

The logo consists of two interlocking loops, one red and one blue, forming a stylized 'M' or infinity symbol.

Macrowatch

Monthly Update on Economy and Banking

December 2015

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Overview

The Global growth remains modest and uneven across countries and regions while financial market volatility has increased in recent months. Downside risks to global growth has increased more particularly in developing and emerging market economies. The US economy recorded a growth of 2.1 per cent in the third quarter of 2015 as against 3.9 per cent in the second quarter. An improving labor market in the US has strengthened the likelihood of a hike in federal fund rates when the US Fed meet next time in Mid-December 2015. If the Fed choose to hike rates this time, there may be outflow of funds from emerging market economies (EMEs) to US. However, such an event would augur well for fundamentally strong EMEs like India where economic agents have already factored in such a development. In China, the world's second largest economy, a rebalancing towards more sustainable growth path through consumption is well under way but may take some more time to show any visible change on ground.

As per the recent release by Eurostat, the statistical office of the European Union, the seasonally adjusted GDP of the 19 countries block that share the Euro, rose by 0.3 per cent, quarter over quarter, in the third quarter of 2015 and 1.6 per cent, year on year, over the same quarter previous year. The growth was mainly driven by higher household final consumption expenditure as well as rise in inventories. As per the revised estimates of GDP growth, Japanese economy grew by 1.0 per cent in the third quarter of 2015 as against earlier report of a GDP contraction. Capital expenditure was the prime force for the upgrade which meant technically Japanese economy is not in recession. This is expected to augur well for the World GDP growth in 2015 as Japanese economy is the third largest economy of the world.

In India on the other hand the GDP growth for Q2 (Jul-Sep) 2015-16 has come at 7.4 per cent is higher than 7.0 per cent in Q1 2015-16. Growth rate of 7.4% in Q2, 2015-16 over 7.0% Q1 2015-16 is definitely an improvement. An uptick in the performance of the manufacturing sector is a good news for the economy. Agriculture registered higher growth despite a deficient Monsoon due to better performance of non-farm agriculture. Services sector has done well. However, an uptick in retail inflation is an worry for the policy makers which need to be tamed if economic growth is to be made sustainable.

I.A. Outlook

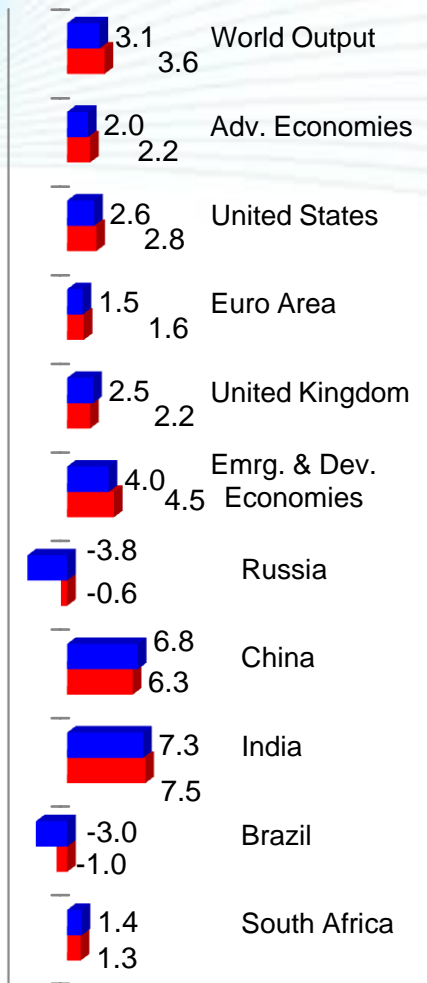
■ 2015 ■ 2016

Global Outlook

In its October 2015 World Economic Outlook, IMF has projected global growth for 2015 at 3.1 percent, 0.3 percentage point lower than in 2014, and 0.2 percentage point below the forecasts in the July 2015 World Economic Outlook (WEO) Update. Prospects across the main countries and regions remain uneven. Relative to last year, the recovery in advanced economies is expected to pick up slightly, while activity in emerging market and developing economies is projected to slow for the fifth year in a row, primarily reflecting weaker prospects for some large emerging market economies and oil-exporting countries. In an environment of declining commodity prices, reduced capital flows to emerging markets and pressure on their currencies, and increasing financial market volatility, downside risks to the outlook have risen, particularly for emerging market and developing economies.

U.S.A.: Global financial markets began Q4 on a calmer note after the Federal Open Market Committee stayed on hold in September. Stock markets recorded modest gains in October; major currencies recouped some ground against the US dollar and crude oil traded briefly above US \$ 50 per barrel for the first time since July. The national joblessness rate was essentially unchanged at 5.0 percent in Oct-15 and was 0.7 percentage point lower than in October 2014.

In **China and Euro area**, growth noted a slowdown, Investment growth slowed compared with last year and imports contracted, but consumption growth remained steady. Easing of monetary policy in China provided further stimulus for the global market Equity prices have dropped sharply since July after a one-year bull run. **Bond market In EMEs** Bond markets in EMEs have generally been tracking the hardening of US yields. **Currency markets in EMEs** have experienced selling pressures as portfolio investors continue to exit them as an asset class. Unease in investor sentiment is likely to increase ahead of the imminent divergence in advanced economy monetary policy stances.



Source: WEO: Oct, 2015; IMF

India Outlook

Output: The agriculture growth was a surprise in Q2FY 16 as the outlook for this sector was below normal in view of deficient monsoon., there are areas of robust growth in manufacturing sector, capital goods and passenger cars. Similarly, while prospects for a revival in service sector activity have been boosted by optimism on new business, pockets of lackluster activity such as construction weigh on the overall outlook. Rising public capital expenditure and the monetary accommodation provided so far should cause a revival in private investment demand, supported by lower input prices and improving ease of doing business. The growth projection for 2015-16 has accordingly been kept unchanged at 7.4 per cent with a slight downside bias.

Inflation: Looking forward, though CPI inflation has moved up, it is well within the anticipated level. The rabi crop though has been hit by untimely rain in the beginning, is expected to be as per expectation and trend. Astute supply management by the central government, including close coordination with State governments, is necessary to minimize any shortfall in the rabi crop. International fuel prices are expected to remain benign for few more quarters. **Considering all these, the inflation target of 6.0 per cent by Jan-16 and 5.0 per cent by Mar-17 seems achievable.**

Policy Outlook: The RBI's decision to keep its policy rate unchanged at 6.75 per cent is in line with market expectations. Domestic GDP growth of 7.4% in Q2 2015-16 for the Indian economy has come better than the Q1, 2015-16. The Central bank has observed that cumulative policy repo rate reduction of 125 bps has not been fully transmitted by banks. The RBI expects that calculation of base rate based on marginal cost of funds and linking of small savings interest rates to market rates should facilitate transmission of policy rates into lending rates. The RBI will also follow developments on commodity prices, especially food and oil, even while tracking inflationary expectations and external developments, implementation of the Pay Commission proposals, and its effect on wages and rents, budgetary measures by the Government towards fiscal consolidation path, for future policy deliberations. The RBI is expected to maintain status quo in next Bi-monthly policy scheduled for Feb 2, 2016.

