

## EAI – Monthly Dashboard: Economic activity grows faster in Jan'23...

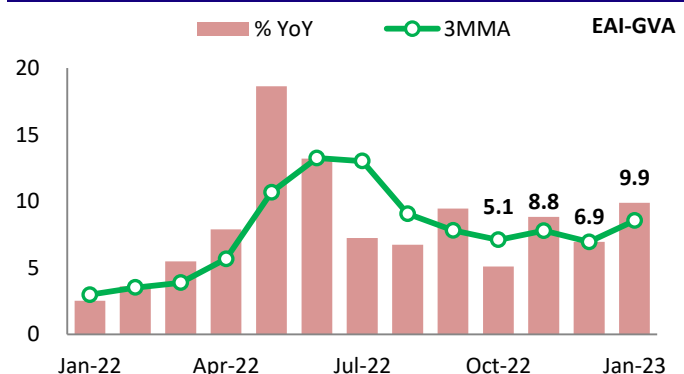
...but expect weakness over Feb-Mar'23 as the base effect wanes

- Preliminary estimates indicate that India's EAI for GVA (EAI-GVA) grew at a seven-month high of 9.9% YoY in Jan'23 as against 6.9% YoY in Dec'22. This was driven by acceleration across all sectors. While the farm sector grew marginally faster, non-farm sector rose at a seven-month high pace in Jan'23, partly supported by a low base. Both industry and services sectors performed well in Jan'23 as compared to Dec'22.
- EAI-GDP grew 10.2% YoY in Jan'23 v/s 5.4% YoY a month ago. This was fueled by a sharp eight-month high total consumption growth of 10.2% YoY in Jan'23, a large part of which was propelled by massive government consumption spending. However, even after excluding fiscal spending, private consumption rose at a seven-month high of 6.6% YoY during the month.
- Investments, on the other hand, grew at a three-month low of 10.5% YoY in Jan'23. Government's real capex, on the brighter side, surged 59.8% YoY in Jan'23 as against -63.7% YoY a month ago. Further, net exports' contribution to EAI-GDP growth dropped 70pp, leading to an overall drag.
- Out of the six available indicators for Feb'23, only PMI manufacturing and vahaan registration have done better on YoY basis. Toll collections, power generation, forex reserves and currency with public decelerated.
- Overall, economic activity was upbeat in Jan'23, largely on account of a low base. However, we expect economic activity to weaken (as early signs indicate) during Feb-Mar'23 as the base effect wanes. Accordingly, we forecast a 4.6-4.8% YoY growth in real GDP in 4QFY23, implying a full-year growth of 6.8-6.9%.

Preliminary estimates indicate that India's EAI for GVA grew at a seven-month high of 9.9% YoY in Jan'23 as against 6.9% YoY in Dec'22

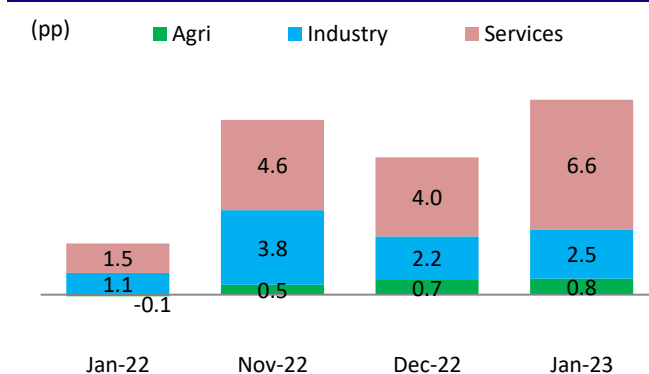
- **EAI-GVA grew at a seven-month high of 9.9% YoY in Jan'23...** Preliminary estimates indicate that India's EAI-GVA grew at a seven-month high of 9.9% YoY in Jan'23 as against 6.9% YoY in Dec'22. This was driven by acceleration across all sectors within GVA. While farm sector grew marginally faster, non-farm sector rose at a seven-month high pace in Jan'23, partly supported by a low base (*Exhibits 1, 2*).
- **...and EAI-GDP grew at eight-month high in Jan'23:** EAI-GDP grew 10.2% YoY in Jan'23 v/s 5.4% YoY a month ago. This was fueled by a spike in total consumption during the month, a large part of which was propelled by massive government consumption spending in Jan'23 (*Exhibits 3, 4*).

