

EAI – Monthly Dashboard: Economic activity resilient in Apr'23

Better growth in the non-farm sector

- Preliminary estimates indicate India's economic activity index (EAI) for GVA showed robust growth of 8.9% YoY in Apr'23 v/s 7.5% YoY each in Mar'23/Apr'22. Higher growth was led by industrial activity, which was driven by the manufacturing sector (though partly offset by second successive decline in power production). The services sector remained resilient, as it posted double-digit growth for the fourth consecutive month in Apr'23. On the other hand, agriculture growth remained muted.
- EAI-GDP also picked up in Apr'23 to 4.3% YoY from 3.1%/9.9% YoY in Mar'23/Apr'22, led by better growth in consumption and a lower trade deficit. The surge in auto sales, growth in government spending and an expected improvement in IIP for the consumer durables sector are likely to have boosted consumption growth in Apr'23. Excluding fiscal spending (revenue spending excluding interest and subsidies), EAI-GDP grew 4.7% YoY in Apr'23, better than 4% YoY in Mar'23.
- A look at limited available data for May'23 suggests that India's growth may have weakened in May'23. Although the manufacturing PMI was at a 31-month high last month, passenger vehicle sales were strong and toll collections were also good, they were largely offset by a deceleration in power generation, a contraction in CV sales, weak freight traffic growth and falling water reservoir levels.
- Overall, after better-than-expected growth in 4QFY23, India's economic growth remained resilient in Apr'23 as well. Further, we do not see any substantial deterioration in May'23 too. Accordingly, we will soon upgrade our FY24 real GDP growth forecast.

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Preliminary estimates indicate India's EAI for GVA continued to grow strongly at 8.9% YoY in Apr'23 v/s 7.5% YoY each in Mar'23/Apr'22

- **EAI-GVA continued to grow strongly in Apr'23:** Preliminary estimates indicate India's EAI-GVA showed robust growth of 8.9% YoY in Apr'23 v/s 7.5% YoY each in Mar'23/Apr'22. Higher growth was led by industrial activity, which was driven by the manufacturing sector. The services sector also continued to show resilience, as it posted double-digit growth for the fourth consecutive month in Apr'23. On the other hand, agriculture growth remained muted. (*Exhibits 1, 2*).
- **EAI-GDP growth also picked up:** EAI-GDP also picked up in Apr'23 to 4.3% YoY from 3.1%/9.9% YoY in Mar'23/Apr'22, led by better growth in consumption and a lower trade deficit. The surge in auto sales, growth in government spending and an expected improvement in IIP for the consumer durables sector are likely to have boosted consumption growth in Apr'23. Excluding fiscal spending, EAI-GDP grew 4.7% YoY in Apr'23, better than 4% YoY in Mar'23 (*Exhibits 3, 4*).

Exhibit 1: EAI-GVA continued to grow strongly in Apr'23...

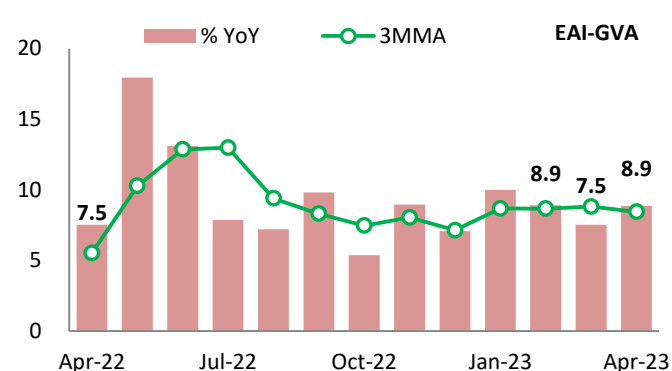
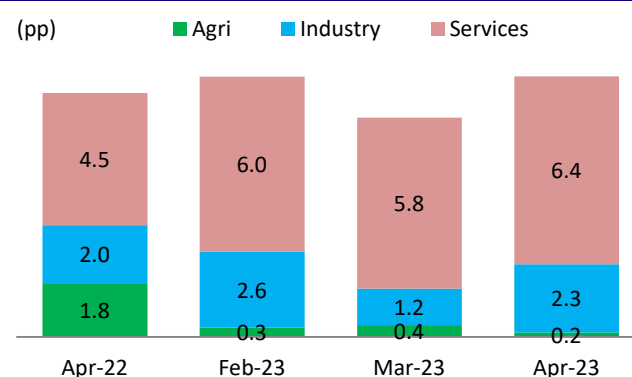


Exhibit 2: ...led by improvement in the non-farm sector



Source: Various national sources, CEIC, MOFSL

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Exhibit 3: EAI-GDP growth picked up to 4.3% YoY in Apr'23...