Indicator	Period	Release Date	Expect (Y/Y)%
IIP	Oct-15	Dec 11, 2015	8.5
CPI Inflation	Nov-15	Dec 14, 2015	5.5
WPI Inflation	Nov-15	Dec 14, 2015	-3.0

II. Output

Quarterly Estimates of Gross Domestic Product for Q1 2015-16 (July-Sep) at constant (2011-12) prices

Gross Domestic Product: Real GDP or GDP in Q2, 2015-16 is estimated to have grown at a rate of 7.4% as against 7.0% for Q1, FY 2015-16.

Gross Value Added (GVA): Real GVA, i.e., GVA in Q2, 2015-16 is estimated to have grown at a growth rate of 7.4% as against 7.1% during Q1, FY 2015-16.

Agriculture: The 'agriculture, forestry and fishing' sector in Q1, 2015-16 has shown a growth rate of 2.2 %, as against the growth rate of 1.9 % in the previous year.

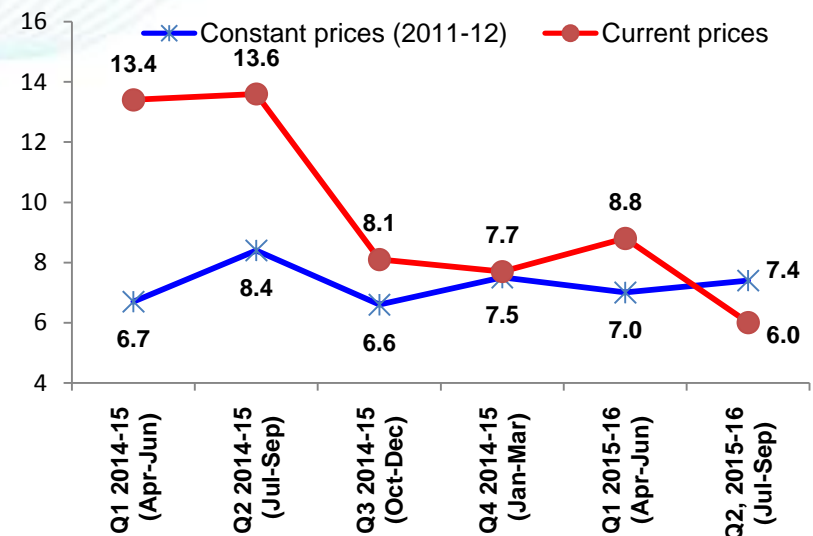
Industry: The growth of the sector is estimated to be 6.8 % in Q2, 2015-16 as against 6.5 % registered during the same period last year.

Within the industrial sector, the growth of '**manufacturing**' sector is estimated at 9.3 % in Q2, 2015-16, as against 7.2 % registered during Q1, 2014-15.

Services: The services sector has registered a growth of 8.8% in Q2, 2015-16 as against 8.9% during Q1, 2015-16.

Sector	Q1, 2015-16	Q2, 2015-16
Real GDP	7.0	7.4
Agriculture	1.9	2.2
Industry	6.5	6.8
W/w Manufacturing	7.2	9.3
Services	8.9	8.8

Quarterly Movement in GDP growth %



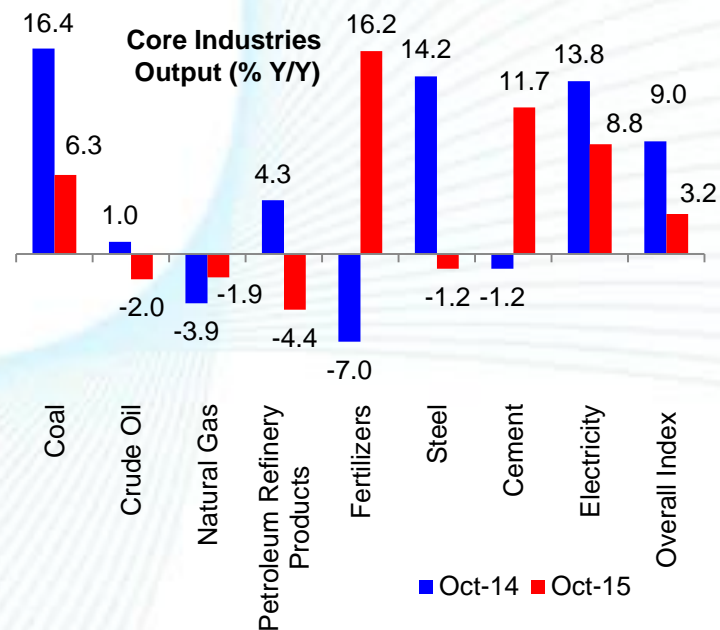
Index of Eight Core Industries: Core industries registered growth of 3.2 % in Oct-15 as against 9.0% growth noted in Oct-14, on a YoY basis. Its cumulative growth during Apr-Oct, 2015-16 was 2.5% as against 5.6% for the corresponding period of FY 2014-15.

1. Coal sector noted growth of 6.3 per cent which further be reflected in the good production numbers of Electricity generation.
2. Falling crude oil prices due to global social unrest lead to the contraction of crude oil as well as refinery sector.

Purchasing Managers Index (PMI): The seasonally adjusted **Nikkei India Composite PMI Output Index** noted a five-month low of 50.2 in Nov-15 as against 52.6 recorded in Oct-15 indicating little change in the private sector activity. Growth of manufacturing production softened, while services activity remained broadly stagnated. The **Nikkei Services Business Activity Index** registered a dip from October's eight-month high of 53.2 to 50.1 in Nov-15. Sub-sector data indicated that output growth in the Financial Intermediation, Post & Telecommunication, Renting & Business Activities and 'Other Services' categories was offset by declines at Transport & Storage and Hotels & Restaurants firms.

Key points :

- Marginal rise has been noted in output of manufacturing and services.
- Both the manufacturing and services sectors kept their doors open for new work.
- Services confidence at survey remained low.



Nikkei India Composite Output PMI



Sources: Nikkei, Markit

Index of Industrial Production (IIP): Industry output, as measured by IIP, noted annual growth of 3.6% in Sep-15 as against 6.3% in Aug-15 and 2.6% in Sep-14. The cumulative YoY growth in IIP for the period Apr-Sep, 2015-16 thus remained at 4.0% compared to 2.9% in Apr-Sep, 2014-15.

