

## EAI – Monthly Dashboard: Economic activity weakened in Jul'24

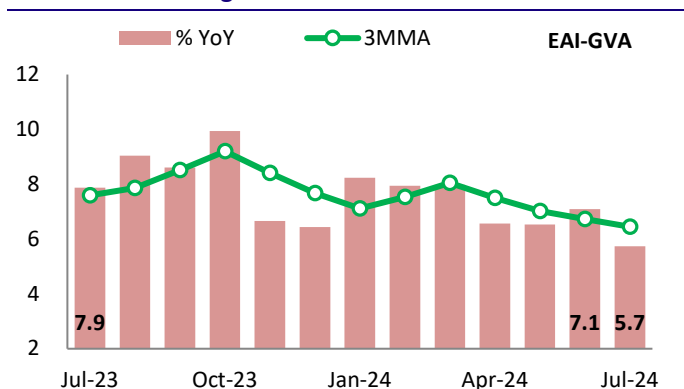
Expect real GVA/GDP growth at 6.0-6.5% in 2QFY25 vs. the RBI's projection of 7.2%

- Preliminary estimates indicate that India's EAI-GVA growth decelerated to a 21-month low of 5.7% YoY in Jul'24 vs. 7.1%/7.9% in Jun'24/Jul'23. The deceleration in growth was primarily led by the services sector, which was partly offset by robust growth in industry and 19-month highest growth in the farm sector.
- On the other hand, EAI-GDP growth was subdued at 2.2% YoY in Jul'24 vs. 1.0%/22.7% YoY in Jun'24/ Jul'23. Total consumption improved in Jul'24 (highest in three months); however, investment growth was at six-month low and the external sector was a big drag to EAI-GDP growth. Excluding fiscal spending, EAI-GDP grew 2.4% YoY in Jul'24, higher than 1.8% YoY a month ago but weaker than 8.1% YoY a year ago.
- Selected high-frequency indicators (HFIs) confirm that growth remained subdued in Aug'24. Power generation grew at slower pace, CV sales marked their third consecutive fall (the worst in 42 months), PV sales contracted for the second consecutive month, air cargo traffic fell for the first time in 13 months, and vahan registrations saw sluggish growth. At the same time, manufacturing and services PMIs remained resilient.
- After growing at ~8% or more (close to or above 8%) in the previous four quarters, real GDP growth decelerated to 6.7% in 1QFY25, marking the first miss in five quarters. For Jul'24, our estimates suggest that EAI-GVA moderated further and likely remained subdued in Aug'24 as well. Accordingly, we believe that real GVA/GDP growth could soften further to 6.0-6.5% in 2QFY25, lower than the RBI's projection of 7.2%.

Preliminary estimates indicate that India's EAI-GVA grew 5.7% YoY in Jul'24, the slowest in 21 months

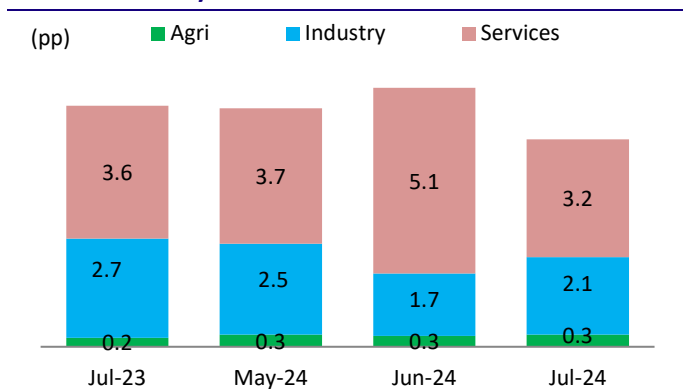
- **EAI-GVA growth at 21-month low in Jul'24:** Preliminary estimates indicate that India's EAI-GVA growth decelerated to a 21-month low of 5.7% YoY in Jul'24 vs. 7.1%/7.9% in Jun'24/Jul'23. The deceleration in growth was primarily led by the services sector, which was partly offset by robust growth in industry and 19-month highest growth in the farm sector (*Exhibits 1 and 2*).
- **EAI-GDP growth was subdued at 2.2% in Jul'24:** On the other hand, EAI-GDP growth was subdued at 2.2% YoY in Jul'24 vs. 1.0%/22.7% YoY in Jun'24/ Jul'23. Total consumption improved in Jul'24 (highest in three months); however, investment growth was at six-month low and the external sector was a big drag to EAI-GDP growth. Excluding fiscal spending, EAI-GDP grew 2.4% YoY in Jul'24, higher than 1.8% YoY a month ago but weaker than 8.1% YoY a year ago (*Exhibits 3 and 4*).

