

Domestic economy strengthening; external facing headwinds

While domestic economic activity continues to show signs of improvement in the form of CV sales, credit growth, property prices and passenger traffic, external sector is moving the other way. Oil prices have further increased to US\$ 78/bbl and is hurting the INR. FPI outflows continue as macro headwinds impact allocation into India. On the other hand, fixed income markets have out-performed Asian peers. RBI's purchase of domestic bonds is likely to support Indian yields in the near-term.

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External sector vulnerable: INR has been under-performing in CY18 compared to other Asian peers as rising oil prices and FPI outflows are hurting the currency. Notably, international oil prices are up by 16% in CY18 and further increase in oil prices will put pressure on INR. Indian fixed income market has out-performed Asian peers in CY18. Given the need for RBI to undertake OMOs for injecting liquidity, we believe 10-year yield is unlikely to sustain above 7.8%. On a fundamental basis, positive real rates and expected decline in inflation from Q2FY19 should also help the bond market.

Domestic demand strengthening: Domestic activity is showing signs of further improvement in Apr'18. Air passenger, rail freight, CV sales, property prices and financial services indicators are showing steady up-tick. On the other hand, port cargo volumes suggest external trade is decelerating in Apr'18 as was the case in Mar'18. While the IIP growth has temporarily moderated to 4.3% in FY18 compared with 4.6% in FY18, we expect demand led recovery to sustain in FY19 on the back of efforts by state and central government to improve farm incomes. Both services and manufacturing PMI in Apr'18 has seen an increase. The improvement in credit off-take is positive for overall economic activity in FY19. As also likely increase in farm prices from kharif season.

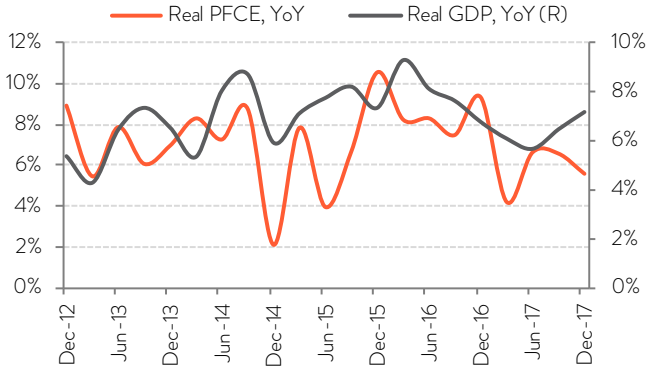
State finances improving: The pick-up in domestic activity is showing up in higher revenue receipts of state governments and resulting in higher revenue spending. Capital spending remains stagnant, although much better than decline seen earlier. State government spending is likely to receive a boost in Q1FY19 from the front-loaded borrowing program. In addition, the stagnant capital spending by states was on the back of required reduction in fiscal deficit (2.7% in FYTD18). The improvement in GST collections in Mar'18 also bodes well for the fiscal position of states and centre.



Consumption

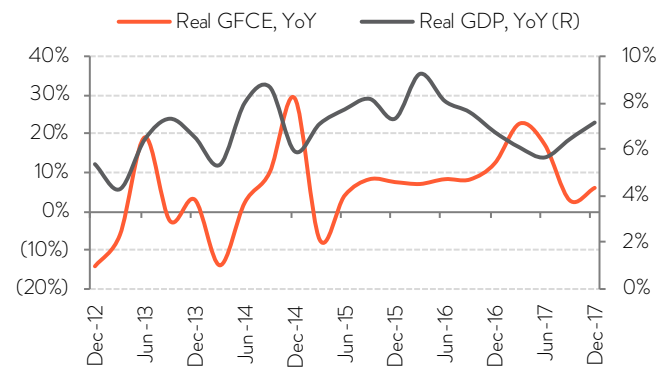
Final consumption expenditure

FIG 1 – CONSUMPTION REMAINS WEAK



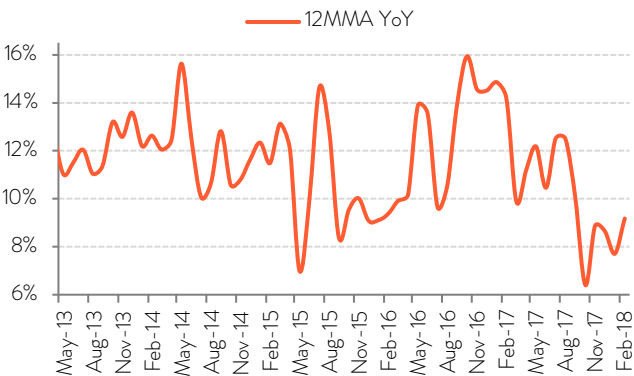
Source: CEIC, Bank of Baroda

FIG 2 – PICK UP IN GOVERNMENT CONSUMPTION



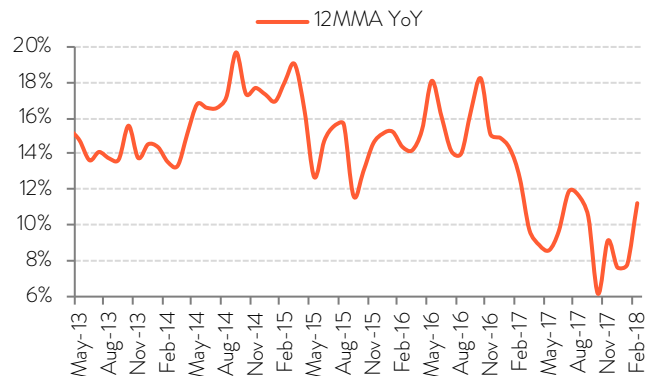
Source: CEIC, Bank of Baroda

FIG 3 – IMPROVEMENT IN GENERAL GOV REVENUE SPENDING



Source: CEIC, Bank of Baroda

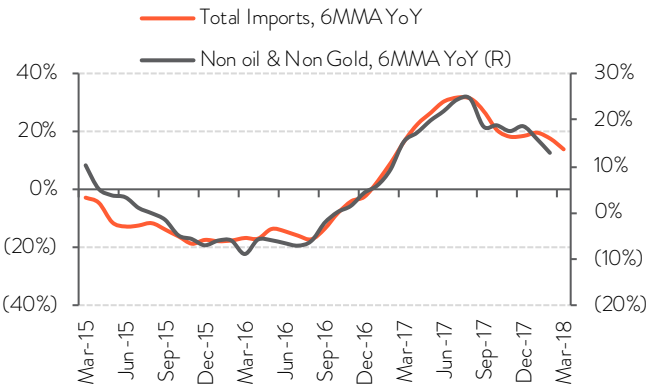
FIG 4 – UPTICK IN STATE GOV SPENDING



Source: CEIC, Bank of Baroda | *All states excluding Arunachal Pradesh, Nagaland, Tripura, and Goa

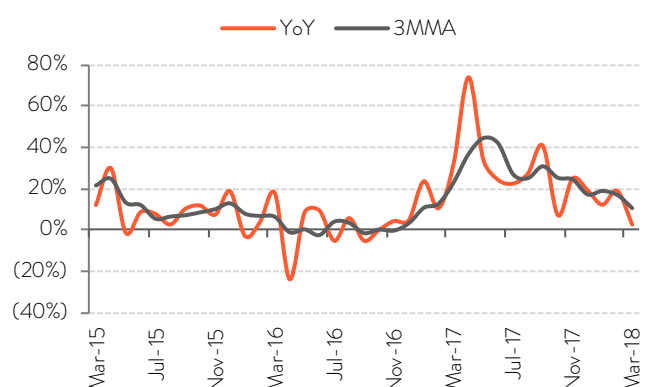
Non-oil imports, electronic imports

FIG 5 – NON-OIL-NON-GOLD IMPORTS SLOWING



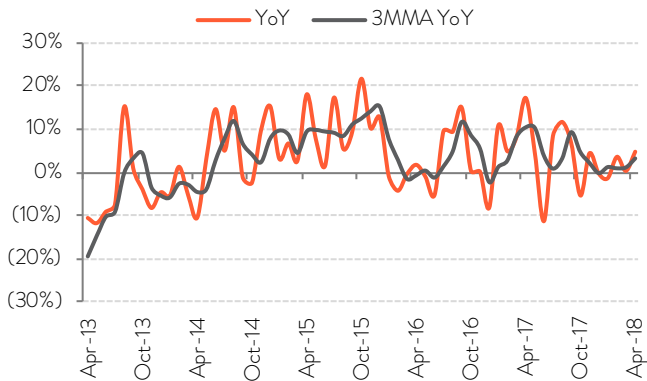
Source: CEIC, Bank of Baroda

FIG 6 – SIMILAR TREND IN ELECTRONIC IMPORTS



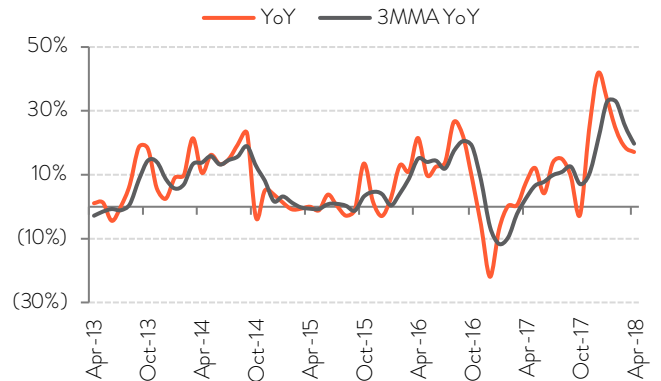
Source: CEIC, Bank of Baroda

FIG 7 – STEADY GROWTH IN PASSENGER CAR SALES...



Source: CEIC, Bank of Baroda

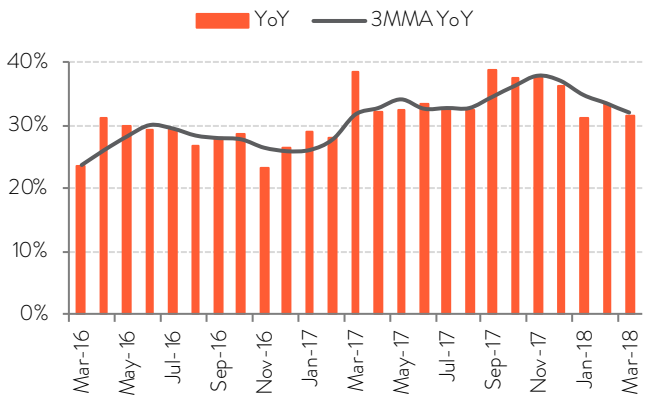
FIG 8 – ...BUT TWO-WHEELER SALES HAS BEEN SEEING A DOWNTURN FOR THE LAST TWO MONTHS



Source: CEIC, Bank of Baroda

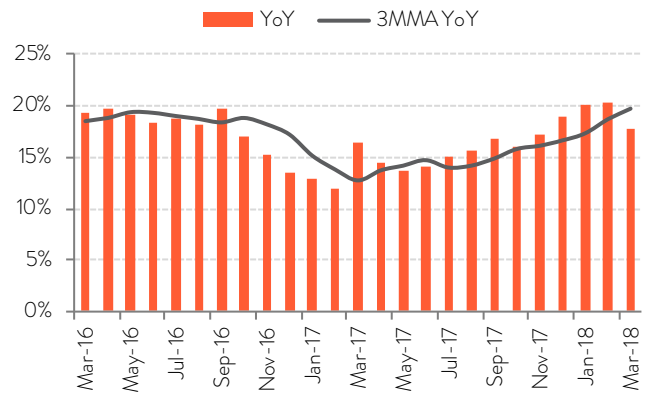
Credit deployment of personal loans

FIG 9 – DOWNWARD BLIP IN CREDIT CARD OUTSTANDING



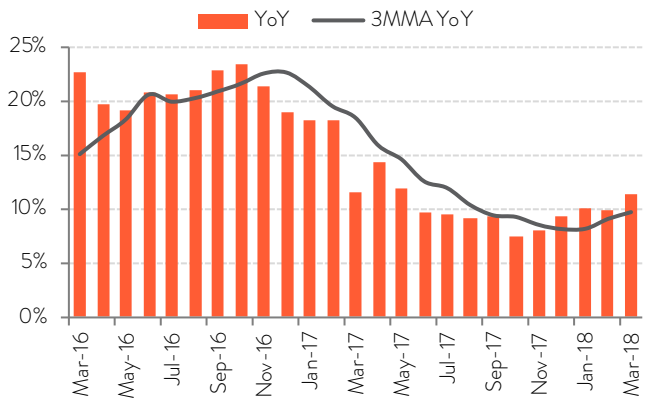
Source: CEIC, Bank of Baroda

FIG 10 – PERSONAL LOANS GROWING AT A STEADY PACE



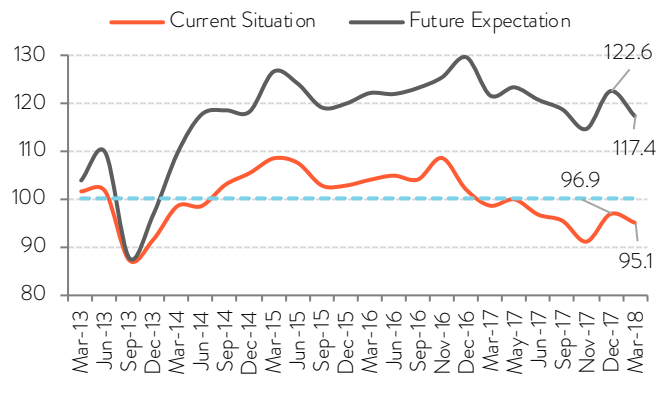
Source: CEIC, Bank of Baroda

FIG 11 – VEHICLE LOANS INCHING UP



Source: CEIC, Bank of Baroda

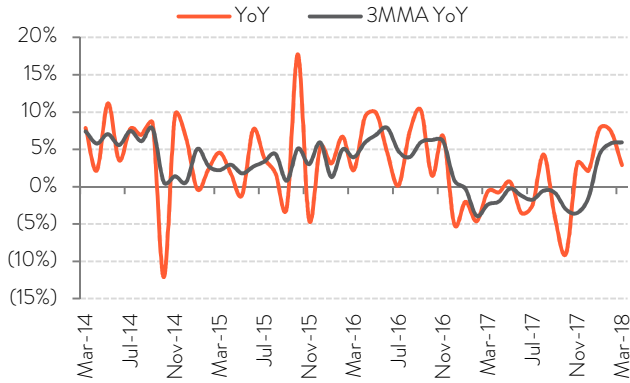
FIG 12 – CONSUMER CONFIDENCE WEAKENS



Source: CEIC, Bank of Baroda

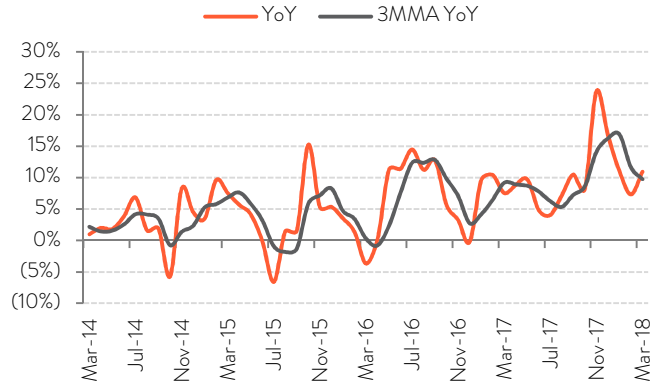
Consumer durables & non-durables production

FIG 13 – CONSUMER DURABLES OUTPUT DE-ACCELERATES



Source: CEIC, Bank of Baroda

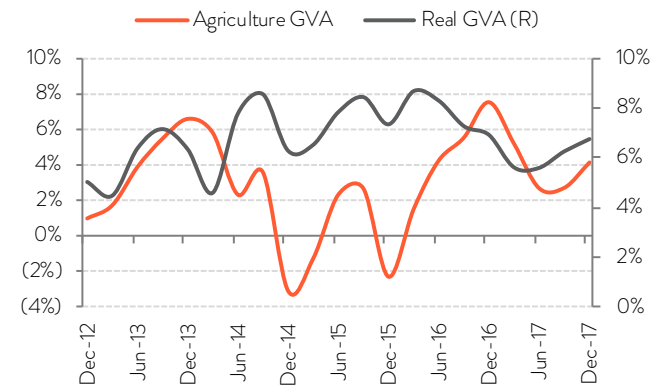
FIG 14 – ...FMCG OUTPUT CONTINUES TO DECLINE



Source: CEIC, Bank of Baroda

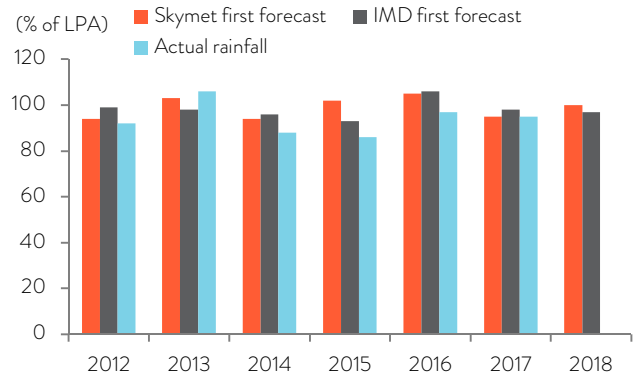
Agriculture

FIG 15 – IMPROVEMENT IN AGRICULTURE GROWTH



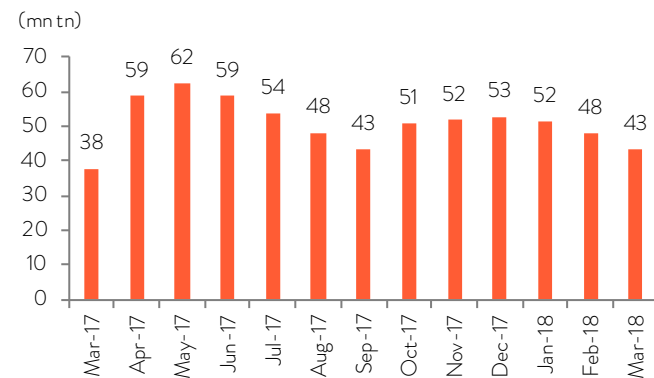
Source: CEIC, Bank of Baroda

FIG 16 – SKYMET FORECASTS 100% NORMAL MONSOON IN 2018



Source: Skymet, IMD, Bank of Baroda

FIG 17 – STOCK OF FOODGRAINS STILL HIGHER AT 43 MN TN IN MAR'18 COMPARED TO 38 MN TN IN MAR'17



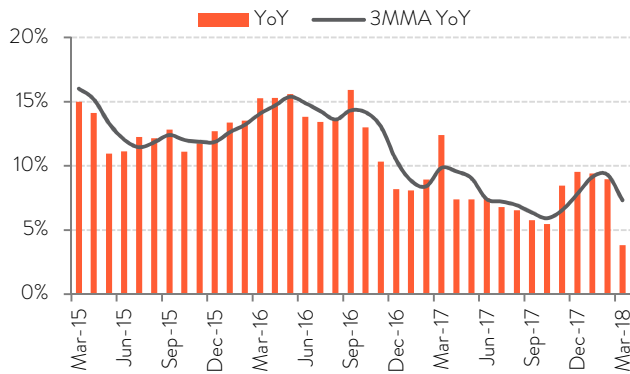
Source: CEIC, Bank of Baroda

FIG 18 – RICE PROCUREMENT IS HIGHER THAN WHEAT

Year	Procurement of Wheat as a % of Production	Procurement of Rice as a % of Production
2010-11	25.92	35.63
2011-12	29.86	33.28
2012-13	40.80	32.35
2013-14	26.18	29.86
2014-15	32.39	30.38
2015-16	30.43	32.77
2016-17	23.34	34.60
2017-18	31.74	28.16*

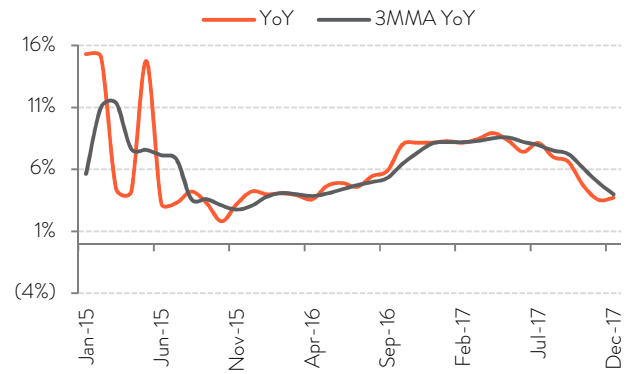
Source: Ministry of Consumer Affairs, Food and Public Distribution, Bank of Baroda
*As on: 2 Apr 2018

FIG 19 – AGRICULTURE CREDIT IS SHOWING A DOWNWARD BLIP IN MAR'18



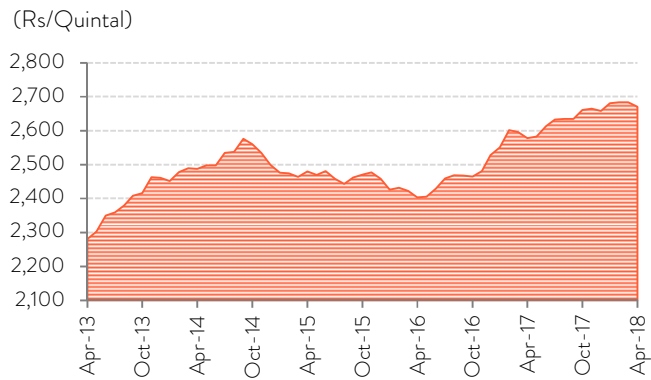
Source: CEIC, Bank of Baroda

FIG 20 – DECLINE IN AGRICULTURE WAGES (MEN)



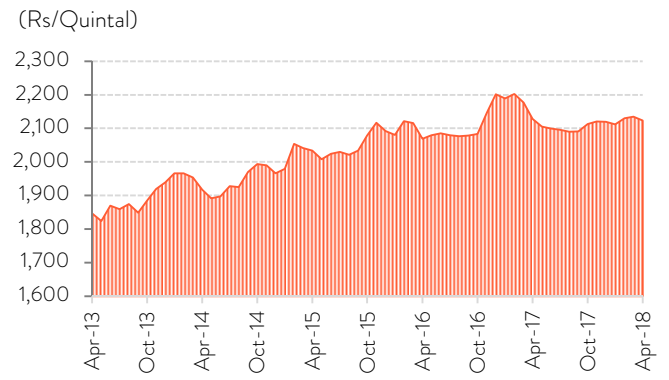
Source: CEIC, Bank of Baroda

FIG 21 – WHOLESALE PRICE OF RICE STABLE



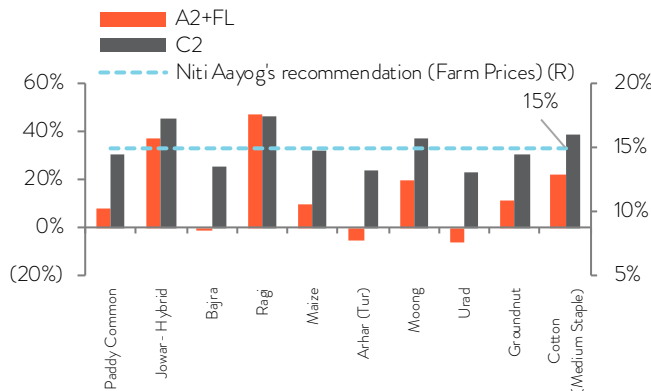
Source: CEIC, Bank of Baroda

FIG 22 – WHOLESALE PRICE OF WHEAT MODERATES IN APR'18



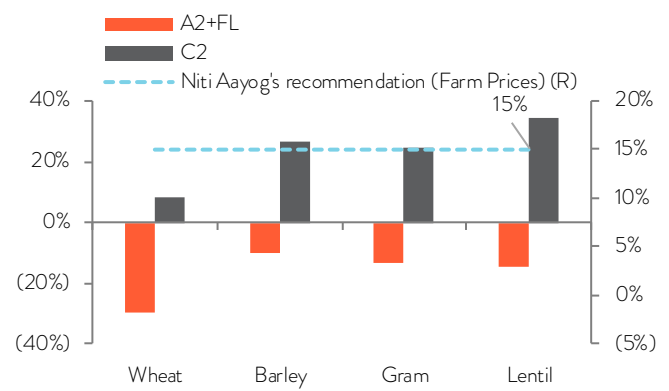
Source: CEIC, Bank of Baroda

FIG 23 – PROJECTED MSP DIFFERENTIAL FROM ACTUAL MSP (KHARIF)



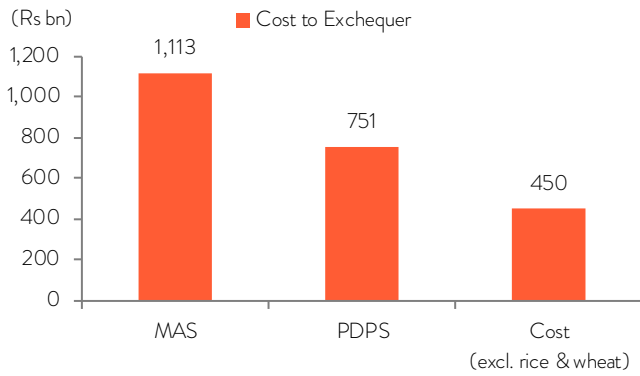
Source: CACP, Bank of Baroda | A2+FL: Actual paid out cost + imputed value of family labour, C2: Comprehensive cost. Farm Prices will improve by 15% based on combination of hike in cost of prod as announced in budget and replacement of FHP to MSP level.

