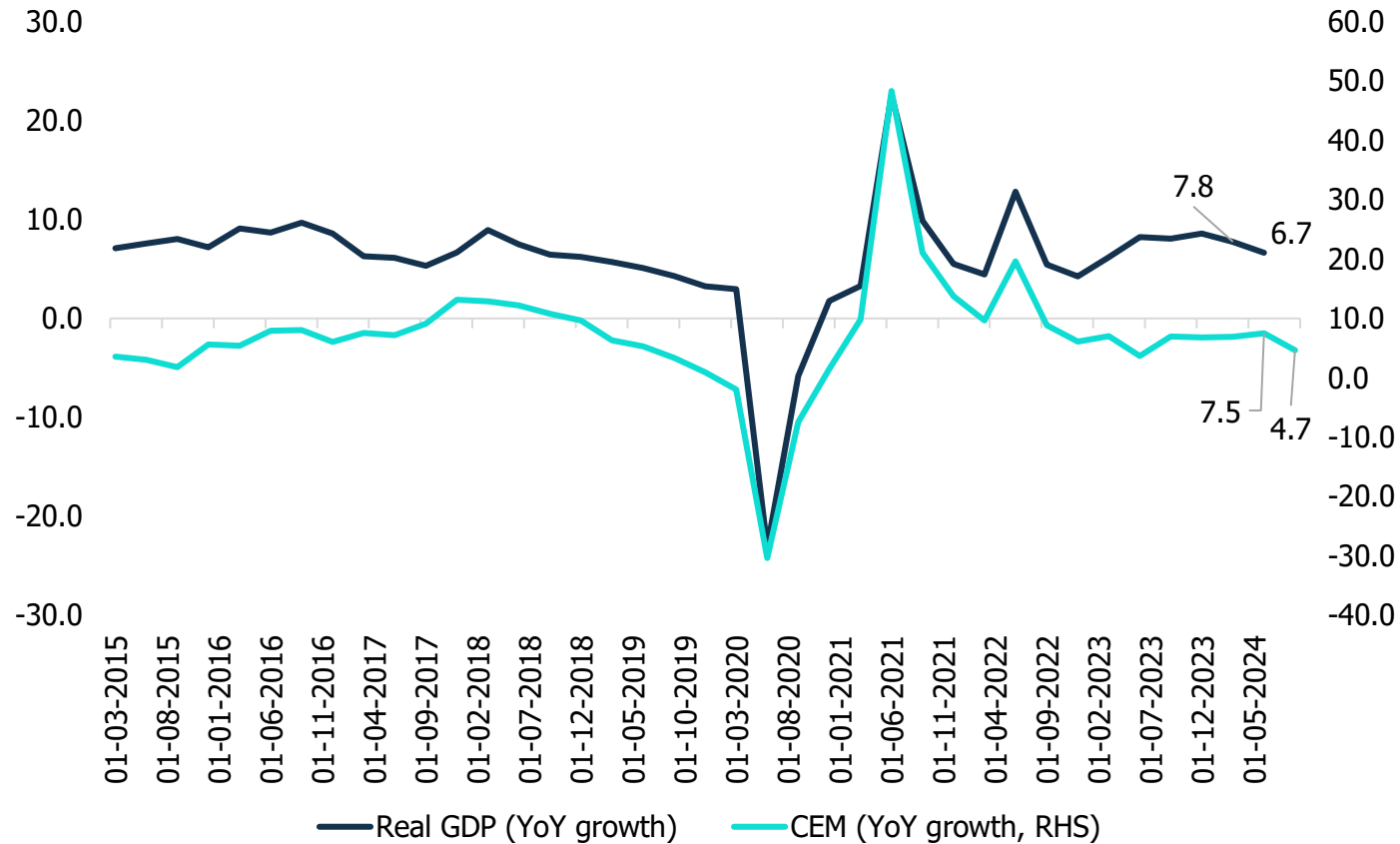


CareEdge Economic Meter

November 2024

CareEdge Economic Meter (CEM) gives indication of economic deceleration in Q2



- CEM expanded by 4.7% YoY in Q2FY25 lower than 7.5% growth in Q1FY25 and 7% in Q2FY24.
- Out of 33 indicators used in CEM calculation, 40% indicators witnessed YoY degrowth in Q2FY25, in comparison to 21% indicators registering degrowth in Q1FY25.
- The CEM is further analyzed through machine learning method to analyze and project the expected YoY GDP growth.
- As per our model, Real GDP growth for Q2 FY25 is expected to be in the range of 6.6% to 6.8%.

Source: CareEdge

Note: CareEdge Economic Meter (CEM) is a factor-based index covering 33 high-frequency economic indicators as well as policy variables to track the state of the economy on a real-time basis.

Areas showing improvement

- Rural Consumption**
 - Kharif output is expected to grow by ~5.4% compared to last year's level.
 - Rural labor market remains tight with MNREGA job demand remaining in contraction since September 2023.
 - Two-wheeler sales remained healthy in Q2 at 12.6%.
- Government Expenditure**
 - Central expenditure expanded by 6.8% YoY in Q2FY25 after contracting by 7.7% in Q1FY25.

