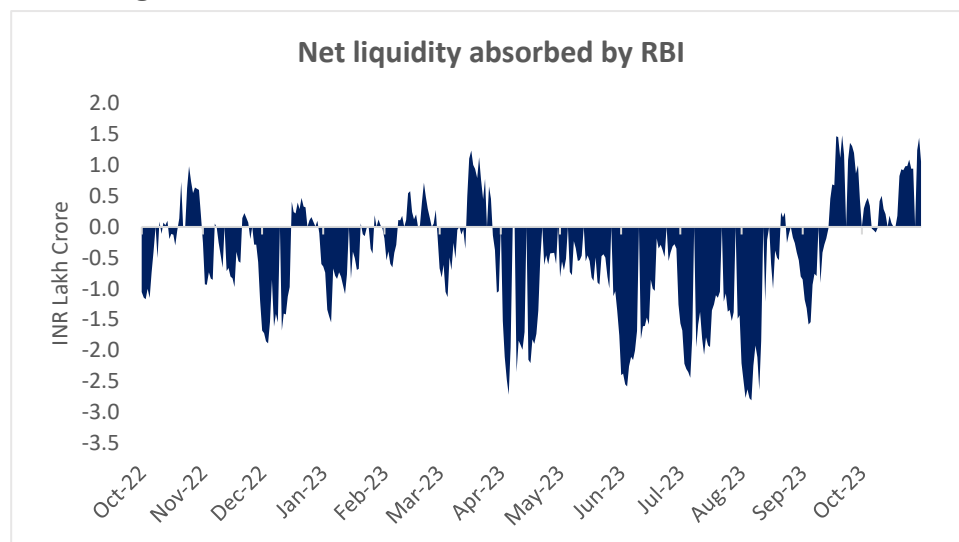
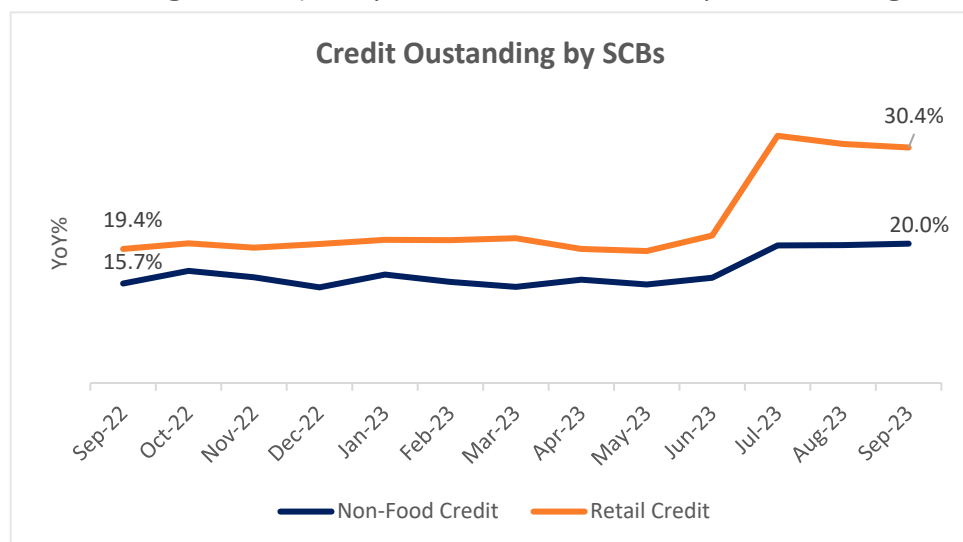