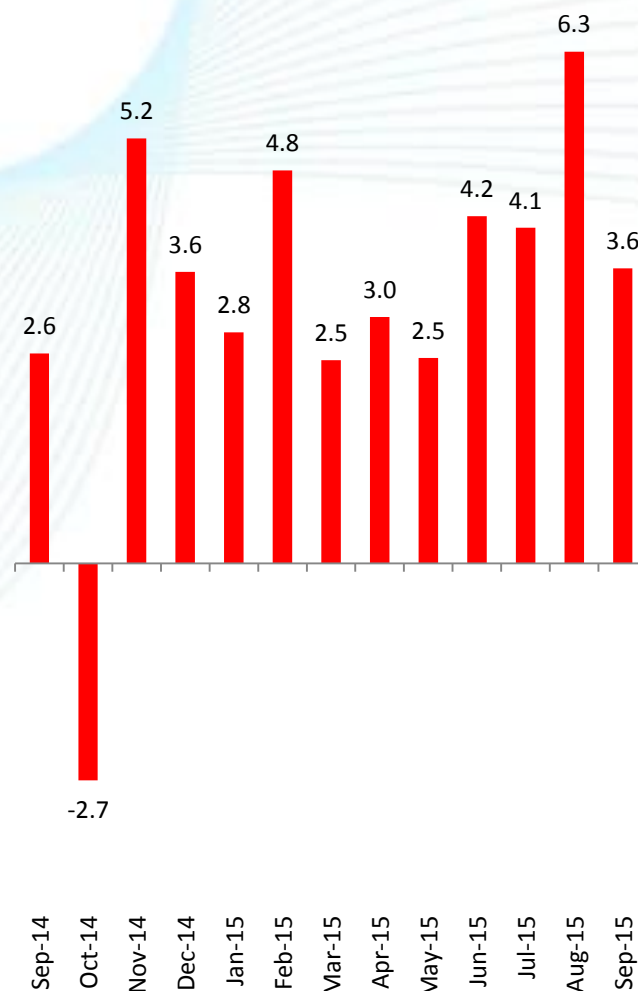
On sectoral basis, Mining, Manufacturing and Electricity sectors noted annual growth of 3.0%, 2.6% and 11.4% respectively in Sep-15 as compared to growth 3.8%, 6.9% and 5.6% respectively in Aug-15

Cumulatively, the production of Mining sector, Manufacturing sector and Electricity sector increased by 1.5%, 4.2% and 4.5% respectively during Apr-Sep, 2015-16 over corresponding period of previous year.

As per Use-based classification, Basic goods registered annual growth of 4.0% in Sep-15 while Capital goods production grew by 10.5%. Production of intermediate goods grew by 2.1%. Production of consumer goods grew at 0.6% and within this Consumer durables rose by 8.4% while Consumer non-durables have recorded YoY growth of (-) 4.6%.

Cumulatively, the production of basic goods increased by 4.4% during Apr-Sep 2015-16 over the corresponding period of the previous year. During the same period Capital goods, intermediate goods and consumer goods increased by 7.9%, 2.0% and 2.4% respectively. Cumulative growth in case of consumer durables and consumer non-durables stood at 7.6% and 0.9% respectively.

IIP Growth (%Y/Y)



Foreign Tourists Arrivals (FTAs): FTAs during the Month of Oct -15 were 6.80 lakh as compared to FTAs of 6.68 lakh during the month of Oct -14 and 5.98 lakh in Oct-13. There has been a growth of 1.7% in Oct-2015 over Oct- 14. FTAs during the Month of Oct-15 were 6.80 lakh as compared to FTAs of 6.68 lakh during the month of Oct-14 and 5.98 lakh in October 2013. There has been a growth of 1.7% in Oct- 2015 over Oct- 2014.

Foreign Exchange Earnings (FEEs) from Tourism in India US\$ terms: FEEs during the month of October 2015 were 9,611 crore as compared to 10,041 crore in October 2014 and 8,645 crore in October 2013. The FEEs in rupee terms during October 2015 registered a decline of 4.3% over October 2014 as compared to positive growth of 16.1% in October 2014 over October 2013. FEEs in US\$ terms during the month of October 2015 were US\$ 1.477 billion as compared to FEEs of US\$ 1.636 billion during the month of October 2014 and US\$ 1.404 billion in October 2013. FEEs from tourism in US\$ terms during Jan-Oct 2015 were US\$ 15.930 billion with a negative growth of 2.4% as compared to the US\$ 16.314 billion with a positive growth of 10.2% during January-October 2014 over January-October 2013.

Domestic Vehicle Sales: The industry registered YoY growth of 1.2% in total vehicles production in Apr-Oct 2015 compared to Apr-Oct 2014. The domestic sales of passenger vehicles and overall commercial vehicles increased by 8.51% and 8.02% respectively in Apr-Oct 2015 as compared to the corresponding period of the previous year. Three wheelers sales registered decline of 8.47% while two wheelers sales dipped by 1.72% respectively during the same period. During Apr-Oct 2015 overall automobile exports grew by 5.78%. Exports of passenger Vehicles, Commercial Vehicles, Three Wheelers and Two Wheelers registered a growth at 6.34%, 17.95%, 18.59% and 3.22 percent respectively in Apr-Oct 2015 over Apr-Oct 2014.

Foreign Tourists Arrival and Foreign Exchange Earnings

2015	FTA (Lakh)	FEE (US\$ Mn)
Jan	7.9	1,854
Feb	7.6	1,782
Mar	7.3	1,674
Apr	5.4	1,505
May	5.1	1,392
June	5.1	1402
July	6.3	1800
Aug	5.9	1608
Sep	5.4	1436
Oct	6.8	1477

III. Prices

Consumer Price Index (CPI): India's retail inflation, as measured by the CPI, noted 5.0 % in Oct-15, higher than 4.4% in Sep-15. Increase in prices of pulses led to this increase. Food inflation, as based on consumer food price index (CFPI), noted at 5.2% in Oct-15 higher than 3.9% in Sep-15 .

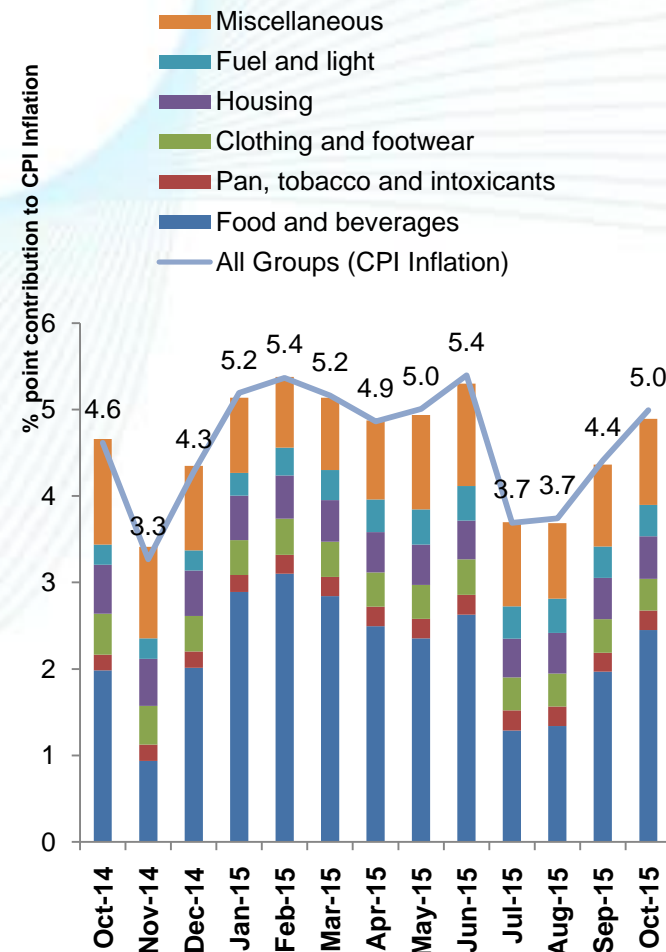
CPI excl. food & fuel items, i.e. **Core CPI inflation** recorded a growth of 4.4% in Oct-15 compared to 4.3% in the month of Sep-15 and 5.2% noted in Oct-14.

