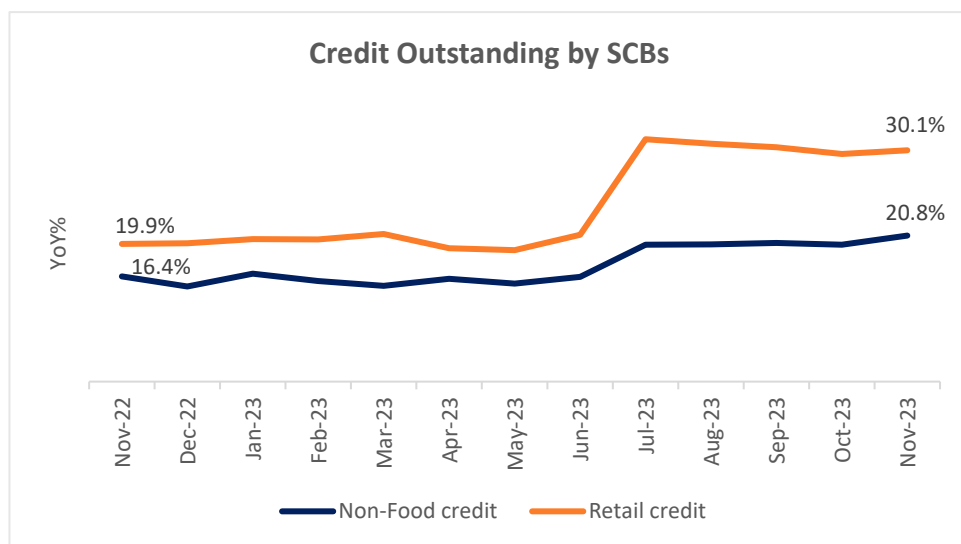


MACRO WATCH
UPDATE ON DATA TRENDS

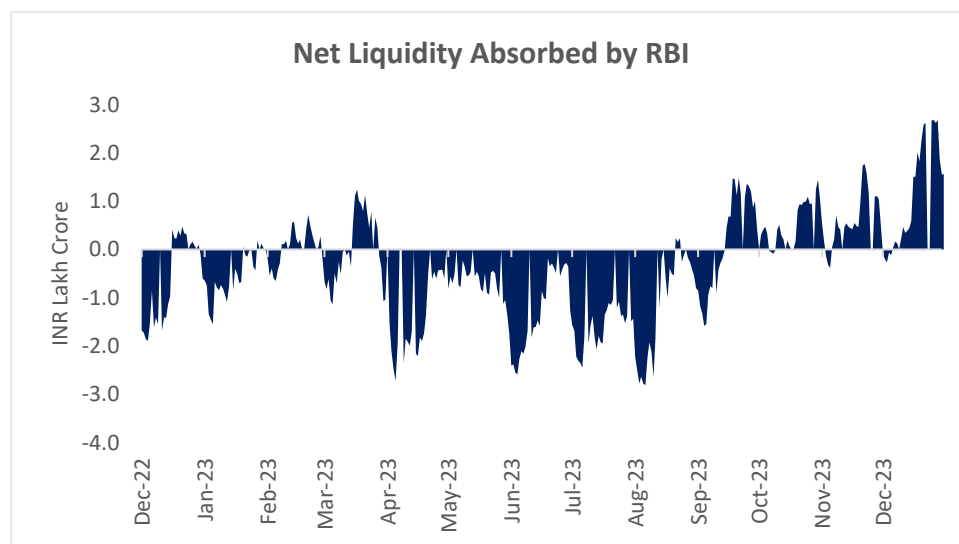
January 2024

Banking

- Average daily liquidity, which has been in deficit since Sep'23, tightened further to INR 1.1 lakh crore in Dec'23 from INR 61,434 crore in Nov'23. Tight liquidity conditions are leading banks to raise funds through certificates of deposit. CD issuances in Dec'23 were the highest in the last eight months.
- Weighted average call money rate however, inched lower to 6.64% in Dec'23 vs 6.67% in Nov'23 which can be partly attributed to the RBI infusing liquidity through more variable rate repo auctions. On an average, the total amount of bids received through all the VRR auctions in Dec'23 exceeded the notified amount by 150%.
- Retail loans grew 18.6% on-year in Nov'23 (excluding the impact of the HDFC Bank merger). Growth in credit outstanding to NBFCs moderated to 21.5% in Nov'23 vs 22.1% in Oct'23.