MACRO WATCH
UPDATE ON DATA TRENDS

November 2023

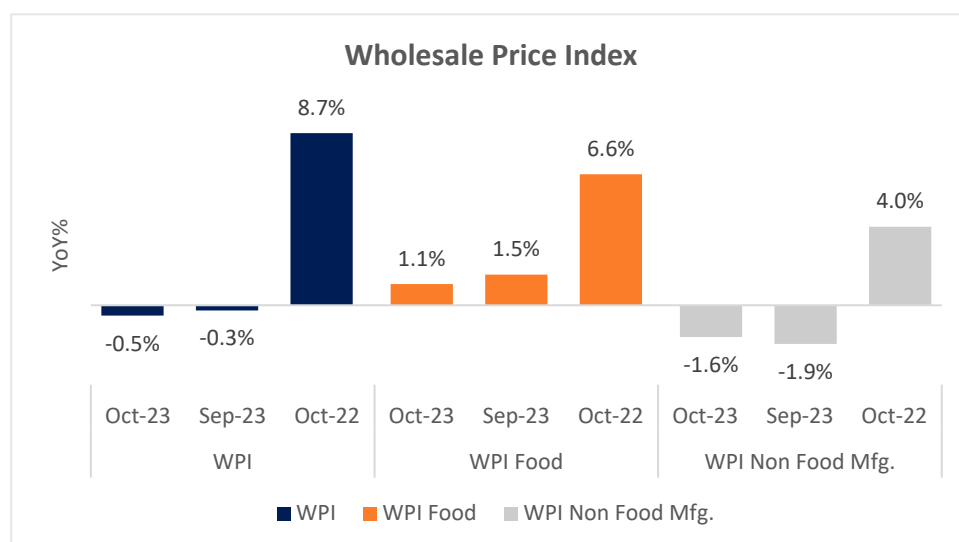
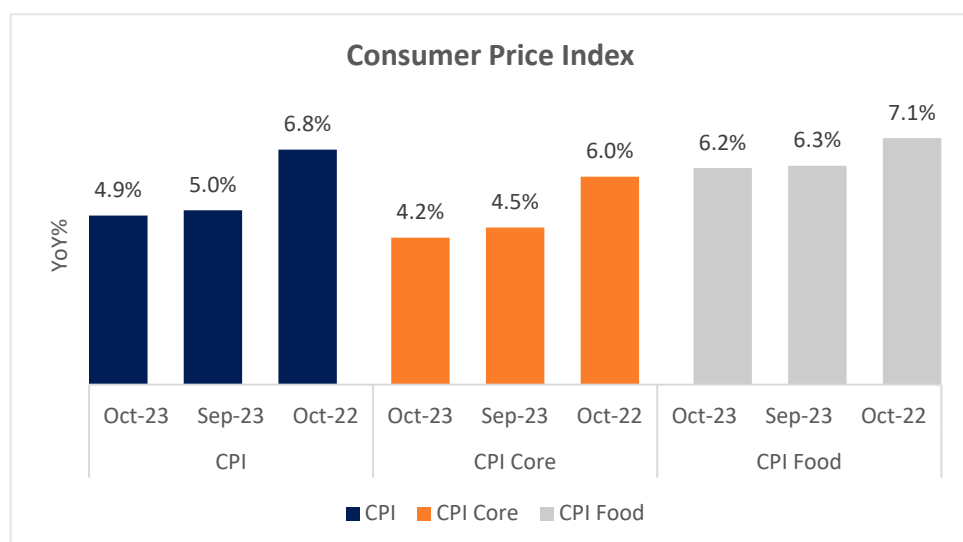
Banking

- Owing to the onset of the festive season, average daily liquidity continued to be in deficit mode, with deficit rising from ~INR 17,185 crore in Sep'23 to ~INR 50,240 crore in Oct'23.
- Weighted average call money rate too, inched higher from 6.52% in Sep'23 to 6.64% in Oct'23.
- Outstanding non-food credit witnessed a growth of 18% on-year in H1FY24 while personal loans witnessed a growth of 25.4%. Services sector, comprising 27% of total outstanding bank credit, grew 25.1% on-year in Sep'23 vs 24.7% in Aug'23. Credit to non-banking finance companies, comprising ~one-third of services sector credit, grew 26.3% in Sep'23 vs 25.8% in Aug'23.
- RBI's notification dated 16th Nov'23, directing all lenders to increase risk weight in consumer credit by 25% to 125% (excluding housing, education, vehicle, gold loans) is expected to slow down the pace of lending in unsecured categories.