Exhibit 1: EAI-GVA growth at 21-month low in Jul'24...



Please refer to our earlier [report](#) for details

Exhibit 2: ...led by deceleration in the services sector



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

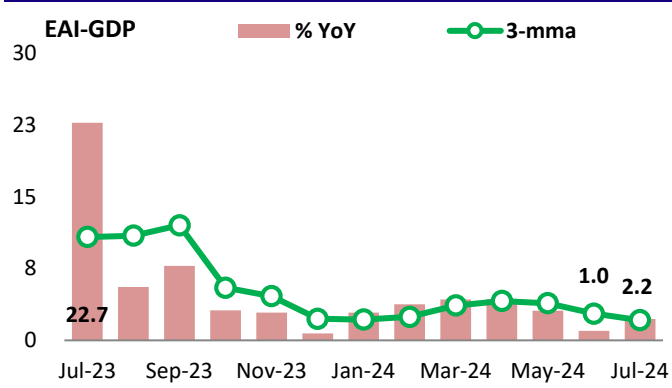
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Investors are advised to refer through important disclosures made at the last page of the Research Report.

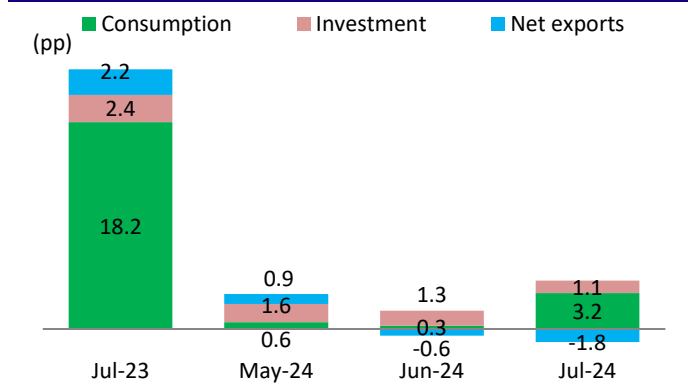
Motilal Oswal research is available on [www.motilaloswal.com/Institutional-Equities](http://www.motilaloswal.com/Institutional-Equities), Bloomberg, Thomson Reuters, Factset and S&P Capital.

**Exhibit 3: EAI-GDP remained subdued at 2.2% in Jul'24**



Please refer to our earlier [report](#) for details

**Exhibit 4: ...led by six month lowest growth in investment and net exports**



Source: Various national sources, CEIC, MOFSL

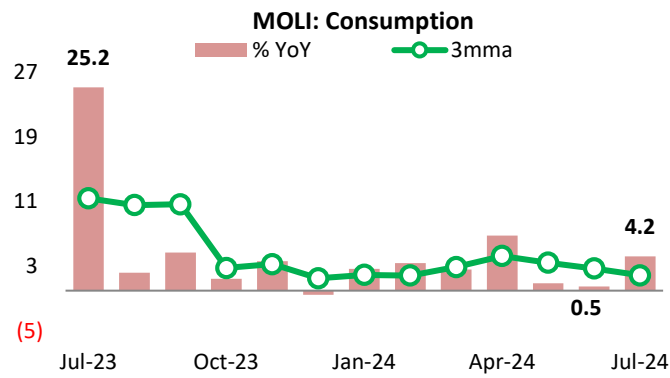
The acceleration in consumption growth was led by the private sector, though investment growth was at six-month low in Jul'24