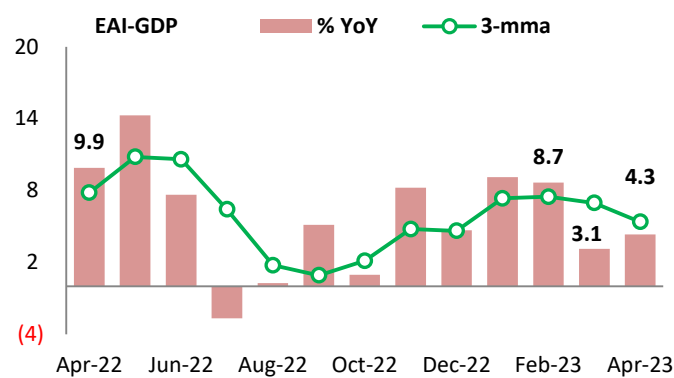
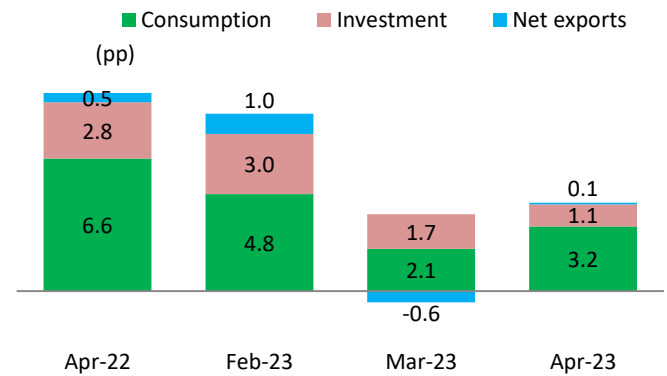


Exhibit 4: ...led by improvement in consumption



Contribution of various components to EAI-GDP
Source: Various national sources, CEIC, MOFSL

The non-farm sector increased 10.1% YoY in Apr'23, following 8-9% growth in the past two months

- **Consumption growth picked up in Apr'23:** Total consumption growth accelerated to 4.6% YoY in Apr'23 v/s 3.1%/8.4% YoY in Mar'23/Apr'22 (*Exhibit 5*). The improvement was led by robust auto sales and continued resilience in personal loan growth. Even fiscal spending growth accelerated to 5.6% YoY v/s a contraction of 14% YoY in the previous month. On the other hand, rural wages and petrol consumption remained muted (*Exhibit 9 for the heat map*).
- **Investment growth remained flat:** According to our estimates, investments grew 6.0% YoY in Apr'23 v/s 5.8% in Mar'23 (*Exhibit 6*). A continued contraction in power generation and lower fiscal capex growth dragged down investment growth in Apr'23. On the other hand, improvement in steel and cement production, robust industrial credit and better diesel sales supported investment activity (*Exhibit 10 for the heat map*). External trade added 0.1pp to EAI-GDP growth, as real merchandise imports fell faster than real exports on the back of a fall in commodity prices.
- **Sharply higher industrial growth and steady services sector growth lifted EAI-GVA growth:** EAI-GVA details suggest that the acceleration in GVA was primarily led by the industrial sector, which grew at a three-month high rate of 8.5% YoY in Apr'23. The services sector, on the other hand, continued to grow in double digits for the fourth consecutive month. Thus, the non-farm sector increased 10.1% YoY in Apr'23, following 8-9% growth in the past two months. In industrial activities, the manufacturing sector grew at the fastest pace in five months. Construction activity also remained robust. The agriculture sector, however, posted a 45-month low growth rate of 1.1% YoY in Apr'23, due to a sharp fall in tractor sales, lower reservoir levels and continued contraction in rural wages growth (*Exhibit 11 for the heat map*).
- **India's growth may have weakened in May'23:** A look at limited available data for May'23 suggests that India's growth may have weakened in May'23. Although the manufacturing PMI was at a 31-month high last month, passenger vehicle sales were strong and toll collection was also good, they were largely offset by deceleration in power generation, a contraction in CV sales, weak freight traffic growth and falling water reservoir levels (*Exhibit 12 for the heat map*).
- **FY24 real GDP growth to be revised upward:** Overall, after better-than-expected growth in 4QFY23, India's economic growth remained resilient in Apr'23 as well. Further, we do not see any substantial deterioration in May'23 too. Accordingly, we will soon upgrade our FY24 real GDP growth forecast (of 5.2%).