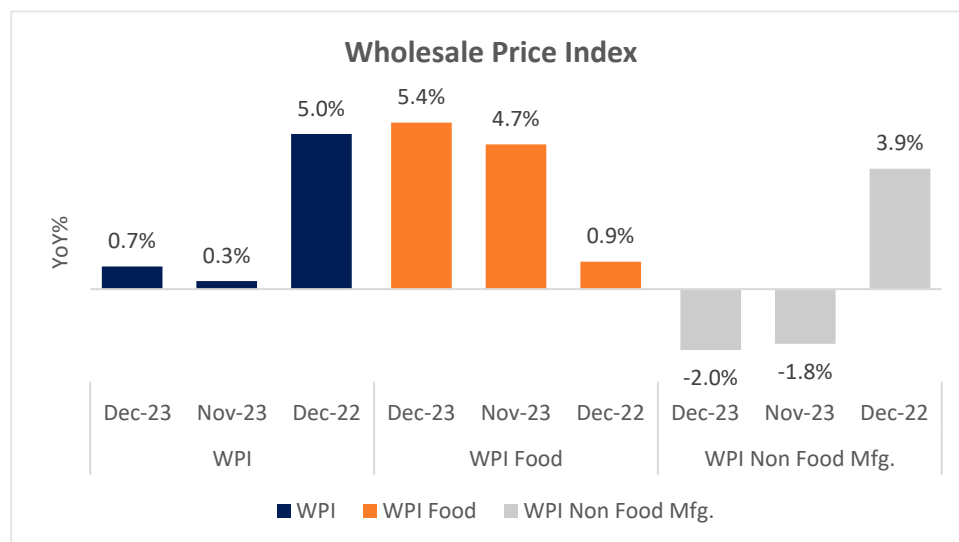
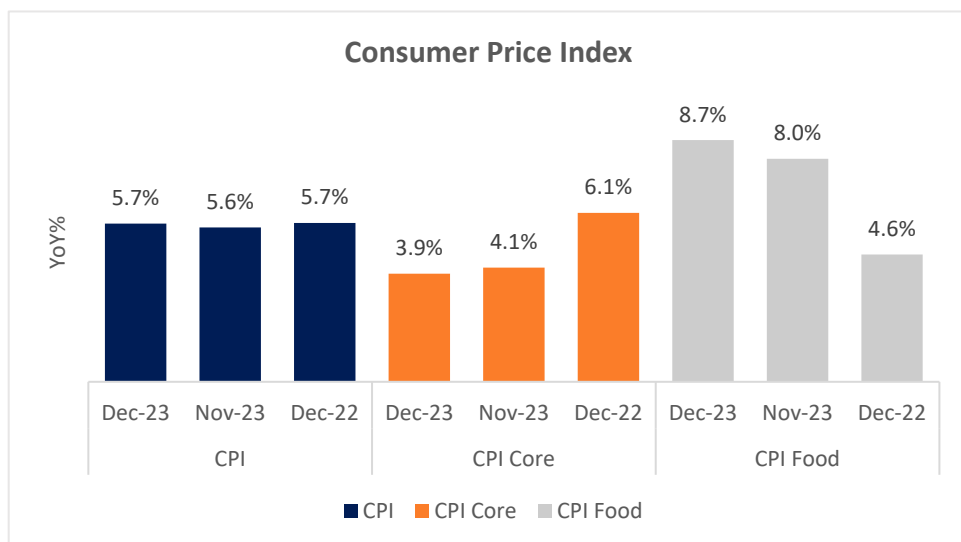