Non-farm sector grew at a 21-month low of 5.9% in Jul'24, led by the slowdown in services

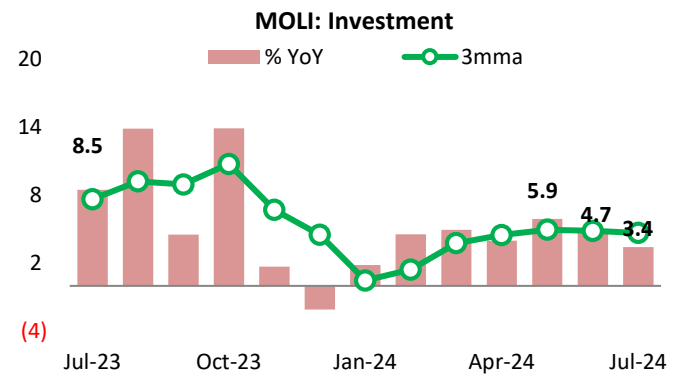
We expect 2QFY25 real GVA/GDP growth in the range of 6.0-6.5%, lower than the RBI's projection of 7.2%

- Total consumption up 4.2% YoY in Jul'24:** Total consumption (private + government) grew 4.2% YoY in Jul'24 vs. 0.5%/25.2% in Jun'24/Jul'23, led by the private sector (up 5.5% in Jul'24 vs. 4.6% in Jul'23). Strong petrol sales, 13-month highest growth in personal loans and (expected) improvement in the consumer non-durable sector offset the nine-month weak growth in personal loans and the nine-month worst contraction in real fiscal spending (*Exhibit 11*).
- Investment growth at six-month low:** According to our estimates, investments grew 3.4% YoY in Jul'24 (lowest in six months), compared to 8.5% YoY in Jul'23. The deceleration can be attributed to (expected) continued sluggishness in IIP for capital goods, six-month slowest growth in power generation and lower imports of capital goods. This was partly offset by strong growth in fiscal capex, diesel sales and an (expected) recovery in the construction sector (*Exhibit 12*).
- Farm sector grew at a 19-month high, while services growth decelerated sharply:** In terms of EAI-GVA, the non-farm sector grew at a 21-month low of 5.9% in Jul'24, led by a slowdown in the services sector (5.1% in Jul'24, lowest in 21 months). Within services, trade credit, services PMI, real deposits and fiscal spending witnessed deceleration. On the other hand, farm sector growth was at a 19-month high of 3.7% in Jul'24, led by first expansion in the reservoir levels since Jan'23. Additionally, industrial sector growth remained robust at 7.5% in Jul'24 (vs. 5.9%/9.7% in Jun'24/Jul'23), led by higher growth in the manufacturing sector (*Exhibits 13 and 14*).
- HFIs portray a mixed picture for Aug'24:** Selected HFIs confirm that growth remained subdued in Aug'24. Power generation grew at slower pace, CV sales marked their third consecutive fall (the worst in 42 months), PV sales contracted for the second consecutive month, air cargo traffic fell for the first time in 13 months, and vahan registrations saw sluggish growth. At the same time, manufacturing and services PMIs remained resilient (*Exhibit 15*).
- Expect real GVA/GDP growth at 6.0%-6.5% YoY in 2QFY25, lower than RBI's forecast of 7.2%:** After growing at ~8% or more (close to or above 8%) in the previous four quarters, real GDP growth decelerated to 6.7% in 1QFY25, marking the first miss in five quarters. For Jul'24, our estimates suggest that EAI-GVA moderated further and likely remained subdued in Aug'24 as well. Accordingly, we believe that real GVA/GDP growth could soften further to 6.0-6.5% in 2QFY25, lower than the RBI's projection of 7.2% (*Exhibits 9, 10*).

