



 **TruBoard Partners**

 **TruQuest**

MACRO WATCH
UPDATE ON DATA TRENDS

October 2022

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Macro Heat Map

Soaring CPI levels and a faltering IIP

		Sep'22	vs Month	vs Quarter	vs Year	vs Pre Covid
Real Economy	CPI (YoY%)	7.4	Red	Red	Red	Red
	IIP (YoY%)	-0.8	Red	Red	Red	Green
	IIP Cap Goods (YoY%)	5.1	Red	Red	Red	Green
	IIP Core (YoY%)	3.3	Red	Red	Red	Green
	Nifty Realty (Index)	424.0	Red	Green	Red	Red
	PMI M (Index)	55.1	Red	Green	Red	Red
	PMI S (Index)	54.3	Red	Red	Red	Green
	Rating Ratio	0.2	Red	Red	Red	Green
	Non Food Credit (YoY%)	13.9	Green	Green	Green	Green
Consumption	2 Whlr Sales (YoY%)	6.0	Red	Red	Green	Green
	Grad Unemployment (YoY%)	15.1	Green	Green	Green	Green
	Import Consumer Electronics (YoY%)	105.0	Green	Green	Green	Green
	Personal Loan (YoY%)	19.5	Green	Green	Green	Green
	Nifty Consumption (Index)	7872.7	Red	Green	Green	Green
	Extnl	USDINR	80.2	Red	Red	Red
Cap Mkt	Nifty50 (Index)	17094.4	Red	Green	Red	Green
	Broad Money (YoY%)	8.6	Green	Green	Red	Red
	AAA 3Y	7.3	Red	Green	Red	Red
	AA 3Y	9.0	Green	Green	Red	Red
	Call Money-Rev Repo (pp)	1.8	Red	Red	Red	Red

CPI Highlights:

- ❖ Inflation, as measured by the CPI, rose 7.4% on-year in September from 7% in August, led by food and beverage inflation which rose the highest, from 7.6% in August to 8.4% in September.
- ❖ Fuel inflation moderated to 10.4% in September from 10.8% the month before, owing to easing crude oil prices (90.6 USD/Barrel in September from 98 USD/Barrel in August).

IIP Highlights:

- ❖ Industrial output, as measured by the IIP, declined 0.8% on-year in August, compared to a 2.2% growth in July.
- ❖ This decline was led by a contraction in output of the mining and manufacturing sector, with manufacturing output declining 0.7% in August from a growth of 3% observed in July. During the same period, IIP Mining declined 3.9% on-year in August, compared to a 3.3% decline in July.

Credit growth

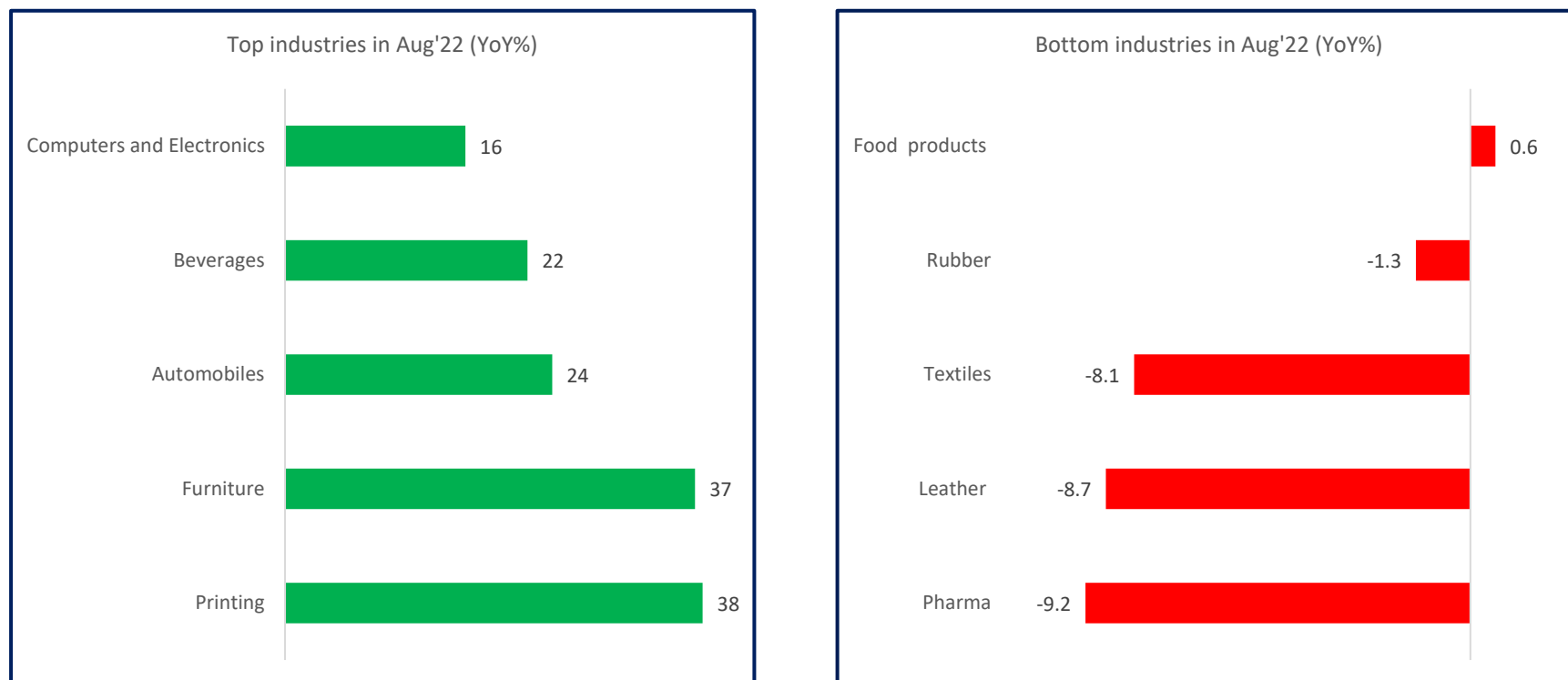
- ❖ Non-food credit recorded double-digit growth for the fourth straight month, rising 13.9% in July'22. Credit growth is likely to remain elevated in the short term due to the ongoing festival season.