Inflation

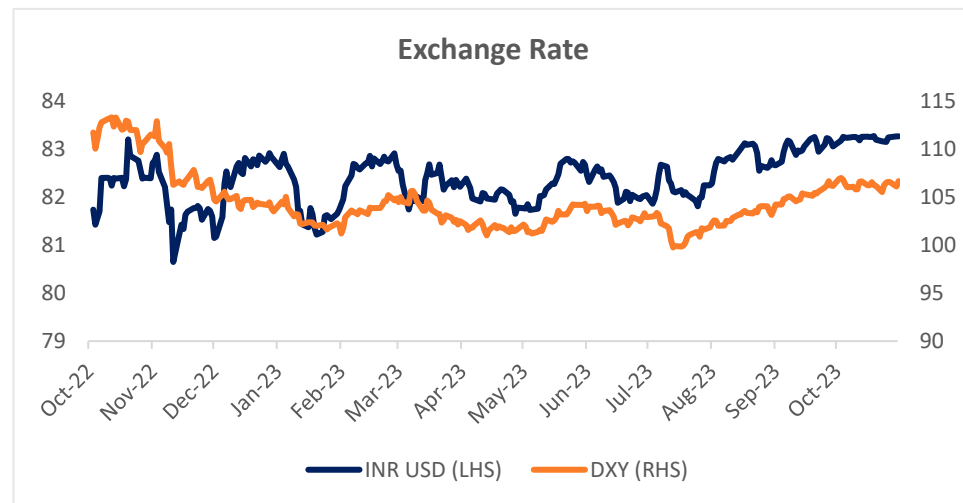
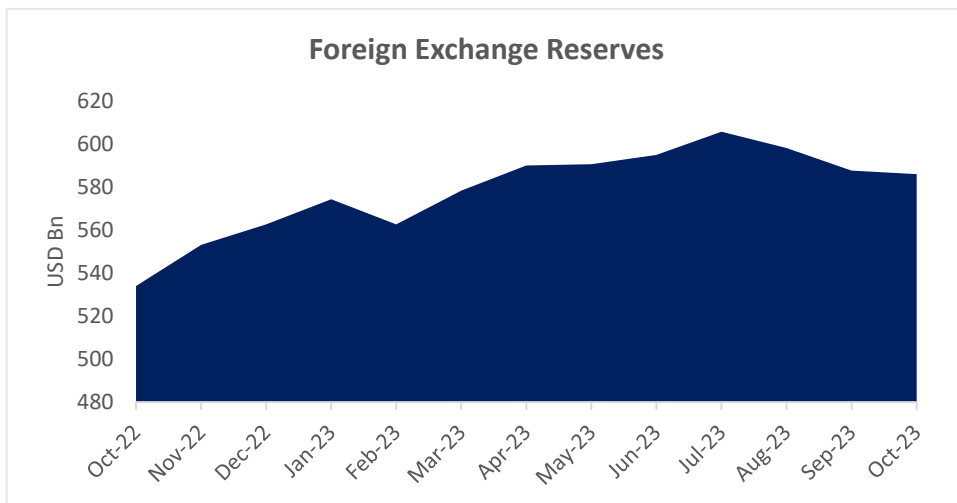
- Headline inflation inched lower to 4.9% in Oct'23 from 5% in Sep'23. Food and beverages inflation came in at 6.2% in Oct'23 vs 6.3% in Sep'23. Certain components of food and beverages inflation (cereals, pulses and spices) however, are still experiencing double-digit inflation.
- Wholesale prices continued their deflationary trend for the seventh consecutive month, coming in at -0.5% in Oct'23. WPI, which recorded double-digit inflation throughout FY22 and mid-FY23 is expected to turn positive in the coming months as the base effect starts fading off.
- While the CPI-led inflation outlook remains favorable on account of a decline in overall inflation, sustained rise in certain components of food inflation on account of uneven monsoon raises concerns.