Data includes impact of merger of a bank with a non-bank



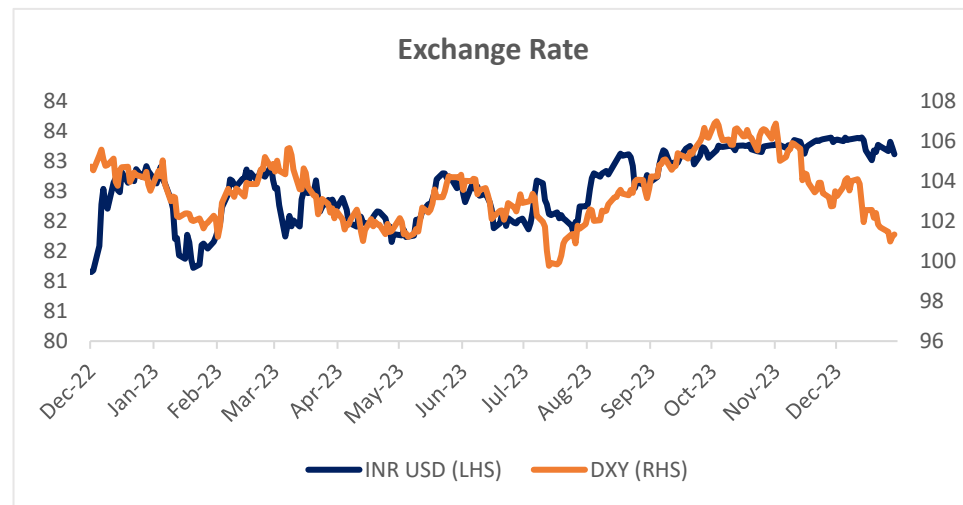
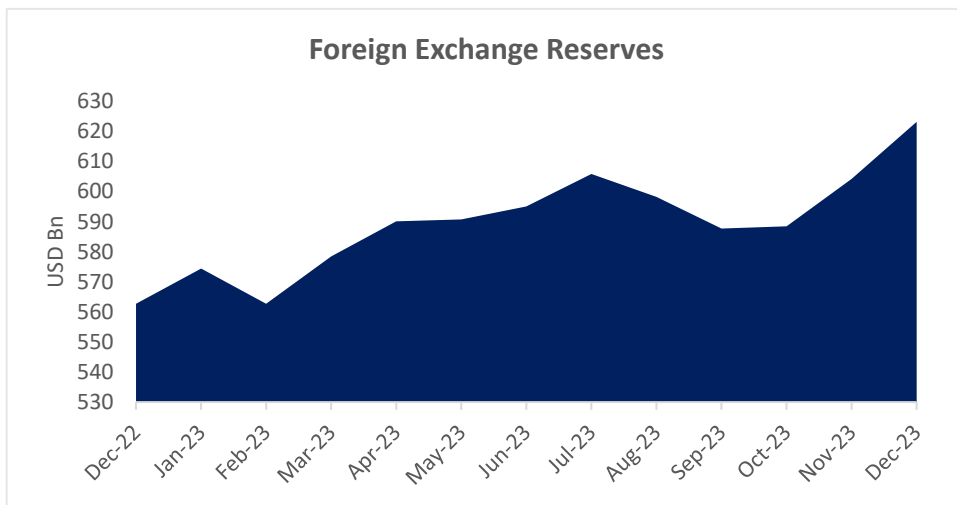
Inflation

- Headline inflation inched marginally higher to 5.7% in Dec'23 vs 5.6% in Nov'23 on account of an uptick in food and beverages inflation, led by a price rise in fruits, vegetables and sugar and confectionery items at 11.1%, 27.6% and 7.1% on-year respectively. RBI, in its latest report on "State of the Economy" however, expects food inflation to ease to 4.6% in the first three quarters of FY25.
- Core inflation fell at a two-year low at 3.9% in Dec'23. Wholesale inflation inched slightly higher to 0.7% on-year in Dec'23 vs 0.3% in Nov'23.
- Headline inflation coming in at 5.4% on-year in Q3FY24 is lower than RBI's projection at 5.6% in its monetary policy meeting in Dec'23. Consistently falling core inflation and expectation of easing in food inflation creates a conducive environment for a rate cut in FY25.