FIG 24 – PROJECTED MSP DIFFERENTIAL FROM ACTUAL MSP (RABI)



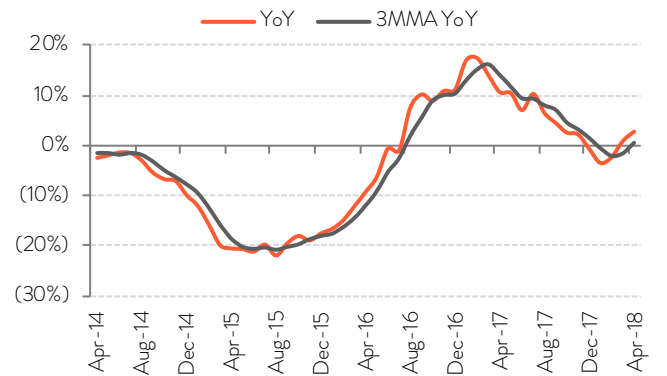
Source: CEIC, Bank of Baroda | A2+FL: Actual paid out cost + imputed value of family labour, C2: Comprehensive cost. Farm Prices will improve by 15% based on combination of hike in cost of prod as announced in budget and replacement of FHP to MSP level.

FIG 25 – COST TO EXCHEQUER BASED ON SCHEMES PROPOSED BY NITI AAYOG



Source: CEIC, Bank of Baroda, MAS: Market Assurance Scheme, PDPS: Price deficiency and payment scheme

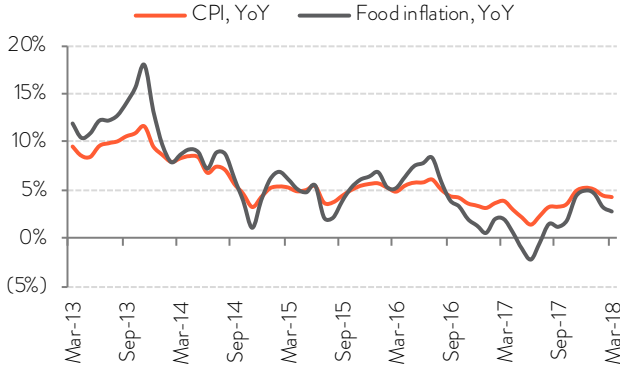
FIG 26 – GLOBAL FOOD PRICES IS UP BY 2.7% IN APR'18



Source: CEIC, Bank of Baroda

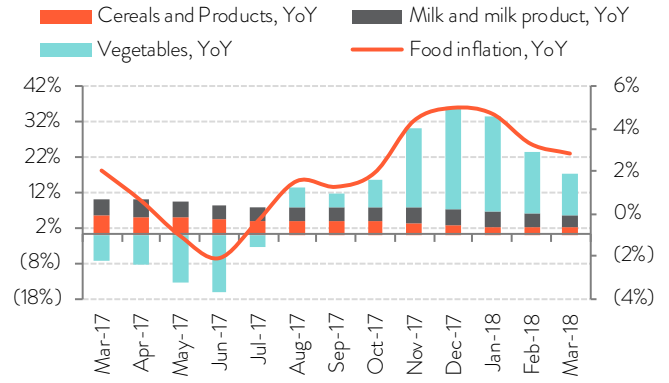
Inflation

FIG 27 – RETAIL INFLATION EDGED DOWN MARGINALLY TO 4.3% FROM 4.4% IN FEB'18...



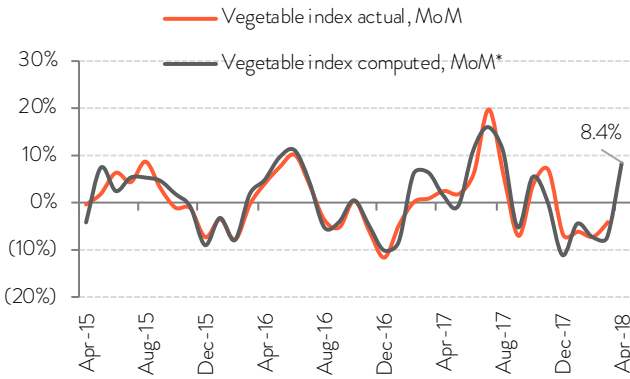
Source: CEIC, Bank of Baroda

FIG 28 – ...LED BY FOOD ESPECIALLY VEGETABLES



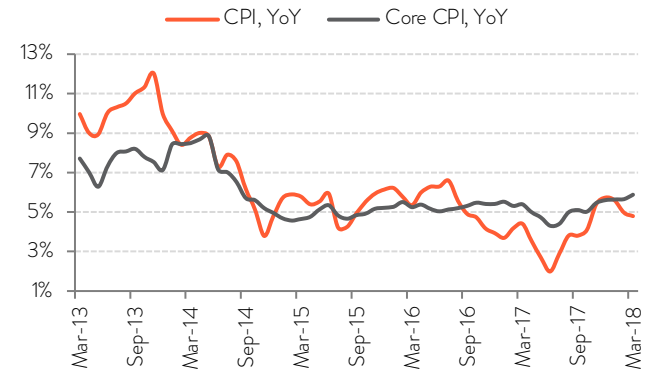
Source: CEIC, Bank of Baroda

FIG 29 – COMPUTED VEGETABLE INFLATION SEEN SHOOTING UP TO 8.4% IN APR'18



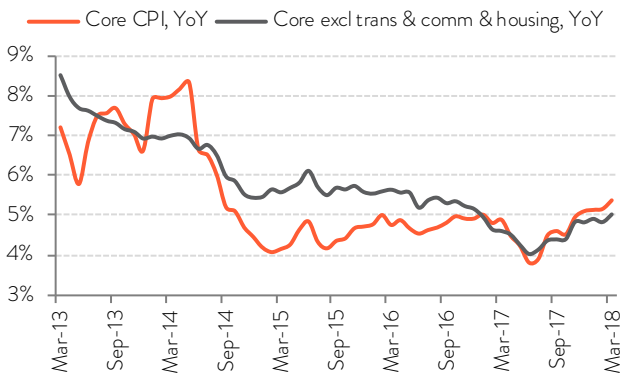
Source: CEIC, Bank of Baroda | *Vegetable index computed using average retail price of major vegetables

FIG 30 – CORE INFLATION EDGED UPTO 5.3% IN MAR'18 VS 5.1% IN FEB'18...



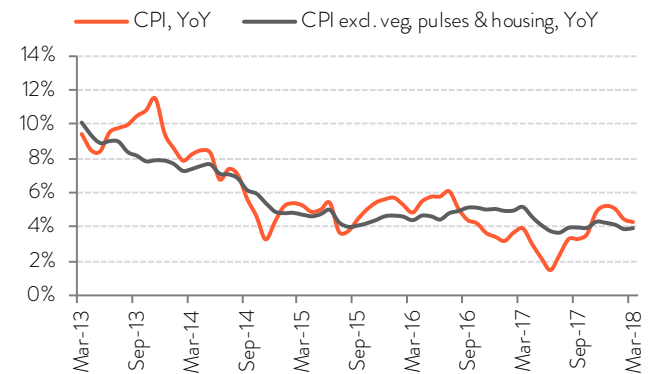
Source: CEIC, Bank of Baroda

FIG 31 – ...CORE EXCL VOLATILE ITEMS ALSO FIRMED UP



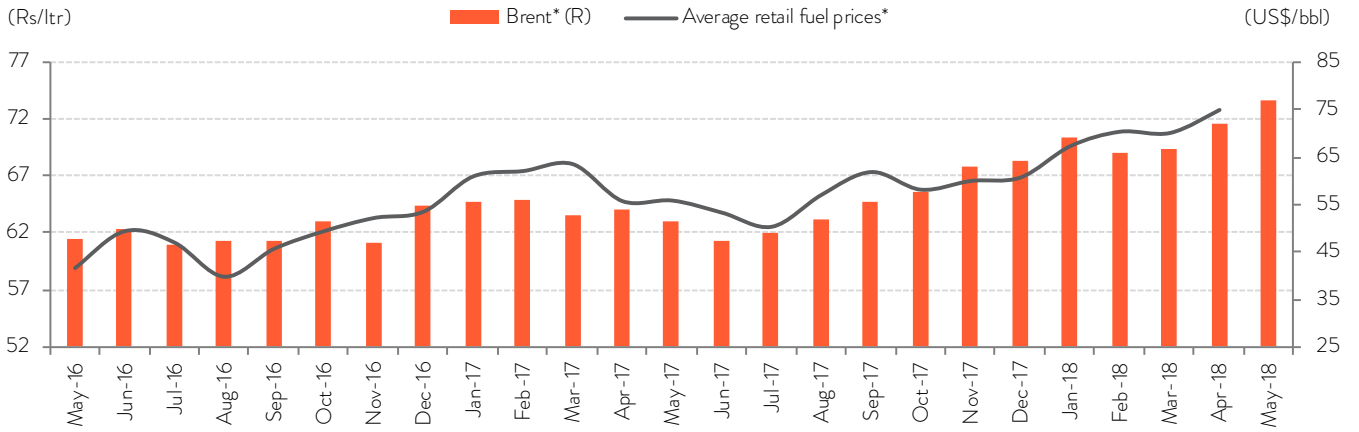
Source: CEIC, Bank of Baroda

FIG 32 – CPI EXCL VEG, PULSES AND HOUSING FELL IN MAR'18



Source: CEIC, Bank of Baroda

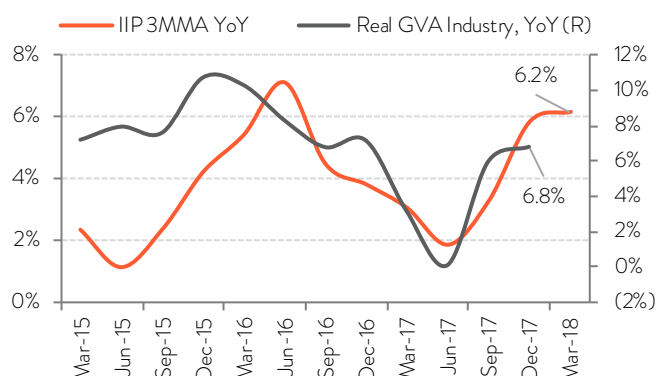
FIG 33 – PASS THROUGH OF HIGHER CRUDE PRICES VISIBLE, AS AVERAGE RETAIL PRICE SHOOT UP IN APR'18



Source: CEIC, Bank of Baroda

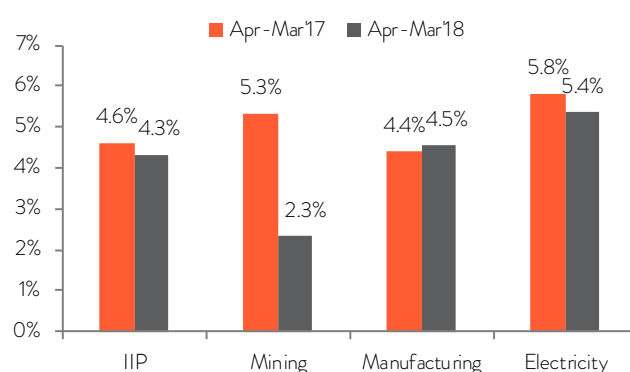
Industry

FIG 34 – INDUSTRIAL OUTPUT IMPROVING...



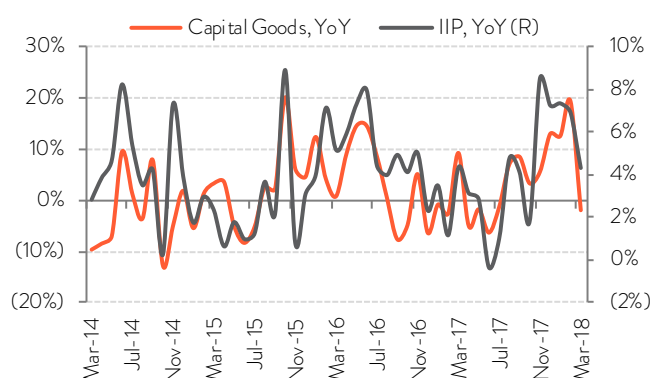
Source: CEIC, Bank of Baroda

FIG 35 – ...THOUGH STILL LOWER ON FYTD BASIS



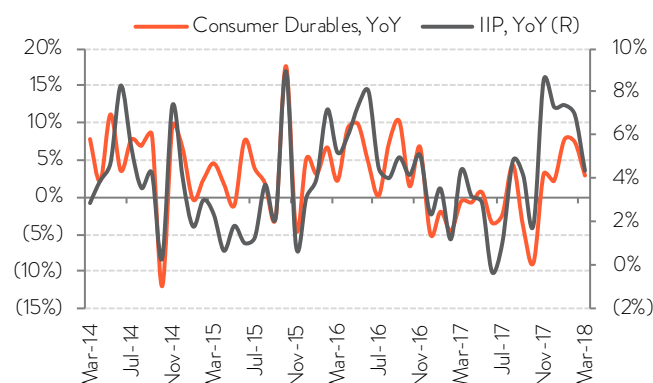
Source: CEIC, Bank of Baroda

FIG 36 – CAP GOODS PUSHED IIP DOWNWARDS AS IT DECLINED BY (-)1.9% IN MAR VS 9.4% IN FEB'18



Source: CEIC, Bank of Baroda

FIG 37 – CONSUMER DURABLE GOODS DOING THE SAME



Source: CEIC, Bank of Baroda

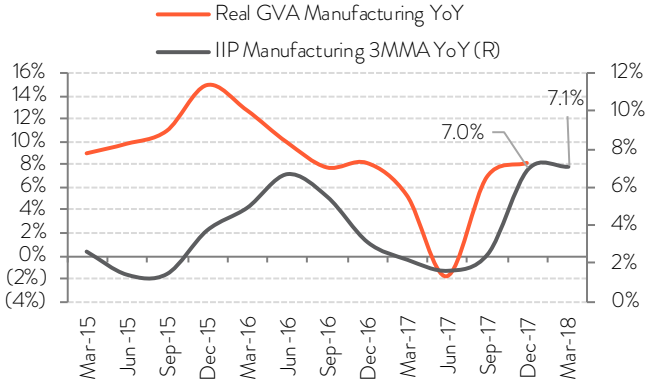
FIG 38 – INDUSTRIAL PRODUCTION COOLS OFF TO 4.3% IN FY'18

Sectoral (%)	Weight	Apr-Mar'17	Apr-Mar'18	Mar-17	Feb-18	Mar-18
IIP	100.0	4.6	4.3	4.4	7.1	4.4
Mining	77.6	5.3	2.3	10.1	(0.3)	2.8
Manufacturing	14.4	4.4	4.5	3.3	8.7	4.4
Electricity	8.0	5.8	5.4	6.2	4.5	5.9
Use-Based						
Primary Goods	34.1	4.9	3.7	5.8	3.7	2.9
Capital Goods	8.2	3.2	4.4	9.4	20	(1.8)
Intermediate Goods	17.2	3.3	2.2	3.1	3.3	2.1
Infrastructure and Construction Goods	12.3	3.9	5.5	1.1	12.6	8.8
Consumer Durables Goods	12.8	2.9	0.6	(0.6)	7.9	2.9
Consumer Non-Durables Goods	15.3	7.9	10.3	7.5	7.4	10.9

Source: CEIC, Bank of Baroda

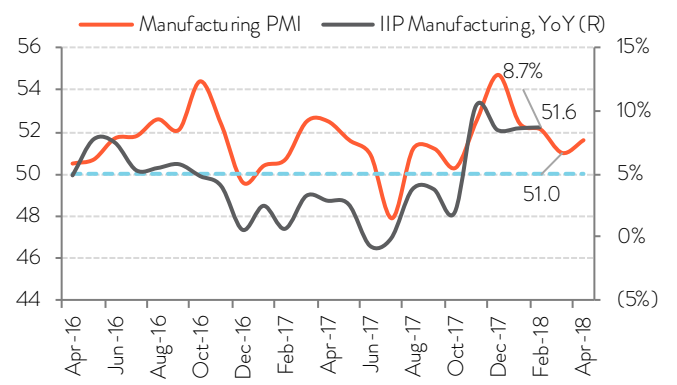
Manufacturing

FIG 39 – MANUFACTURING ACTIVITY SHOWS AN UPTICK IN FEB'18



Source: CEIC, Bank of Baroda

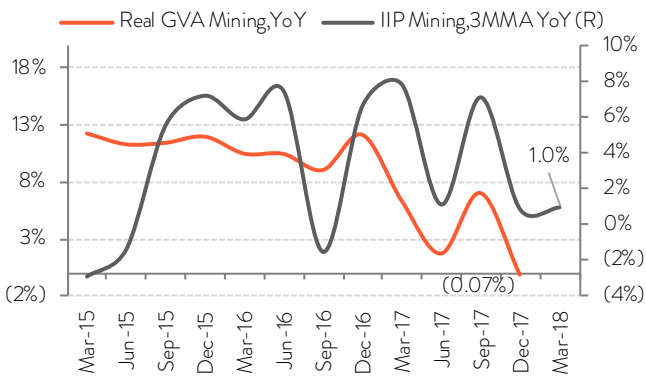
FIG 40 – UPTREND IN MANUFACTURING PMI IN APR'18



Source: CEIC, Markit, Bank of Baroda

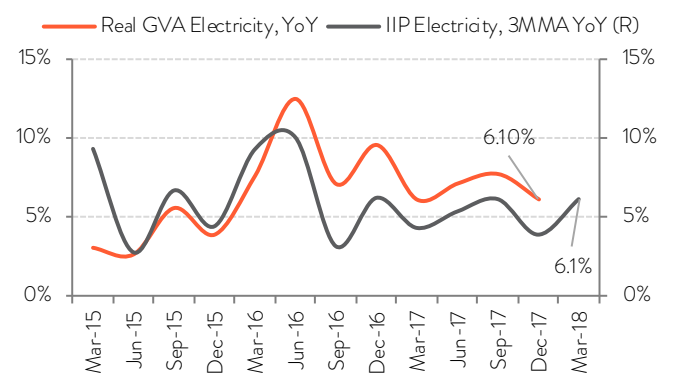
Mining & Electricity

FIG 41 – MINING ACTIVITY NOT SHOWING MUCH IMPROVEMENT IN Q4



Source: CEIC, Bank of Baroda

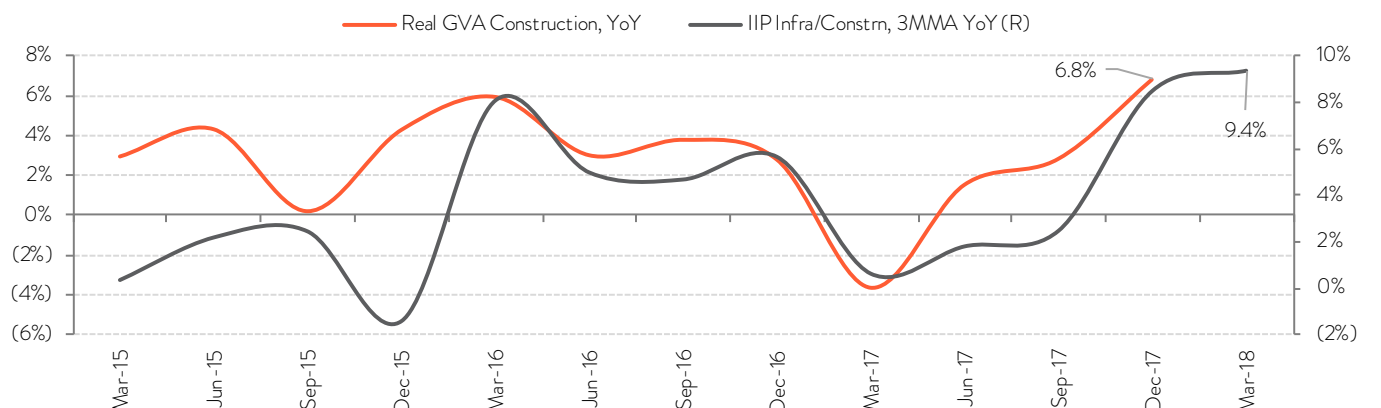
FIG 42 – ELECTRICITY TO IMPROVE IN Q4



Source: CEIC, Bank of Baroda

Infrastructure and Construction

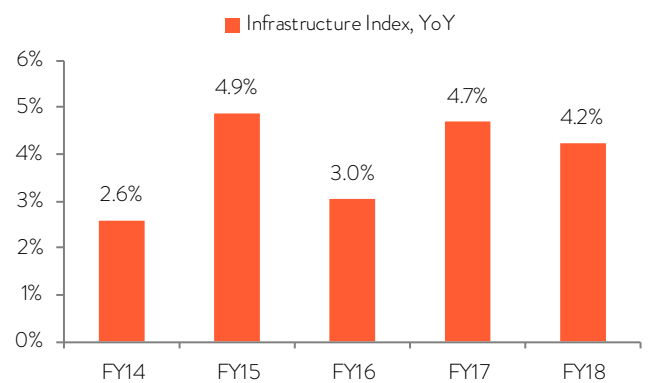
FIG 43 – ROBUST GROWTH IN CONSTRUCTION SECTOR



