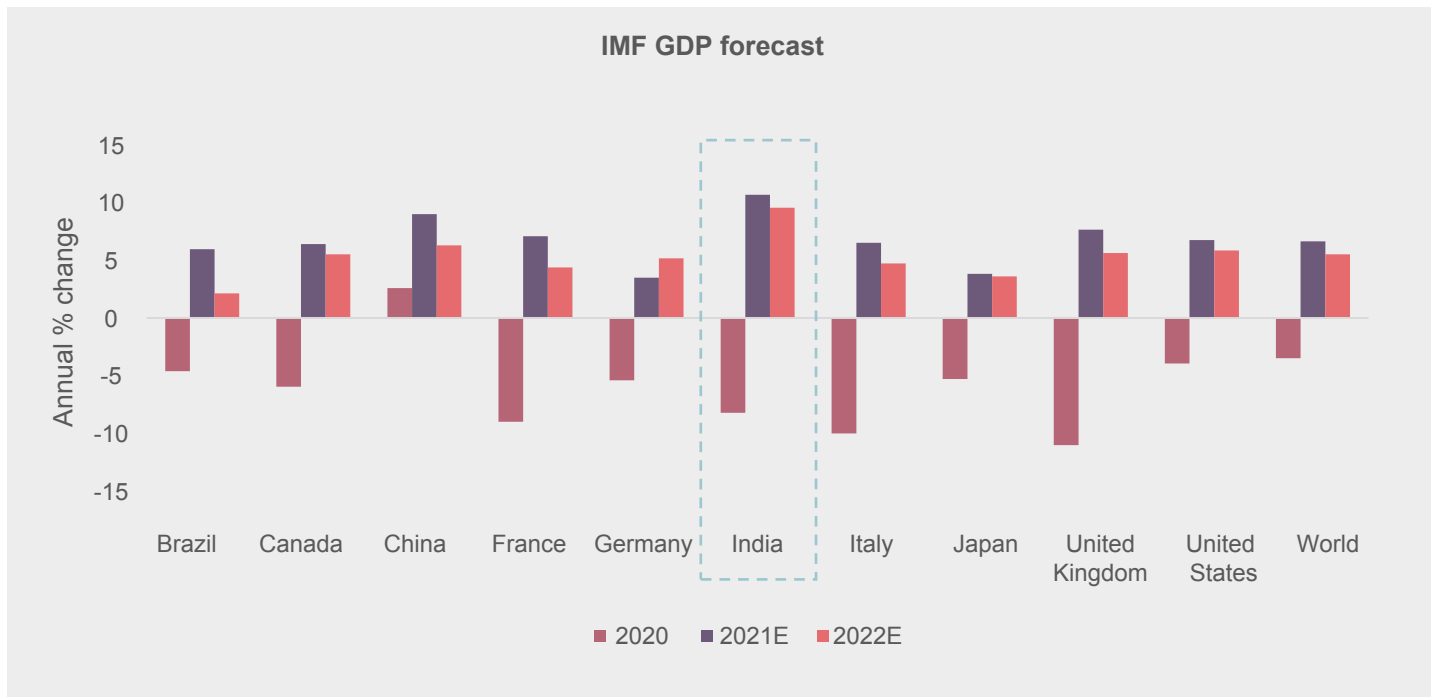


OCTOBER 2021

# EconoBeat

A comprehensive monthly dialogue on leading indicators

## IMF reiterates India's GDP forecast

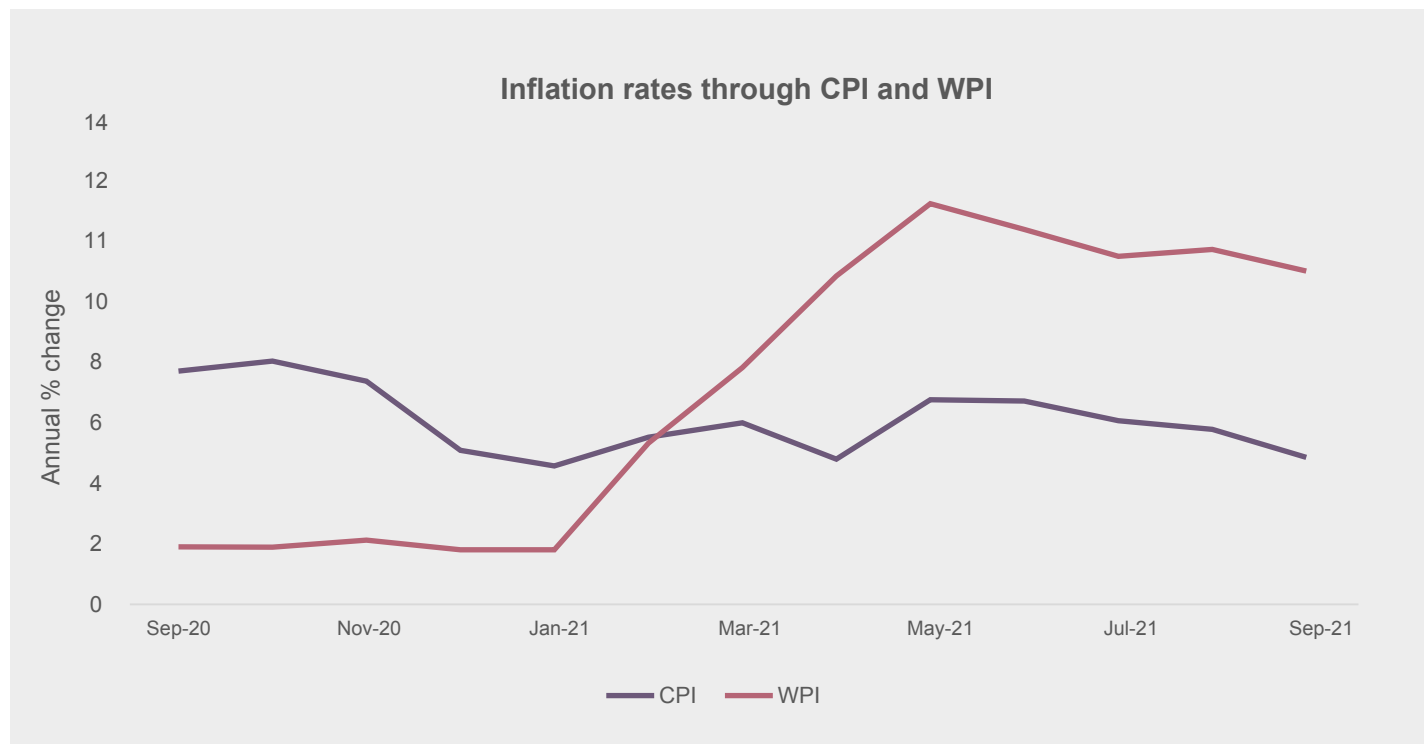


Source: World Economic Outlook (October 2021) – International Monetary Fund, Housing Research

- International Monetary Fund (IMF) has reiterated India's gross domestic product (GDP) forecast for FY 2022 to 9.5 percent.
- Apart from the IMF, several high-frequency indicators in India such as manufacturing and services PMI, IIP, and others signal towards economic recovery.
- The agency has however downgraded the global economic forecast slightly – from 6.0 in July 2021 to 5.9 in October 2021. The paring in outlook reflects the existence of supply chain disruptions and disparity in vaccination rates in developed, developing and least-developed countries.
- The agency suggests that the slow pace of recovery in unemployment is still impacting the rebound in global output, including India.



