



# ECOCAPSULE

**INSIDE STABILITY: A LOOK AT DOMESTIC GROWTH AMID GLOBAL FLUCTUATIONS**

**7<sup>th</sup> May 2024**



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## **Global markets continue to rally even as economic narrative is slowly changing**

Global equity markets maintain significant gains, with a sharp recovery being seen in the Hang Seng index, which rose 10% m/m. Commodity prices are showing steel on expected Chinese demand. In some economies like Japan, this is causing a policy conundrum, as Central Banks balance inflation control and currency depreciation. However, the tide for the macroeconomy may again be changing once again, with the colour of US recovery evolving.

## **Growth surprising on the downside, core inflation is still sticky: will the US Fed be stuck between a soft landing and hard take-off**

Recent US GDP print saw a sharp downward revision, and while CY24 numbers continue to get upgraded by agencies, sharp decline in employment numbers indicate a slowdown may be brewing. Accordingly, the FOMC surprisingly moderated balance sheet tapering even while offering platitudes on inflation. Expectations on US rate cuts keep oscillating, with 1-2 cuts expected in CY24 for now

## **India's growth is on domestic moorings, risk could come from external sector and inflation owing to food and oil prices**

GDP estimates for India are jubilant, with government led capex expected to buoy the economy for another fiscal. Risks on the horizon mainly appear to be on the external front, as volatile crude prices could hurt CAD. The same could also impact prices, even as the promise of an above-average monsoon may finally breathe life into the agriculture sector, spurring rural consumption and easing cereal prices

## **With inflation ceasing to be a quandary, RBI devotes its energy to liquidity management and countercyclical measures**

A prolonged election season poses an interesting challenge for the Central Bank. In an attempt to increase liquidity, the RBI announced buybacks of Rs. 400 bn to balance outflows seen from FIIs and trimmed government spending. Additionally, it continued its countercyclical blitzkrieg, proposing to sharply increase provisioning for project loans, sensing the buildup of such pressures in banks and key NBFCs

## **Union G-Sec yields expected to ease**

Although FPI outflows and changing US Fed commentary led recently volatility in yields, they are projected to gradually decrease below the 7%, supported by anticipated rate cuts, buybacks, reduced borrowing led by fiscal consolidation, moderating inflation, and inclusion of bonds in global indices. While states have borrowed only 52% of the tentative amount in Apr'24 SGS issuances is expected to pick up pace in the coming months

# 01 MACROECONOMIC OVERVIEW



# INDIA'S ECONOMIC PROSPECTS LOOK BRIGHT IN FY25

## REAL GVA SECTORAL BREAK UP

| CHANGE (% Y/Y)                         | Q3FY24      | Q2FY24      | Q1FY24      | Q4FY23     | Q3FY23     | Q2FY23      | Q1FY23      | Q4FY22     | Q3FY22     |
|--|-------------|-------------|-------------|------------|------------|-------------|-------------|------------|------------|
| <b>GVA</b>                             | <b>6.5</b>  | <b>7.7</b>  | <b>8.2</b>  | <b>6.5</b> | <b>4.8</b> | <b>5.0</b>  | <b>11.3</b> | <b>3.9</b> | <b>5.2</b> |
| <b>Agriculture and allied Industry</b> | <b>-0.8</b> | <b>1.6</b>  | <b>3.5</b>  | <b>5.5</b> | <b>5.2</b> | <b>2.3</b>  | <b>2.7</b>  | <b>4.1</b> | <b>3.0</b> |
| <b>Industry</b>                        | <b>10.4</b> | <b>13.6</b> | <b>6.0</b>  | <b>6.3</b> | <b>0.6</b> | <b>-2.4</b> | <b>6.8</b>  | <b>2.3</b> | <b>3.0</b> |
| Mining and quarrying                   | 7.5         | 11.1        | 7.1         | 4.3        | 1.4        | -4.1        | 6.6         | 2.3        | 5.3        |
| Manufacturing                          | 11.6        | 14.4        | 5.0         | 4.5        | -4.8       | -7.2        | 2.2         | 0.6        | 0.3        |
| Electricity, gas & water supply        | 9.0         | 10.5        | 3.2         | 6.9        | 8.7        | 6.4         | 15.6        | 6.7        | 6.6        |
| Construction                           | 9.5         | 13.5        | 8.5         | 10.4       | 9.5        | 6.9         | 14.7        | 4.9        | 7.3        |
| <b>Services</b>                        | <b>7.0</b>  | <b>6.0</b>  | <b>10.7</b> | <b>6.9</b> | <b>7.2</b> | <b>9.8</b>  | <b>16.7</b> | <b>4.9</b> | <b>7.4</b> |
| Trade, hotel, transport & comm.        | 6.7         | 4.5         | 9.7         | 9.1        | 9.2        | 13.2        | 22.1        | 5.0        | 8.9        |
| Finance, real estate and prof serv.    | 7.0         | 6.2         | 12.6        | 7.1        | 7.7        | 8.7         | 10.5        | 4.6        | 5.3        |
| Public admin., defence & Other svcs    | 7.5         | 7.7         | 8.2         | 3.1        | 3.5        | 7.3         | 23.6        | 5.2        | 8.6        |

## REAL GDP EXPENDITURE COMPONENTS

| CHANGE (% Y/Y)                               | Q3FY24      | Q2FY24      | Q1FY24      | Q4FY23      | Q3FY23      | Q2FY23      | Q1FY23      | Q4FY22      | Q3FY22      |
|--|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|
| <b>GDP</b>                                   | <b>8.4</b>  | <b>8.1</b>  | <b>8.2</b>  | <b>6.1</b>  | <b>4.3</b>  | <b>5.5</b>  | <b>12.8</b> | <b>4.0</b>  | <b>5.7</b>  |
| <b>Private final consumption exp. (PFCE)</b> | <b>3.5</b>  | <b>2.4</b>  | <b>5.3</b>  | <b>2.8</b>  | <b>1.8</b>  | <b>8.2</b>  | <b>18.5</b> | <b>4.7</b>  | <b>11.0</b> |
| <b>Govt. final consumption exp. (GFCE)</b>   | <b>-3.2</b> | <b>13.8</b> | <b>-0.1</b> | <b>2.3</b>  | <b>7.1</b>  | <b>3.4</b>  | <b>9.8</b>  | <b>11.8</b> | <b>-0.6</b> |
| <b>Gross capital formation (GCF)</b>         | <b>12.2</b> | <b>10.6</b> | <b>7.5</b>  | <b>7.8</b>  | <b>2.8</b>  | <b>2.4</b>  | <b>14.9</b> | <b>3.0</b>  | <b>9.4</b>  |
| Gross fixed capital formation (GFCF)         | 10.6        | 11.6        | 8.5         | 8.9         | 5.0         | 4.7         | 13.9        | 4.9         | 4.8         |
| <b>Exports</b>                               | <b>3.4</b>  | <b>5.3</b>  | <b>-6.5</b> | <b>11.9</b> | <b>10.9</b> | <b>11.7</b> | <b>19.1</b> | <b>22.4</b> | <b>31.1</b> |
| <b>Imports</b>                               | <b>8.3</b>  | <b>11.9</b> | <b>15.3</b> | <b>4.9</b>  | <b>4.1</b>  | <b>16.1</b> | <b>26.1</b> | <b>6.7</b>  | <b>21.4</b> |

- Real GDP has exceeded expectations with economy estimated to grow by 7.6% y/y in FY24 as per second AE (up by 30 bps from First AE). Conversely, real GVA is projected to experience more moderate growth at 6.9% y/y in FY24. This substantial gap between GDP and GVA can be attributed to robust growth in net taxes (indirect tax minus subsidy)
- *Nominal GDP for FY25 is expected at 10.5% y/y, with real GDP growth to be closer to 6.5% y/y. This is based on solid fundamentals and continued focus on government capex*

# HIGH FREQUENCY INDICATORS INDICATIVE OF FLOURISHING ECONOMY

| INDICATOR                         | APR'23 | MAY'23 | JUN'23 | JUL'23 | AUG'23 | SEP'23 | OCT'23 | NOV'23 | DEC'23 | JAN'24 | FEB'24 | MAR'24 | APR'24 |
|-----------------------------------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|
| <b>INDUSTRY</b>                   |        |        |        |        |        |        |        |        |        |        |        |        |        |
| Manufacturing PMI                 | 57.2   | 58.7   | 57.8   | 57.7   | 58.6   | 57.5   | 55.5   | 56     | 54.9   | 56.5   | 56.9   | 59.1   | 58.8   |
| IIP (%y/y)                        | 4.6%   | 5.7%   | 4.0%   | 6.2%   | 10.9%  | 6.4%   | 11.9%  | 2.5%   | 4.2%   | 4.1%   | 5.7%   |        |        |
| Eight Core (%y/y)                 | 4.6%   | 5.2%   | 8.4%   | 8.6%   | 13.4%  | 9.4%   | 12.7%  | 7.9%   | 4.9%   | 4.1%   | 6.7%   | 5.2%   |        |
| Finished Steel Consumption (%y/y) | 8.0%   | 7.8%   | 15.8%  | 17.6%  | 21.5%  | 18.7%  | 13.8%  | 16.1%  | 21.5%  | 12.7%  | 8.6%   | 1.5%   |        |
| 2W Sales (%y/y)                   | -7.3%  | 9.3%   | 6.8%   | 8.2%   | 6.3%   | 21.7%  | -12.6% | 21.1%  | 27.6%  | 15.0%  | 13.6%  | 5.4%   |        |
| PV Sales (%y/y)                   | -1.3%  | 4.3%   | 4.8%   | 4.0%   | 6.5%   | 19.0%  | -1.4%  | 17.2%  | 2.7%   | 13.3%  | 14.9%  | -6.2%  |        |
| <b>SERVICES/CONSUMPTION</b>       |        |        |        |        |        |        |        |        |        |        |        |        |        |
| Services PMI                      | 62.0   | 61.2   | 58.5   | 62.3   | 60.1   | 61.0   | 58.4   | 56.9   | 59.0   | 61.8   | 60.6   | 61.2   | 60.8   |
| Petrol Consumption (%y/y)         | 2.9%   | 11.0%  | 6.2%   | 6.3%   | 2.9%   | 8.2%   | 4.8%   | 9.4%   | 0.2%   | 9.7%   | 8.9%   | 7.0%   |        |
| Diesel Consumption (%y/y)         | 8.6%   | 12.8%  | 3.0%   | 3.8%   | 5.2%   | 3.8%   | 9.3%   | -3.1%  | -2.3%  | 3.4%   | 6.2%   | 3.1%   |        |
| Railway Freight Volume (%y/y)     | 3.5%   | 3.7%   | -0.9%  | 3.1%   | 8.5%   | 8.3%   | 10.6%  | 6.3%   | 8.5%   | 9.2%   | 12.4%  | 9.6%   | 5.1%   |
| Port Cargo Volume (%y/y)          | 1.3%   | 3.5%   | 0.4%   | 4.3%   | 4.4%   | 0.3%   | 13.8%  | 17.0%  | 0.9%   | 3.2%   | 2.3%   | 4.8%   | 1.3%   |
| Electricity supply (% y/y)        | -1.8%  | -0.4%  | 4.3%   | 8.3%   | 16.3%  | 10.3%  | 20.9%  | 6.1%   | 1.6%   | 6.1%   | 8.4%   | 9.1%   | 10.5%  |
| Total Airport Footfall (%y/y)     | 25.5%  | 19.0%  | 20.5%  | 25.8%  | 23.2%  | 19.4%  | 11.9%  | 10.7%  | 9.9%   | 7.2%   | 8.1%   | 6.5%   |        |
| Fastag revenues (%y/y)            | 22.2%  | 24.6%  | 20.9%  | 19.7%  | 21.9%  | 19.9%  | 24.4%  | 14.1%  | 18.6%  | 15.5%  | 19.2%  | 17.2%  | 8.6%   |
| UPI transactions (%y/y)           | 43.9%  | 43.2%  | 45.5%  | 44.2%  | 46.9%  | 41.4%  | 41.6%  | 46.1%  | 42.2%  | 41.7%  | 47.9%  | 40.8%  | 40.0%  |
| GST Revenues (%y/y)               | 11.6%  | 11.5%  | 11.7%  | 10.8%  | 10.8%  | 10.2%  | 13.4%  | 15.1%  | 10.3%  | 10.5%  | 12.5%  | 11.5%  | 12.4%  |

# GROWTH IMPETUS IS STRONG, MANUFACTURING SHOWS UP TO THE PARTY

## Manufacturing indicators show momentum seen in FY24 could continue in FY25

- Manufacturing PMI showed its second highest reading in 14 years on the back of strong expansion in new orders, albeit at a marginally slower clip.
- Eight Core index grew at a pace of 7.5% y/y in FY24, with activity strongest in coal and infra-forward sectors such as cement and steel.
- India became a net exporter of finished steel in FY24, as imports growth outpace exports, with expectations of much better demand in CY24 vs. the world
- Auto sales could see an off-colour start to FY25, after a strong FY24

## Services activity is strong, a good monsoon could aid rural consumption to pick up

- Services uptick was one of the fastest in 14 years, with near record upturn in services exports boosting sales in addition to buoyant domestic demand
- Power consumption surged by 10.5% y/y to 144.3 BU in Apr'24 due to increased temperature variability and a heatwave
- Petrol consumption grew by a strong 12.3% y/y in Apr'24 owing to surge in use of vehicles on the back of price cuts and onset of harvesting season
- UPI transactions value surge continues to exceed the 40% y/y mark in FY25, a trend seen in all months of FY24

# UNION FISCAL POSITION: INCHING TOWARDS CONSOLIDATION

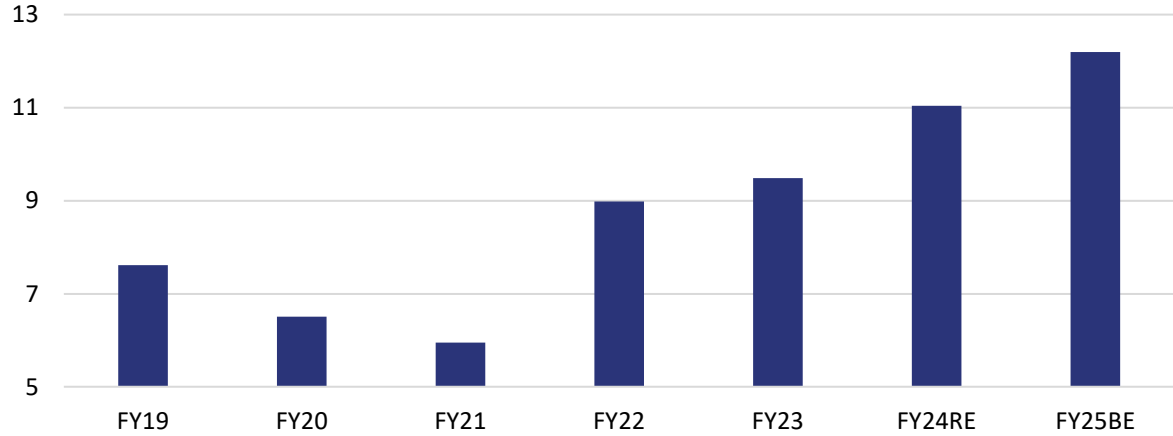
| ITEM (Rs. bn)                    | FY23A           | FY24BE          | FY24RE          | FY25BE          | GROWTH<br>FY24RE/FY23A | GROWTH<br>FY25BE/FY24RE | 11MFY24       | 11MFY24/FY24RE |
|----------------------------------|-----------------|-----------------|-----------------|-----------------|------------------------|-------------------------|---------------|----------------|
| Corporation Tax                  | 8,258           | 9,227           | 9,227           | 10,428          | 11.7%                  | 13.0%                   | 7,527         | 82%            |
| Income Tax                       | 8,333           | 9,006           | 10,223          | 11,560          | 22.7%                  | 13.1%                   | 8,124         | 79%            |
| Customs Duty                     | 2,134           | 2,331           | 2,187           | 2,313           | 2.5%                   | 5.8%                    | 1,964         | 90%            |
| Excise Duty                      | 3,190           | 3,390           | 3,081           | 3,235           | -3.4%                  | 5.0%                    | 2,538         | 82%            |
| Service Tax                      | 4               | 5               | 5               | 1               | 16.0%                  | -80.0%                  | 5             | 93%            |
| GST                              | 8,491           | 9,566           | 9,566           | 10,677          | 12.7%                  | 11.6%                   | 8,373         | 88%            |
| Other Taxes                      | 132             | 84              | 83              | 94              | -36.9%                 | 13.1%                   | 368           | 444%           |
| <b>Gross tax revenue</b>         | <b>30,542</b>   | <b>33,609</b>   | <b>34,372</b>   | <b>38,308</b>   | <b>12.5%</b>           | <b>11.5%</b>            | <b>28,899</b> | <b>84%</b>     |
| (-) Transfer to States, UTs      | 9,484           | 10,214          | 11,045          | 12,198          | 16.5%                  | 10.4%                   | 10,334        | 94%            |
| <b>Net tax revenue</b>           | <b>20,978</b>   | <b>23,306</b>   | <b>23,239</b>   | <b>26,016</b>   | <b>10.8%</b>           | <b>11.9%</b>            | <b>18,496</b> | <b>80%</b>     |
| <b>Non-Tax Revenue</b>           | <b>2,854</b>    | <b>3,017</b>    | <b>3,758</b>    | <b>3,997</b>    | <b>31.7%</b>           | <b>6.4%</b>             | <b>3,603</b>  | <b>96%</b>     |
| <b>Non-debt Capital Receipts</b> | <b>722</b>      | <b>840</b>      | <b>560</b>      | <b>790</b>      | <b>-22.4%</b>          | <b>41.1%</b>            | <b>361</b>    | <b>65%</b>     |
| <b>Total Receipts</b>            | <b>24,554</b>   | <b>27,163</b>   | <b>27,557</b>   | <b>30,803</b>   | <b>12.2%</b>           | <b>11.8%</b>            | <b>22,459</b> | <b>82%</b>     |
| Revenue Expenditure              | 34,531          | 35,021          | 35,402          | 36,547          | 2.5%                   | 3.2%                    | 29,417        | 83%            |
| Capital Expenditure              | 7,400           | 10,010          | 9,502           | 11,111          | 28.4%                  | 16.9%                   | 8,056         | 85%            |
| <b>Total Expenditure</b>         | <b>41,932</b>   | <b>45,031</b>   | <b>44,905</b>   | <b>47,658</b>   | <b>7.1%</b>            | <b>6.1%</b>             | <b>37,473</b> | <b>83%</b>     |
| <b>Revenue Deficit</b>           | <b>10,699</b>   | <b>8,699</b>    | <b>11,105</b>   | <b>6,534</b>    | <b>3.8%</b>            | <b>-41.2%</b>           | <b>7,319</b>  | <b>87%</b>     |
| <b>Fiscal Deficit</b>            | <b>17,378</b>   | <b>17,868</b>   | <b>17,348</b>   | <b>16,855</b>   | <b>1.0%</b>            | <b>-4.0%</b>            | <b>15,014</b> | <b>87%</b>     |
| <b>Nominal GDP</b>               | <b>2,72,410</b> | <b>3,01,750</b> | <b>2,96,577</b> | <b>3,27,718</b> | <b>8.9%</b>            | <b>10.5%</b>            |               |                |

- Government has put a focus on reaching towards the goal of 5.1% fiscal deficit in FY25BE. This would be buttressed on a growth in total receipts (ex-borrowing) by 12%, while total expenditures have only inched by 6% (both figures are FY25BE vs. FY24RE). Numbers reported till 11MFY24 indicate the Union is on track

