Fortnightly Macro Tracker

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Economy Update

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Jobs a worry but premiumisation continues; rural looking up

Economic activity indicators moderated at the margin from the previous fortnight, except power production and UPI payments. However, most indicators remained above their average run-rate. Urban unemployment shot up to 9.4% in the first fortnight of April'23 from 8.4% in the previous fortnight even as rural unemployment declined modestly to 7.3%. Incremental commentary from companies is also indicating some uptick in rural demand although unseasonal rains and potential adverse effect of El Nino remain a cause for concern. Bank credit growth moderated to 15% YoY from 15.7% YoY in the previous fortnight. Domestic air traffic moderated from the previous fortnight, but remained above the average run-rate while rail passenger traffic slipped from the previous fortnight and was below the average run-rate. Rail freight traffic, toll collections and use of credit cards at Point of Sales and on E-commerce platforms moderated from the previous fortnight but remained above the average run-rate. In financial markets, FPIs bought Indian equities worth ~US$0.9bn with India VIX moderating substantially while DIIs sold Indian equities worth ~US$0.3bn in the first fortnight of April'23.

Anecdotal evidence and commentary: Dabur India CEO Mr Mohit Malhotra stated that the company's rural sales improved in the first 10 days of April'23. Rural sentiments are definitely better and rural sales have again picked up, according to Maruti Suzuki India Chairman. According to Mr Shashank Srivastava, Maruti's senior executive officer (Marketing and Sales), the share of company's rural sales has increased to 44.4% from 35.6% last year. Rural growth has been slightly higher than urban growth in recent months due to a good monsoon last year, he said. Demand for gold loans has witnessed an uptick lately. For Muthoottu Mini Financiers, the gold loan segment has accounted for 15% of AUM growth in the past three months, according to P.E. Mathai, the company's chief. Sahibandhu, a gold loan aggregator, has also witnessed a 9-12% MoM growth. The company stated that 75% of its demand came from Tier 3 cities and rural areas on its platform. The rapid emergence and expansion of high-end, large-format liquor retail stores are seeing up to 30% higher off-take of premium alcohol brands across whisky, wine and beer in markets they are present in, according to a newsletter published by the International Spirits and Wines Association of India and executives from alcobev companies. Despite visa crunches and rising air fares, Indians are not shying away from taking a holiday this summer, and travel agents and portals are rolling out enticing offers and discounts. Amid layoffs across other sectors, the hospitality sector will hire thousands of new workers this year. Plans are in line with new hotel openings and pipeline numbers, and the sector has moved beyond replacement hiring of staff that left during the pandemic, according to a report in *The Economic Times*. The technology sector may be witnessing a slowdown and mass layoffs, but tech talent is still in demand with non-tech sectors stepping in to absorb them. Global manufacturing companies, including automakers, are hiring software experts for their R&D centres in India, according to staffing firms.

	15-Oct-22	30-Oct-22	15-Nov-22	30-Nov-22	15-Dec-22	30-Dec-22	15-Jan-23	30-Jan-23	15-Feb-23	28-Feb-23	15-Mar-23	30-Mar-23	15-Apr-23
CMIE unemployment urban rate-30 day ma(%)	7.5	7.2	7.9	9.0	9.7	10.3	9.3	8.6	8.2	8.0	8.0	8.4	9.4
CMIE unemployment rural rate-30 day ma (%)	8.1	7.8	6.6	7.7	8.5	7.5	6.7	6.5	7.6	7.3	7.2	7.5	7.3
Vehicle registrations (mn.units)	0.8	1.0	1.2	1.4	0.8	0.7	0.8	0.8	1.4	0.9	0.8	1.1	0.7
Bank credit growth (%YoY)	17.9	17.9	17.0	17.2	17.5	17.4	14.9	16.5	16.3	16.1	15.5	15.7	15.0
Electricity generation (mega units)	55376	54240	53852	54669	54300	61310	58079	60703	58420	52769	59430	60427	60596
Domestic air traffic (person mn)	4.8	5.4	5.8	5.9	6.2	6.7	6.0	6.5	6.2	5.2	6.4	6.6	6.4
Rail Passenger traffic (person mn)	26.5	28.9	33.6	30.5	29.6	30.1	22.0	32.2	32.9	27.4	32.2	34.1	28.5
Rail freight traffic (metric tonnes)	53.6	63.2	61.0	63.1	63.3	69.3	64.8	70.8	67.1	58.6	66.7	75.8	66.0
Toll collection (Unit mn)	136.0	147.0	141.9	143.8	148.2	159.8	141.8	159.1	152.1	136.3	146.8	199.3	151.2
UPI payments (INR bn)	6193.1	5922.8	6292.6	5613.3	6630.6	6189.1	6640.1	6350.5	7050.4	5,308.1	7235.6	6,813.9	7530.0
Credit Card - PoS (INR bn)	176.7	237.5	171.6	176.8	175.3	187.5	180.0	194.0	185.6	152.9	187.6	250.4	193.1
Credit Card -E-commerce (INR bn)	317.2	299.0	299.4	293.0	338.2	328.3	343.3	363.0	366.6	274.9	378.1	472.7	341.3
FPI - equity (US$bn)	-0.8	1.8	2.7	2.0	0.2	-0.4	-1.9	-1.8	0.1	-0.6	1.9	-0.1	0.9
FPI - debt (US$bn)	0.0	-0.3	0.0	0.1	-0.3	0.1	0.0	0.6	0.1	0.0	-0.3	0.0	0.0
DII flow (US$bn)	1.0	0.1	-0.8	0.0	1.1	1.8	1.6	2.5	0.9	1.4	1.5	2.2	-0.3
India VIX (average)	19.8	17.0	15.5	14.1	13.5	15.0	15.0	15.1	14.1	13.9	13.8	14.9	12.2

Red- Negative, Amber-Watch, Blue-Neutral, Green-Positive;
Source: Nirmal Bang Institutional Equities Research, Google-mobility report, CMIE, Reserve Bank of India, Government of India, CEIC, Bloomberg.

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