# CPI inflation at a five-month low; WPI falls but stays in double-digits

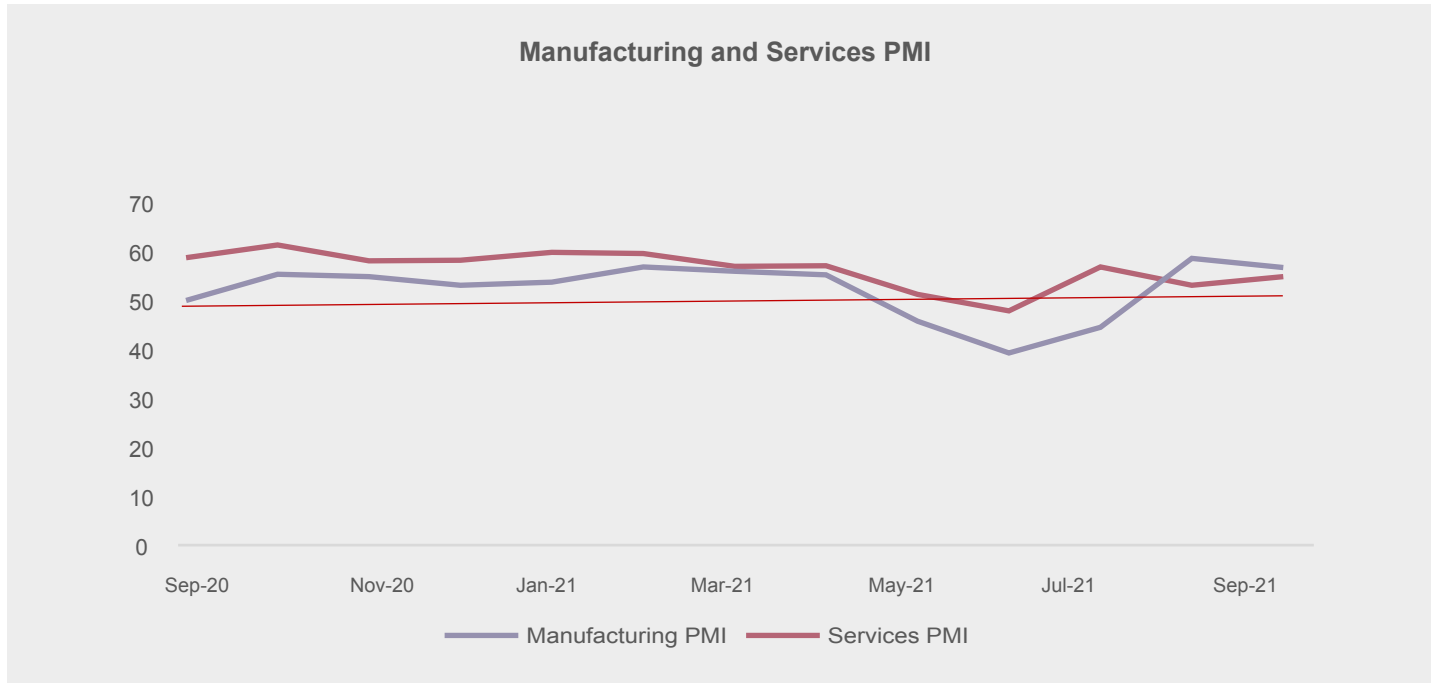


Source: Ministry of Statistics and Programme Implementation, Office of Economic Advisor, Housing Research

- CPI inflation has been easing continuously post the uptick in May 2021 and has reached 4.35 in September 2021. The retail inflation was 5.3 percent in August 2021.
- While the moderation in CPI comes on the back of falling food prices, the non-food inflation remains elevated.
- The retail inflation has stayed within the RBI's target band of 2-6 percent since July of this year.
- The inflation in urban areas was pegged at 4.57 - the lowest since September 2019.
- In rural areas, the CPI reached 4.13 in September of this year compared to 5.28 in the previous month.
- The WPI inflation eased to 10.66 in September 2021 after a slight uptick to 11.39 percent in August 2021. The wholesale price-based inflation has recorded double-digit growth for the sixth consecutive month.
- The easing of WPI is due to the contraction of food prices; however, the inflation in manufacturing items and crude oil remained high.



