


MONTHLY CHARTBOOK

09 April 2018

Inflation softens, recovery underway

Rural consumption is expected to get a boost with forecast of a normal monsoon. Government is also stepping up spending to increase farm income. A likely improvement in rural spending along with make in India initiatives is expected to lead to higher capex in consumer durables (FIG 65). The impact of higher food prices on inflation is yet to be seen, however, RBI has lowered its FY19 inflation forecast by 30bps on the back of seasonal dip in prices. This along with lower than estimated government borrowing has led to rally in bond yields. We continue to believe that RBI will remain on hold this year.

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Good year for farmers: While consumer confidence has dipped in RBI's latest survey, a normal monsoon (Skymet forecast) along with government's focus on improving farm income (FIG-25) is expected to improve consumption spending in rural India. Recommendation by Niti Aayog on farm intervention implies anywhere between Rs 450bn to Rs 1113bn expenditure to boost farm income. We await more details this month and its likely impact on inflation.

Capacity utilisation and capex improving: Capacity utilisation in Dec'17 has improved to 74% (71% in Dec'16, FIG 51). Notably, government initiatives on make in India seem to be showing traction as visible in new project announcements in consumer durables sector (FIG 65). The uptick in credit off-take along with recap of PSBs will ensure more flow of resources to manufacturing and services sectors.

Inflation and yields fall: Inflation has fallen to 4.4% in Feb'18 and is further likely to soften to 4.16% in Mar'18 which prompted RBI to revise its FY19 inflation forecast lower by 30bps to 4.7%. Most of it is front loaded. This along with lower than estimated government borrowing in H1FY19 has led to 33bps decline in 10-year yield in Mar'18. We expect CPI inflation to average 4.5% in FY19 and thus expect RBI to hold rates at current levels in 2018.

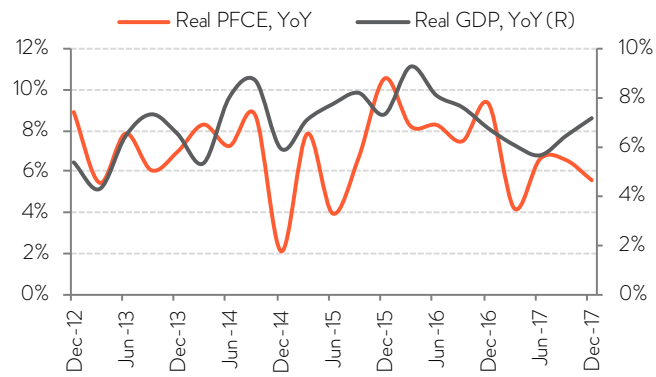
Government on path to achieve FY18 fiscal goal: Finance Ministry indicated that fiscal deficit is likely to be within FY18RE. Data up to Feb'18 shows that corporate tax collections are likely to be better than estimates. However, indirect taxes have been lower as a result of disruption due to GST. Despite this, centre's capex spend increased at 38.3% in FYTD18. States are also showing efforts to revive their capex spending.



Consumption

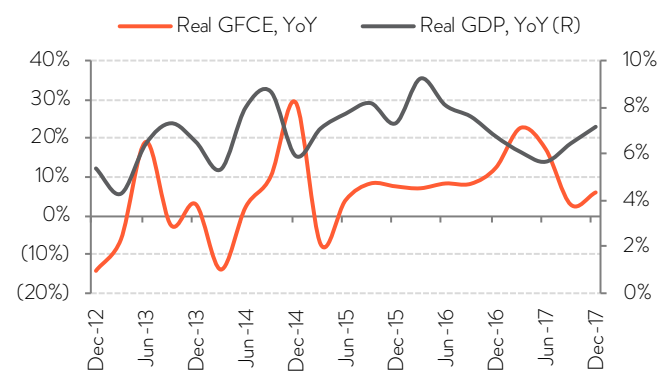
Final consumption expenditure

FIG 1 – CONSUMPTION REMAINS WEAK



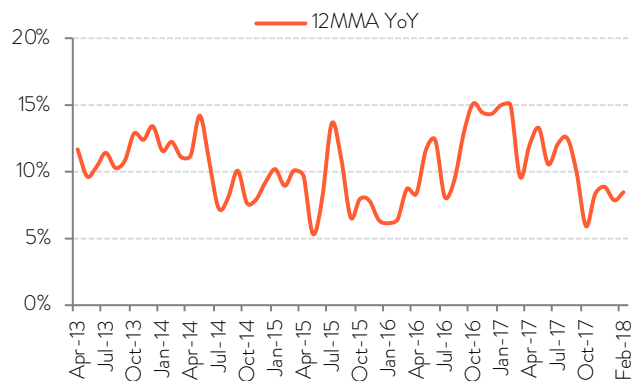
Source: CEIC, Bank of Baroda

FIG 2 – PICK UP IN GOVERNMENT CONSUMPTION



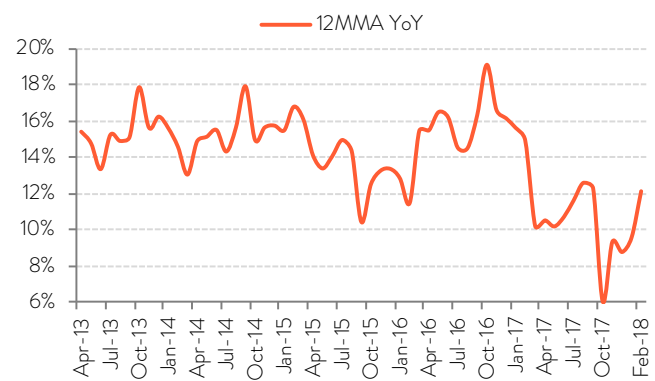
Source: CEIC, Bank of Baroda

FIG 3 – IMPROVEMENT IN GENERAL GOV SPENDING



Source: CEIC, Bank of Baroda

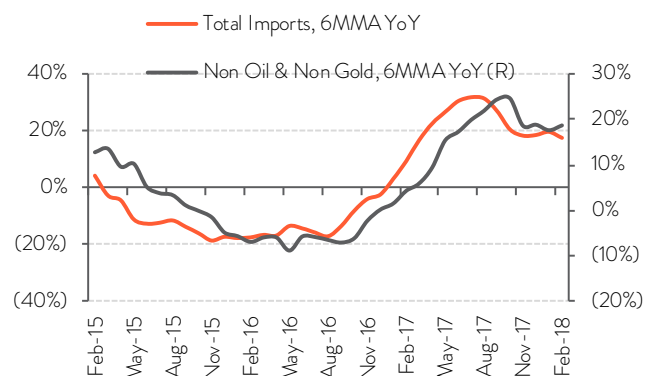
FIG 4 – UPTICK IN STATE GOV SPENDING



Source: CEIC, Bank of Baroda | Includes A.P., Bihar, Chhattisgarh, Gujarat, Haryana, Himachal Pradesh, Jharkhand, Kerala, M.P., Maharashtra, Odisha, Punjab, Rajasthan, Uttar Pradesh, and Uttarakhand

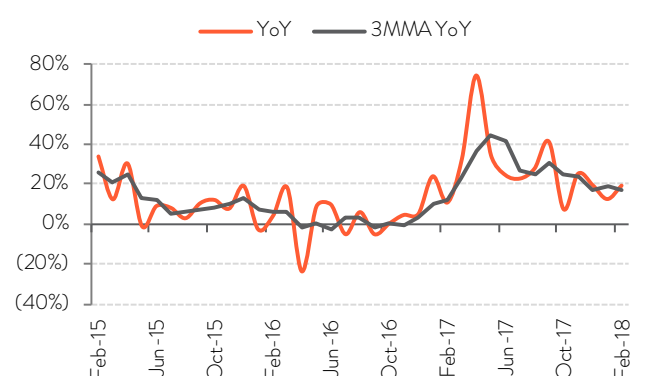
Non-oil imports, electronic imports

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



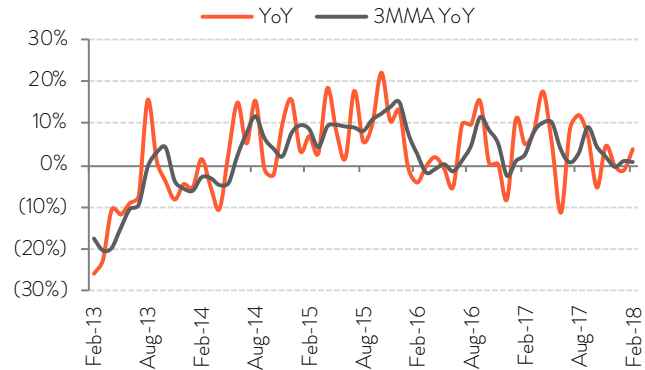
Source: CEIC, Bank of Baroda

FIG 6 – ELECTRONIC IMPORTS IMPROVED MARGINALLY



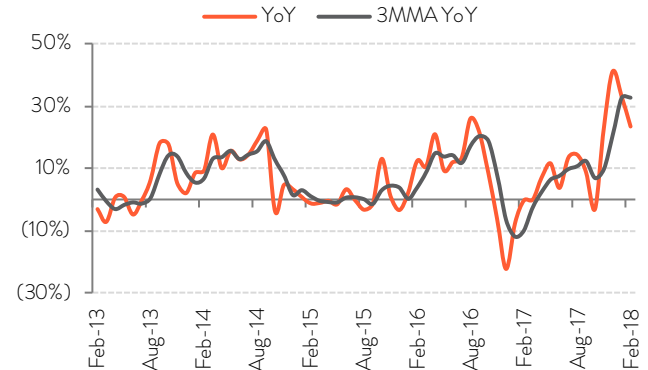
Source: CEIC, Bank of Baroda

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



Source: CEIC, Bank of Baroda

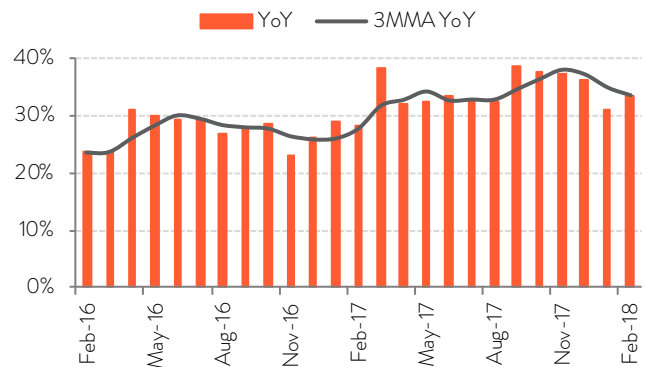
FIG 8 – ...BUT TWO-WHEELER SALES SAW A SLIGHT DOWN-TICK



Source: CEIC, Bank of Baroda

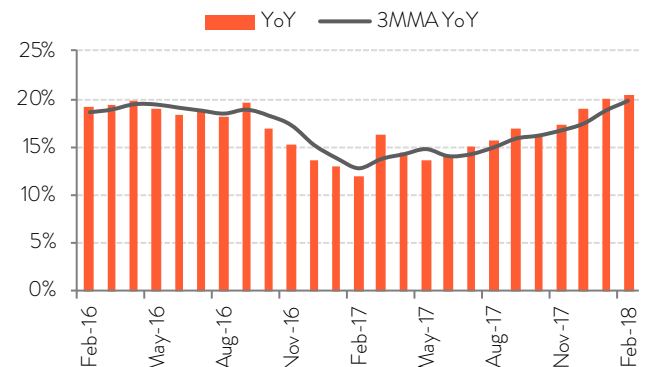
Credit deployment of personal loans

FIG 9 – DOWNWARD BLIP IN CREDIT CARD OUTSTANDING



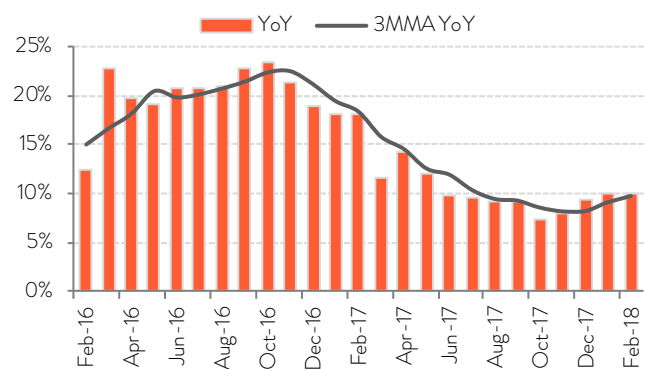
Source: CEIC, Bank of Baroda

FIG 10 – PERSONAL LOANS GROWING



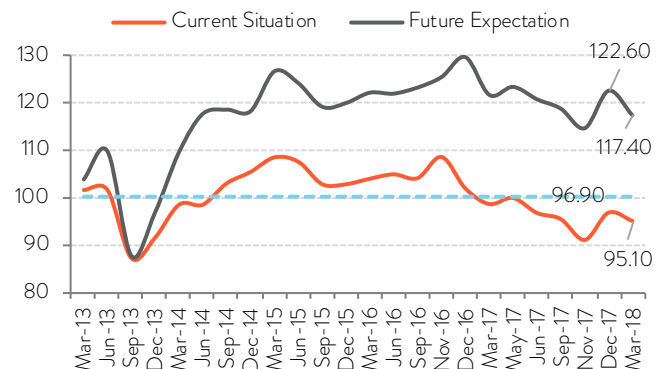
Source: CEIC, Bank of Baroda

FIG 11 – VEHICLE LOANS INCHING UP



Source: CEIC, Bank of Baroda

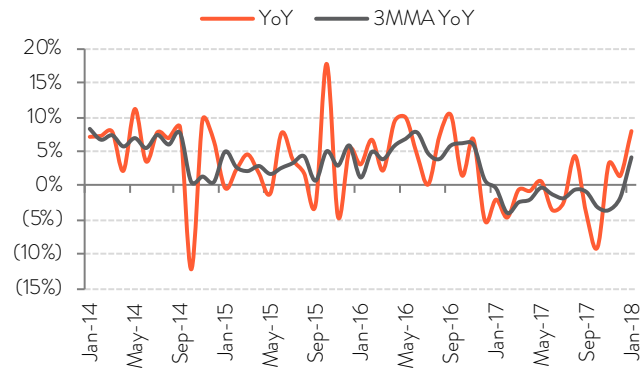
FIG 12 – CONSUMER CONFIDENCE PLUMMETS



Source: CEIC, Bank of Baroda

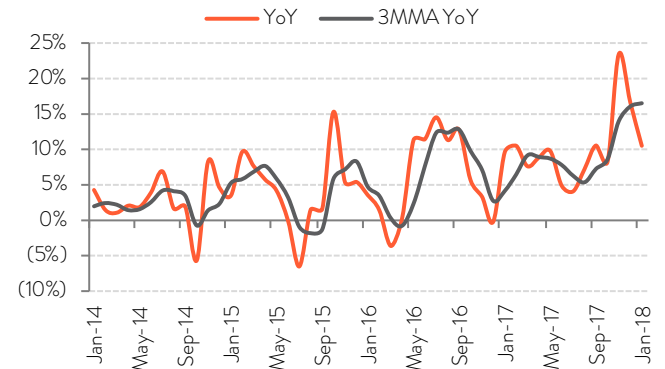
Consumer durables & non-durables production

FIG 13 – CONSUMER DURABLES OUTPUT ACCELERATES



Source: CEIC, Bank of Baroda

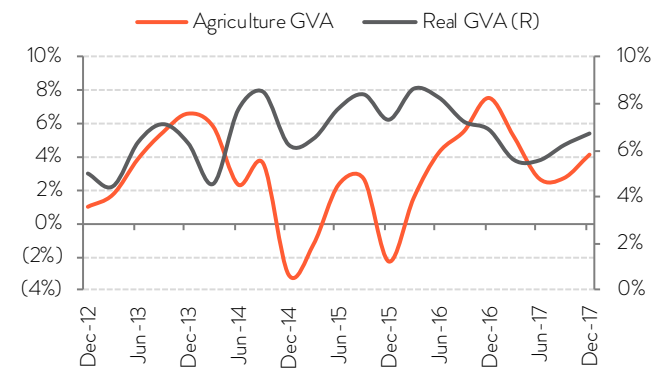
FIG 14 – ...FMCG OUTPUT HAS DECELERATED THIS MONTH



Source: CEIC, Bank of Baroda

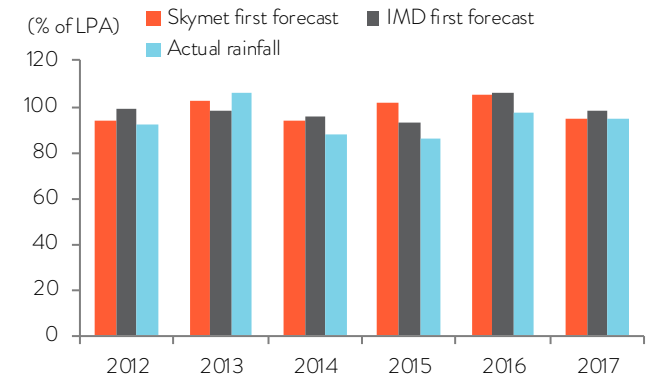
Agriculture

FIG 15 – IMPROVEMENT IN AGRICULTURE GROWTH



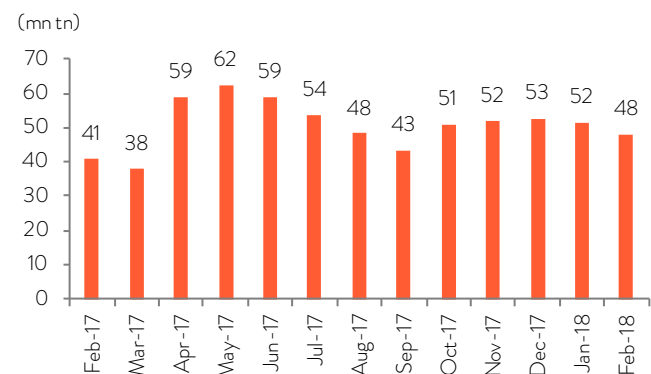
Source: CEIC, Bank of Baroda

FIG 16 – SKYMET FORECASTS 100% NORMAL MONSOON IN 2018



Source: Skymet, IMD, Bank of Baroda

FIG 17 – STOCK OF FOODGRAINS REMAINS STABLE



Source: CEIC, Bank of Baroda

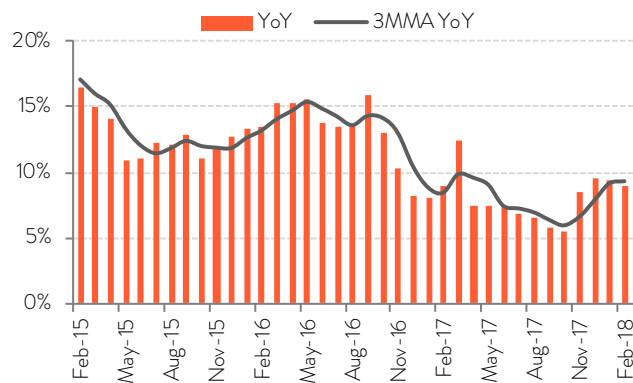
FIG 18 – RICE PROCUREMENT IS LIKELY TO BE HIGHER THAN WHEAT

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	27.13*

Source: Ministry of Consumer Affairs, Food and Public Distribution, Bank of Baroda

