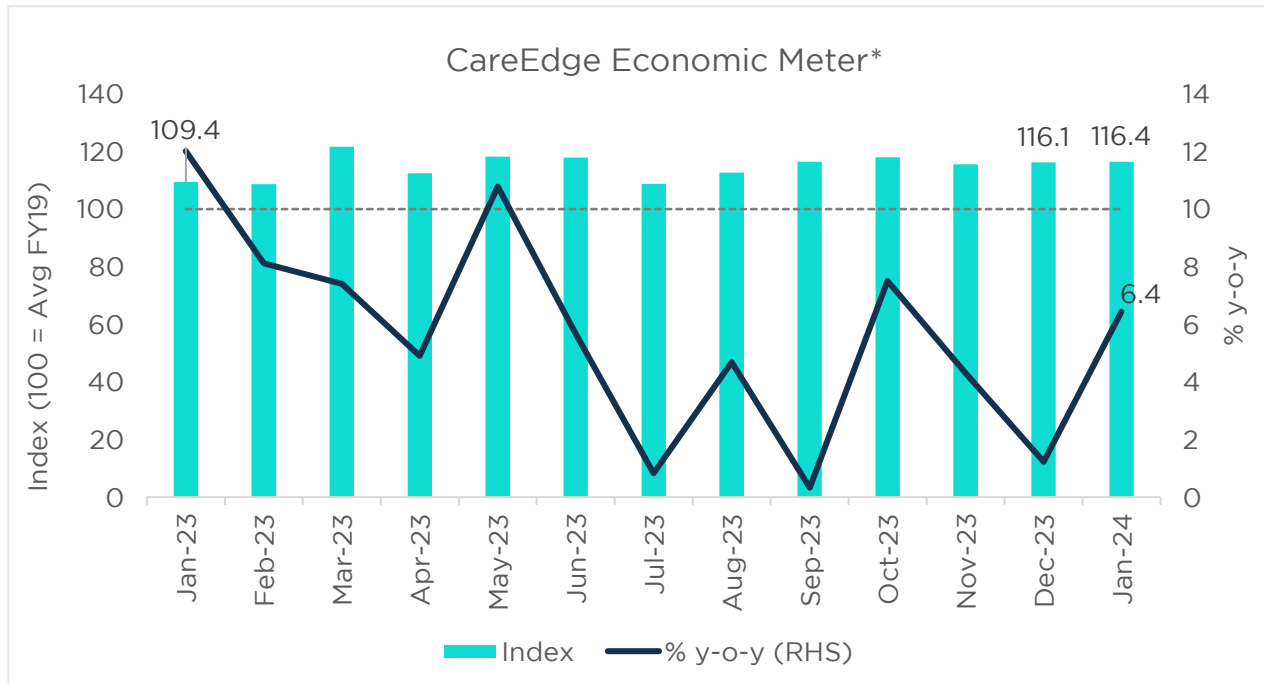


CareEdge Economic Meter

February 2024

CEM Growth Edges Up to 6.4% in Jan



Source: CareEdge; *Appropriate adjustments have been made for the unavailability of data

- CEM growth accelerated to a 3-month high of 6.4% in January. However, the index of economic activity was nearly unchanged at 116.4 compared with 116.1 a month ago.
- Of the 18 high-frequency indicators used in the index calculation, 12 witnessed an annual growth which supported the index.
- Specifically, a higher expansion rate for PMI Services, corporate bond issuances and auto sales (PVs and 2-3 wheelers) contributed to the CEM growth.

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 January?

- The **PMI manufacturing** for January reached 56.5, marking its highest level in four months. A higher pace of domestic order growth, accompanied by an optimistic year-ahead outlook boosted manufacturing sector activity. Services activity witnessed the highest growth in 6 months as reflected by the **PMI services** which stood at 61.8 in January.
- January **GST collections** marked the second highest monthly collection since inception at Rs 1.72 lakh crore, with a 10.4% (y-o-y) growth. Notably, this marks the third month in FY24 with a collection of Rs 1.70 lakh crore or more.
- India's **merchandise exports** in January registered 3.1% (y-o-y) growth at USD 36.92 billion while **imports** rose about 3% (y-o-y) at USD 54.41 billion. Petroleum products, engineering goods, electronic goods and drugs & pharmaceuticals drove export growth. Import growth was led by electronic goods, precious stones and energy items such as coal.
- **Credit growth** remained robust at 20.3% in January while **corporate bond issuances** also expanded by 7.9% (y-o-y), reversing from a double-digit contraction of 13.3% during the previous month.
- India's **power consumption** surged by 6% to 133.83 billion units (BU) in January compared to the same month the previous year, attributed to a cold wave, particularly in North India, and an uptick in economic activities. India's **fuel consumption** increased by 8.3% (y-o-y) in January, reaching 20.04 million tonnes, propelled by robust industrial activity.
- **Passenger vehicle (PV) sales** and **2-3 wheeler sales** surged in January led by positive consumer sentiments. PV sales in January jumped by ~10% compared to a muted growth of 0.2% during the last month and 2-3 wheeler sales accelerated by 24% in January, up from ~14% growth last month. However, tractor sales remained in contraction (14.5% in January) due to delayed harvesting season.
- In January, the **unemployment rate** improved significantly to 6.8%, marking its lowest level in 16 months. The improvement was observed across urban and rural regions.