Inflation rates for rural and urban areas noted at 5.5% and 4.3% respectively in Oct-15 as against 5.0% and 3.6% respectively in Sep-15 and 4.8% and 4.5% in Sep-14.

Wholesale Price Index (WPI): WPI Inflation for the month of Oct-15 also stood at negative 3.8 % as compared to (-) 4.5% for Sep-15 and 1.7% during Oct-14. Build up inflation rate in the financial year so far was 0.3% compared to a build up rate of 1.9% in the corresponding period of the previous year.

On commodities group basis, Primary Articles and Manufactured Products remained unchanged at its previous level ,however, Fuel & Power group noted inflation 0.5 per cent in Oct-15 against (-) 2.1%, (-)17.7% and (-)1.7% in Sep-15.

CPI Inflation

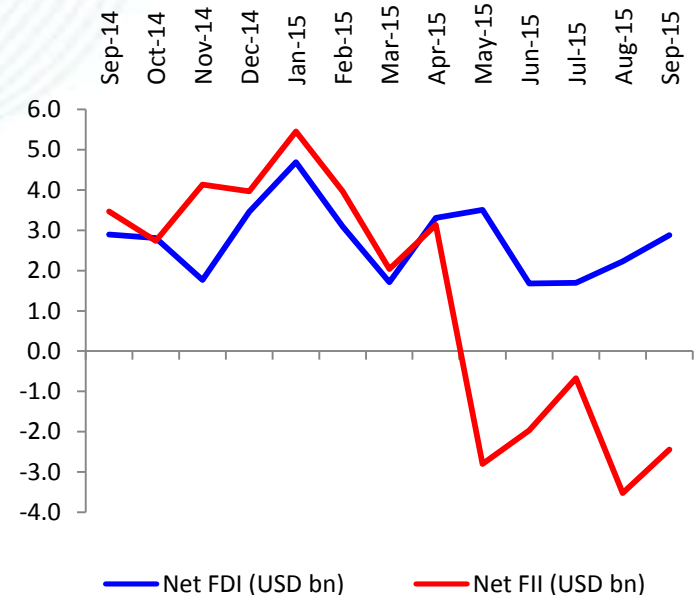


IV. External Sector

Merchandise Trade: India's merchandise exports, valued at US\$ 21.3 billion in Oct-15, noting a contraction of 17.5% over Oct-14 while Imports, valued at US\$ 31.1 bn, also noted contraction of 21.1% over Oct-14. Thus, trade deficit for Oct-15 stood at US\$ 9.8 bn, which was lower than US\$ 13.6 bn a year ago. Oil imports during the month declined by 45.3%. Services exports during the month of Sep-15 stood at US\$ 13.3 bn recording a YoY increase of 2.9%. Services imports during the month of Sep-15 stood at US\$ 7.5 bn recording a YoY growth of 20.8%.

Foreign Direct Investments: Net Foreign Direct Investments (FDI) into the country stood at USD 2.9 billion for the month of Sep-15 compared to USD 2.2 bn in Aug-15. Cumulative Net FDI for Apr-Sep 2015-16 period stood at USD 17.0 billion as against USD 15.8 billion during the corresponding period of the previous year showing a growth of 7.6%, YoY.

Foreign Institutional Investments: Net foreign institutional investments stood at US\$ (-) 2.4 bn in the month of Sep-15 which was US\$ (-)3.6 bn in the month of Aug-15. Cumulative portfolio investments during Apr-Sep 2015-16 stood at US\$ (-)9.4 bn as against US\$ 22.3 bn during Apr-Sep 2014-15.



V. Money & Banking

The Reserve Bank of India (RBI) in its Fifth Bi-monthly Monetary Policy Statement for 2015-16, has kept Repo rate unchanged at 6.75 per cent. Consequently, the reverse repo rate under the LAF will remain unchanged at 5.75 per cent, and the marginal standing facility (MSF) rate and the Bank Rate at 7.75 per cent. The reserve requirements viz. cash reserve ratio (CRR) and statutory liquidity ratio (SLR) were kept unchanged at 4.0 per cent and 21.5 per cent respectively.

Policy Stance and Rationale

- Inflation target for January 2016 at 6.0 per cent to be met;
- Inflation is expected to rise till December 2015 and then moderate;
- CPI inflation excluding food and fuel is on the rise;
- Efficient supply management and close co-ordination between central and state Government agencies is necessary to ward off any short fall in Rabi Crop;
- Outlook for agriculture is subdued, in view of both rabi and kharif prospects being hit by monsoon vagaries.

Important Rates (%)	
Repo	6.75
Reverse Repo	5.75
MSF	7.75
Bank Rate	7.75
CRR	4.00
SLR	21.50

Assessment :

- While the outlook for the agricultural sector is moderate for the near future; Industrial sector picked up in the second quarter; The services sector on the other hand is shooting out mixed signals of growth;
- In the external sector, exports contracted for the eleventh month in a row to October, indicative of the persisting weakness in global trade;
- Net foreign direct investment, external commercial borrowings and accretions to nonresident deposits have risen in relation to last year; however, portfolio outflows from both debt and equity segments rose in November. During 2015-16 (up to November 20), there has been an accretion of US\$ 10.8 billion to the foreign exchange reserves.

Price Scenario outlook: Looking forward, though CPI inflation has moved up, it is well within the anticipated level. The rabi crop through has been hit by untimely rain in the beginning, is expected to be as per expectation and trend. Astute supply management by the central government, including close coordination with State governments, is necessary to minimize any shortfall in the rabi crop. International fuel prices are expected to remain benign for few more quarters. **Considering all these, the inflation target of 6.0 per cent by January 2016 and 5.0 per cent by March 2017 seems achievable.**

Growth outlook: While the outlook for agriculture is below normal in view of monsoonal uncertainties, there are areas of robust growth in manufacturing such as capital goods and passenger cars. Similarly, while prospects for a revival in service sector activity have been boosted by optimism on new business, pockets of lackluster activity such as construction weigh on the overall outlook. Rising public capital expenditure and the monetary accommodation provided so far should cause a revival in private investment demand, supported by lower input prices and improving ease of doing business. The growth projection for 2015-16 has accordingly been kept unchanged at 7.4 per cent with a slight downside bias.