Foreign Exchange Markets

- ❖ INR has depreciated 10% (year-to-date) in comparison to USD. The rate of depreciation, however, is lower than in other emerging and developed markets. During the same period, the Chinese Yuan and South African Rand have depreciated by 13% and 14% respectively, while Euro and British Pound have depreciated by 15% and 19%.

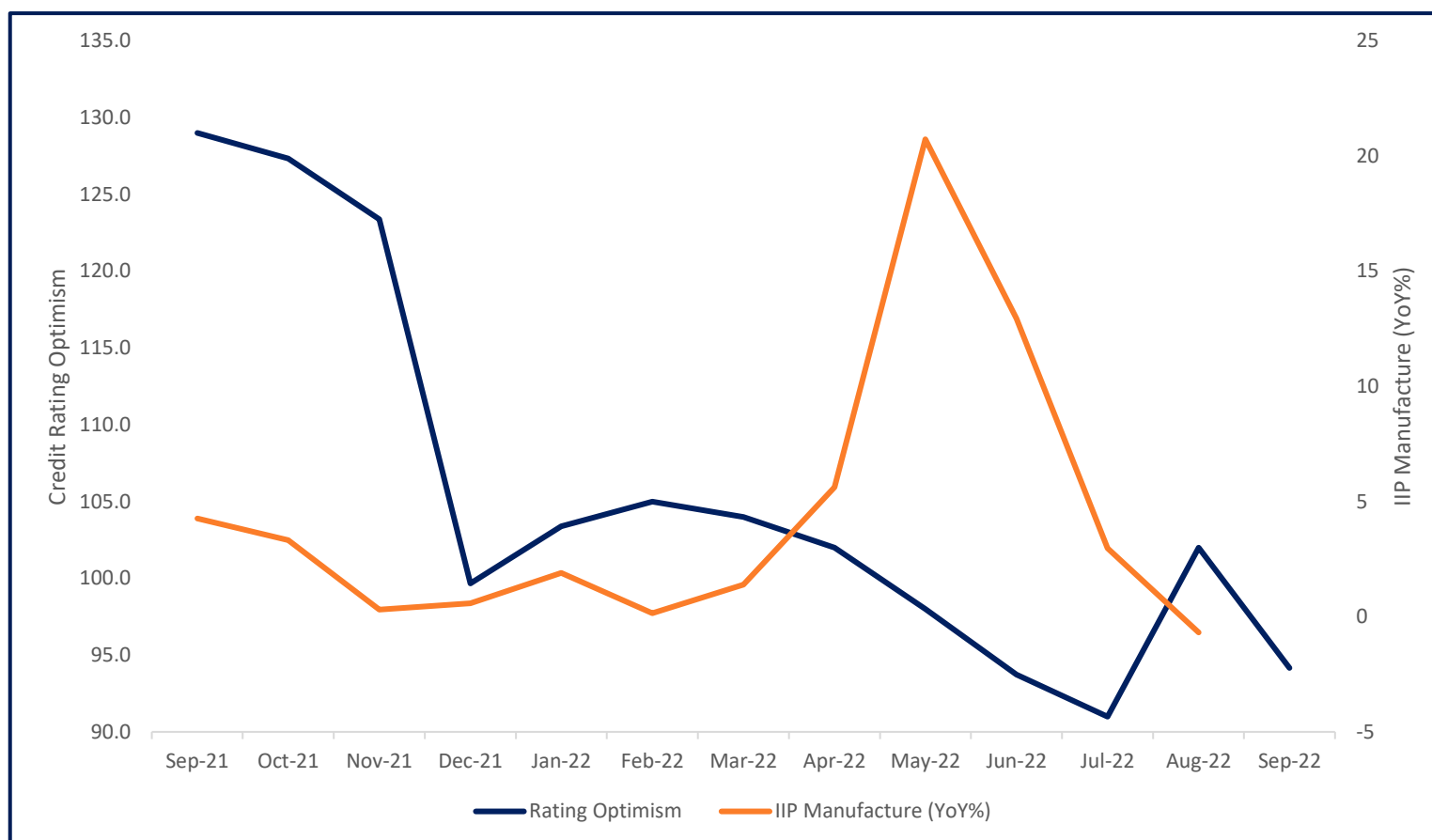
Industrial Activity

End-user industries witness growth while export-oriented industries suffer



- ❖ Manufacturing output declined to an 18-month low to 0.7% in August, compared to a growth of 3% in July. Within manufacturing, export-oriented sectors like pharmaceuticals and textiles witnessed a decline of 9.2% and 8.1% respectively.
- ❖ A slowdown in U.S, European Union and China has led to a decline in manufacture of textiles and pharma products, caused by a decreasing demand from these countries.

Credit Rating Optimism Index



- ❖ From a growth of 11% witnessed a year ago, manufacturing output declined 0.7% in August'22.
- ❖ Falling levels of optimism of major credit rating agencies is a major concern for growth in industrial activity. For industrial output to revive, it is imperative for consumption (both domestic and global) to pick up. Major threats to this include rising inflation and slowdown in global growth.



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