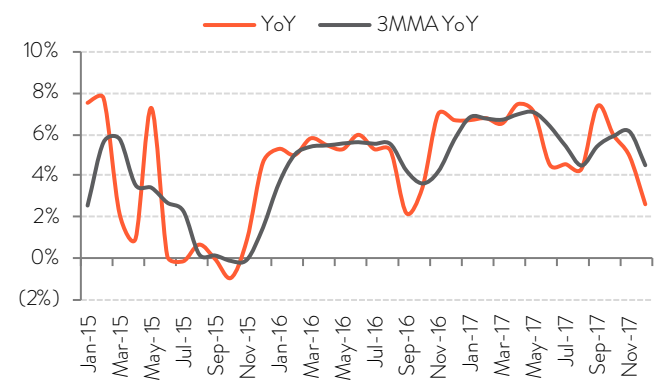
*As on: 1 Mar 2018

FIG 19 – AGRICULTURE CREDIT IS SHOWING AN UPTREND



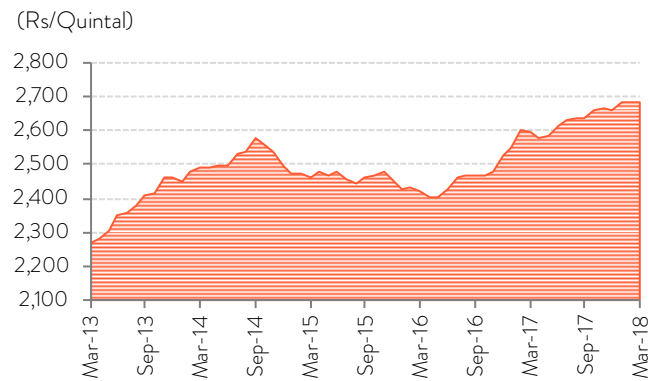
Source: CEIC, Bank of Baroda

FIG 20 – TRANSITORY DECLINE IN AGRICULTURE WAGES



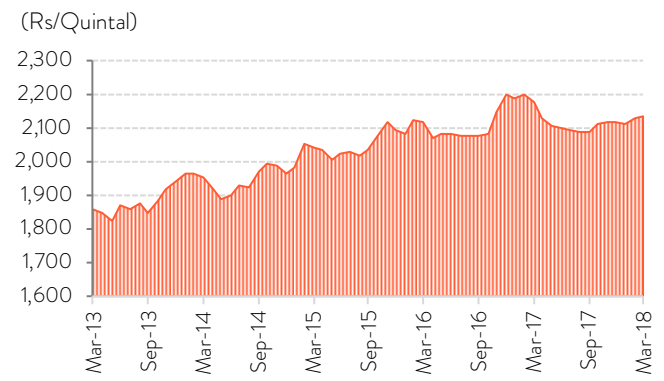
Source: CEIC, Bank of Baroda

FIG 21 – WHOLESALE PRICE OF RICE STABLE



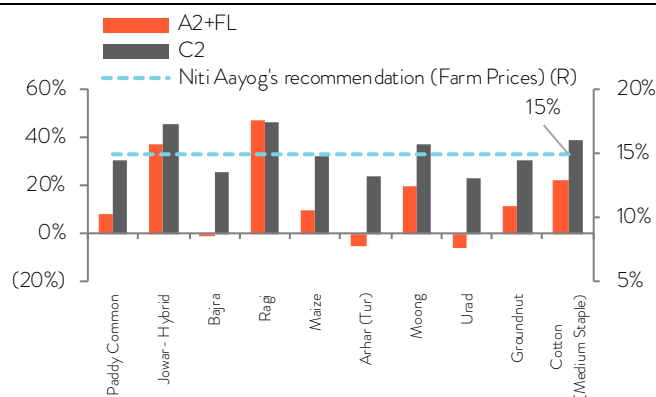
Source: CEIC, Bank of Baroda

FIG 22 – WHOLESALE PRICE OF WHEAT INCREASING



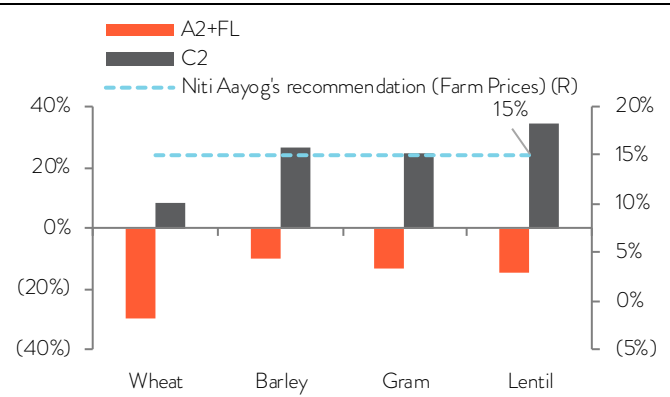
Source: CEIC, Bank of Baroda

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



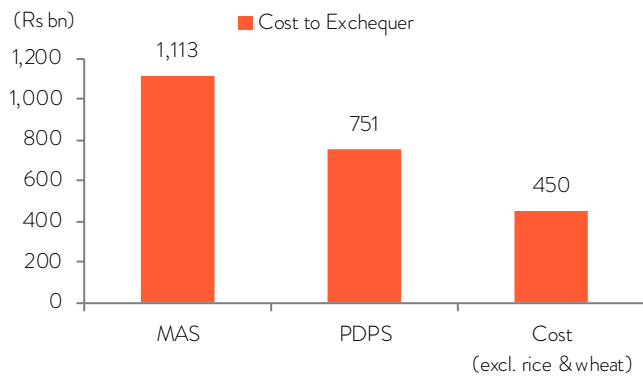
Source: CACP, Bank of Baroda | A2+FL: Actual paid out cost + imputed value of family labour, C2: Comprehensive cost. Farm Prices will improve by 15% based on combination of hike in cost of prod as announced in budget and replacement of FHP to MSP level.

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



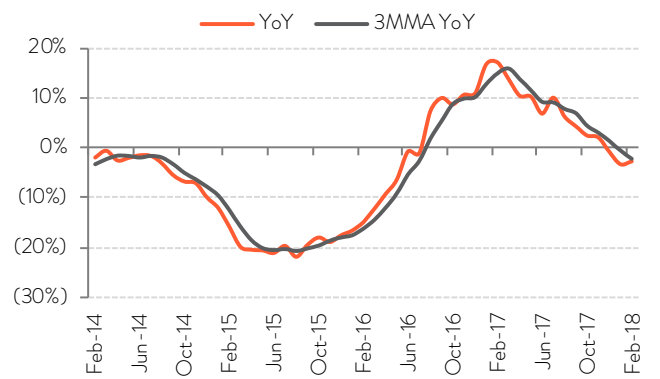
Source: CEIC, Bank of Baroda | A2+FL: Actual paid out cost + imputed value of family labour, C2: Comprehensive cost. Farm Prices will improve by 15% based on combination of hike in cost of prod as announced in budget and replacement of FHP to MSP level.

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

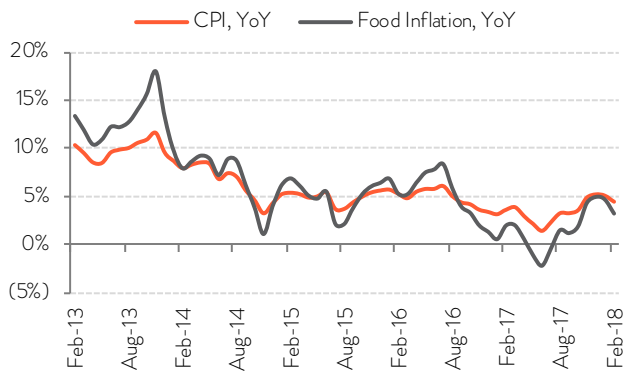
FIG 26 – GLOBAL FOOD PRICES CONTINUE TO REMAIN SOFT



Source: CEIC, Bank of Baroda

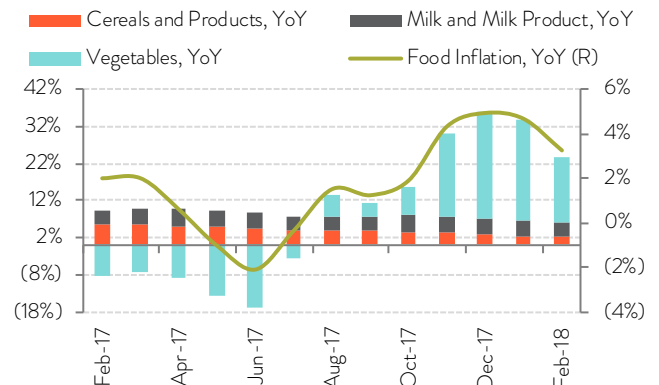
Inflation

FIG 27 – RETAIL INFLATION AT 4 MONTH LOW OF 4.4%...



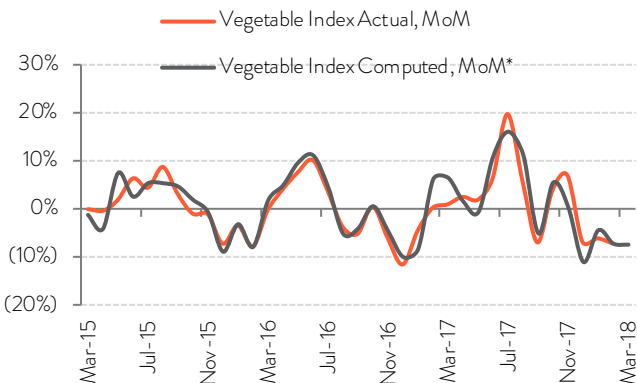
Source: CEIC, Bank of Baroda

FIG 28 – ...LED BY FOOD ESPECIALLY VEGETABLES



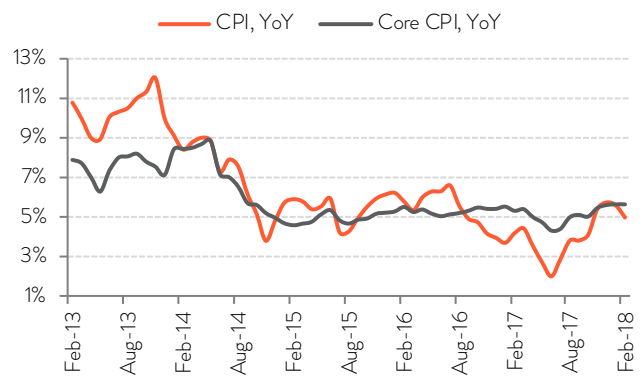
Source: CEIC, Bank of Baroda

FIG 29 – COMPUTED VEGETABLE INFLATION SEEN DECLINING FROM (-)7.3% TO (-)7.5% IN MAR'18



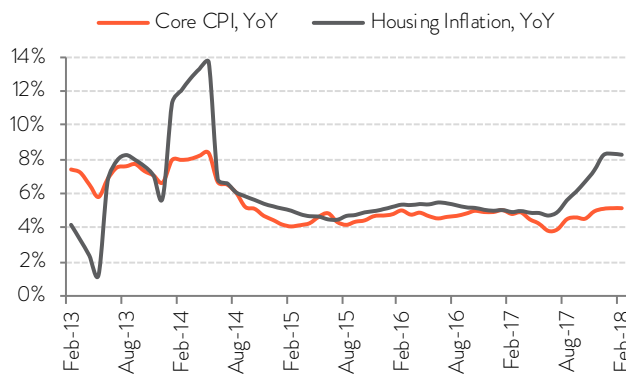
Source: CEIC, Bank of Baroda | *Vegetable index computed using average retail price of major vegetables

FIG 30 – CORE INFLATION REMAINED STABLE...



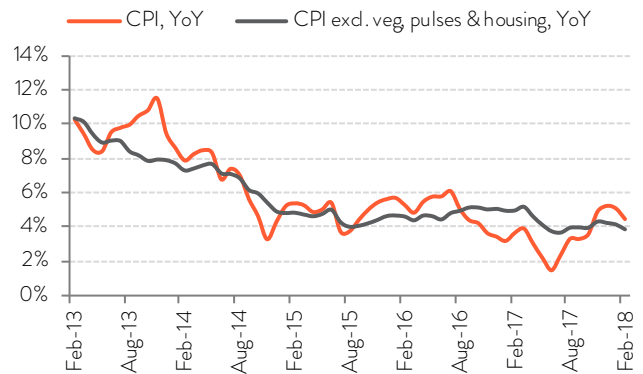
Source: CEIC, Bank of Baroda

FIG 31 – ...AS HOUSING INFLATION WAS FLAT



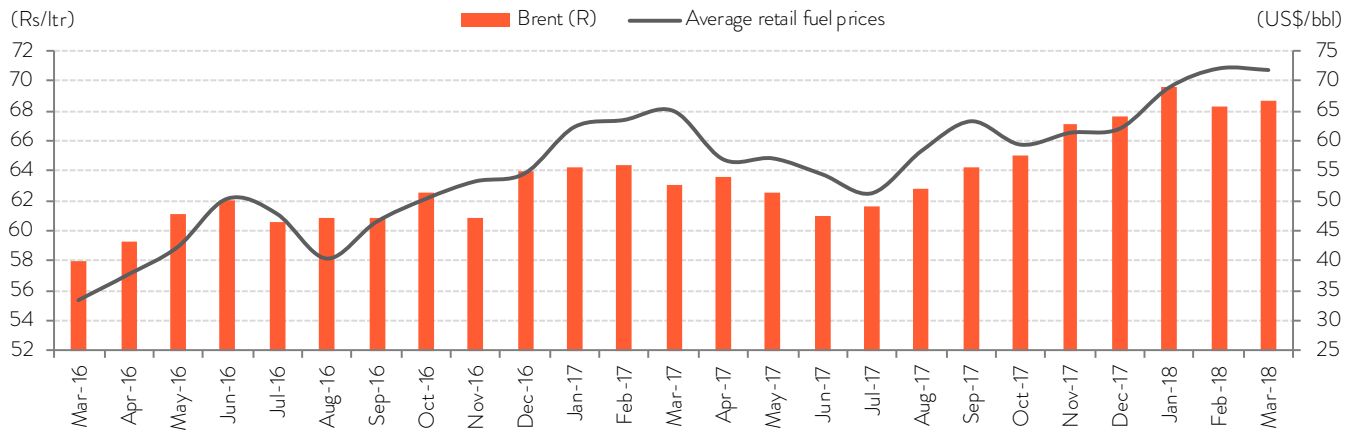
Source: CEIC, Bank of Baroda

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



Source: CEIC, Bank of Baroda

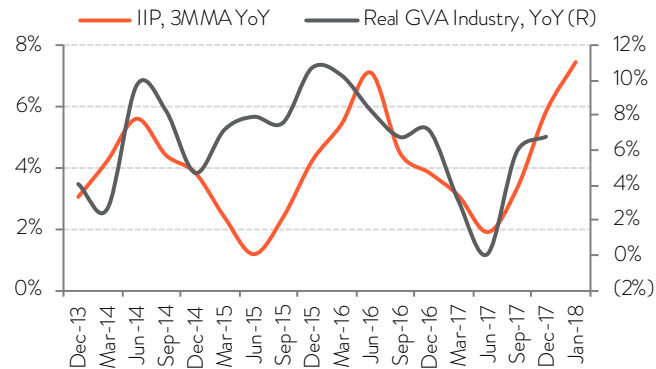
FIG 33 – RETAIL PRICE MARGINALLY EDGED DOWN TO RS 70.7/LT IN MAR'18 INSPITE OF RISING INTERNATIONAL CRUDE PRICE



Source: CEIC, Bank of Baroda

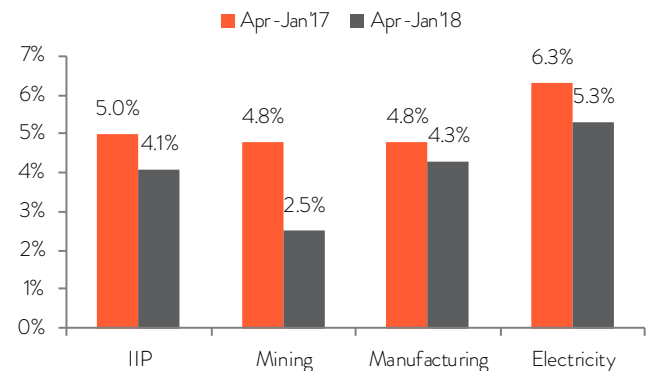
Industry

FIG 34 – INDUSTRIAL OUTPUT IMPROVING...



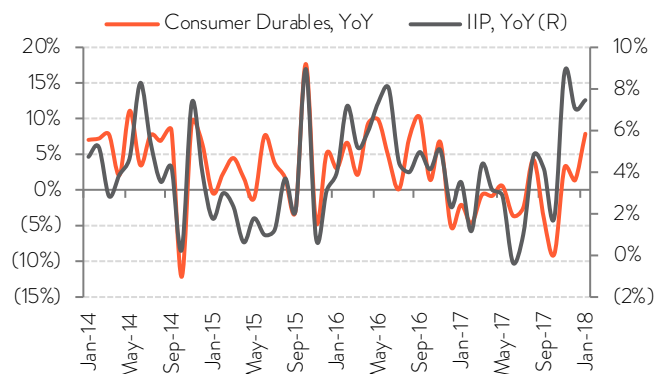
Source: CEIC, Bank of Baroda

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



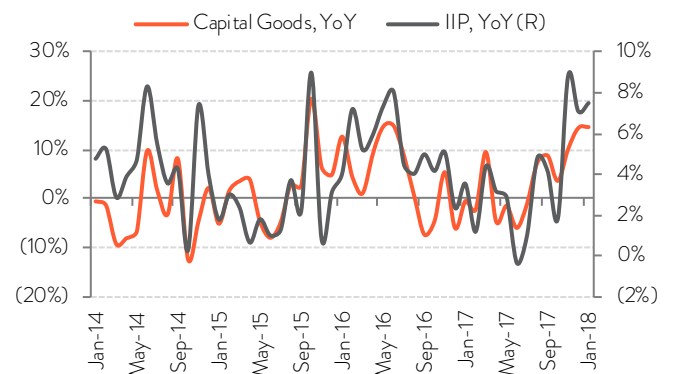
Source: CEIC, Bank of Baroda

FIG 36 – CONSUMER DURABLES PUSHED IIP UPWARDS



Source: CEIC, Bank of Baroda

FIG 37 – CAPITAL GOODS DOING THE SAME



Source: CEIC, Bank of Baroda

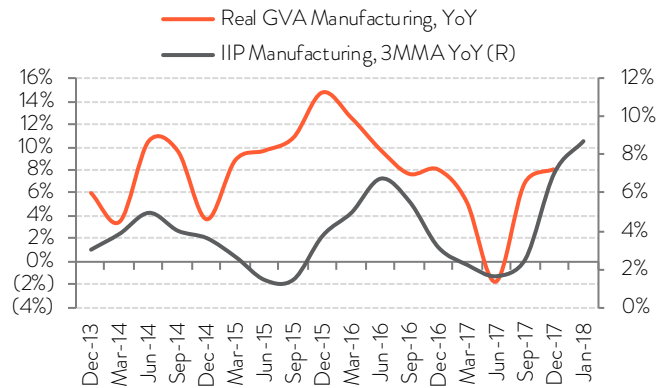
FIG 38 – INDUSTRIAL PRODUCTION SURGES AHEAD

Sectoral (%)	Weight	Apr-Jan'17	Apr-Jan'18	Jan-17	Dec-17	Jan-18
IIP	100.0	5.0	4.1	3.5	7.1	7.5
Mining	77.6	4.8	2.5	8.6	1.2	0.1
Manufacturing	14.4	4.8	4.3	2.5	8.5	8.7
Electricity	8.0	6.3	5.3	5.1	4.4	7.6
Use-Based						
Primary Goods	34.1	5.3	3.7	3.8	3.8	5.8
Capital Goods	8.2	3.0	4.4	(0.6)	14.4	14.6
Intermediate Goods	17.2	3.4	2.0	3.3	6.6	4.9
Infrastructure and Construction Goods	12.3	4.9	4.4	2.6	6.6	6.8
Consumer Durables Goods	12.8	4.1	(0.3)	(2.0)	1.5	8.0
Consumer Non-Durables Goods	15.3	7.7	10.4	9.6	16.6	10.5

Source: CEIC, Bank of Baroda

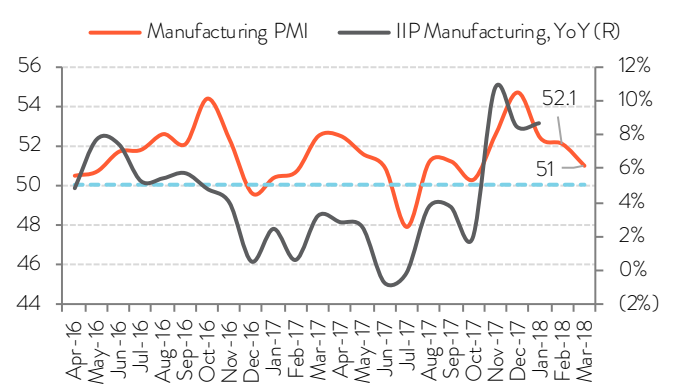
Manufacturing

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



Source: CEIC, Bank of Baroda

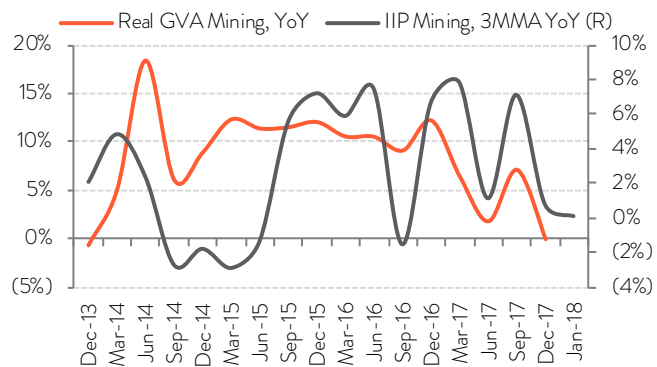
FIG 40 – ...HOWEVER MANUFACTURING PMI SOFTENS IN MAR'18



Source: CEIC, Markit, Bank of Baroda

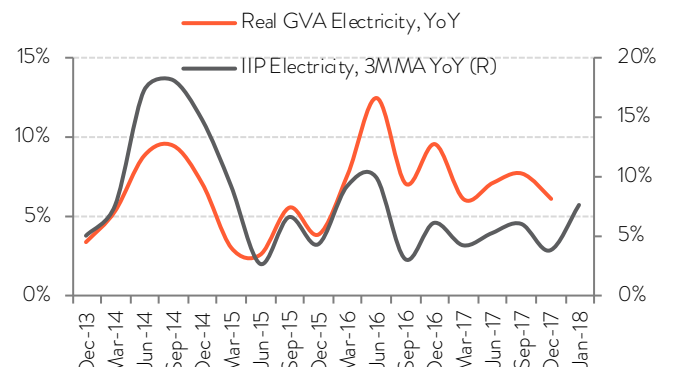
Mining & Electricity

FIG 41 – MINING ACTIVITY NOT SHOWING MUCH IMPROVEMENT IN Q4



Source: CEIC, Bank of Baroda

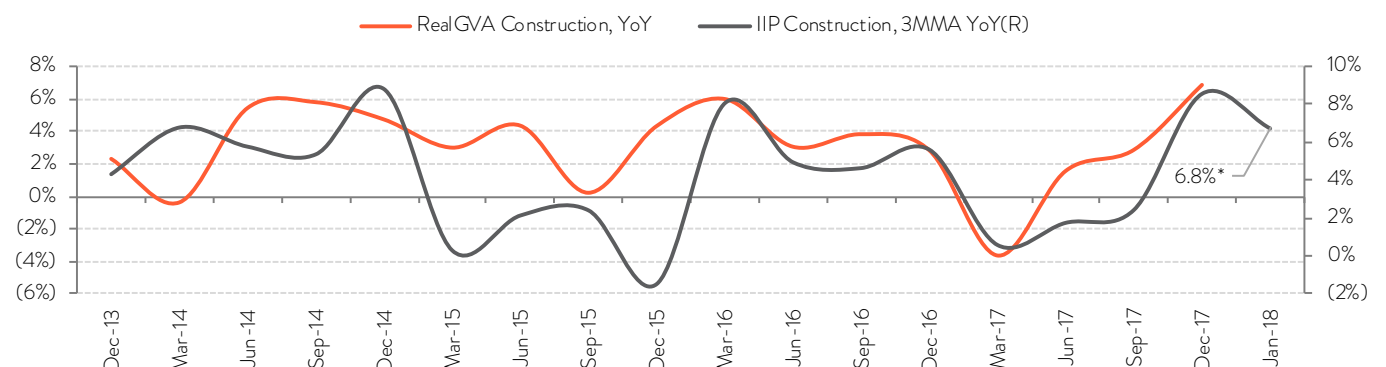
FIG 42 – ELECTRICITY TO IMPROVE IN Q4



Source: CEIC, Bank of Baroda

Infrastructure and Construction

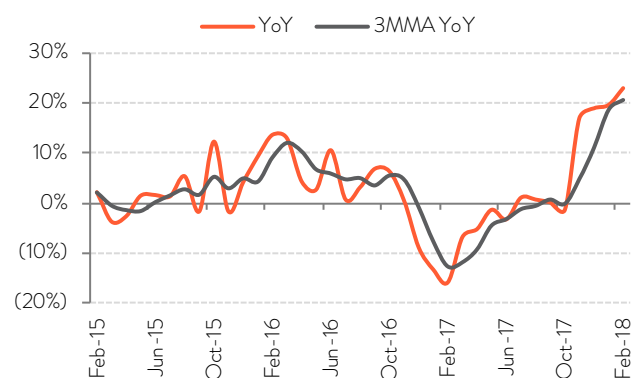
FIG 43 – MODERATION IN CONSTRUCTION GROWTH



Source: CEIC, Bank of Baroda | *Infrastructure and Construction goods for Jan'18 is YoY%.