**Exhibit 1: India's EAI-GVA grew 9.9% YoY in Jan'23...**



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

**Exhibit 2: ...led by broad-based acceleration**



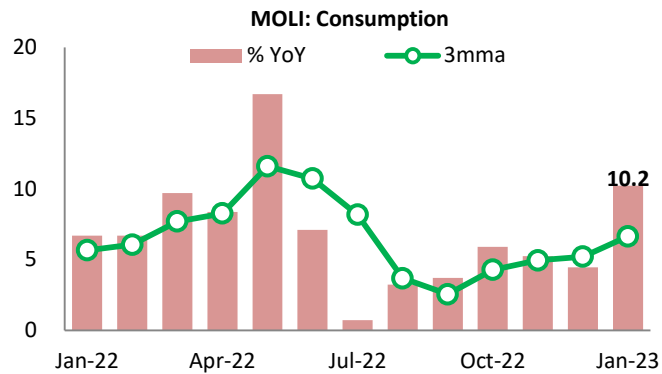
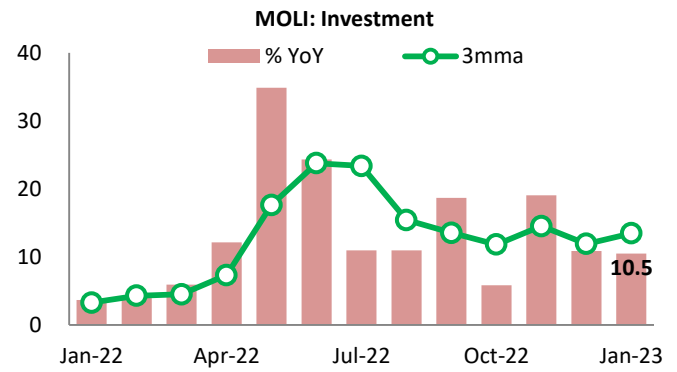
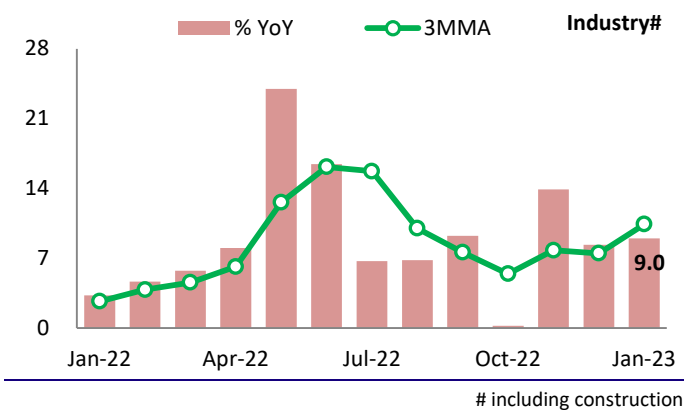
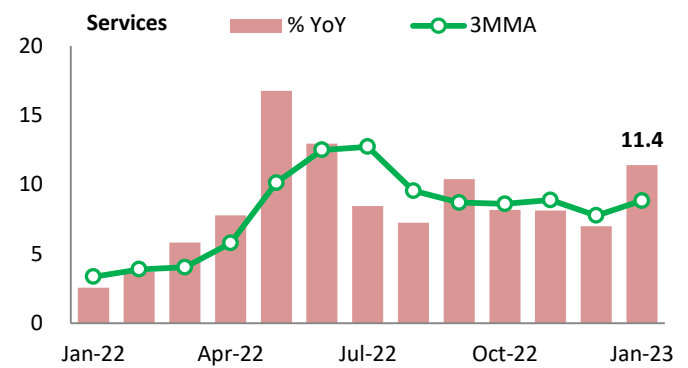
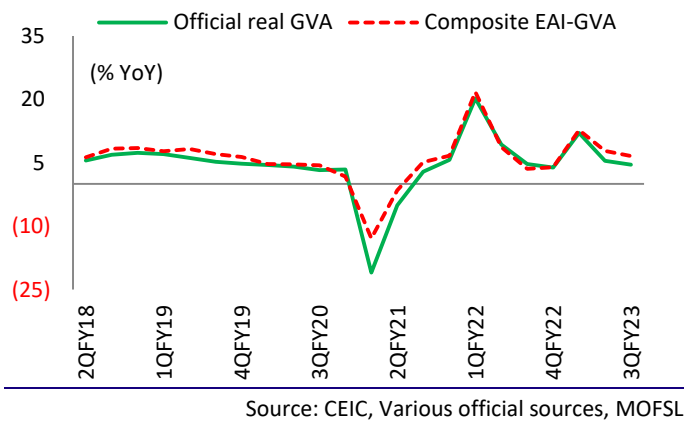
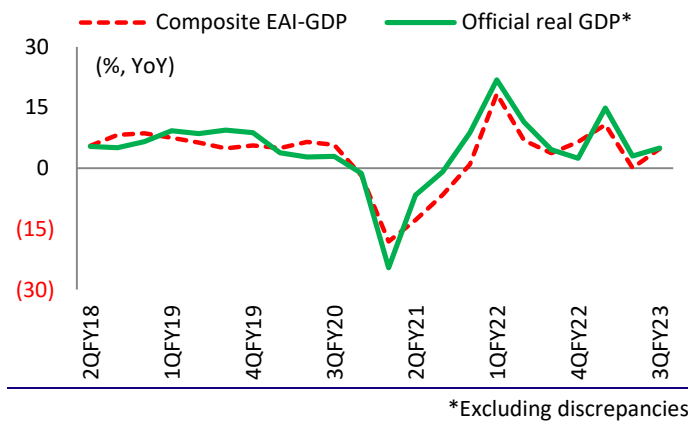
Source: Various national sources, CEIC, MOFSL