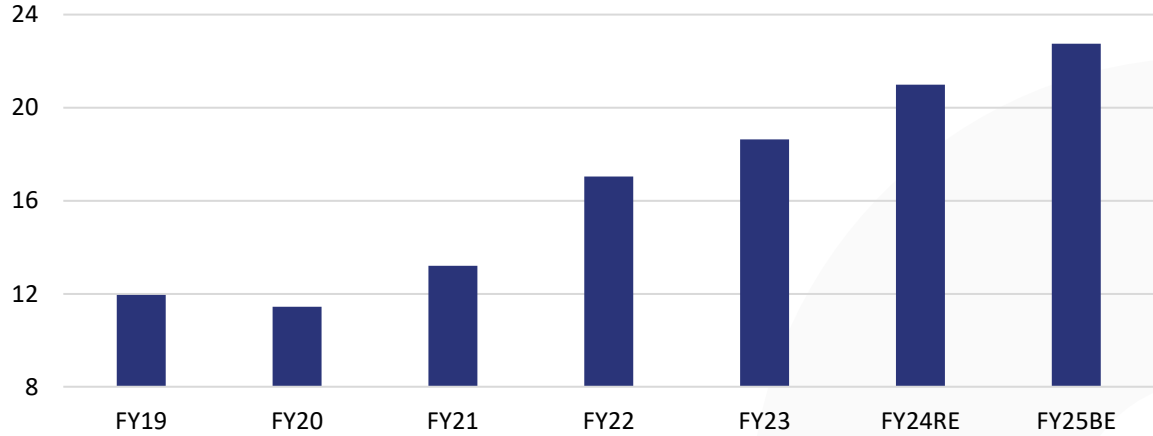


# TRANSFERS TO STATES FROM THE UNION STEADILY GROWING

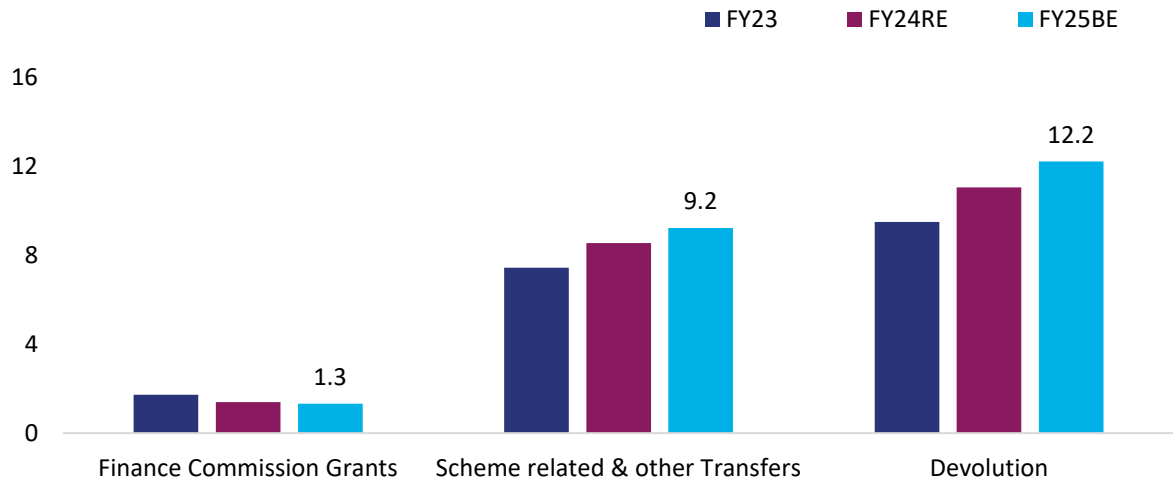
## STATES SHARE IN UNION TAXES (Rs. trn)



## TOTAL TRANSFER TO STATES AND UTs (Rs. trn)



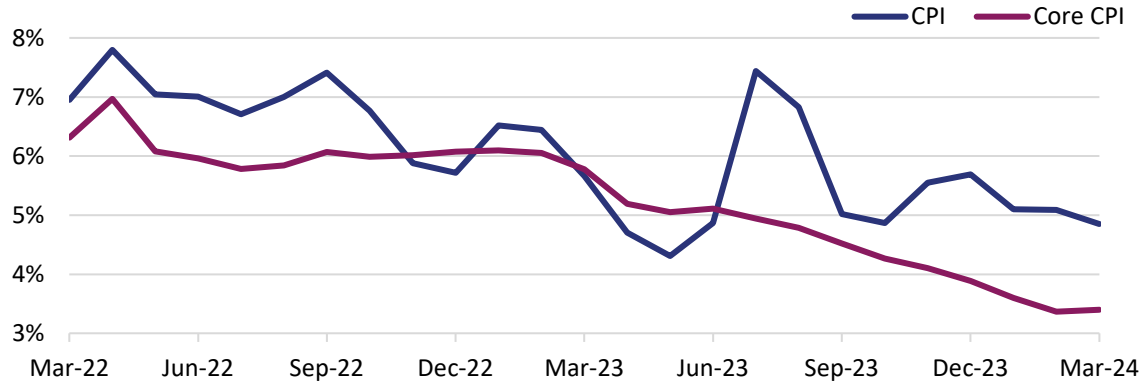
## COMPOSITION OF TRANSFERS TO STATES (Rs. trn)



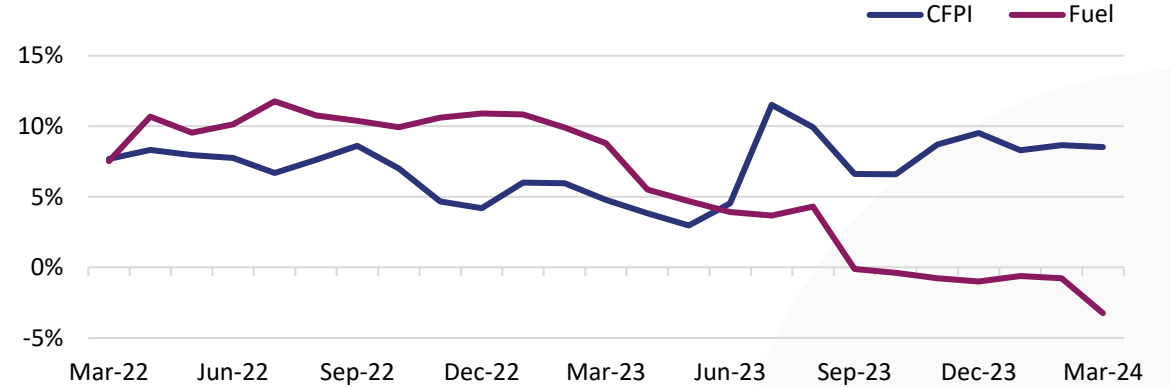
- FY24 saw gross SGS borrowings of Rs. 10.1 trn vs. Rs. 7.6 trn in FY23 with top 5 states contributing 72% of the incremental SGS issuance.
- Notably, top 5 states gross SGS issuance increased by 60% while others grew by a measured 15% in FY24 vs FY23
- **Gross SGS issuances will likely increase to ~Rs. 10.5 trn in FY25 with major variation amongst States**

# CORE INFLATION'S DOWNWARD TRAJECTORY UNHINDERED IN MAR'24

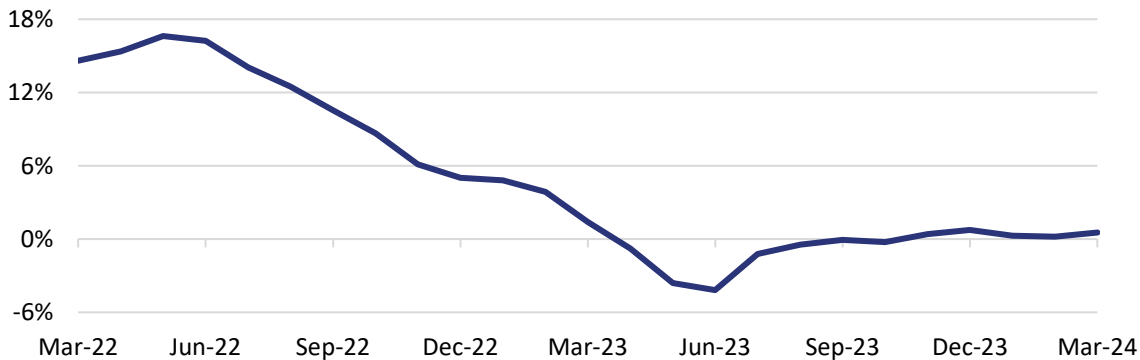
## CONSUMER PRICE INDEX (CPI) & CORE CPI (Y/Y)



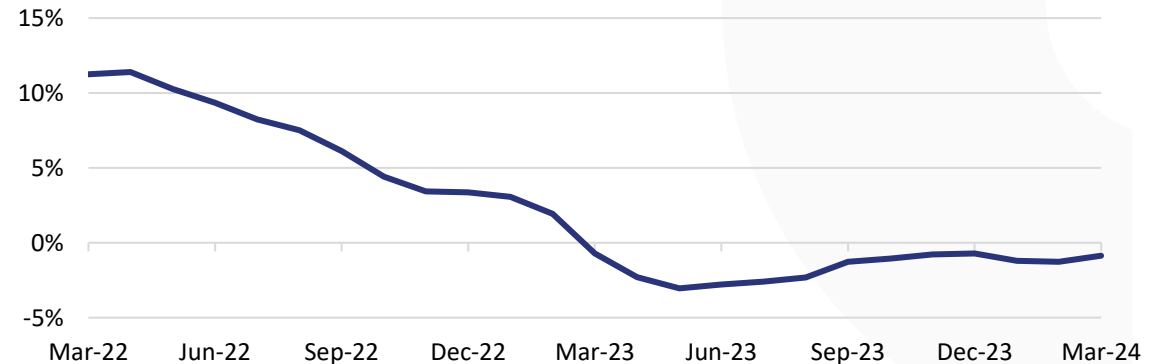
## CFPI AND CPI: FUEL (Y/Y)



## WHOLESALE PRICE INDEX (WPI) (Y/Y)



## WPI: MANUFACTURED PRODUCTS (Y/Y)



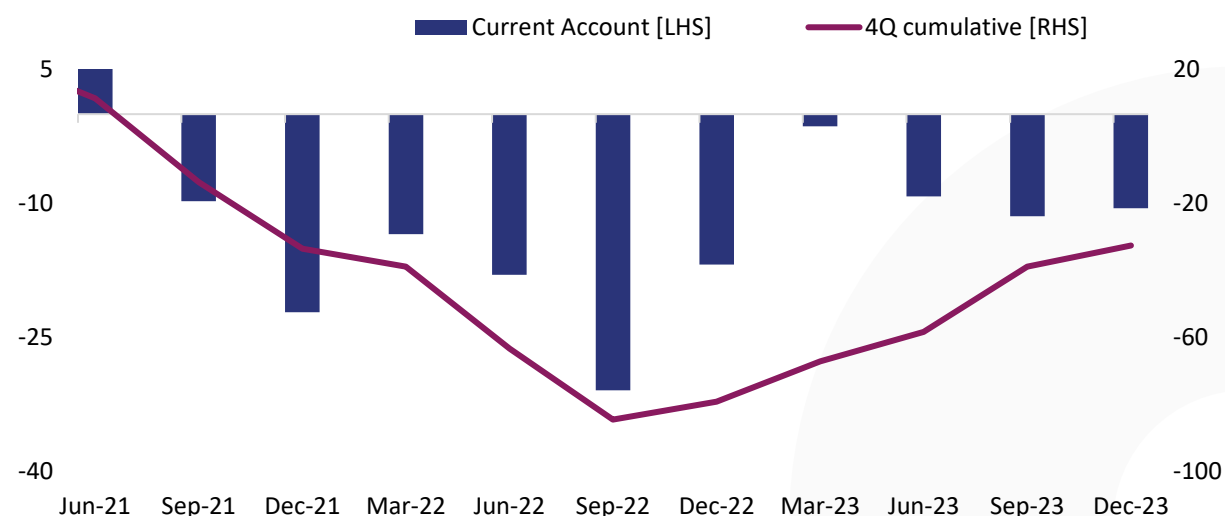
- CPI fell to a 10-month low of 4.85% y/y in Mar'24, owing to a slower rise in food prices, and a continued easing in core inflation. Although inflation doesn't seem to pose a quandary for MPC anymore, they are vigilant of the shocks that food inflation could impose on the headline figures.
- **We expect CPI to be 4.7% for FY25 with risks evenly balanced.** CPI could turn lower in FY25 owing to base impacts, though monsoon remains a variable for food inflation

# EXPORTS EASED IN FY24 ON SUBDUED GLOBAL TRADE

## USD/INR EXCHANGE RATE (Rs. per USD)



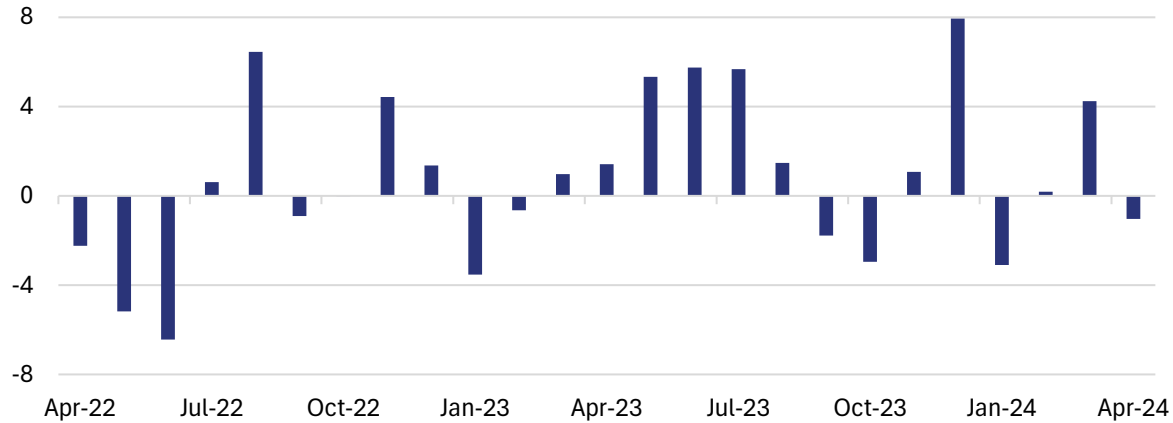
## CURRENT ACCOUNT BALANCE (USD bn)



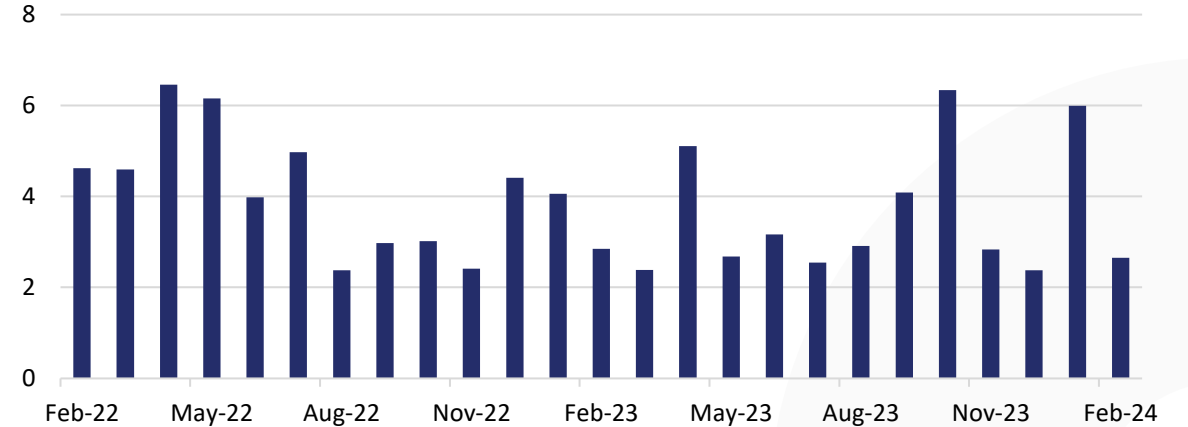
| Indicator                             | Apr'23 | May'23 | Jun'23 | Jul'23 | Aug'23 | Sep'23 | Oct'23 | Nov'23 | Dec'23 | Jan'24 | Feb'24 | Mar'24 | FY24   |
|---------------------------------------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|
| <b>Forex Reserves (USD Bn)</b>        | 588.8  | 589.1  | 595.1  | 603.9  | 594.9  | 586.9  | 586.1  | 597.9  | 623.2  | 616.1  | 619.1  | 645.6  | 645.6  |
| Goods Imports (%y/y)                  | -15.5% | -6.0%  | -16.9% | -17.0% | -2.4%  | -15.0% | 9.6%   | -4.3%  | -4.8%  | 3%     | 12.2%  | -6.0%  | -5.7%  |
| Oil Imports (%y/y)                    | -22.3% | -6.3%  | -33.8% | -36.5% | -13.5% | -20.3% | -1.2%  | -8.5%  | -22.8% | 4.4%   | 0.0%   | -4.4%  | -14.4% |
| Non-oil Imports (%y/y)                | -12.5% | -5.9%  | -9.9%  | -8.9%  | 2.0%   | -13.0% | 13.8%  | -2.7%  | 3.4%   | 2.4%   | 17.8%  | -6.6%  | -2.1%  |
| Goods Exports (%y/y)                  | -12.7% | -10.3% | -18.8% | -10.0% | 3.8%   | -2.6%  | 6.1%   | -2.8%  | 1.0%   | 3.1%   | 11.9%  | -0.7%  | -3.1%  |
| Oil Exports (%y/y)                    | -18.3% | -30.9% | -36.2% | -17.9% | 13.5%  | -10.8% | -4.6%  | -7.4%  | -17.6% | 6.6%   | 5.0%   | -35.4% | -13.8% |
| Non-oil Exports (%y/y)                | -11.3% | -4.6%  | -12.9% | -7.8%  | 0.9%   | -0.5%  | 8.8%   | -1.5%  | 6.2%   | 2.2%   | 13.7%  | 8.0%   | -0.1%  |
| <b>Goods Trade Balance (USD Bn.)</b>  | -14.4  | -22.5  | -19.1  | -18.4  | -22.0  | -19.4  | -29.9  | -20.6  | -19.8  | -17.5  | -18.7  | -15.6  | -237.9 |
| Services Exports (%y/y)               | 7.2%   | 7.4%   | 3.2%   | 8.1%   | 8.4%   | -2.7%  | 10.9%  | 4.4%   | 1.1%   | 10.7%  | 3.3%   | -1.5%  | 4.8%   |
| Services Imports (%y/y)               | -0.7%  | 4.5%   | -1.0%  | -2.2%  | -0.8%  | -10.3% | -0.4%  | -11.1% | -1.0%  | 4.4%   | 6.1%   | 2.1%   | -1.0%  |
| <b>Overall Trade Balance (USD Bn)</b> | -2.6   | -11.4  | -6.9   | -6.0   | -8.4   | -5.5   | -15.3  | -5.3   | -3.8   | -1.3   | -5.6   | -2.2   | -74.3  |

# FPI FLOCK IN HERDS TOWARDS DOMESTIC EQUITIES IN FY24

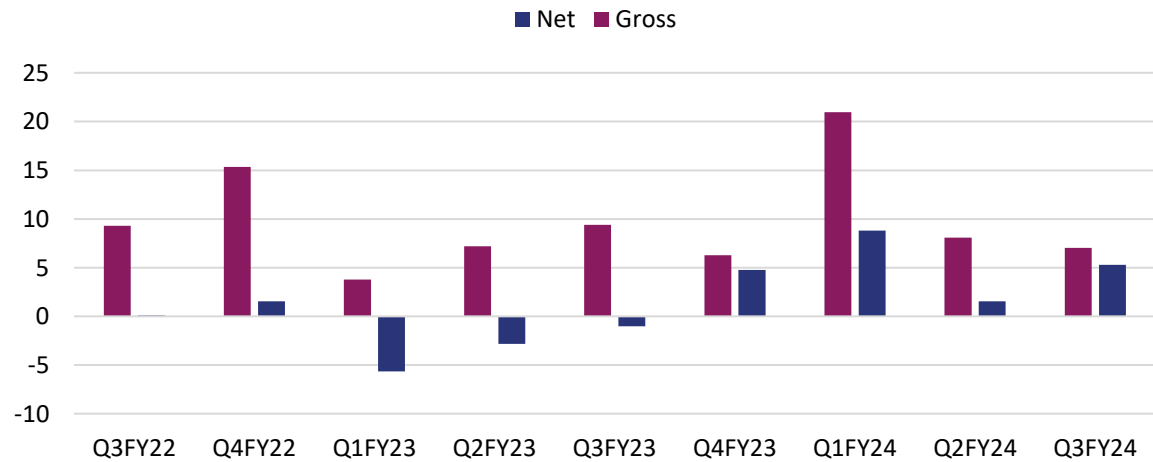
## NET FPI EQUITY INFLOW (USD bn)



## GROSS FDI EQUITY INFLOWS (USD bn)



## EXTERNAL COMMERCIAL BORROWINGS (USD bn)



- Rising geopolitical tensions triggered heavy selling in the second half of Apr'24 by FPI, resulting in net outflows
- ECB issuances are up on a gross basis despite wafer thin rate differentials. Net ECB issuances remain mellow