Exhibit 5: Consumption growth improved to 4.6% YoY in Apr'23, led by robust auto sales and personal loans growth

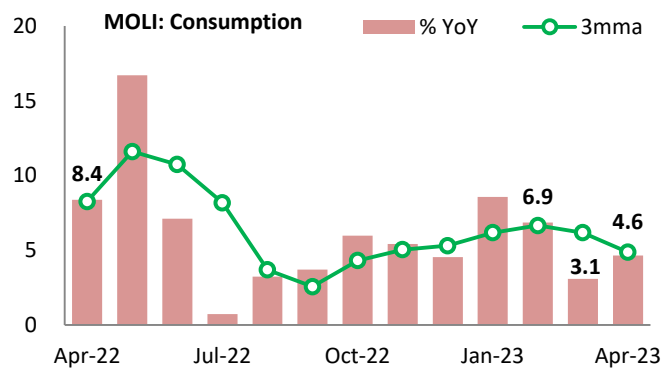


Exhibit 6: Investment growth remained broadly unchanged at 6% in Apr'23

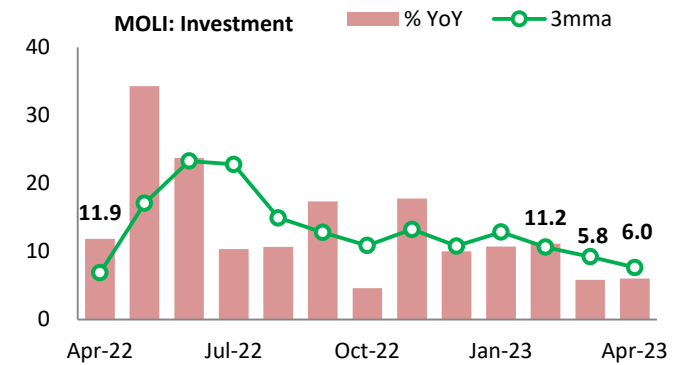


Exhibit 7: Industrial activity growth jumped up sharply to 8.5% in Apr'23...