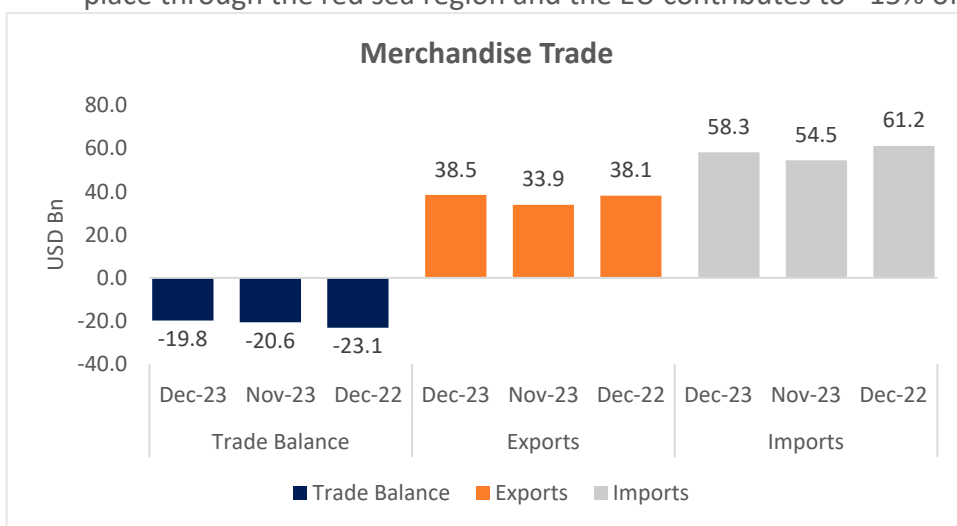
Foreign Exchange

- INR/USD appreciated by 0.3% in Dec'23 vs a depreciation of 0.1% in Nov'23. The dollar index fell to 102.7 in Dec'23 vs 104.5 in Nov'23.
- Net FPI inflows stood at a 28-year high at USD 10 Bn in Dec'23 vs USD 2.9 Bn in Nov'23. This was the highest ever monthly net inflow from FPIs. FX reserves stood at a 22-month high at USD 623 Bn in Dec'23.
- The outlook on rupee remains positive for FY25, with strong equity inflows expected on account of a dovish stance in the upcoming FOMC statements. With India's inclusion in J.P. Morgan's global bond indices, inflows in debt too, are expected to pour in.



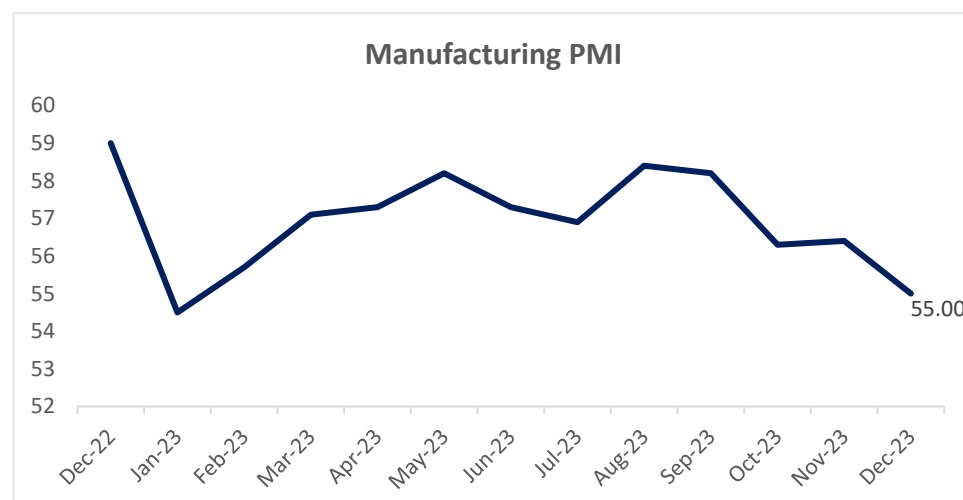
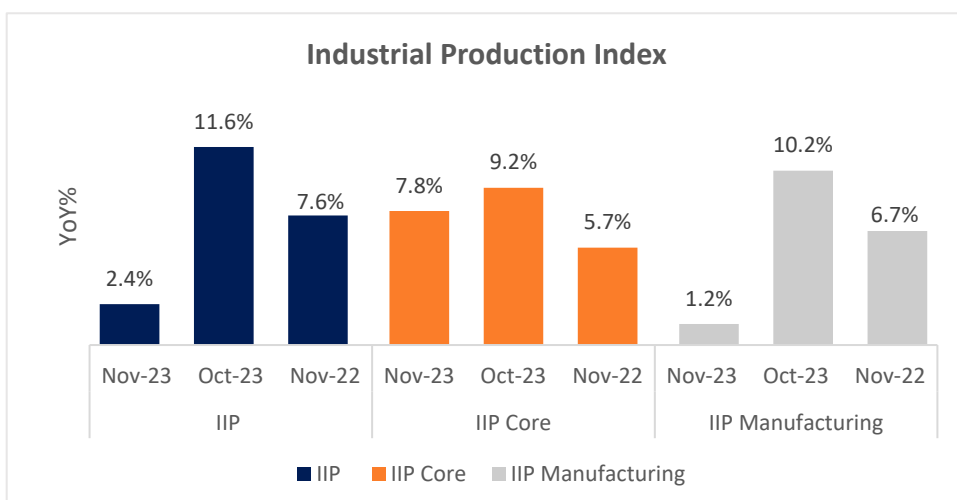
Foreign Trade