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**Exhibit 5: Consumption growth at an eight-month high...****Exhibit 6: ...but investments at a three-month low in Jan'23****Exhibit 7: Industry activity grew faster in Jan'23...****Exhibit 8: ...and so did services sector****Exhibit 9: EAI-GVA moves in line with the official real GVA...****Exhibit 10: ...and so does official real GDP\* with EAI-GDP**

## 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	Personal credit	Services PMI
Jan-22	44.3	50.9	(5.3)	(0.7)	3.1	8.0	(19.0)	33.2	112.9	12.8	51.5
Feb-22	42.5	39.7	3.5	(0.7)	(6.8)	8.6	(23.8)	27.2	118.4	12.7	51.8
Mar-22	52.7	78.8	6.2	(0.9)	(4.4)	9.8	(18.1)	35.5	155.9	12.6	53.6
Apr-22	115.5	28.4	17.2	(1.0)	(0.8)	10.4	11.4	24.0	399.2	14.5	57.9
May-22	478.3	27.6	51.5	(1.2)	1.4	8.8	241.3	25.7	2043.7	16.3	58.9
Jun-22	237.8	(14.3)	23.2	(0.7)	2.9	8.0	23.1	32.2	1349.2	18.1	59.2
Jul-22	167.4	(53.8)	6.8	(0.6)	(2.9)	8.1	10.3	35.4	783.9	18.8	55.5
Aug-22	112.4	(7.3)	11.7	(0.9)	(9.0)	8.1	17.6	45.9	437.3	19.5	57.2
Sep-22	86.9	6.5	8.8	(1.5)	(5.7)	8.3	21.0	21.6	363.7	19.6	54.3
Oct-22	61.5	51.5	8.9	(1.0)	(13.4)	9.3	5.7	11.2	243.2	20.2	55.1
Nov-22	50.1	(7.8)	8.1	0.3	9.1	7.7	19.4	16.2	165.3	19.7	56.4
Dec-22	40.1	(19.7)	5.9	0.9 <sup>6</sup>	7.2	8.2	4.5	10.1	204.2	20.2	58.5
Jan-23	65.1	60.8	14.2	1.2 <sup>6</sup>	2.3 <sup>6</sup>	8.6	7.2	3.8	421.0 <sup>6</sup>	20.4	59.5