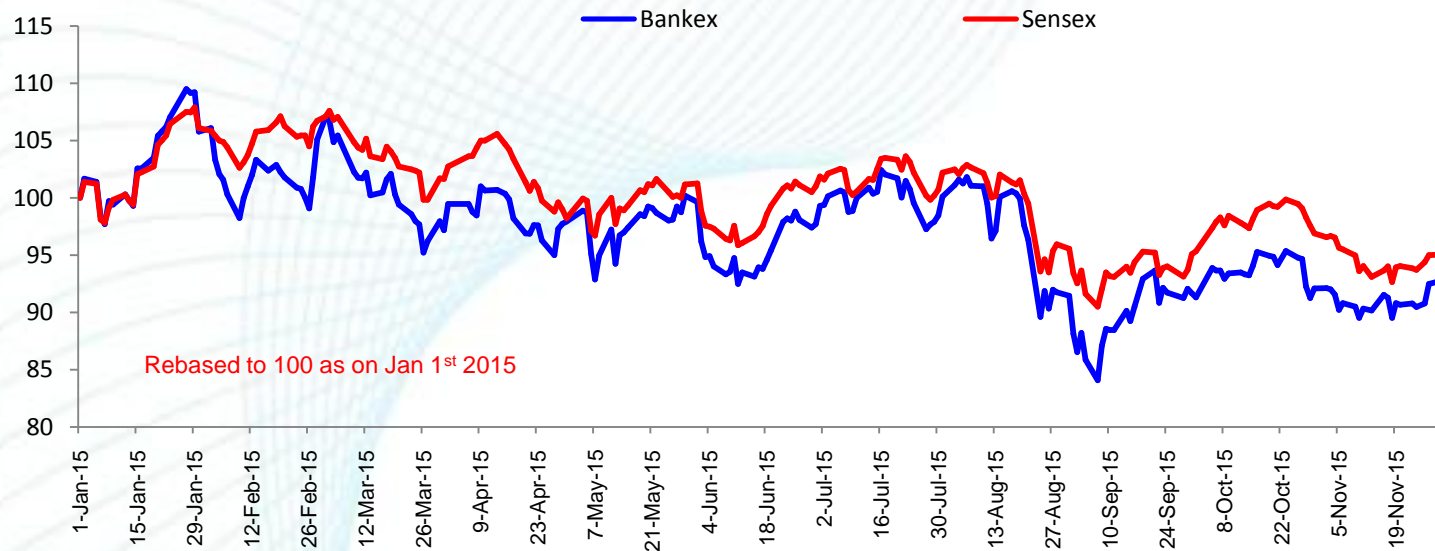
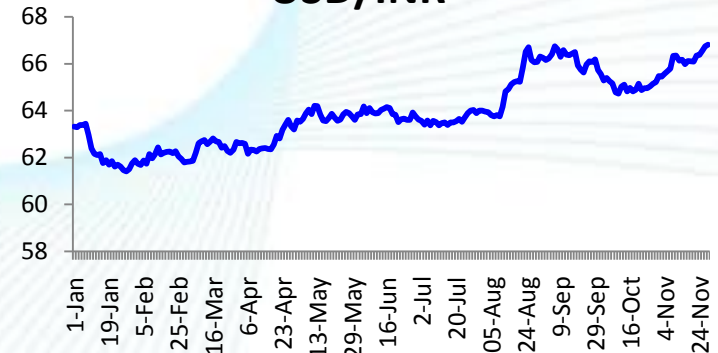
Our View: The RBI's decision to keep its policy rate unchanged at 6.75 per cent is in line with market expectations.. The Central bank has observed that cumulative policy repo rate reduction of 125 bps has not been fully transmitted by banks. The RBI expects that calculation of base rate based on marginal cost of funds and linking of small savings interest rates to market rates should facilitate transmission of policy rates into lending rates. The RBI will also follow developments on commodity prices, especially food and oil, even while tracking inflationary expectations and external developments, implementation of the Pay Commission proposals, and its effect on wages and rents, budgetary measures by the Government towards fiscal consolidation path, for future policy deliberations. The RBI is expected to maintain status quo in next Bi-monthly policy scheduled for February 2, 2016.

The yield on benchmark 10 year government security noted in the range of 7.57-7.69 per cent during Oct-15.

Rupee traded in range of 65.45 – 66.75 per US\$ in Nov, 2015 witnessing monthly depreciation of 2.4 per cent .

Markets showed volatility upto some extent in Oct-15. On month-on-month (m/m) basis, Sensex dropped 1.9 ,However bankex gained by 0.7% respectively in Nov-15.

USD/INR



Sectoral Deployment of Credit

On a year-on-year (y-o-y) basis,

❑ Non-food bank credit increased by 8.3 percent in Oct-15 as compared with the increase of 11.1 per cent in Oct-14.

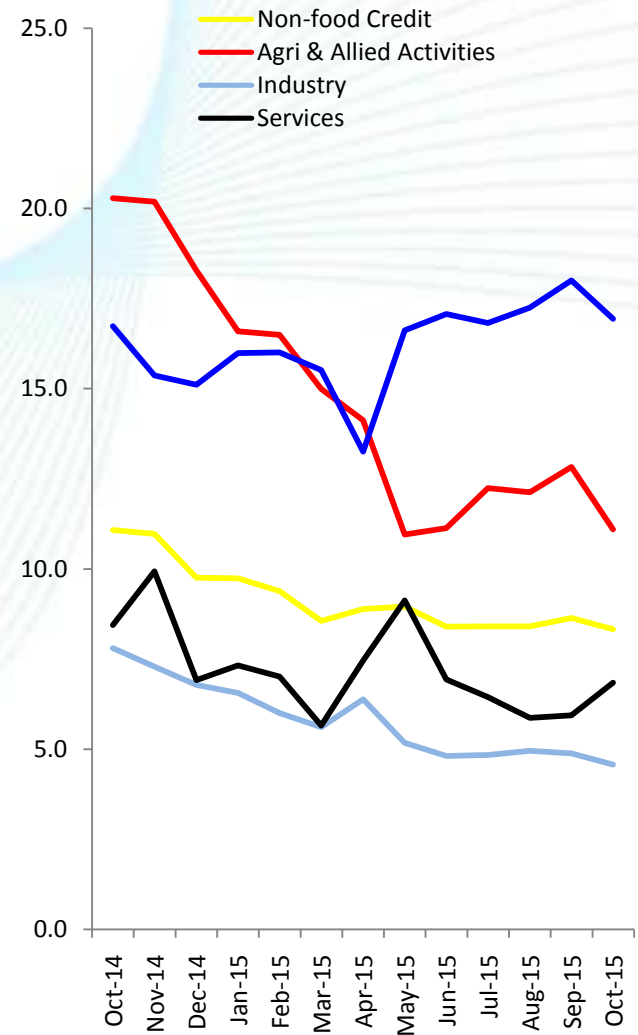
❑ Credit to agriculture and allied activities increased by 11.1 per cent in Oct-15 as compared with the increase of 20.3 per cent a year ago.

❑ Credit to industry increased by 4.6 per cent in Oct-15 as compared with the increase of 7.8 per cent in Oct-14. Deceleration in credit growth to industry was observed in all major sub-sectors barring chemical and chemical products and vehicles, vehicle parts and transport equipment.

❑ Credit to the services sector increased by 6.8 per cent in Oct-15 as compared with the increase of 8.4 per cent in Oct-14.

❑ Personal loans increased by 16.9 per cent in Oct-15, up from the increase of 16.7 per cent in Oct-14.

As on November 14th, 2015, Scheduled Commercial Banks (SCBs') deposits and advances grew by 11.2% and 9.7% respectively on annual basis. Credit-Deposits Ratio for the SCBs stood 75.05%.