Source: CEIC, Bank of Baroda

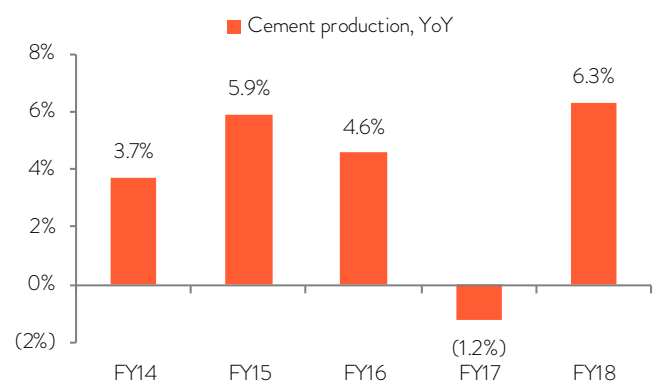
Cement Production and Infrastructure Index

FIG 44 – MARGINAL DIP IN INFRA INDEX IN FY18



Source: CEIC, Bank of Baroda

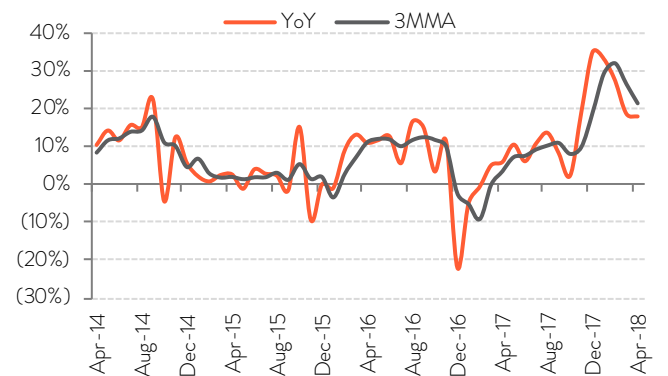
FIG 45 – CEMENT CONTINUES TO POST STRONG NUMBERS IN FY18



Source: CEIC, Bank of Baroda

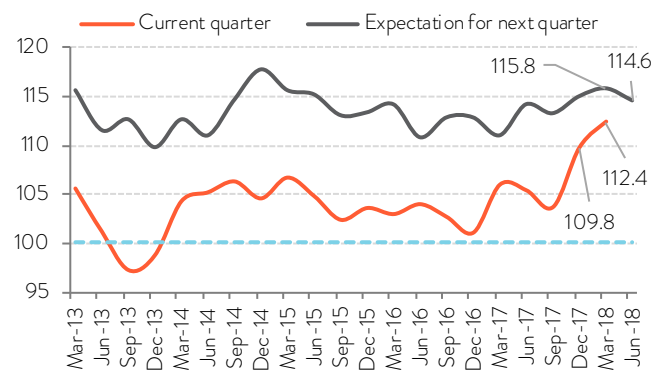
Auto production & Business expectation index

FIG 46 – DECELERATION IN AUTO PRODUCTION



Source: CEIC, Bank of Baroda

FIG 47 – BUSINESS SENTIMENTS REMAIN BLEAK



Source: CEIC, Bank of Baroda

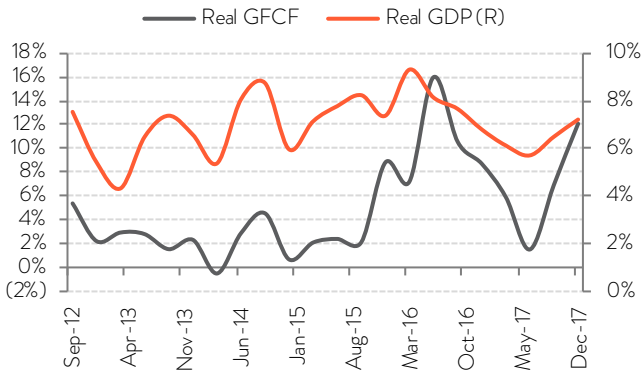
FIG 48 – INFRASTRUCTURE INDEX DIPS

(%)	Weight	Apr-Mar'17	Apr-Mar'18	Mar-17	Feb-18	Mar-18
Infrastructure Index	100	4.8	4.2	5.2	5.3	4.1
Coal	4.16	3.2	2.5	10.6	1.5	9.1
Crude Oil	3.62	(2.5)	(0.9)	0.9	(2.3)	(1.6)
Natural Gas	2.77	(1.0)	2.9	9.6	(1.4)	1.3
Petroleum Refinery Products	11.29	4.9	4.6	2.0	7.9	1.0
Fertilizers	1.06	0.2	0.03	(3.0)	5.2	3.2
Steel	7.21	10.7	5.6	11.0	5.0	4.7
Cement	2.16	(1.2)	6.3	(6.8)	22.9	13.0
Electricity	7.9	5.8	5.2	6.2	4.0	4.5

Source: CEIC, Bank of Baroda

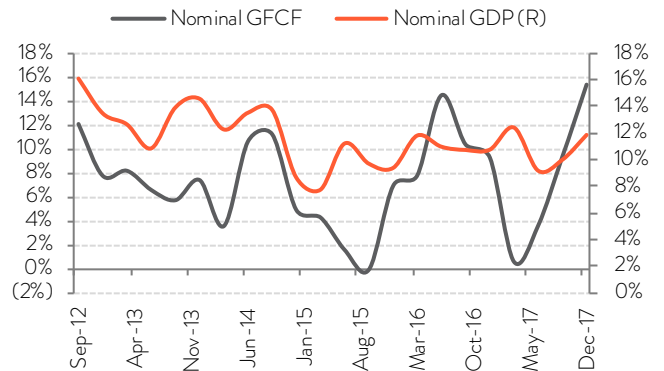
Investment

FIG 49 – REAL GFCF PICKING UP SHARPLY



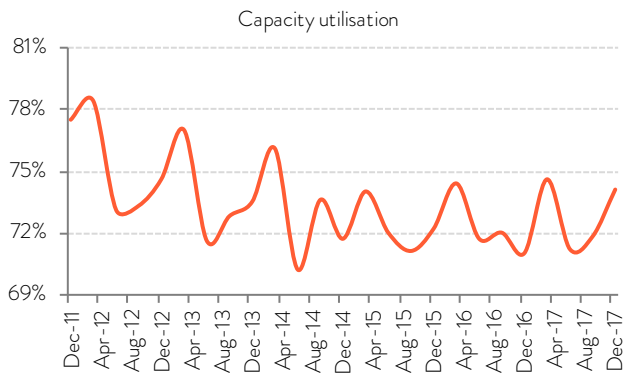
Source: CEIC, Bank of Baroda

FIG 50 – NOMINAL GFCF ALSO SEEN PICKING UP



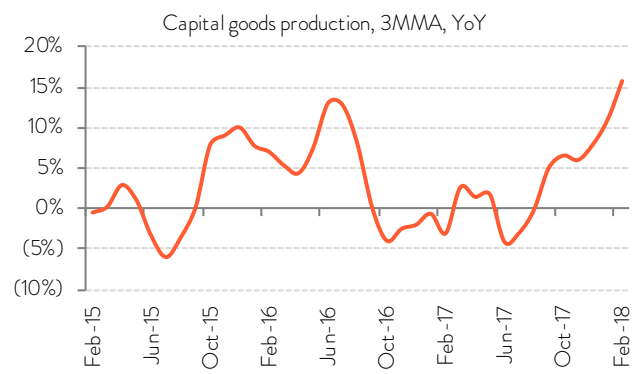
Source: CEIC, Bank of Baroda

FIG 51 – CAPACITY UTILISATION PICKING UP TO 74% IN DEC'17 FROM 71% IN DEC'17



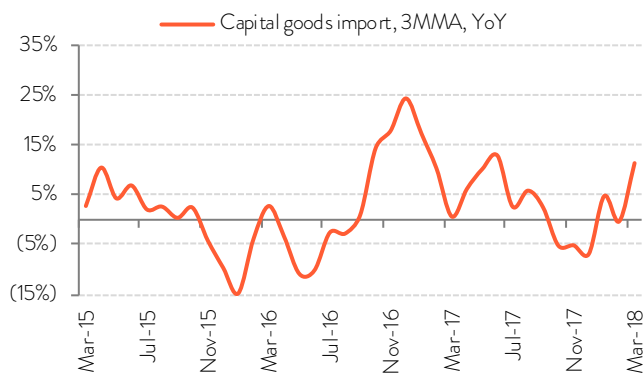
Source: CEIC, Bank of Baroda

FIG 52 – CAPITAL GOODS PRODUCTION NOTING SHARP UPTICK



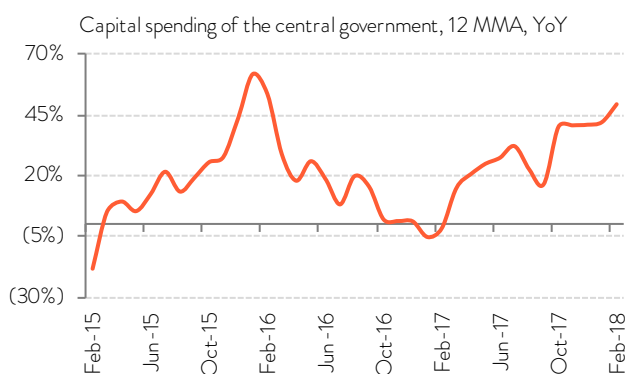
Source: CEIC, Bank of Baroda

FIG 53 – CAPITAL GOODS IMPORT RISING



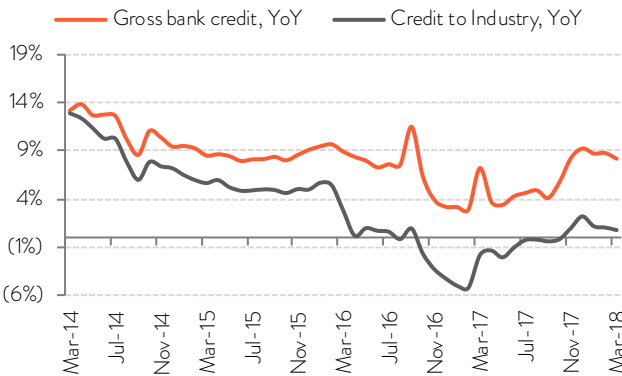
Source: CEIC, Bank of Baroda

FIG 54 – GOVERNMENT'S CAPITAL SPENDING RISING STEADILY IN FEB'18



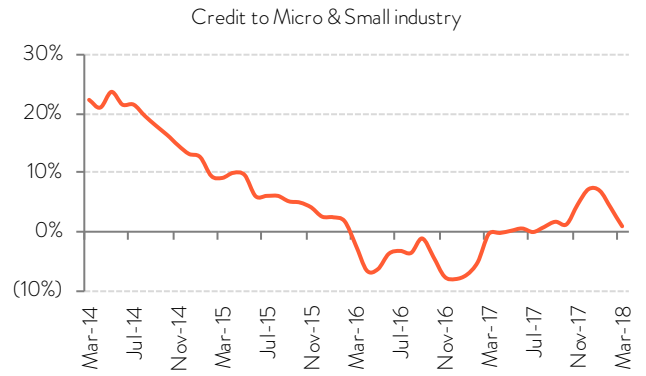
Source: CEIC, Bank of Baroda

FIG 55 – INDUSTRY CREDIT DECLINED MARGINALLY TO 0.7% IN MAR'18 FROM 1% IN FEB'18



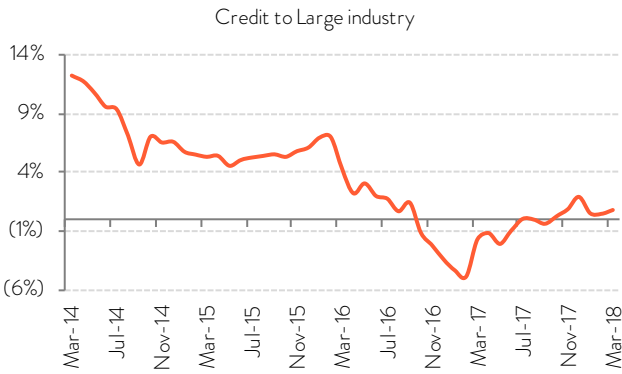
Source: CEIC, Bank of Baroda

FIG 56 – ...LED BY FALL IN CREDIT TO MICRO & SMALL INDUSTRY



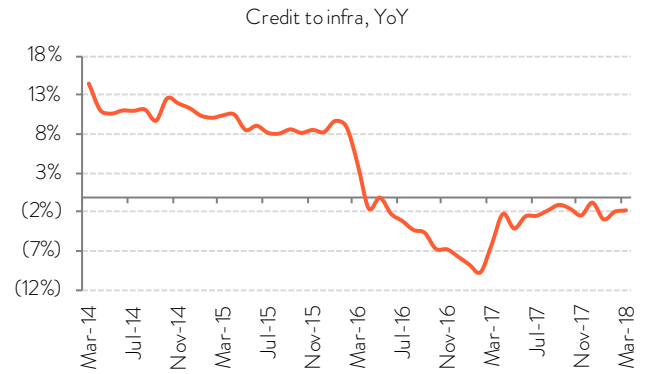
Source: CEIC, Bank of Baroda

FIG 57 – ...HOWEVER, CREDIT TO LARGE INDUSTRY PICKED UP TO 0.9% IN MAR'18 VS 0.4% IN FEB'18



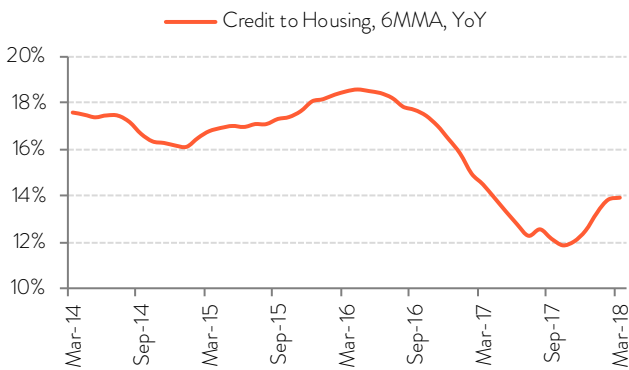
Source: CEIC, Bank of Baroda

FIG 58 – CREDIT TO INFRA TILL IN THE NEGATIVE TERRAIN



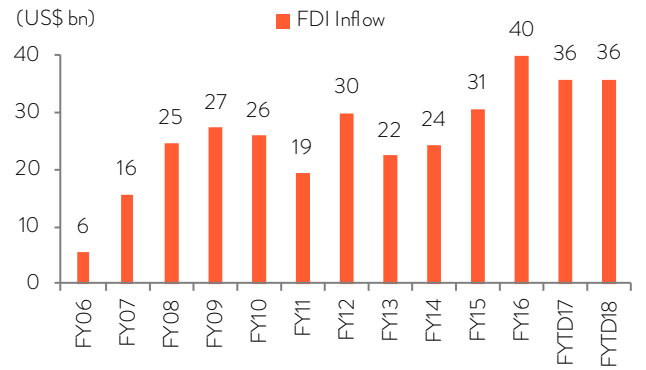
Source: CEIC, Bank of Baroda

FIG 59 – CREDIT TO HOUSING ON 6MMA BASIS NOTING IMPROVEMENT



Source: CEIC, Bank of Baroda

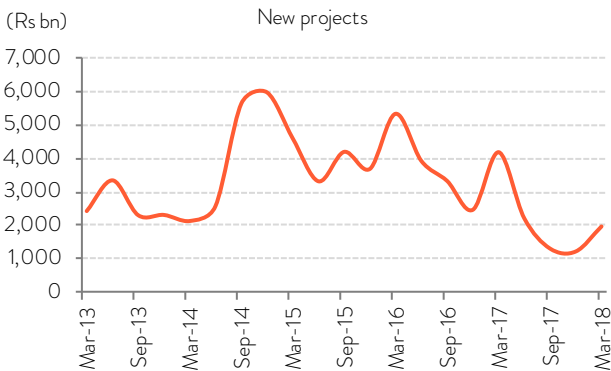
FIG 60 – FDI INFLOW REMAINED STEADY



Source: CEIC, Bank of Baroda

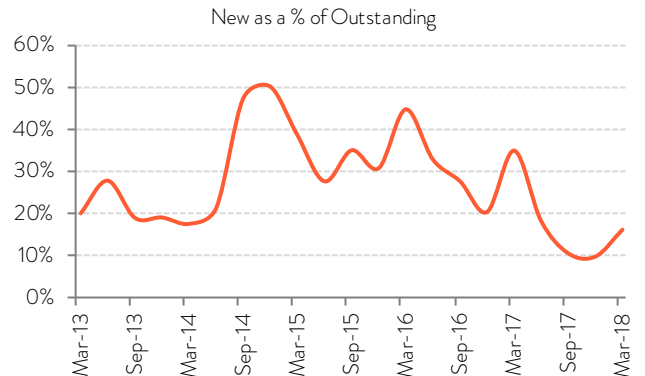
Capex data

FIG 61 – NEW PROJECTS RISING



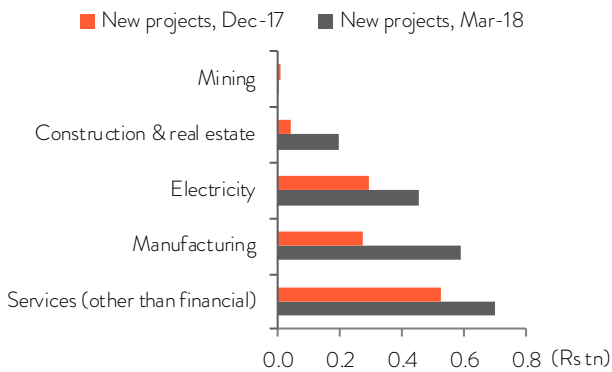
Source: CMIE, Bank of Baroda

FIG 62 – SHARE OF NEW PROJECTS PICKING UP



Source: CMIE, Bank of Baroda

FIG 63 – SERVICES AND MANUFACTURING SECTOR DRIVING NEW PROJECTS



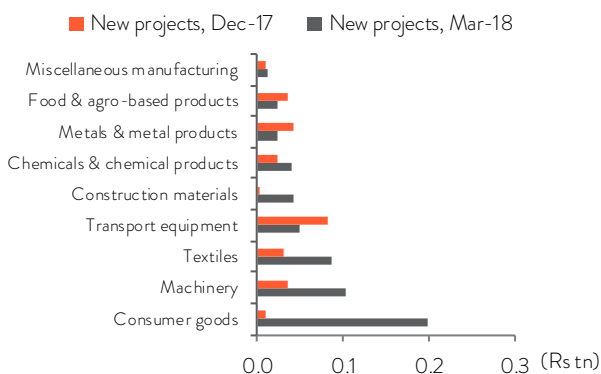
Source: CMIE, Bank of Baroda

FIG 64 – WITHIN SERVICES, NEW PROJECTS IN TRANSPORTATION SECTOR RISING MARKEDLY



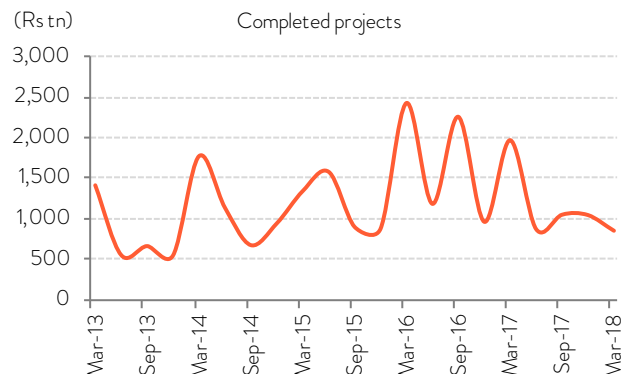
Source: CMIE, Bank of Baroda

FIG 65 – WITHIN MANUFACTURING, NEW PROJECTS IN CONSUMER DURABLES SEGMENT RISING



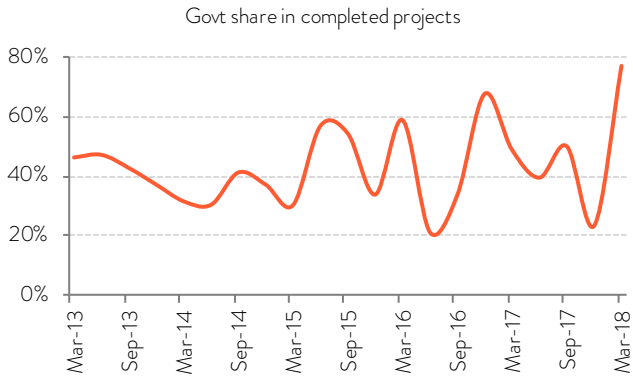
Source: CMIE, Bank of Baroda

FIG 66 – COMPLETED PROJECTS REMAIN ALMOST STABLE



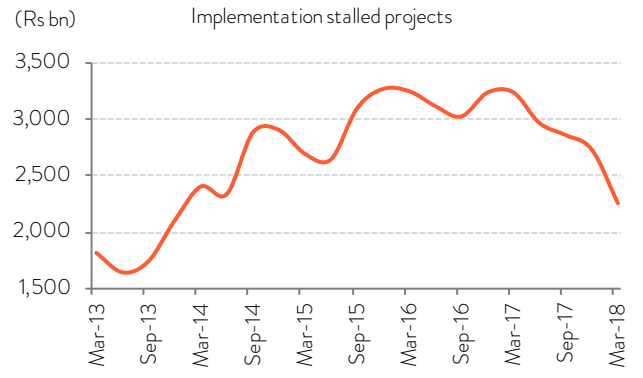
Source: CMIE, Bank of Baroda

FIG 67 – GOV SHARE IN COMPLETED PROJECTS RISING



Source: CMIE, Bank of Baroda

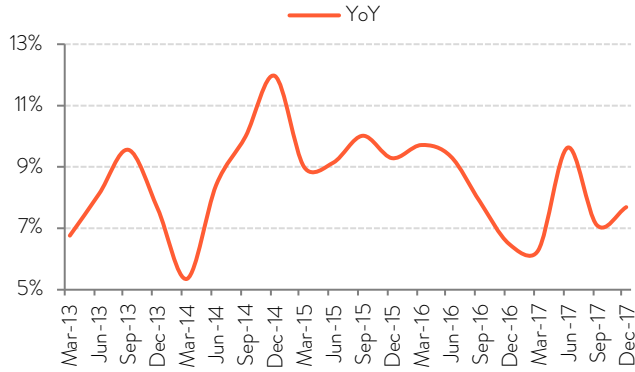
FIG 68 – IMPLEMENTATION OF STALLED PROJECTS DECLINING



