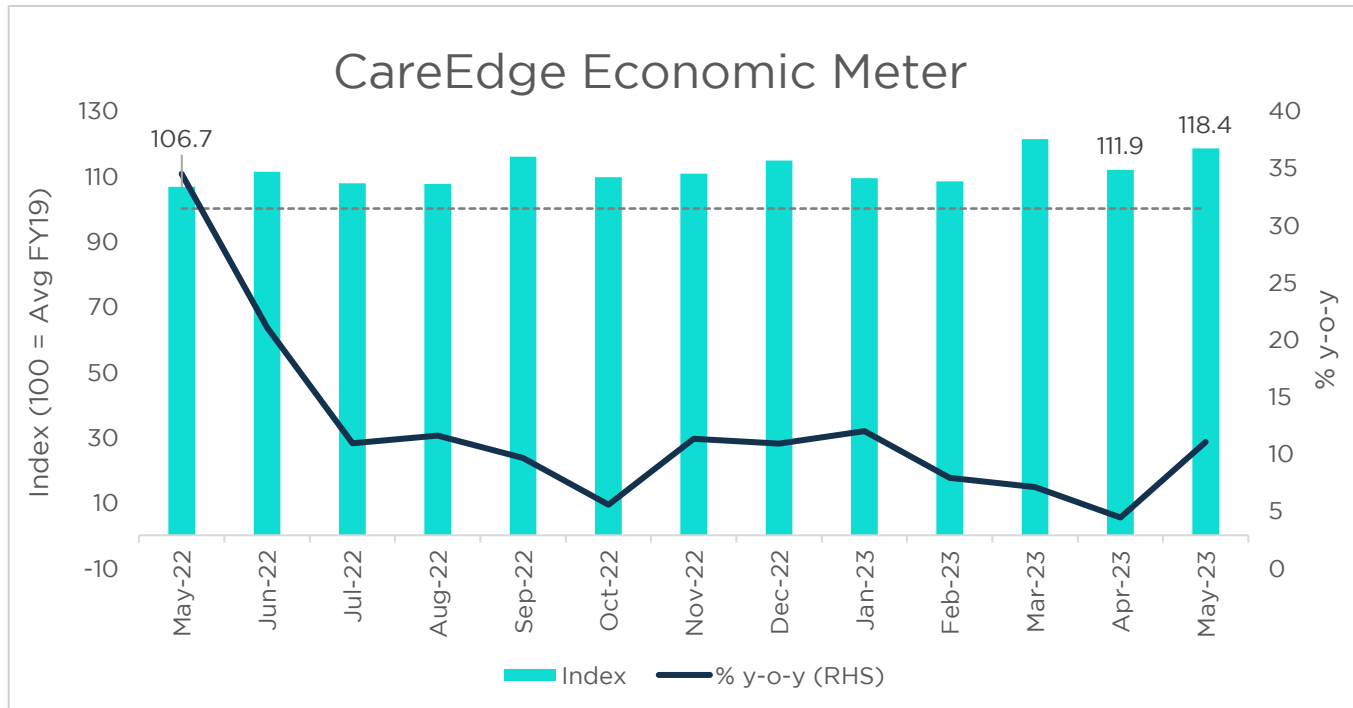


CareEdge Economic Meter

June 2023

Economic Activity Rebounds in May



Source: CareEdge; (100 = Average FY19); Note: High growth in Q1 FY23 is led by base effect

- Reversing the trend seen during the previous three months, the index of economic activity rebounded with a 4-month high growth of 11% in May.
- The high-frequency indicators such as manufacturing PMI, E-way bill issuances, GST collections, credit demand, corporate bond issuances etc. supported the CEM growth.
- However, annual contraction in exports, imports, tractor sales and a high unemployment rate continued to weigh on the CEM growth.
- Even on the sequential basis, the index jumped to 118.4 from 111.9 a month ago. Overall, economy was on a strong footing with some weakness persisting in domestic labour market and on the external front.

Note: CareEdge Economic Meter (CEM) is a composite index covering 18 high-frequency economic indicators to track the state of the economy on a real-time basis. We have considered FY19 as our base year to facilitate relative comparisons. Also, to discount for the impact of inflation on nominal variables such as GST collections, credit, exports, imports etc., we have deflated the series using CPI index.

What Moved the CEM in May?