<sup>1</sup> Railways and aviation<sup>2</sup> Revenue spending less interest payments of the central government<sup>3</sup> Real rural wages; deflated by CPI for rural workers<sup>4</sup> Includes passenger vehicles and two-wheelers<sup>5</sup> Imports of agricultural items, leather products, newsprint and electronic goods, textiles (excluding gold, silver, precious metals)<sup>6</sup> Our forecasts

	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
Jan-22	4.0	0.9	8.8	(6.5)	6.5	14.1	11.2	1.8	5.9	(5.8)	54.0
Feb-22	2.9	4.5	17.1	(0.7)	1.7	4.2	7.7	1.3	7.4	0.8	54.9
Mar-22	4.7	6.1	9.3	6.7	5.1	9.0	10.0	2.4	7.5	219.1	54.0
Apr-22	8.0	11.8	57.1	7.9	8.1	7.4	6.9	12.0	8.0	67.5	54.7
May-22	12.7	23.5	317.2	31.7	14.4	26.2	22.1	53.3	8.8	77.8	54.6
Jun-22	12.1	16.5	98.3	23.9	18.3	19.7	19.6	28.6	9.5	40.1	53.9
Jul-22	10.5	2.3	46.6	8.2	36.4	0.5	0.0	5.1	10.5	98.5	56.4
Aug-22	7.9	0.9	45.4	13.0	35.5	1.8	1.4	4.3	11.4	0.5	56.2
Sep-22	11.1	11.0	50.1	13.4	45.2	12.1	9.6	11.4	12.6	57.5	55.1
Oct-22	2.1	1.2	32.4	5.5	21.4	(4.2)	(3.7)	(1.7)	13.6	176.5	55.3
Nov-22	4.1	12.7	35.0	19.2	25.9	29.0	20.3	21.6	13.1	87.1	55.7
Dec-22	5.5	10.4	21.9	6.5	21.7	9.5	6.8	7.6	8.7	(63.7)	57.8
Jan-23	6.6	12.0	28.0	12.7	10.2	4.6	5.3 <sup>5</sup>	7.1 <sup>5</sup>	8.7	59.8	58.8

<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> Capital spending of the central government<sup>5</sup> Our forecasts

\*\* - 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 ~98% of all CV sales

	Worse than previous month and a year ago
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**Exhibit 13: Key indicators used in the creation of EAI-GVA on a monthly basis**