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Appendix 1: Monthly Dynamic of Indian Economy (Annual growth in percent else mentioned otherwise)													
	Oct-14	Nov-14	Dec-14	Jan-15	Feb-15	Mar-15	Apr-15	May-15	Jun-15	Jul-15	Aug-15	Sep-15	Oct-15
Output													
IIP-General	-2.7	5.2	3.6	2.8	4.8	2.5	3.0	2.5	4.2	4.1	6.3	3.6	
Mining	4.5	4.0	-1.7	-1.8	1.6	1.2	-0.6	2.1	-0.4	0.9	4.2	3.0	
Manufacturing	-5.6	4.7	4.1	3.4	5.1	2.7	3.9	2.1	5.2	4.6	6.6	2.6	
Electricity	13.7	10.0	4.8	3.3	5.9	2.0	-0.5	6.0	1.2	3.5	5.6	11.4	
IIP-Use Based													
Basic Goods	9.7	9.5	5.9	4.8	4.9	2.6	2.6	6.2	5.1	5.0	3.5	4.0	
Capital Goods	-3.2	7.0	6.1	12.4	8.3	9.1	5.5	3.0	-2.0	10.6	21.4	10.5	
Intermediate Goods	-3.4	4.7	1.1	0.1	1.2	2.8	2.3	1.2	1.3	1.7	3.1	2.1	
Consumer Goods	-18.2	-1.6	0.6	-1.9	4.9	-0.6	2.8	-2.2	7.2	0.9	6.0	0.6	
Durables	-35.2	-14.5	-9.2	-5.7	-3.8	-4.6	1.3	-3.9	16.1	10.3	17.0	8.4	
Non-Durables	-3.6	7.0	5.6	0.3	10.5	1.9	3.7	-1.0	2.3	-4.6	-1.0	-4.6	
Eight Core Infra	9.0	6.7	2.4	1.8	1.4	1.4	1.0	4.4	3.0	1.1	2.7	3.2	3.2
Steel Production	14.2	1.3	-2.4	1.6	-4.4	1.4	4.4	2.6	4.9	-2.6	-5.9	-2.4	-1.2
Cement Production	-1.2	11.3	3.8	0.5	2.7	-3.9	-1.8	2.5	2.6	1.3	5.4	-1.5	11.7
Money & Banking													
Money Supply (M3)	11.3	11.0	11.1	11.2	11.5	11.1	11.0	11.0	11.0	11.5	11.3	11.0	10.9
Bank Credit	11.2	11.7	10.5	10.7	10.4	9.5	9.8	9.8	9.3	9.4	9.5	9.6	9.0
Bank Deposits	12.0	11.3	11.5	11.6	11.9	11.4	11.4	11.5	11.4	11.8	11.9	11.2	11.1
SLR Investments	10.5	9.6	10.5	14.0	13.4	13.2	14.0	14.5	14.5	14.8	14.0	12.2	11.6
Interest Rates (% end-Month)													
Weighted Call Money Rates	7.9	7.9	8.8	7.8	6.7	7.9	7.5	7.5	7.1	7.1	7.0	7.1	6.8
10-year G Sec	8.3	8.1	7.9	7.7	7.7	7.7	7.9	7.6	7.8	7.8	7.8	7.7	7.7
Market													
Sensex	31.7	38.0	29.9	42.3	39.0	24.9	20.5	14.9	9.3	8.6	-1.3	-1.8	-4.3
Nifty	32.1	39.1	31.4	44.7	41.8	26.7	22.2	16.6	9.9	10.5	0.2	-0.2	-3.1
Inflation													
CPI-General	4.6	3.3	4.3	5.2	5.4	5.2	4.9	5.0	5.4	3.7	3.7	4.4	5.0
Core CPI	5.2	4.8	4.5	4.2	4.2	4.1	4.3	4.6	4.8	4.3	4.1	4.3	4.4
Cons. Food Price Index (CFPI)	3.8	1.2	3.9	6.2	6.9	6.0	5.1	4.8	5.5	2.2	2.2	3.9	5.3
Food and beverages	4.3	2.0	4.4	6.3	6.8	6.2	5.4	5.1	5.7	2.8	2.9	4.3	5.3
Pan, tobacco and intoxicants	7.6	8.0	7.9	8.3	9.2	9.2	9.4	9.5	9.7	9.8	9.4	9.3	9.5
Fuel and light	7.3	6.9	6.3	6.2	6.4	6.3	6.1	6.0	6.3	5.9	5.9	5.9	5.6
Housing	5.6	5.4	5.2	5.1	5.0	4.8	4.7	4.6	4.5	4.4	4.7	4.7	4.9
Cloth, bed & footwear	3.4	3.5	3.4	3.8	4.7	5.1	5.5	6.0	5.8	5.4	5.8	5.3	5.3
Misc. / Services	4.3	3.7	3.5	3.1	2.9	3.0	3.2	3.8	4.2	3.4	3.1	3.3	3.5
CPI-Rural	4.8	3.2	4.2	5.3	5.8	5.6	5.3	5.5	6.1	4.4	4.5	5.0	5.5
CPI-Urban	4.5	3.5	4.5	5.0	5.0	4.7	4.4	4.4	4.6	2.9	2.8	3.6	4.3
WPI Headline	1.7	-0.2	-0.5	-0.9	-2.2	-2.3	-2.4	-2.2	-2.1	-4.0	-4.9	-4.5	-3.8
Core WPI / Non-food Manuf.	2.6	2.0	1.4	0.9	0.1	-0.4	-0.4	-0.6	-0.8	-1.5	-1.9	-1.9	-2.0
Food total	2.5	1.0	3.7	6.0	5.6	4.4	3.6	1.7	2.0	-1.4	-1.5	0.2	1.7
Fuel	0.5	-4.5	-7.8	-11.0	-14.8	-12.2	-13.0	-9.4	-11.6	-11.6	-16.5	-17.7	-16.3
Non-food Primary	-4.1	-7.2	-10.7	-13.8	-14.4	-15.1	-12.2	-10.2	-9.3	-11.2	-10.6	-9.3	-7.9
Business Surveys													
Manufacturing PMI*	51.6	53.3	54.5	52.9	51.2	52.1	51.3	52.6	51.3	52.7	52.3	51.2	50.3
Services PMI*	50.0	52.6	51.1	52.4	53.9	53.0	52.4	49.6	47.7	50.8	51.8	51.3	50.1
Merchandise Trade													
Exports	-5.8	7.3	-3.8	-11.2	-15.0	-21.1	-12.9	-18.6	-14.7	-10.3	-20.1	-24.3	-17.5
Imports	3.7	26.8	-5.0	-11.4	-15.7	-13.4	-7.7	-16.1	-13.7	-10.3	-10.1	-25.4	-21.2
Oil	-18.2	-9.7	-28.6	-37.5	-55.5	-52.7	-30.3	-29.0	-21.4	-34.9	-30.3	-54.5	-45.3
Non-oil	18.3	49.6	9.4	3.5	11.7	10.6	1.8	-10.4	-10.5	3.8	-2.2	-10.7	-9.9
Trade Balance (US\$ bn)	-13.6	-16.9	-9.4	-8.3	-6.8	-11.8	-11.0	-10.4	-10.8	-12.8	-12.5	-10.5	-9.8
Brent Crude Prices(US\$/bbl)	87.3	78.4	62.2	48.4	57.9	55.8	59.4	64.6	62.3	55.9	47.0	47.2	48.1
Foreign Investments (US\$ bn)													
FII	2.7	4.1	4.0	5.5	4.0	2.0	3.1	-2.8	-2.0	-0.7	-3.5	-2.4	
FDI	2.8	1.8	3.5	4.7	3.1	1.7	3.3	3.5	1.7	1.7	2.2	2.9	
Exchange rate and reserves													
US\$ exchange rate average	61.3	61.7	62.8	62.2	62.0	62.5	63.4	63.8	63.9	63.6	65.1	66.2	65.1
Foreign Assets (US\$ bn)	315.9	316.3	319.7	322.0	338.1	341.4	344.6	351.6	355.2	353.5	355.4	350.0	353.6
Forex cover to imports (in months)	8.3	8.2	8.3	8.6	9.0	9.2	9.3	9.6	9.8	9.9	10.0	10.1	10.5