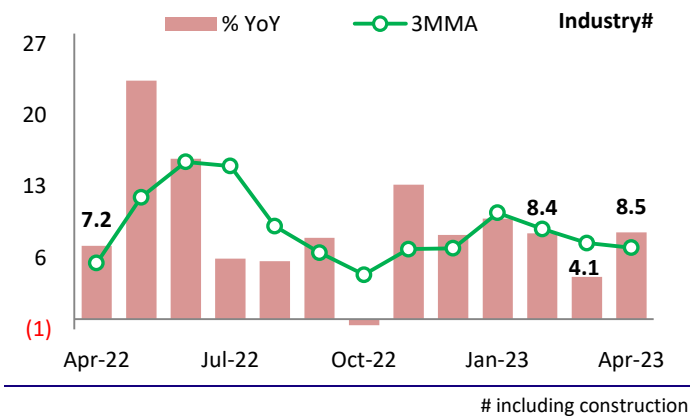


Exhibit 8: Services growth continued to stay in double-digits in Apr'23

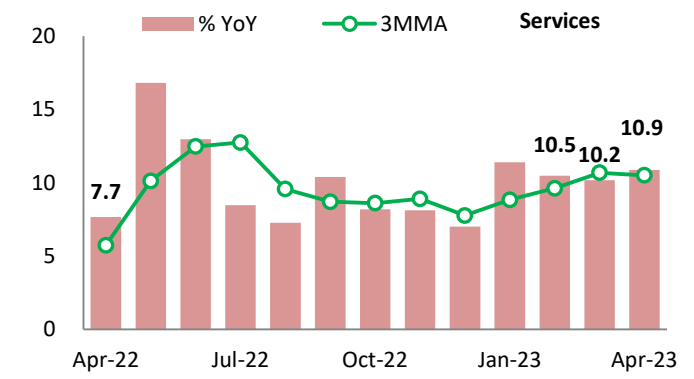


Exhibit 9: Key leading indicators for consumption

% YoY	Passenger traffic ¹	Revenue spending ²	Petrol sales	Rural wages ³	Consumer durable: IIP	Currency	Auto sales ⁴	Imports ⁵	Foreign tourists arrival ⁶	Personal credit	Services PMI
Apr-22	115.0	28.4	17.2	(1.0)	(0.8)	10.4	11.4	30.4	399.2	14.4	57.9
May-22	479.3	27.6	51.5	(1.2)	1.4	8.8	241.3	26.6	2043.7	16.3	58.9
Jun-22	239.7	(14.3)	23.2	(0.7)	2.9	8.0	23.1	31.5	1349.2	18.1	59.2
Jul-22	166.4	(53.8)	6.8	(0.6)	(2.9)	8.1	10.3	36.1	783.9	18.7	55.5
Aug-22	111.4	(7.3)	11.7	(0.9)	(9.0)	8.1	17.6	36.0	437.3	19.4	57.2
Sep-22	86.3	6.5	8.8	(1.5)	(5.7)	8.3	21.0	11.7	363.7	19.4	54.3
Oct-22	61.0	51.5	8.9	(1.0)	(13.0)	9.3	5.7	5.0	243.2	20.1	55.1
Nov-22	49.4	(7.8)	8.2	0.3	10.0	7.7	19.4	4.2	165.3	19.6	56.4
Dec-22	39.7	(19.7)	5.9	0.4	7.9	8.2	4.5	(2.2)	204.2	20.0	58.5
Jan-23	66.0	23.7	14.3	0.3	6.3	8.5	7.2	(6.6)	330.8	20.4	57.2
Feb-23	31.2	2.5	8.8	(0.1)	12.1	8.1	9.3	(13.3)	259.4	20.4	59.4
Mar-23	20.8	(14.0)	6.8	(0.3)	(3.1)	7.9	8.1	(13.8)	132.5	20.6	57.8
Apr-23	20.5	5.6	2.9	(0.5) ⁷	8.0 ⁷	7.7	19.3	(12.3)	103.6	19.4	62.0

¹ Railways and aviation² Revenue spending less interest payments of the central government³ Real rural wages; deflated by CPI for rural workers⁴ Includes passenger vehicles and two-wheelers⁵ Imports of agricultural items, leather products, newsprint and electronic goods, textiles (excluding gold, silver, precious metals)⁷ Our forecasts⁶ Extraordinary high growth due to base effect (not considered into our analysis)

	Worse than previous month and a year ago
	Worse than the previous month but better than a year ago
	Better than the previous month but worse than a year ago
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Exhibit 10: Key leading indicators for investments

% YoY	Cargo traffic ¹	Electricity	Auto sales ²	Diesel sales	Capital goods' imports ³	Cement Production	IIP: Non-metallic products	IIP: Capital goods	Industrial credit	Govt capex ⁴	Manufacturing PMI
Apr-22	8.1	11.8	58.8	7.8	5.0	7.4	6.9	12.0	8.0	67.5	54.7
May-22	12.6	23.5	320.4	31.7	9.0	26.2	22.1	53.3	8.8	77.8	54.6
Jun-22	12.1	16.5	102.6	23.9	11.7	19.7	19.6	28.6	9.5	40.1	53.9
Jul-22	10.5	2.3	48.3	8.1	28.0	0.5	0.0	5.1	10.5	98.5	56.4
Aug-22	7.9	1.4	47.2	13.1	29.0	2.1	1.4	4.3	11.4	0.5	56.2
Sep-22	11.1	11.6	51.5	13.4	29.5	12.4	9.6	11.4	12.6	57.5	55.1
Oct-22	2.1	1.2	34.1	5.6	10.3	(4.2)	(3.6)	(2.9)	13.6	176.5	55.3
Nov-22	4.1	12.7	36.9	19.2	15.1	29.1	20.7	20.7	13.1	87.1	55.7
Dec-22	5.5	10.4	23.6	6.6	13.8	9.5	7.4	7.8	8.6	(63.7)	57.8
Jan-23	6.6	12.7	32.1	12.7	5.4	4.6	1.1	10.7	8.7	59.8	55.4
Feb-23	6.3	8.2	30.7	7.4	18.0	7.4	2.8	10.5	7.0	(53.2)	55.4
Mar-23	3.0	(1.6)	30.3	1.1	9.6	(0.6)	(1.7)	8.1	5.7	125.4	56.4
Apr-23	2.7	(1.4)	22.7	8.6	3.1	11.6	1.5 ⁵	8.5 ⁵	7.0	(0.6)	57.2

¹ Railways and waterways² Includes commercial vehicles and three-wheelers³ Machinery and equipment, transport equipment, machine tools and project goods⁴ Capital spending of the central government⁵ Our forecasts

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Exhibit 11: Key indicators used in the creation of EAI-GVA on a monthly basis