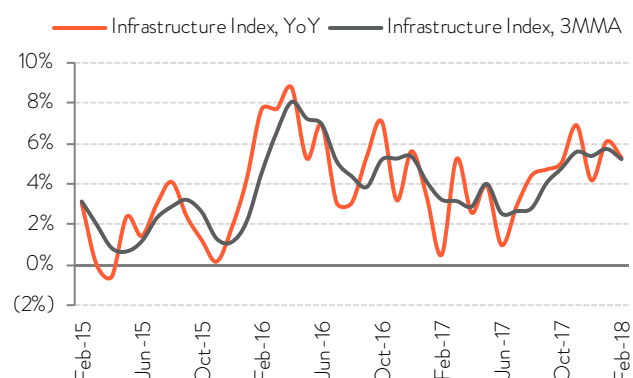
Cement Production and Infrastructure Index

FIG 44 – ROBUST DEMAND FOR CEMENT CONTINUES



Source: CEIC, Bank of Baroda

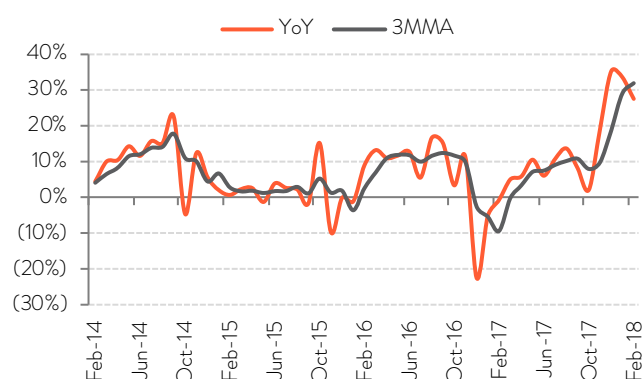
FIG 45 – SLOWDOWN IN INFRASTRUCTURE INDEX



Source: CEIC, Bank of Baroda

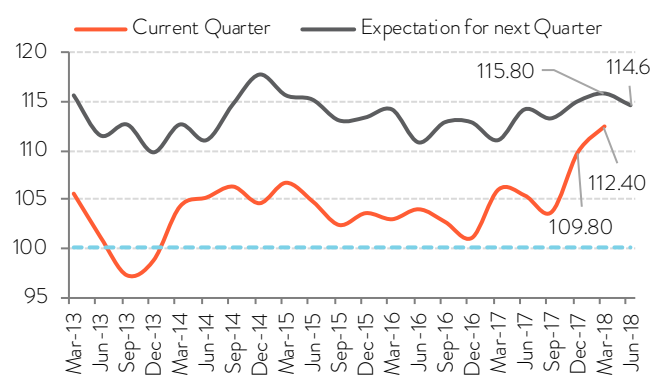
Auto production & Business expectation index

FIG 46 – DECELERATION IN AUTO PRODUCTION



Source: CEIC, Bank of Baroda

FIG 47 – BUSINESS SENTIMENTS REMAIN BLEAK



Source: CEIC, Bank of Baroda

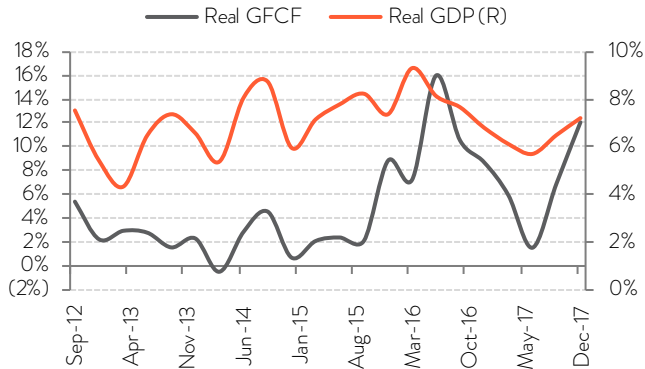
FIG 48 – INFRASTRUCTURE INDEX SLUMPS

(%)	Weight	Apr-Feb'17	Apr-Feb'18	Feb-17	Jan-18	Feb-18
Infrastructure Index	100	4.7	4.3	0.5	6.1	5.3
Coal	4.16	2.3	1.6	6.6	3.2	1.5
Crude Oil	3.62	(2.8)	(0.8)	(3.4)	(3.2)	(2.3)
Natural Gas	2.77	(1.9)	3.1	(2.2)	(1.0)	(1.4)
Petroleum Refinery Products	11.29	5.2	4.9	(2.8)	11.0	7.9
Fertilizers	1.06	0.5	(0.2)	(4.0)	(1.6)	5.2
Steel	7.21	10.7	5.9	8.6	1.7	5.0
Cement	2.16	(0.6)	5.7	(15.8)	19.6	22.9
Electricity	7.9	5.8	5.2	1.2	7.6	4.0