% YoY	Jan-22	Feb-22	Mar-22	Apr-22	May-22	Jun-22	Jul-22	Aug-22	Sep-22	Oct-22	Nov-22	Dec-22	Jan-23
<b>Agriculture and allied activities</b>													
IIP: Fertiliser	(2.0)	(1.4)	15.3	8.8	22.9	8.2	6.2	11.9	11.8	5.4	6.4	7.3	17.9
Domestic tractor sales	(27.8)	(26.4)	(11.6)	38.1	47.7	(10.9)	(12.2)	(1.0)	18.9	3.6	4.4	19.2	16.0
Real rural wages <sup>1</sup>	(0.7)	(0.7)	(0.9)	(1.0)	(1.2)	(0.7)	(0.6)	(0.9)	(1.5)	(1.0)	0.3	0.9	1.2 <sup>8</sup>
Reservoir levels	3.1	2.8	10.5	11.6	6.8	(12.0)	18.9	36.0	11.5	13.2	8.5	5.8	2.9
<b>Agriculture sector</b>	(0.7)	(0.5)	2.3	7.5	9.0	0.9	2.2	4.6	5.5	3.6	3.6	5.1	5.2
<b>Industrial sector</b>													
Coal	8.2	6.6	0.3	30.1	33.5	32.1	11.4	7.6	12.0	3.7	12.2	11.5	16.1
Crude oil	(2.4)	(2.2)	(3.4)	(0.9)	4.6	(1.7)	(3.8)	(3.3)	(2.3)	(2.2)	(1.1)	(1.2)	(1.3)
Natural gas	11.7	12.5	7.6	6.4	7.0	1.2	(0.3)	(0.9)	(1.7)	(4.2)	(0.7)	2.6	1.4
IIP: Mining	3.0	4.6	3.9	8.4	11.2	7.8	(3.3)	(3.9)	5.2	2.5	9.7	9.8	9.6 <sup>8</sup>
<b>Mining</b>	9.6	10.4	7.0	15.4	21.5	13.7	3.4	2.8	8.1	5.0	11.3	11.9	12.2
<b>Electricity</b>	0.9	4.5	6.1	11.8	23.5	16.5	2.3	0.9	11.0	1.2	12.7	10.4	12.0
IIP: Manufacturing	1.9	0.2	1.4	5.6	20.7	12.9	3.1	(0.5)	2.0	(5.9)	6.4	2.6	3.3
Credit growth <sup>2</sup>	(6.8)	(5.4)	(6.2)	(6.4)	(6.7)	(5.8)	(3.2)	(1.0)	1.8	4.5	6.5	3.6	3.8
Fuel consumption	(3.7)	(0.1)	3.8	3.6	20.0	16.7	6.3	13.3	9.5	(0.1)	12.9	5.0	9.0
<b>Manufacturing</b>	2.0	2.7	5.3	8.3	26.9	19.8	8.0	9.1	9.4	(0.7)	14.6	7.8	10.2
Steel production	3.8	5.6	4.1	2.5	15.1	3.6	6.0	2.2	6.7	6.5	11.7	9.2	7.1
Cement output	14.1	4.2	9.0	7.4	26.2	19.7	0.5	1.8	12.1	(4.3)	29.0	9.1	10.0
IIP: NMMP <sup>3</sup>	11.2	7.7	10.0	6.9	22.1	19.6	0.0	1.4	9.6	(3.7)	20.3	6.8	5.3 <sup>8</sup>
IIP: Construction	5.9	8.6	6.7	4.0	18.4	9.4	4.8	3.0	8.2	1.1	13.2	8.2	3.8 <sup>8</sup>
<b>Construction</b>	5.9	8.6	6.7	4.0	18.4	9.4	4.8	3.0	8.2	1.1	13.2	8.2	3.8
<b>Industry</b>	3.3	4.7	5.8	8.0	24.0	16.4	6.7	6.8	9.3	0.2	13.9	8.3	9.0
<b>Services sector</b>													
Auto sales <sup>#</sup>	(17.6)	(21.8)	(16.5)	13.3	245.2	26.1	12.0	18.9	22.4	7.1	20.4	5.8	8.6
Trade credit <sup>4</sup>	(2.6)	1.4	(3.3)	(1.9)	(2.9)	0.4	0.1	3.9	9.7	7.7	9.3	8.4	11.6
Foreign tourist arrivals	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Freight traffic <sup>5</sup>	4.0	2.9	4.7	8.0	(16.6)	12.1	10.5	7.9	11.1	2.1	4.1	5.5	6.6
Passengers traffic <sup>5</sup>	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
MFs AUMs	9.6	4.7	4.3	1.8	(3.5)	(8.9)	(6.3)	(4.4)	(5.4)	(2.6)	1.9	0.7	(0.5)
Fiscal Spending <sup>6</sup>	(2.8)	33.1	72.4	21.3	13.5	(15.5)	(40.9)	(16.0)	7.9	59.7	(2.2)	(39.9)	27.6
Real deposits <sup>7</sup>	(4.7)	(4.3)	(5.0)	(4.7)	(6.8)	(6.5)	(4.3)	(2.6)	1.7	0.2	3.5	4.0	5.5
Telecom subscribers	(0.9)	(1.8)	(2.9)	(3.0)	(2.3)	(2.5)	(3.0)	(2.9)	(1.4)	(1.6)	(1.8)	(0.7)	0.2 <sup>8</sup>
PMI: Services	(2.5)	(6.3)	(1.8)	7.2	26.9	43.7	22.2	0.9	(1.6)	(5.7)	(0.4)	5.4	11.1
<b>Services sector</b>	2.6	3.7	5.8	7.8	16.8	13.0	8.5	7.3	10.4	8.2	8.1	7.0	11.4
<b>Aggregates</b>													
<b>EAI-GVA</b>	2.5	3.6	5.5	7.9	18.6	13.2	7.2	6.7	9.5	5.1	8.8	6.9	9.9
<b>Non-farm EAI-GVA</b>	3.0	4.2	6.0	8.1	19.4	14.4	7.9	7.1	10.0	5.4	9.8	7.3	10.5