Foreign Exchange

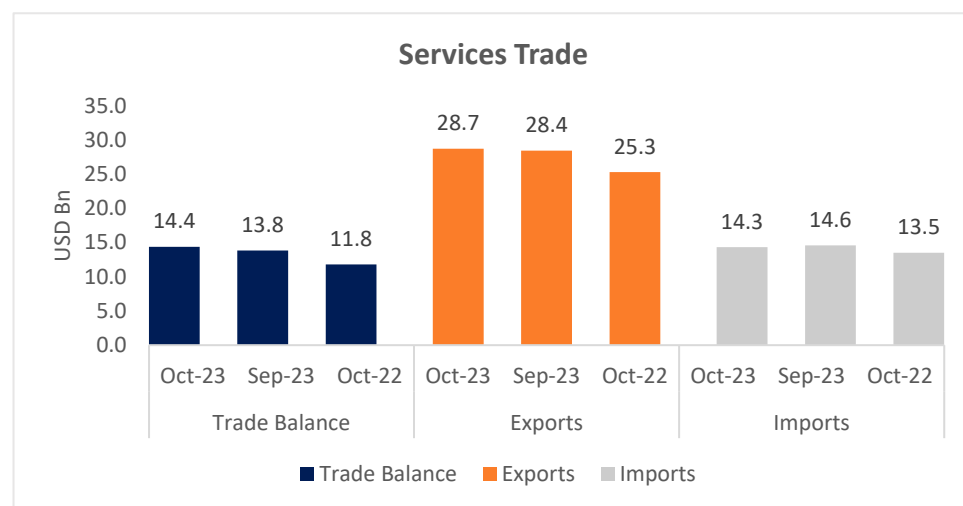
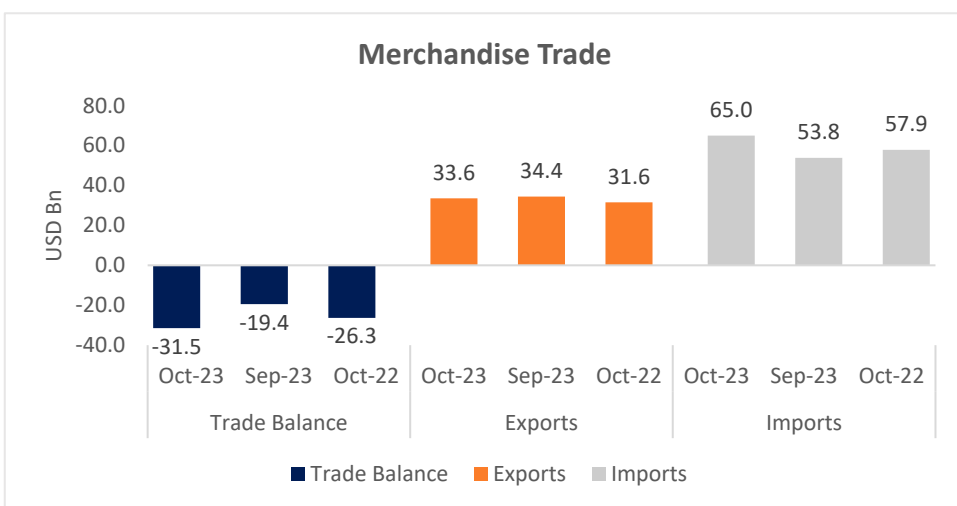
- The pace of depreciation of the INR softened to 0.1% in Oct'23 from 0.5% in Sep'23. Dollar index too, weakened by 0.3% in Oct'23 amidst cooling U.S. CPI inflation (3.2% in Oct'23 vs 3.7% in Sep'23).
- Foreign portfolio investments tumbled further with net outflows of USD 2.1 Bn in Oct'23 compared to USD 1.7 Bn in Sep'23.
- With the U.S. Fed at the end of the rate hiking cycle, the strength of the U.S. dollar is likely to be contained. CME FedWatch tool too, suggests a likely pause in the federal funds rate at 5.5% (upper range) in the upcoming FOMC meeting in Dec'23.