% YoY	Apr-22	May-22	Jun-22	Jul-22	Aug-22	Sep-22	Oct-22	Nov-22	Dec-22	Jan-23	Feb-23	Mar-23	Apr-23
Agriculture and allied activities													
IIP: Fertiliser	8.8	22.9	8.2	6.2	11.9	11.8	5.4	6.4	7.3	17.9	22.2	9.7	23.5
Domestic tractor sales	38.1	47.7	(10.9)	(12.2)	(1.0)	18.9	3.6	4.4	19.2	16.0	11.8	10.1	(13.0)
Real rural wages ¹	(1.0)	(1.2)	(0.7)	(0.6)	(0.9)	(1.5)	(1.0)	0.3	0.4	0.3	(0.1)	(0.3)	(0.5)
Reservoir levels	11.6	6.8	(12.0)	18.9	36.0	11.5	13.2	8.5	5.8	2.9	0.4	(4.2)	(1.8)
Agriculture sector	5.7	5.0	1.8	3.5	4.6	4.5	4.1	3.7	4.2	3.2	2.6	3.2	1.1
Industrial sector													
Coal	30.1	33.5	32.1	11.4	7.7	12.1	3.7	12.3	12.3	13.4	8.5	12.2	9.0
Crude oil	(0.9)	4.6	(1.7)	(3.8)	(3.3)	(2.3)	(2.2)	(1.1)	(1.2)	(1.1)	(4.9)	(2.8)	(3.5)
Natural gas	6.4	7.0	1.2	(0.3)	(0.9)	(1.7)	(4.2)	(0.7)	2.6	5.3	3.2	2.8	(2.8)
IIP: Mining	8.4	11.2	7.8	(3.3)	(3.9)	5.2	2.6	9.7	10.1	8.8	4.8	6.8	4.2
Mining	10.6	17.8	10.4	(1.4)	(1.9)	5.1	2.5	8.9	8.8	8.0	1.5	5.2	3.1
Electricity	11.8	23.5	16.5	2.3	1.4	11.6	1.2	12.7	10.4	12.7	8.2	(1.6)	(1.4)
IIP: Manufacturing	5.6	20.7	12.9	3.1	(0.5)	2.0	(5.8)	6.7	3.6	4.0	5.6	0.5	4.5
Credit growth ²	(6.4)	(6.7)	(5.8)	(3.2)	(1.0)	1.8	4.5	6.5	3.4	3.8	3.0	4.3	8.0
Fuel consumption	2.0	18.7	14.7	5.9	11.3	6.8	(1.4)	11.0	3.0	7.5	3.7	0.9	8.6
Manufacturing	7.5	26.2	18.8	7.9	8.2	8.1	(1.2)	13.9	7.6	10.1	9.3	4.4	11.3
Steel production	2.5	15.1	3.3	7.5	5.8	7.7	6.5	11.5	12.3	10.8	11.6	8.8	12.1
Cement output	7.4	26.2	19.7	0.7	2.1	12.4	(4.3)	29.1	9.5	4.6	7.4	(0.6)	11.6
IIP: NMMP ³	6.9	22.1	19.6	0.0	1.4	9.6	(3.6)	20.7	7.4	1.1	2.8	(1.7)	1.5
IIP: Construction	4.0	18.4	9.4	4.8	3.0	8.2	1.7	14.3	11.0	9.8	8.4	5.4	6.8
Construction	4.0	18.4	9.4	4.8	3.0	8.2	1.7	14.3	11.0	9.8	8.4	5.4	6.8
Industry	7.2	23.4	15.7	5.9	5.7	8.0	(0.6)	13.2	8.3	9.9	8.4	4.1	8.5
Services sector													
Auto sales	13.6	245.8	26.3	12.0	18.9	22.5	7.2	20.6	5.9	8.8	10.8	9.8	19.5
Trade credit ⁴	(1.9)	(2.9)	0.4	0.1	3.9	9.7	7.7	9.3	8.4	11.5	12.4	16.2	19.3
Foreign tourist arrivals	...	...	...	...	...	...	...	...	...	...	...	...	...
Freight traffic ⁵	8.1	(16.6)	12.1	10.5	7.9	11.1	2.1	4.1	5.5	6.6	6.3	3.0	2.7
Passengers traffic ⁵	...	...	...	...	...	...	...	...	...	...	...	...	...
MFs AUMs	1.8	(3.5)	(8.9)	(6.3)	(4.4)	(5.4)	(2.6)	1.9	0.7	(0.5)	1.2	3.5	10.4
Fiscal Spending	21.3	13.5	(15.5)	(40.9)	(16.0)	7.9	59.7	(2.2)	(40.0)	27.5	(11.7)	7.8	4.4
Real deposits ⁶	(5.6)	(6.8)	(6.5)	(4.3)	(2.6)	1.7	0.2	3.5	4.0	5.5	6.1	8.1	11.2
Telecom subscribers	(3.0)	(2.3)	(2.5)	(3.0)	(2.9)	(1.4)	(1.6)	(1.8)	(0.7)	0.1	0.3	0.5	0.4
PMI: Services	7.2	26.9	43.7	22.2	0.9	(1.6)	(5.7)	(0.4)	5.4	11.1	14.7	7.8	7.1
Services sector	7.7	16.8	13.0	8.5	7.3	10.4	8.2	8.1	7.0	11.4	10.5	10.2	10.9
Aggregates													
EAI-GVA	7.5	18.0	13.1	7.9	7.2	9.8	5.4	8.9	7.1	10.0	8.9	7.5	8.9
Non-farm EAI-GVA	7.8	19.3	14.2	8.2	7.3	10.2	5.6	9.9	7.6	10.9	9.8	8.1	10.1