Areas showing deceleration

- Trade**
 - Service exports expanded by 12.2% in Q2FY25 in comparison to 9.8% growth in Q1FY25.
 - However, Non-oil goods exports moderated to 3.3% in Q2FY25 in comparison to 5.4% growth in Q1FY25.
- Transport**
 - Railway freight traffic contracted by 31.5% in Q2FY25 in comparison to 5% growth in Q1FY25.
 - On the other hand, airways passenger as well as cargo traffic remain healthy achieving growth of 7.8% and 16.1% respectively in Q2FY25 in comparison to 7.4% and 13.9% growth respectively in Q1FY25.

Areas showing improvement

- | | |
|--------------------------------|---|
| Urban consumption | <ul style="list-style-type: none">• Passenger vehicle sales contracted by 1.3% in Q2FY25 in comparison to 3.4% growth in Q1FY25. However, in October 24, it witnessed the YoY growth of growth improved to 1.1%.• Naukri Jobspeak index also contracted in August and September.• Moderation in retail credit growth is also denting urban consumption. |
| Forward looking surveys | <ul style="list-style-type: none">• PMI Manufacturing fell to 56.5 as of end of Q2FY25 down from 58.3 by the end of Q1FY25.• PMI Services fell to 57.7 as of end of Q2FY25 down from 60.5 by the end of Q1FY25. |

Areas showing deceleration

- | | |
|----------------------------|---|
| Mining and Minerals | <ul style="list-style-type: none">• Mineral production contracted by 28.4% in Q2FY25 in comparison to expansion of 12% in Q1FY25. |
| Manufacturing | <ul style="list-style-type: none">• Manufacturing IIP growth decelerated to 3.1% in Q2FY25 in comparison to relatively higher growth of 4.3% in Q1FY25. |
| Finance | <ul style="list-style-type: none">• SCB credit growth decelerated to 12.8% in Q2FY25 in comparison to 18.5% growth in Q1FY25. |

Heat Map of Major Indices

	Economic Heatmap	Unit	Oct-23	Nov-23	Dec-23	Jan-24	Feb-24	Mar-24	Apr-24	May-24	Jun-24	Jul-24	Aug-24	Sep-24
Urban Demand ↑	Passenger Vehicle Sales	YoY	33.9	21.0	21.7	31.9	27.0	26.0	1.3	4.0	3.1	-2.5	-1.8	-1.4
	Domestic Air Passenger Traffic	YoY	10.7	8.7	8.1	5.0	5.8	4.7	3.8	5.9	6.9	7.6	6.7	7.4
	E-way Bill	YoY	30.5	8.5	13.2	16.4	18.9	13.9	14.5	17.0	16.3	19.2	12.9	18.5
	Retail Credit Outstanding	YoY	29.6	30.0	28.4	28.6	28.1	27.5	26.7	28.7	25.6	13.9	13.9	13.4
	Credit Card Transactions	YoY	38.4	39.9	30.5	30.4	25.7	19.8	17.9	17.3	15.7	19.3	13.2	23.8
	CMIE Urban Unemployment Rate	%	8.5	9.3	10.1	9.0	8.5	8.1	8.7	8.7	9.0	8.6	8.7	9.2
	Naukri Jobspeak Index	YoY	1.2	-23.3	-15.6	-11.1	-7.5	-10.8	-2.7	-1.8	-7.6	11.8	-3.4	-3.8
	Electronics Import	YoY	26.7	11.2	21.7	30.7	25.0	6.1	12.3	7.9	16.2	12.5	13.9	4.9
	Non-Oil & Non-Gold Imports	YoY	6.0	-0.9	-0.2	-2.3	5.2	-3.6	1.8	0.8	7.1	7.8	4.6	6.7
	Consumer durables IIP	YoY	15.9	-4.8	5.2	11.6	12.6	9.5	10.5	12.6	8.8	8.3	5.3	6.5
	Consumer non durables IIP	YoY	9.3	-3.4	3.0	0.3	-3.2	5.2	-2.5	2.8	-1.0	-4.3	-4.5	2.0
	Two-Wheeler Sales	YoY	20.2	31.3	16.0	26.2	34.6	15.3	30.8	10.1	21.3	12.5	9.3	15.8
	Diesel Consumption	YoY	4.8	9.4	0.2	9.6	8.9	6.9	14.2	3.4	4.6	10.5	8.6	3.0
	Domestic Tractor sales	YoY	-4.3	6.4	-19.8	-15.3	-30.6	-23.1	-3.0	0.0	3.6	1.61	-5.8	3.7
	Rural Demand ↓	NREGA Jobs demanded (Persons)	YoY	17.6	-6.9	-7.3	-7.7	-0.2	-18.1	-5.0	-12.1	-22.5	-21.6	-17.1
CMIE Rural Unemployment Rate		%	9.9	8.7	8.0	6.5	7.9	7.1	7.8	6.5	8.9	7.2	8.4	7.0

Source: CareEdge

- We have constructed a factor-based index using dynamic factor model involving 33 high-frequency economic indicators as well as policy variables.
- The method reduces the dimensionality of the variables by identifying a few underlying common factors that explain the majority of the variation in the data.
- We incorporated both leading and lagging indicators. The underlying benefit of the method is to capture the shifts in economic conditions and provide directions that adapt to changing economic realities, by identifying both short-term fluctuations and long-term trends in the economy.

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