# Manufacturing PMI expands in September 2021, services activity remains in expansion zone

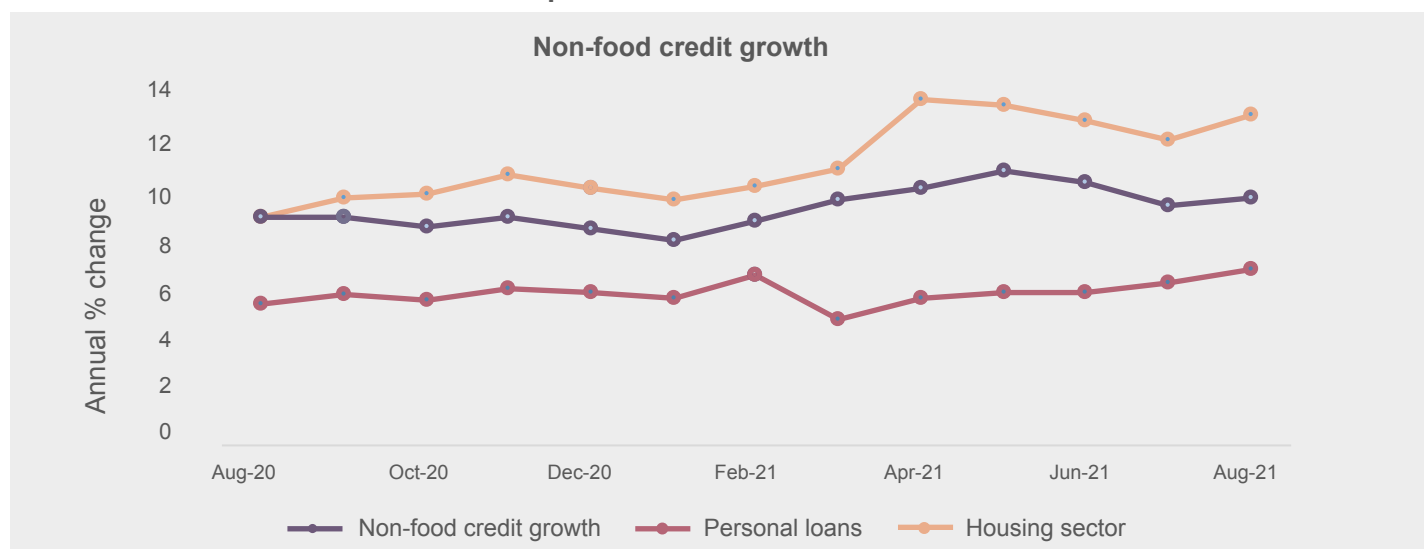


Source: IHS Markit, Housing Research

- The Manufacturing Purchasing Managers Index (PMI) expanded to 53.7 in September compared to 52.3 in August 2021.
- The expansion comes from scaling up production amidst the strong demand conditions post the second wave of the pandemic.
- India Services PMI eased marginally to 55.2 in September 2021 compared to 56.7 in the preceding month, albeit stayed in the expansion zone for two consecutive months.
- The services activity remained elevated amidst the accommodative market conditions and rise in consumer footfall, improving the scope of hiring more workforce.
- According to PMI parlance, a reading above 50 indicates expansion, while below 50 indicates contraction.