*PMI Values 50 above point expansion in economic activity and vice versa;

Source: CSO, RBI, CGA, Ministry of Commerce, Ministry of Finance

Quarterly Dynamics of Indian Economy (Annual growth in percent else mentioned otherwise)									
Indicator	2013-14			2014-15			2015-16		
	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2
Output									
Real GDP^{bp} @	7.5	6.6	5.3	7.4	8.4	6.8	6.1	7.1	7.4
Agri. & Allied	3.6	3.8	4.4	2.6	2.1	-1.1	-1.4	1.9	2.2
Industry	4.0	5.0	4.3	7.7	7.6	3.6	5.6	6.5	6.8
Services	10.6	9.1	6.4	8.7	10.4	12.5	9.2	8.9	8.8
Real GDP^{mp}	7.5	6.4	1.2	6.5	8.2	7.5	7.0	8.8	6.0
Govt. consumption exp.	5.3	11.0	10.7	-2.0	5.8	31.7	1.2	1.2	6.9
Pvt. Consumption exp.	5.6	4.6	7.4	4.3	8.7	3.5	7.4	5.7	8.3
Gross fixed capital formn. (GFCF)	6.3	5.3	-7.6	7.7	2.8	1.6	4.9	8.9	3.9
Inflation									
WPI	6.6	7.1	5.4	5.8	3.9	0.3	-1.8	-2.3	-3.8
Non-food Manuf./ Core WPI	2.4	3.0	3.8	4.0	3.5	2.0	0.2	-0.6	-1.2
CPI-IW	10.8	10.9	6.9	6.9	6.8	5.0	6.6	5.9	4.6
Money & Banking									
Broad Money (M3)	12.5	14.9	13.5	12.2	12.7	11.1	11.1	11.0	11.3
Bank Credit	17.9	14.5	14.3	13.3	9.7	10.5	12.5	9.6	9.5
Bank Deposits	14.1	15.9	14.6	12.4	13.4	11.5	11.4	11.4	11.6
Credit-Deposit Ratio (%)	78.3	76.7	77.7	77.0	75.8	76.1	76.5	75.7	74.9
Wtd. Call Money Rate (%) avg.	8.9	8.3	8.1	8.0	7.8	8.8	7.9	7.4	7.0
Repo Rate (%) end period	7.5	7.8	8.0	8.0	8.0	8.0	7.5	7.3	6.8
CRR (%) end period	4.0	4.0	4.0	4.0	4.0	4.0	4.0	4.0	4.0
10 Y G- Sec Yield (%) avg.	8.3	8.8	8.8	8.8	8.6	7.9	7.7	7.8	7.8
Fiscal Indicators of Centre									
Net Tax Revenue	8.6	-48.3	16.1	8.7	9.4	5.9	6.4	-71.5	26.5
Corporate Tax	10.1	12.7	13.1	0.0	8.6	8.1	6.6	-65.6	16.8
Excise Duties	-1.8	-4.9	1.7	-0.1	3.3	4.1	6.6	-56.9	55.3
Non-tax Revenue	56.3	15.9	61.5	0.0	18.5	57.1	3.7	-19.2	31.2
Non-plan Expenditure	14.9	17.5	-27.7	0.1	2.8	11.9	7.2	2.8	8.5
Plan Expenditure	4.1	23.6	-14.0	0.0	10.9	-7.6	-0.5	13.8	3.3
Fiscal Deficit as % to GDP	5.6	3.5	-2.8	10.5	4.8	2.9	-0.2	8.8	2.8
External Sector									
Merchandise Exports	11.9	7.5	-1.3	10.6	4.9	-1.0	-15.4	-16.8	-20.0
Merchandise Imports	-4.8	-14.8	-12.3	-6.5	8.1	4.7	-10.4	-12.1	-14.0
Trade Balance (US\$ bn)	-33.3	-33.2	-30.7	-34.6	-38.6	-39.3	-31.7	-34.2	
Invisibles Earnings	4.3	3.6	6.2	0.7	2.9	3.1	-0.3	1.9	
Invisibles Payments	3.7	-1.7	6.0	8.4	4.7	-0.6	-4.2	-0.7	
Net Invisibles (US\$ bn)	28.1	29.1	29.3	26.7	28.5	31.0	30.4	28.0	
Current Acct Balance(US\$ bn)	-5.2	-4.1	-1.3	-7.8	-10.2	-8.3	-1.3	-6.2	
Capital & Fin. Acct Balance (US\$ bn)	-4.8	23.8	9.2	8.6	11.8	10.0	0.3	0.3	
Current Acct Balance (% to GDP)	-1.2	-0.9	-0.3	-1.6	-2.0	-1.6	-0.2	-1.2	
Total Foreign Assets(US\$ bn)	276.3	295.7	303.67	314.9	314.2	319.7	341.4	355.2	350.0
USD/INR (Avg.)	62.1	62.1	61.8	59.77	60.60	62.00	62.20	63.50	66.22
% Y/Y	12.5	14.6	14.1	6.8	-2.4	-0.1	0.6	6.2	9.3

Note: @ GVA at Basic Prices (2011-12 series)

Source: CSO, RBI, CGA, Commerce Ministry

Note: @ GVA at Basic Prices (2011-12 series)

Appendix: Annual Dynamics of Indian Economy (Y/Y growth in percent else mentioned otherwise)