Source: CEIC, Bank of Baroda

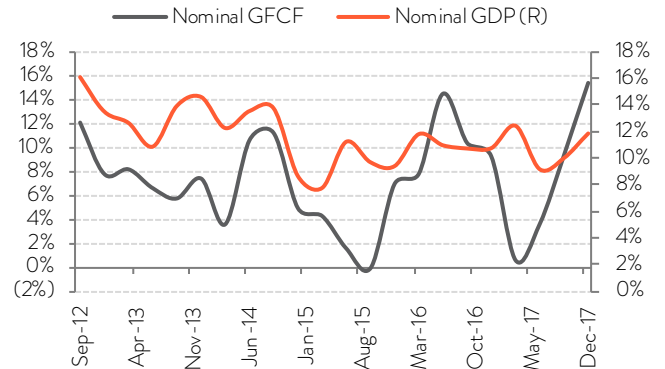
Investment

FIG 49 – REAL GFCF PICKING UP SHARPLY



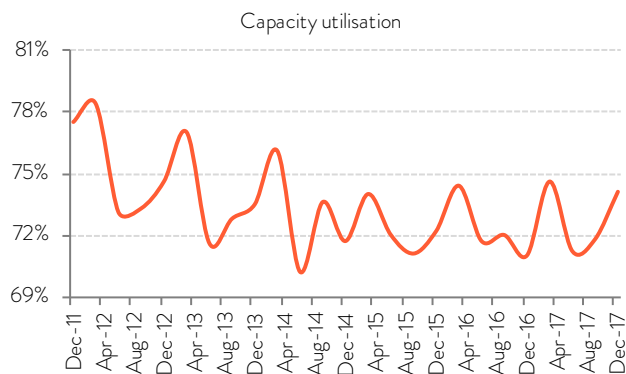
Source: CEIC, Bank of Baroda

FIG 50 – NOMINAL GFCF ALSO SEEN PICKING UP



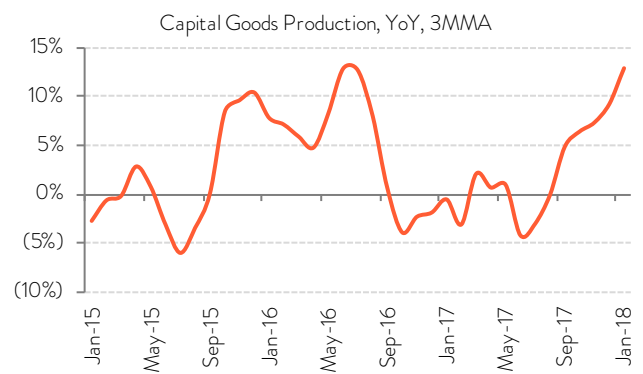
Source: CEIC, Bank of Baroda

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



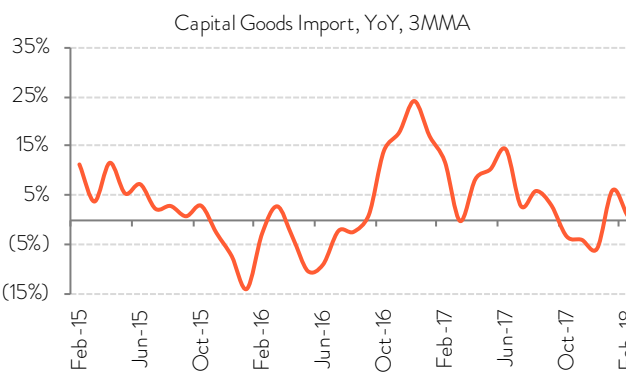
Source: CEIC, Bank of Baroda

FIG 52 – CAPITAL GOODS PRODUCTION NOTING SHARP UPTICK



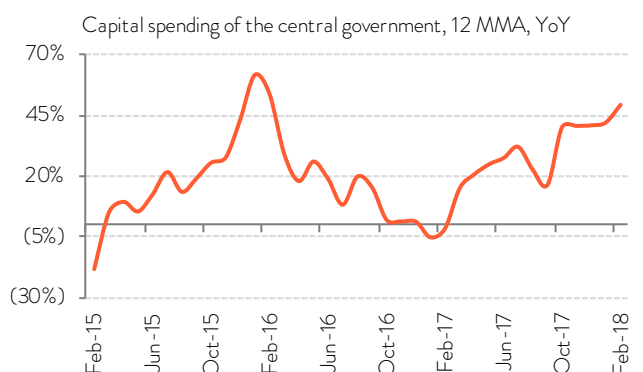
Source: CEIC, Bank of Baroda

FIG 53 – CAPITAL GOODS IMPORT DECLINING



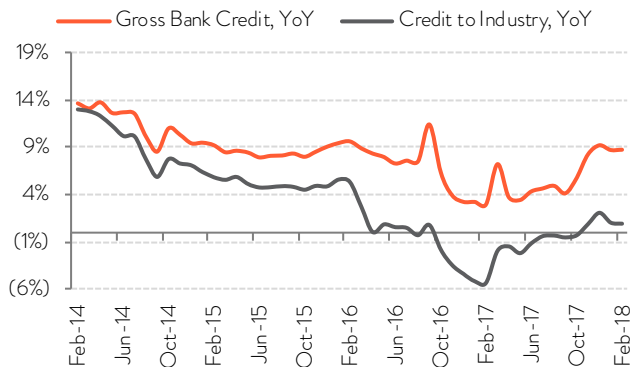
Source: CEIC, Bank of Baroda

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



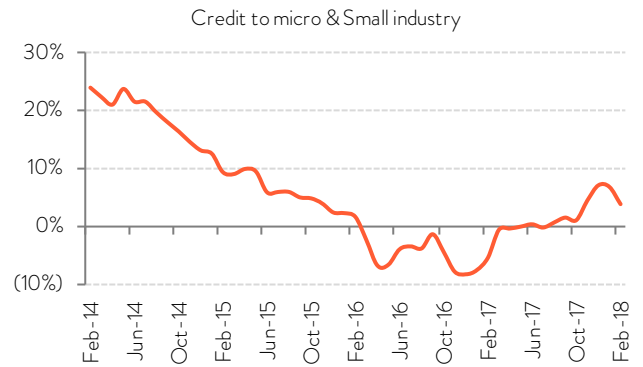
Source: CEIC, Bank of Baroda

FIG 55 – INDUSTRY CREDIT DECLINED MARGINALLY TO 1% IN FEB'18 FROM 1.1%



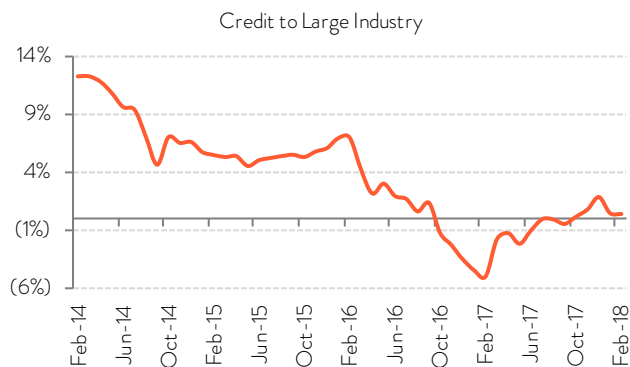
Source: CEIC, Bank of Baroda

FIG 56 – CREDIT TO MICRO & SMALL INDUSTRY FELL TO 4% IN FEB'18 FROM 6.9% IN JAN'18



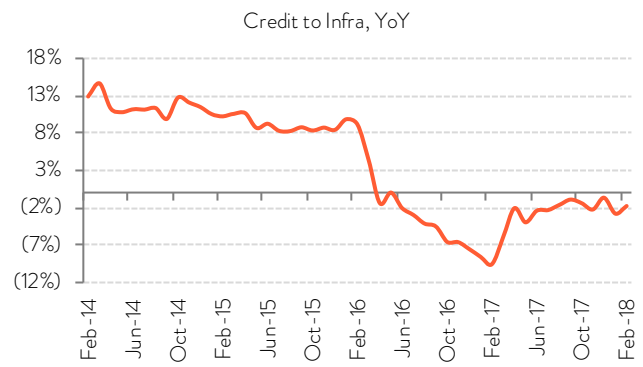
Source: CEIC, Bank of Baroda

FIG 57 – CREDIT TO LARGE INDUSTRY FELL MARGINALLY TO 0.4% IN FEB'18 FROM 0.5%



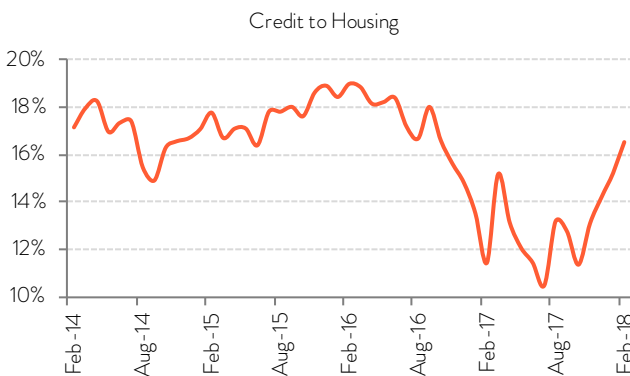
Source: CEIC, Bank of Baroda

FIG 58 – CREDIT TO INFRA PICKING UP IN FEB'18



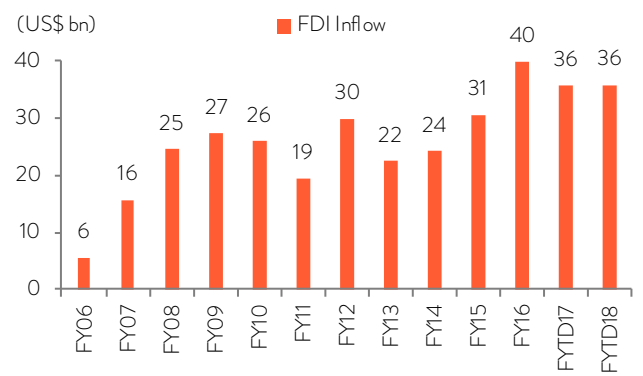
Source: CEIC, Bank of Baroda

FIG 59 – CREDIT TO HOUSING ROSE MARKEDLY TO 16.5% IN FEB'18 FROM 15.2% IN JAN'18



Source: CEIC, Bank of Baroda

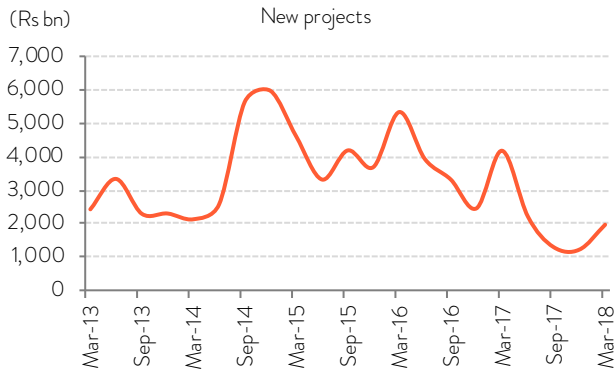
FIG 60 – FDI INFLOW REMAINED STEADY



Source: CEIC, Bank of Baroda

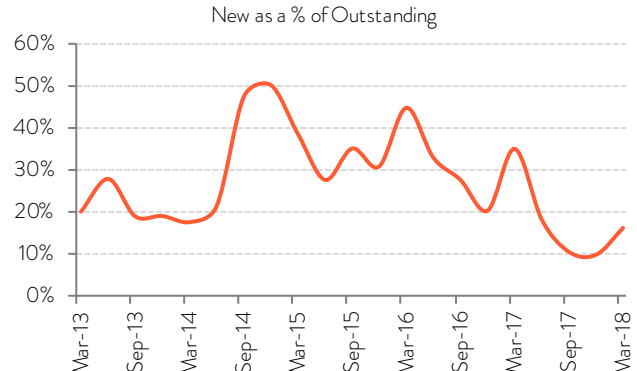
Capex data

FIG 61 – NEW PROJECTS RISING



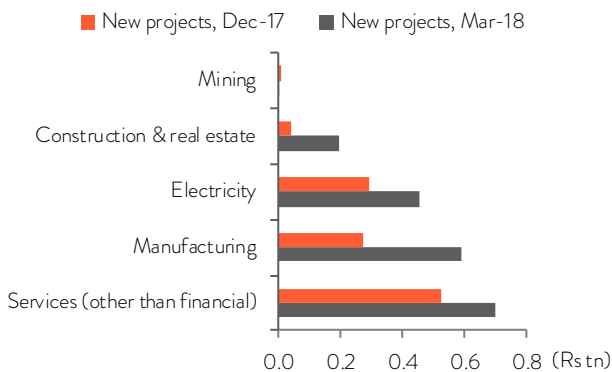
Source: CMIE, Bank of Baroda

FIG 62 – SHARE OF NEW PROJECTS PICKING UP



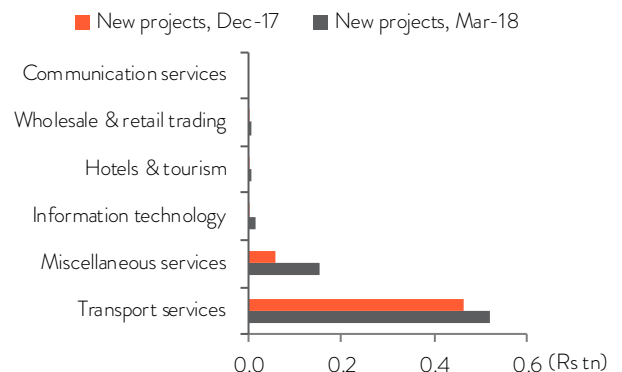
Source: CMIE, Bank of Baroda

FIG 63 – SERVICES AND MANUFACTURING SECTOR DRIVING NEW PROJECTS



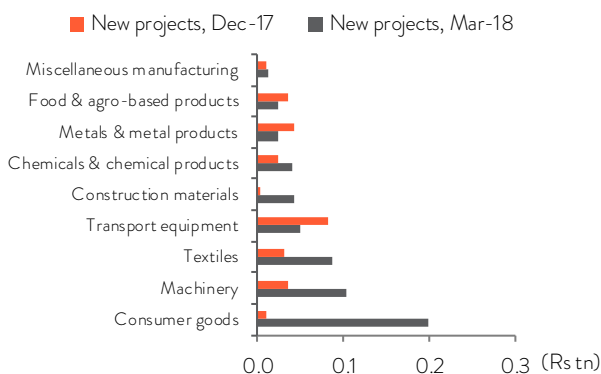
Source: CMIE, Bank of Baroda

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



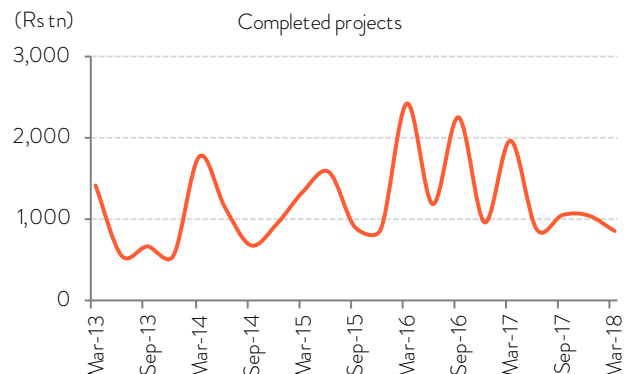
Source: CMIE, Bank of Baroda

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



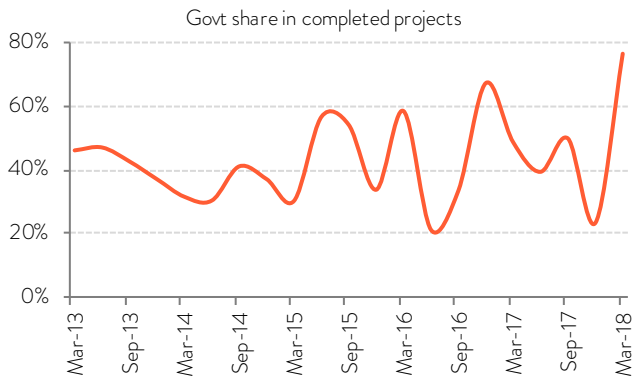
Source: CMIE, Bank of Baroda

FIG 66 – COMPLETED PROJECTS REMAIN ALMOST STABLE



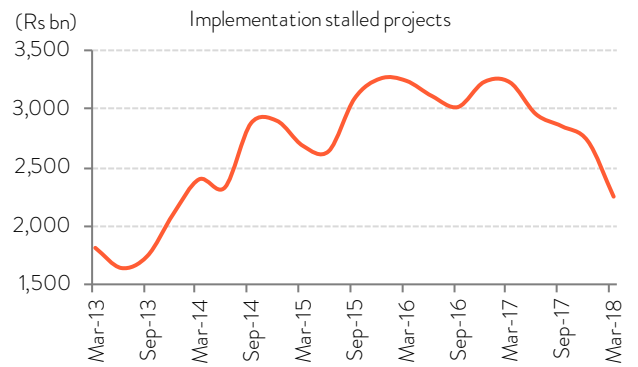
Source: CMIE, Bank of Baroda

FIG 67 – GOV SHARE IN COMPLETED PROJECTS RISING



Source: CMIE, Bank of Baroda

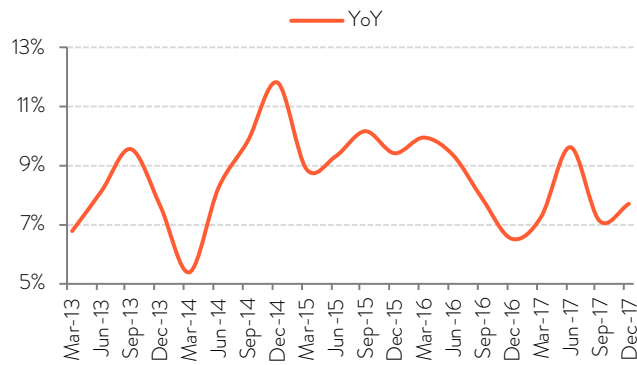
FIG 68 – IMPLEMENTATION OF STALLED PROJECTS DECLINING



Source: CMIE, Bank of Baroda

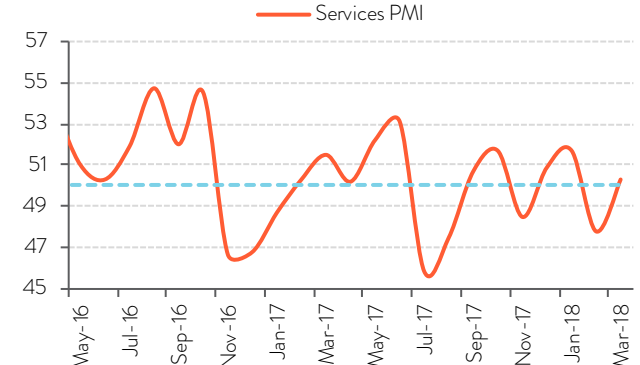
Services sector

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



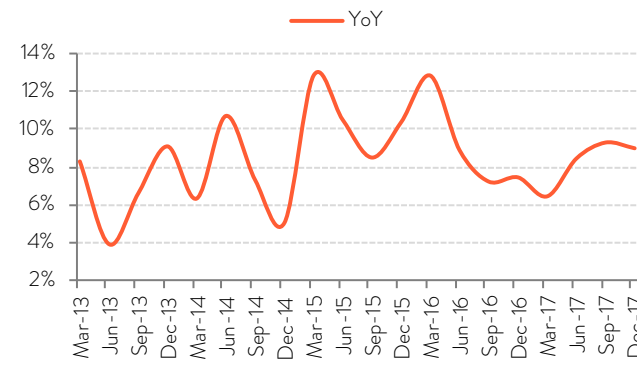
Source: CEIC, Bank of Baroda

FIG 70 – SERVICES PMI ACTIVITY REBOUNDED IN MAR'18



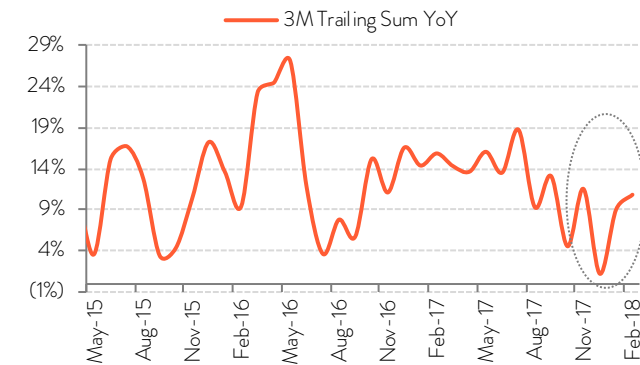
Source: Markit, Bank of Baroda

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



Source: CEIC, Bank of Baroda

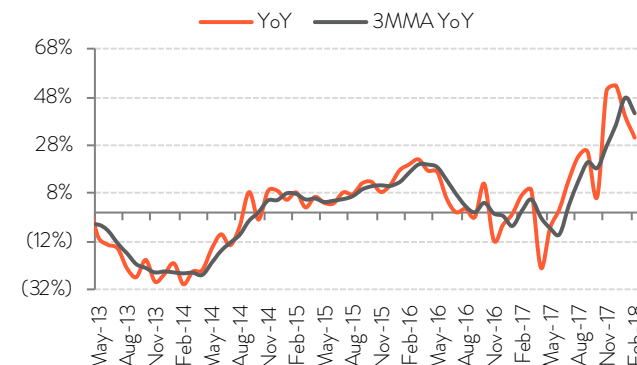
FIG 72 – STATES* REVENUE RECEIPTS CONTINUE TO CONTRIBUTE POSITIVELY IN Q4



Source: CEIC, Bank of Baroda | *Includes A.P., Bihar, Chhattisgarh, Gujarat, Haryana, Himachal Pradesh., Jharkhand, Kerala, M.P., Maharashtra, Odisha, Punjab, Rajasthan, Uttar Pradesh, and Uttarakhand

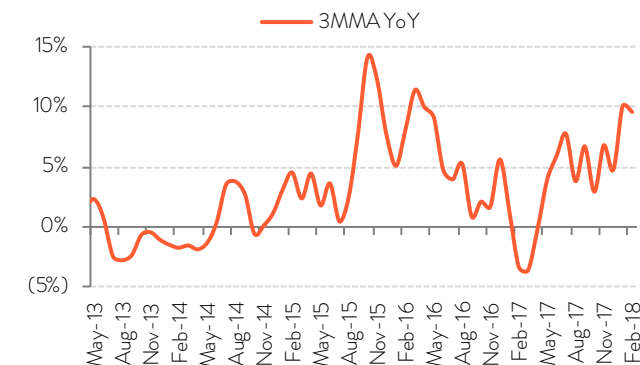
Trade

FIG 73 – THOUGH COMMERCIAL VEHICLES SALES DIP IN FEB'18, GROWTH STILL ABOVE 35% IN JAN-FEB'18



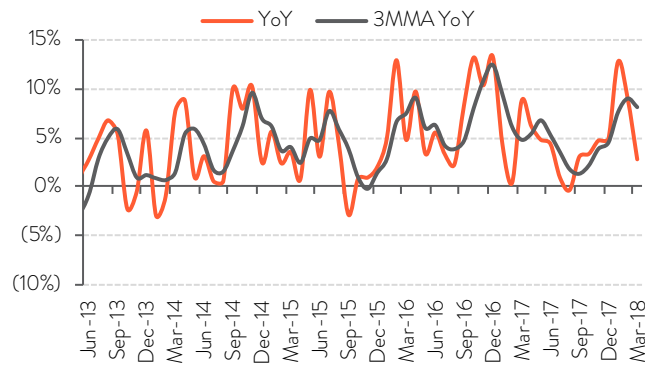
Source: CEIC, Bank of Baroda

FIG 74 – DIESEL CONSUMPTION SLIPS IN FEB'18; JAN-FEB'18 AVG AT 10.2%, MUCH HIGHER THAN 4.7% IN Q3



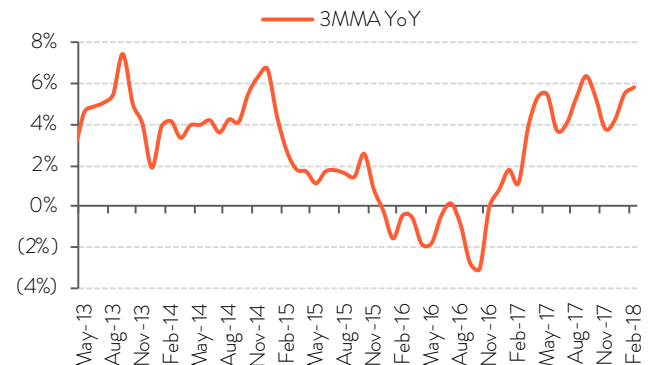
Source: PPAC, Bank of Baroda

FIG 75 – PORT CARGO VOLUME DECLINES IN MAR'18, YET Q4 TREND MUCH HIGHER THAN Q3



Source: CEIC, Bank of Baroda

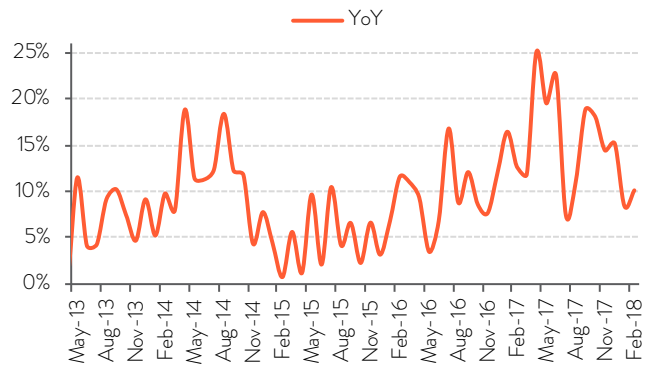
FIG 76 – RAILWAY FREIGHT TRAFFIC GROWTH MAINTAINS MOMENTUM



Source: CEIC, Bank of Baroda

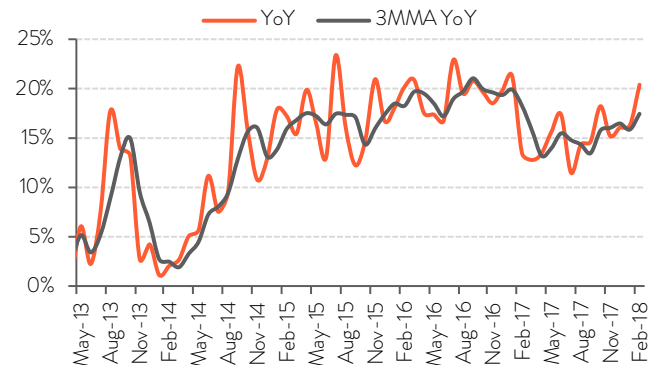
Hotels and Communications

FIG 77 – FOREIGN TOURIST ARRIVAL GROWTH REVERSES TREND, PICKS UP IN FEB'18



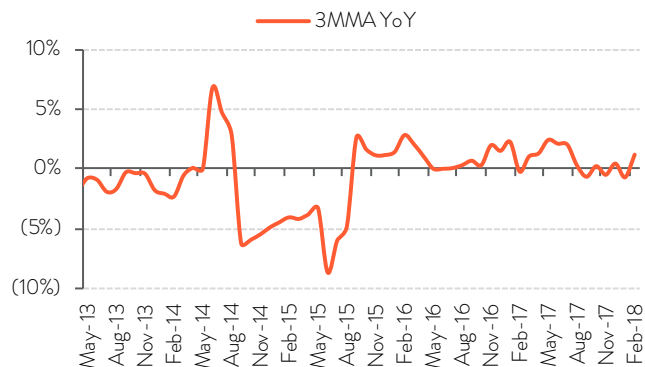
Source: CEIC, Bank of Baroda

FIG 78 – ...SUPPORTING IMPROVEMENT IN AIRLINE PASSENGER TRAFFIC



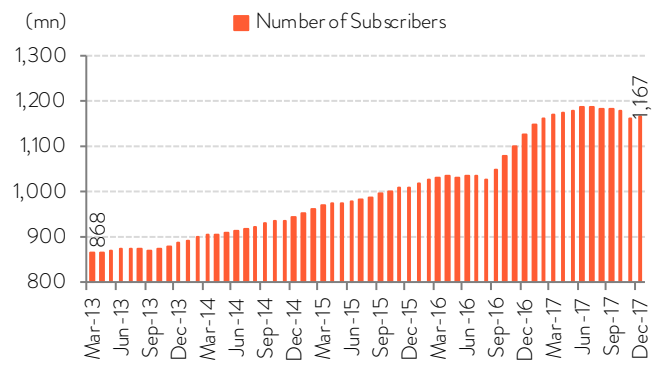
Source: CEIC, Bank of Baroda

FIG 79 – RAILWAY PASSENGER TRAFFIC GROWTH SEEN HOLDING UP IN Q4FY18



Source: CEIC, Bank of Baroda

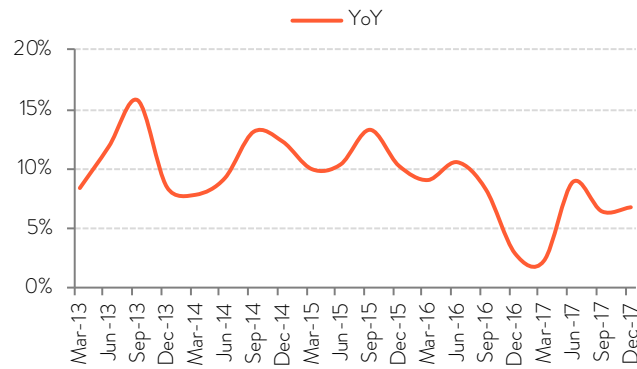
FIG 80 – WIRELESS SUBSCRIBER GROWTH STABILISES IN DEC'17



Source: CEIC, Bank of Baroda

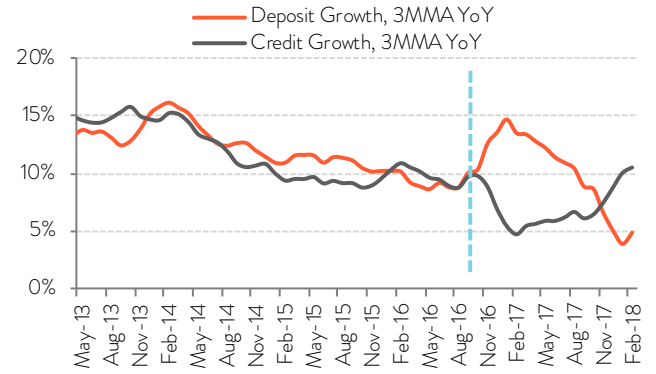
Finance and Real estate

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



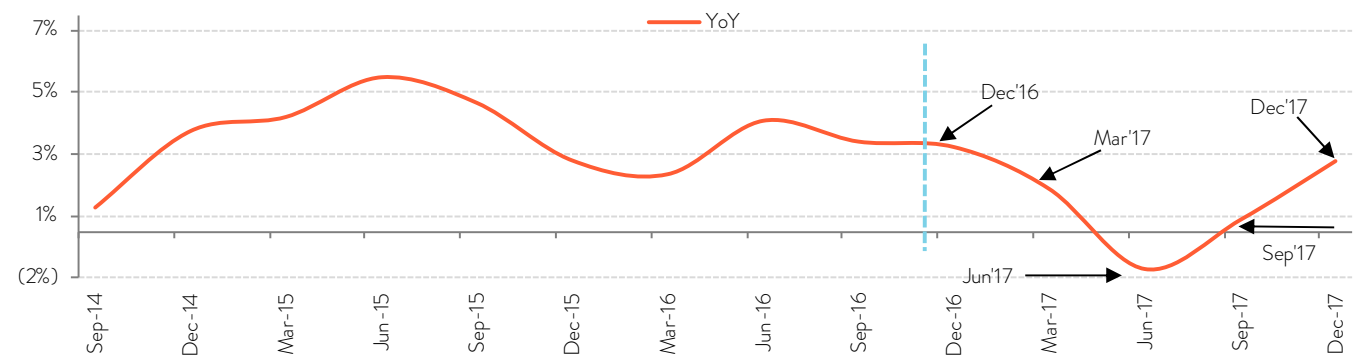
Source: CEIC, Bank of Baroda

FIG 82 – BOTH DEPOSIT AND CREDIT GROWTH SEEN RISING IN FEB'18, JAN-FEB'18 AVG BETTER THAN Q3



Source: CEIC, Bank of Baroda

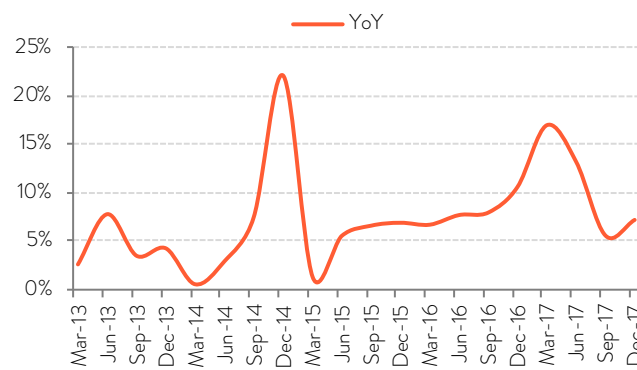
FIG 83 – AVERAGE PROPERTY PRICE INDEX* INCHING UP TO PRE-DEMONETISATION LEVELS



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

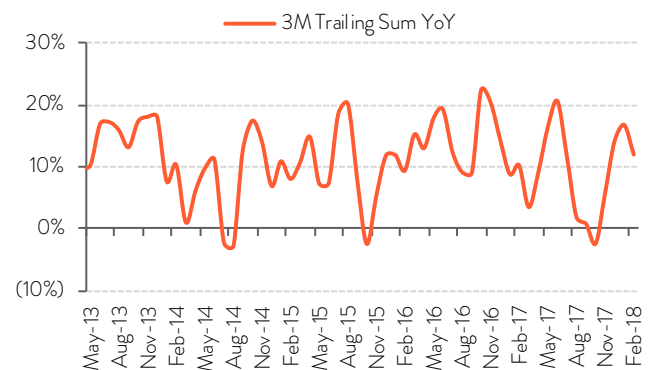
Public administration

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



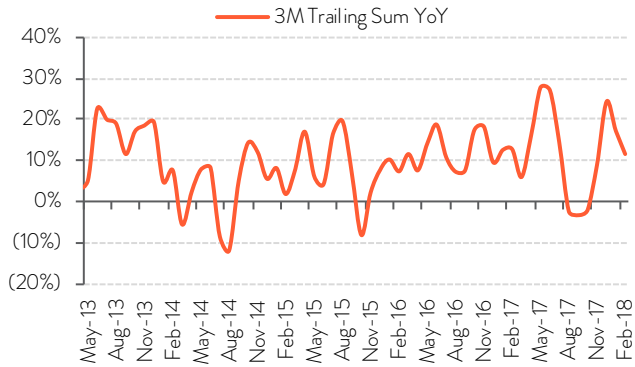
Source: CEIC, Bank of Baroda

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



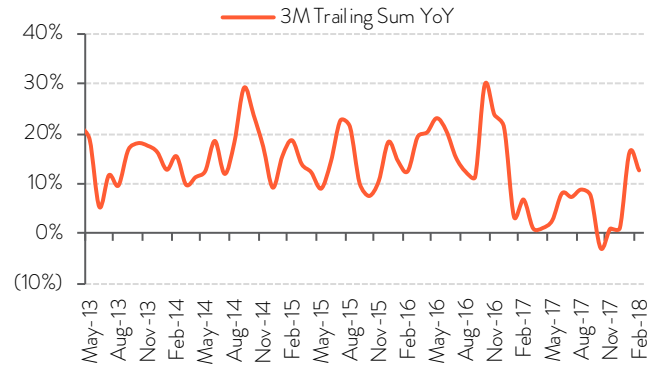
Source: CEIC, Bank of Baroda

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



Source: CEIC, Bank of Baroda

FIG 87 – ...FOLLOWING THE SAME PATH, STATE* GOVT. SPENDING ALSO SLIPPED IN FEB'18

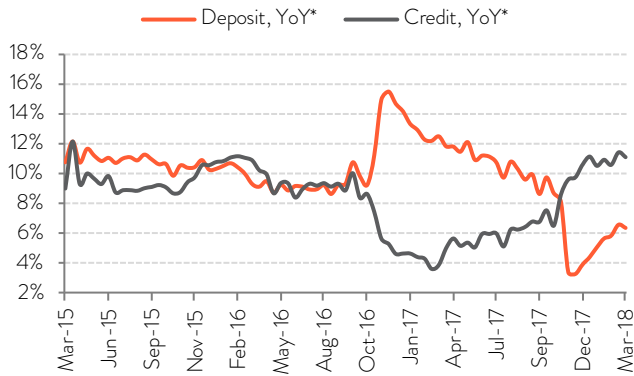


Source: CEIC, Bank of Baroda | *Includes A.P., Bihar, Chhattisgarh, Gujarat, Haryana, Himachal Pradesh., Jharkhand, Kerala, M.P., Maharashtra, Odisha, Punjab, Rajasthan, Uttar Pradesh, and Uttarakhand