Indicators At a Glance - Monthly Trend

y-o-y %^	Jan-23	Feb-23	Mar-23	Apr-23	May-23	Jun-23	Jul-23	Aug-23	Sep-23	Oct-23	Nov-23	Dec-23	Jan-24
PMI - Manufacturing	2.6	0.7	4.4	4.6	7.5	7.2	2.3	4.3	4.4	0.4	0.5	-5.0	2.0
PMI - Services	11.1	14.7	7.8	7.1	3.9	-1.2	12.3	5.1	12.3	6.0	0.9	0.9	8.0
E-way Bill Issuances \$	19.7	18.4	16.3	12.2	19.7	15.5	16.4	19.5	9.5	30.5	8.5	13.2	8.2
GST Collections	5.8	5.6	6.6	6.6	6.9	6.5	3.1	3.7	4.9	8.1	9.1	4.3	5.0
Exports*	4.9	3.1	-3.9	-10.3	-8.5	-18.4	-13.5	1.1	-4.1	2.2	-6.3	-3.5	-0.4
Imports*	3.8	-0.8	-1.4	-13.1	-4.0	-16.6	-19.4	-4.0	-15.3	5.6	-7.7	-9.1	-0.5
Credit Outstanding	9.2	8.5	8.8	10.7	10.6	10.8	11.4	12.1	14.2	14.2	14.3	13.5	14.5
Commercial Paper Issued	-33.3	-11.5	4.0	-2.2	-2.8	17.1	-9.3	-28.2	-16.7	-2.8	-21.7	-12.5	-13.2
Debt issuances	111.5	27.7	34.9	105.8	214.4	108.6	-15.8	-16.2	-22.5	-26.1	-5.1	-18.0	2.7
Power Consumption	12.0	7.7	-2.1	-1.8	-0.4	4.3	8.3	16.3	10.3	20.9	6.1	1.6	6.1
Petroleum Consumption	4.3	6.6	8.7	1.4	12.6	5.2	3.1	8.1	8.0	4.8	-1.1	2.6	8.3
PV Sales	19.9	7.7	5.9	9.0	10.9	1.7	4.1	12.4	5.1	16.7	3.6	0.2	9.9
2-3 Wheeler Sales	-6.5	-3.6	-0.7	2.3	9.0	-4.7	-8.0	0.2	2.0	17.2	24.2	13.8	23.9
Tractor Sales	16.0	11.8	10.1	-13.0	-2.4	-0.7	0.0	-4.14	-15.6	-5.3	1.5	-21.3	-14.5
Rail Passenger Traffic #	64.5	29.8	20.5	20.2	17.7	12.5	10.3	9.4	3.9	8.5	--	--	--
Rail Freight Traffic	3.8	3.6	3.8	3.5	1.9	-1.9	1.5	6.4	6.7	8.5	4.3	6.4	6.4
Currency in Circulation	1.9	1.6	2.0	2.8	3.4	-0.7	-2.8	-2.7	-0.7	-2.1	-1.2	-1.6	-1.2
Unemployment Rate	-0.6	0.7	-0.5	-0.8	-0.5	-0.8	-1.1	0.2	-0.6	-1.6	-0.9	-0.4	0.4
Composite CEM	12.0	8.1	7.4	4.9	10.8	5.7	0.8	4.7	0.3	7.5	4.3	1.2	6.4

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; ^Percentage change is calculated based on the respective indexes for each indicator; #Data for rail passenger traffic is not available since November 2023. To account for this, the weights have been adjusted in the index calculation; \$For January 2024, average of past 12 months has been used to arrive at index value because of data unavailability



Thank you

About Us

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