SCB : Scheduled Commercial Banks. Source: TruBoard Research, CMIE, RBI



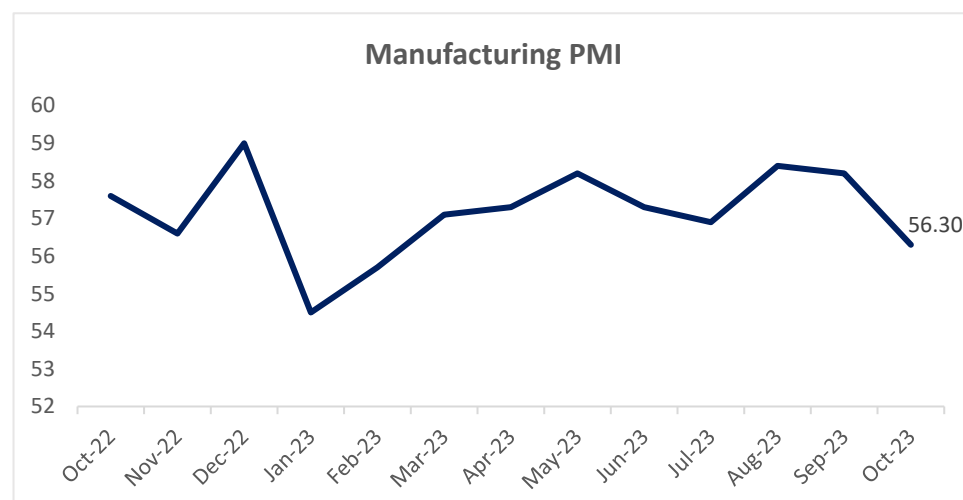
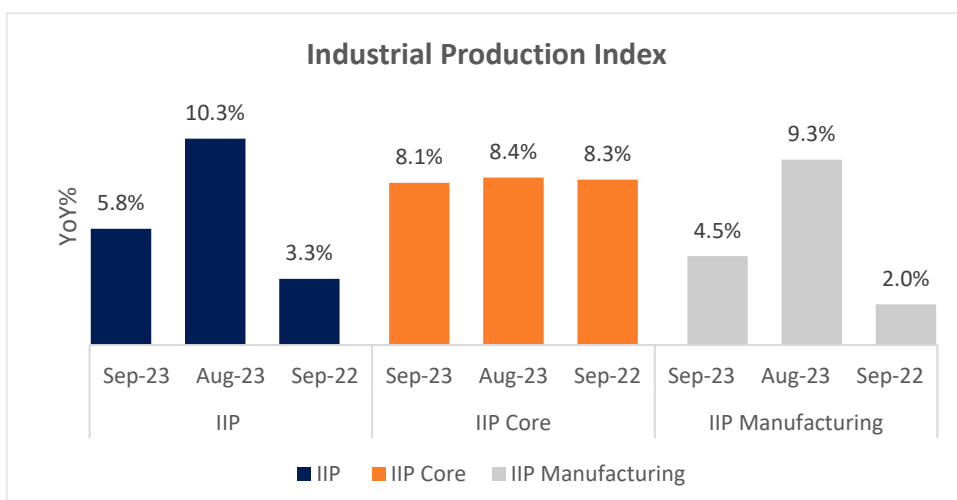
Foreign Trade

- Merchandise trade deficit widened to USD 31.5 Bn in Oct'23 vs USD 19.5 Bn in Sep'23, on account of a sharper growth in merchandise imports at 12.3% on-year compared to exports growth at 6.2% on-year.
- Non-oil and non-gold imports growth witnessed an 11-month high at 5% in Oct'23. This can be partly attributed a rise in domestic demand amidst festive season cheer.
- Surplus in services trade expanded to USD 14.4 Bn in Oct'23 vs USD 13.8 Bn in Sep'23 and is expected to remain robust amidst healthy remittances.



Industrial Activity

- Overall industrial output growth slowed down to 5.8% on-year in Sep'23 compared to 10.3% in Aug'23. IIP mining continued to witness double-digit growth for the third consecutive month at 11.5% in Sep'23.
- Manufacturing sector output growth slowed to 4.5% on-year in Sep'23 compared to 9.3% in Aug'23. Within manufacturing sector, basic metals, automobiles and beverages witnessed the highest growth at 12.5%, 11.2% and 10.2% respectively.
- Favorable base effect and the ongoing festive season is expected to pick up the industrial output growth in the next few months, which has grown 6.1% on-year in H1 FY24. With rate of investment (driven by both public and private sector) reaching 34% of GDP in FY23, levels last seen in FY12 and FY13 and announcement of new projects, industrial output growth is expected to pick up in FY25.