Source: CMIE, Bank of Baroda

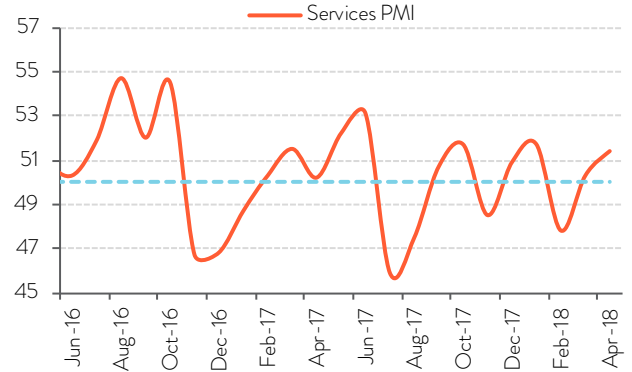
Services sector

FIG 69 – GVA: SERVICES ACTIVITY GROWTH REGAINS MOMENTUM IN Q3FY18



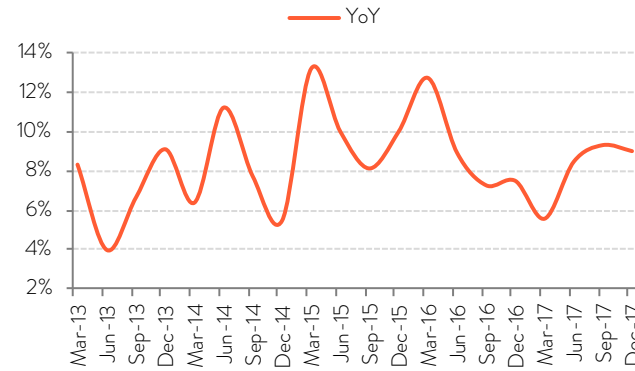
Source: CEIC, Bank of Baroda

FIG 70 – SERVICES PMI ACTIVITY REBOUNDED IN MAR'18



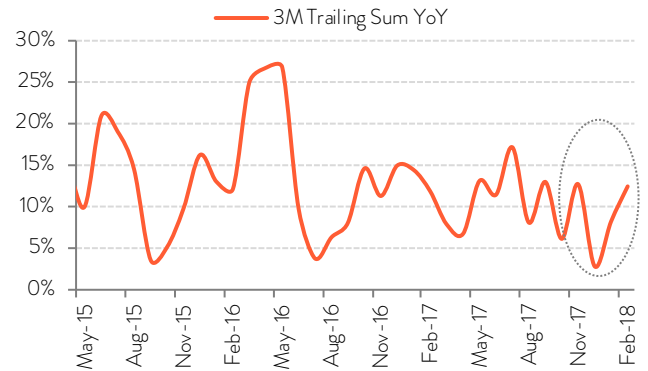
Source: Markit, Bank of Baroda

FIG 71 – GVA: TRADE & RELATED SERVICES GROWTH SLOWED MARGINALLY IN Q3FY18 IN REAL TERMS



Source: CEIC, Bank of Baroda

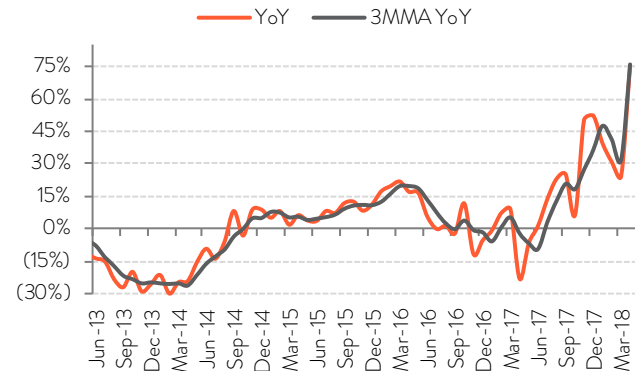
FIG 72 – STATES* REVENUE RECEIPTS CONTINUE TO CONTRIBUTE POSITIVELY IN Q4



Source: CEIC, Bank of Baroda | *All states excluding Arunachal Pradesh, Nagaland, Tripura, and Goa

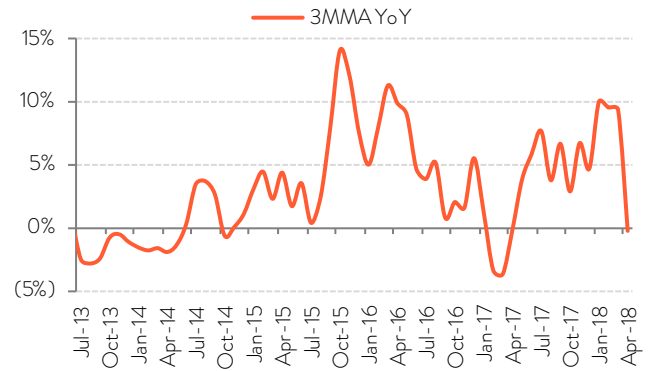
Trade

FIG 73 – COMMERCIAL VEHICLE SALES JUMP SHARPLY IN APR'18



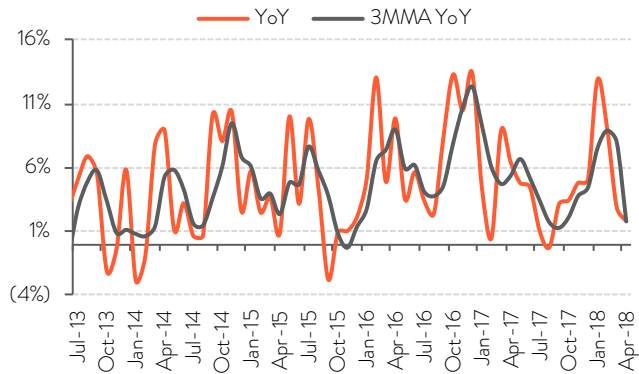
Source: CEIC, Bank of Baroda

FIG 74 – ...BUT DIESEL CONSUMPTION TANKS, OWING TO HIGHER CRUDE OIL PRICES



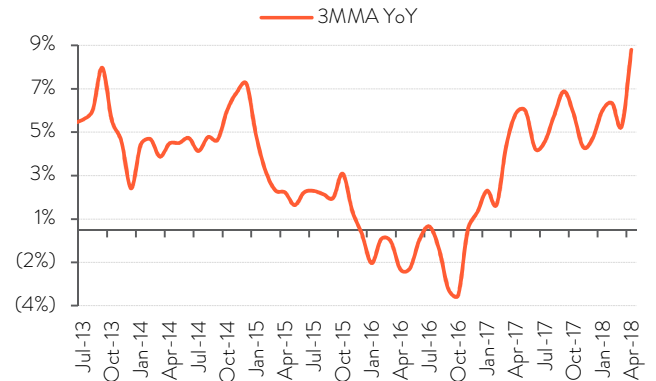
Source: PPAC, Bank of Baroda

FIG 75 – PORT CARGO VOLUME DIPS IN APR'18; INDICATING EXTERNAL TRADE UNDER PRESSURE



Source: CEIC, Bank of Baroda

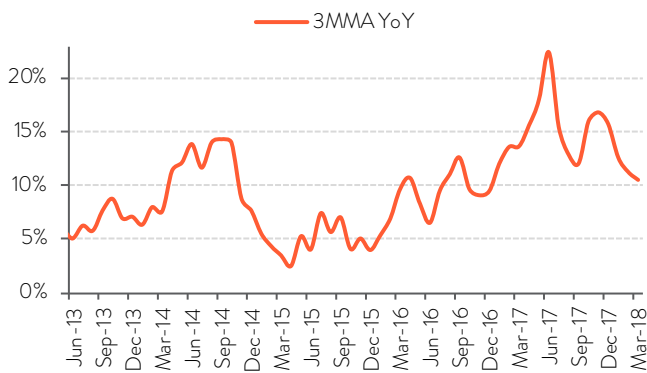
FIG 76 – ...RAILWAY FREIGHT TRAFFIC GROWTH HOLDS FORT AS DOMESTIC TRADE EXPANDS



Source: CEIC, Bank of Baroda

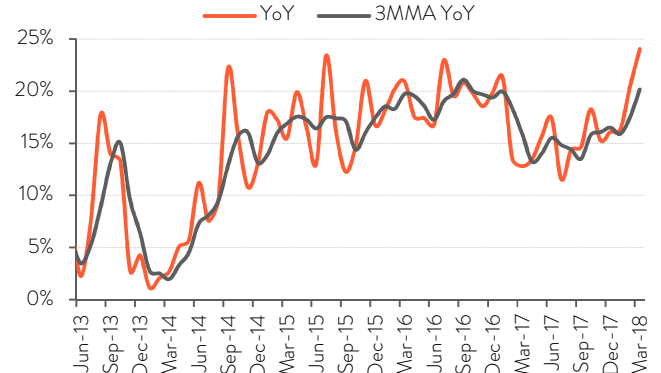
Hotels and Communications

FIG 77 – FOREIGN TOURIST ARRIVAL GROWTH SLIPS IN Q4FY18



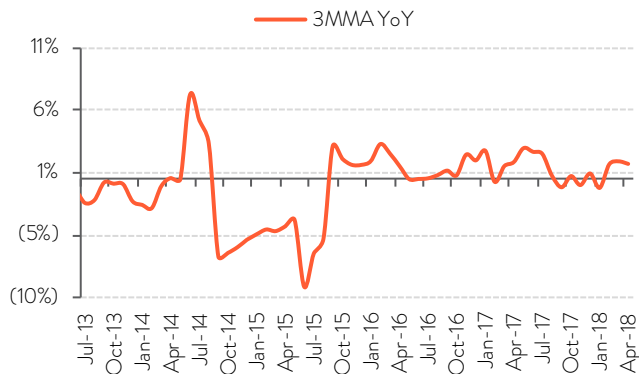
Source: CEIC, Bank of Baroda

FIG 78 – ...BUT DOMESTIC PASSENGER GROWTH SUPPORTS OVERALL AIRLINE PASSENGER TRAFFIC



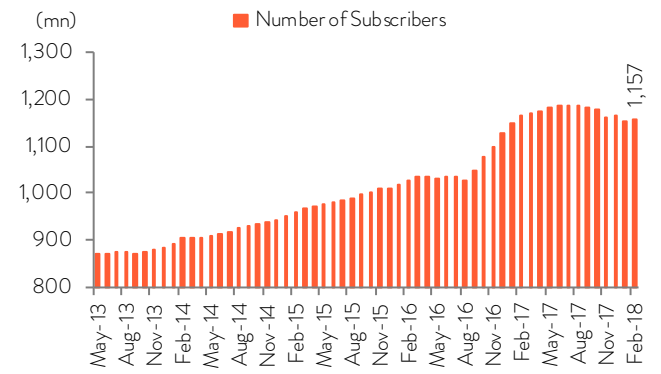
Source: CEIC, Bank of Baroda

FIG 79 – RAILWAY PASSENGER TRAFFIC GROWTH BROADLY STABLE IN THE FIRST MONTH OF Q1FY19



Source: CEIC, Bank of Baroda

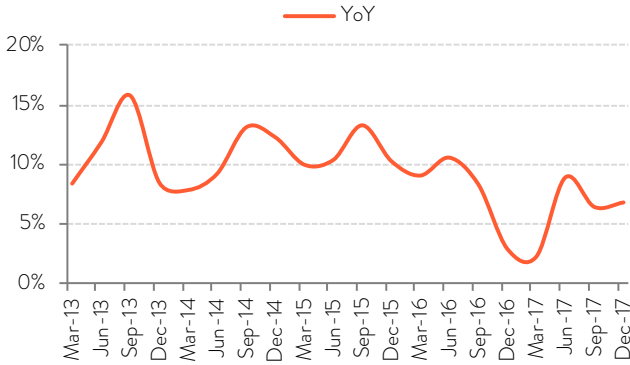
FIG 80 – WIRELESS SUBSCRIBER GROWTH NEARS SATURATION



Source: CEIC, Bank of Baroda

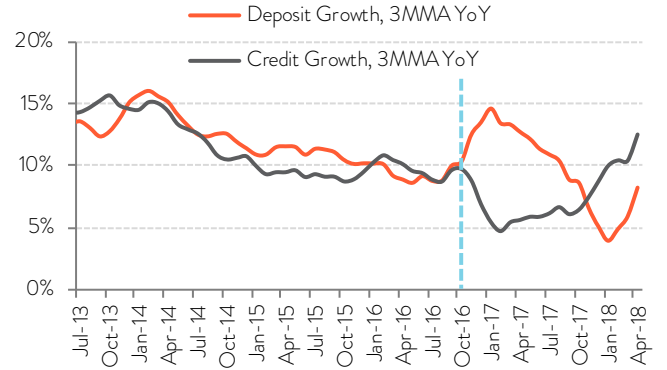
Finance and Real estate

FIG 81 – GVA: FINANCE, REAL ESTATE & PROF. SERVICES GROWTH RECOVERS IN Q3FY18



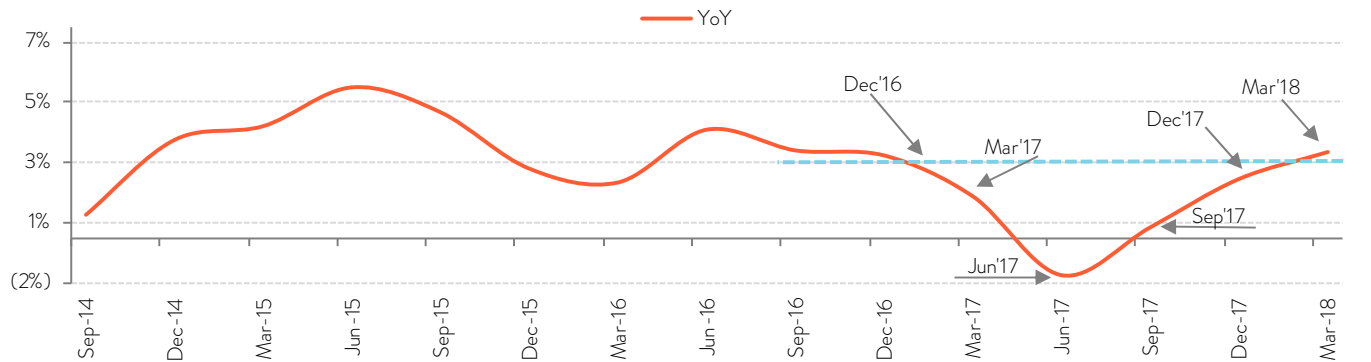
Source: CEIC, Bank of Baroda

FIG 82 – BOTH DEPOSIT AND CREDIT GROWTH CONTINUE TO SHOOT UP IN APR'18



Source: CEIC, Bank of Baroda

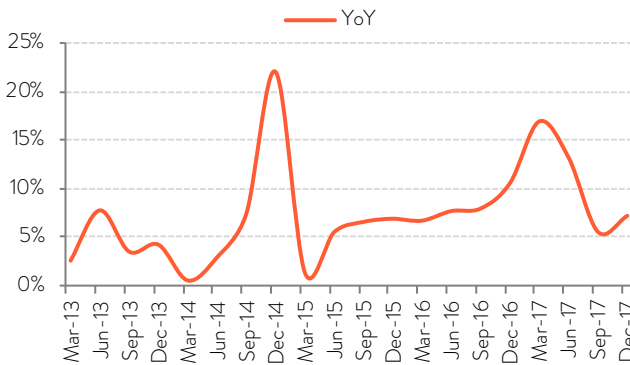
FIG 83 – AVERAGE PROPERTY PRICE INDEX* BREACHES DEMONETISATION LOWS



Source: CEIC, Bank of Baroda | *Index for Delhi-NCR, Mumbai & Bangalore; using Colliers International data for commercial property rental price (Rs/sqft)

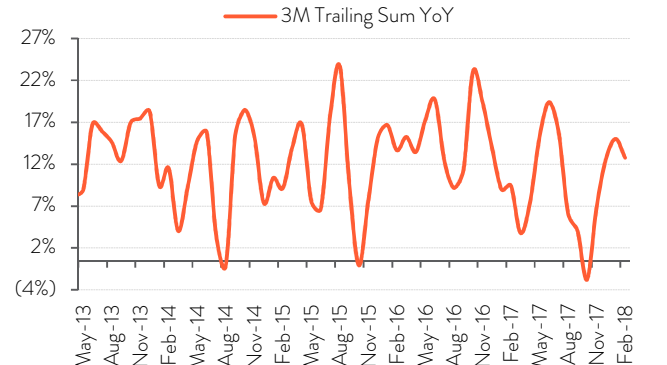
Public administration

FIG 84 – PUBLIC ADMINISTRATION & RELATED SERVICE-MAIN DRIVERS OF SERVICES IN Q3



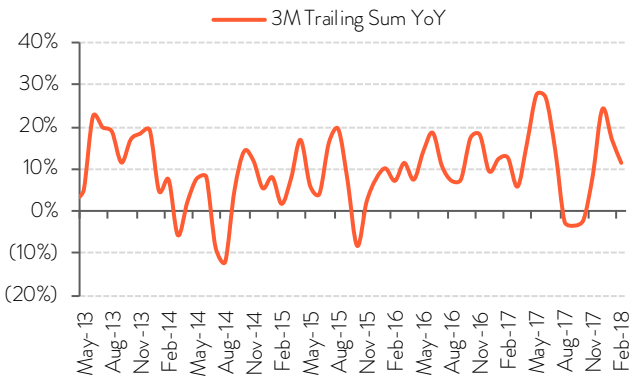
Source: CEIC, Bank of Baroda

FIG 85 – GENERAL GOVT. SPENDING SLIPS IN FEB'18, LED BY CENTRE



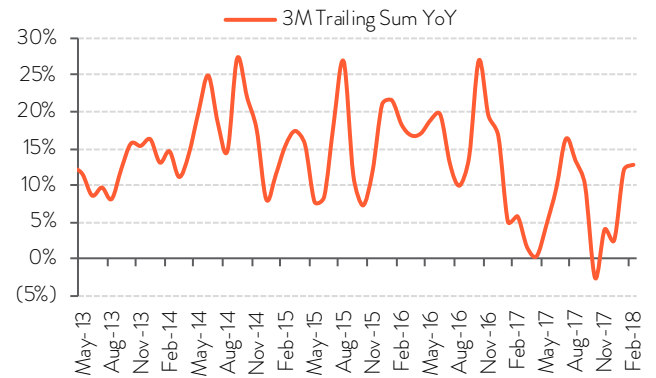
Source: CEIC, Bank of Baroda

FIG 86 – CENTRAL GOVT. SPENDING FALLS SHARPLY IN THE LAST FEW MONTHS OF FY18



Source: CEIC, Bank of Baroda

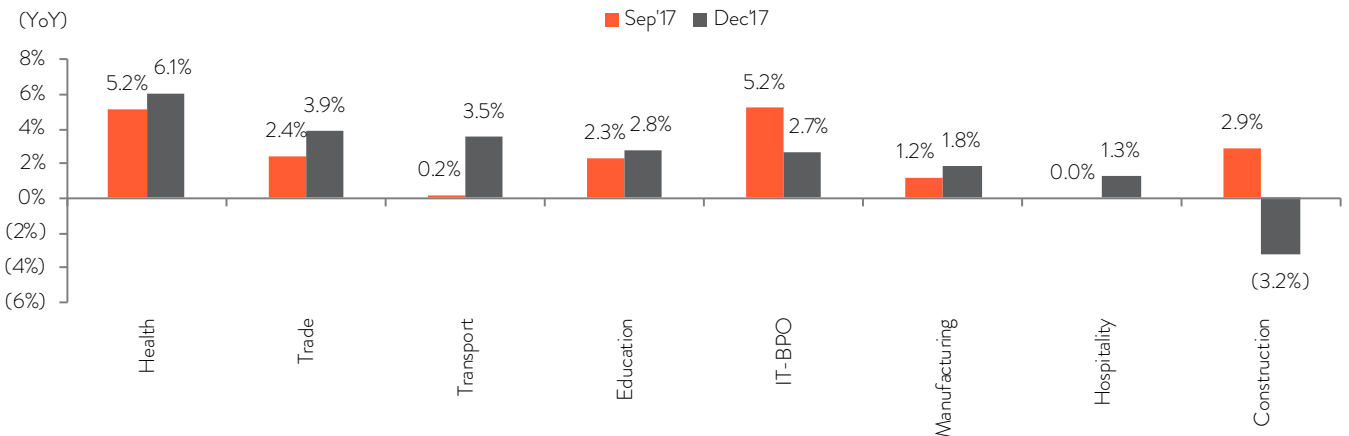
FIG 87 – ...WHILE STATE* GOVT. SPENDING STABILISES



Source: CEIC, Bank of Baroda | *All states excluding Arunachal Pradesh, Nagaland, Tripura, and Goa

Employment generation

FIG 88 – HEALTHCARE SECTOR REPORTS ROBUST HIRING IN DEC'17; WHILE IN CONSTRUCTION IT CONTRACTS

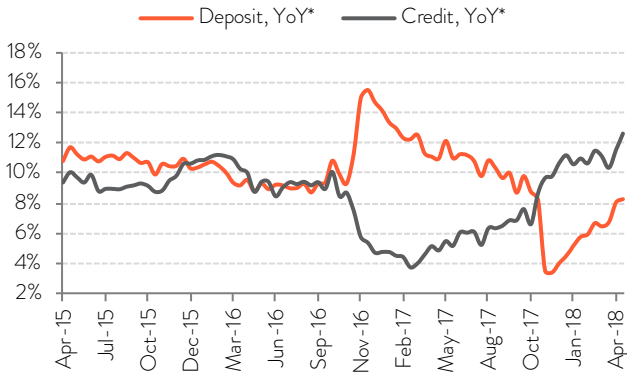


Source: CEIC, Bank of Baroda

Financial sector

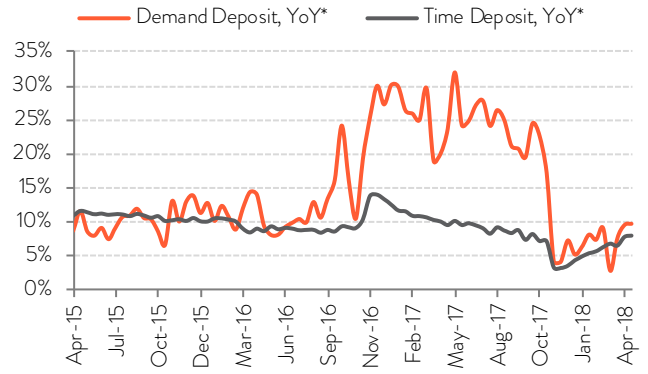
Money and banking

FIG 89 – CREDIT AND DEPOSIT SURGED TO 12.6% & 8.2% IN APR'18 VS 10.3% & 6.7% IN MAR'18



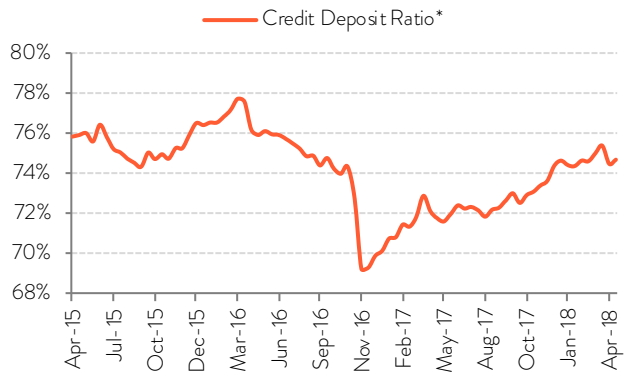
Source: CEIC, Bank of Baroda | *Mar18 implies fortnight as of 27 Apr 2018.