Financial sector

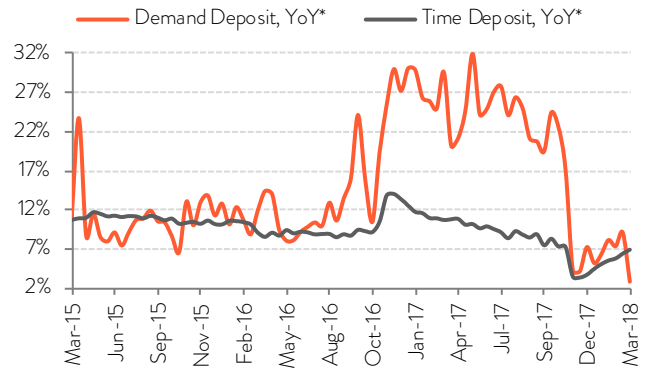
Money and banking

FIG 88 – CREDIT AND DEPOSIT EDGED DOWN MARGINALLY TO 11.1% & 6.4% IN MAR'18



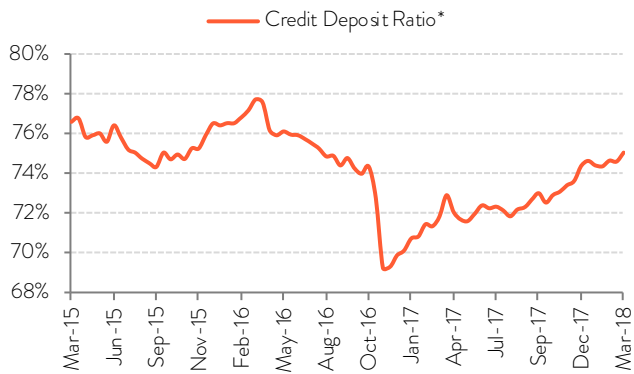
Source: CEIC, Bank of Baroda | *Mar18 implies fortnight as of 16 Mar 2018.

FIG 89 – TIME DEPOSIT CONTINUED ITS UPTREND



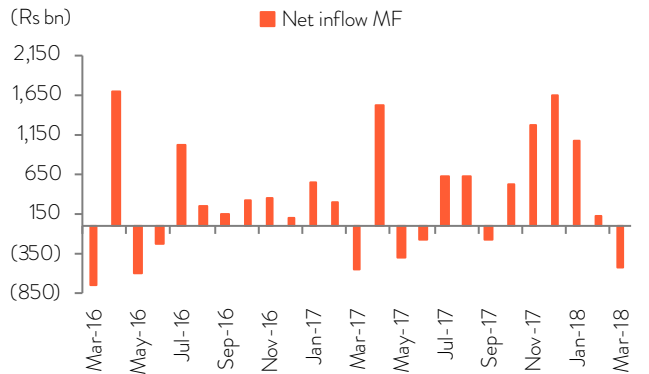
Source: CEIC, Bank of Baroda | *Mar18 implies fortnight as of 16 Mar 2018.

FIG 90 – CD RATIO ROSE TO 75.1% IN MAR'18 FROM 74.6% IN FEB'18



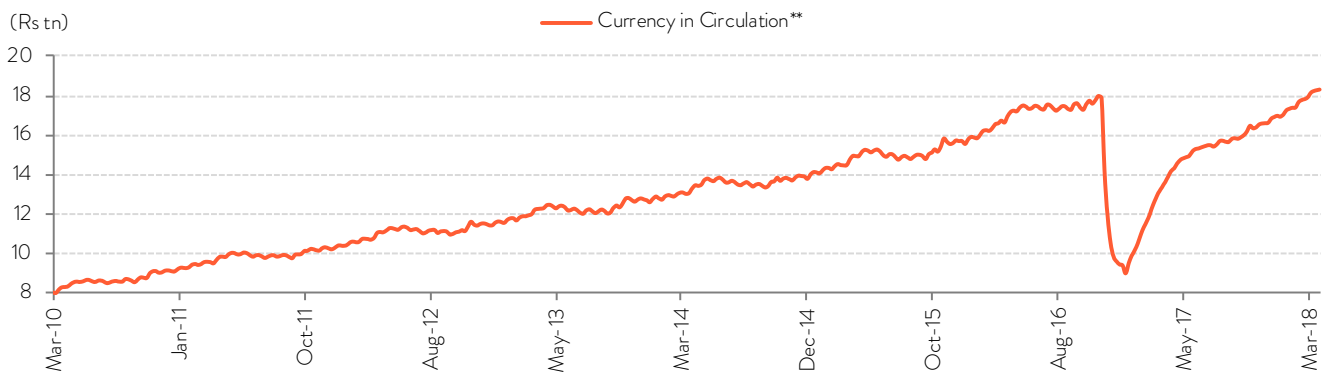
Source: CEIC, Bank of Baroda | *Mar18 implies fortnight as of 16 Mar 2018.

FIG 91 – INFLOW INTO MUTUAL FUNDS FALLING IN MAR'18



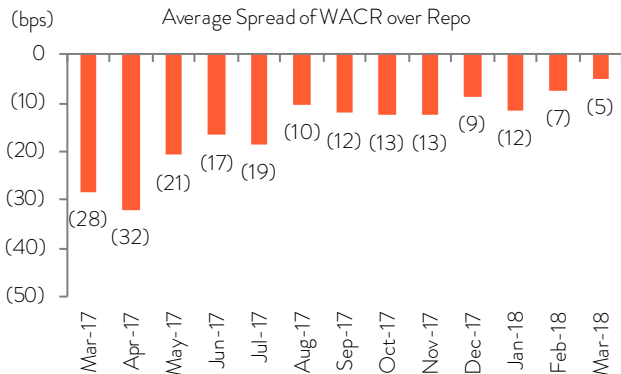
Source: CEIC, Bank of Baroda | *Mar18 implies fortnight as of 16 Mar 2018, FYTD18 denotes Apr-Feb'18

FIG 92 – CURRENCY IN CIRCULATION AT RS 18TN, UP BY RS 6TN YOY



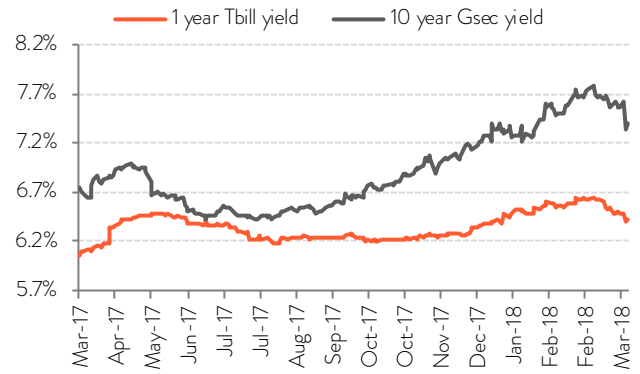
Source: CEIC, Bank of Baroda | **Mar 18 implies week ending 30 Mar 2018

FIG 93 – SPREAD BETWEEN CALL AND REPO DECLINED TO 5BPS



Source: CEIC, RBI, Bank of Baroda

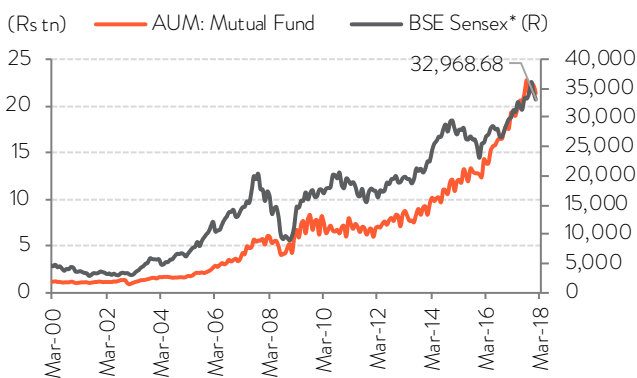
FIG 94 – GAP BETWEEN LONG AND SHORT TERM YIELDS NARROWED DUE TO FALLING 10 YEAR RATES