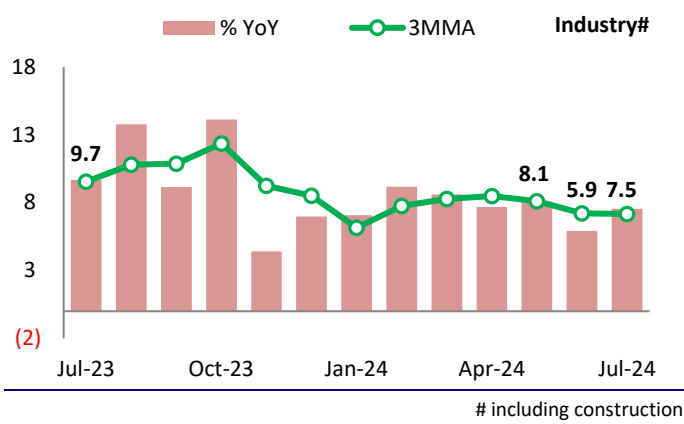
**Exhibit 5: Total consumption picked up to 4.2% in Jul'24, highest in three months**



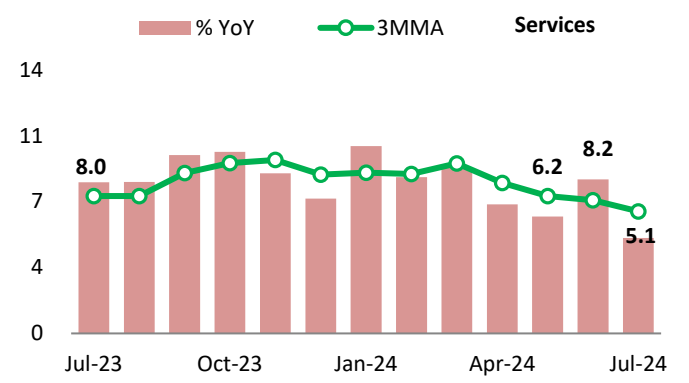
**Exhibit 6: Investment growth at 3.4% in Jul'24 was the weakest in six months**



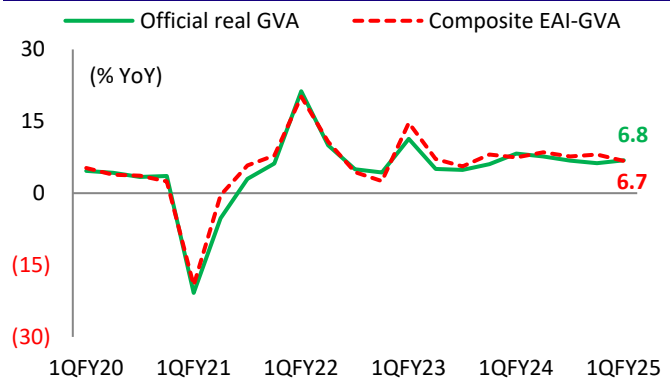
**Exhibit 7: Industrial sector growth remained robust at 7.5% YoY in Jul'24...**