FIG 90 – DEMAND AND TIME DEPOSIT CONTINUED ITS UPTREND



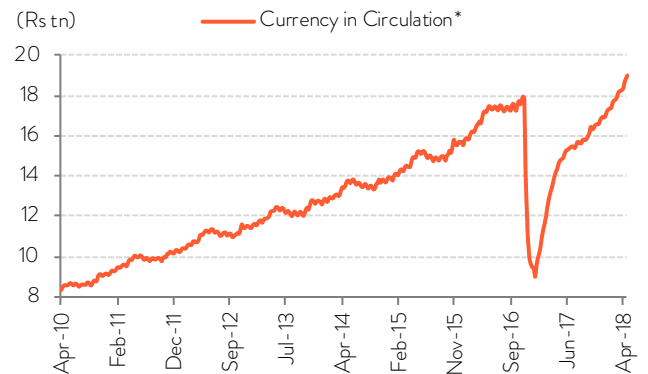
Source: CEIC, Bank of Baroda | *Mar18 implies fortnight as of 27 Apr 2018.

FIG 91 – CD RATIO ROSE TO 74.7% IN APR'18 FROM 74.5% IN PREVIOUS FORTNIGHT



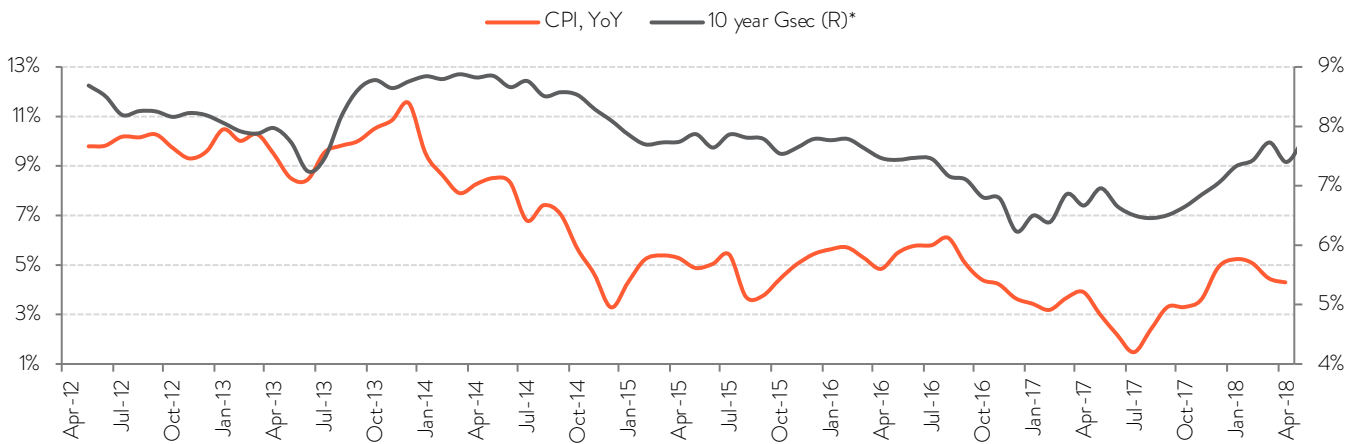
Source: CEIC, Bank of Baroda | *Apr18 implies fortnight as of 27 Apr 2018.

FIG 92 – CURRENCY IN CIRCULATION ROSE TO RS 19TN, UP BY RS 5TN YOY



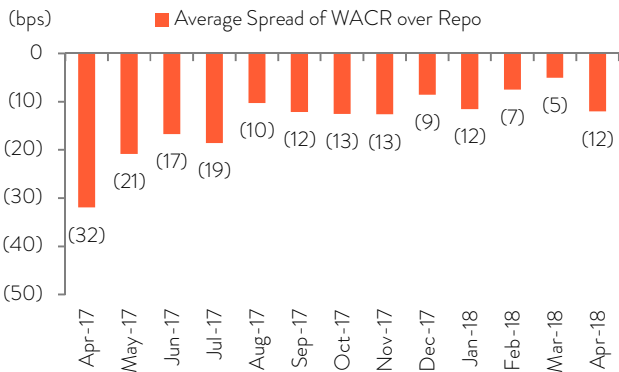
Source: CEIC, Bank of Baroda | *Apr18 implies fortnight as of 27 Apr 2018.

FIG 93 – 10-YEAR GSEC ON A RISING SPREE



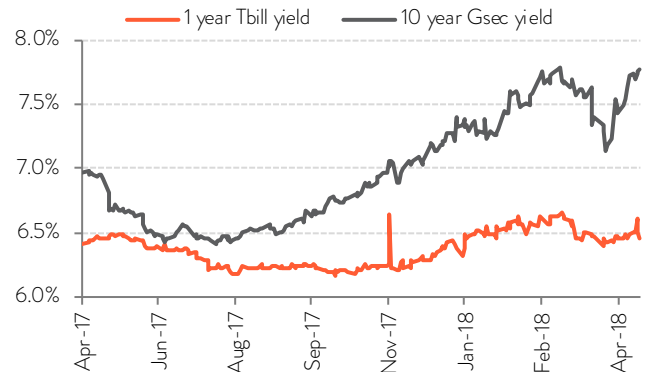
Source: CEIC, Bank of Baroda | *As on last trading day of the month

FIG 94 – SPREAD BETWEEN CALL AND REPO DECLINED TO 12BPS IN APR'18



Source: CEIC, RBI, Bank of Baroda

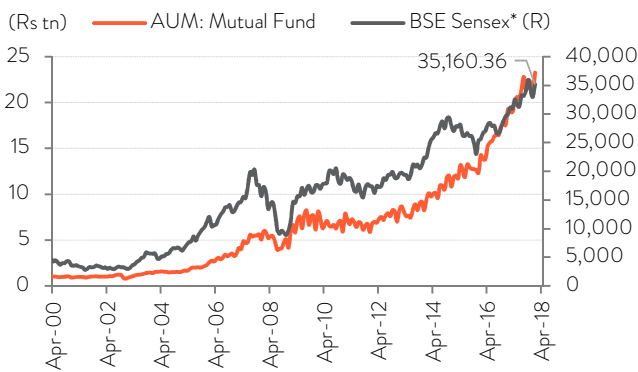
FIG 95 – WIDENING OF SPREADS BETWEEN LONG TERM AND SHORT TERM YIELDS



Source: CEIC, Bank of Baroda | Data for May'18 as of 10 May 2018.

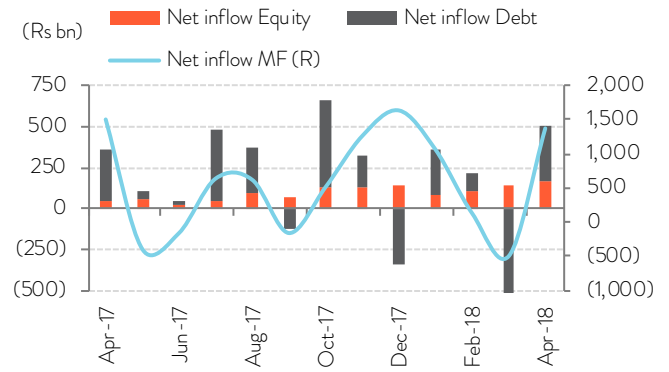
Mutual fund (MF) indicators

FIG 96 – SENSEX CROSSED 35,000 MARK IN APR'18; AUM ROSE TO 23.3TN



Source: CEIC, Bank of Baroda | * Sensex as on last trading day of the month.

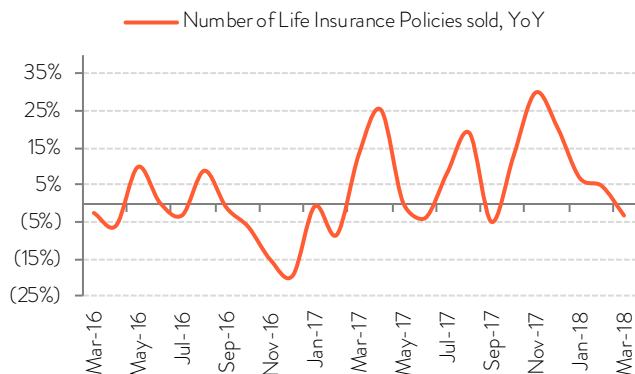
FIG 97 – MF DRIVEN BY DEBT INFLOW IN APR'18



Source: CEIC, Bank of Baroda

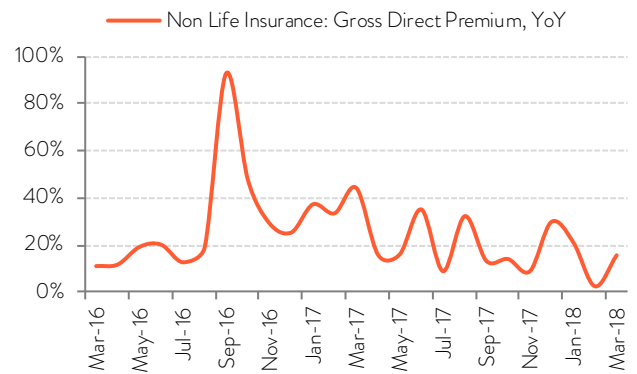
Insurance sector indicators

FIG 98 – NUMBER OF LIFE INSURANCE POLICIES SOLD DECLINED IN MAR'18 AS IS THE TREND



Source: CEIC, Bank of Baroda

FIG 99 – GROSS DIRECT PREMIUM FOR NON LIFE INSURANCE RISING

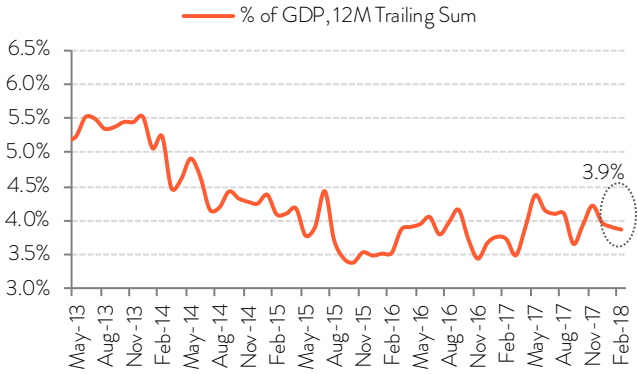


Source: CEIC, Bank of Baroda

Public finance

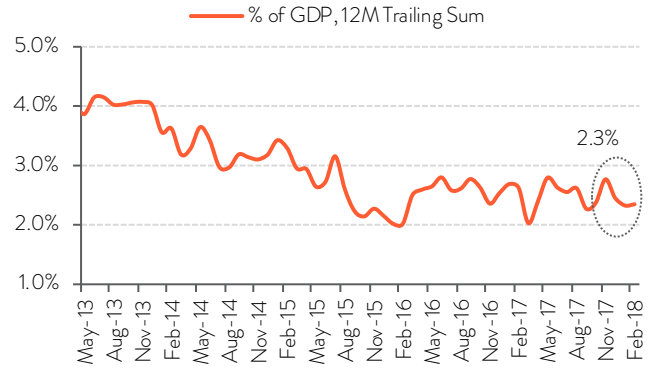
Central government finances

FIG 100 – OVERALL DEFICIT ON THE PATH OF FISCAL CONSOLIDATION



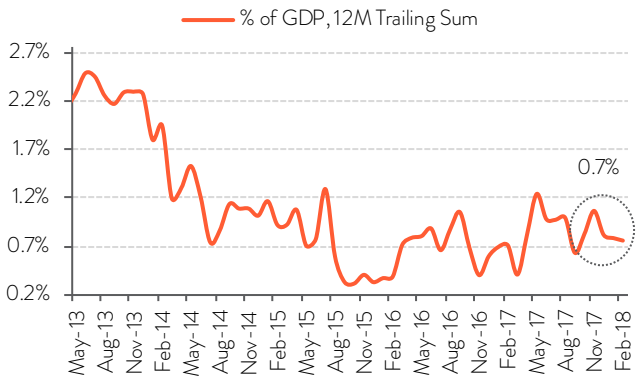
Source: CEIC, Bank of Baroda

FIG 101 – ...REVENUE RECEIPTS CONTINUE TO MAINTAIN PRESSURE ON REVENUE DEFICIT



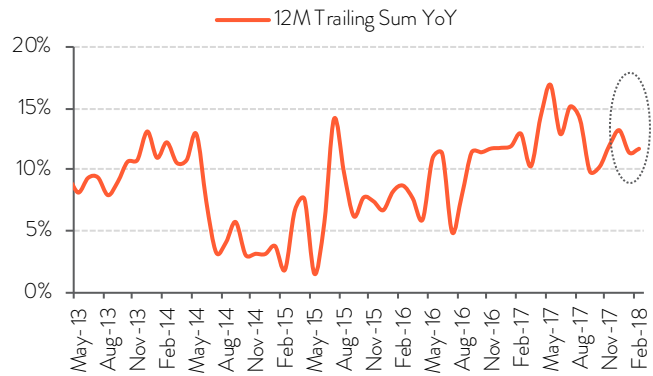
Source: CEIC, Bank of Baroda

FIG 102 – PRIMARY DEFICIT REMAINS BELOW 1%



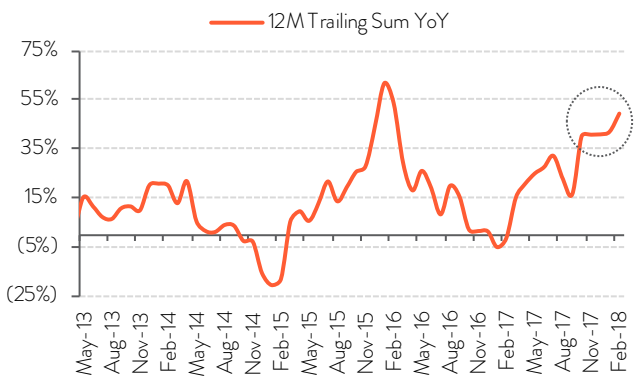
Source: CEIC, Bank of Baroda

FIG 103 – TOTAL EXPENDITURE GROWTH REBOUNDS IN FEB'18



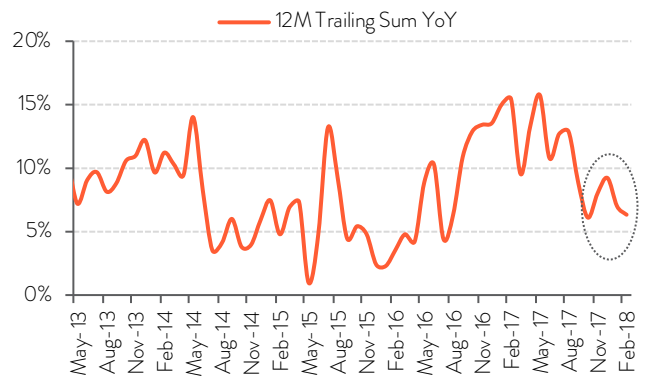
Source: CEIC, Bank of Baroda

FIG 104 – ...LED BY STRONG CAPEX GROWTH



Source: CEIC, Bank of Baroda

FIG 105 – REVENUE EXPENDITURE GROWTH SLOWS TOWARDS END OF FY18



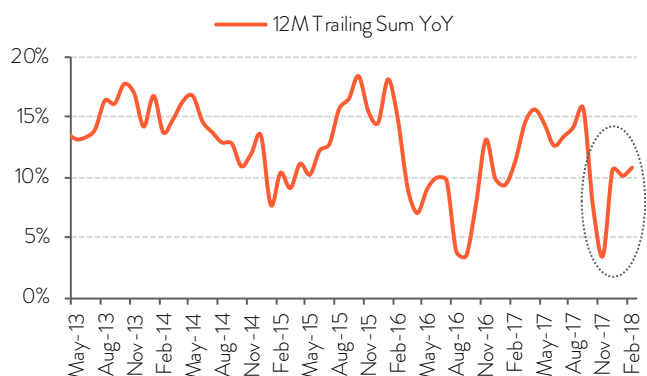
Source: CEIC, Bank of Baroda

FIG 106 – EXPENDITURE BY MINISTRY OF CA, FOOD & PD, SHOWS HIGHEST GROWTH IN FEB'18 (FYTD)

Ministry	Apr'15-Feb'16 (Rs bn)	Apr'16-Feb'17 (Rs bn)	% change YoY	Apr'17-Feb'18 (Rs bn)	% change YoY
Ministry of Finance	5,602	5,873	4.8	6,530	11.2
Ministry of Defence	2,603	3,175	22.0	3,628	14.3
Ministry of Consumer Affairs, Food and Public Distribution	1,336	1,440	7.8	1,977	37.3
Ministry of Rural Development	713	874	22.6	1,034	18.4
Ministry of Home Affairs	648	752	15.9	935	24.4
Ministry of Human Resource Development	599	659	10.1	653	(1.0)
Ministry of Road Transport and Highways	367	515	40.2	579	12.6
Ministry of Chemicals and Fertilisers	705	642	(9.1)	614	(4.3)
Ministry of Petroleum and Natural Gas	300	261	(12.9)	332	27.0
Ministry of Agriculture	201	413	105.6	397	(3.9)
Ministry of Health and Family Welfare	305	350	14.9	428	22.4

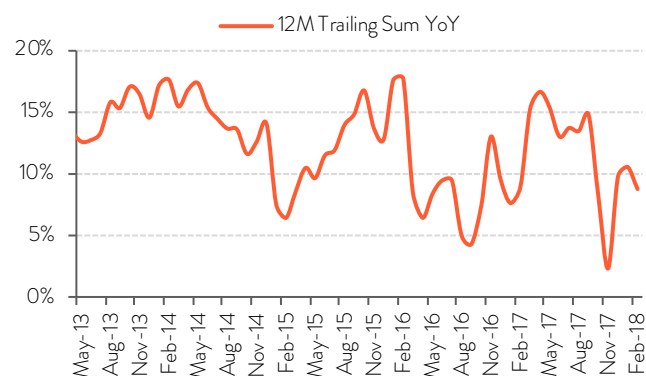
Source: CEIC, Bank of Baroda

FIG 107 – TOTAL RECEIPTS SHOW MARGINAL IMPROVEMENT IN FEB'18



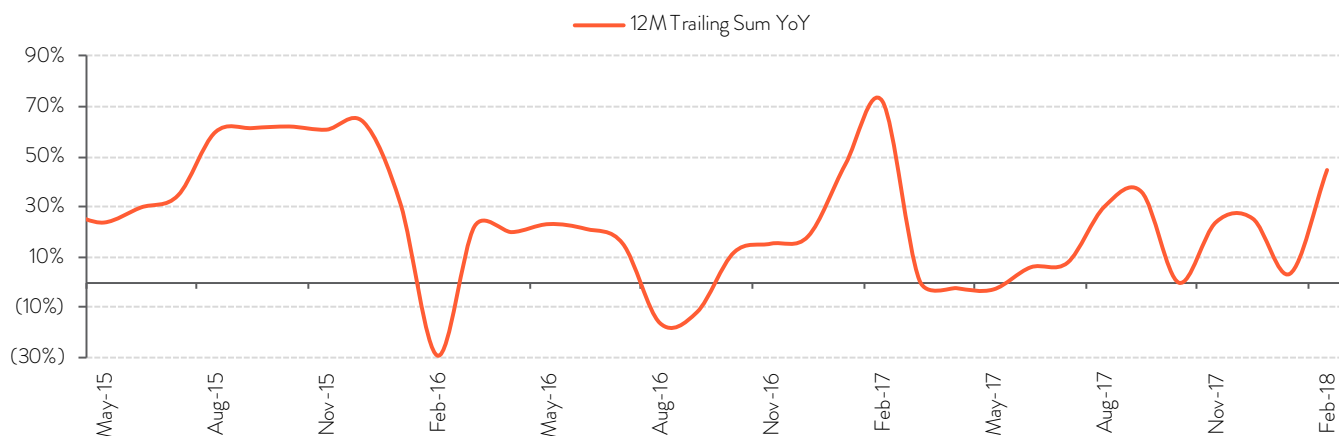
Source: CEIC, Bank of Baroda

FIG 108 – REVENUE RECEIPTS DIP IN FEB'18, INDIRECT TAX COLLECTIONS LEAD THE FALL



Source: CEIC, Bank of Baroda

FIG 109 – CAPITAL RECEIPTS SHOW A SPIKE AS GOVERNMENT ALMOST MEET ITS DISINVESTMENT TARGET



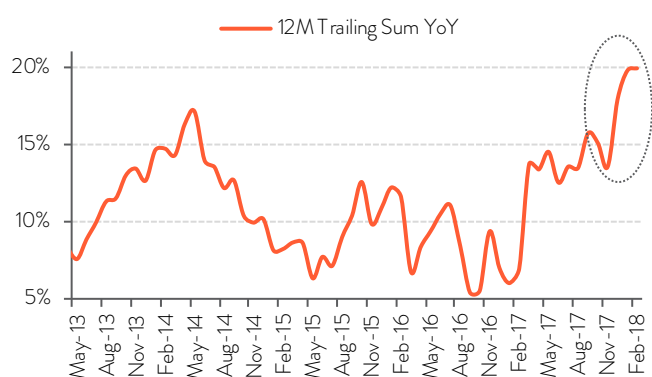
Source: CEIC, Bank of Baroda

FIG 110 – CAPEX GROWTH REMAINS ROBUST DESPITE DECLINING TAX REVENUES IN FY18 (YTD)