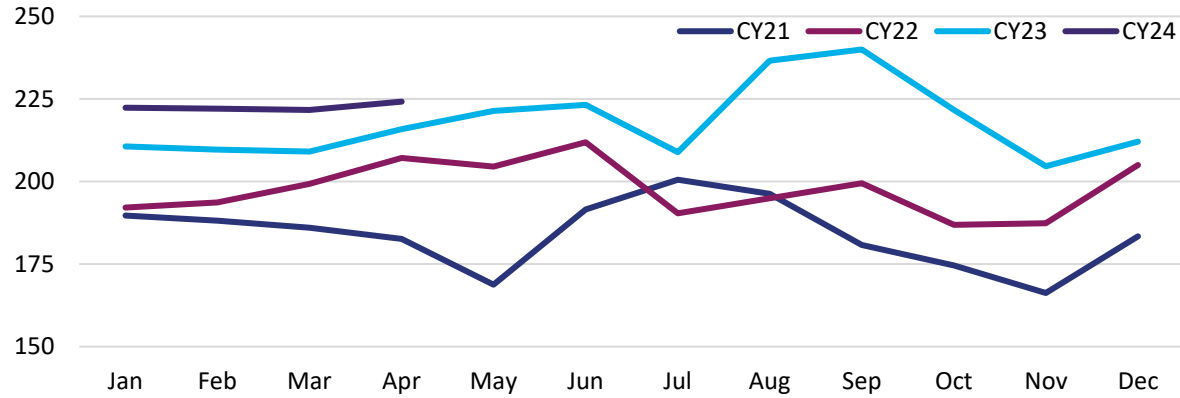
# 02

## SECTORAL UPDATES

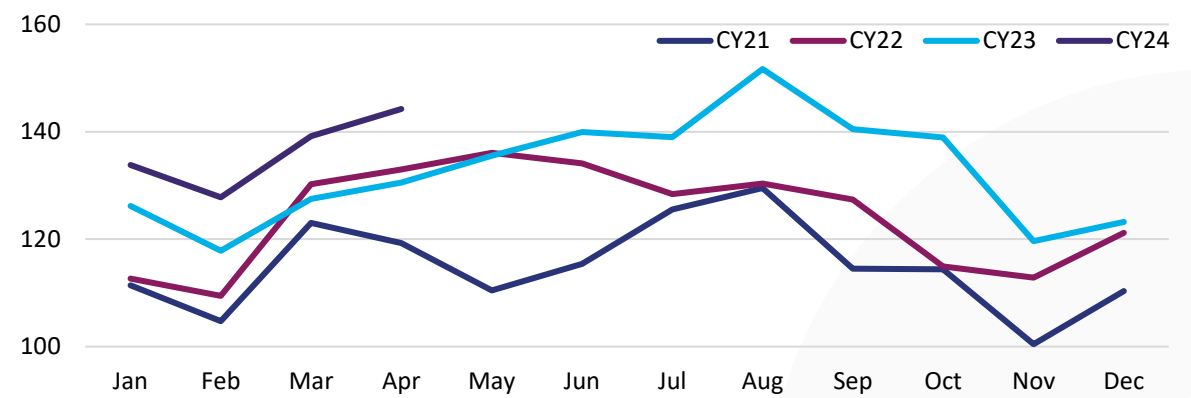


# POWER SUPPLY HEATS UP IN APR'24 ON SULTRY SUMMER

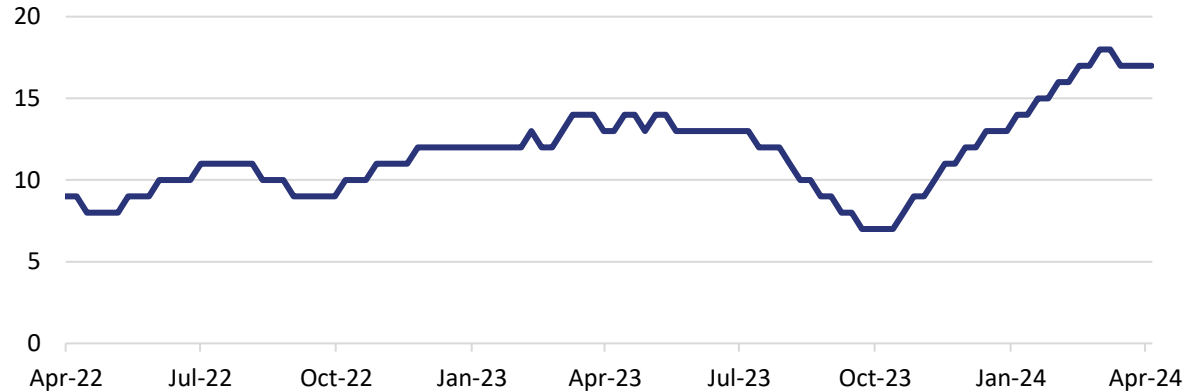
### MONTH-WISE PEAK POWER DEMAND IN PAST 4 YEARS (GW)



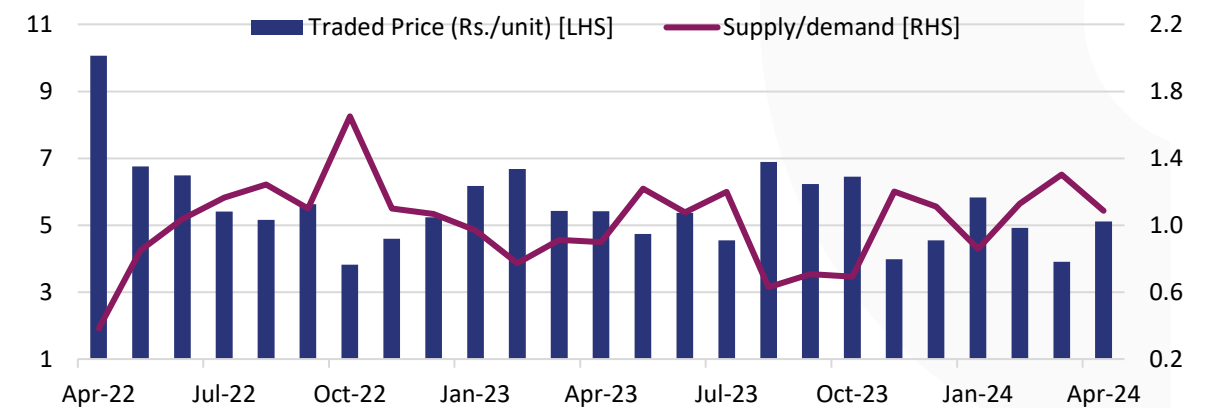
### MONTH-WISE POWER SUPPLY IN PAST 4 YEARS (BU)



### COAL STOCKS WITH POWER SECTOR (NUMBER OF DAYS)



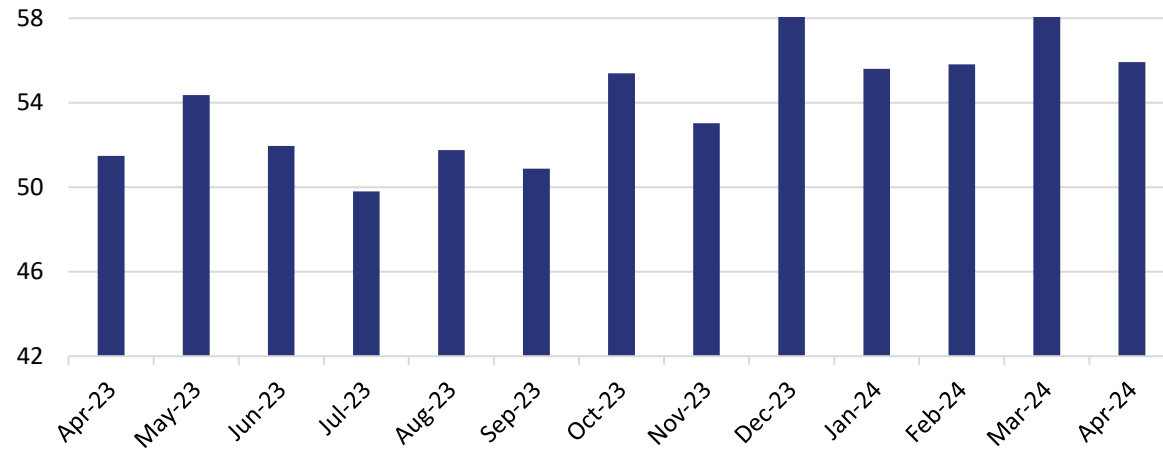
### SPOT PRICE (Rs./UNIT) VS. SUPPLY-DEMAND IN DAM



- Energy supply surged in Apr'24 due to base effects, with base effective providing a cushion in the Eastern region. Energy demand is expected to spike in the summer
- DAM clearing price fell 5.7% y/y in Mar'24 to Rs. 5.11/unit due to improved sell side liquidity, which is expected to rise further after Union direction to sell surplus power on exchanges.

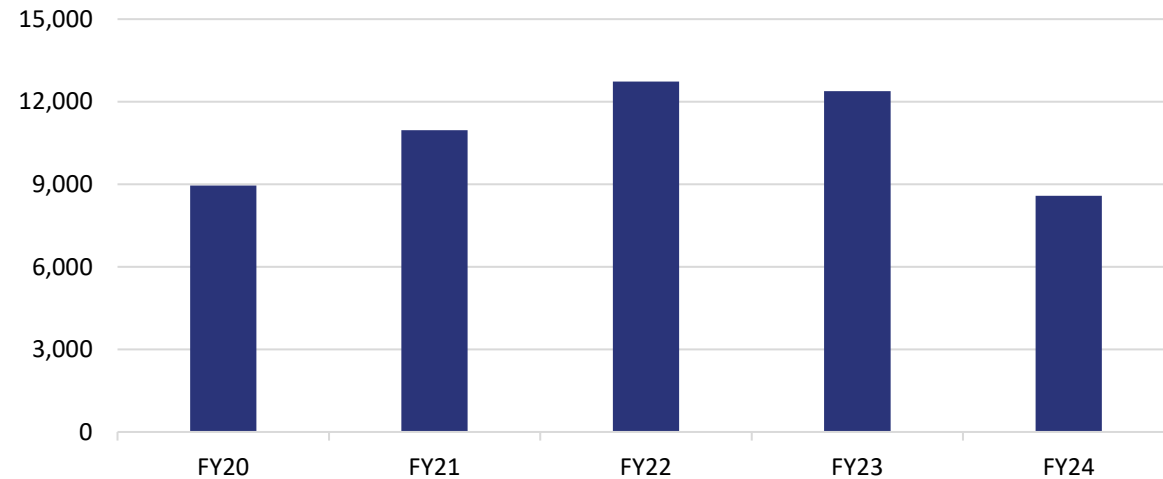
# HIGHWAY CONSTRUCTION AND MONETISATION TO CONTINUE ON THE RIGHT PATH

## FASTAG REVENUE (Rs. bn)

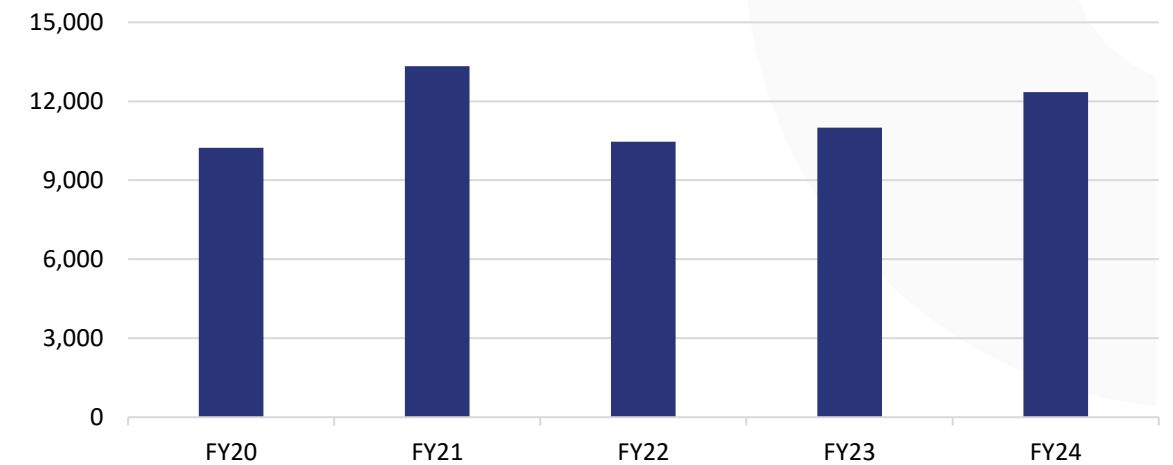


- Fastag revenues soared in FY24. FY25 will see a milder increase owing to muted WPI, resulting in revenues of ~Rs. 770 bn
- Highway awarding saw a shortfall in FY24 due to pending revised approval of the Bharatmala programme. Construction pace showed solid uptick, with share of NHAH increasing sharply
- FY24 was a watershed year for asset monetisation, with almost 700 km of TOT bundles being executed, worth Rs. 160 bn

## NATIONAL HIGHWAY AWARDING ( IN km)



## NATIONAL HIGHWAY CONSTRUCTION ( IN km)



# BANKING: DEPOSITS ARE CATCHING UP WITH CREDITS

| INDICATOR                     | MAR'23 | APR'23 | MAY'23 | JUN'23 | JUL'23 | AUG'23 | SEP'23 | OCT'23 | NOV'23 | DEC'23 | JAN'24 | FEB'24 | MAR'24 | APR'24 |
|-------------------------------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|
| <b>CREDIT</b>                 |        |        |        |        |        |        |        |        |        |        |        |        |        |        |
| Non-food credit growth (%y/y) | 15.4%  | 16.1%  | 15.6%  | 16.4%  | 14.8%  | 15.0%  | 15.3%  | 15.3%  | 16.3%  | 15.8%  | 16.2%  | 16.5%  | 16.3%  |        |
| Industry credit growth (%y/y) | 5.6%   | 7.0%   | 6.0%   | 8.0%   | 5.2%   | 6.1%   | 6.5%   | 5.4%   | 6.1%   | 8.1%   | 7.8%   | 8.6%   | 8.5%   |        |
| Services credit growth (%y/y) | 19.7%  | 21.7%  | 21.4%  | 26.8%  | 19.4%  | 20.7%  | 21.3%  | 20.1%  | 21.9%  | 19.6%  | 20.7%  | 21.2%  | 20.2%  |        |
| Personal credit growth (%y/y) | 21.0%  | 19.7%  | 19.5%  | 21.2%  | 18.2%  | 18.4%  | 18.3%  | 18.0%  | 18.6%  | 17.7%  | 18.4%  | 18.1%  | 18.7%  |        |
| <b>DEPOSITS</b>               |        |        |        |        |        |        |        |        |        |        |        |        |        |        |
| Total Deposits (%y/y)         | 9.6%   | 10.1%  | 11.4%  | 15.5%  | 12.9%  | 13.2%  | 15.7%  | 13.2%  | 13.4%  | 14.1%  | 12.8%  | 13.6%  | 12.5%  | 13.3%  |
| Time Deposits (%y/y)          | 10.2%  | 10.6%  | 11.6%  | 14.1%  | 13.3%  | 13.7%  | 14.9%  | 13.9%  | 13.7%  | 12.5%  | 13.9%  | 14.0%  | 12.7%  | 13.1%  |
| Demand Deposits (%y/y)        | 5.2%   | 6.8%   | 9.9%   | 25.3%  | 10.6%  | 9.4%   | 21.6%  | 8.1%   | 11.0%  | 5.3%   | 5.0%   | 10.9%  | 11.5%  | 14.9%  |
| <b>KEY RATIOS</b>             |        |        |        |        |        |        |        |        |        |        |        |        |        |        |
| C/D Ratio (%)                 | 75.8%  | 75.1%  | 75.2%  | 75.1%  | 74.6%  | 75.0%  | 75.3%  | 76.7%  | 77.2%  | 77.1%  | 77.7%  | 77.7%  | 77.7%  | 76.9%  |
| Incremental C/D Ratio (%)     | 113.0% | 46.5%  | 50.5%  | 63.7%  | 51.6%  | 60.9%  | 69.7%  | 88.7%  | 92.3%  | 89.2%  | 95.6%  | 94.4%  | 93.0%  | 31.9%  |
| Investment/Deposit Ratio (%)  | 30.0%  | 29.5%  | 30.0%  | 29.6%  | 30.1%  | 30.3%  | 30.3%  | 30.4%  | 29.8%  | 29.5%  | 29.5%  | 29.7%  | 29.6%  | 29.1%  |
| <b>KEY RATES</b>              |        |        |        |        |        |        |        |        |        |        |        |        |        |        |
| WALR – fresh (%)              | 9.3%   | 9.1%   | 9.3%   | 9.2%   | 9.4%   | 9.5%   | 9.4%   | 9.5%   | 9.4%   | 9.3%   | 9.5%   | 9.4%   | 9.4%   |        |
| WALR – o/s (%)                | 9.7%   | 9.8%   | 9.8%   | 9.8%   | 9.8%   | 9.8%   | 9.8%   | 9.8%   | 9.8%   | 9.8%   | 9.9%   | 9.8%   | 9.9%   |        |
| WADTDR – fresh (%)            | 6.5%   | 6.4%   | 6.3%   | 6.3%   | 6.3%   | 6.3%   | 6.3%   | 6.3%   | 6.3%   | 6.5%   | 6.4%   | 6.4%   | 6.6%   |        |
| WADTDR – o/s (%)              | 6.2%   | 6.3%   | 6.4%   | 6.5%   | 6.6%   | 6.6%   | 6.7%   | 6.8%   | 6.8%   | 6.8%   | 6.8%   | 6.9%   | 6.9%   |        |
| Repo rate                     | 6.5%   | 6.5%   | 6.5%   | 6.5%   | 6.5%   | 6.5%   | 6.5%   | 6.5%   | 6.5%   | 6.5%   | 6.5%   | 6.5%   | 6.5%   | 6.5%   |



# MARGIN SQUEEZE ENSUING AS COST OF DEPOSITS RISES

## Bank credit continues growth at a robust pace, industrial credit showing signs of revival

- Industry credit continued at a robust pace of 8.5% y/y in Mar'24, driven by higher growth in larger sectors such as chemicals and infrastructure, while credit to MSMEs moderated slightly.
- Services credit continued at a searing pace through Mar'24, driven by credit to transport operators and CRE, while NBFC credit shows signs of moderation further due to RBI's crackdown.
- Personal credit growth has moderated in FY24 from highs of yesteryear based on higher risk weights for unsecured loans impacting disbursements

## Deposit growth gathers steam at the turn of the FY

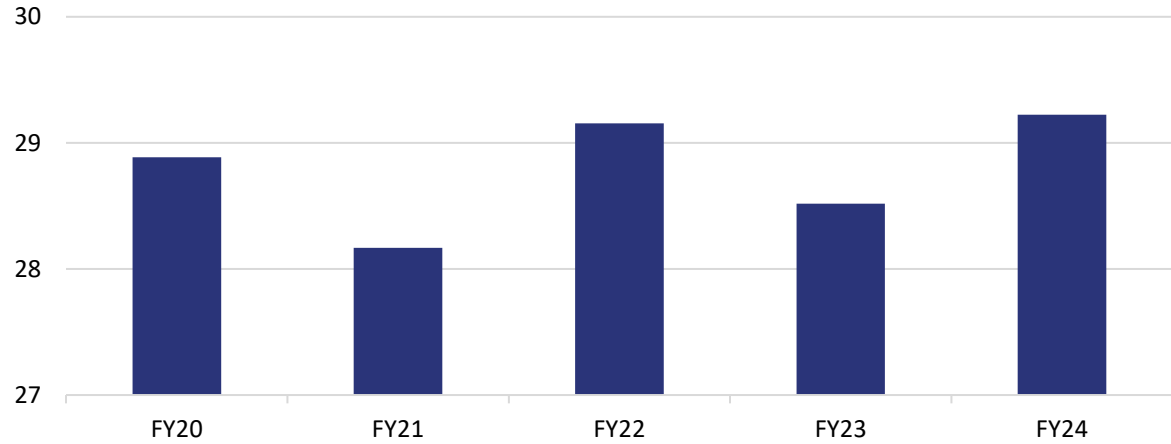
- A pickup in deposit growth means that the C/D ratio has moderated, albeit remaining a whisker away from the breaking point  $\sim 78\%$  ( $1 - \text{SLR}\% - \text{CRR}\%$ )
- Distribution of C/D ratio is skewed with private banks struggling to raise sufficient sticky deposits to fund credit growth
- In the short term, these mismatches are being funded by raising infrastructure bonds and certificates of deposit