**Exhibit 8: ...while services sector growth decelerated to 5.1%, lowest in 21 months**

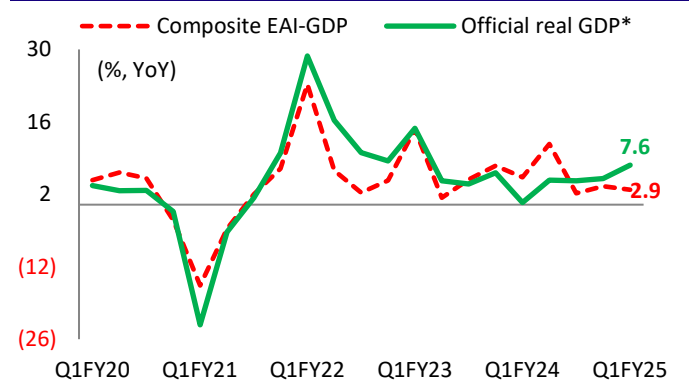


**Exhibit 9: EAI-GVA moves in line with the official real GVA**



Source: CEIC, Various official sources, MOFSL

**Exhibit 10: EAI-GDP moves in line with official real GDP\***



\*Excluding discrepancies

## Exhibit 11: Key leading indicators for consumption

% YoY	Passenger traffic <sup>1</sup>	Revenue spending <sup>2</sup>	Petrol sales	Rural wages <sup>3</sup>	Consumer durable: IIP	Currency	Auto sales <sup>4</sup>	Imports <sup>5</sup>	Foreign tourists arrival <sup>6</sup>	Personal credit	Services PMI
Jul-23	11.0	275.9	6.3	(0.2)	8.3	4.4	(2.6)	4.6	13.6	15.5	62.3
Aug-23	10.0	(8.1)	2.9	(0.4)	9.9	4.0	4.7	2.5	22.6	15.4	60.1
Sep-23	4.6	3.1	8.2	(0.0)	2.7	4.3	3.4	(3.9)	17.5	15.3	61.0
Oct-23	8.6	(21.6)	4.8	(0.6)	9.3	2.7	22.3	(1.4)	19.8	17.9	58.4
Nov-23	8.9	7.7	9.4	(1.1)	(3.4)	4.3	29.4	(5.8)	31.8	18.5	56.9
Dec-23	8.5	(5.2)	0.2	(1.3)	3.0	4.0	17.0	7.2	7.8	17.6	59.0
Jan-24	8.6	(13.7)	9.7	(1.3)	0.3	3.9	27.4	(3.5)	10.4	18.3	61.8
Feb-24	11.6	10.0	8.9	(1.2)	(3.2)	3.7	33.1	9.0	15.8	18.0	60.6
Mar-24	11.3	(9.3)	7.0	(1.7)	5.2	3.9	17.3	21.2	8.0	17.7	61.2
Apr-24	17.1	15.7	14.2	(1.1)	(2.5)	3.2	25.0	8.6	7.7	17.4	60.8
May-24	15.0	(10.7)	3.4	(1.1)	2.5	2.7	9.0	2.9	0.3	17.8	60.2
Jun-23	17.6	(10.7)	4.6	(1.2)	(1.4)	6.0	17.7	8.6	9.0	16.6	60.5
Jul-24	17.2	(16.7)	10.4	(0.2)	2.3	6.4	9.3	6.5	5.2	20.8	60.3

<sup>1</sup> Railways and aviation government

<sup>3</sup> Real rural wages, deflated by CPI for rural workers

<sup>5</sup> Import of agricultural items, leather products, newsprint and electronic goods, textiles (excluding gold, silver, precious metals)

<sup>6</sup> Our forecasts

<sup>2</sup> Revenue spending less interest payments of central

<sup>4</sup> Includes passenger vehicles and two-wheelers

	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
	Better than previous month and a year ago