## Festive season pips non-food credit growth

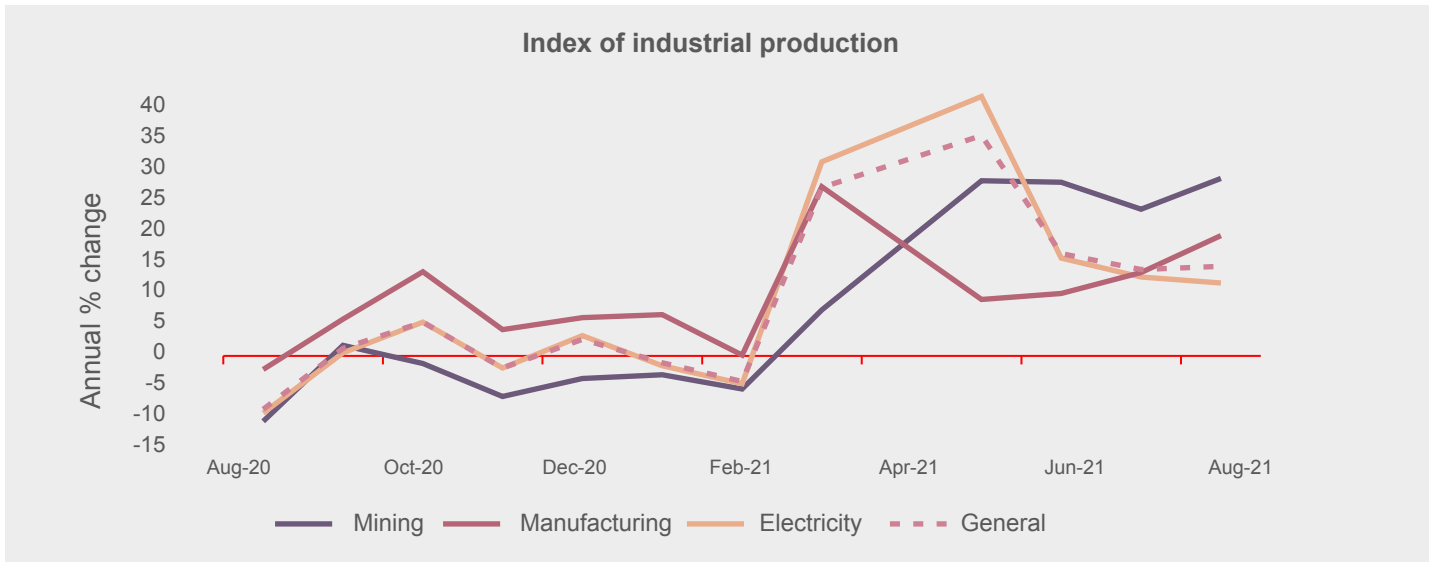


Source: Reserve Bank of India, Housing Research

- The non-food credit recorded a growth of 6.7 percent YoY in August 2021 and reached an 18-month high.
- The onset of the festive season, limited-period offers on retail loans and low-interest rates have contributed to the credit growth.
- Congruently, the personal loan growth accelerated to 12.5 percent in August 2021, compared to 8.5 percent in the same period the previous year, owing to the increase in home loans and loans against vehicles and gold jewellery.
- The credit in the housing sector (including the priority sector) grew at 9.5 percent YoY in August 2021 compared to 8.5 in the year-ago period.