¹ Rural wages; deflated by CPI for rural workers² Banks' industrial credit growth; deflated by WPI³ Non-metallic minerals products (NMMP)⁴ Bank's non-food trade credit; deflated by WPI⁵ Railways and aviation⁶ Total spending of the central government excluding interest and subsidies; deflated by WPI⁷ Bank deposits; deflated by WPI⁸ Our forecasts

Sale of commercial vehicles within total auto Sales starting Apr'20 has been derived using CV sales of Ashok Leyland, Eicher Motors Ltd., Mahindra & Mahindra Ltd.; and Tata Motors; the three account for ~98% of all CV sales

	Worse than previous month and a year ago
	Worse than the previous month but better than a year ago
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Exhibit 12: Economic activity may have weakened in May'23

	May-22	Jun-22	Jul-22	Aug-22	Sep-22	Oct-22	Nov-22	Dec-22	Jan-23	Feb-23	Mar-23	Apr-23	May-23
% YoY Water reservoir levels	6.8	-12.0	18.9	36.0	11.5	13.2	8.5	5.8	2.9	0.4	-4.2	-1.8	0.6
Index PMI: Manufacturing	54.6	53.9	56.4	56.2	55.1	55.3	55.7	57.8	55.4	55.3	56.4	57.2	58.7
% YoY Toll collection ¹ (Units)	145.0	76.1	37.9	35.2	33.9	32.1	33.4	27.2	30.2	18.4	13.3	14.9	17.4
USD b FX reserves ²	603.2	589.2	574.3	560.4	532.7	534.0	553.2	562.7	574.4	562.7	578.4	590.1	593.5
% YoY Currency in circulation ²	8.7	8.0	8.1	8.1	8.0	9.0	7.9	8.2	8.6	8.2	7.8	7.6	6.9
% YoY Vahaan registrations	208.5	21.5	-9.0	7.3	7.1	47.9	18.8	-6.6	14.0	16.5	14.4	-3.6	9.8
% YoY Air cargo traffic				-6.4	-16.3	-21.8	1.0	-6.5	-5.6	-5.0	-1.2	-2.5	-5.6
% YoY Power Generation	23.3	17.7	4.3	3.1	13.8	3.1	14.3	13.7	18.3	13.8	4.6	7.4	4.9
% YoY Rail passenger traffic	256.4	38.1	-1.0	-13.4	-20.5	-29.2	-18.9	-19.9	9.2	-19.0	-22.7	-17.1	-15.7
% YoY Rail freight traffic	14.5	11.3	8.3	7.9	9.2	1.4	5.4	3.0	3.8	3.6	3.8	6.9	1.9
% YoY PV sales ³	247.2	17.9	18.1	43.7	126.6	33.7	30.7	2.5	20.6	9.5	4.5	17.7	14.3
% YoY CV sales ⁴	213.3	78.2	35.8	35.4	37.0	12.9	9.0	14.2	2.9	5.0	11.4	-5.8	-6.6

¹ In terms of daily data² Data as of 26th May, 2023³ For three companies – Maruti Suzuki, Tata Motors and Mahindra & Mahindra⁴ For three companies – Ashok Leyland, Eicher, Mahindra & Mahindra

Source: Various national sources, CEIC, MOFSL

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SELL	< - 10%
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