## Exhibit 12: Key leading indicators for investments

% YoY	Cargo traffic <sup>1</sup>	Electricity	Auto sales <sup>2</sup>	Diesel sales	Capital goods' imports <sup>3</sup>	Cement Production	IIP: Non-metallic products	IIP: Capital goods	Industrial credit	Govt capex <sup>4</sup>	Manufacturing PMI
Jul-23	2.4	8.0	23.4	3.9	16.8	6.9	5.6	5.1	4.1	14.9	57.7
Aug-23	5.6	15.3	29.0	5.1	13.9	19.7	15.0	13.1	4.9	29.9	58.6
Sep-23	4.5	9.9	24.9	3.8	(22.8)	4.7	4.7	8.4	5.4	29.0	57.5
Oct-23	10.3	20.3	25.3	9.3	(5.5)	17.0	12.9	21.7	7.0	(14.9)	55.5
Nov-23	8.5	5.7	13.9	(3.0)	(4.6)	(4.8)	(3.6)	(1.1)	7.7	1.6	56.0
Dec-23	4.4	1.2	6.6	(2.3)	(26.7)	3.8	3.0	3.7	9.6	105.4	54.9
Jan-24	5.3	5.7	2.5	3.5	(12.8)	4.0	3.0	3.2	9.5	(40.5)	56.5
Feb-24	7.5	7.6	1.6	6.2	(1.1)	7.8	8.0	1.7	9.9	315.2	56.9
Mar-24	7.0	8.6	(2.9)	3.2	(0.9)	10.6	8.2	7.0	8.9	(4.3)	59.1
Apr-24	1.4	10.2	14.3	1.4	(1.0)	0.2	0.9	2.7	6.9	26.5	58.8
May-24	3.7	13.8	7.3	2.4	11.3	(0.6)	0.5	2.9	8.9	(50.3)	57.5
Jun-24	8.9	8.6	2.1	1.0	6.7	1.9	3.1	2.4	7.7	(66.2)	58.3
Jul-24	5.1	7.0	(0.5)	4.4	(0.8)	5.5	3.0	2.4	10.7	107.8	58.1

<sup>1</sup> Railways and waterways<sup>2</sup> Includes commercial vehicles and three-wheelers<sup>3</sup> Machinery and equipment, transport equipment, machine tools and project goods<sup>4</sup> Our forecasts<sup>5</sup> Capital spending of the central government

\*\* - Data for total CV sales starting Apr'20 derived using CV sales of Ashok Leyland, Eicher Motors Ltd., Mahindra &amp; Mahindra Ltd.; and Tata Motors; the three account for 95-98% 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 13: Key indicators used in the creation of EAI-GVA on a monthly basis**