## Eight core sector's output accelerates to 11.6 percent in August

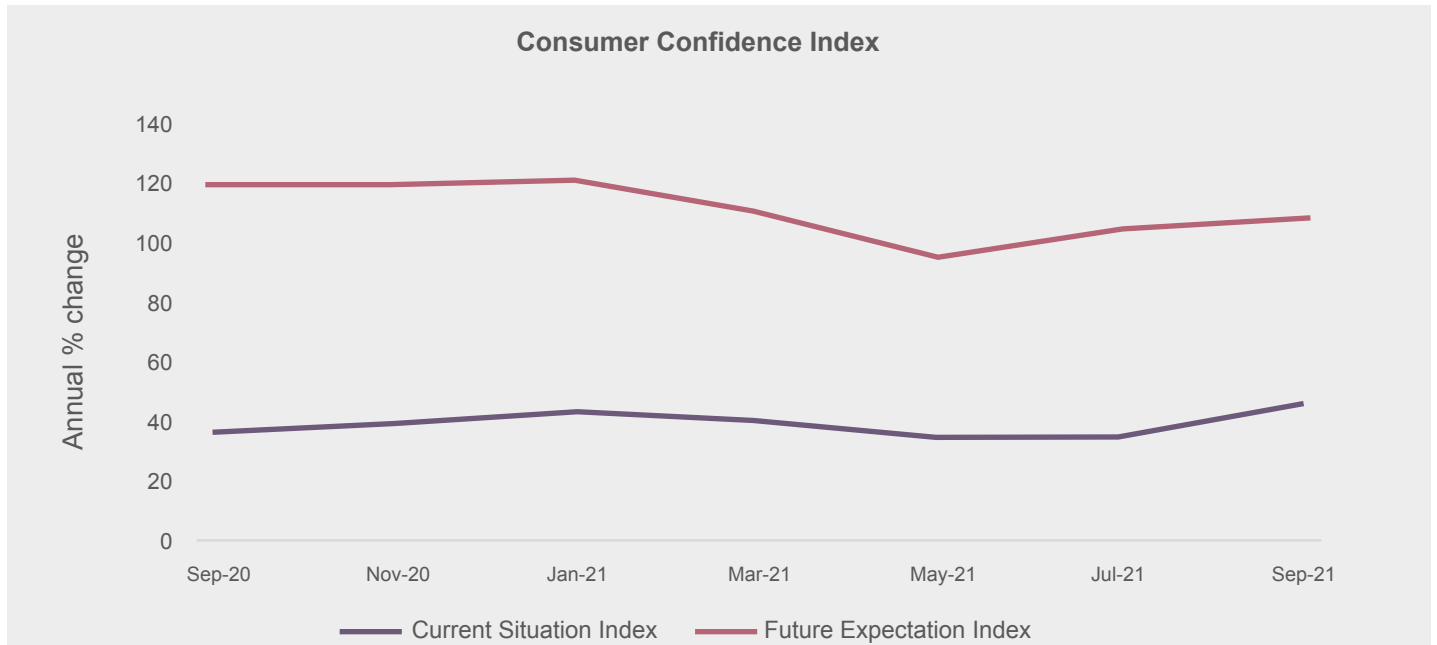


Note: Data for April 2021 is not available Source: Ministry of Statistics and Programme Implementation, Housing Research

- The output of eight core industries registered a growth of 11.6 percent YoY in August 2021. Industrial production has continued to record a double-digit growth since the last five months, although buoyed by the low base effect.
- While mining and power sector industries exhibited higher output, the manufacturing levels eased slightly.
- The general IIP reached 131.1 in August 2021, surpassing the August 2019 level of 126.2, signalling a robust rebound from the lull of the second wave.



## Consumer confidence improves as second wave ebbs



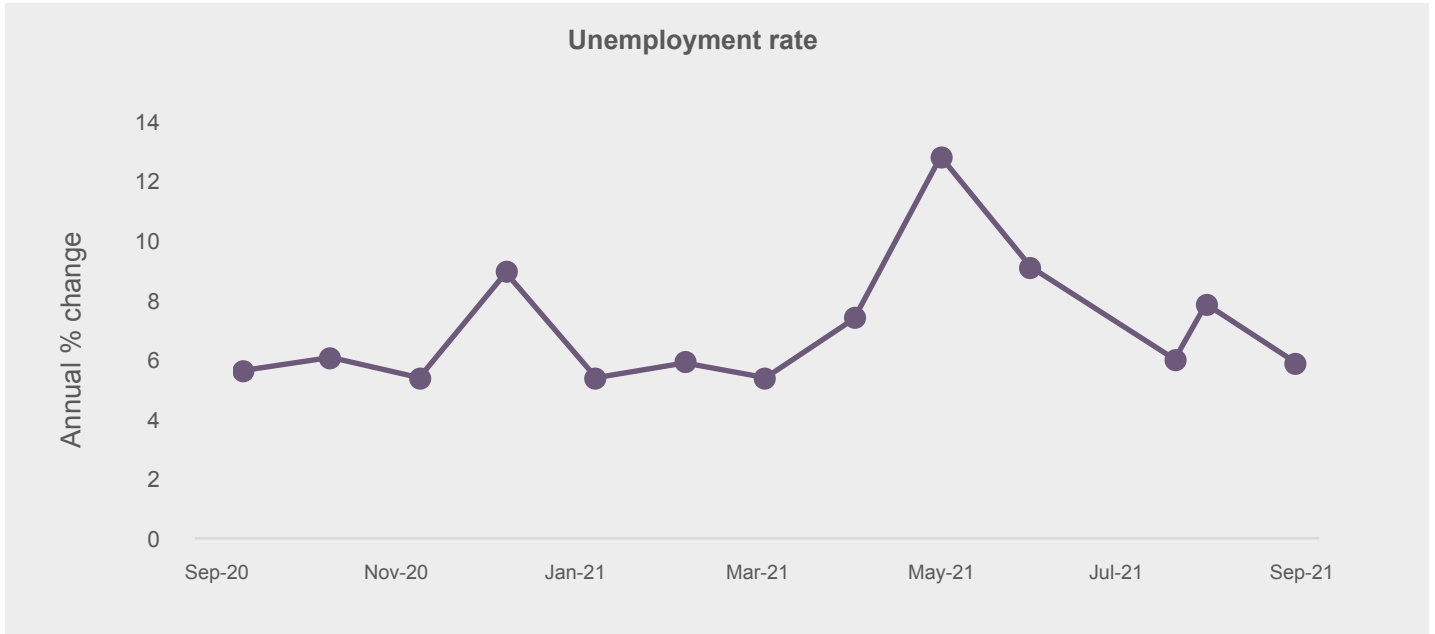
Source: Reserve Bank of India, Housing Research