Source: CEIC, Bank of Baroda

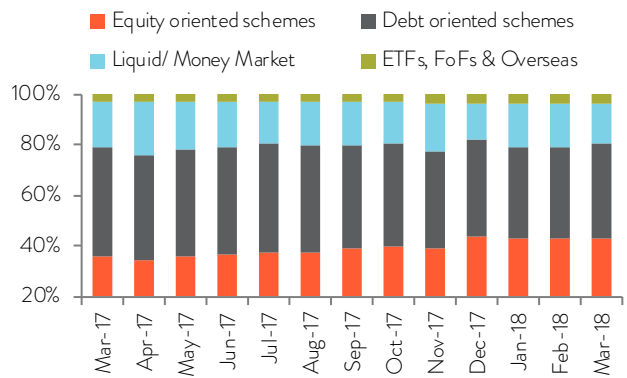
Mutual fund (MF) indicators

FIG 95 – SENSEX PLUNGED TO 32,969 IN MAR'18 WHILE AUM FALLS TO RS 21.4TN



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

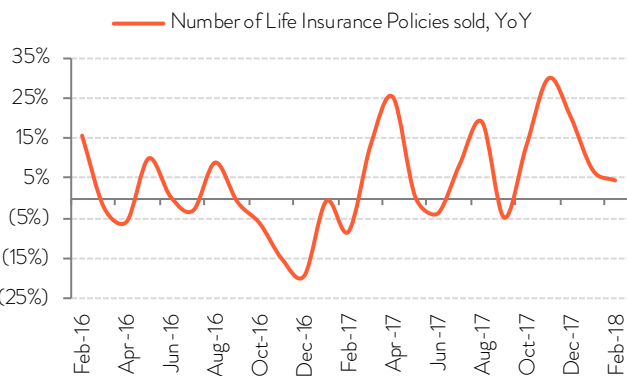
FIG 96 – EQUITY AND DEBT SCHEMES COMPRISED MAJOR PORTION OF AUM



Source: CEIC, Bank of Baroda

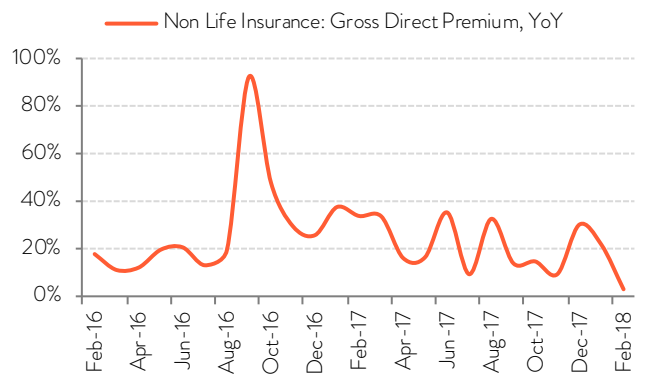
Insurance sector indicators

FIG 97 – NUMBER OF LIFE INSURANCE POLICIES SOLD DECLINED



Source: CEIC, Bank of Baroda

FIG 98 – GROSS DIRECT PREMIUM FOR NON LIFE INSURANCE FALLING

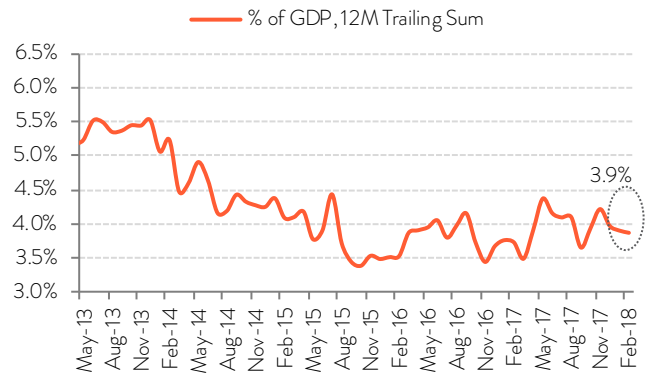


Source: CEIC, Bank of Baroda

Public finance

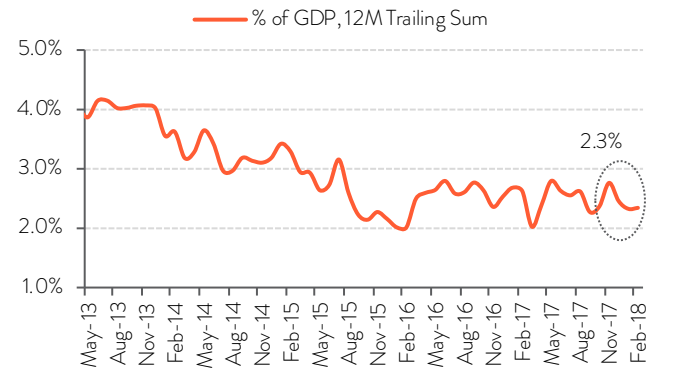
Central government finances

FIG 99 – OVERALL DEFICIT ON THE PATH OF FISCAL CONSOLIDATION



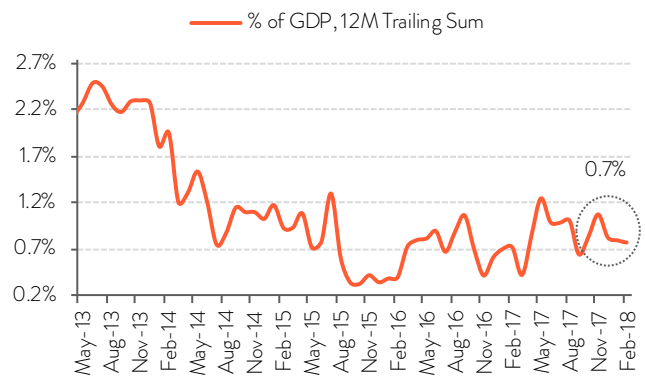
Source: CEIC, Bank of Baroda

FIG 100 – ...REVENUE RECEIPTS CONTINUE TO MAINTAIN PRESSURE ON REVENUE DEFICIT



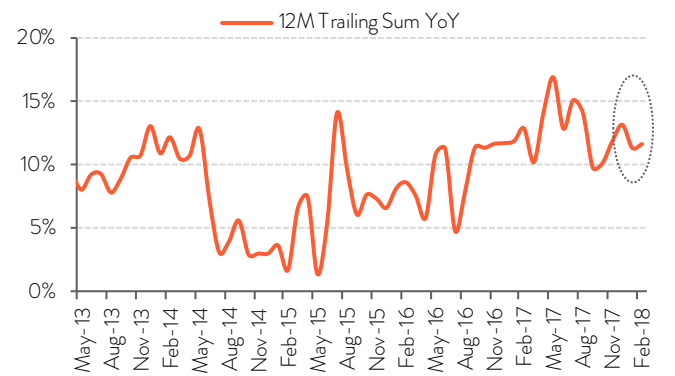
Source: CEIC, Bank of Baroda

FIG 101 – PRIMARY DEFICIT REMAINS BELOW 1%



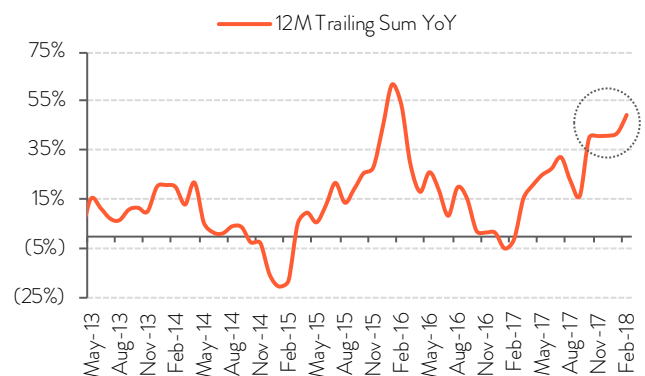
Source: CEIC, Bank of Baroda

FIG 102 – TOTAL EXPENDITURE GROWTH REBOUNDS IN FEB'18



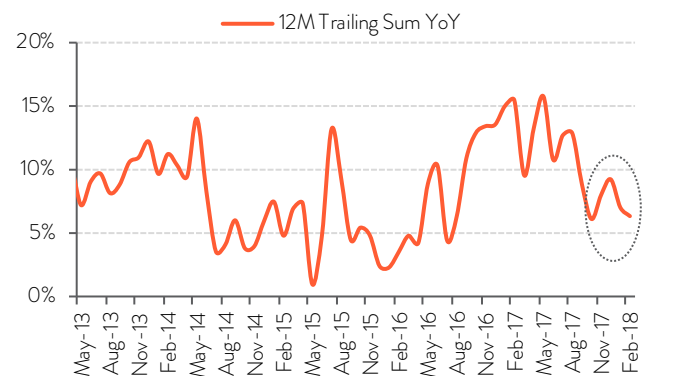
Source: CEIC, Bank of Baroda

FIG 103 – ...LED BY STRONG CAPEX GROWTH



Source: CEIC, Bank of Baroda

FIG 104 – REVENUE EXPENDITURE GROWTH SLOWS TOWARDS END OF FY18



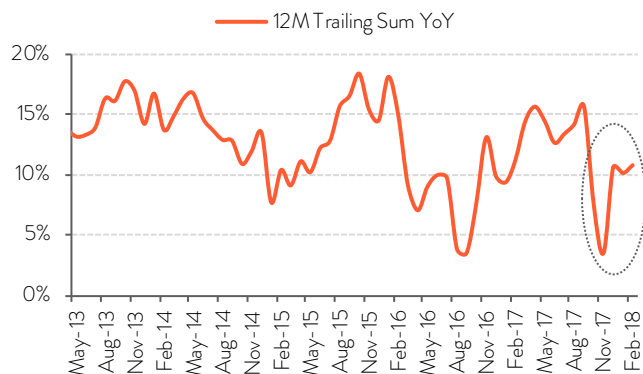
Source: CEIC, Bank of Baroda

FIG 105 – 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

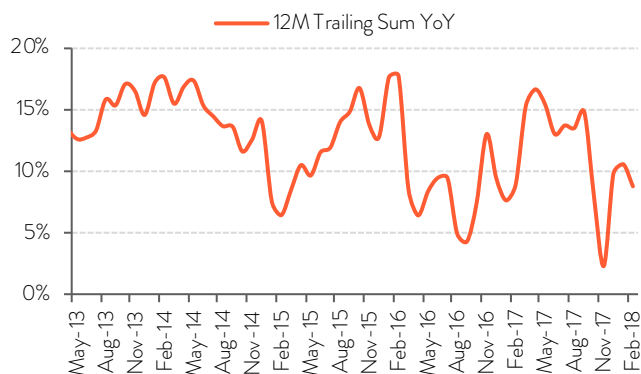
Source: CEIC, Bank of Baroda

FIG 106 – TOTAL RECEIPTS SHOW MARGINAL IMPROVEMENT IN FEB'18



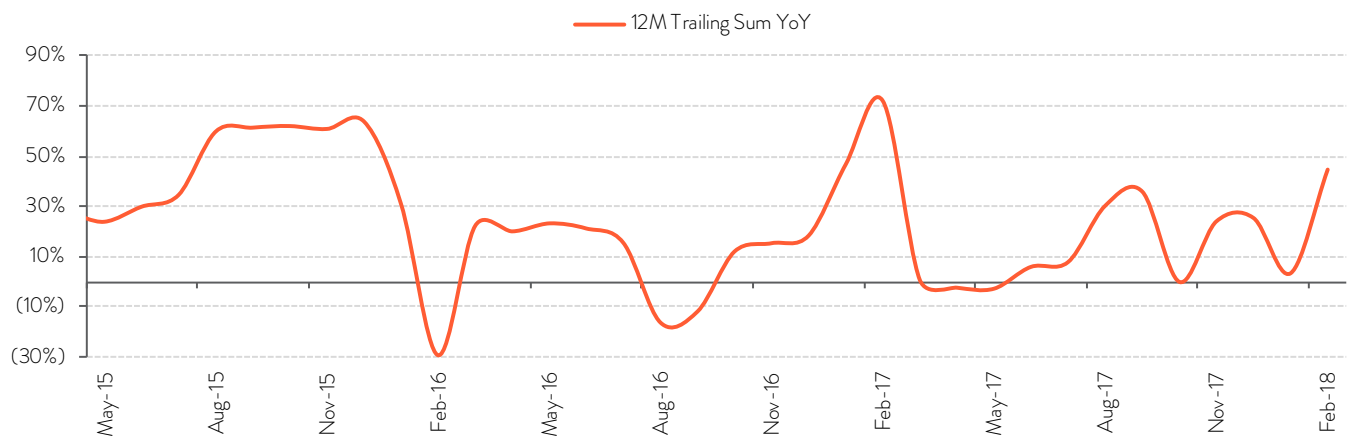
Source: CEIC, Bank of Baroda

FIG 107 – REVENUE RECEIPTS DIP IN FEB'18, INDIRECT TAX COLLECTIONS LEAD THE FALL



Source: CEIC, Bank of Baroda

FIG 108 – CAPITAL RECEIPTS SHOW A SPIKE AS GOVERNMENT ALMOST MEET ITS DISINVESTMENT TARGET



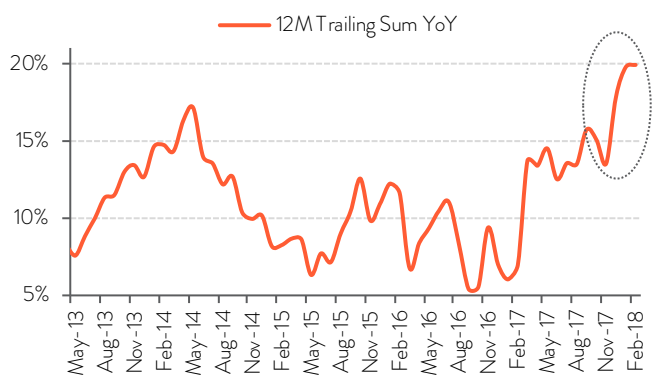
Source: CEIC, Bank of Baroda

FIG 109 – 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

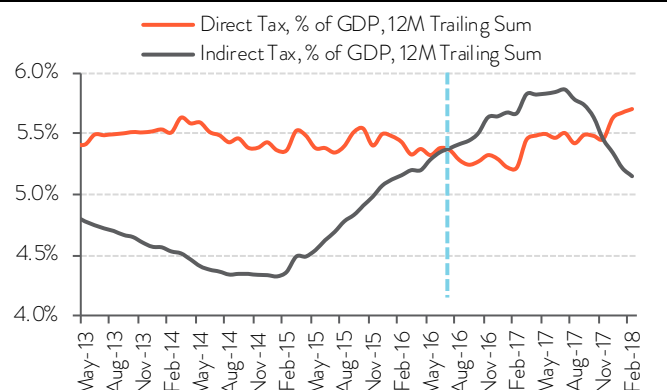
Source: CEIC, Bank of Baroda

FIG 110 – GROSS DIRECT TAX COLLECTION MAINTAINS HIGH GROWTH TOWARDS END OF FY18



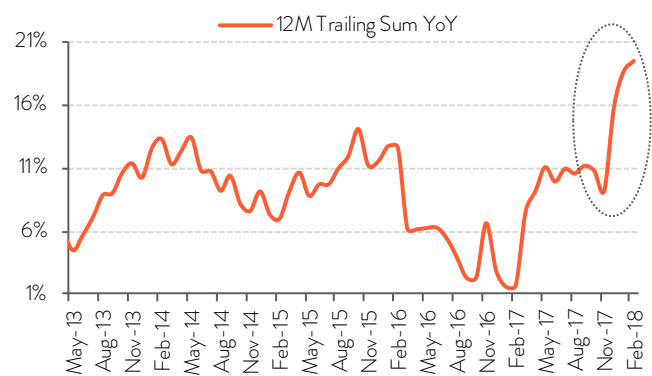
Source: CEIC, Bank of Baroda

FIG 111 – SHARE OF DIRECT TAXES CONTINUES TO RISE AS THAT OF INDIRECT TAX FALLS



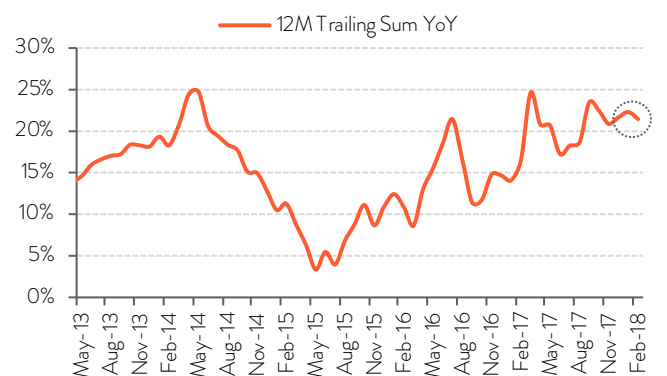
Source: CEIC, Bank of Baroda

FIG 112 – CORPORATE TAX REVENUE LEADS THE WAY UNDER DIRECT TAXES



Source: CEIC, Bank of Baroda

FIG 113 – INCOME TAX REVENUE MAINTAINS LOW GROWTH



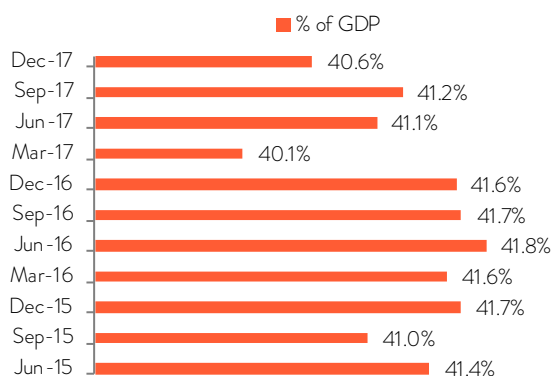
Source: CEIC, Bank of Baroda

FIG 114 – GST COLLECTIONS PICK UP PACE IN FEB'18

	Jul-17	Aug-17	Sep-17	Oct-17	Nov-17	Dec-17	Jan-18	Feb-18	FY18 YTD
Central GST (Rs bn)	0.1	153	151	312	238	242	231	431	1,759
UT GST (Rs bn)	0.0	0.0	0.0	0.2	0.8	2.2	1.9	0.9	5.9
Integrated GST (Rs bn)	0.3	709	304	184	186	171	194	(197)	1552
State GST* (Rs bn)	935	(9)	416	283	341	395	373	576	3,310
GST Cess (Rs bn)	0.0	77	80	80	71	79	80	82	550
Total GST	936	930	951	859	837	889	880	893	7,176
GST 3B Filing by deadline (mn)	3.8	3.8	4.3	5.0	5.3	5.6	5.8	6.0	-
No. of Eligible Taxpayers (mn)	6.0	6.8	7.3	9.6	9.9	10.0	10.3	10.5	-

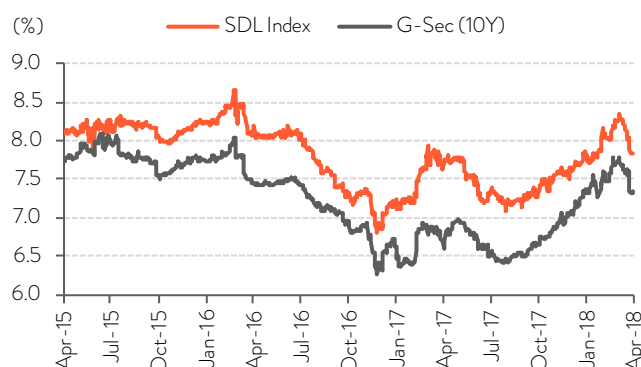
Source: CEIC, PIB, Bank of Baroda, *computed from PIB and CGA data.

FIG 115 – CENTRAL GOVT. REIGNS PUBLIC DEBT; RECORDS TWO QUARTER LOW IN Q3FY18



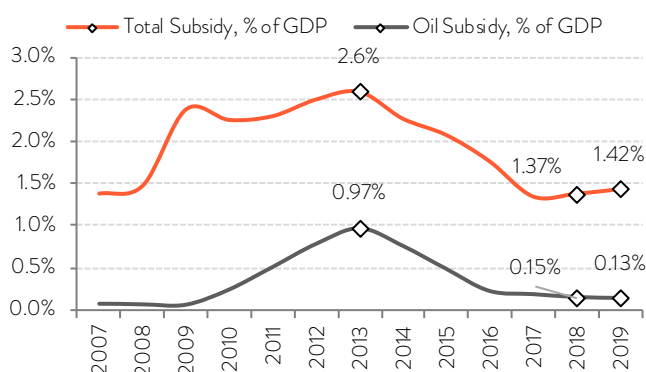
Source: CEIC, Bank of Baroda

FIG 116 – GAP BETWEEN AVG. YIELD ON SDL AND 10Y G-SEC NARROWS; 53.1BPS IN JAN TO 48.1 IN APR



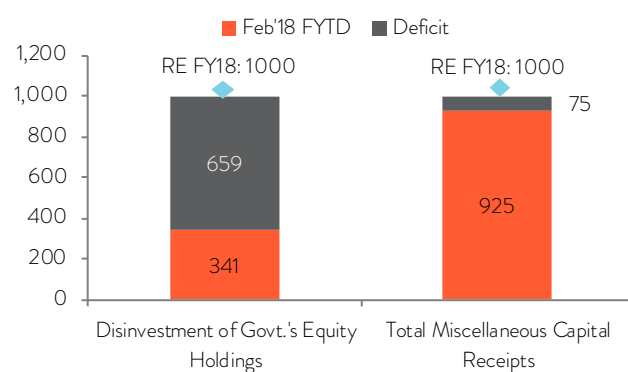
Source: CEIC, CCIL, Bank of Baroda

FIG 117 – SUBSIDIES HAVE BEEN RATIONALISED



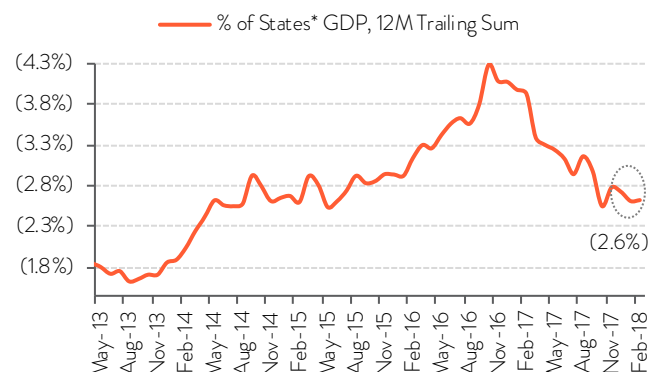
Source: CEIC, Bank of Baroda

FIG 118 – CENTRAL GOVT. INCHES CLOSER TO MEETING REVISED DISINVESTMENT TARGET



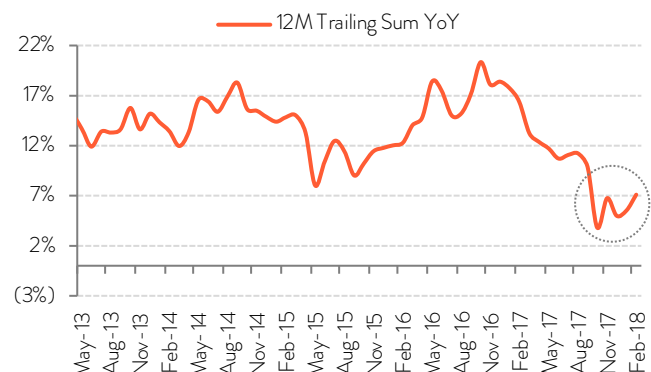
Source: CEIC, Bank of Baroda

FIG 119 – FISCAL DEFICIT OF STATES* STABILISES FURTHER IN FEB'18



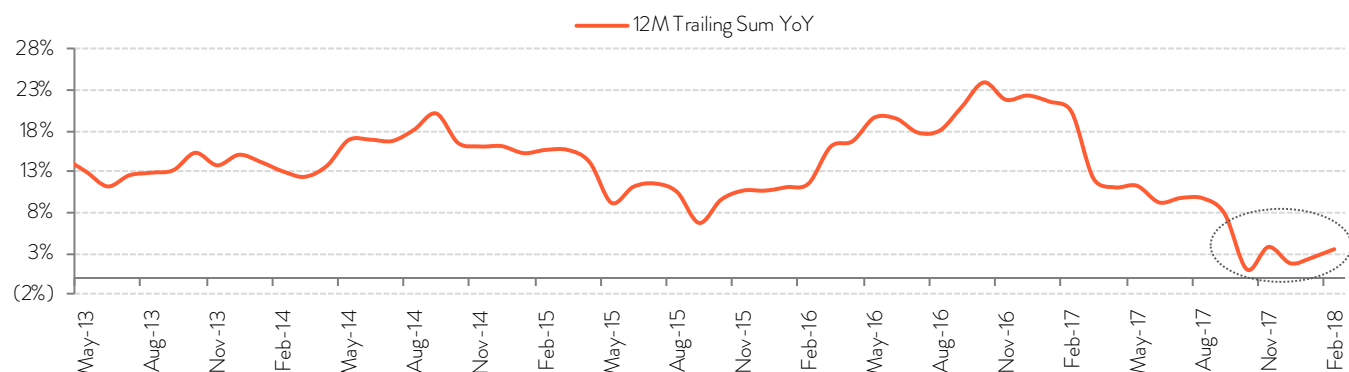
Source: CEIC, Bank of Baroda | *Includes A.P., Bihar, Chhattisgarh, Gujarat, Haryana, Himachal Pradesh., Jharkhand, Kerala, M.P., Maharashtra, Odisha, Punjab, Rajasthan, Uttar Pradesh, and Uttarakhand

FIG 120 – TOTAL EXPENDITURE BY STATES* RISES FURTHER IN FEB'18



Source: CEIC, Bank of Baroda | *Includes A.P., Bihar, Chhattisgarh, Gujarat, Haryana, Himachal Pradesh., Jharkhand, Kerala, M.P., Maharashtra, Odisha, Punjab, Rajasthan, Uttar Pradesh, and Uttarakhand

FIG 121 – TOTAL RECEIPTS OF STATES* STABILISE



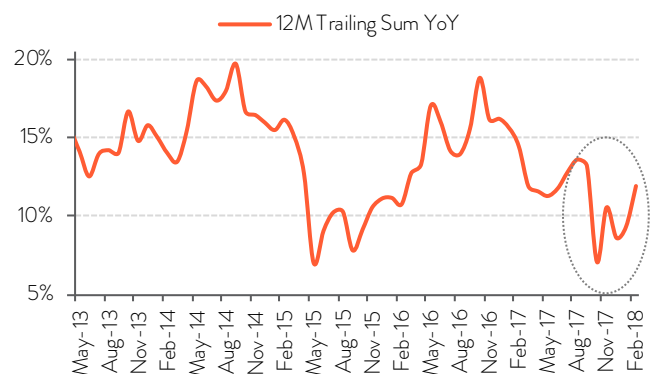
Source: CEIC, Bank of Baroda | *Includes A.P., Bihar, Chhattisgarh, Gujarat, Haryana, Himachal Pradesh., Jharkhand, Kerala, M.P., Maharashtra, Odisha, Punjab, Rajasthan, Uttar Pradesh, and Uttarakhand

FIG 122 – STATE* GOVT. REVENUE AND EXPENDITURE GROWTH SEEN DETERIORATING 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	11,848	13,898	17.3	14,697	5.7
Revenue Receipts	10,188	11,356	11.5	12,638	11.3
Receipts: Tax Revenue	7,880	8,650	9.8	9,784	13.1
Receipts: Non-Tax Revenue	796	887	11.4	999	12.7
Capital Receipts	1,660	2,588	55.9	2,059	(20.5)
Total Expenditure	11,772	13,614	15.6	14,674	7.8
Revenue Expenditure	10,041	11,339	12.9	12,786	12.8
Capital Expenditure	1,732	1,996	15.3	1,886	(5.5)
Revenue Surplus or Deficit	147	(180)	(222.5)	(147)	(18.3)
Fiscal Surplus or Deficit	(1,652)	(2,614)	58.2	(2,081)	(20.4)

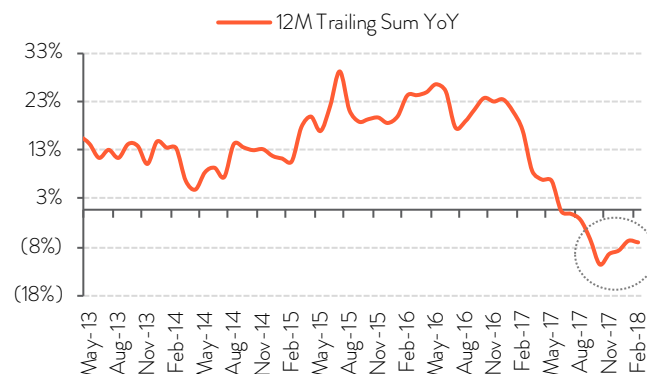
Source: CEIC, Bank of Baroda | *Includes A.P., Bihar, Chhattisgarh, Gujarat, Haryana, Himachal Pradesh., Jharkhand, Kerala, M.P., Maharashtra, Odisha, Punjab, Rajasthan, Uttar Pradesh, and Uttarakhand

FIG 123 – RISING TOTAL EXPENDITURE OF STATES* LED BY PICK UP IN REVENUE EXP



Source: CEIC, Bank of Baroda | *Includes A.P., Bihar, Chhattisgarh, Gujarat, Haryana, Himachal Pradesh., Jharkhand, Kerala, M.P., Maharashtra, Odisha, Punjab, Rajasthan, Uttar Pradesh, and Uttarakhand

FIG 124 – CAPEX GROWTH OF STATES* REVERSES TREND



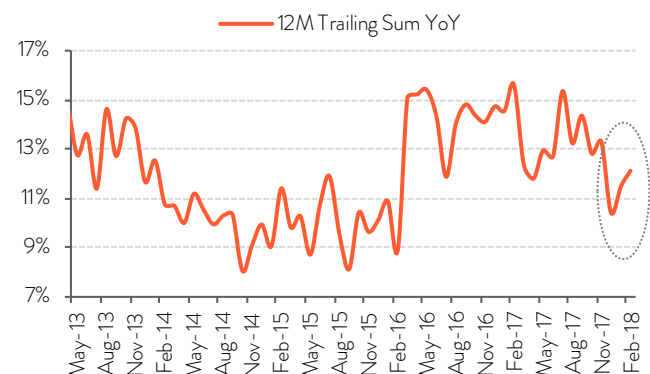
Source: CEIC, Bank of Baroda | *Includes A.P., Bihar, Chhattisgarh, Gujarat, Haryana, Himachal Pradesh., Jharkhand, Kerala, M.P., Maharashtra, Odisha, Punjab, Rajasthan, Uttar Pradesh, and Uttarakhand

FIG 125 – 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	✓	✗	✗

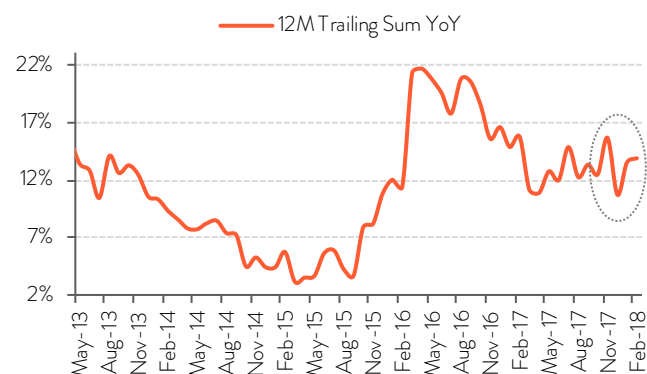
Source: News Reports, CEIC, Bank of Baroda | Note: ✓ means yes; ✗ means no

FIG 126 – REVENUE RECEIPTS OF STATES* SEE A TURNAROUND...