## Margins are getting squeezed as banks hanker for deposits and seek costlier means of financing

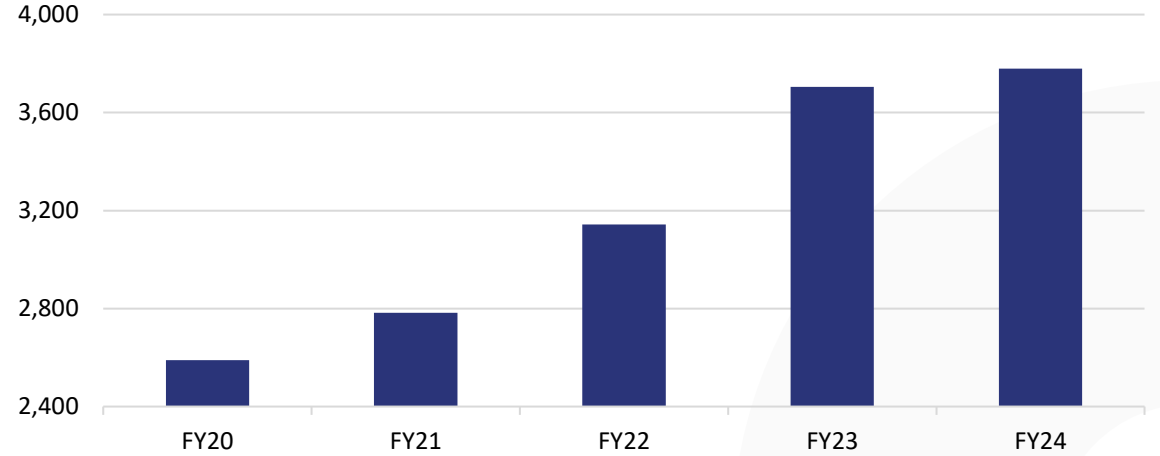
- Incomplete rate transmission in lending rates, especially to the outstanding book has ensured WALR (o/s) has increased only  $\sim 20$  bps in 12 months, while transmission to deposit rates has been much fuller

# MIXED YEAR FOR INSURERS AS REGULATIONS TAKE THEIR TOLL

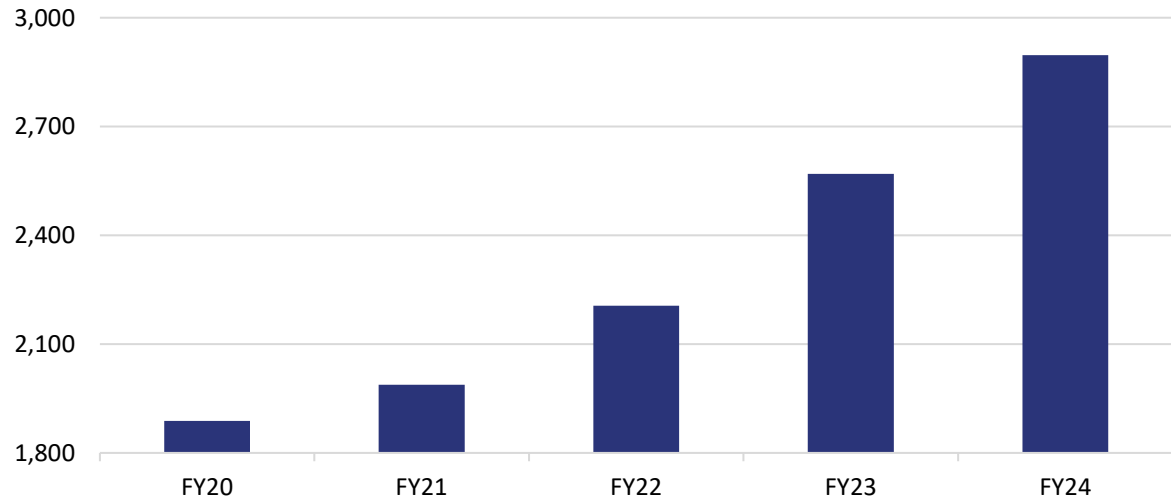
## NEW LIFE INSURANCE POLICIES (mn units)



## FIRST YEAR PREMIUM- LIFE INSURANCE (Rs. bn)



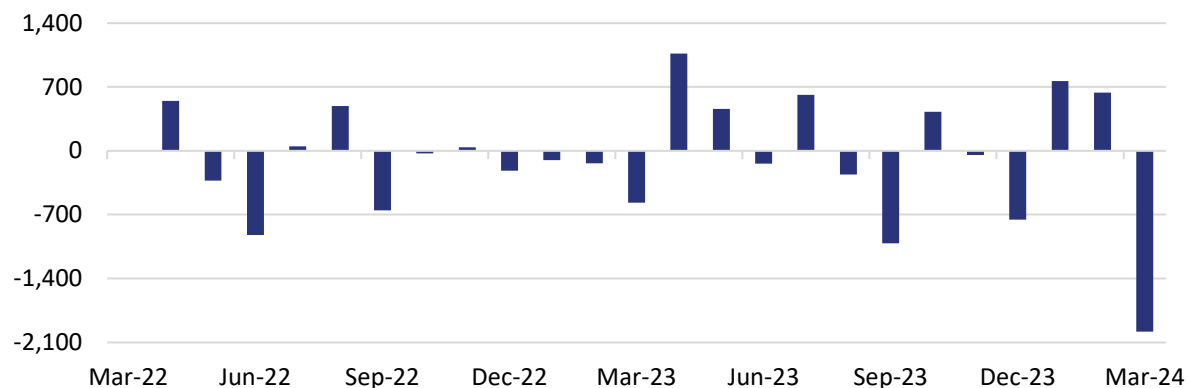
## GROSS DIRECT PREMIUM- NON- LIFE INSURANCE (Rs. bn)



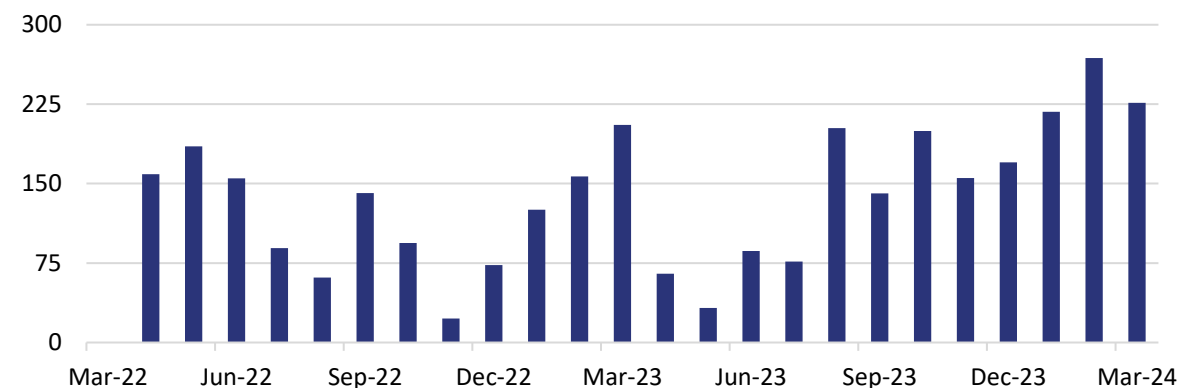
- For life insurers, new business premium grew by modest 2% y/y in FY24, from ~18% y/y in FY23, due to introduction of new tax regime and flat group premiums
- For non-life insurers, FY24 growth moderated to 12.8% y/y from 16.3% y/y in FY23 due to subdued growth numbers in all but health and motor insurance segments

# DEBT FUNDS SEE SHARP OUTFLOW IN MAR'24

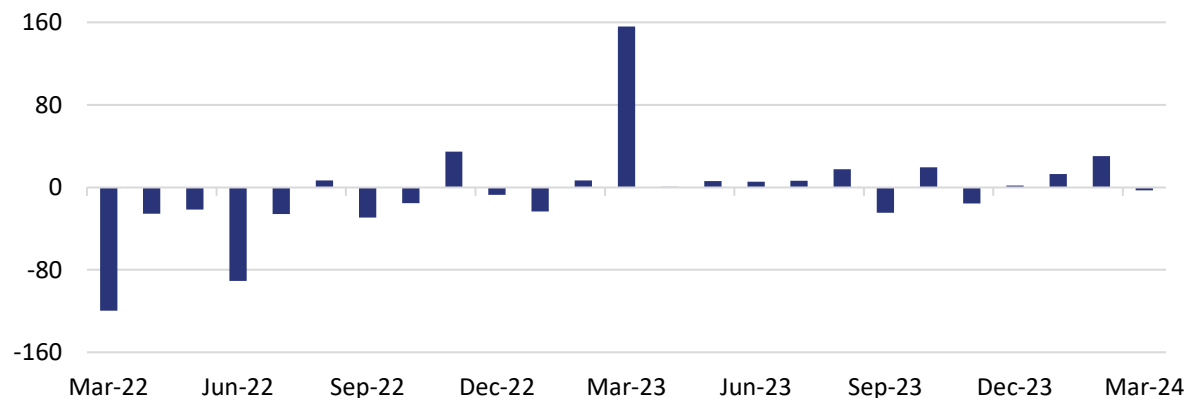
## OPEN ENDED SCHEME: INCOME/DEBT MF NET INFLOW (Rs. bn)



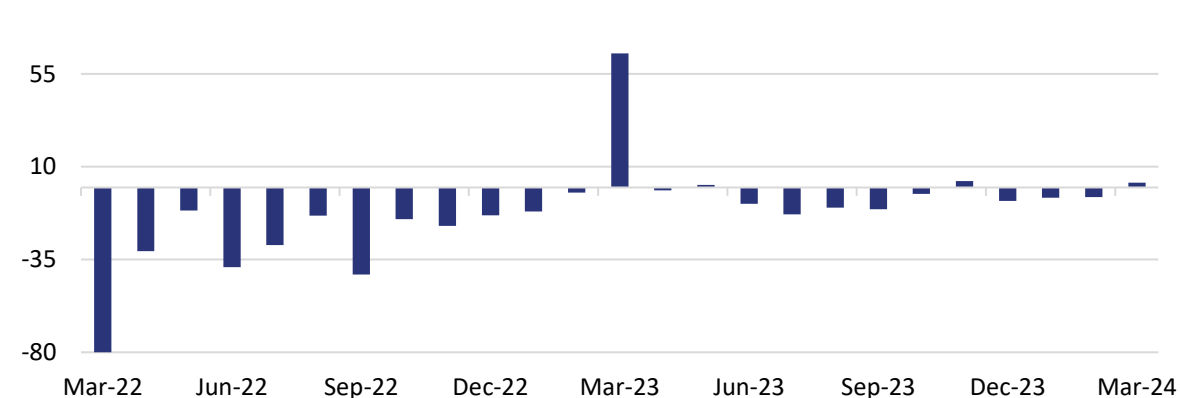
## OPEN ENDED SCHEME: EQUITY MF NET INFLOW (Rs. bn)



## CORPORATE BOND NET INFLOW (Rs. bn)



## BANKING AND PSU FUND NET INFLOW (Rs. bn)



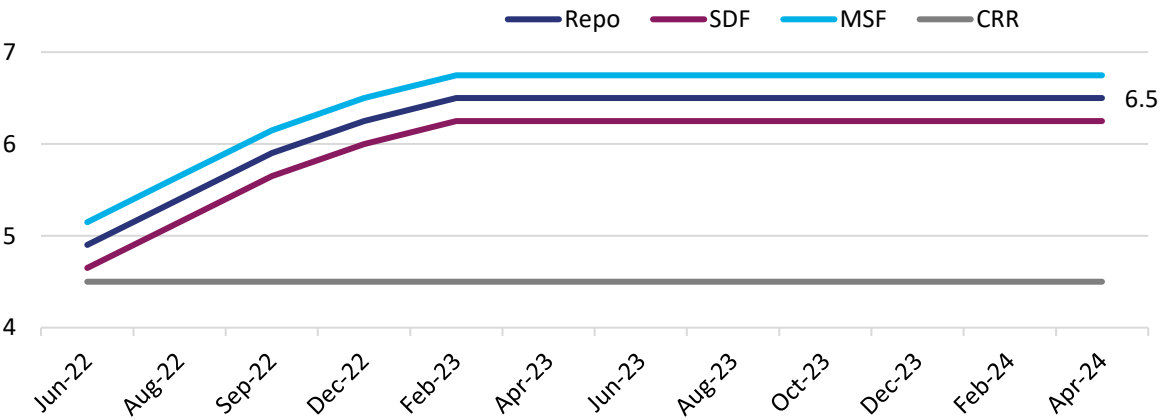
- Equity mutual funds saw inflows of Rs 226 bn for Mar'24, down 15% y/y, with large cap funds seeing highest inflows of FY24 of Rs. 21 bn, while small cap funds saw the first outflow of FY24 of Rs. 1 bn attributed to stress tests faced by mutual funds.
- Debt funds saw a sharp outflow at the end of FY24 to the tune of ~Rs. 2 trn, due to treasury withdrawals of corporates, as liquid funds displayed the steepest outflow of ~Rs. 1.6 trn in Mar'24

# MONETARY POLICY AND YIELDS

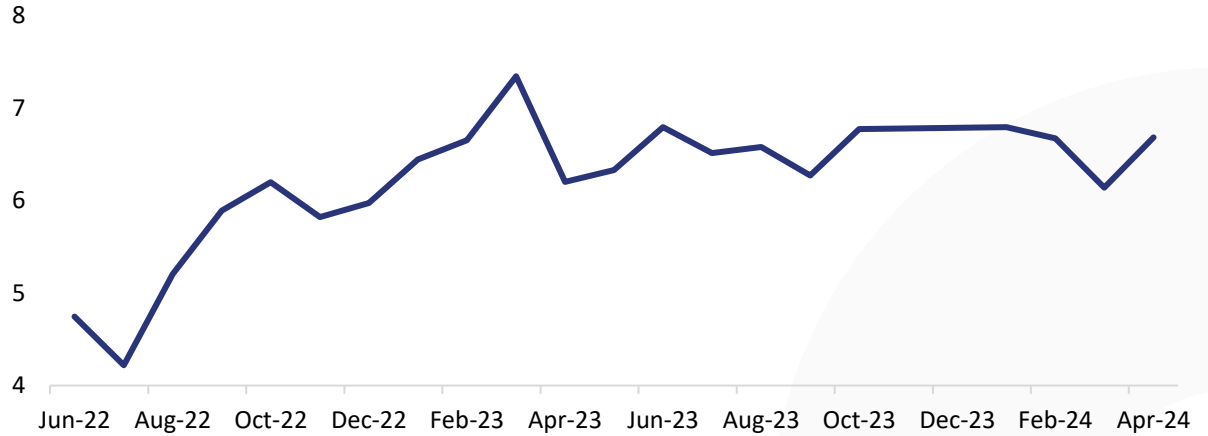


# TIMELINE FOR RATES CUTS PUSHED AHEAD GIVEN SOLID GROWTH

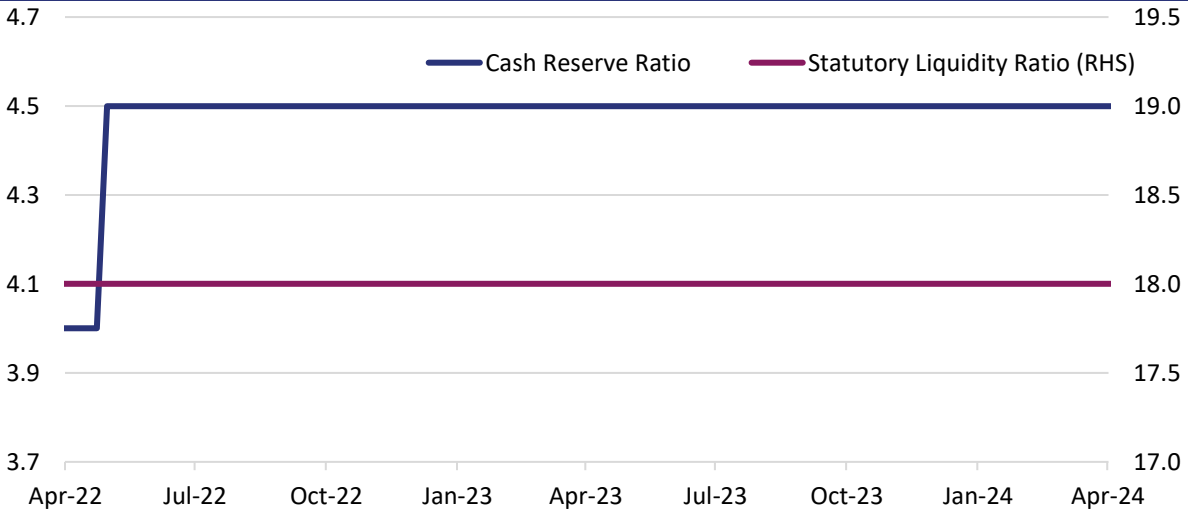
## RBI POLICY RATES (%)



## WACR RATE (%)



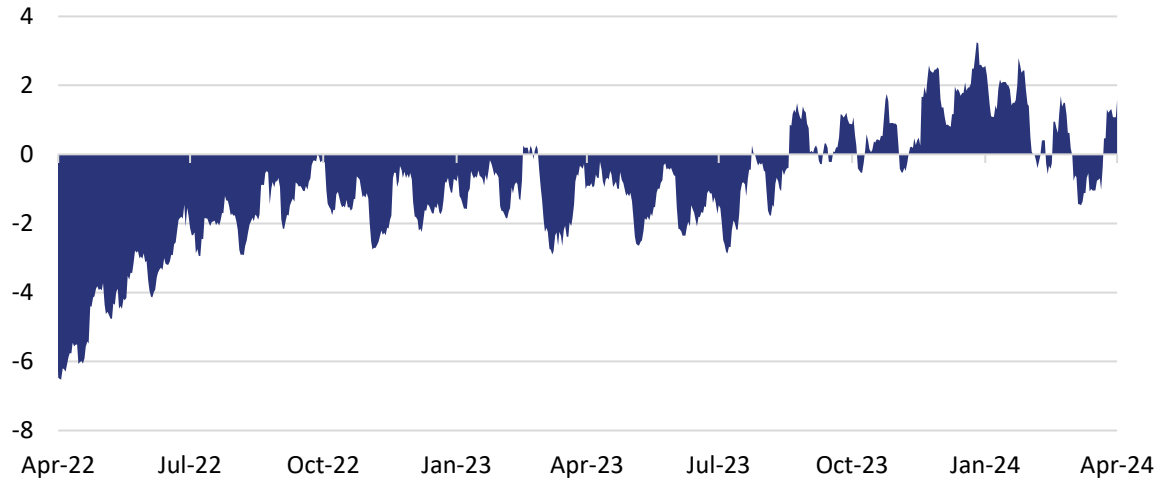
## SLR AND CRR (%)



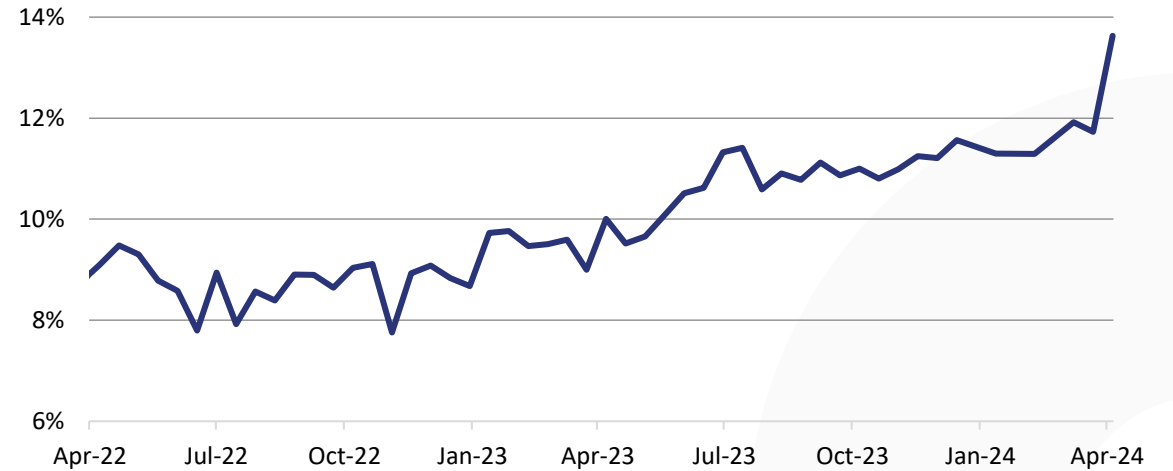
- RBI kept the policy rate unchanged at 6.5% with a 5-1 vote. Several MPC members have indicated that weighted average call rate needs to align with the repo rate, as the RBI’s operating mandate hovers way higher near the MSF rates
- **We expect the first rate cut to be not before Aug’24.** The Governor also said the stance primarily refers to MPC’s intent to control inflation and transmission of rates, and not to liquidity conditions

