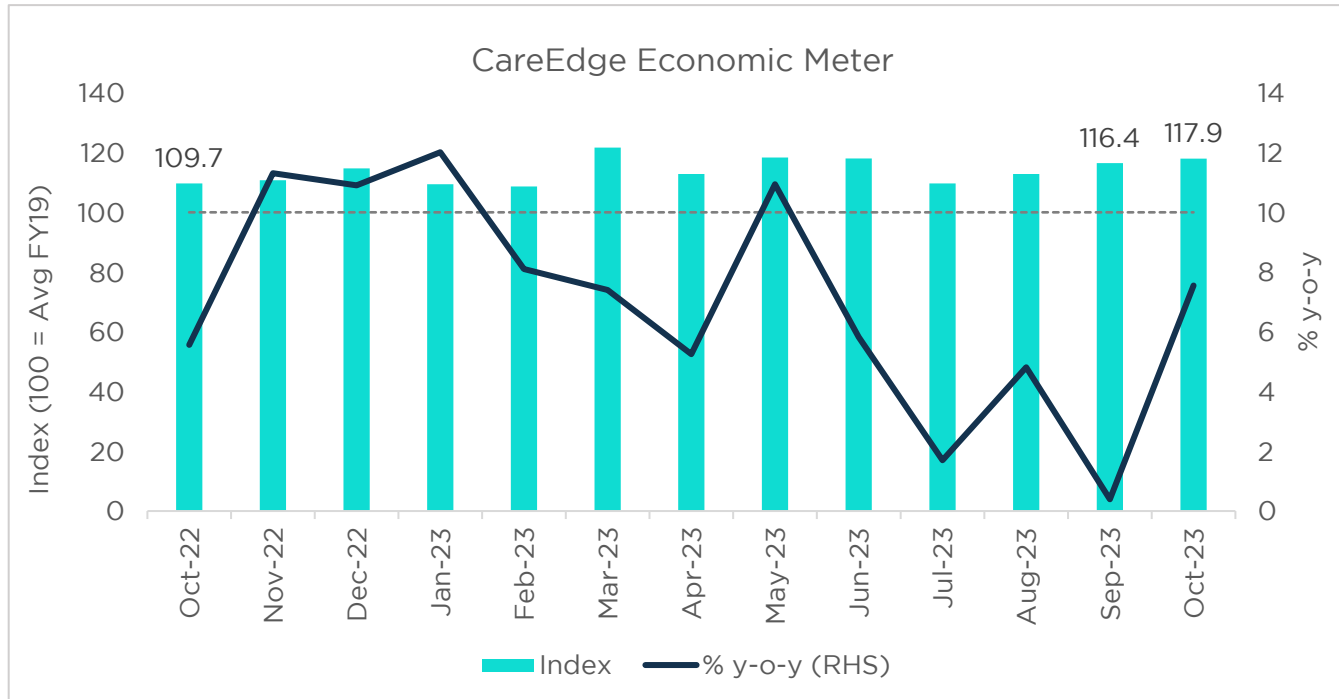


CareEdge Economic Meter

November 2023

Festive Boost to Economy in October



Source: CareEdge

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.

- CEM grew by 7.5% in October compared with a muted expansion a month ago due to increased economic activities led by a festive demand boost. It was the highest rate of expansion in the last 5 months.
- Out of 18 high-frequency indicators that are used in CEM calculation, 9 witnessed a significantly higher annual growth in October compared with a month ago.
- However, the upside was limited due to weakness in the labour market, sharp annual contraction in corporate bond issuances and loss of momentum in the manufacturing and services sectors.

What Moved the CEM in October?

Indicators which Supported Growth

- **GST collections** surged sharply (13.4% y-o-y) in October to Rs 1.72 trillion. It was the highest growth in the last 10 months owing to a pickup in consumption due to the ongoing festive season as well as increased compliance.
- **E-way bill generations** jumped to an all-time high of nearly 10 crore in October, recording a handsome annual growth of 30.5%, reflective of an increase in goods movement due to the ongoing festive cheer and upcoming wedding season.
- India's **merchandise exports** grew by 6.3% in October aided by favourable base effect whereas **merchandise imports** expanded twice as much by 12.4%. While exports were driven by drugs and pharma, engineering and electronic goods, imports were led by gold and electronic goods.
- Both **Passenger Vehicles (PVs)** and **2-3 wheeler sales** accelerated in October posting a double-digit growth owing to festive push. PV sales expanded by 16.7% (y-o-y) up from 5.1% a month ago while 2-3 wheeler sales jumped by 17.2% compared with a muted 2% growth in September.
- Other high-frequency indicators such as **rail passenger and freight traffic, credit growth** and **power consumption** also performed well supporting the overall economic index.