Source: TruBoard Research, CMIE

Growth Indicators

	% YoY	Oct-22	Nov-22	Dec-22	Jan-23	Feb-23	Mar-23	Apr-23	May-23	Jun-23	Jul-23	Aug-23	Sep-23	Oct-23
Consumption	Currency in Circulation	9.3%	7.7%	8.2%	8.6%	8.1%	7.8%	7.7%	7.8%	4.1%	4.4%	4.0%	4.3%	2.6%
	Registered Motor Vehicles	48.5%	19.0%	-6.3%	14.2%	16.6%	14.8%	-3.2%	11.0%	10.3%	10.6%	9.4%	20.8%	-7.5%
	Petrol Consumption	8.9%	8.2%	6.0%	14.3%	8.9%	6.8%	2.9%	11.0%	6.2%	6.2%	2.9%	8.2%	4.8%
	Rail Passenger Traffic	62.2%	51.1%	40.7%	64.5%	29.8%	20.5%	20.2%	17.7%	12.5%	10.3%	9.4%	3.9%	8.5%
	Air Passenger Traffic	29.8%	11.5%	14.2%	95.6%	56.8%	21.4%	22.2%	15.2%	18.8%	24.7%	22.8%	18.4%	10.8%
	GST Revenue	16.6%	10.9%	15.2%	12.7%	12.4%	12.7%	11.6%	11.5%	11.7%	10.8%	10.8%	10.2%	13.4%
	Personal Loans	20.1%	19.6%	20.0%	20.4%	20.4%	20.6%	19.4%	19.2%	20.9%	31.2%	30.8%	30.4%	--
	IIP: Consumer Durables Goods	-18.1%	5.0%	-11.2%	-8.2%	-4.1%	-8.0%	-2.3%	1.5%	-6.8%	-2.6%	5.8%	1.0%	--
	IIP: Consumer Non Durables Goods	-13.0%	10.0%	7.9%	6.5%	12.5%	-1.9%	11.4%	8.9%	0.5%	7.9%	9.6%	2.7%	--
Investment	Rail Freight Traffic	1.4%	5.2%	3.1%	3.8%	3.6%	3.8%	3.5%	1.9%	-1.9%	1.5%	6.4%	6.7%	8.5%
	Industrial Credit	13.6%	13.1%	8.6%	8.7%	7.0%	5.7%	7.0%	6.0%	8.0%	5.7%	6.6%	7.1%	--
	IIP: Capital Goods	-2.9%	20.7%	7.8%	10.5%	11.0%	10.0%	4.4%	8.1%	2.9%	4.5%	13.1%	7.4%	--
	IIP: Intermediate Goods	-2.3%	3.5%	1.5%	1.4%	1.0%	1.8%	1.7%	3.4%	5.2%	2.4%	6.8%	5.8%	--
	Diesel Consumption	5.6%	19.3%	6.6%	12.8%	7.6%	1.2%	8.6%	12.8%	3.0%	3.8%	5.2%	3.8%	9.3%
	Finished Steel Consumption	12.1%	11.9%	11.9%	11.7%	12.6%	13.3%	8.0%	7.9%	10.4%	12.2%	14.1%	14.9%	14.7%
	IIP: Capital Goods	-2.9%	20.7%	7.8%	10.5%	11.0%	10.0%	4.4%	8.1%	2.9%	4.5%	13.1%	7.4%	--
	IIP: Intermediate Goods	-2.3%	3.5%	1.5%	1.4%	1.0%	1.8%	1.7%	3.4%	5.2%	2.4%	6.8%	5.8%	--
Capital Goods Imports	34.0%	31.2%	39.2%	34.6%	38.8%	30.6%	17.8%	15.6%	10.8%	7.0%	13.9%	-33.0%	--	
Government	Centre's Core Revex	48.8%	18.0%	-12.3%	12.6%	4.3%	2.5%	14.9%	-22.3%	5.8%	161.5%	1.1%	-12.7%	--
	State's Core Revex	7.6%	18.0%	-1.2%	9.7%	14.0%	7.2%	55.2%	49.1%	19.8%	1.4%	22.5%	6.4%	--
	Centre's Capex	176.5%	87.1%	-63.7%	59.8%	-53.2%	36.6%	-0.6%	217.4%	62.8%	14.9%	29.9%	29.0%	--
	State's Capex	-11.7%	38.9%	-3.5%	26.9%	39.7%	18.9%	51.8%	79.1%	68.8%	13.4%	30.6%	95.9%	--
Net Exports	Exports Goods and Services	1.4%	18.0%	6.3%	12.3%	10.2%	1.3%	-5.2%	-3.4%	-10.2%	-3.0%	5.7%	-2.7%	9.4%
	Imports Goods and Services	9.4%	10.2%	2.3%	1.9%	-1.3%	-1.6%	-12.6%	-3.9%	-13.8%	-14.3%	-2.4%	-14.1%	11.1%