# RBI CAREFULLY CURATES LIQUIDITY AS CONDITIONS EVOLVE

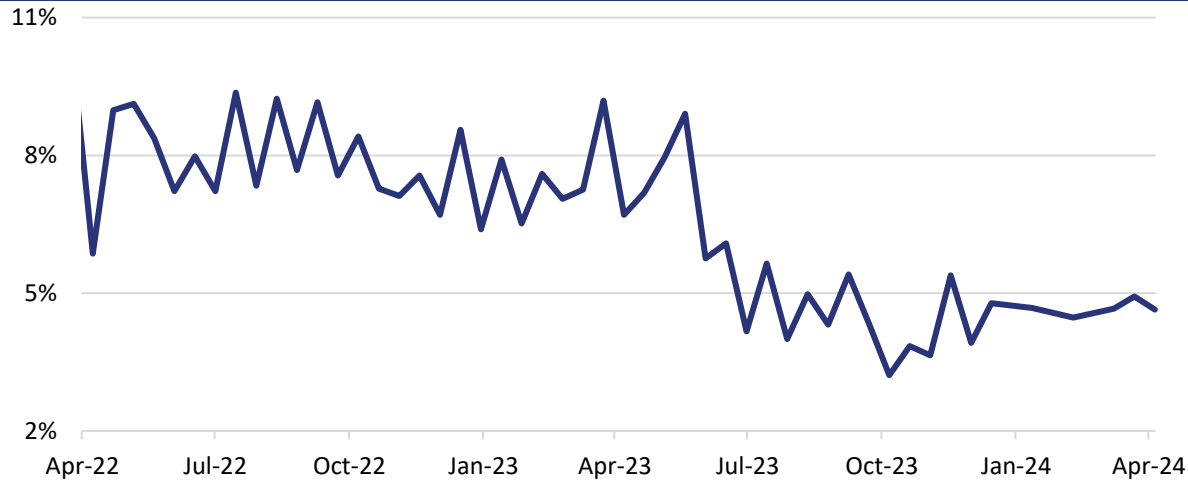
## BLOOMBERG INDIA LIQUIDITY INDICATOR (Rs. trn)



## MONEY STOCK M3 (% Y/Y)



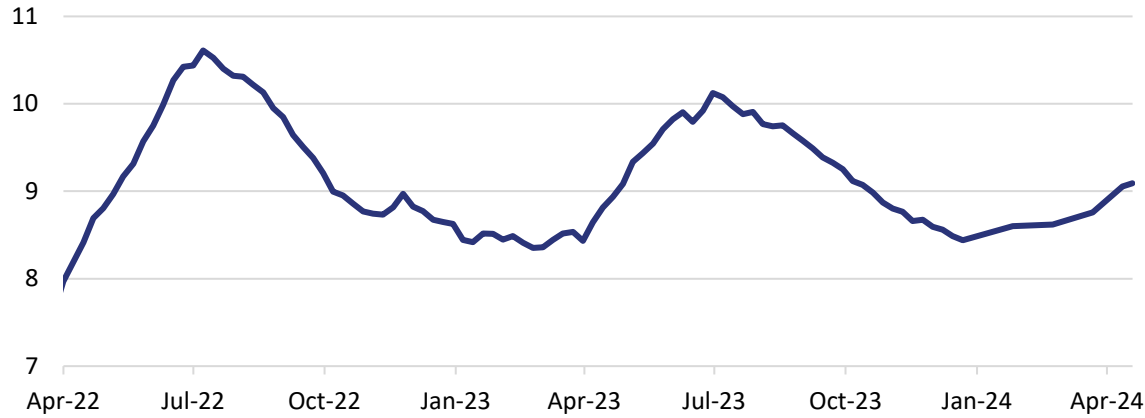
## CURRENCY WITH PUBLIC (% Y/Y)



- Liquidity has become tight in recent times, and RBI is planning to execute a buyback to pump in some
- Money stock rose sharply due to sharp rise in deposits in Apr'24

# CP RATES STIFF ON CONTROLLED LIQUIDITY

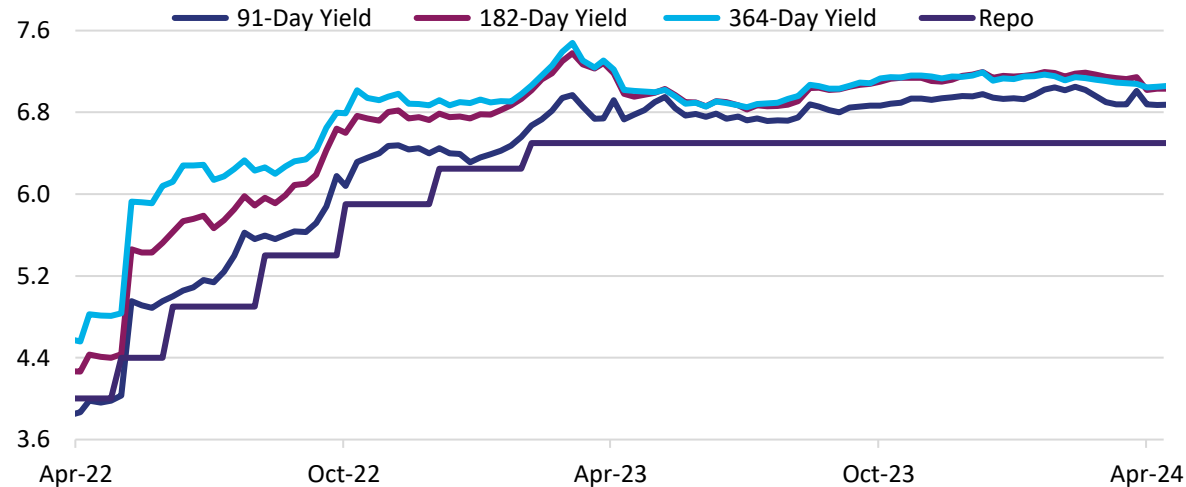
## T-BILL OUTSTANDING (Rs. trn)



## COMMERCIAL PAPER OUTSTANDING (Rs. trn)



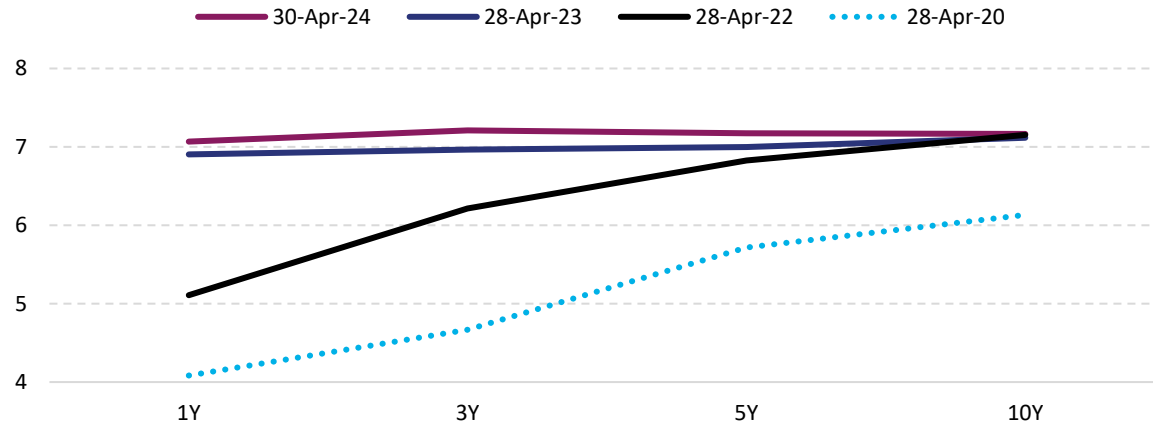
## T-BILL PRIMARY YIELDS & REPO (%)



- Yield on commercial papers remained flat at a higher level in Apr'24, vis a vis Mar'24, leading to lesser issuances by NBFCs
- T-Bill yields had spiked on the back of high US inflation clip, but has hence subsided to previous levels, with 364-day T-bill comfortably below 7.1% mark.

# G-SEC BUYBACK EASES YIELDS ON THE SHORTER END

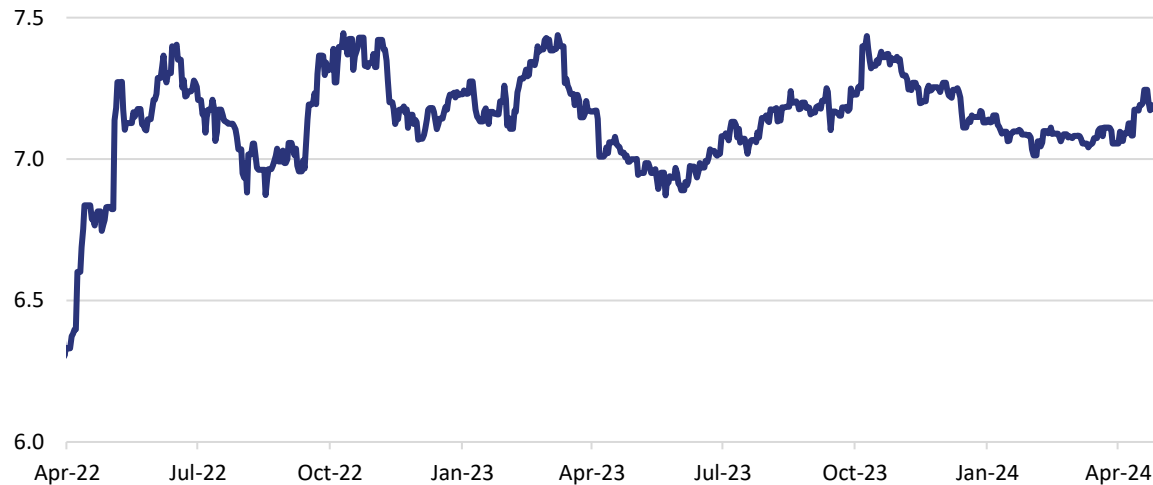
## YIELD CURVE (%)



## G-SEC YIELD (10 YEARS) (%)



## G-SEC YIELD (5 YEARS) (%)

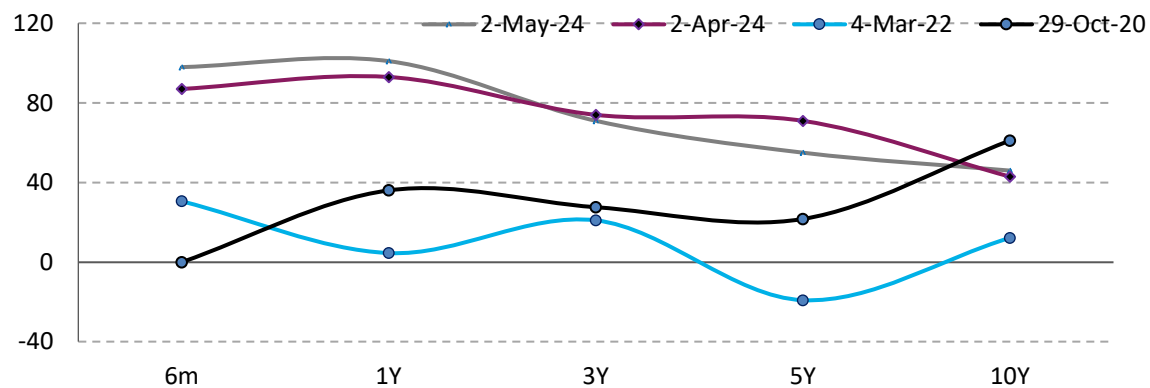


- Domestic yields had experienced the highest jumps in nearly 6 months after a hot US CPI print, accentuated by a hawkish US Fed pushing back rate cut expectations
- Yields have fallen slightly since, tracking fall in US yields, while announcement of buyback by Union augurs well for further decline in yields on the shorter end of the curve. Consequently, a bearish steepening is visible in the yield curve.

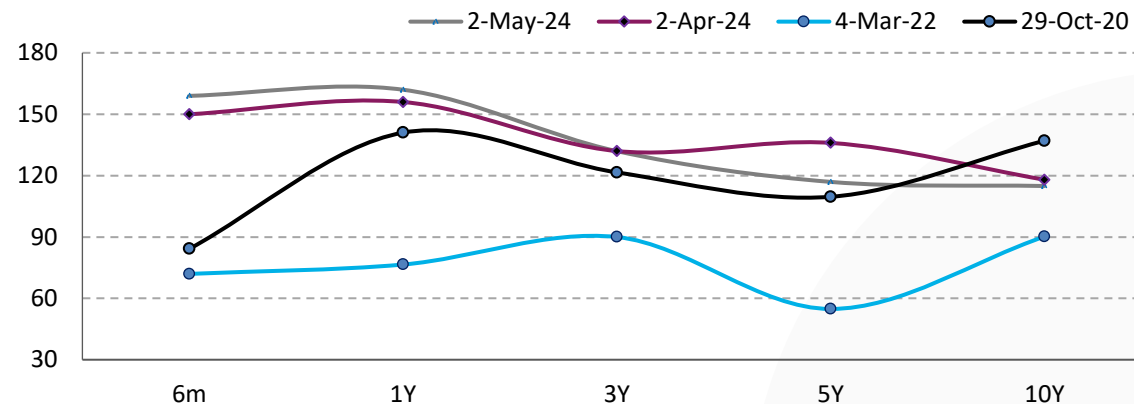


# CORPORATE SPREADS UP FROM PANDEMIC ERA

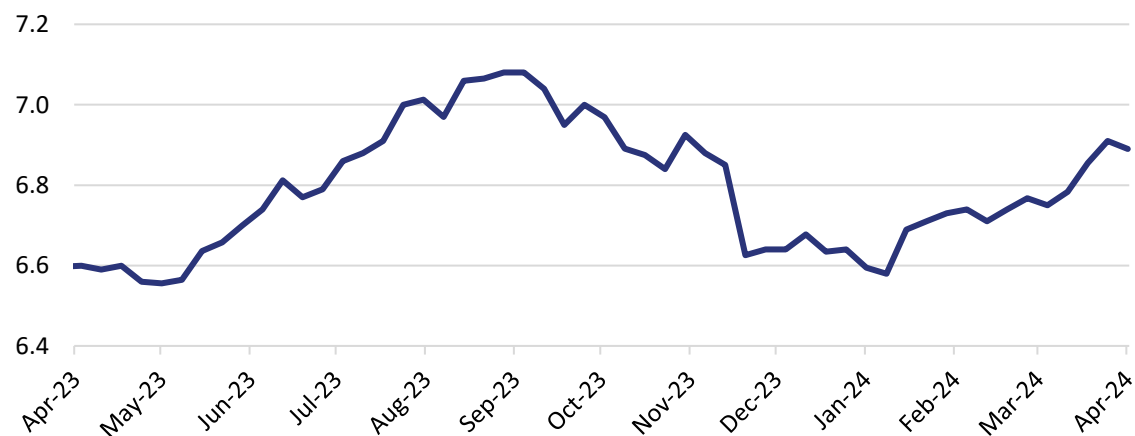
## FIMMDA CORPORATE AAA SPREAD OVER GILT CURVE (bps)



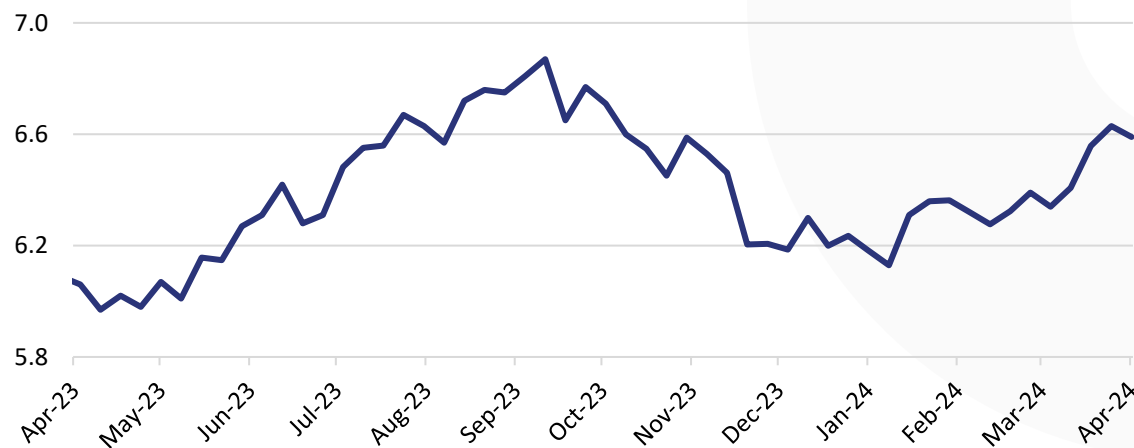
## FIMMDA CORPORATE AA SPREAD OVER GILT CURVE (bps)



## OIS 1-YEAR (%)

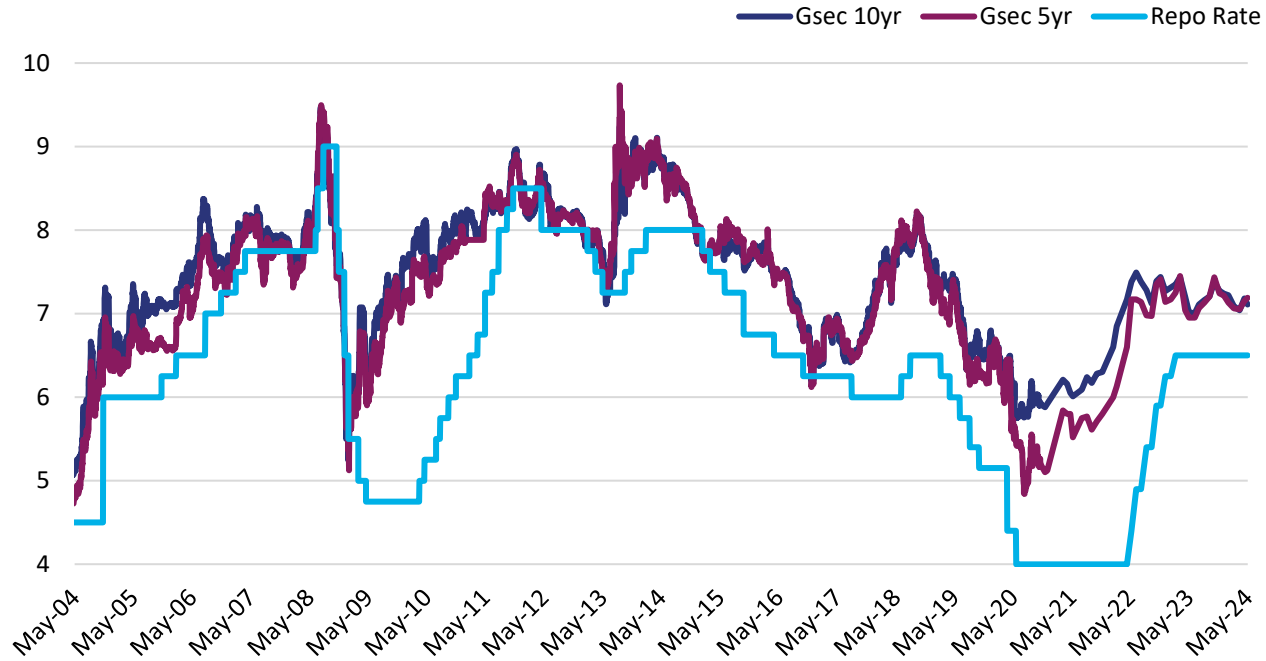


## OIS 5-YEAR (%)



- OIS rates have climbed in Apr'24, despite declining inflation, as the abrupt ratcheting of tensions in West Asia puts spotlight on higher oil prices and imported inflation.