Source: CEIC, Bank of Baroda | *Includes A.P., Bihar, Chhattisgarh, Gujarat, Haryana, Himachal Pradesh., Jharkhand, Kerala, M.P., Maharashtra, Odisha, Punjab, Rajasthan, Uttar Pradesh, and Uttarakhand

FIG 127 – ...AS TAX REVENUE STABILISES

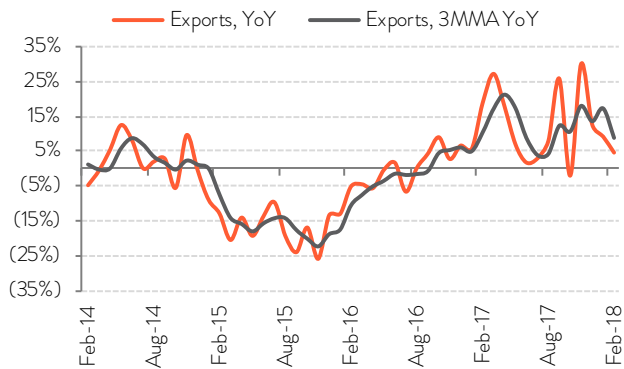


Source: CEIC, Bank of Baroda | *Includes A.P., Bihar, Chhattisgarh, Gujarat, Haryana, Himachal Pradesh., Jharkhand, Kerala, M.P., Maharashtra, Odisha, Punjab, Rajasthan, Uttar Pradesh, and Uttarakhand

External sector

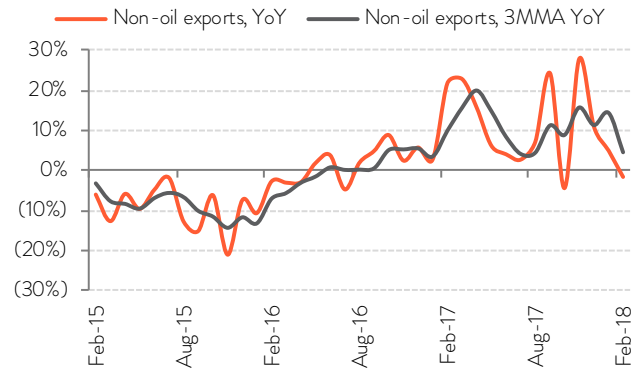
Exports

FIG 128 – EXPORTS GROWTH MODERATES FURTHER



Source: CEIC, Bank of Baroda

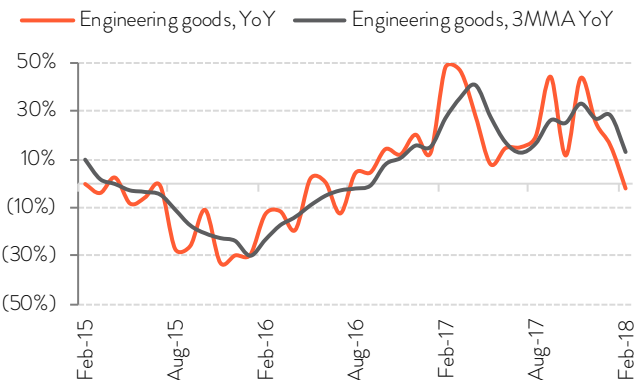
FIG 129 – NON-OIL EXPORTS LED THE MODERATION



Source: CEIC, Bank of Baroda

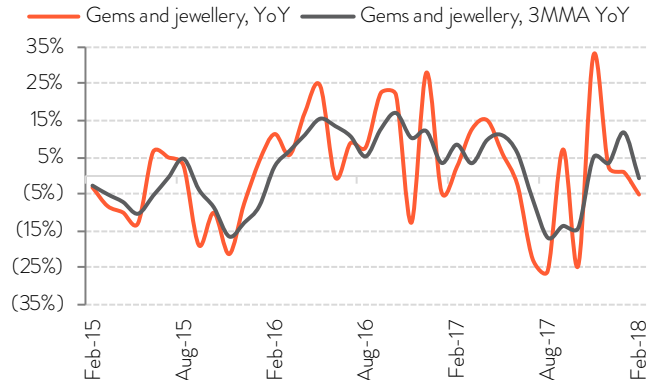
Exports by major sectors

FIG 130 – ENGINEERING EXPORTS DECLINE



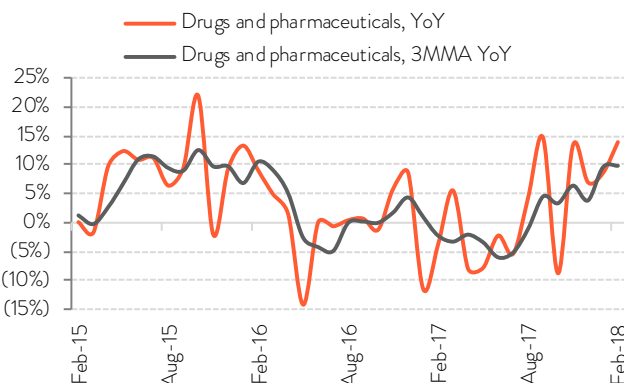
Source: CEIC, Bank of Baroda

FIG 131 – FALL IN GEMS AND JEWELLERY EXPORTS



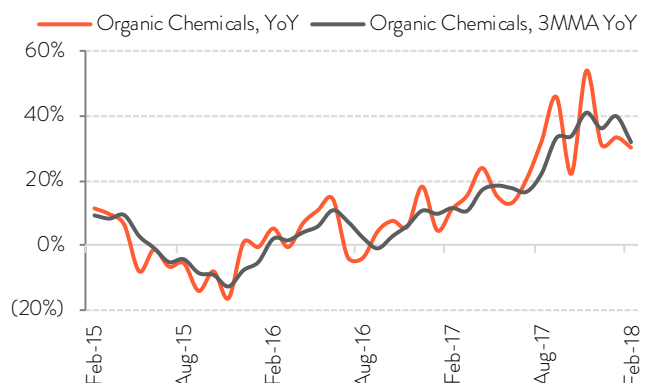
Source: CEIC, Bank of Baroda

FIG 132 – PHARMA EXPORTS PERFORM WELL



Source: CEIC, Bank of Baroda

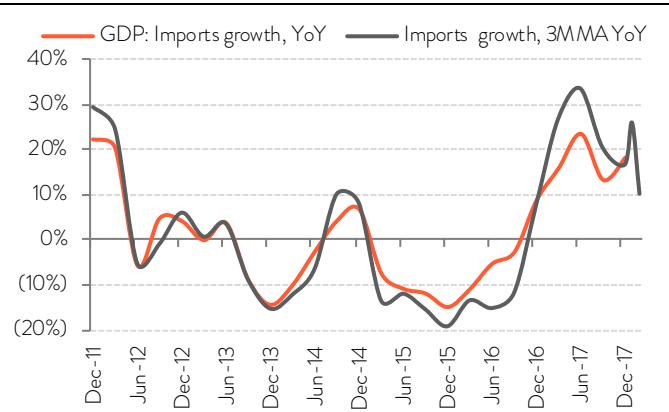
FIG 133 – EXPORTS OF ORGANIC CHEMICALS BUOYANT



Source: CEIC, Bank of Baroda

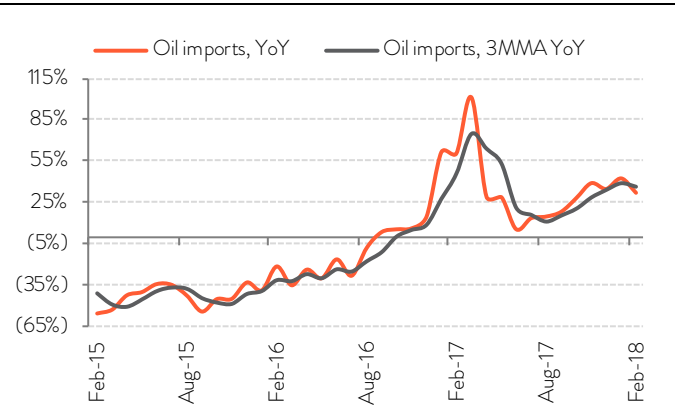
Imports

FIG 134 – IMPORT GROWTH ALSO MODERATES



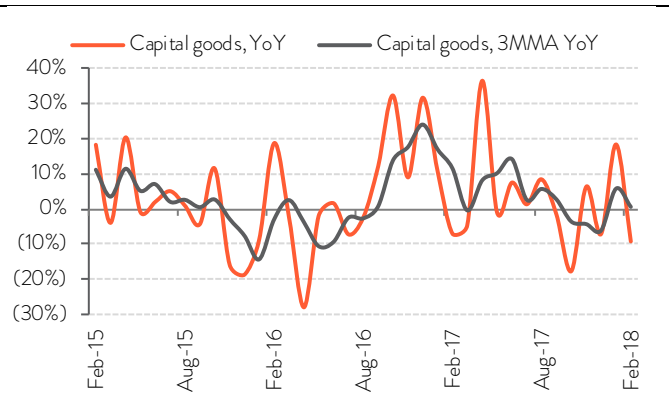
Source: CEIC, Bank of Baroda

FIG 135 – LED BY DECLINE IN OIL IMPORTS TO 32.1% IN FEB'18 VERSUS 42.6% IN JAN'18



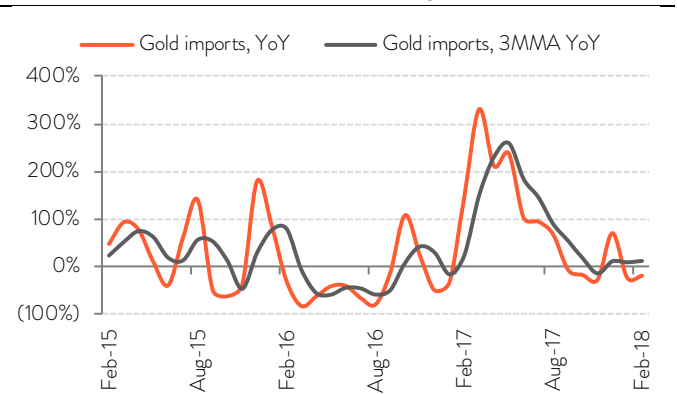
Source: CEIC, Bank of Baroda

FIG 136 – CAPITAL GOODS IMPORTS DECELERATE



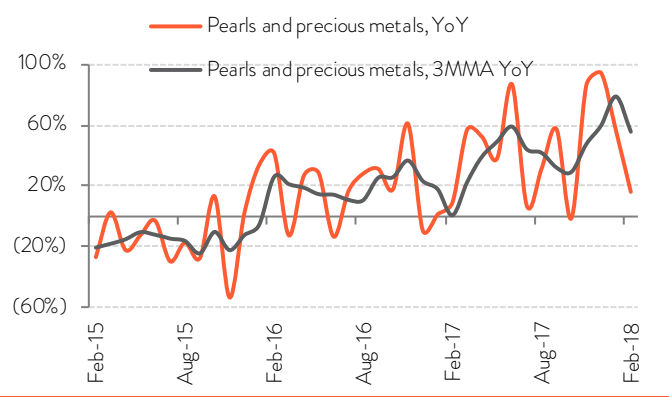
Source: CEIC, Bank of Baroda

FIG 137 – GOLD IMPORTS DURING JAN-FEB'18 DOWN 19.5% VERSUS 9.8% INCREASE IN Q3FY18



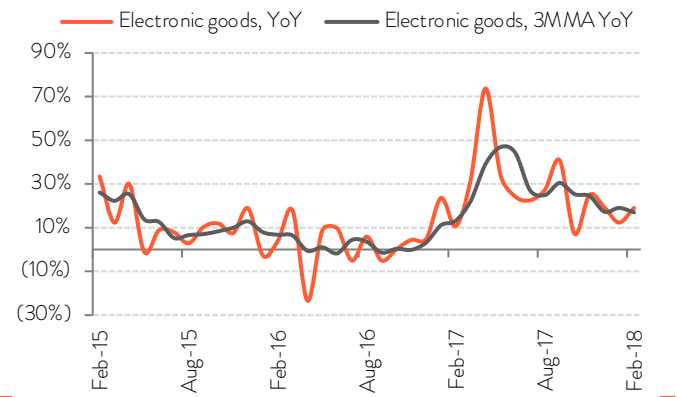
Source: CEIC, Bank of Baroda

FIG 138 – IMPORTS OF PRECIOUS METALS DIP



Source: CEIC, Bank of Baroda

FIG 139 – ELECTRONIC IMPORTS RISE



Source: CEIC, Bank of Baroda

Exports and imports by major regions

FIG 140 – EXPORTS TO CHINA REMAIN BUOYANT

Region (% YoY)	% Share FY17	Nov'17	Dec'17	Jan'18	FY17 YTD	FY18 YTD
Americas	20.1	34.7	16.1	25.7	2.8	13.9
Asia and Pacific (Ex. China)	28.5	27.3	16.1	19.4	6.6	16.5
China	3.7	24.4	9.6	16.8	4.7	30.9
Europe	19.5	45.0	12.2	39.1	2.9	14.1
Middle East	26.7	21.4	8.0	9.3	(5.8)	2.2
Other	1.5	(20.4)	(47.1)	29.9	2.9	(37.5)

Source: CEIC, Bank of Baroda | * FYTD18 denotes Apr-Feb'18

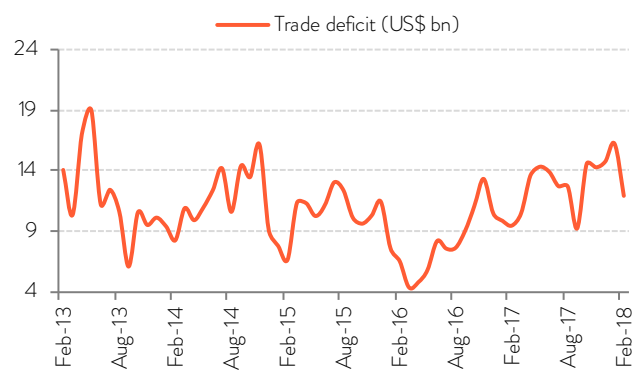
FIG 141 – IMPORTS FROM CHINA, ASIA AND PACIFIC ALMOST DOUBLE IN JAN'18

Region (% YoY)	% Share FY17	Nov'17	Dec'17	Jan'18	FY17 YTD	FY18 YTD
Americas	12.1	17.9	7.5	19.2	(1.9)	19.0
Asia and Pacific (Ex. China)	23.2	24.4	13.2	23.3	(1.2)	24.6
China	15.9	28.8	15.3	30.8	(1.8)	24.3
Europe	16.0	9.1	22.6	16.8	(12.2)	16.2
Middle East	28.4	22.6	32.5	34.6	(6.9)	24.2
Other	4.4	21.7	52.8	48.8	(2.0)	39.0

Source: CEIC, Bank of Baroda | * FYTD18 denotes Apr-Feb'18

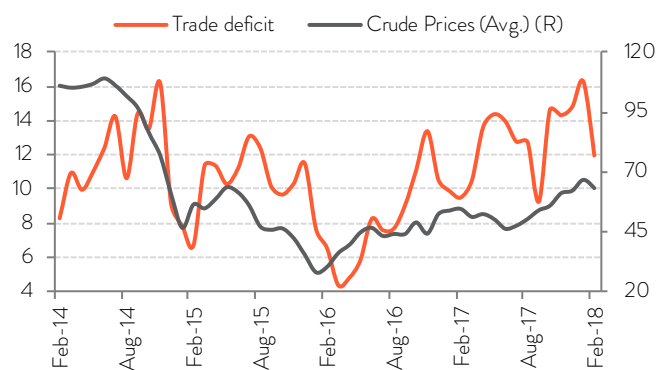
Trade deficit

FIG 142 – TRADE DEFICIT NARROWS IN FEB'18



Source: CEIC, Bank of Baroda

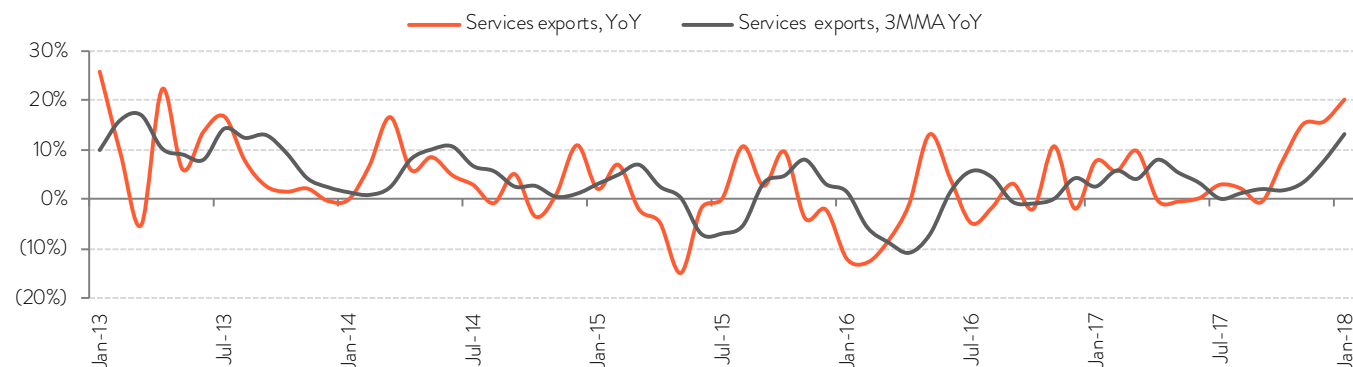
FIG 143 – DECLINE IN CRUDE PRICES HELP TRADE BALANCE



Source: CEIC, Bank of Baroda

Trade in services

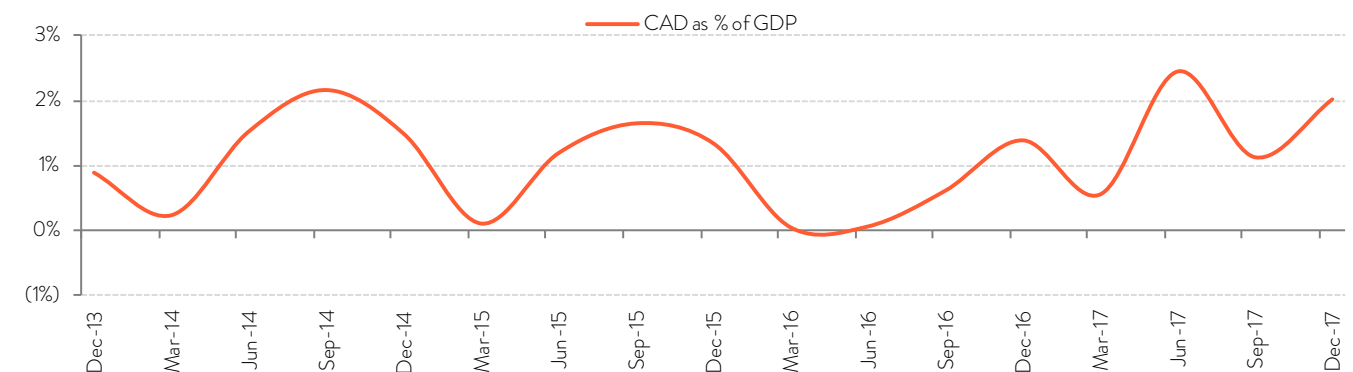
FIG 144 – SERVICES EXPORTS ACCELERATE SHARPLY



Source: CEIC, Bank of Baroda

Balance of Payments

FIG 145 – CAD RISES TO 2% OF GDP...