	Apr'15-Feb'16 (Rs bn)	Apr'16-Feb'17 (Rs bn)	% change YoY	Apr'17-Feb'18 (Rs bn)	% change YoY
Tax revenue	11,525	13,549	17.6	15,684	15.8
Direct taxes	5,542	6,123	10.5	7,275	18.8
Corp Tax	3,323	3,439	3.5	4,118	19.7
Income Tax	2,220	2,683	20.9	3,157	17.7
Indirect taxes	5,983	7,427	24.1	7,083	(4.6)
Non-tax revenue	2,113	2,089	(1.1)	1,421	(32.0)
Centre's revenue	13,638	15,639	14.7	17,105	9.4
Total expenditure	15,559	17,530	12.7	19,992	14.0
Capital exp	2,180	2,148	(1.5)	2,971	38.3
Revenue exp	13,379	15,382	15.0	17,021	10.7
Fiscal deficit	5,729	6,056	5.7	7,157	18.2

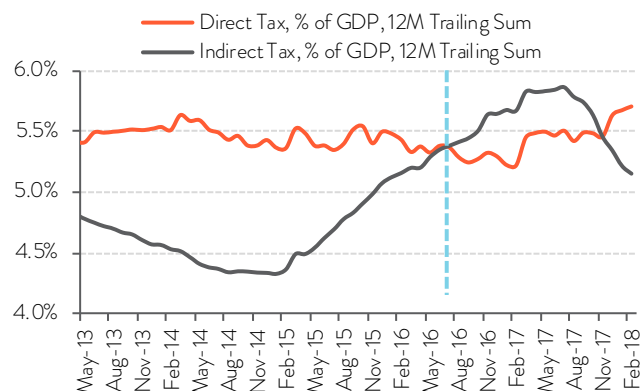
Source: CEIC, Bank of Baroda

FIG 111 – GROSS DIRECT TAX COLLECTION MAINTAINS HIGH GROWTH TOWARDS END OF FY18



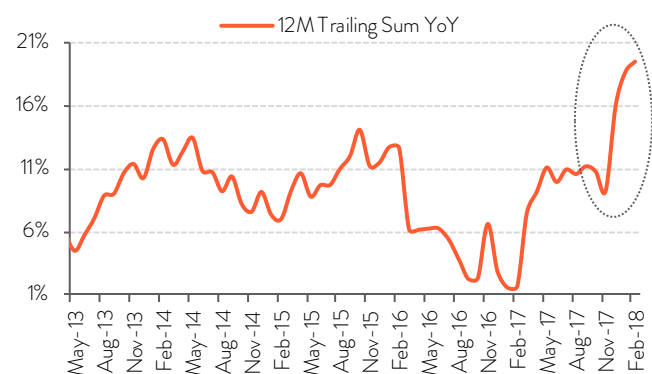
Source: CEIC, Bank of Baroda

FIG 112 – SHARE OF DIRECT TAXES CONTINUES TO RISE AS THAT OF INDIRECT TAX FALLS



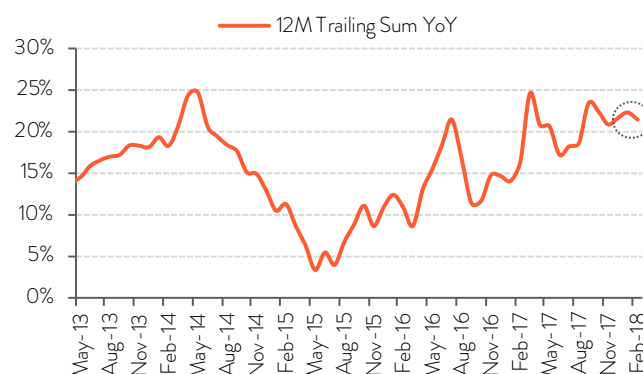
Source: CEIC, Bank of Baroda

FIG 113 – CORPORATE TAX REVENUE LEADS THE WAY UNDER DIRECT TAXES



Source: CEIC, Bank of Baroda

FIG 114 – INCOME TAX REVENUE MAINTAINS LOW GROWTH



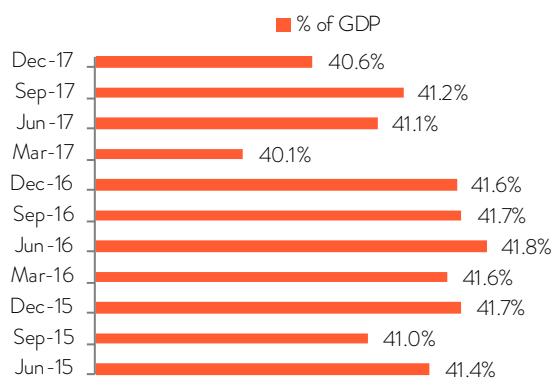
Source: CEIC, Bank of Baroda

FIG 115 – GST COLLECTIONS KEEP OVERALL INDIRECT TAX COLLECTIONS AT PAR WITH PREVIOUS YEARS

	Jul-17	Aug-17	Sep-17	Oct-17	Nov-17	Dec-17	Jan-18	Feb-18	Mar-18	FY18	FY18RE
Central GST (Rs bn)	0.1	153	151	312	238	242	231	431	187	1,945	2,214
UT GST (Rs bn)	0.0	0.0	0.0	0.2	0.8	2.2	1.9	0.9	-	-	-
Integrated GST (Rs bn)	0.3	709	304	184	186	171	194	(197)	505	2,057	1,619
State GST* (Rs bn)	935	(9)	416	283	341	395	373	576	257	3,567	-
GST Cess (Rs bn)	0.0	77	80	80	71	79	80	82	86	636	613
Total GST	936	930	951	859	837	889	880	893	1,035	8,205	-
GST 3B Filing by deadline (mn)	3.8	2.7	3.9	4.4	4.9	5.4	5.4	5.5	6.0	-	-
No. of Eligible Monthly Taxpayers (mn)	6.6	7.4	7.8	7.7	8.0	8.1	8.3	8.5	8.7	-	-
Compliance (%)	58	37	50	57	62	67	65	64	69	-	-

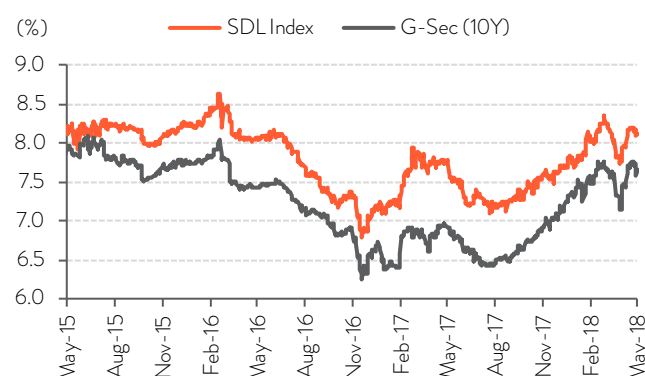
Source: CEIC, PIB, Bank of Baroda, *computed from PIB and CGA data.

FIG 116 – CENTRAL GOVT. REIGNS PUBLIC DEBT; RECORDS TWO QUARTER LOW IN Q3FY18



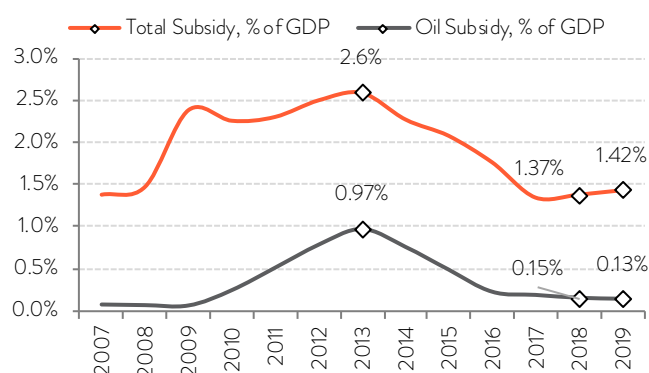
Source: CEIC, Bank of Baroda

FIG 117 – GAP BETWEEN AVG. YIELD ON SDL & 10Y G-SEC DECLINED IN APR'18; WIDENING AGAIN IN MAY



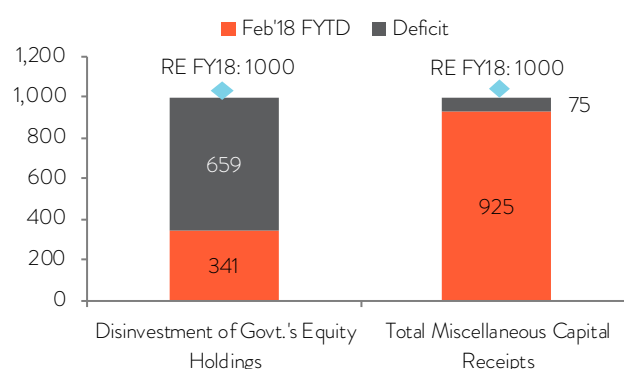
Source: CEIC, CCIL, Bank of Baroda

FIG 118 – SUBSIDIES HAVE BEEN RATIONALISED



Source: CEIC, Bank of Baroda

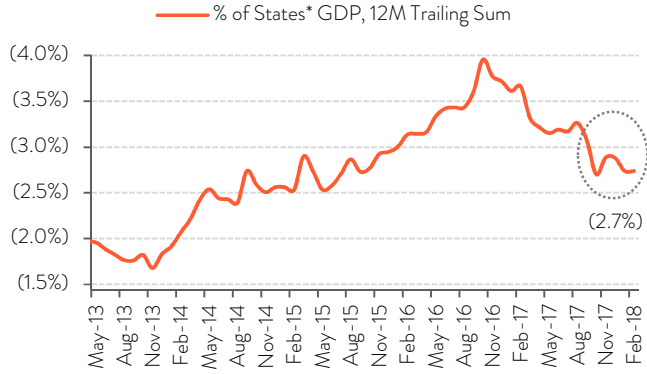
FIG 119 – CENTRAL GOVT. INCHES CLOSER TO MEETING REVISED DISINVESTMENT TARGET



Source: CEIC, Bank of Baroda

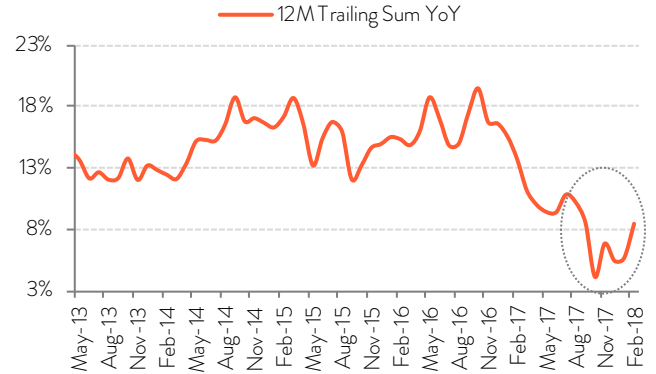
State government finances

FIG 120 – FISCAL DEFICIT OF STATES* STABILISES IN FEB'18



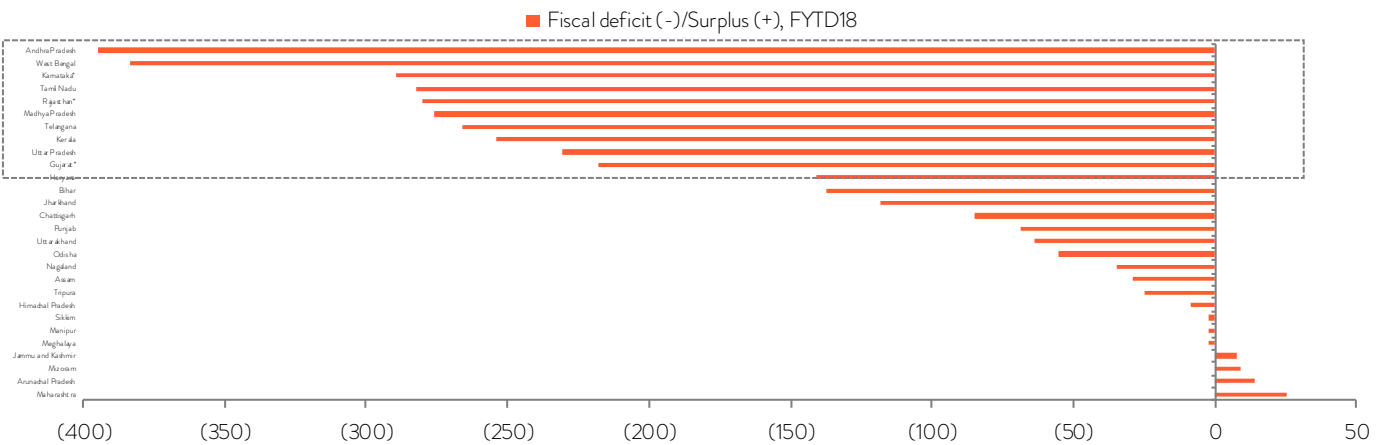
Source: CEIC, Bank of Baroda | *All states excluding Arunachal Pradesh, Nagaland, Tripura, and Goa

FIG 121 – TOTAL EXPENDITURE BY STATES* RISES FURTHER IN FEB'18



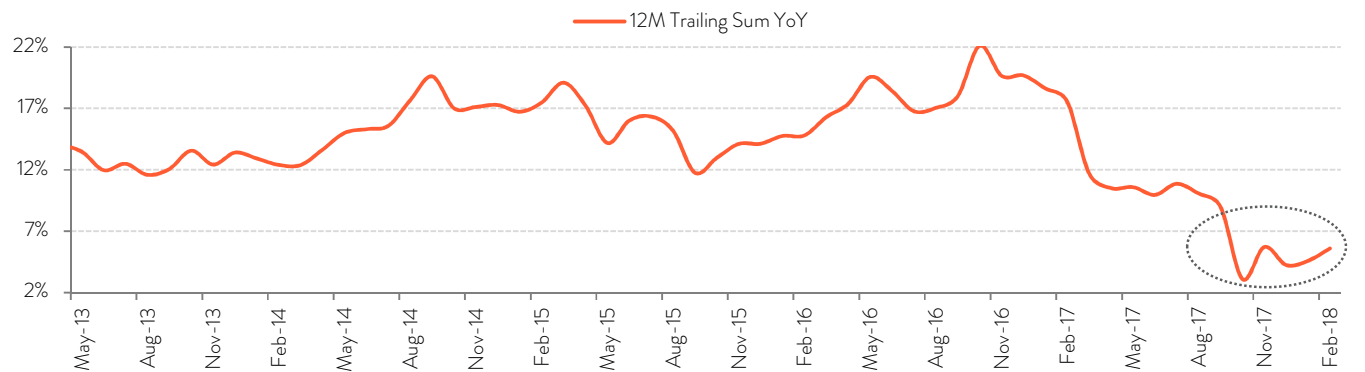
Source: CEIC, Bank of Baroda | *All states excluding Arunachal Pradesh, Nagaland, Tripura, and Goa

FIG 122 – ANDHRA PRADESH MOST DEFICIT STATE; MAHARASHTRA MOST SURPLUS



Source: CEIC, Bank of Baroda | *FY18 data; FYTD- Apr'17-Feb'18

FIG 123 – TOTAL RECEIPTS OF STATES* PICKING UP



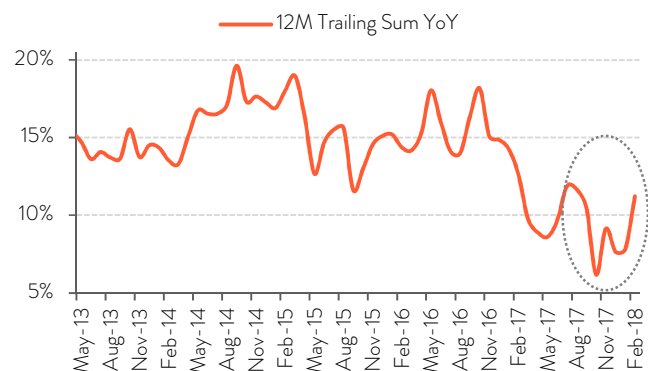
Source: CEIC, Bank of Baroda | *All states excluding Arunachal Pradesh, Nagaland, Tripura, and Goa

FIG 124 – STATE* GOVT. CAPEX STAGNANT DESPITE ROBUST REVENUE GROWTH IN FY18 VS. FY17 (YTD)

	Apr'15-Feb'16 (Rs bn)	Apr'16-Feb'17 (Rs bn)	% change YoY	Apr'17-Feb'18 (Rs bn)	% change YoY
Total Receipts	16,973	19,637	15.7	21,127	7.6
Revenue Receipts	14,526	16,026	10.3	17,960	12.1
Receipts: Tax Revenue	11,150	12,213	9.5	13,864	13.5
Receipts: Non-Tax Revenue	1,002	1,125	12.3	1,306	16.1
Capital Receipts	2,447	3,658	49.5	3,167	(13.4)
Total Expenditure	16,885	19,145	13.4	21,017	9.8
Revenue Expenditure	14,562	16,223	11.4	18,329	13.0
Capital Expenditure	2,324	2,643	13.7	2,687	1.7
Revenue Surplus or Deficit	(36)	(395)	1007.0	(369)	(6.5)
Fiscal Surplus or Deficit	(2,451)	(3,657)	49.2	(3,184)	(12.9)

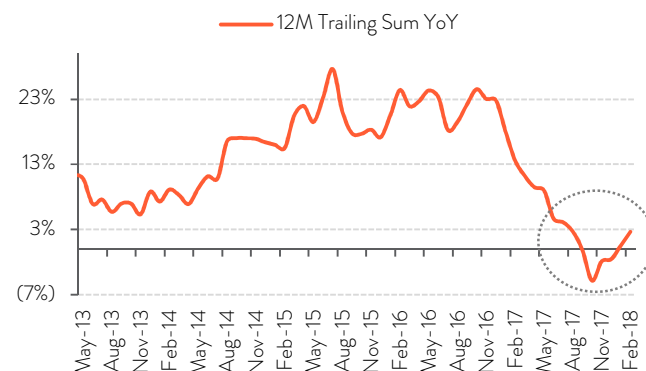
Source: CEIC, Bank of Baroda | *All states excluding Arunachal Pradesh, Nagaland, Tripura, and Goa

FIG 125 – RISING TOTAL EXPENDITURE OF STATES* LED BY PICK UP IN REVENUE EXP



Source: CEIC, Bank of Baroda | *All states excluding Arunachal Pradesh, Nagaland, Tripura, and Goa

FIG 126 – CAPEX GROWTH OF STATES* REVERSES TREND



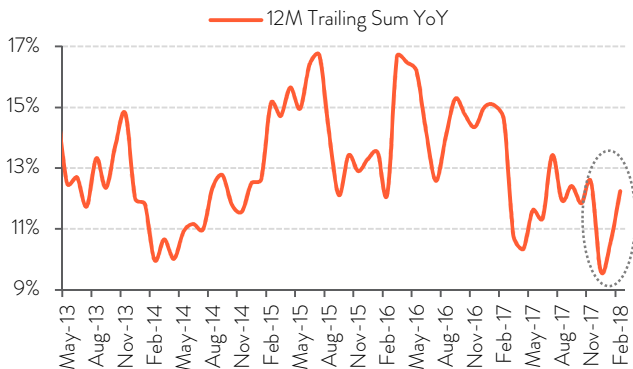
Source: CEIC, Bank of Baroda | *All states excluding Arunachal Pradesh, Nagaland, Tripura, and Goa

FIG 127 – PATTERN OF STATE SPENDING

State	Pay Commission	Loan Waiver	Capex Declining (Feb'18, 12M Trailing Sum, %YoY)
Andhra Pradesh	✓	✓	✗
Bihar	✓	✗	✓
Chhattisgarh	✓	✗	✗
Gujarat	✓	✗	✗
Haryana	✓	✗	✓
Madhya Pradesh	✓	✓	✗
Maharashtra	✓	✓	✗
Odisha	✓	✗	✗
Punjab	✗	✓	✓
Uttar Pradesh	✓	✓	✓
Rajasthan	✓	✓	✓
Telangana	✓	✓	✓
Uttarakhand	✓	✗	✗

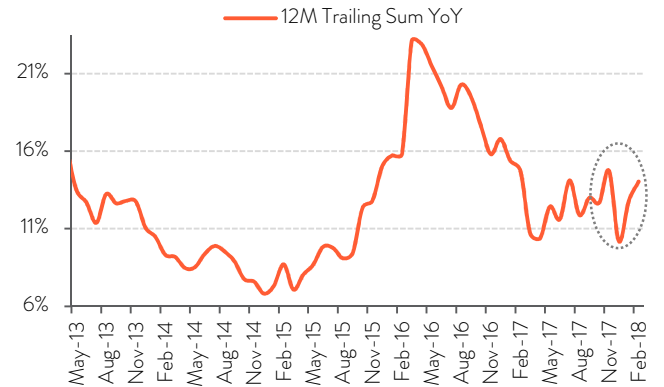
Source: News Reports, CEIC, Bank of Baroda | Note: ✓ means yes; ✗ means no

FIG 128 – REVENUE RECEIPTS OF STATES* SEE A SHARP REBOUND...