% YoY	Jul-23	Aug-23	Sep-23	Oct-23	Nov-23	Dec-23	Jan-24	Feb-24	Mar-24	Apr-24	May-24	Jun-24	Jul-24
<b>Agriculture and allied activities</b>													
IIP: Fertiliser	3.3	1.8	4.2	5.3	3.4	5.8	(0.6)	(9.5)	(1.3)	(0.8)	(1.7)	2.4	5.3
Domestic tractor sales	(0.0)	(4.1)	(15.6)	(5.3)	1.5	(21.3)	(14.5)	(25.7)	(19.5)	(2.9)	0.5	3.5	1.4
Real rural wages <sup>1</sup>	(0.2)	(0.4)	(0.0)	(0.6)	(1.1)	(1.3)	(1.3)	(1.2)	(1.7)	(1.1)	(1.1)	(1.2)	(0.2) <sup>8</sup>
Reservoir levels	(15.3)	(23.2)	(15.9)	(20.4)	(20.5)	(18.5)	(14.2)	(11.4)	(15.1)	(16.8)	(20.0)	(24.2)	6.5
<b>Agriculture sector</b>	2.5	2.0	1.6	2.0	2.5	1.2	2.1	1.9	1.9	2.6	2.7	2.5	3.7
<b>Industrial sector</b>													
Coal	14.9	17.9	16.0	18.4	10.9	10.8	10.6	11.6	8.7	7.5	10.2	14.7	6.8
Crude oil	2.1	2.1	(0.4)	1.3	(0.4)	(1.0)	0.7	7.9	2.0	1.7	(1.1)	(2.6)	(2.9)
Natural gas	8.9	9.9	6.6	9.9	7.6	6.6	5.5	11.3	6.4	8.5	7.5	3.3	(1.3)
IIP: Mining	10.7	12.3	11.5	13.1	7.0	5.2	6.0	8.1	1.3	6.8	6.6	10.3	8.1 <sup>8</sup>
<b>Mining</b>	11.9	13.4	10.6	13.2	7.0	5.4	7.5	15.0	5.6	8.0	5.9	7.9	5.4
<b>Electricity</b>	8.0	15.3	9.9	20.3	5.7	1.2	5.7	7.6	8.6	10.2	13.8	8.6	7.0
IIP: Manufacturing	5.3	10.0	5.1	10.6	1.3	4.6	3.6	4.9	5.9	3.9	5.0	2.6	4.7 <sup>8</sup>
Real credit growth <sup>2</sup>	5.4	5.3	5.4	7.3	7.2	8.7	9.1	9.7	7.7	5.7	6.0	4.2	8.5
Fuel consumption	2.9	5.1	3.3	9.9	(1.4)	2.0	3.7	5.3	0.7	2.5	2.8	1.7	3.8
<b>Manufacturing</b>	8.6	12.7	8.5	13.9	5.2	8.4	7.8	9.1	9.3	7.4	8.4	6.1	8.6
Steel production	14.9	16.3	14.8	13.6	9.8	8.3	9.2	9.4	7.5	9.8	6.7	6.7	7.2
Cement output	6.9	19.7	4.7	17.0	(4.8)	3.8	4.0	7.8	10.6	0.2	(0.6)	1.9	5.5
IIP: NMMP <sup>3</sup>	5.6	15.0	4.7	12.9	(3.6)	3.0	3.0	8.0	8.2	0.9	0.5	3.1	3.0 <sup>8</sup>
IIP: Construction	12.6	15.7	10.1	12.6	1.5	5.5	5.5	8.3	7.4	8.0	6.3	4.4	5.4 <sup>8</sup>
<b>Construction</b>	12.6	15.7	10.1	12.6	1.5	5.5	5.5	8.3	7.4	8.0	6.3	4.4	5.4
<b>Industry</b>	9.7	13.8	9.2	14.1	4.4	7.0	7.1	9.2	8.6	7.7	8.1	5.9	7.5
<b>Services sector</b>													
Auto sales	(1.0)	6.1	4.7	22.5	28.3	16.1	25.3	30.2	15.5	24.3	8.9	16.5	8.5
Real trade credit <sup>4</sup>	19.6	18.0	18.6	21.0	20.2	17.6	18.5	18.5	17.3	13.5	14.6	11.1	12.9
Freight traffic <sup>5</sup>	...	...	...	...	...	...	...	...	...	...	...	...	...
MFs AUMs (real <sup>7</sup> )	2.4	5.6	4.5	10.3	8.5	4.4	5.3	7.5	7.0	1.4	3.7	8.9	5.1
Real fiscal Spending <sup>6</sup>	...	...	...	...	...	...	...	...	...	...	...	...	...
Real deposits <sup>7</sup>	24.4	19.1	21.3	18.6	21.0	26.2	32.7	37.9	35.1	36.0	32.7	33.3	37.3
Telecom subscribers	172.1	1.5	11.7	(19.5)	5.9	18.7	(22.8)	39.9	(8.1)	18.0	(28.1)	(36.5)	3.0 <sup>8</sup>
PMI: Services	14.3	13.7	12.4	13.5	13.8	12.3	12.8	12.9	13.2	11.2	11.0	7.5	8.4
Passengers traffic <sup>5</sup>	0.3	0.4	0.8	1.0	1.3	1.7	1.9	2.4	2.3	2.4	2.7	2.7	2.4
Foreign tourist arrivals	12.3	5.1	12.3	6.0	0.9	0.9	8.0	2.0	5.9	(1.9)	(1.6)	3.4	(3.2) <sup>8</sup>
<b>Services sector</b>	8.0	8.0	9.5	9.6	8.5	7.2	10.0	8.3	8.8	6.9	6.2	8.2	5.1
<b>Aggregates</b>													
<b>EAI-GVA</b>	7.9	9.0	8.6	9.9	6.7	6.4	8.2	7.9	8.0	6.6	6.5	7.1	5.7
<b>Non-farm EAI-GVA</b>	8.3	9.6	9.1	11.0	7.0	7.0	8.9	8.6	8.7	7.3	6.8	7.4	5.9