Source: CEIC, Bank of Baroda

FIG 146 – ...LED BY HIGHER TRADE DEFICIT

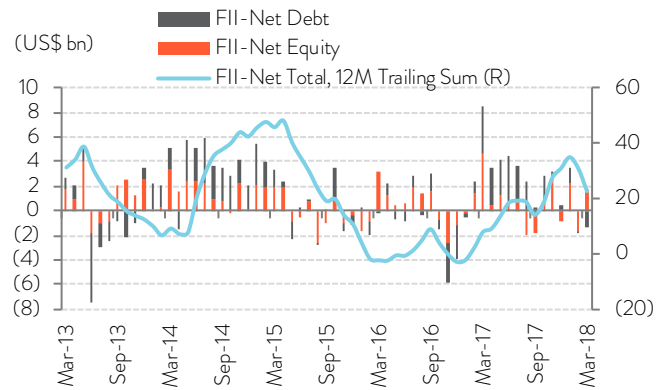
(US\$ bn)	Q3FY17	Q4FY17	Q1FY18	Q2FY18	Q3FY18
A. Current Account	(8.0)	(3.4)	(15.0)	(7.2)	(13.5)
Goods and services balance	(15.5)	(12.1)	(23.7)	(14.4)	(23.2)
Primary Income	(6.4)	(5.6)	(5.8)	(8.5)	(6.4)
Secondary Income	13.9	14.2	14.5	15.7	16.1
B. Capital and Financial Account	7.3	3.1	14.4	6.9	12.6
of which: change in Reserve	(1.2)	7.3	11.4	9.5	9.4
C. Errors & Omissions (-) (A+B)	0.7	0.4	0.6	0.3	0.8

Source: CEIC, Bank of Baroda

Foreign inflows

FII inflows

FIG 147 – FII INFLOWS INTO EQUITY REBOUND, OFFSET BY DEBT



Source: CEIC, Bank of Baroda

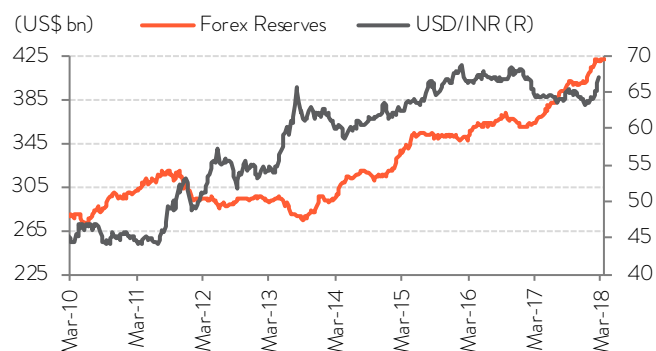
FIG 149 – PICKUP IN FDI INFLOWS FROM SINGAPORE

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

Forex reserves

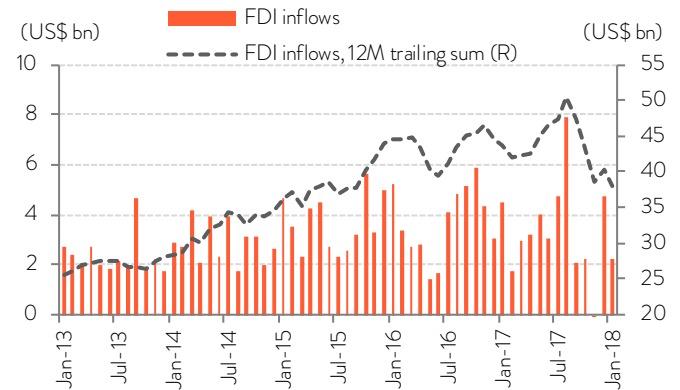
FIG 151 – INDIA'S FX RESERVES STRENGTHENED STEADILY TO US\$ 424.4BN



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

FDI inflows

FIG 148 – FDI INFLOWS REMAIN SUBDUED



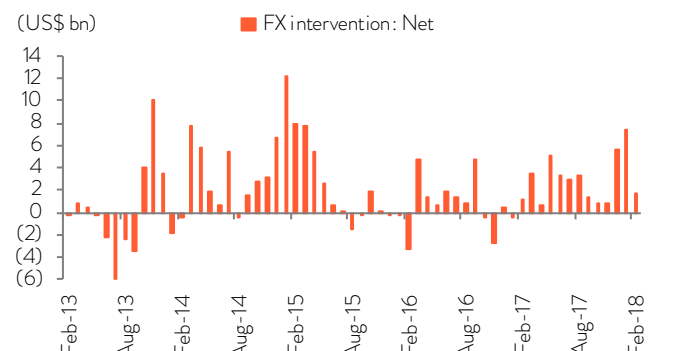
Source: CEIC, Bank of Baroda

FIG 150 – 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

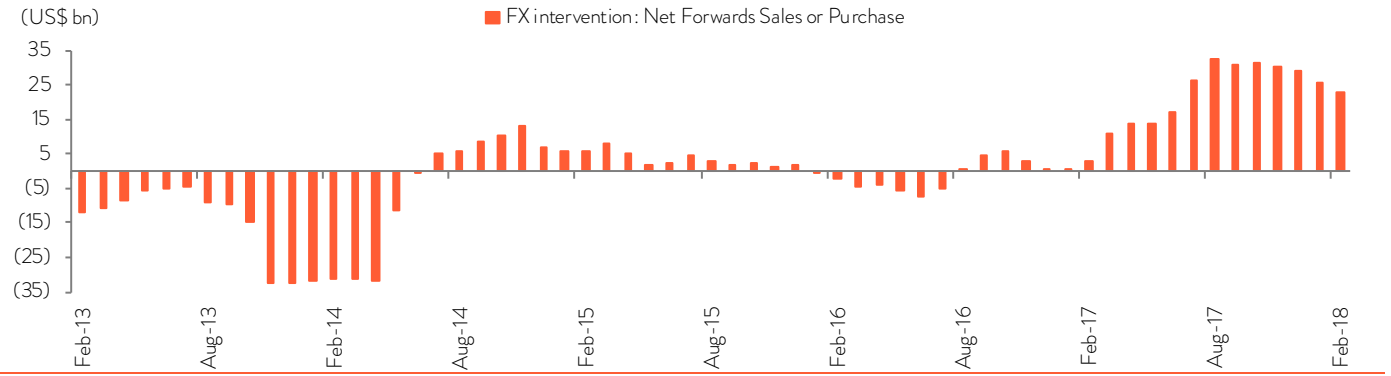
Source: CEIC, Bank of Baroda

FIG 152 – IN FY18 SO FAR, RBI WAS A NET BUYER OF US\$ 32.7BN (CASH)



Source: CEIC, Bank of Baroda

FIG 153 – RBI HAS BUILT UP A US\$ 26BN POSITION IN FX FORWARDS

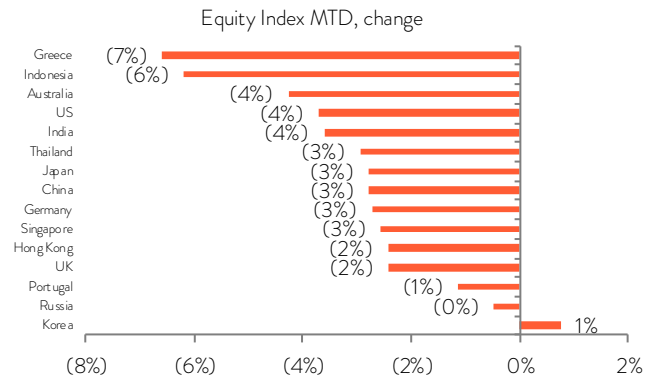


Source: CEIC, Bank of Baroda

Markets

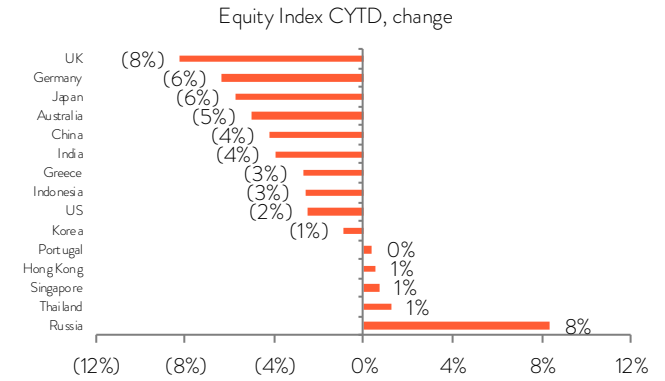
Equity

FIG 154 – NIFTY FELL 4% IN MAR'18



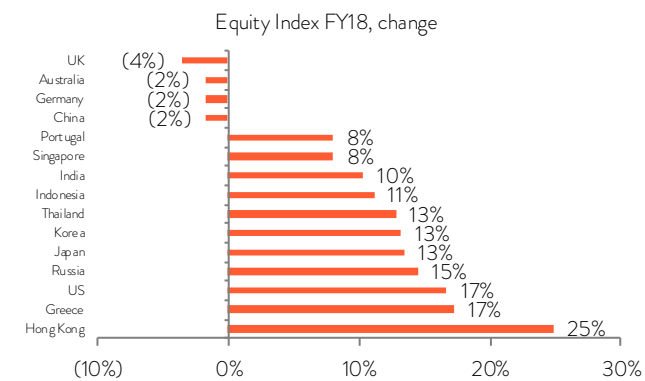
Source: Bloomberg, Bank of Baroda

FIG 155 – SIMILAR TREND CONTINUED IN CYTD '18*...



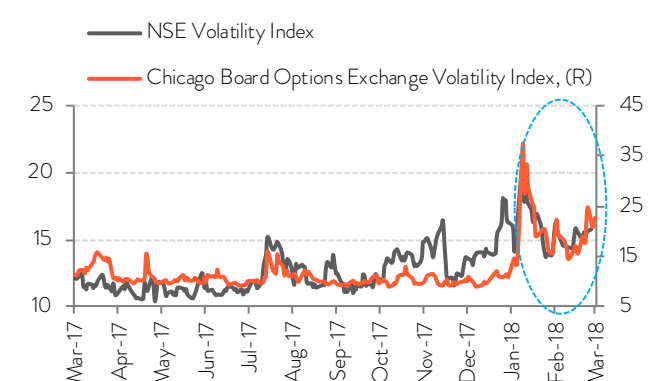
Source: Bloomberg, Bank of Baroda | *upto Mar'18

FIG 156 – ...HOWEVER IN FY'18, NIFTY GAINED BY 10%



Source: Bloomberg, Bank of Baroda

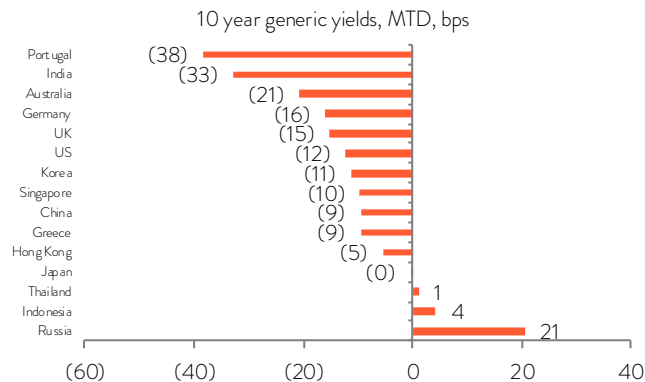
FIG 157 – NSE VIX ROSE TO 16 IN MAR'18 FROM 15 IN FEB'18



Source: Bloomberg, Bank of Baroda

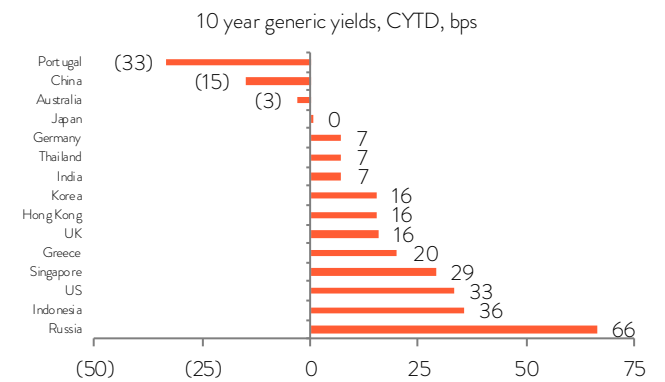
10 year Bond yields

FIG 158 – 10 YEAR BOND YIELD IN INDIA DECLINED BY 33BPS IN MAR'18



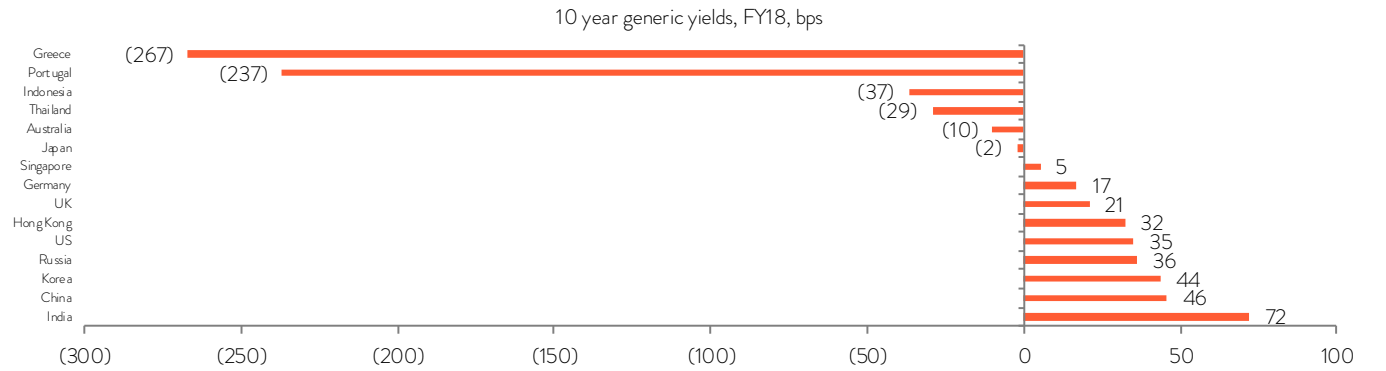
Source: Bloomberg, Bank of Baroda

FIG 159 – IN CYTD'18*, 10 YEAR G-SEC YIELD FIRMED UP BY 7BPS



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

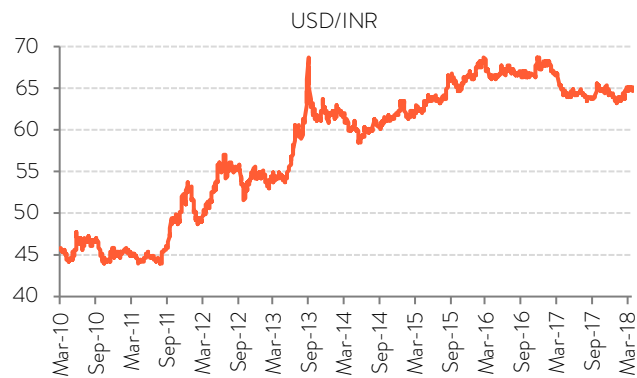
FIG 160 – IN FY18, FIRING OF YIELDS WAS THE HIGHEST FOR INDIA



Source: Bloomberg, Bank of Baroda

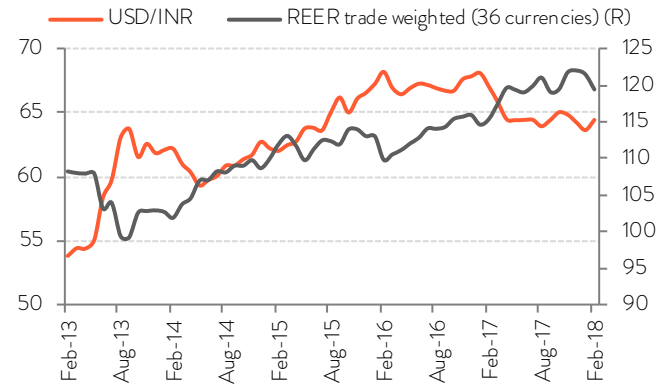
Currencies

FIG 161 – INR SHOWING A DEPRECIATING BIAS AGAINST USD (2% IN CY18)



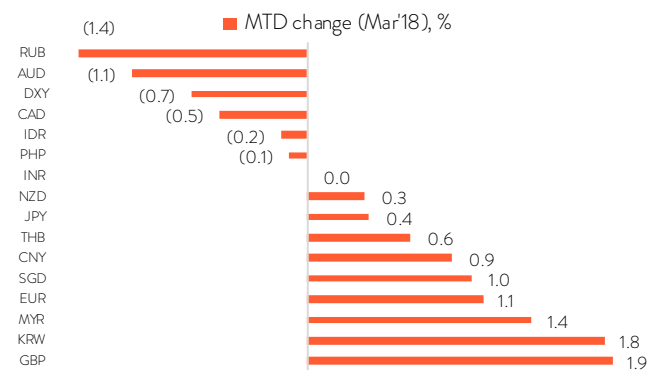
Source: Bloomberg, Bank of Baroda

FIG 162 – INR DEPRECIATES AS OTHER CURRENCIES GAIN



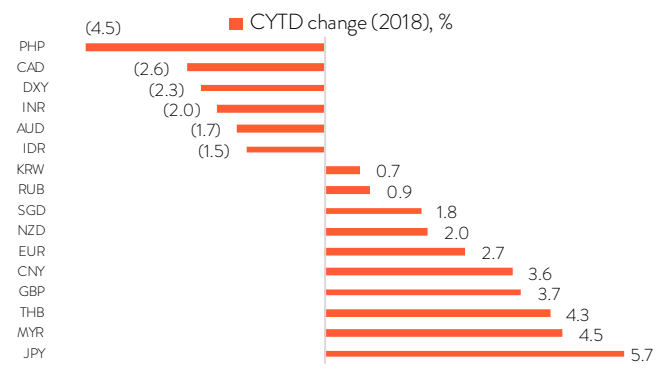
Source: Bloomberg, CEIC, Bank of Baroda

FIG 163 – CHANGE IN MAJOR CURRENCIES VS. USD IN MAR'18



Source: Bloomberg, Bank of Baroda

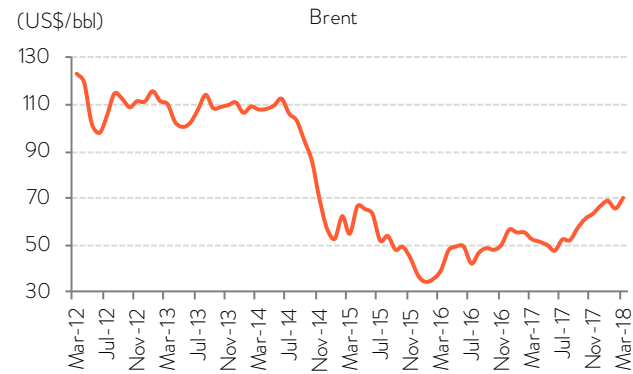
FIG 164 – CYTD18* CHANGE IN MAJOR CURRENCIES VS. USD



Source: Bloomberg, Bank of Baroda | *As on 31 Mar 2018

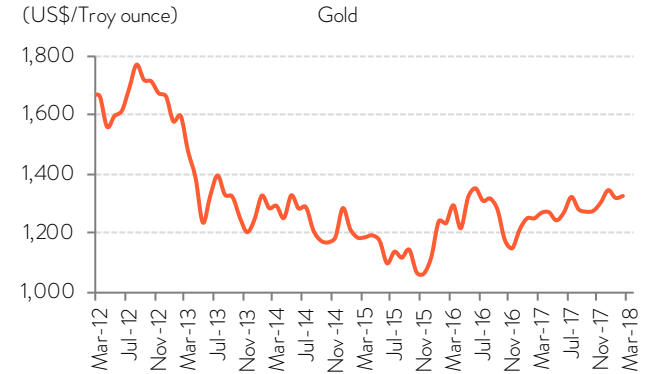
Commodities

FIG 165 – BRENT PRICES INCHING UP TO US\$ 70.3/BARREL IN MAR'18 FROM 65.78 IN FEB'18



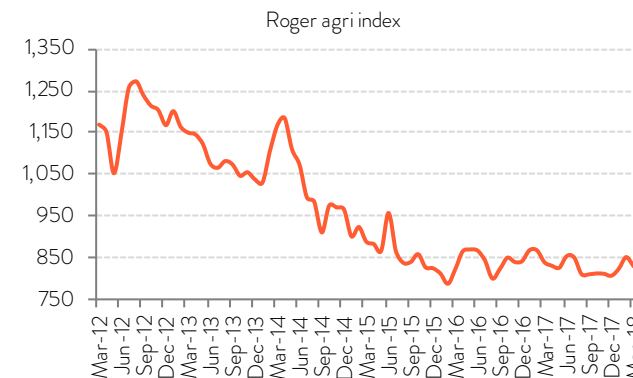
Source: Bloomberg, Bank of Baroda |**As on last trading day of the month

FIG 166 – GOLD PRICES RISING



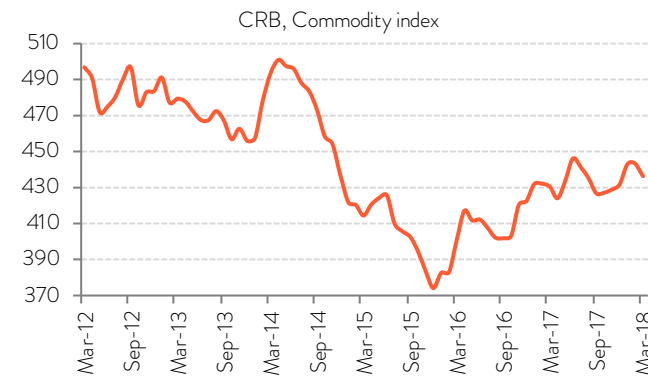
Source: Bloomberg, Bank of Baroda |**As on last trading day of the month

FIG 167 – AGRI INDEX FALLING



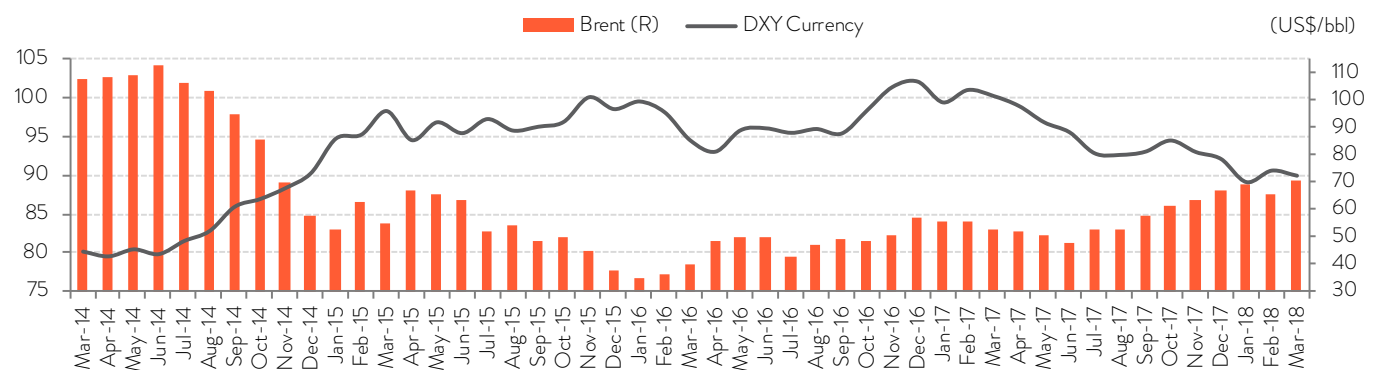
Source: Bloomberg, Bank of Baroda |**As on last trading day of the month

FIG 168 – GLOBAL COMMODITY PRICES FALLING



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

FIG 169 – DXY AND OIL PRICES SHOWING NEGATIVE CORRELATION



Source: Bloomberg, Bank of Baroda

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