- Merchandise trade deficit further narrowed to USD 19.8 Bn in Dec'23 compared to USD 20.6 Bn in Nov'23. Merchandise exports improved to USD 38.5 Bn and rose 1% on-year in Dec'23, led by a 6.2% on-year rise in non-oil exports.
- The pace of de-growth of non-oil and non-gold imports came down to 0.2% from 0.9% the previous month. Services trade balance grew moderately to USD 14.6 Bn on account of a sharper fall in services exports in Dec'23. Current account deficit for Q2FY24 narrowed to 1% of GDP from 1.1% the previous quarter and 3.8% in Q2FY23.
- Prolonged conflict in the red sea due to Houthi attacks poses a risk to India's seaborne trade. ~80% of the outbound shipments to Europe take place through the red sea region and the EU contributes to ~15% of India's total goods exports.



Industrial Activity

- Overall industrial output growth fell sharply to 2.4% on-year in Nov'23 compared to 11.6% the previous month. This can be partly attributed to a high base of previous year.
- Decline in industrial output growth was led by the manufacturing sector, growing by a mere 1.2% compared to 10.2% in Oct'23. Within the manufacturing sector, 16 out of 23 categories witnessed a de-growth in Nov'23 with furniture, electronics and wearing apparel witnessing the sharpest decline at 30.5%, 25% and 20.5% respectively.
- As per the first advance estimates, manufacturing sector output is expected to grow 6.4% on-year in FY24. Pickup in domestic demand in the next three months however, remains a key monitorable for industrial activity in FY24.