## KEY RATES (%)



### Yield softening triggers

- Inclusion in global bond indices
- Liquidity surplus
- Softening in commodity prices due to global slowdown

- We expect headline inflation (CPI) to average 4.7% in FY25 with evenly balanced risks
- We expect general govt. (Union + State) fiscal deficit ~8.5% of GDP in FY24
- We expect 10Y G-Sec yields to fall below 7% in the coming months. Below are the upside and downside risks to our assumptions -

### Yield hardening triggers

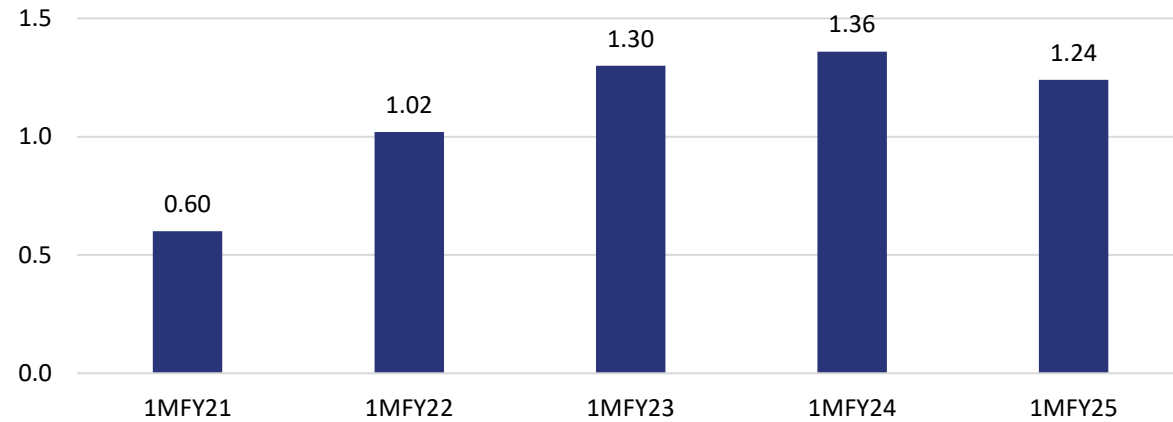
- Higher CPI print than estimate
- Higher crude price- impact on fiscal, inflation
- Higher govt. borrowing
- Currency volatility – 2013 and 2018 example

# CAPITAL MARKETS

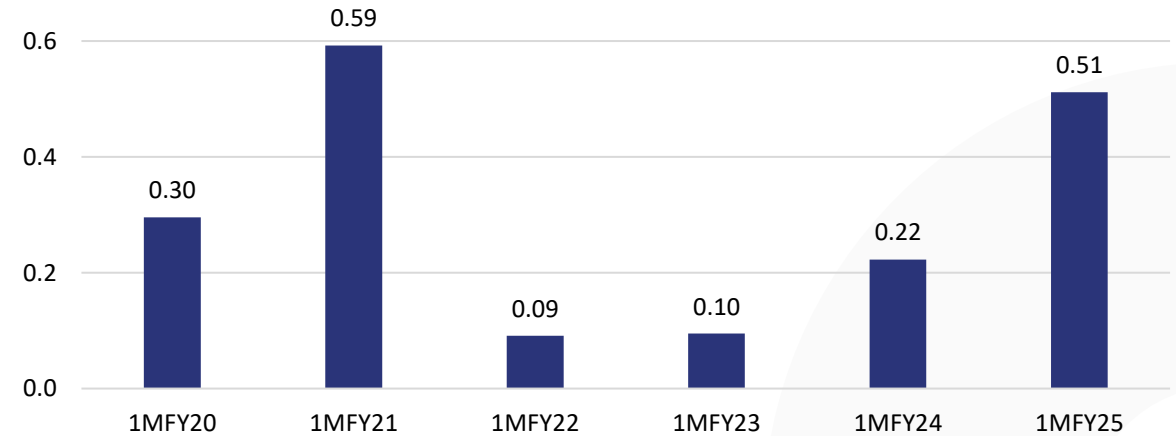


# UNION INITIATES G-SEC BUYBACK TO INJECT LIQUIDITY IN THE SHORT-TERM

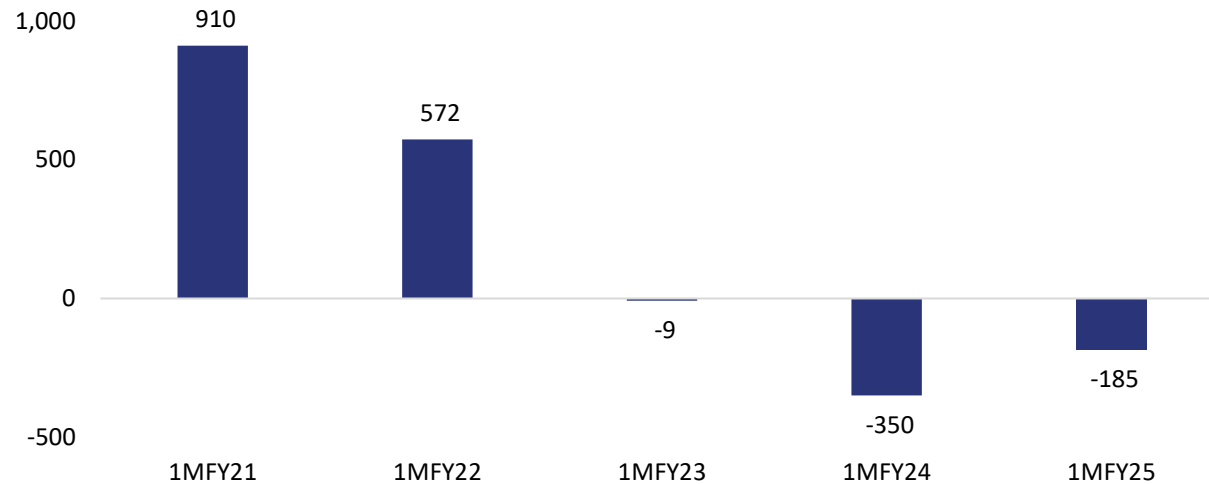
## G-SEC: GROSS AMOUNT RAISED (Rs. trn)



## SGS BIDS ACCEPTED YTD (Rs. trn)



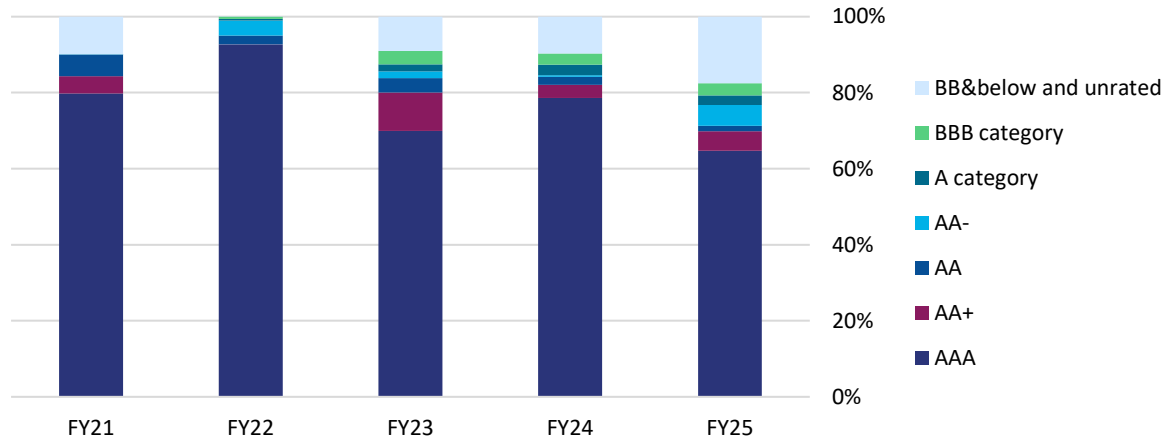
## CUMULATIVE NET OMOS (Rs. bn)



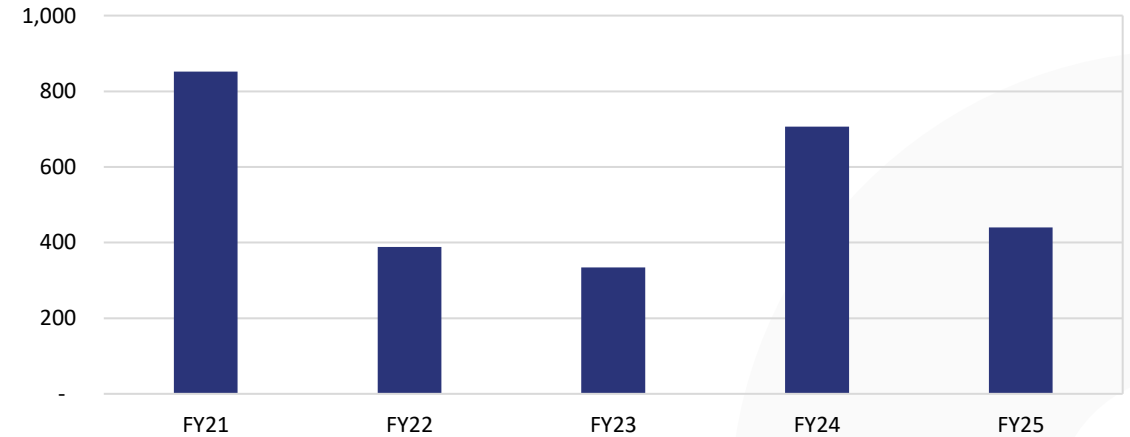
- SGS calendar was bulky for Apr'24, but actual borrowing was only close to half the planned amount
- Union has decided to repurchase G-Sec maturing in the next 6-9 months to mitigate potential fluctuations in banking liquidity in the short-term due to Union spending restrictions during elections.

# CORPORATE BOND MARKETS START FY25 INDIFFERENTLY

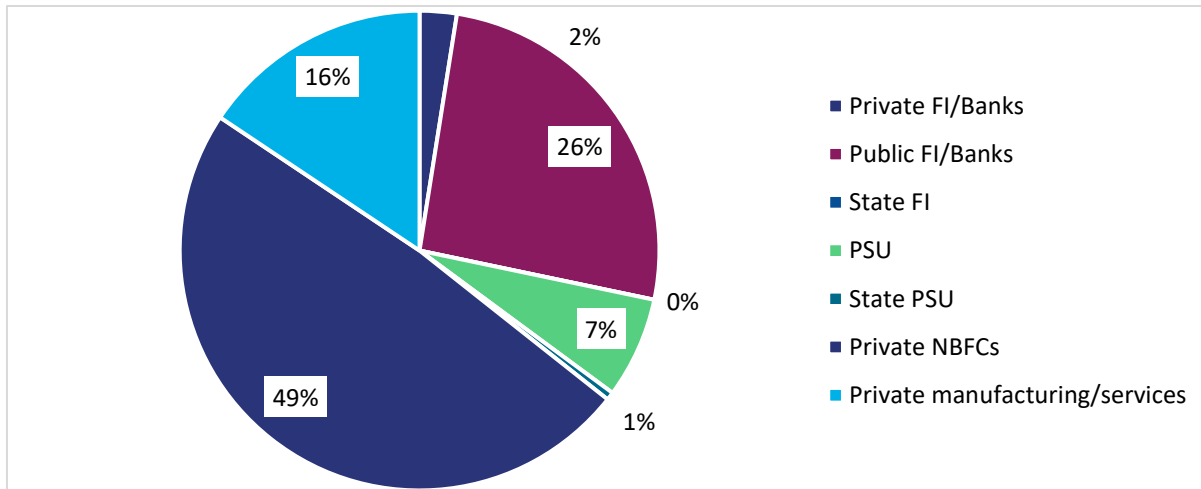
## GROSS ISSUANCE (Rs. bn) WITH RATING SPLIT (%) UPTO 1MFY25



## GROSS ISSUANCES – 1MFY (Rs. bn)



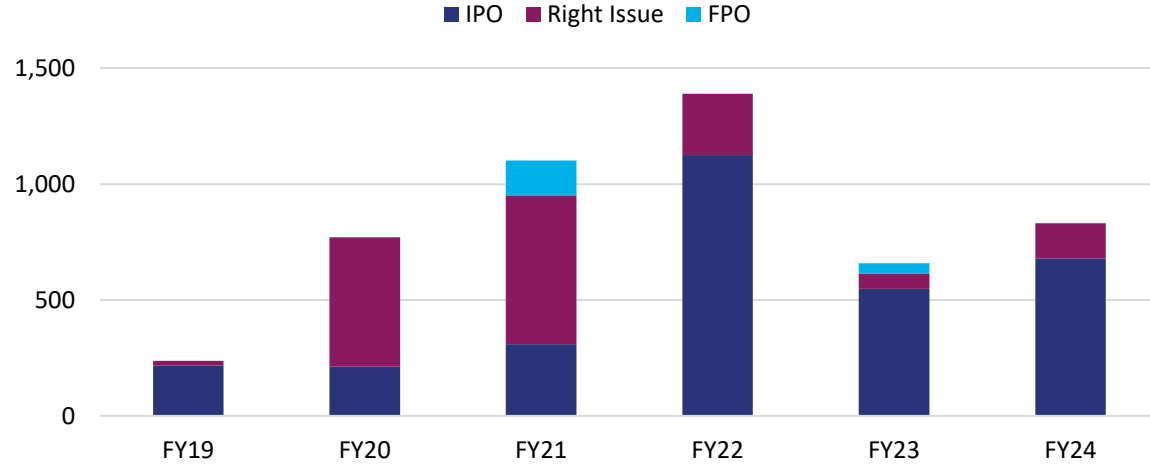
## ISSUER TYPE WISE GROSS ISSUANCES BY AMOUNT- 1MFY25



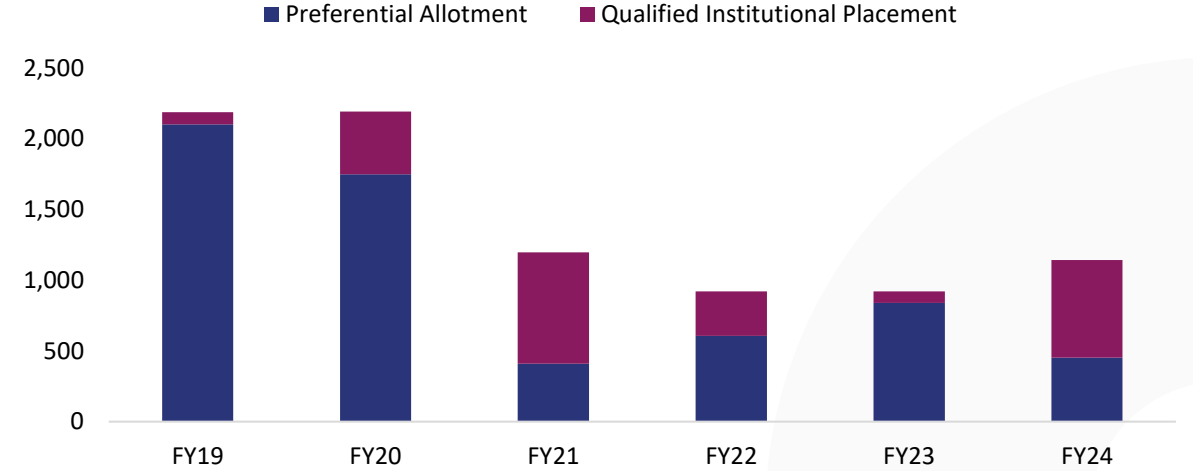
- Bond markets got off to a lukewarm start as yields were slightly elevated. There was some traction seen in lower rated papers
- NBFCs, public banks and other FIs are the major suppliers of corporate papers.

# QIP REGAINS CHARM IN FY24 AS FIRMS EYE GROWTH

## PUBLIC ISSUES BY CORPORATES (Rs. bn)



## PRIVATE PLACEMENTS BY CORPORATES (Rs. bn)



## EQUITY CAPITAL RAISED (Rs. bn)

| SECTOR                         | FY23       | FY24       |
|--------------------------------|------------|------------|
| Finance                        | 37         | 105        |
| Healthcare                     | 45         | 72         |
| Electronic Equipment/ Products | 16         | 66         |
| Info Tech                      | 17         | 52         |
| Cement/ Construction           | 12         | 50         |
| Misc                           | 203        | 286        |
| Others                         | 108        | 201        |
| <b>Total</b>                   | <b>658</b> | <b>831</b> |

- QIPs see hectic activity in FY24, increasing ~8x over FY23 figures, dominated by financial services and power generation companies
- Public issuances through IPO route has garnered much attention in recent times as companies enjoy favourable valuations, amidst lower volatility for investors

# 05 GLOBAL SNAPSHOT



# GEOPOLITICAL TENSION TRIGGERS RISK-OFF BETS

| COMMODITY        | %1M CHANGE | %1Y CHANGE |
|------------------|------------|------------|
| LME Metals Index | 6%         | 9%         |
| Copper           | 8%         | 14%        |
| Aluminium        | 6%         | 7%         |
| Iron Ore 62% Fe* | 15%        | 11%        |
| Gold             | 0%         | 13%        |
| Brent Crude      | -6%        | 16%        |
| Natural Gas      | 9%         | -7%        |
| Newcastle Coal   | 12%        | -21%       |

| CURRENCIES     | %1M CHANGE | %1Y CHANGE |
|----------------|------------|------------|
| DXY Index      | 1%         | 4%         |
| USD/EUR        | 1%         | 3%         |
| USD/JPY        | 1%         | 13%        |
| USD/GBP        | 1%         | 0%         |
| USD/CNY        | 0%         | 5%         |
| <b>USD/INR</b> | 0%         | 2%         |
| USD/RUB        | 1%         | 17%        |

| EQUITY INDICES       | %1M CHANGE | %1Y CHANGE |
|----------------------|------------|------------|
| S&P 500              | -3%        | 24%        |
| Nikkei 225           | -3%        | 31%        |
| STOXX Europe 600     | -1%        | 9%         |
| FTSE 100             | 3%         | 5%         |
| <b>BSE Sensex 30</b> | 1%         | 22%        |
| Hang Seng            | 10%        | -7%        |
| IBOV                 | 0%         | 25%        |

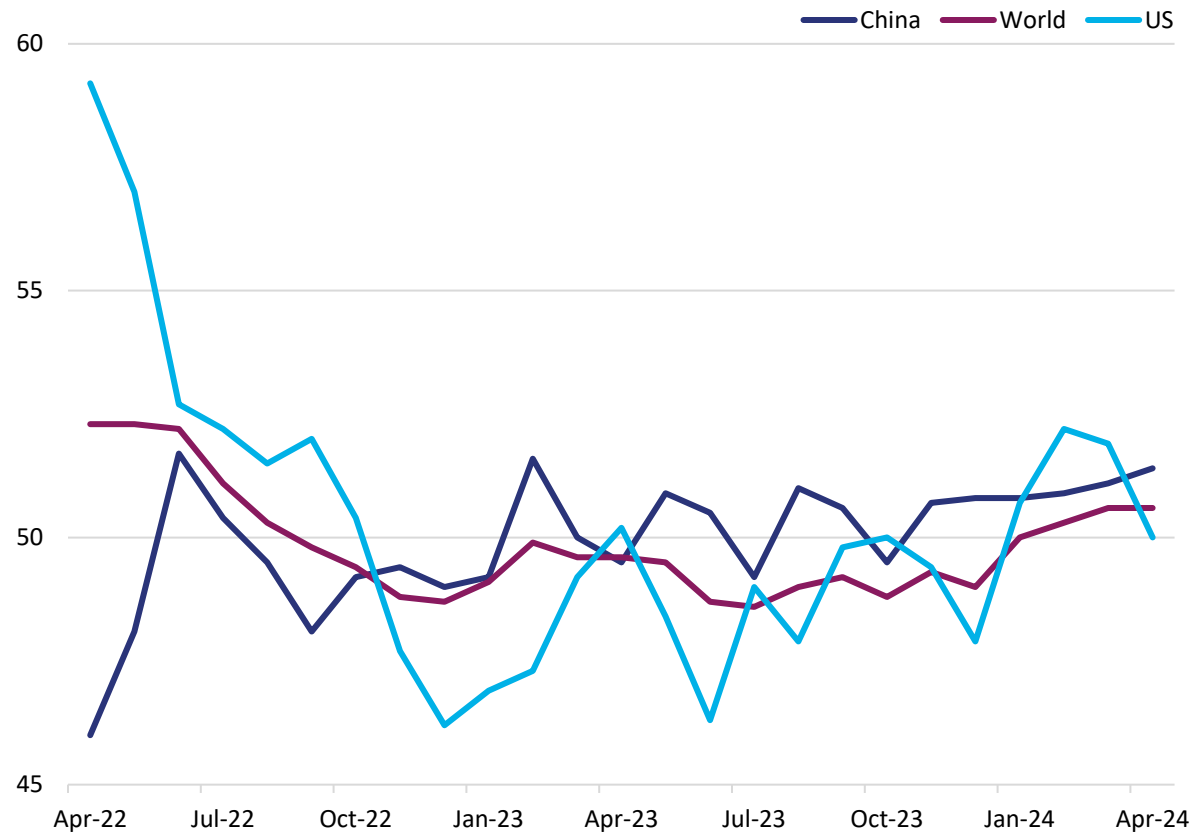
- Crude oil prices are up on-year as geopolitical tensions play truant. The recent hope for ceasefire may act as a dampening agent
- Bitcoin halving had triggered a buying in the asset class which was parred as risk-off bets from bid for safety and a hawkish Fed undertone pumped brakes
- Gold saw a rally in Apr'24 due to stockpiling from global central banks, especially China, while a hawkish US Fed resulted in corrections to the gold prices