Indicators that Supported the Growth

- **Manufacturing PMI** rose to a 31-month high of 58.7 in May aided by strong demand and output. The services sector also maintained momentum with **Services PMI** at 61.2 in May.
- **GST collections** stood at Rs 1.6 lakh crore in May, 11.5% higher compared to a year ago level. **E-way bill issuances** at 8.8 crore, grew sharply by nearly 20%.
- **Bank credit** recorded a growth of 15.4% (y-o-y) for the fortnight ending May 19 while **corporate bond issuances** jumped sharply to Rs 1.1 lakh crore from Rs 0.31 lakh crore a year ago.
- Other high-frequency indicators namely **petroleum consumption, passenger vehicle sales** and **2-3 wheeler sales** grew at a higher pace in May from a month ago, reflective of robust economic activity during the month.

Indicators that Limited Upside

- Merchandise **exports** remained muted recording a contraction of 10.3% (y-o-y). The impact of external demand slowdown was visible in the sectors such as textiles, garments, leather items and gems & jewellery.
- Merchandise **imports** contracted by 6.6% (y-o-y) to USD 57.1 billion. However, the pace of contraction for non-oil and non-gold imports moderated significantly to below 1% from 13% a month ago.
- **Tractor sales** contracted on an annual basis for the second consecutive month in May. However, the rate of contraction moderated to 2.4% from 13% a month ago.
- The **unemployment rate** remained above the 7% mark for the 8th consecutive month. Though it moderated to 7.7% in May from 8.5% a month ago, it was still higher than a year ago level.

Indicators At a Glance - Monthly Trend

Index	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
PMI - Manufacturing	103.5	102.1	106.9	106.5	104.4	104.8	105.6	109.5	105.0	104.8	106.9	108.4	111.2
PMI - Services	112.9	113.5	106.4	109.6	104.1	105.6	108.1	112.1	109.6	113.9	110.8	118.8	117.3
E-way Bill Issuances	158.4	160.2	162.6	168.3	180.8	165.4	173.6	181.0	177.4	176.1	195.6	181.6	189.6
GST Collections	116.7	119.2	122.3	117.2	119.9	122.2	117.6	121.1	125.7	120.4	128.6	149.4	124.9
Exports*	127.5	138.9	127.8	122.7	117.6	106.9	117.4	129.7	120.6	125.5	141.3	116.2	116.8
Imports*	128.3	135.7	136.5	131.7	135.2	125.8	123.1	133.9	113.0	115.8	129.9	107.1	122.5
Credit Outstanding	100.7	101.1	102.5	102.7	103.5	104.8	105.4	108.8	108.6	109.3	110.9	111.8	111.5
Commercial Paper Issued	43.9	45.9	35.2	55.8	51.0	26.9	44.7	44.2	35.3	37.4	46.3	40.3	42.7
Debt issuances	47.8	79.5	91.5	84.8	129.5	68.4	148.8	186.8	103.3	115.6	173.7	96.9	159.0
Power Consumption	126.8	125.0	119.7	121.5	118.7	107.1	105.1	113.0	117.6	109.8	118.9	121.7	126.4
Petroleum Consumption	103.4	104.3	99.9	98.1	95.1	104.6	107.5	110.0	105.0	104.1	115.3	104.4	112.7
PV Sales	91.2	98.4	103.0	99.4	106.2	100.3	97.7	89.8	104.7	100.2	106.9	96.3	101.1
2-3 Wheeler Sales	77.3	81.3	84.3	90.7	98.6	91.1	74.6	64.5	68.9	66.9	75.1	77.5	84.2
Tractor Sales	128.7	147.7	92.2	89.2	172.0	182.2	107.1	91.2	101.0	95.9	127.5	119.6	125.6
Rail Passenger Traffic	71.2	71.3	73.4	76.8	78.0	78.6	81.1	80.1	81.9	76.4	83.0	78.0	83.9
Rail Freight Traffic	129.2	123.1	119.8	117.1	113.5	116.7	120.8	128.2	131.6	121.7	141.8	124.1	131.7
Currency in Circulation	131.8	131.1	128.8	128.1	126.7	127.7	127.9	129.0	130.8	132.1	133.7	136.1	136.3
Unemployment Rate	99.1	98.4	99.5	97.9	99.9	98.3	98.2	97.9	99.2	98.8	98.2	97.7	98.6
Composite CEM	106.7	111.3	107.8	107.6	116.0	109.6	110.7	114.7	109.4	108.4	121.3	111.9	118.4

Source: CEIC, CMIE, Prime database, CareEdge; *refers to merchandise exports and imports

Note: All indicators have been indexed to average of FY19 (100 = Average 2018-19); #PMI numbers have also been re-indexed to the average of FY19; Nominal indicators have been deflated using CPI index

Thank you

About Us

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