Source: TruBoard Research, CMIE

Growth Indicators

	% YoY	Dec-22	Jan-23	Feb-23	Mar-23	Apr-23	May-23	Jun-23	Jul-23	Aug-23	Sep-23	Oct-23	Nov-23	Dec-23
Consumption	Currency in Circulation	8.2%	8.6%	8.1%	7.8%	7.7%	7.8%	4.1%	4.4%	4.0%	4.3%	2.7%	4.3%	4.0%
	Registered Motor Vehicles	-6.4%	14.1%	16.5%	14.7%	-3.4%	10.9%	10.3%	10.6%	9.5%	20.9%	-7.0%	19.0%	20.9%
	Petrol Consumption	6.0%	14.3%	8.9%	6.9%	2.9%	11.0%	6.2%	6.2%	2.9%	8.2%	4.8%	9.4%	0.2%
	Rail Passenger Traffic	3.0%	3.8%	3.6%	3.8%	3.5%	1.9%	-1.9%	1.5%	6.4%	6.7%	8.5%	4.3%	6.4%
	Air Passenger Traffic	14.2%	95.8%	56.8%	21.4%	22.2%	15.2%	18.8%	24.7%	22.8%	18.4%	10.8%	9.0%	8.4%
	GST Revenue	15.2%	12.7%	12.4%	12.7%	11.6%	11.5%	11.7%	10.8%	10.8%	10.2%	13.4%	15.1%	10.3%
	Personal Loans	20.4%	20.7%	20.6%	21.0%	19.7%	19.5%	21.2%	31.1%	30.6%	30.3%	29.7%	30.1%	--
	IIP: Consumer Durables Goods	-11.2%	-8.2%	-4.1%	-8.0%	-2.3%	1.5%	-6.8%	-3.6%	6.0%	1.1%	15.9%	-5.4%	--
	IIP: Consumer Non Durables Goods	7.9%	6.5%	12.5%	-1.9%	11.4%	8.9%	0.5%	8.3%	9.9%	3.0%	8.7%	-3.6%	--
Investment	Rail Freight Traffic	3.0%	3.8%	3.6%	3.8%	3.5%	1.9%	-1.9%	1.5%	6.4%	6.7%	8.5%	4.3%	6.4%
	Industrial Credit	8.6%	8.7%	6.8%	5.6%	7.0%	6.0%	8.0%	5.6%	6.6%	7.1%	5.9%	6.6%	--
	IIP: Capital Goods	7.8%	10.5%	11.0%	10.0%	4.4%	8.1%	2.9%	5.1%	13.1%	8.4%	21.3%	-1.1%	--
	IIP: Intermediate Goods	1.5%	1.4%	1.0%	1.8%	1.7%	3.4%	5.2%	3.2%	7.4%	6.1%	9.4%	3.5%	--
	Diesel Consumption	6.6%	12.8%	7.6%	1.2%	8.6%	12.8%	3.0%	3.8%	5.2%	3.9%	9.3%	-3.0%	-2.3%
	Finished Steel Consumption	13.6%	11.7%	12.6%	13.3%	8.0%	7.9%	10.4%	12.2%	14.1%	14.9%	15.0%	14.9%	14.0%
	IIP: Capital Goods	7.8%	10.5%	11.0%	10.0%	4.4%	8.1%	2.9%	5.1%	13.1%	8.4%	21.3%	-1.1%	--
	IIP: Intermediate Goods	1.5%	1.4%	1.0%	1.8%	1.7%	3.4%	5.2%	3.2%	7.4%	6.1%	9.4%	3.5%	--
Capital Goods Imports	39.2%	34.6%	38.8%	30.6%	17.8%	15.6%	10.8%	21.1%	28.8%	-21.1%	-15.4%	-10.2%	--	
Government	Centre's Core Revex	-12.3%	12.6%	4.3%	2.5%	14.9%	-22.3%	5.8%	161.5%	1.1%	-12.7%	-24.5%	-20.7%	--
	State's Core Revex	-1.2%	9.7%	14.0%	7.2%	55.2%	49.1%	19.8%	0.9%	22.9%	6.6%	8.9%	11.6%	--
	Centre's Capex	-63.7%	59.8%	-53.2%	36.6%	-0.6%	217.4%	62.8%	14.9%	29.9%	29.0%	-14.9%	1.6%	--
	State's Capex	-3.5%	26.9%	39.7%	18.9%	51.8%	83.5%	78.2%	21.0%	43.1%	113.9%	68.0%	7.4%	--
Net Exports	Exports Goods and Services	6.2%	12.3%	10.2%	1.3%	-5.2%	-3.4%	-10.2%	-3.0%	5.7%	-2.7%	8.1%	0.2%	-4.2%
	Imports Goods and Services	2.3%	1.9%	-1.3%	-1.6%	-12.6%	-3.9%	-13.8%	-13.6%	-1.3%	-13.3%	7.7%	-5.8%	-7.2%