1Y & 1M change are as of 3 May'24, \* CFR China

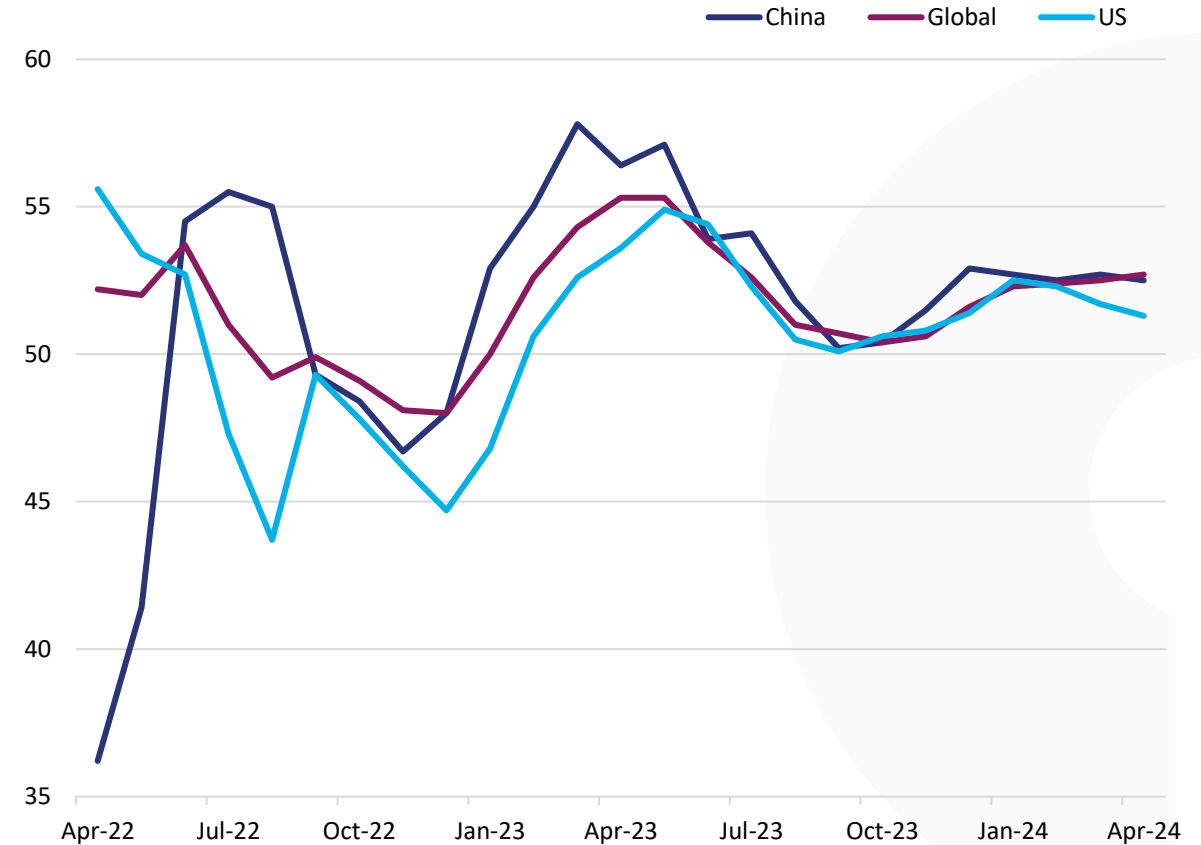


# GLOBAL ECONOMY EXPERIENCES OPTIMISTIC RISE

## WORLD PMI- MANUFACTURING



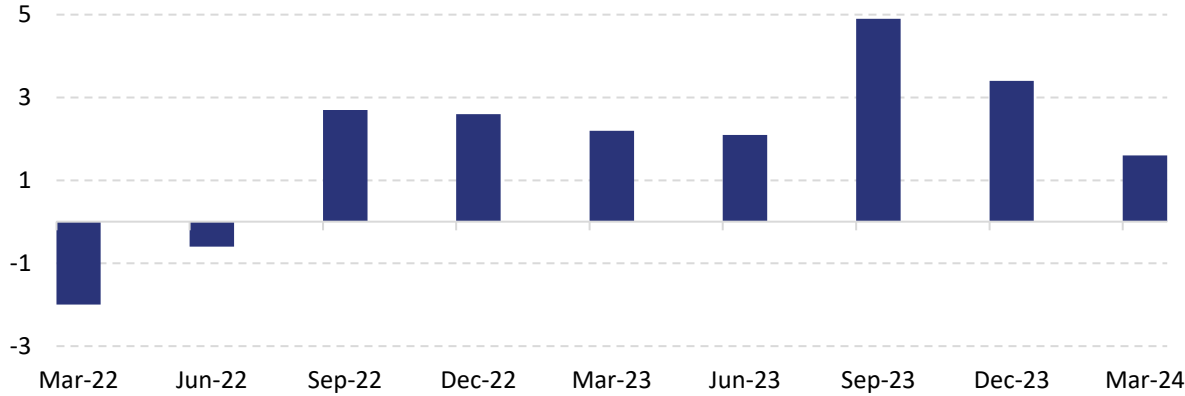
## WORLD PMI- SERVICES



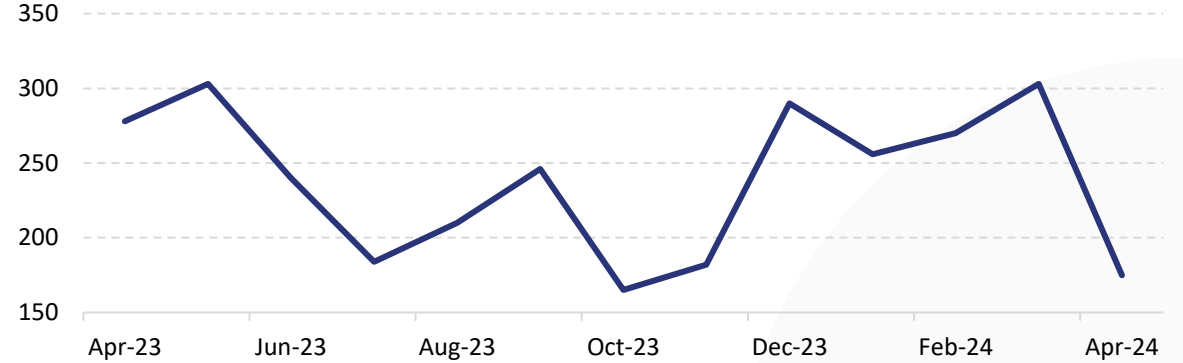
- Global manufacturing revival sustained into Apr'24 with higher production supported by rise in new orders and expansion of international trade. Notably, US manufacturing saw a steep downturn, being barely expansionary, with lower new orders and higher input inflation plaguing manufacturers' future outlook as well.
- Services activity rose at the fastest pace in 11-months with a broad-based growth across sectors. US services expanded at a slower pace with rising inflation and reduced demand

# US ECONOMY SHOWS SIGNS OF WEAKENING

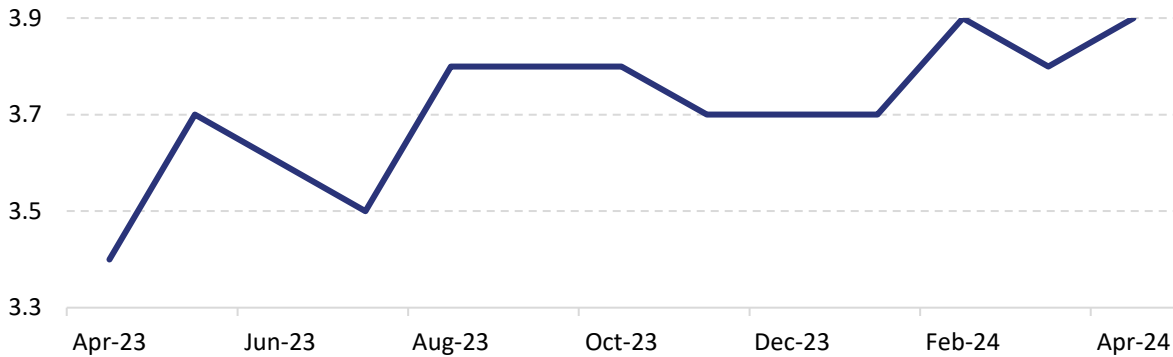
**US REAL GDP GROWTH (% Q/Q SAAR)**



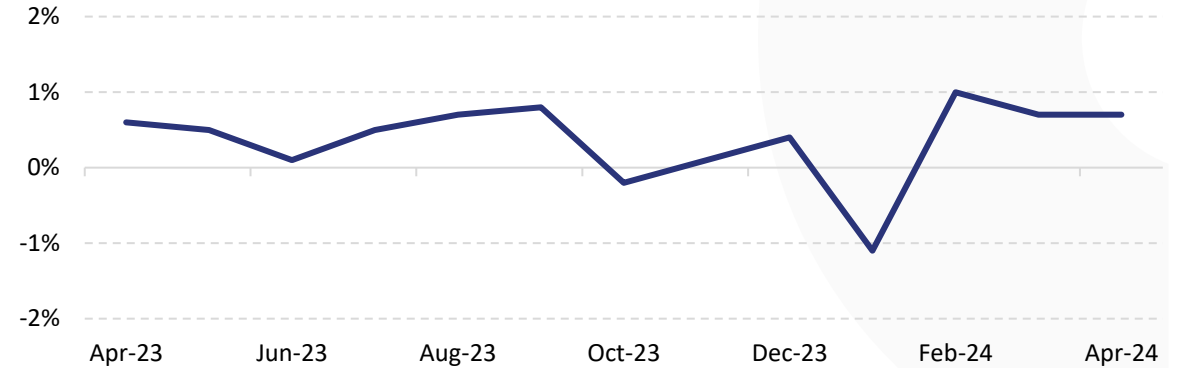
**CHANGE IN NON-FARM PAYROLL ('000 M/M)**



**UNEMPLOYMENT RATE (%)**



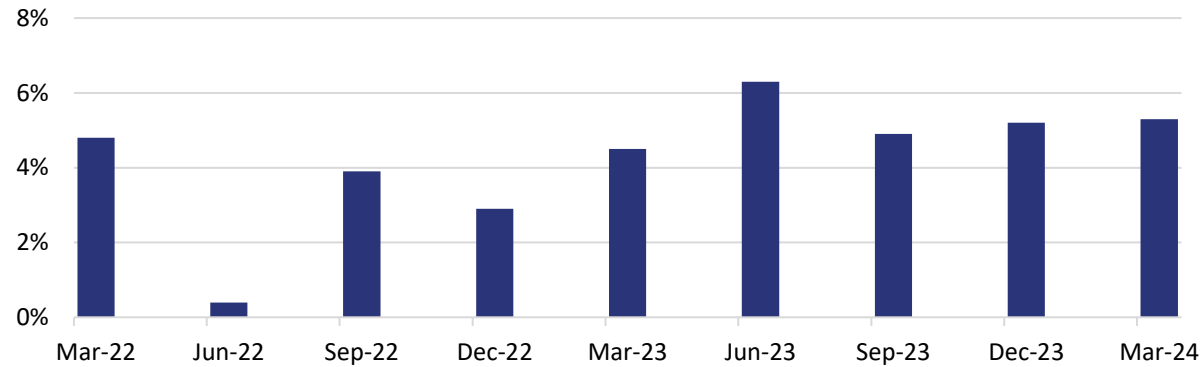
**RETAIL SALES (% M/M)**



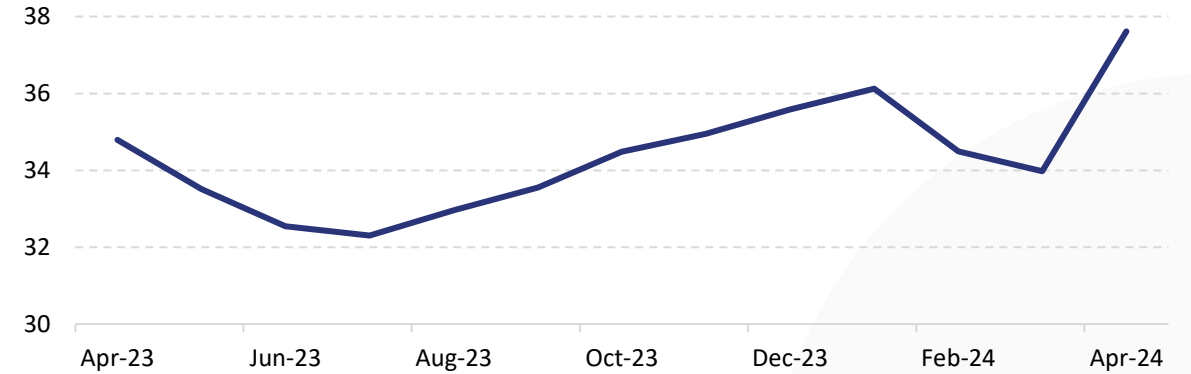
- US real economic growth slowed unexpectedly to 1.6% q/q saar in Q1CY24 (exp: 2.4% q/q saar), after defying prophecies of doom for a long time, despite strong household consumption, as reaccelerating inflation dents growth.
- Labour market rebalancing seems underway as non-farm payrolls undercut expectations by a huge margin, while rise in unemployment rate amidst higher labour supply which should bode well for the Fed's mandate is doused by threats of stagflation.

# CHINESE ECONOMY INDICATES MORE ROOM FOR POLICY SUPPORT

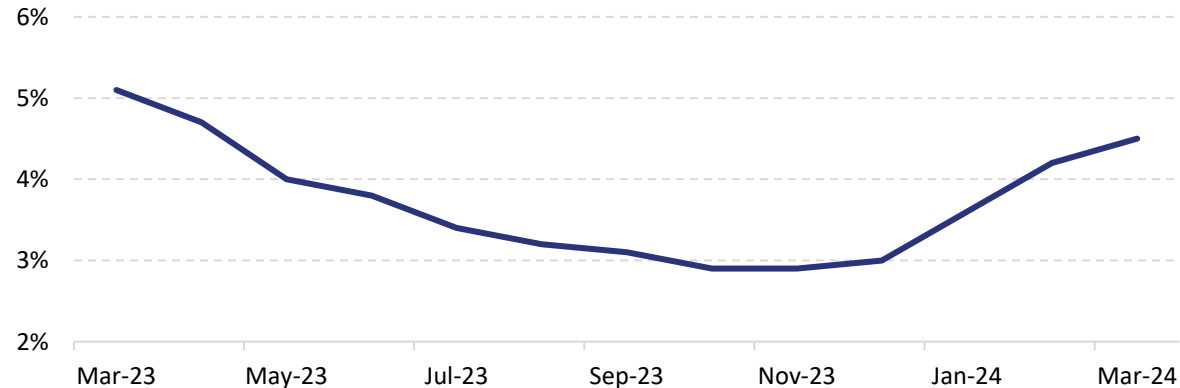
## CHINA REAL GDP GROWTH (% Y/Y)



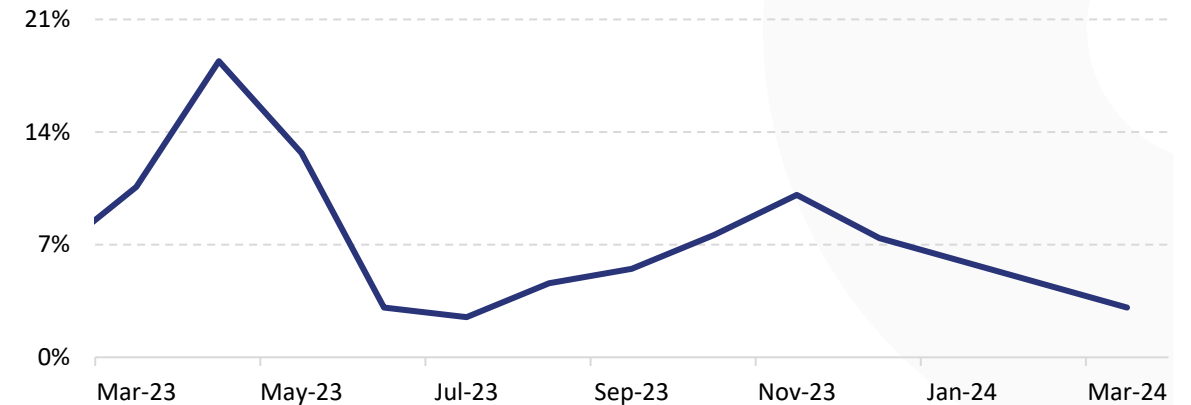
## AGGREGATE FINANCING (CNY TRN) – 12M CUMULATIVE ROLLING



## FIXED ASSET INVESTMENT (% Y/Y)



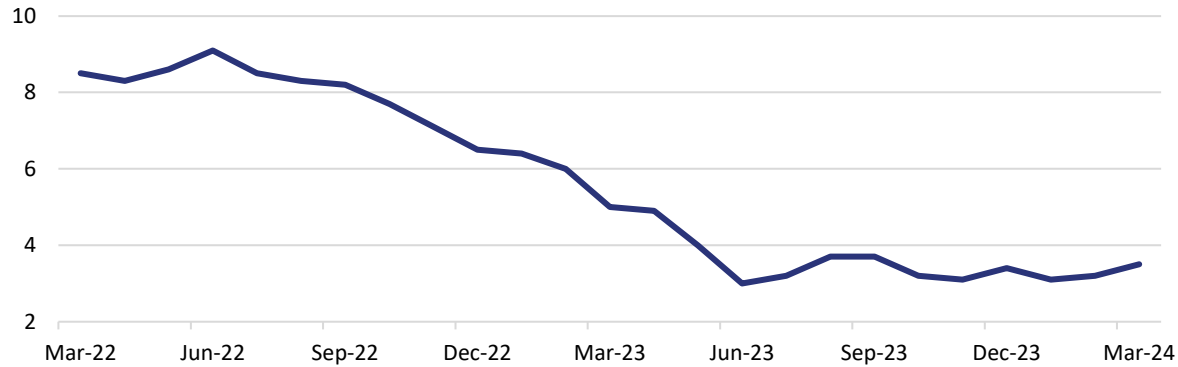
## RETAIL SALES (% Y/Y)



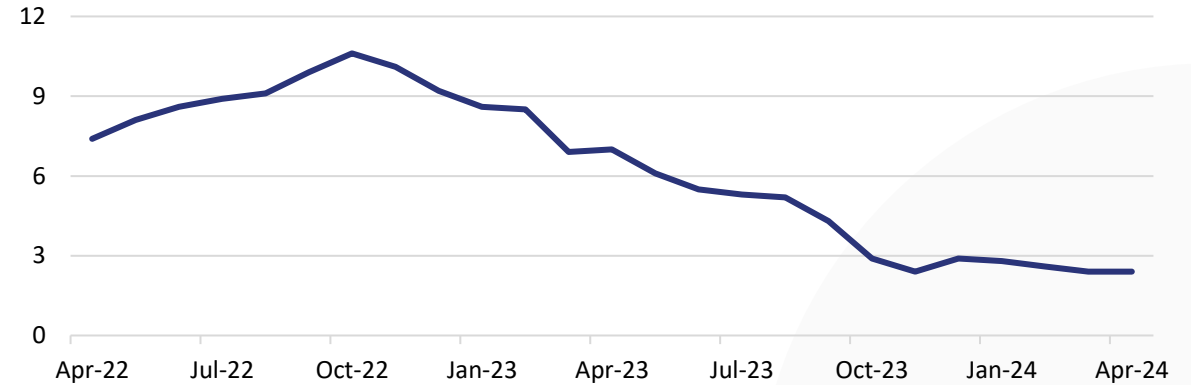
- China has set an ambitious growth target of 5.0% y/y in CY24, after growing 5.2% y/y in CY23, while setting the debt-GDP ratio at 3.0% for CY24
- China has announced a raft of different measures to rejuvenate a plateauing economy, including issuance of ultra-long special bonds for major projects. Although, weak credit demand and soft retail sales suggests room for more policy support