Indicators	FY05	FY06	FY07	FY08	FY09	FY10	FY11	FY12	FY13	FY14	FY15
Real GDPfc (Base 2004-05)^{&}	7.0	9.5	9.6	9.3	6.7	8.6	8.9	6.7	4.9	6.6	7.2
Agri. & Allied	0.2	5.1	4.2	5.8	0.1	0.8	8.6	5.0	1.2	3.7	0.2
Industry	9.8	9.7	12.2	9.7	4.4	9.2	7.6	7.8	2.4	4.5	6.1
Services	8.1	10.9	10.1	10.3	10.0	10.5	9.7	6.6	8.0	9.1	10.2
Real GDPmp	7.9	9.3	9.3	9.8	3.9	8.5	10.3	6.6	5.1	6.9	7.4
Consumption	5.0	8.7	7.7	9.4	7.7	8.4	8.2	8.9	4.9	6.5	7.6
Pvt Consumption	5.2	8.5	8.5	9.4	7.2	7.4	8.7	9.3	5.5	6.2	7.1
Govt. Consumption	4.0	8.9	3.8	9.6	10.4	13.9	5.8	6.9	1.7	8.2	10.0
Gross Fixed Capital Formation	24.0	16.2	13.8	16.2	3.5	7.7	11.0	12.3	-0.3	3.0	4.1
Ratios to GDP at current prices (%)											
Consumption	70.1	69.2	68.0	67.2	68.6	69.1	67.5	68.8	68.7	68.4	68.5
Gross Capital Formation	32.5	34.3	35.9	38.0	35.5	36.3	36.5	38.2	37.2	33.4	33.0
Gross Domestic Savings	32.4	33.4	34.6	36.8	32.0	33.7	33.7	33.0	31.1	30.6	
IIP-General (Base 2004-05)	11.7	8.6	12.9	15.5	2.5	5.3	8.2	2.9	1.1	-0.1	2.8
Mining	4.4	2.3	5.2	4.6	2.6	7.9	5.2	-2.0	-2.3	-0.8	1.4
Manufacturing	13.2	10.3	15.0	18.4	2.5	4.8	9.0	3.0	1.3	-0.8	2.3
Electricity	5.1	5.2	7.3	6.4	2.8	6.1	5.5	8.2	4.0	6.1	8.4
Money & Banking (end March)											
Money Supply(M3)	12.3	21.2	21.3	21.4	19.3	16.9	16.1	12.9	13.6	13.5	11.1
Bank Credit Growth	26.2	38.0	28.1	22.3	17.5	16.9	21.5	17.0	14.1	14.3	9.5
Deposit Growth	10.8	23.4	23.8	22.4	19.9	17.2	15.9	13.4	14.3	14.6	11.4
SLR Investments	6.8	-0.7	10.3	22.8	20.0	18.7	8.4	15.7	15.4	10.7	13.2
Credit-Deposit Ratio (%)	63.9	71.5	73.9	73.9	72.4	72.2	75.7	78.1	78.0	77.7	76.5
Investment-Deposit Ratio (%)	42.3	34.0	30.3	30.4	30.4	30.8	28.8	29.4	29.7	28.7	29.2
Cash-Deposit Ratio (%)	7.0	6.6	7.5	8.6	6.7	6.8	6.7	6.1	4.8	4.7	5.0
Policy Rates (%) (end March)											
Repo Rate (%)	6.0	6.5	7.8	7.8	5.0	5.0	6.8	8.5	7.5	8.0	7.5
Reverse Repo (%)	4.8	5.5	6.0	6.0	3.5	3.5	5.8	7.5	6.5	7.0	6.5
CRR (%)	5.0	5.0	6.0	7.5	5.0	5.8	6.0	4.8	4.0	4.0	4.0
SLR (%)	25.0	25.0	25.0	25.0	24.0	25.0	24.0	24.0	23.0	23.0	21.5
Inflation											
WPI (Avg.) Base 2004-05	6.5	4.4	6.5	4.8	8.1	3.6	9.9	8.8	7.4	5.9	2.0
CPI-IW (Avg.) Base 2001*	3.8	4.4	6.7	6.2	9.1	12.4	10.5	8.4	10.4	9.7	6.0
Centre's Gross Fiscal Deficit	3.9	4.0	3.3	2.5	6.0	6.5	4.9	5.7	4.8	4.6	4.0
Revenue deficit	2.4	2.5	1.9	1.1	4.5	5.2	3.3	4.4	3.6	3.3	2.9
Primary deficit	0.0	0.4	-0.2	-0.9	2.6	3.2	1.8	2.7	1.8	1.3	0.8
States' Fiscal Deficit	3.2	2.3	1.7	1.7	2.4	2.9	2.1	1.9	2.3	2.2	2.3
Combined Fiscal Deficit(Centre+ state)	7.1	6.3	5.0	4.3	8.4	9.4	7.0	7.6	7.1	6.9	6.3
Centre's Outstanding Liabilities	65.5	63.9	61.4	58.9	58.6	56.3	52.1	51.7	51.7	50.9	49.8
Centre's External Debt	1.9	2.6	2.4	2.2	2.2	2.1	2.0	1.9	1.8	1.6	1.5
General Govt. Gross Liabilities	92.8	92.3	88.0	83.5	70.6	70.6	65.6	65.3	65.2	65.3	64.9
External Sector											
Merchandise Exports	28.5	23.4	22.6	28.9	13.8	-3.5	37.3	20.9	-1.0	3.9	-0.6
Merchandise Imports	48.6	32.1	21.4	35.1	19.8	-2.6	26.8	32.2	0.5	-7.2	-1.1
Trade Deficit (US\$bn)	-33.7	-51.9	-61.8	-91.5	-119.5	-118.2	-130.6	-189.8	-195.7	-147.6	-144.2
Invisibles Earnings	29.9	29.0	27.7	30.0	12.7	-2.6	21.3	10.6	2.2	4.1	1.6
Invisibles Payments	49.0	24.5	30.7	17.3	4.2	9.4	36.2	-5.3	8.3	1.3	1.9
Net Invisibles (US\$bn)	31.2	42.0	52.2	75.7	91.6	80.0	84.6	111.6	107.5	115.2	116.7
Current Account Balance (US\$bn)	-2.5	-9.9	-9.6	-15.7	-27.9	-38.2	-45.9	-78.2	-88.2	-32.4	-27.5
Current Acc. Bal. as % to GDP	-0.4	-1.2	-1.0	-1.3	-2.3	-2.8	-2.7	-4.2	-4.8	-1.7	-1.3
Capital & Financial Account (US\$bn)	28.0	25.5	45.2	106.6	7.4	51.6	62.0	67.8	89.3	48.8	28.1
Foreign Assets Reserves (US\$bn)	141.5	151.6	199.2	309.7	252.0	279.1	304.8	294.4	292.6	303.7	341.4
Forex Cover to Imports (in months)	14.3	11.6	12.5	14.4	9.8	11.1	9.6	7.2	7.0	7.8	8.9
Gross External Debt (US \$bn)	133.0	139.1	172.4	224.4	224.5	260.9	317.9	360.8	409.4	440.6	475.8
Gross External Debt (as % to GDP)	18.4	16.7	18.2	18.1	18.3	19.1	18.6	19.6	22.3	23.5	23.2
Exchange rate											
US\$/INR-annual average	45.0	44.3	45.3	40.2	45.9	47.4	45.6	47.9	54.5	60.5	61.1
Depreciation (% y/y)	-2.1	-1.5	2.3	-11.1	14.1	3.3	-3.9	5.1	13.7	11.0	1.1

&: At basic prices from 2012-13 under new series; \$Provisional Estimates for FY14;

Source: CSO, RBI, CGA, Ministry of Commerce, Ministry of Finance, CMIE

*For 2014-15, CPI is based on 2011-12 series.

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