Source: CEIC, Bank of Baroda | *All states excluding Arunachal Pradesh, Nagaland, Tripura, and Goa

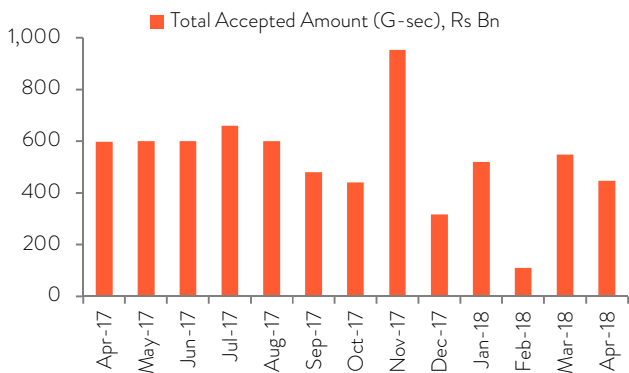
FIG 129 – ...AS TAX REVENUE SHOOTS UP



Source: CEIC, Bank of Baroda | *All states excluding Arunachal Pradesh, Nagaland, Tripura, and Goa

Central government borrowing

FIG 130 – ACCEPTED AMOUNT UNDER CENTRAL BORROWING FALLEN IN APR'18 VS MAR'18



Source: RBI, Bank of Baroda

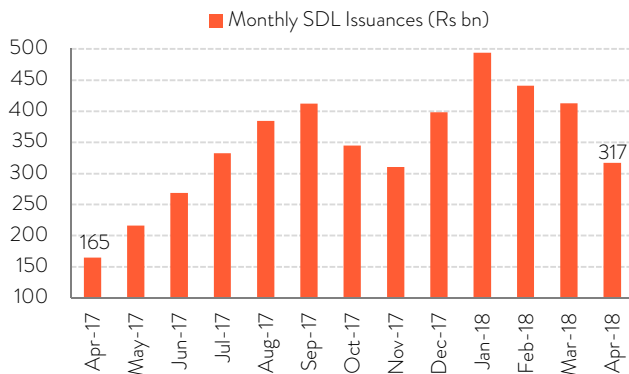
FIG 131 – QUARTERLY BORROWING PATTERN

Total accepted amount (G-Sec), (Rs bn)	FY15	FY16	FY17	FY18	FY19
Q1	1,962	1,751	1,650	1,798	1,080
Q2	1,506	1,710	1,620	1,740	-
Q3	1,450	1,453	1,448	1,710	-
Q4	950	826	537	1,178	-
Total	5867	5740	5255	6426	-

Source: RBI, Bank of Baroda

State government borrowing

FIG 132 – MONTHLY STATE BORROWING DECLINING SINCE JAN'18



Source: RBI, Bank of Baroda

FIG 133 – PLANNED Q1FY19 BORROWING HIGHEST IN 5 YEARS

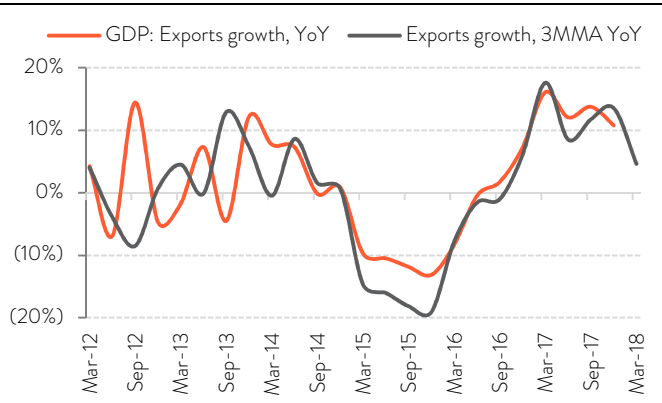
Quarterly SDL issuances (Rs bn)	FY15	FY16	FY17	FY18	FY19
Q1	439	502	548	650	1,219
Q2	469	627	792	1,130	-
Q3	692	858	1,214	1,054	-
Q4	809	959	1,322	1,348	-
Total	2408	2946	3876	4182	-

Source: RBI, Bank of Baroda

External sector

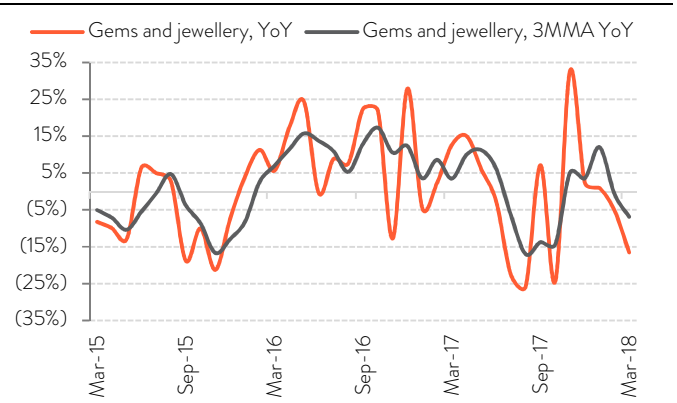
Exports

FIG 134 – EXPORT GROWTH DIPS



Source: CEIC, Bank of Baroda

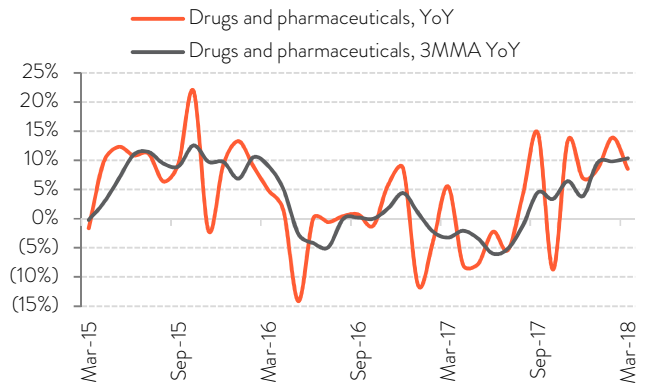
FIG 135 – LED BY FALL IN GEMS AND JEWELLERY EXPORTS



Source: CEIC, Bank of Baroda

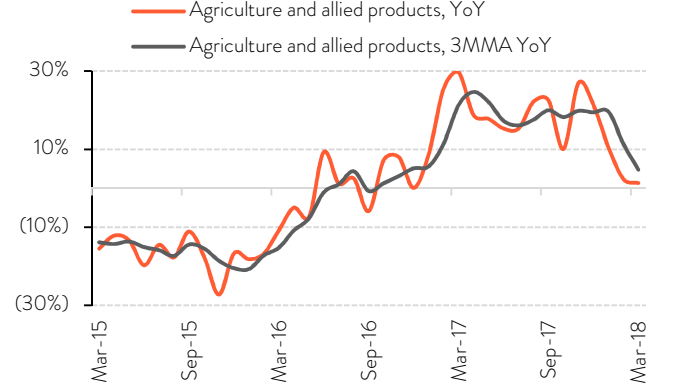
Exports by major sectors

FIG 136 – PHARMA EXPORTS ALSO MODERATE



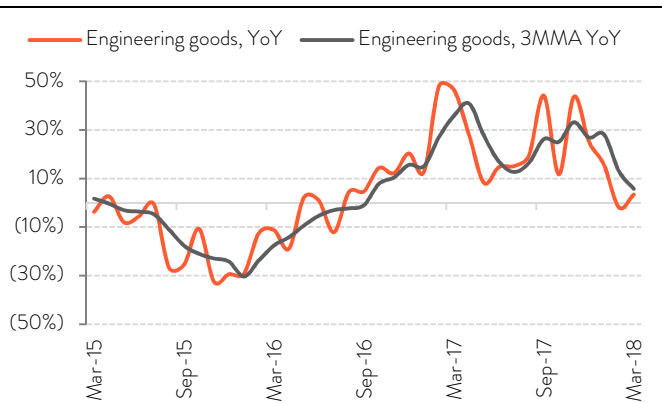
Source: CEIC, Bank of Baroda

FIG 137 – FALL IN AGRI EXPORTS



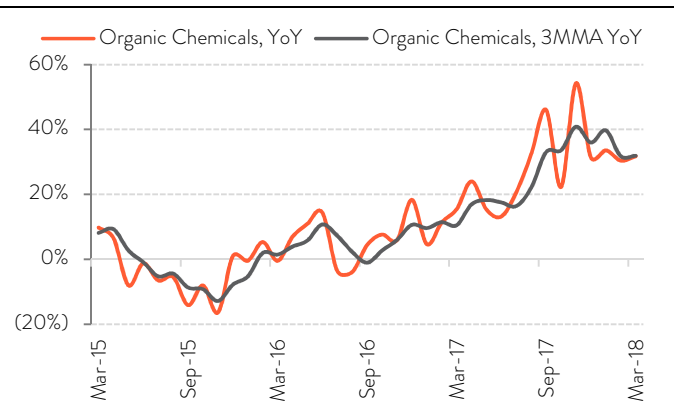
Source: CEIC, Bank of Baroda

FIG 138 – ENGINEERING EXPORTS PERFORM WELL



Source: CEIC, Bank of Baroda

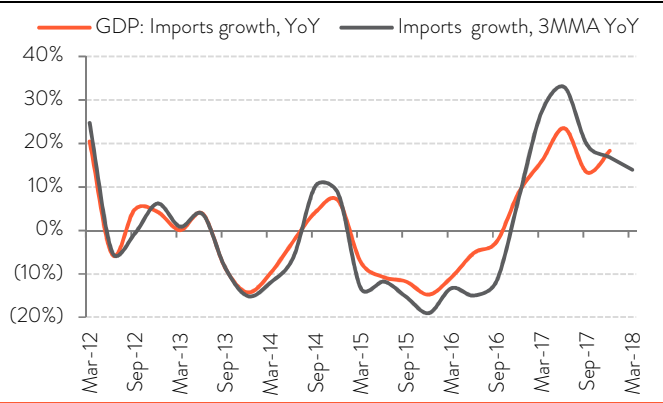
FIG 139 – EXPORTS OF ORGANIC CHEMICALS BUIYANT



Source: CEIC, Bank of Baroda

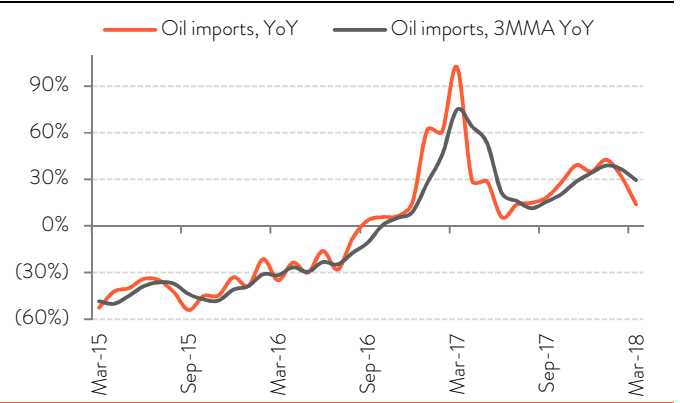
Imports

FIG 140 – IMPORT GROWTH ALSO MODERATES



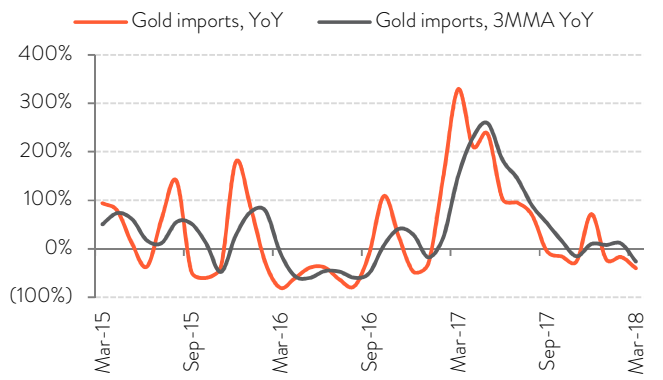
Source: CEIC, Bank of Baroda

FIG 141 – LED BY DECLINE IN OIL IMPORTS TO 13.9% IN MAR'18 VERSUS 32.1% IN FEB'18



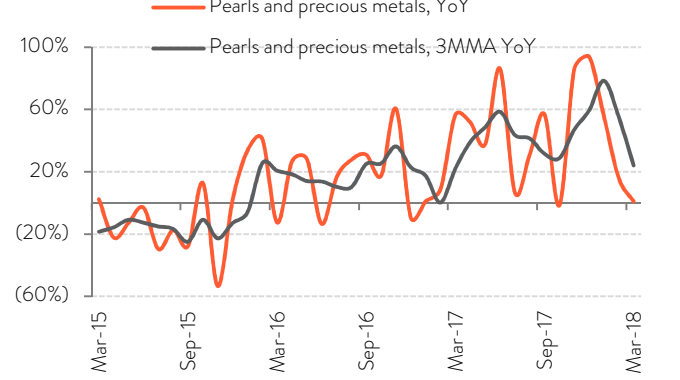
Source: CEIC, Bank of Baroda

FIG 142 – GOLD IMPORTS DURING Q4FY18 DOWN 2.6% VERSUS 9.8% INCREASE IN Q3FY18



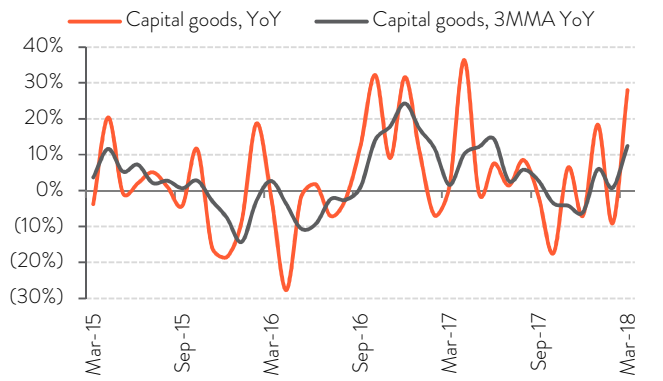
Source: CEIC, Bank of Baroda

FIG 143 – DECLINE IN IMPORTS OF PRECIOUS METALS



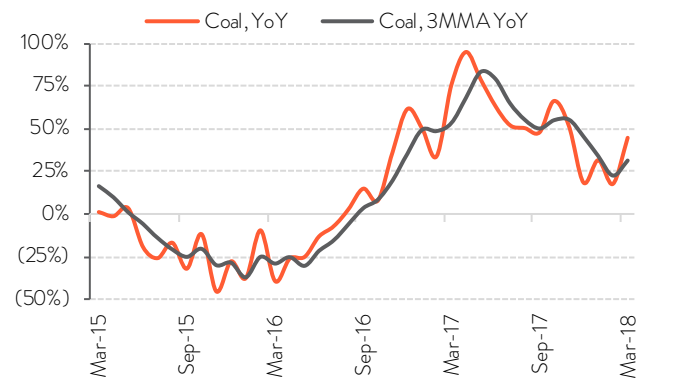
Source: CEIC, Bank of Baroda

FIG 144 – CAPITAL GOODS IMPORT REBOUND



Source: CEIC, Bank of Baroda

FIG 145 – RISE IN COAL IMPORTS



Source: CEIC, Bank of Baroda

Exports and imports by major regions

FIG 146 – EXPORTS TO CHINA RISE THE MOST IN FY18, EXPORTS TO AMERICAS AND EUROPE ALSO BUOYANT

Region (% YoY)	% Share FY18	Jan'18	Feb'18	Mar'18	FY17	FY18
Americas	20.9	21.4	18.0	21.2	4.1	14.4
Asia and Pacific (Ex. China)	29.2	7.8	(8.4)	7.8	12.8	12.4
China	4.4	7.7	16.7	47.7	12.7	31.1
Europe	20.1	33.5	12.3	12.3	5.8	13.2
Middle East	24.4	(3.4)	(2.0)	(0.4)	(2.4)	0.6
Other	1.0	7.4	3.6	70.0	0.9	(27.5)

Source: CEIC, Bank of Baroda

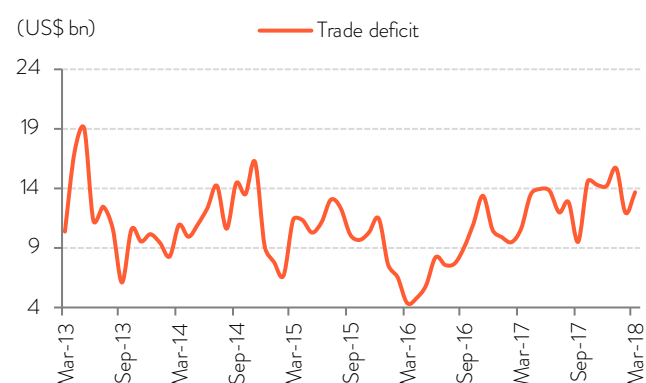
FIG 147 – IMPORTS FROM CHINA BOUNCE BACK, IMPORTS FROM OTHER REGIONS ALSO SURGE

Region (% YoY)	% Share FY18	Jan'18	Feb'18	Mar'18	FY17	FY18
Americas	11.9	16.4	9.1	32.3	1.5	18.6
Asia and Pacific (Ex. China)	23.1	22.7	1.4	5.3	4.9	20.3
China	16.4	30.7	31.7	19.9	(0.7)	24.5
Europe	14.9	15.3	(13.8)	14.3	(4.9)	12.9
Middle East	28.8	33.2	21.9	14.4	1.5	22.7
Other	4.9	38.2	17.6	23.6	4.5	34.4

Source: CEIC, Bank of Baroda

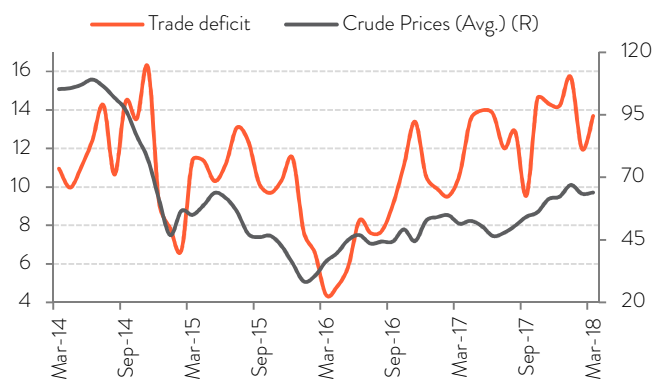
Trade deficit

FIG 148 – TRADE DEFICIT EXPANDS IN MAR'18



Source: CEIC, Bank of Baroda

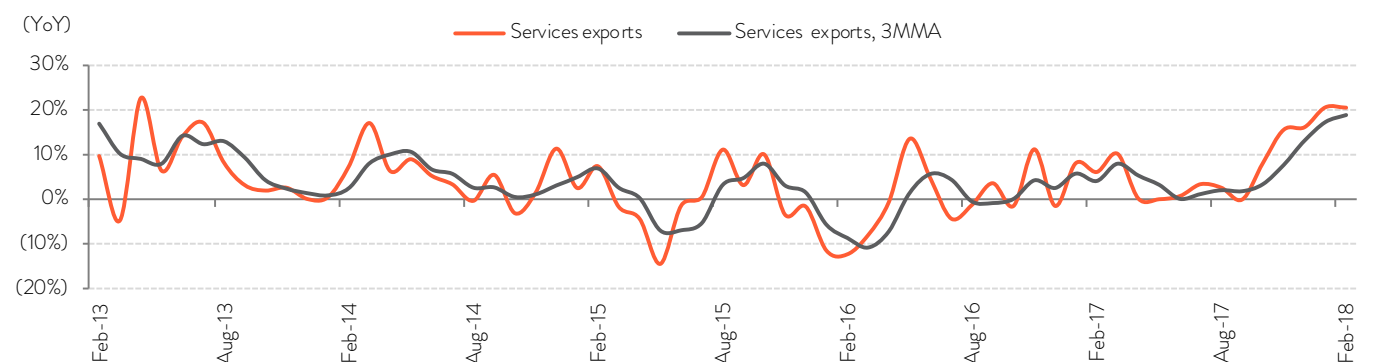
FIG 149 – LED BY INCREASE IN CRUDE OIL PRICES



Source: CEIC, Bank of Baroda

Trade in services

FIG 150 – SERVICES EXPORTS ACCELERATE SHARPLY

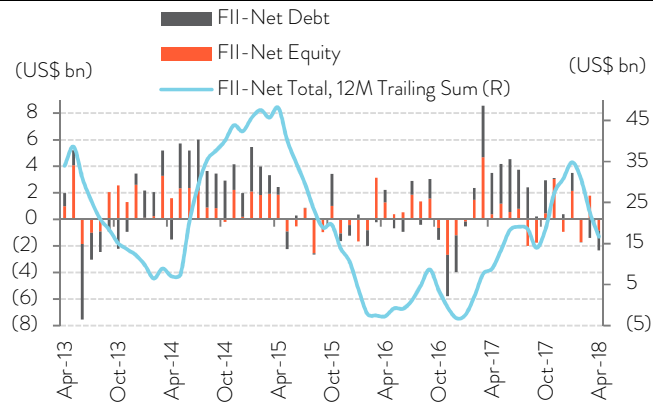


Source: CEIC, Bank of Baroda

Foreign inflows

FII inflows

FIG 151 – NET FII OUTFLOWS OF US\$ 2.4BN IN APR'18



Source: CEIC, Bank of Baroda

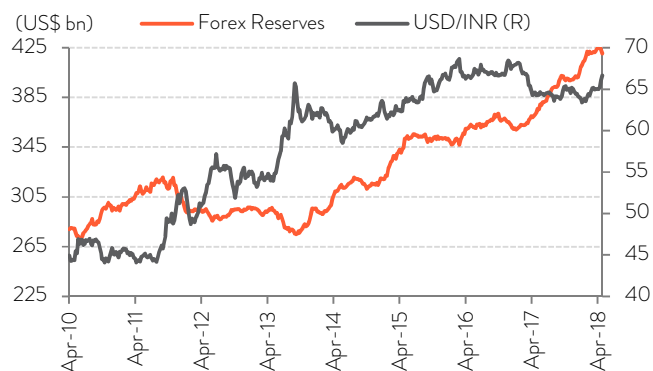
FIG 153 – PICKUP IN FDI INFLOWS FROM SINGAPORE