# RE-EMERGENCE OF INFLATIONARY WOES NAGS CENTRAL BANKS ACROSS THE WORLD

## US CPI (% Y/Y)



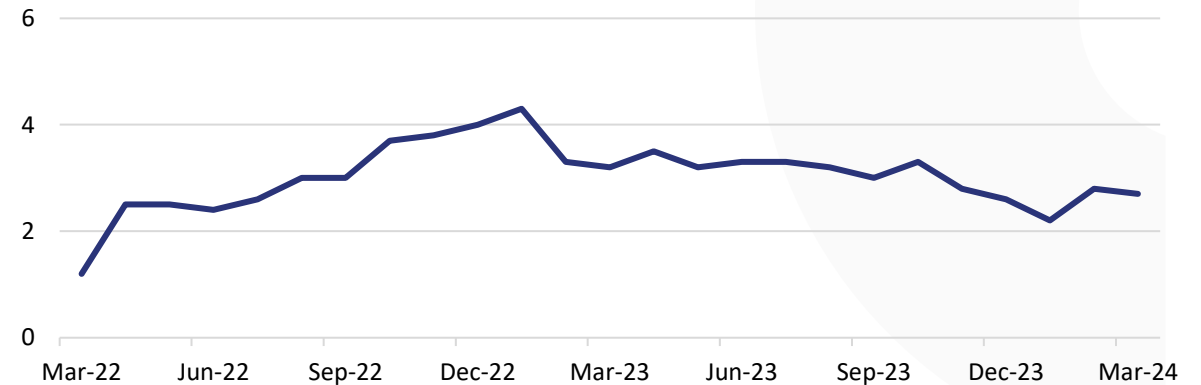
## EUROZONE CPI (% Y/Y)



## CHINA CPI (% Y/Y)



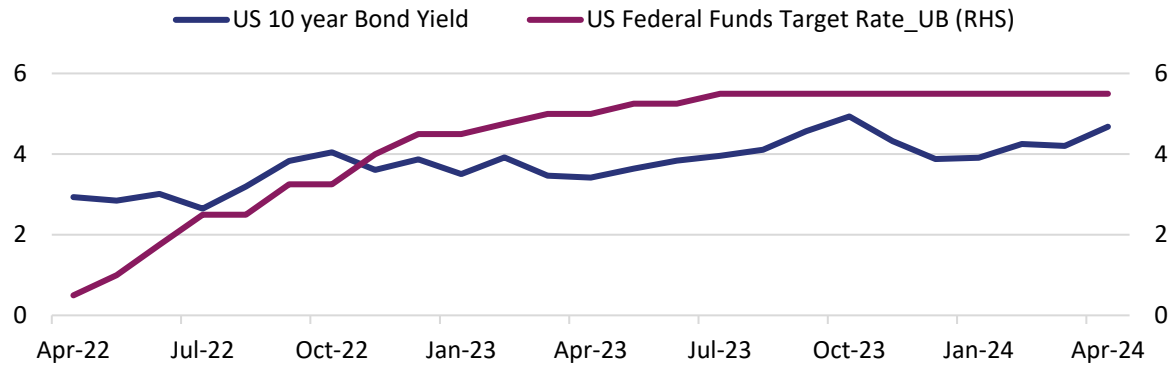
## JAPAN CPI (% Y/Y)



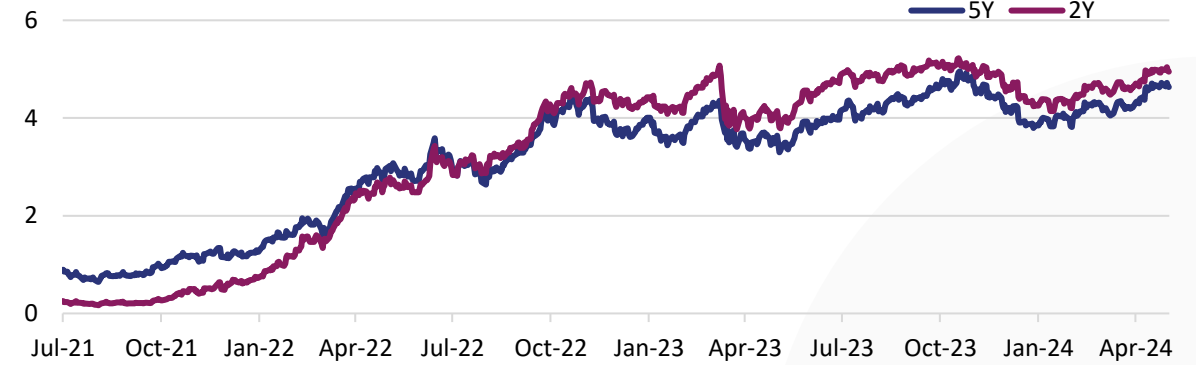
- Central Bankers in Asia are concerned with the stickiness of inflation which is again on a downward path, while Europe revels in subdued price rise.
- Further inching up of US inflation, with reaccelerating core and unrelenting services inflation has put Fed officials in a dilemma, amidst concerns of flare up in energy prices.

# US FED HOLDS RATES AMIDST STAGFLATION FEARS

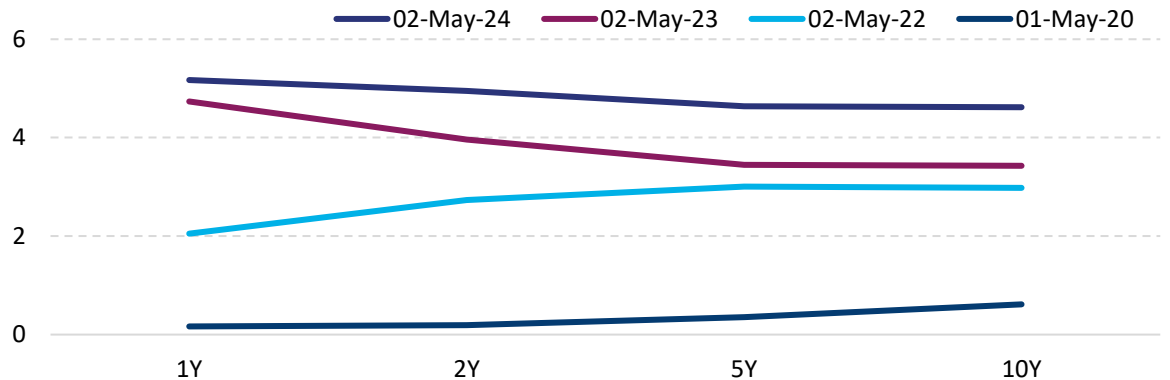
## US 10-YEAR G-SEC YIELD VS POLICY RATE (%)



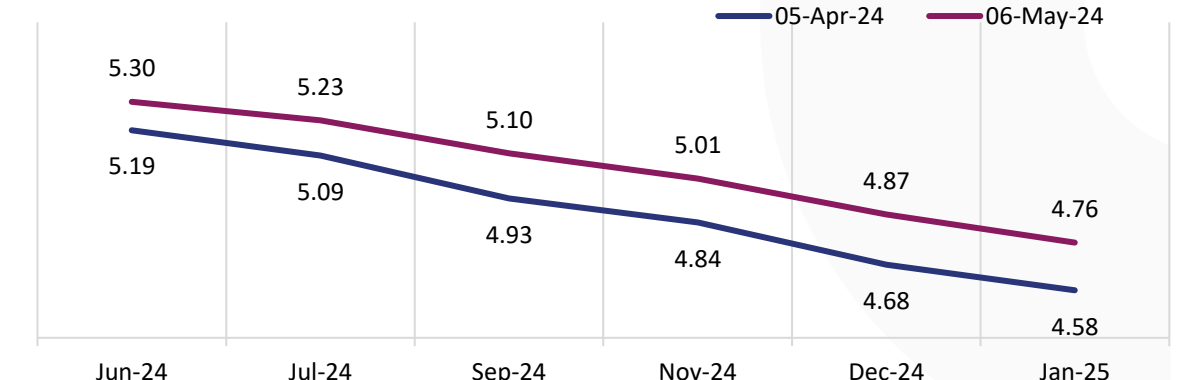
## US 2Y AND 5Y G-SEC YIELD (%)



## YIELD CURVE (%)

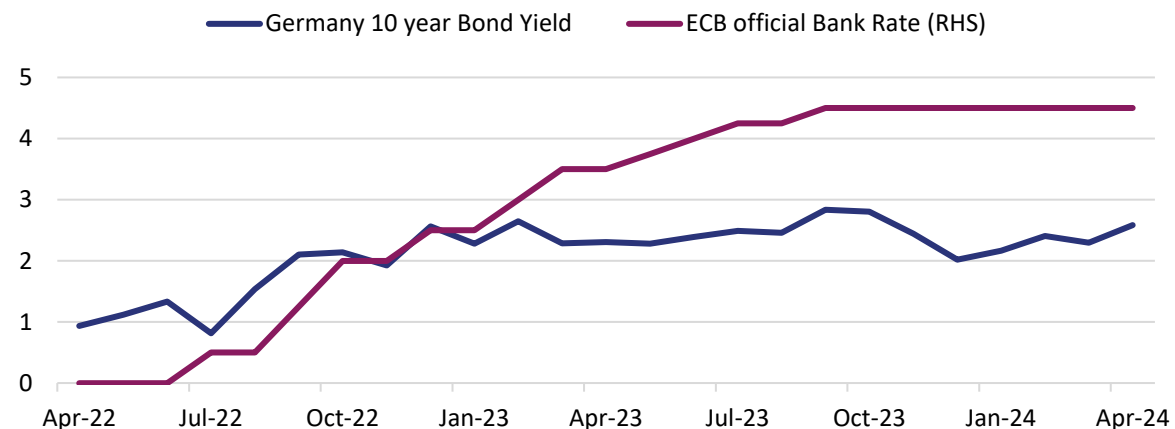


## MARKET-IMPLIED PATH OF US FED POLICY RATE (%)

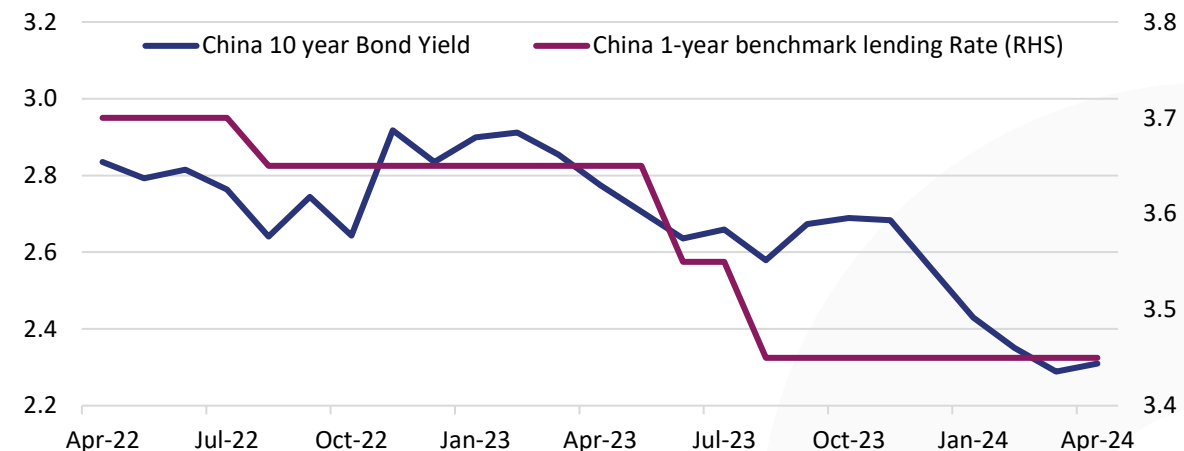


- US FOMC kept the policy rate unchanged in the May'24 meeting, as stalling progress in disinflation process has Fed officials chanting higher for longer again. Mr. Powell's remark of US Fed being prepared to keep rates high for as long as possible pushes back market expectations of a rate cut. Notably, Fed has indicated to reduce pace of balance sheet rundown.
- Market expectations of rate cuts has been tempered to 1-2 cut in CY24, with probability of Sep'24 cut at 78%

## EUROZONE 10-YEAR BOND YIELD VS POLICY RATE (%)



## CHINA 10-YEAR BOND YIELD VS POLICY RATE (%)



## POLICY RATE OF OTHER MAJOR CENTRAL BANKS

| REGION    | FEB'20 | MAR'21 | MAR'22 | MAR'23 | CURRENT |
|-----------|--------|--------|--------|--------|---------|
| England   | 0.75%  | 0.10%  | 0.75%  | 4.25%  | 5.25%   |
| Japan     | -0.10% | -0.10% | -0.10% | -0.10% | 0.10%   |
| Brazil    | 4.25%  | 2.75%  | 11.75% | 13.75% | 10.75%  |
| Australia | 0.75%  | 0.10%  | 0.10%  | 3.60%  | 4.35%   |
| Canada    | 2.00%  | 0.50%  | 0.75%  | 4.50%  | 5.00%   |
| S. Korea  | 1.25%  | 0.50%  | 1.25%  | 3.50%  | 3.50%   |
| S. Africa | 6.25%  | 3.50%  | 4.25%  | 7.75%  | 8.25%   |
| Russia    | 6.00%  | 4.50%  | 20.00% | 7.50%  | 16.00%  |

- Indonesia unexpectedly raised its policy rates by 25 bps in Apr'24 to 6.25% in order to shore up IDR from global risks
- Latin American Central Banks have started reversing the rate hikes, on ebbing inflation. Chile cut policy rates by 75 bps to 6.5% while indicating further reduction to 4.25% in the next 12 months as inflation remains low.

# ECONOMIC CALENDAR



# GLOBAL ECONOMIC CALENDAR – (09 MAY – 17 MAY)

| Date      | Area      | Event   | Period     |
|-----------|-----------|---|------------|
| 9         | BZ        | Selic Rate                                    | May        |
| 9         | UK        | Bank of England Bank Rate                     | May        |
| 9         | MX        | CPI YoY                                       | Apr        |
| 9         | US        | Initial Jobless Claims                        | May        |
| 9         | PD        | Poland Base Rate Announcement                 | May        |
| 9         | CH        | Trade Balance                                 | Apr        |
| 10        | MX        | Overnight Rate                                | May        |
| 10        | JN        | BoP Current Account Balance                   | Mar        |
| 10        | UK        | GDP YoY                                       | 1Q P       |
| 10        | UK        | Monthly GDP (MoM)                             | Mar        |
| 10        | UK        | Industrial Production YoY                     | Mar        |
| 10        | UK        | Trade Balance GBP/Mn                          | Mar        |
| 10        | TU        | Industrial Production YoY                     | Mar        |
| <b>10</b> | <b>IN</b> | <b>Industrial Production YoY (Est: 5.10%)</b> | <b>Mar</b> |
| 10        | BZ        | IBGE Inflation IPCA YoY                       | Apr        |
| 10        | US        | U. of Mich. Sentiment                         | May P      |
| 11        | CH        | PPI YoY                                       | Apr        |
| 11        | CH        | CPI YoY                                       | Apr        |
| 11        | CH        | FDI YTD YoY CNY                               | Apr        |
| <b>13</b> | <b>IN</b> | <b>CPI YoY (Est: 4.80%)</b>                   | <b>Apr</b> |
| 13        | GE        | Wholesale Price Index YoY                     | Apr        |
| <b>13</b> | <b>IN</b> | <b>Trade Balance</b>                          | <b>Apr</b> |
| 14        | JN        | PPI YoY                                       | Apr        |
| 14        | GE        | CPI YoY                                       | Apr F      |
| 14        | UK        | ILO Unemployment Rate 3Mths                   | Mar        |
| <b>14</b> | <b>IN</b> | <b>Wholesale Prices YoY</b>                   | <b>Apr</b> |

| Date | Area | Event                                  | Period |
|------|------|--|--------|
| 14   | SP   | CPI YoY                                | Apr F  |
| 14   | EC   | ZEW Survey Expectations                | May    |
| 14   | US   | PPI Final Demand YoY                   | Apr    |
| 15   | AR   | National CPI YoY                       | Apr    |
| 15   | CH   | 1-Yr Medium-Term Lending Facility Rate | May    |
| 15   | FR   | CPI YoY                                | Apr F  |
| 15   | PD   | CPI YoY                                | Apr F  |
| 15   | EC   | GDP SA YoY                             | 1Q P   |
| 15   | US   | CPI YoY                                | Apr    |
| 15   | US   | Real Avg Weekly Earnings YoY           | Apr    |
| 15   | US   | Retail Sales Advance MoM               | Apr    |
| 15   | US   | NAHB Housing Market Index              | May    |
| 15   | RU   | GDP YoY                                | 1Q A   |
| 16   | JN   | GDP SA QoQ                             | 1Q P   |
| 16   | JN   | Industrial Production YoY              | Mar F  |
| 16   | PH   | BSP Overnight Borrowing Rate           | May    |
| 16   | IT   | CPI EU Harmonized YoY                  | Apr F  |
| 16   | US   | Building Permits                       | Apr    |
| 16   | US   | Housing Starts                         | Apr    |
| 16   | US   | Industrial Production MoM              | Apr    |
| 17   | CH   | Industrial Production YoY              | Apr    |
| 17   | CH   | Retail Sales YoY                       | Apr    |
| 17   | CH   | Fixed Assets Ex Rural YTD YoY          | Apr    |
| 17   | CH   | Property Investment YTD YoY            | Apr    |
| 17   | CH   | Surveyed Jobless Rate                  | Apr    |
| 17   | EC   | CPI YoY                                | Apr F  |



# GLOBAL ECONOMIC CALENDAR – (17 MAY – 31 MAY)

| Date | Area | Event                           | Period |
|------|------|---------------------------------|--------|
| 17   | RU   | CPI YoY                         | Apr    |
| 20   | CH   | 1-Year Loan Prime Rate          | May    |
| 20   | GE   | PPI YoY                         | Apr    |
| 21   | EC   | Trade Balance SA                | Mar    |
| 21   | HU   | Central Bank Rate Decision      | May    |
| 21   | CA   | CPI YoY                         | Apr    |
| 21   | NG   | Central Bank Interest Rate      | May    |
| 21   | PY   | Monetary Policy Rate            | May    |
| 22   | AU   | Judo Bank Australia PMI Mfg     | May P  |
| 22   | JN   | Trade Balance                   | Apr    |
| 22   | JN   | Core Machine Orders MoM         | Mar    |
| 22   | UK   | CPI YoY                         | Apr    |
| 22   | ID   | BI-Rate                         | May    |
| 22   | SA   | CPI YoY                         | Apr    |
| 22   | US   | Existing Home Sales             | Apr    |
| 22   | RU   | PPI YoY                         | Apr    |
| 23   | JN   | Jibun Bank Japan PMI Mfg        | May P  |
| 23   | EC   | HCOB Eurozone Manufacturing PMI | May P  |
| 23   | UK   | S&P Global UK Manufacturing PMI | May P  |
| 23   | TU   | One-Week Repo Rate              | May    |
| 23   | US   | S&P Global US Manufacturing PMI | May P  |
| 23   | EC   | Consumer Confidence             | May P  |
| 23   | US   | New Home Sales                  | Apr    |
| 24   | NZ   | Trade Balance NZD               | Apr    |
| 24   | UK   | GfK Consumer Confidence         | May    |
| 24   | JN   | Natl CPI YoY                    | Apr    |

| Date      | Area      | Event                                  | Period     |
|-----------|-----------|--|------------|
| 24        | UK        | Retail Sales Inc Auto Fuel YoY         | Apr        |
| 24        | SP        | PPI YoY                                | Apr        |
| 24        | US        | Durable Goods Orders                   | Apr P      |
| 25        | VN        | CPI YoY                                | May        |
| 27        | CH        | Industrial Profits YTD YoY             | Apr        |
| 27        | GE        | IFO Business Climate                   | May        |
| 27        | GE        | Retail Sales MoM                       | Apr        |
| 28        | US        | Conf. Board Consumer Confidence        | May        |
| 29        | AU        | CPI YoY                                | Apr        |
| 29        | GE        | GfK Consumer Confidence                | Jun        |
| 29        | FR        | Consumer Confidence                    | May        |
| 29        | RU        | Industrial Production YoY              | Apr        |
| 30        | SA        | PPI YoY                                | Apr        |
| 30        | US        | GDP Annualized QoQ                     | 1Q S       |
| 30        | US        | Core PCE Price Index QoQ               | 1Q S       |
| 30        | US        | Advance Goods Trade Balance            | Apr        |
| 30        | US        | Pending Home Sales MoM                 | Apr        |
| 30        | SA        | SARB Announce Interest Rate            | May        |
| 31        | JN        | Jobless Rate                           | Apr        |
| 31        | JN        | Retail Sales YoY                       | Apr        |
| 31        | CH        | Manufacturing PMI                      | May        |
| 31        | FR        | PPI YoY                                | Apr        |
| 31        | CZ        | GDP YoY                                | 1Q P       |
| <b>31</b> | <b>IN</b> | <b>Eight Infrastructure Industries</b> | <b>Apr</b> |
| 31        | CA        | GDP YoY                                | Mar        |
| 31        | US        | Personal Spending                      | Apr        |

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