Indicators which Limited Upside

- **Corporate bond issuances** contracted for the third consecutive month in October (24% lower y-o-y basis) due to higher borrowing costs. Corporates have been likely postponing their fundraising activities amid rising global uncertainties.
- Rural demand recovery remained uneven with **tractor sales** contracting for the 7th consecutive month (5.3% in October).
- A spike in rural joblessness caused the **unemployment rate** to surge beyond 10% in October 2023, highest level seen in more than two years. Though rural unemployment generally goes up in October every year due to seasonal factors as the Kharif sowing ends in September, the increase was much sharper this year owing to the weak monsoon.
- Both manufacturing as well as services sectors witnessed some moderation in activities due to slowing demand and higher costs in October as reflected by the PMI numbers. **Manufacturing PMI** slowed to an 8-month low of 55.5 whereas, **services PMI** eased to a 7-month low of 58.4.

Indicators At a Glance - Monthly Trend

y-o-y % [^]	Oct-22	Nov-22	Dec-22	Jan-23	Feb-23	Mar-23	Apr-23	May-23	Jun-23	Jul-23	Aug-23	Sep-23	Oct-23
PMI - Manufacturing	-1.1	-3.3	4.1	2.6	0.7	4.4	4.6	7.5	7.2	2.3	4.3	4.4	0.4
PMI - Services	-5.7	-2.9	5.4	11.1	14.7	7.8	7.1	3.9	-1.2	12.3	5.1	12.3	6.0
E-way Bill Issuances	4.6	32.0	17.5	19.7	18.4	16.3	12.2	19.7	15.5	16.4	19.5	9.5	30.5
GST Collections	9.2	4.7	9.0	5.8	5.6	6.6	6.6	6.9	6.5	3.1	3.7	4.9	8.1
Exports*	-8.9	13.8	0.4	4.9	3.1	-3.9	-10.2	-8.5	-18.4	-13.5	1.1	-4.1	2.4
Imports*	11.1	11.4	5.0	3.8	-0.8	-1.4	-13.1	-4.0	-16.5	-20.3	-5.3	-16.3	8.2
Credit Outstanding	9.3	9.6	8.7	9.2	8.5	8.8	10.7	10.6	10.8	11.4	12.1	14.2	14.2
Commercial Paper Issued	-38.3	-59.9	-54.3	-33.3	-11.5	4.0	-2.2	-2.8	17.1	-9.3	-28.2	-16.7	-2.8
Debt issuances	37.4	58.5	92.3	111.5	27.6	34.9	117.7	220.4	112.4	2.3	-11.4	-20.5	-27.9
Power Consumption	0.5	12.3	9.8	12.0	7.7	-2.1	-1.8	-0.4	4.3	8.3	16.3	10.3	20.9
Petroleum Consumption	5.7	14.3	3.4	4.3	6.5	8.6	1.4	12.6	5.2	3.1	8.2	8.1	3.7
PV Sales	27.3	27.0	10.6	19.9	7.7	5.9	9.0	10.9	1.7	4.1	12.4	5.1	16.7
2-3 Wheeler Sales	-2.4	7.9	-4.8	-6.5	-3.6	-0.7	2.3	9.0	-4.7	-7.8	0.2	2.0	17.2
Tractor Sales	3.6	4.4	19.2	16.0	11.8	10.1	-13.0	-2.4	-0.7	0.0	-4.1	-15.6	-5.3
Rail Passenger Traffic	62.2	51.1	40.7	64.5	29.8	20.5	20.2	17.7	12.5	10.3	9.4	3.9	8.5
Rail Freight Traffic	1.4	5.2	3.1	3.8	3.6	3.8	3.5	1.9	-1.9	1.5	6.4	6.7	8.5
Currency in Circulation	2.4	1.7	2.4	1.9	1.6	2.0	2.8	3.4	-0.7	-2.8	-2.7	-0.7	-2.1
Unemployment Rate	-0.2	-1.1	-0.4	-0.6	0.7	-0.5	-0.8	-0.5	-0.8	-1.1	0.2	-0.7	-2.3
Composite CEM	5.6	11.3	10.9	12.0	8.1	7.4	5.3	10.9	5.8	1.7	4.8	0.4	7.5

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; [^]percentage change is calculated based on the respective indexes for each indicator



Thank you

About Us

CareEdge is a knowledge-based analytical group that aims to provide superior insights based on technology, data analytics and detailed research. CARE Ratings Ltd, the parent company in the group, is one of the leading credit rating agencies in India. Established in 1993, it has a credible track record of rating companies across multiple sectors and has played a pivotal role in developing the corporate debt market in India.

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