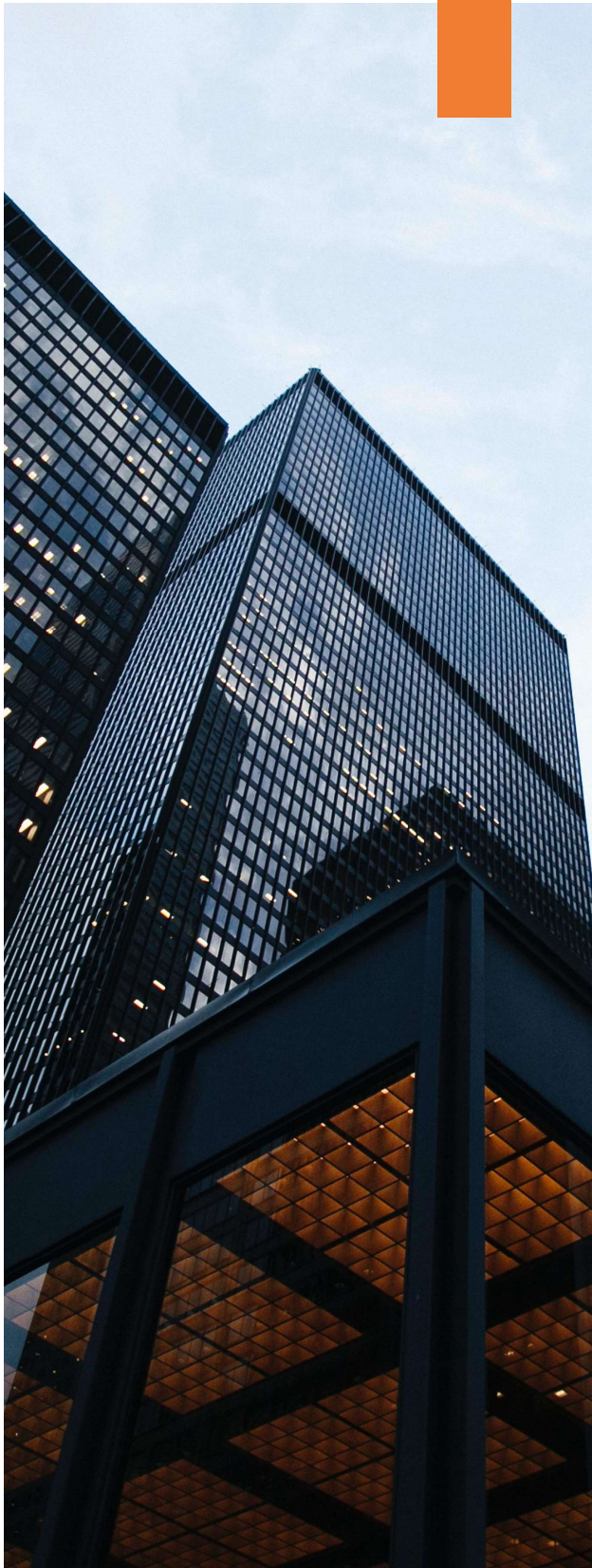




TruBoard Partners



TruQuest



MACRO WATCH

UPDATE ON DATA TRENDS

JANUARY 2022

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Macro Heat Map

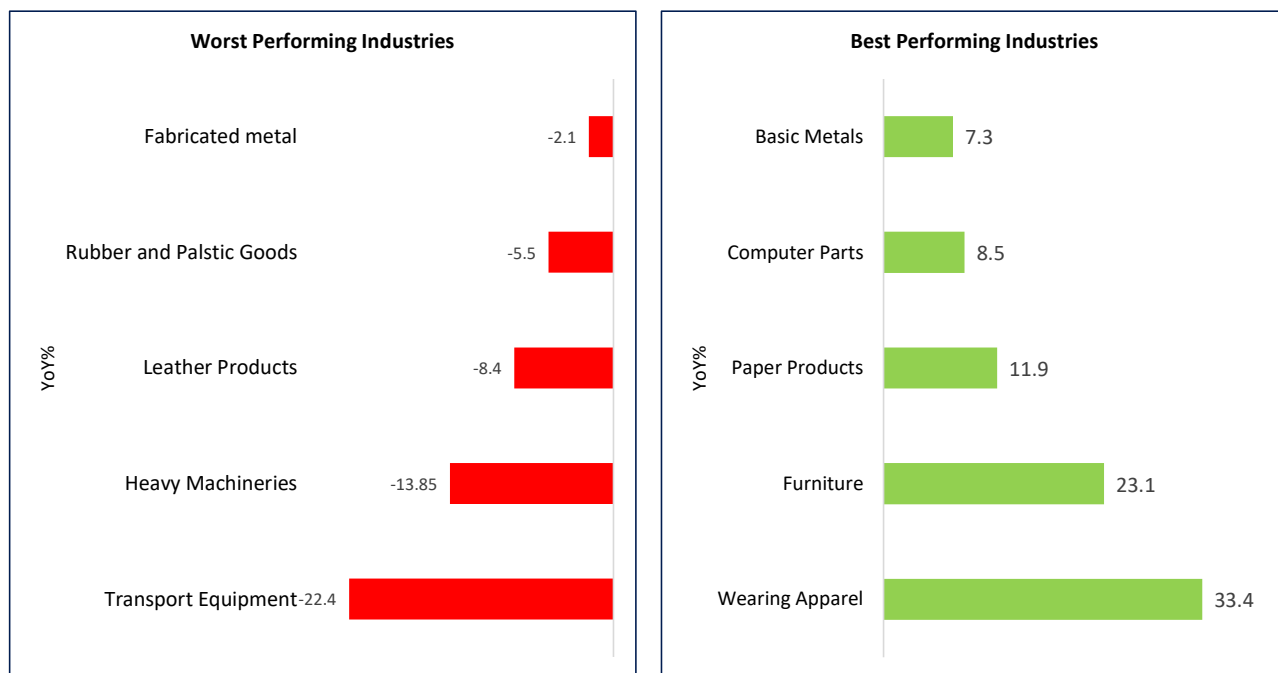
		Dec'21 (reported)	Now vs last month	Now vs 3 months ago	Now vs 12 months ago	Now vs Pre Covid
Real Economy	CPI (YoY%)	5.6	Red	Red	Red	Green
	IIP (YoY%)	1.4	Red	Red	Green	Red
	IIP Cap Goods (YoY%)	-3.7	Red	Red	Green	Green
	IIP Core (YoY%)	3.1	Red	Red	Green	Green
	Nifty Realty (Index)	484.2	Red	Red	Green	Green
	PMI M (Index)	55.5	Red	Green	Red	Green
	PMI S (Index)	55.5	Red	Green	Green	Green
	Non Food Credit (YoY%)	7.1	Green	Green	Green	Red
Consumption	2 Whlr Sales (YoY%)	-8.3	Green	Green	Red	Red
	Grad Unemployment (YoY%)	21.2	Red	Red	Red	Green
	Import Consumer Electronics (YoY%)	-4.4	Red	Green	Red	Red
	Personal Loan (YoY%)	11.6	Red	Red	Green	Red
	Nifty Consumption (Index)	7051.6	Green	Red	Green	Green
Extnl	FPI (YoY%)	103.1	Green	Green	Green	No Change
	USDINR	75.4	Green	Green	Green	Green
Cap Mkt	Nifty50 (Index)	17354.1	Green	Red	Green	Green
	Broad Money (YoY%)	11.4	Red	Red	Red	Red
	AAA 3Y	5.7	Red	Red	Red	Green
	AA 3Y	8.1	Red	Green	Red	Green
	Call Money-Rev Repo (pp)	0.0	Red	Red	Red	Green