<sup>1</sup> Rural wages; deflated by CPI for rural workers<sup>2</sup> Banks' industrial credit growth; deflated by WPI<sup>3</sup> Non-metallic minerals products (NMMP)<sup>4</sup> Bank's non-food trade credit; deflated by WPI<sup>5</sup> Railways and aviation<sup>6</sup> Total spending of the central government excluding interest and subsidies; deflated by WPI<sup>7</sup> Deflated by WPI<sup>8</sup> 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 &amp; 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
	Better than the previous month but worse than a year ago
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**Exhibit 14: Economic activity portrays a subdued picture in Aug'24**

% YoY	Aug-23	Sep-23	Oct-23	Nov-23	Dec-23	Jan-24	Feb-24	Mar-24	Apr-24	May-24	Jun-24	Jul-24	Aug-24
% YoY <b>Water reservoir levels</b>	-23.2	-15.9	-20.4	-20.5	-18.5	-14.2	-11.4	-15.1	-16.8	-20.0	-24.2	6.5	27.2
Index <b>PMI: Manufacturing</b>	58.6	57.5	55.5	56.0	54.9	56.5	56.9	59.1	58.8	57.5	58.3	58.1	57.5
Index <b>PMI: Services</b>	60.1	61.0	58.4	56.9	59.0	61.8	60.6	61.2	60.8	60.2	60.5	60.3	60.4
% YoY <b>Toll collection<sup>1</sup>(Units)</b>	13.3	15.4	13.0	12.3	13.0	10.2	8.3	10.6	7.6	3.6	5.8	5.9	
USD b <b>FX reserves<sup>2</sup></b>	598.2	587.7	588.5	604.2	622.5	620.0	625.2	646.4	640.2	651.5	652.0	670.6	681.7
% YoY <b>Currency in circulation<sup>2</sup></b>	4.0	4.1	2.9	4.3	4.0	3.9	3.7	4.1	3.2	3.8	6.0	6.4	6.1
% YoY <b>Vahan registrations</b>	9.8	21.2	-6.6	19.6	22.0	16.1	14.0	3.8	27.5	3.2	1.4	14.5	2.7
% YoY <b>PVs sales<sup>3</sup></b>	13.1	2.5	19.4	5.5	1.6	15.3	15.1	14.4	3.6	0.5	3.7	-5.1	-3.5
% YoY <b>CVs sales<sup>4</sup></b>	7.5	10.5	12.5	1.9	-5.7	-2.2	-2.8	-9.1	12.8	1.9	-4.9	-8.5	-14.3
% YoY <b>Air cargo traffic</b>	9.4	27.1	23.9	13.9	1.6	17.2	20.6	10.5	8.0	14.8	10.2	6.8	-6.6
% YoY <b>Power Generation</b>	19.3	13.3	24.8	10.7	4.8	6.5	4.5	8.3	10.4	15.2	9.0	8.3	-4.7

<sup>1</sup> In terms of daily data<sup>2</sup> Data as of 23<sup>rd</sup> Aug, 2024<sup>3</sup> PV sales based on data for Maruti, Tata Motors and Mahindra & Mahindra<sup>4</sup> CV sales derived from Ashok Leyland, Eicher Motors Ltd., M&M; Tata motors

Source: Various national sources, CEIC, MOFSL

	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
	Better than previous month and a year ago

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NOTES



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Investment Rating	Expected return (over 12-month)
BUY	>=15%
SELL	< - 10%
NEUTRAL	< - 10 % to 15%
UNDER REVIEW	Rating may undergo a change
NOT RATED	We have forward looking estimates for the stock but we refrain from assigning recommendation

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