Macro Stability Indicators

		Dec-22	Jan-23	Feb-23	Mar-23	Apr-23	May-23	Jun-23	Jul-23	Aug-23	Sep-23	Oct-23	Nov-23	Dec-23
Jobs	Unemployment rate (%)	8.3%	7.1%	7.5%	8.1%	8.5%	7.6%	8.5%	7.9%	8.1%	7.0%	9.4%	8.9%	8.7%
	LFPR (%)	40.5%	39.8%	39.9%	39.8%	40.7%	39.6%	39.9%	39.3%	41.2%	41.1%	41.2%	40.9%	41.9%
	Urban Job creation (%YoY)	4.3%	1.7%	-2.2%	5.2%	-5.2%	-0.5%	-2.9%	-18.8%	-5.7%	-8.6%	1.2%	-23.3%	-15.6%
External sector	Merchandise trade deficit (USD Bn)	-23.1	-17.0	-16.6	-19.0	-14.4	-22.5	-19.1	-19.0	-22.6	-20.1	-30.0	-20.6	-19.8
	FPI flows (USD Bn)	1.1	-3.2	-0.5	0.7	1.7	5.9	6.8	5.8	2.2	-1.7	-2.1	2.9	10.1
	FX Reserves (USD Bn)	562.7	574.4	562.7	578.4	590.1	590.7	595.1	605.8	598.2	587.7	588.5	604.2	623.2
	Import cover (No. of months)	9.6	10.1	10.1	10.4	10.8	10.6	11.2	11.1	10.7	10.4	9.9	10.5	10.6
Exchange Rate	INR-USD (Avg.)	82.8	81.7	82.7	82.2	81.8	82.7	82.0	82.2	82.7	83.1	83.3	83.4	83.1
	INR-USD (% MoM)	1.5%	-1.3%	1.2%	-0.6%	-0.5%	1.1%	-0.8%	0.3%	0.5%	0.5%	0.3%	0.1%	-0.3%
	REER (% MoM)	-2.9%	-0.4%	-0.4%	0.6%	-1.7%	1.4%	2.5%	3.1%	-0.6%	-0.8%	1.3%	-0.6%	--
Monetary Indicators	Money Supply (% YoY)	8.7%	9.8%	9.5%	9.0%	9.5%	10.1%	13.4%	10.6%	10.8%	11.5%	11.4%	11.8%	11.5%
	Currency in circulation (% YoY)	8.2%	8.6%	8.2%	7.8%	7.7%	7.8%	4.1%	4.4%	4.0%	4.3%	2.7%	4.2%	4.0%
	Non-food credit growth (% YoY)	15.3%	16.7%	15.9%	15.4%	16.1%	15.6%	16.3%	19.8%	19.9%	20.0%	19.8%	20.8%	--
	Credit-deposit ratio (%)	75.4%	75.7%	75.7%	76.2%	75.5%	75.6%	75.5%	77.5%	77.8%	78.0%	79.5%	79.8%	79.9%
	Incremental Credit-Deposit Ratio (%)	111.6%	115.3%	111.6%	113.0%	97.5%	98.7%	92.9%	107.8%	109.1%	100.8%	114.2%	117.0%	-328.8%
Markets	Nifty 50 (% MoM)	-3.5%	-2.4%	-2.0%	0.3%	4.1%	2.6%	3.5%	2.9%	-2.5%	2.0%	-2.8%	5.5%	7.9%
	BSE500 (% MoM)	-3.2%	-3.4%	-2.9%	0.3%	4.5%	3.5%	4.1%	3.8%	-0.8%	2.1%	-2.9%	6.9%	8.0%
	S&P BSE SENSEX P/E Ratio (Avg.)	23.6	23.3	22.8	22.2	22.6	23.5	23.3	24.9	23.9	24.3	23.6	23.1	24.9
Prices	CPI inflation (% YoY)	5.7%	6.5%	6.4%	5.7%	4.7%	4.3%	4.9%	7.4%	6.8%	5.0%	4.9%	5.6%	5.7%
	CPI core inflation (% YoY)	6.1%	6.1%	6.1%	5.8%	5.2%	5.1%	5.1%	4.9%	4.8%	4.5%	4.3%	4.1%	3.9%
	CPI food inflation (% YoY)	4.2%	6.0%	6.0%	4.8%	3.8%	3.0%	4.5%	11.5%	9.9%	6.6%	6.6%	8.7%	9.5%
	WPI inflation (% YoY)	5.0%	4.8%	3.9%	1.4%	-0.8%	-3.6%	-4.2%	-1.2%	-0.5%	-0.1%	-0.3%	0.3%	0.7%
	Brent Crude Oil (USD/bbl)	81.0	82.5	82.6	78.4	84.7	75.6	74.8	80.1	86.1	93.7	90.6	82.9	77.8
	Gold (USD/ounce)	1796.7	1898.6	1854.5	1912.7	2000.4	1990.2	1942.9	1948.9	1920.0	1917.0	1913.0	1985.3	2029.3

Incremental C-D Ratio (Ratio as on date-Last day of the last fiscal)

TruBoard Partners

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