Economic recovery lost momentum between Oct'21-Dec'21

- The heat-map is skewed towards red, suggesting slipping economic activity in recent times.
- While economic activity appears better than what it was before the onset of Covid (Dec'19), high frequency macro indicators have been slowing down sequentially since Oct'21. This is in sync with rising lockdown stringency as Omicron wave intensifies with more than 250,000 daily infections reported across the country.
- Real economy is showing renewed stress with industrial production, capital expenditure as well as construction activity slowing down between Nov-Dec'21.
- Sticky inflation, rising interest rates and high unemployment levels among graduates is further pushing back a consumption led recovery.
- Shrinking two-wheeler sales indicate slowing rural spending, at a time when reverse migration (urban to rural) is picking up with agricultural employment rising to 38% from 35% of total employment, over last 3 years.
- Capital markets are mirroring this stress through rising yields in anticipation of prolonged inflationary pressures. Bank lending remains tepid as private capex fails to pick up. A steady rise in currency in circulation and deposits corroborate weak sentiment towards spending and investments.

Source: TruBoard Research, Centre for Monitoring Indian Economy (CMIE), National Stock Exchange (NSE)

Industrial Activity

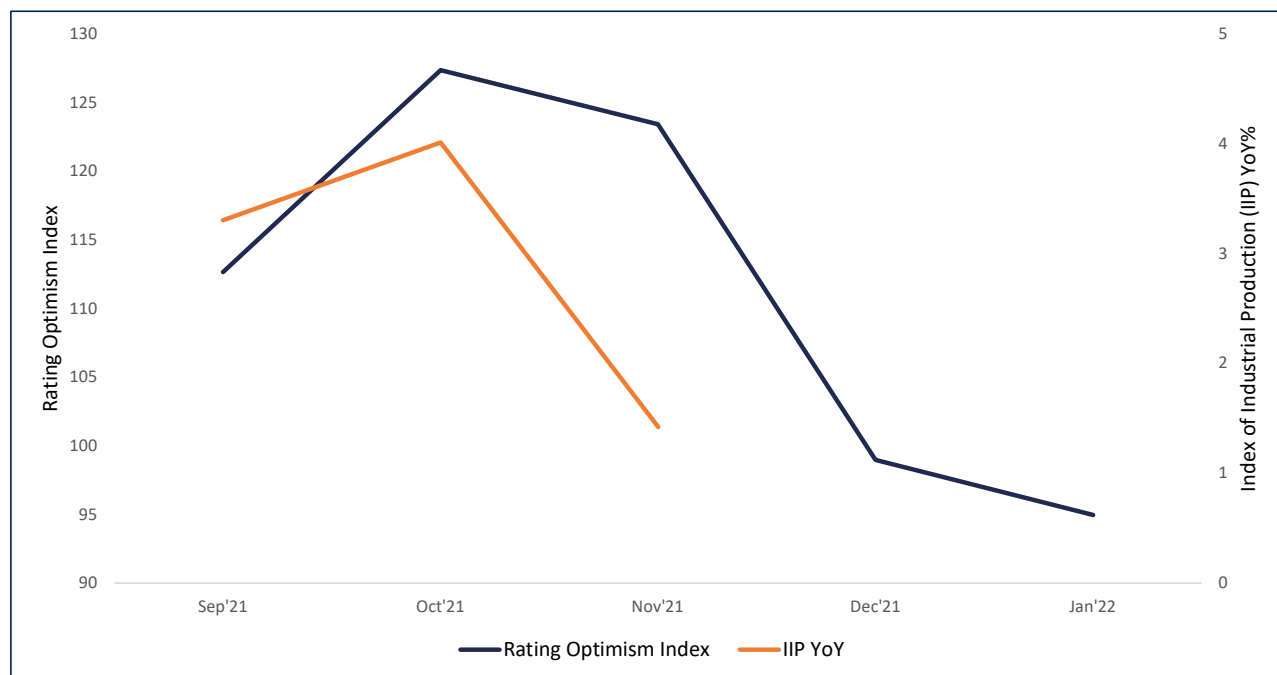


Industrial activity expected to remain stressed till Jan'22 as lockdown stringency hovers around 72 (vs 51 in early Dec'21)