Macro Stability Indicators

		Oct-22	Nov-22	Dec-22	Jan-23	Feb-23	Mar-23	Apr-23	May-23	Jun-23	Jul-23	Aug-23	Sep-23	Oct-23
Jobs	Unemployment rate (%)	7.9%	8.0%	8.3%	7.1%	7.5%	8.1%	8.5%	7.6%	8.5%	7.9%	8.1%	7.1%	10.1%
	LFPR (%)	39.3%	39.6%	40.5%	39.8%	39.9%	39.8%	40.7%	39.6%	39.9%	39.3%	41.2%	40.9%	41.7%
	Urban Job creation (%YoY)	-2.7%	42.9%	4.3%	1.7%	-2.2%	5.2%	-5.2%	-0.5%	-2.9%	-18.8%	-5.7%	-8.6%	1.2%
External sector	Merchandise trade deficit (USD Bn)	-26.3	-22.1	-23.1	-17.0	-16.6	-19.0	-14.4	-22.5	-19.1	-18.4	-21.7	-19.4	-31.5
	FPI flows (USD Bn)	-0.4	4.1	1.1	-3.2	-0.5	0.7	1.7	5.9	6.8	5.8	2.2	-1.7	-2.1
	FX Reserves (USD Bn)	534.0	553.2	562.7	574.4	562.7	578.4	590.1	590.7	595.1	605.8	598.2	587.7	586.1
	Import cover (No. of months)	8.7	9.3	9.6	10.1	10.1	10.4	10.8	10.6	11.2	11.1	10.8	10.6	9.8
Exchange Rate	INR-USD (Avg.)	82.4	81.6	82.8	81.7	82.7	82.2	81.8	82.7	82.0	82.2	82.7	83.1	83.3
	INR-USD (% MoM)	1.0%	-1.0%	1.5%	-1.3%	1.2%	-0.6%	-0.5%	1.1%	-0.8%	0.3%	0.5%	0.5%	0.3%
	REER (% MoM)	-1.0%	-0.6%	-2.9%	-0.4%	-0.4%	0.6%	-1.7%	1.4%	2.5%	3.1%	-0.6%	-0.8%	1.0%
Monetary Indicators	Money Supply (% YoY)	9.1%	8.9%	8.7%	9.8%	9.5%	9.0%	9.5%	10.1%	13.4%	10.6%	10.8%	10.9%	10.8%
	Currency in circulation (% YoY)	9.3%	7.7%	8.2%	8.6%	8.2%	7.8%	7.7%	7.8%	4.1%	4.4%	4.0%	4.3%	2.7%
	Non-food credit growth (% YoY)	17.1%	16.4%	15.3%	16.7%	15.9%	15.4%	16.1%	15.6%	16.3%	19.8%	19.9%	20.0%	--
	Credit-deposit ratio (%)	74.8%	75.4%	75.4%	75.7%	75.7%	76.2%	75.5%	75.6%	75.5%	77.5%	77.8%	78.8%	79.4%
	Incremental Credit-Deposit Ratio (%)	122.3%	122.3%	111.6%	115.3%	111.6%	113.0%	97.5%	98.7%	92.9%	107.8%	109.1%	115.8%	--
Markets	Nifty 50 (% MoM)	5.4%	4.1%	-3.5%	-2.4%	-2.0%	0.3%	4.1%	2.6%	3.5%	2.9%	-2.5%	2.0%	-2.8%
	BSE500 (% MoM)	4.0%	3.3%	-3.2%	-3.4%	-2.9%	0.3%	4.5%	3.5%	4.1%	3.8%	-0.8%	2.1%	-2.9%
	S&P BSE SENSEX P/E Ratio (Avg.)	22.4	23.3	23.6	23.3	22.8	22.2	22.6	23.5	23.3	24.9	23.9	24.3	23.6
Prices	CPI inflation (% YoY)	6.8%	5.9%	5.7%	6.5%	6.4%	5.7%	4.7%	4.3%	4.9%	7.4%	6.8%	5.0%	4.9%
	CPI core inflation (% YoY)	6.0%	6.0%	6.1%	6.1%	6.1%	5.8%	5.2%	5.1%	5.1%	4.9%	4.8%	4.5%	4.2%
	CPI food inflation (% YoY)	7.0%	4.7%	4.2%	6.0%	6.0%	4.8%	3.8%	3.0%	4.5%	11.5%	9.9%	6.6%	6.6%
	WPI inflation (% YoY)	8.7%	6.1%	5.0%	4.8%	3.9%	1.4%	-0.8%	-3.6%	-4.2%	-1.2%	-0.5%	-0.3%	-0.5%
	Brent Crude Oil (USD/bbl)	93.3	91.4	81.0	82.5	82.6	78.4	84.7	75.6	74.8	80.1	86.1	93.7	90.6
	Gold (USD/ounce)	1664.4	1726.4	1796.7	1898.6	1854.5	1912.7	2000.4	1990.2	1942.9	1948.9	1920.0	1917.0	1913.0

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