Country (US\$ bn)	% Share FY17	Jun'17	Sep'17	Dec'17	FYTD 17	FYTD 18
Mauritius	36.2	3.3	8.2	1.9	12.8	13.3
Singapore	20.1	3.0	2.3	3.9	7.1	9.2
Japan	10.8	0.4	0.5	0.3	4.2	1.3
UK	3.4	0.1	0.2	0.4	1.3	0.7
Netherlands	7.8	0.6	1.4	0.4	2.5	2.4

Source: CEIC, Bank of Baroda | Data as of Apr-Dec'17

Forex reserves

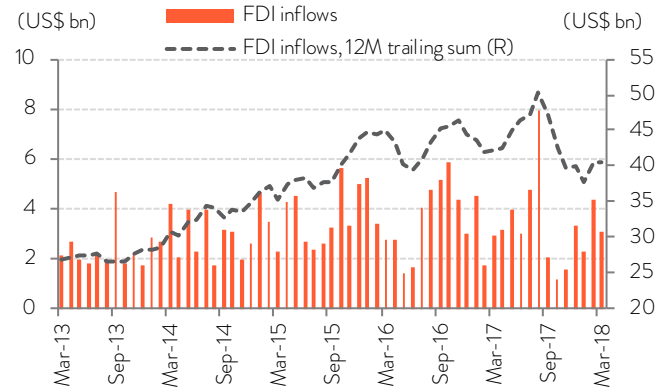
FIG 155 – INDIA'S FX RESERVES STRENGTHENED STEADILY TO US\$ 420.4BN



Source: Bloomberg, CEIC, Bank of Baroda | *Data as of 30 Mar 2018

FDI inflows

FIG 152 – FDI INFLOWS REMAIN SUBDUED



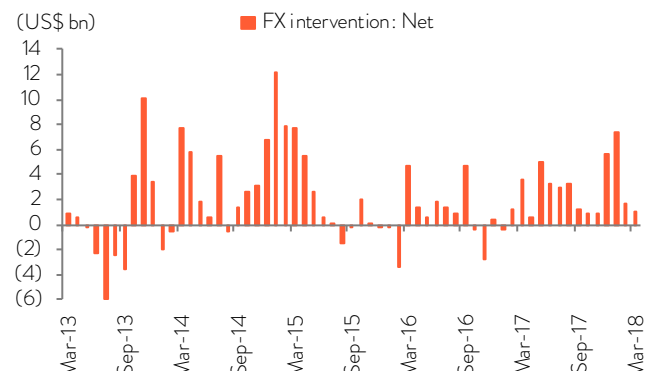
Source: CEIC, Bank of Baroda

FIG 154 – TELECOM SECTOR RECEIVES THE HIGHEST FDI INFLOW IN FY18 YTD

Sector (US\$ bn)	% Share FY17	Jun'17	Sep'17	Dec'17	FYTD 17	FYTD 18
Services Sector	20.0	1.9	1.0	0.1	5.5	6.1
Telecom	12.8	0.1	6.0	2.1	1.8	5.2
Computer software and hardware	8.4	1.3	1.7	1.7	7.6	4.6
Trading	5.4	0.8	0.7	0.8	2.0	2.3
Automobile	3.7	0.7	0.5	0.5	1.5	1.7

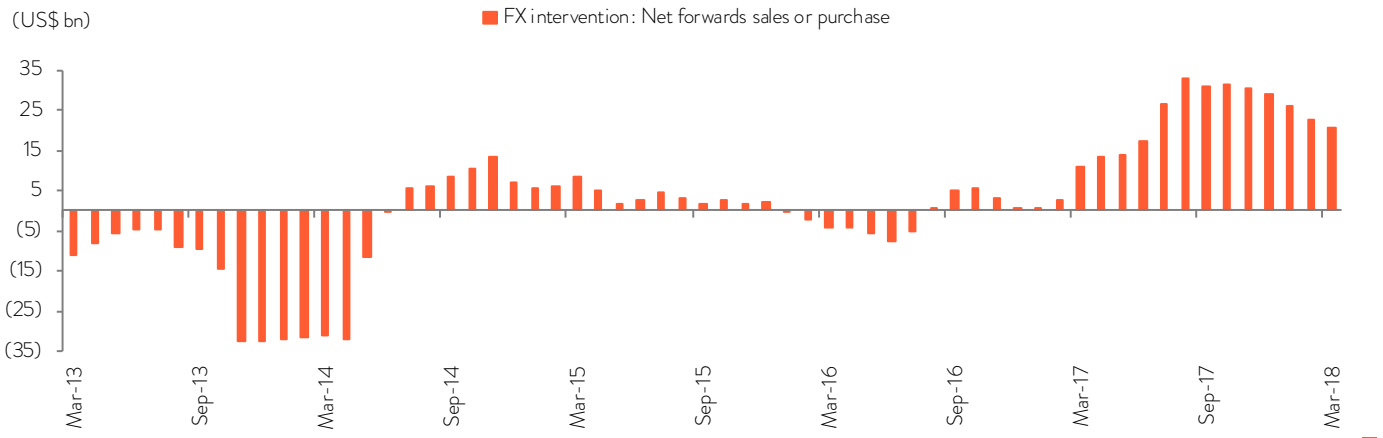
Source: CEIC, Bank of Baroda | Data as of Apr-Dec'17

FIG 156 – IN FY18 SO FAR, RBI WAS A NET BUYER OF US\$ 33.7BN (CASH)



Source: CEIC, Bank of Baroda

FIG 157 – RBI HAS BUILT UP A US\$ 21BN POSITION IN FX FORWARDS

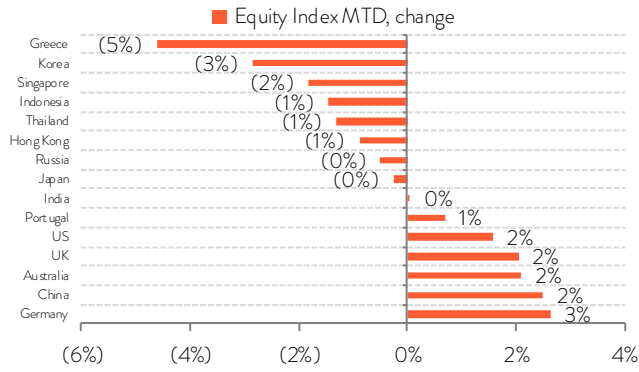


Source: CEIC, Bank of Baroda

Markets

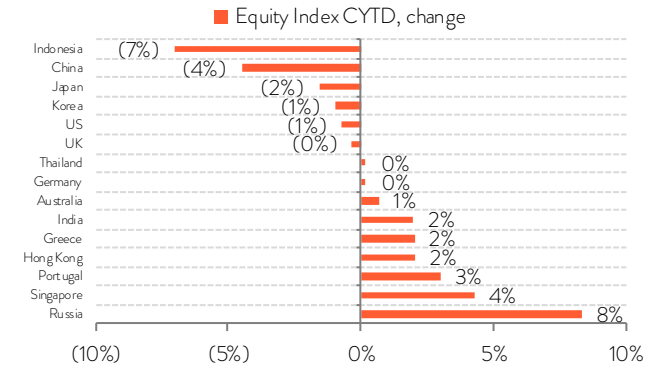
Equity

FIG 158 – NIFTY REMAINED FLAT IN MTD BASIS COMPARED TO 4% FALL IN MAR'18



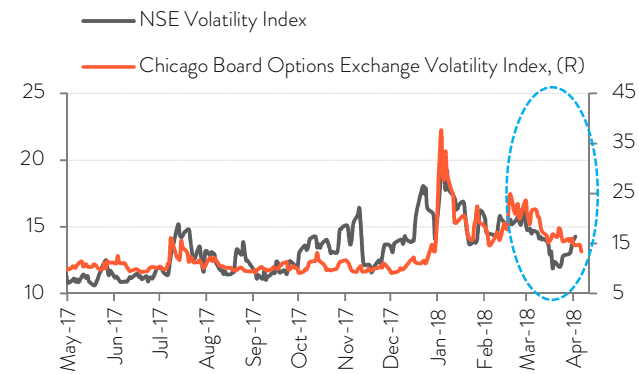
Source: Bloomberg, Bank of Baroda

FIG 159 – NIFTY ROSE BY 2% IN CYTD18*...



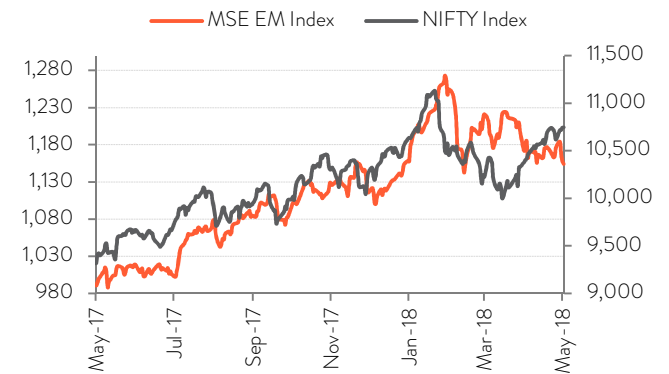
Source: Bloomberg, Bank of Baroda | *upto Apr'18

FIG 160 – ... NIFTY VIX FELL TO 12.4 IN APR'18 VS 15.8 IN MAR'18



Source: Bloomberg, Bank of Baroda

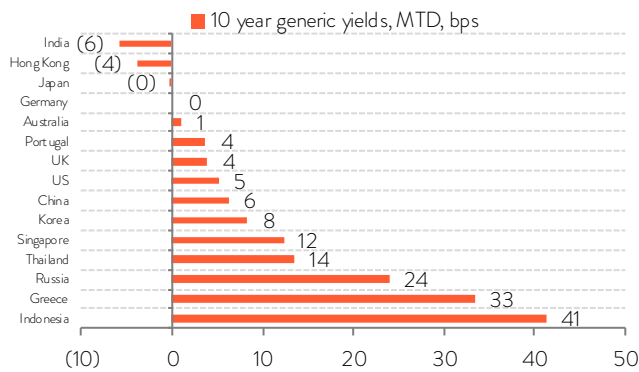
FIG 161 – NIFTY OUTPERFORMED EM INDEX



Source: Bloomberg, Bank of Baroda

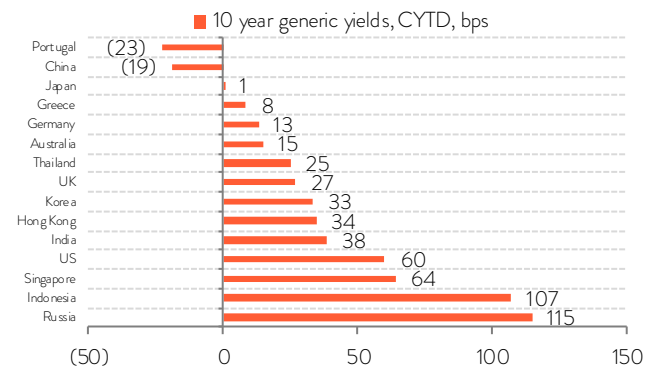
10 year Bond yields

FIG 162 – 10 YEAR BOND YIELD IN INDIA DECLINED BY 6BPS IN MAY'18



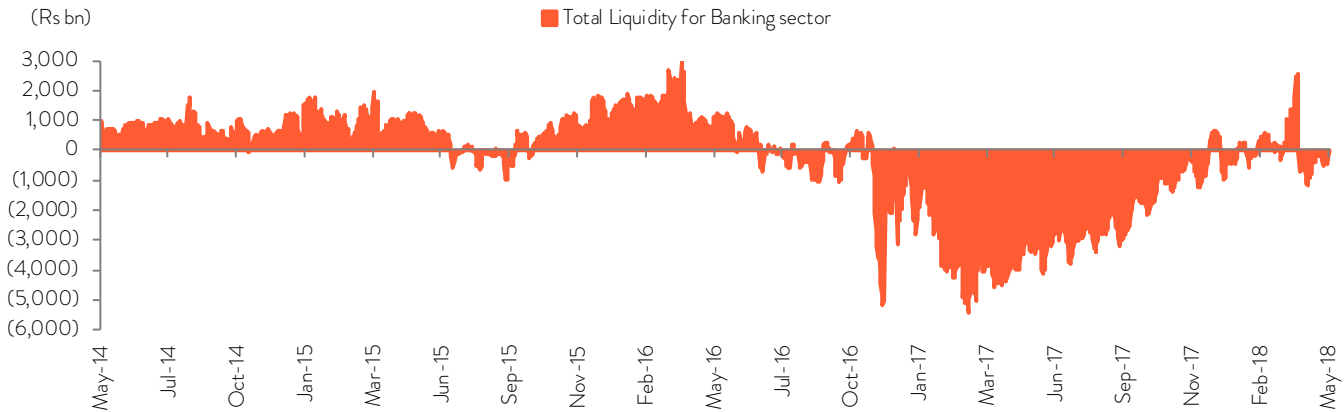
Source: Bloomberg, Bank of Baroda

FIG 163 – IN CYTD18*, 10 YEAR G-SEC YIELD FIRMED UP BY 38BPS



Source: Bloomberg, Bank of Baroda | *upto Mar'18

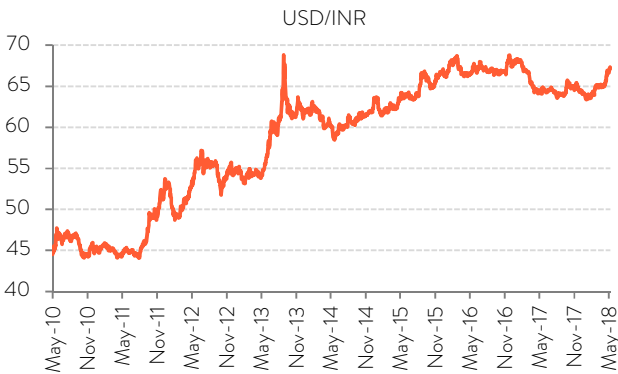
FIG 164 – SURPLUS LIQUIDITY IN THE SYSTEM SLOWLY REDUCING



Source: Bloomberg, Bank of Baroda

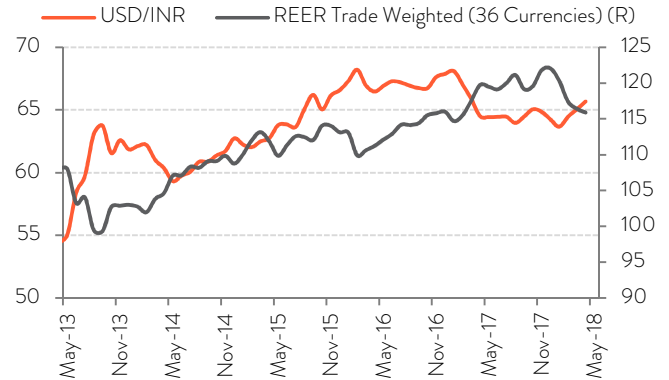
Currencies

FIG 165 – INR DEPRECIATED SHARPLY IN MAY'18



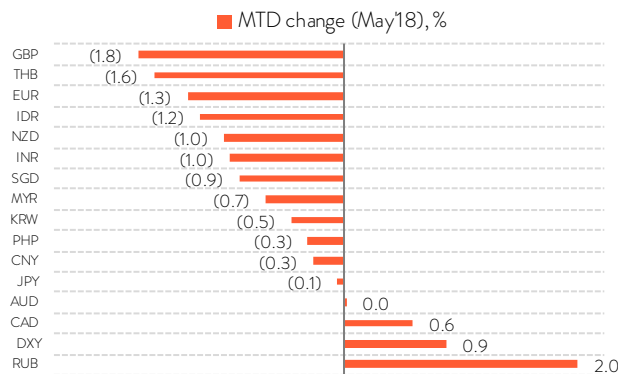
Source: Bloomberg, Bank of Baroda |*As on 10 May 2018

FIG 166 – INR DEPRECIATES AS OTHER CURRENCIES GAIN



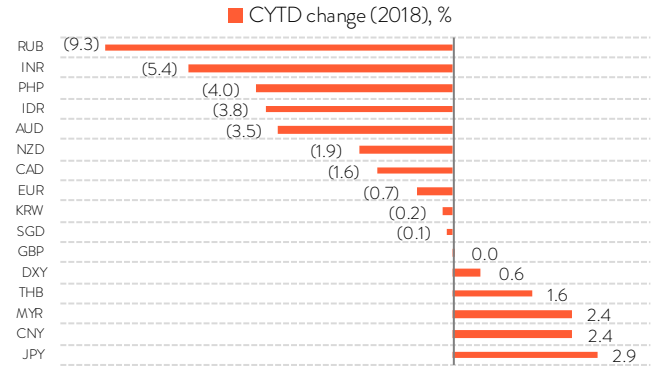
Source: Bloomberg, CEIC, Bank of Baroda

FIG 167 – INR DEPRECIATED BY 1% IN MTD BASIS



Source: Bloomberg, Bank of Baroda |*As on 10 May 2018

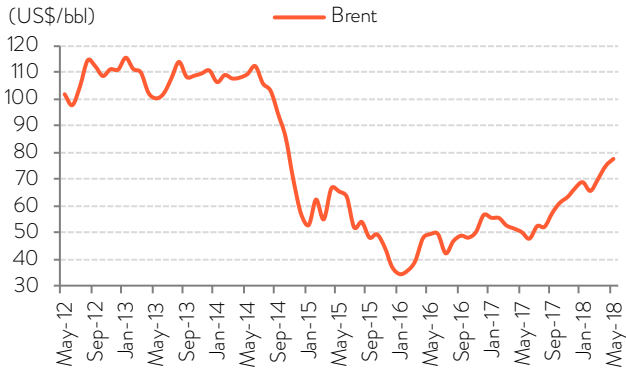
FIG 168 – INR THE WORST PERFORMER AMONGST ASIAN CURRENCIES IN CY18



Source: Bloomberg, Bank of Baroda |*As on 10 May 2018

Commodities

FIG 169 – BRENT PRICES SHOOT UP TO NEAR 4-YEAR HIGH OF US\$ 77/BARREL LATELY



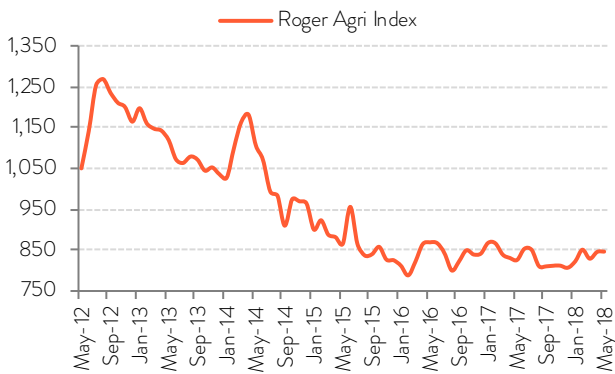
Source: Bloomberg, Bank of Baroda |**As on last trading day of the month

FIG 170 – GOLD PRICES MODERATED



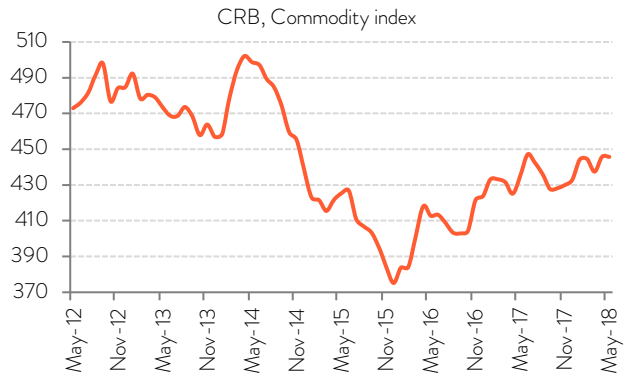
Source: Bloomberg, Bank of Baroda |**As on last trading day of the month

FIG 171 – AGRI INDEX REMAINED STABLE



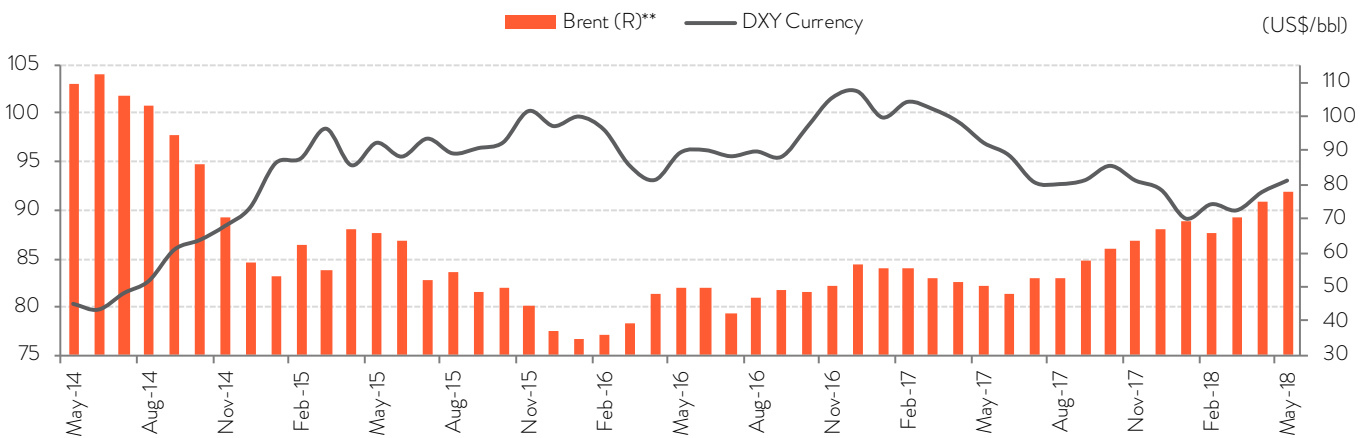
Source: Bloomberg, Bank of Baroda |**As on last trading day of the month

FIG 172 – GLOBAL COMMODITY PRICES DRIVEN BY RISING CRUDE



Source: Bloomberg, Bank of Baroda |**As on last trading day of the month

FIG 173 – DXY AND OIL PRICES SHOWING POSITIVE CORRELATION AT PRESENT



Source: Bloomberg, Bank of Baroda

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