- Latest industrial production data suggest activity fell to an 8 month low of 1.4%.
- Prolonged aversion towards capex have led to a sequential decline in production of machineries and equipment's as well as finished metal.
- Global demand however have ensured a steady rise in export industries like textiles and furniture.
- MSMEs which dominate manufacturing continues to face high stress due to high inventories, high raw material costs as well as lower domestic demand. The situation is further exacerbated by rising borrowing costs.
- More than 40% of investment projects that were stalled in the first 3 quarters of FY22 belonged to the private sector. Number of private projects dropped rose by 18% in FY22 (YTD) compared to same time in FY20.
- Government support in the form of credit guarantees, cheap liquidity and public capex would be required for a longer period to revive MSMEs which account for 30% of GDP.

Source: TruBoard Research, CMIE, Oxford University Lockdown Stringency Index

Credit Rating Optimism Index



Economic activity expected to regain strength by mid Feb'22

- The TruBoard Rating Optimism measures the rise or fall in optimism among major rating agencies, compared to a base period (Jun'17). Empirical analysis suggest rating outlook serves as an early warning signal for economic activity.
- There is a strong causality between the Index (lead) and industrial production levels in India. Based on the decline in rating optimism in recent months, it is unlikely that industrial production levels will witness any major recovery at least till Jan'22 (government estimates will be available in Apr'22).
- However, as the omicron wave plateaus and starts to subside by end of Jan'22, economic activity is expected to revive once again by early-mid Feb'22, sparking off a renewed bout of growth.

Source: TruBoard Research, CMIE, CRISIL, ICRA

TruBoard Macro Forecasts

	3 Months	6 Months	12 Months
Real GDP (%)	5.0	7.0	6.5
Retail Inflation (%)	5.8	5.7	5.5
Repo Rate (%)	4.0	4.3	4.5
10 Year Gsec (%)	6.6	6.7	6.7
USDINR	75.3	75.5	75.5

Information Product Descriptions:

Heat Map: Graphical representation of indicator trends denoted by colour code. Green depicts current reading of an economic indicator is stronger than the previous period (month/quarter/year/2 years). Red signifies the opposite. The economic indicators have been carefully curated to reflect those trends with the highest co-incident statistical significance on India's overall economic activity.

Credit Rating Optimism Index: The index reflects the rise or fall in optimism among major credit rating agencies in India. Optimism is denoted by an Optimism score and is calculated as the ratio of Upgrades and Reaffirmations awarded to the total number of entities rated within a specified time period. The optimism score at any point of time is indexed to the score generated in the base period of June 2017 to arrive at the TruBoard Credit Rating Optimism Index. The Base period index level is fixed at 100. Hence any Index level higher than 100 suggests optimism levels in the corresponding period is higher than the base period and vice versa.

Optimism Score= (Upgrades+Reaffirmations)/(Upgrades+Reaffirmations+Downgrades)



TruQuest is a knowledge series launched by TruBoard Partners providing succinct updates and views on:

- Liquidity Outlook
- India's macro-economic view
- Trends within the Infrastructure, Real Estate and Renewable Energy sectors
- Impact analysis of new regulations and policies on lending and capital flow



TruBoard provides bespoke solutions for capital providers to better manage their investments and maximise returns. TruBoard brings in a combination of domain expertise and artificial intelligence to the mainstream of financial analysis, enabling speedy and effective decision making. TruBoard's core area of operations are Credit Monitoring, Real Asset Management, Retail Loan Servicing and Collection, and Dispute Resolution and Advisory.

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