<sup>1</sup> Rural wages; deflated by CPI for rural workers<sup>3</sup> Non-metallic minerals products (NMMP)<sup>5</sup> Railways and aviation<sup>7</sup> Bank deposits; deflated by WPI

# 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

<sup>2</sup> Banks' industrial credit growth; deflated by WPI<sup>4</sup> Bank's non-food trade credit; deflated by WPI<sup>6</sup> Total spending of the central government excluding interest and subsidies; deflated by WPI<sup>8</sup> Our forecasts

	Worse than previous month and a year ago
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**Exhibit 14: Monthly analysis of indicators in Feb'23 indicate weakness in economic activity**

Indicators		Feb-22	Mar-22	Apr-22	May-22	Jun-22	Jul-22	Aug-22	Sep-22	Oct-22	Nov-22	Dec-22	Jan-23	Feb-23
PMI: Manufacturing	Index	54.9	54.0	54.7	54.6	53.9	56.4	56.2	55.1	55.3	55.7	57.8	55.4	55.3
PMI: Services	Index	51.8	53.6	57.9	58.9	59.2	55.5	57.2	54.3	55.1	56.4	58.5	57.2	
E-way registrations	% YoY	8.3	9.7	23.9	84.1	36.2	17.8	11.0	23.7	4.6	32.0	17.5	19.7	
Toll collection (Units)	% YoY	53.3	39.9	61.5	145.0	76.1	37.9	35.2	33.9	32.1	33.4	27.2	30.2	18.4
FX reserves	USD b	631.9	607.3	596.7	603.2	589.2	574.3	560.4	532.7	534.0	553.2	562.7	576.8	561.3
Currency in circulation	% YoY	8.6	9.7	10.1	8.6	8.0	8.1	8.1	8.0	9.0	7.9	8.2	4.3	4.1
Vahaan registrations <sup>1</sup>	% YoY	-9.1	-3.5	38.1	209.3	21.8	-8.5	7.5	7.2	48.2	18.8	-6.7	13.6	15.5
Exports <sup>2</sup>	% YoY	34.5	26.4	29.1	20.8	30.2	8.1	10.9	4.7	-11.5	9.7	-3.1	-6.6	
Imports <sup>2</sup>	% YoY	37.2	29.0	26.1	57.4	53.2	38.7	37.6	14.9	10.0	9.8	-0.2	-3.6	
Power Generation <sup>3</sup>	% YoY	4.9	6.0	8.1	23.3	17.7	4.3	3.1	13.8	3.1	14.3	13.7	18.3	13.8

<sup>1</sup> In terms of daily vehicle units<sup>2</sup> Merchandise exports and imports<sup>3</sup> Based on daily power generation

Source: Various national sources, CEIC, MOFSL

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NOTES

Explanation of Investment Rating	
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

\*In case the recommendation given by the Research Analyst is inconsistent with the investment rating legend for a continuous period of 30 days, the Research Analyst shall within following 30 days take appropriate measures to make the recommendation consistent with the investment rating legend.

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