- The RBI's Consumer Confidence Survey suggests that consumer sentiments have improved in September 2021 from the earlier ground.
- The current situation index was at 57.7 in September 2021 compared to 48.6 in July 2021, and the future expectation index improved to 107.0 from 104.0 during the same period.
- The current situation index reflects lower consumer pessimism on the economic, employment and income front. The opening up of activities, vaccination and festive season has bolstered the consumer sentiments amid the ongoing pandemic.
- The future sentiments are also in the positive zone as consumers are optimistic about the economy, income and overall spending. Having said that, however, the consumers are still wary of price levels for the coming year.





# Unemployment rate falls to 5-month low



Source: Centre for Monitoring Indian Economy, Housing Research

- India's unemployment rate (6.86 percent) fell to a five-month low in September 2021 after a spike in August 2021.
- The picking up of services and manufacturing activity has underpinned the employment scenario in urban areas.
- The unemployment in urban areas declined to 8.62 percent in September 2021 compared to 9.78 percent the previous month.
- The rural areas saw a decline to 6.86 percent in September of this year, the lowest post-March 2021.





# KEY UPDATE

## DOMESTIC

### RBI keeps repo rate unchanged for the eight consecutive time

- The central bank's Monetary Policy Committee in October 2021 has decided to maintain the repo rate at 4 percent for the eighth consecutive time.
- The bank has decided to maintain its accommodative stance as long as support is required to buoy the economy amidst the pandemic.
- Repo rate is the rate at which the Reserve Bank of India lends funds to commercial banks when needed.

Source: Reserve Bank of India (08/10/2021), Housing Research

### Cabinet clears PM Gati Shakti – National Master Plan for modal connectivity

- The union cabinet approved the PM Gati Shakti – National Master Plan (NMP), which includes the institutional framework for rolling out, implementation, monitoring and support mechanism for providing multi-modal connectivity.
- The NMP is to bring a holistic and integrated planning framework for infrastructure development pertaining to the multi-modal and last-mile connectivity.

Source: Cabinet Committee on Economic Affairs (21/10/2021), Housing Research

### India achieves the milestone administrating of 1 billion vaccine doses

- The COVID-19 vaccine coverage in India has surpassed the 100 crore (1 billion) mark in October 2021. The milestone includes citizens who have at least received one dose of the vaccine.
- India's recovery rate for the coronavirus pandemic currently stands at 98.16 percent, the highest since March 2020.

Source: Ministry of Health and Family Welfare (22/10/2021), Housing Research

### AMRUT 2.0 and Swacch Bharat Mission (Urban) 2.0 approved until 2025-26

- Union cabinet launched flagship schemes of Swachh Bharat Mission - Urban (SBM-U) 2.0 and the Atal Mission for Rejuvenation and Urban Transformation (AMRUT) 2.0 mission aimed at making Indian cities 'garbage free' and 'water secure'.
- The financial outlay for SBM-U is INR 1.41 lakh crores, which is 2.5 times higher than the last phase of the mission.

Source: Ministry of Housing and Urban Affairs (12/10/2021), Housing Research

### PM Minister Narendra Modi inaugurates Kushinagar International Airport

- PM Minister Narendra Modi inaugurated the Kushinagar International Airport on 20th October in Uttar Pradesh.
- The airport's opening is to provide impetus to the tourism in the region, and providing direct connectivity to the tourists arriving from countries such as Sri Lanka, South Korea, Japan, and Taiwan, amongst others.

Source: Ministry of Civil Aviation (18/10/2021), Housing Research

### More than 4 crore unorganised workers registered at e-Shram Portal – India's first National Database on Unorganized Workers

- As per the latest data, 4.09 crore workers have registered on the e-Shram portal, a first of its kind database on unorganised workers in the country.
- The largest number of workers who registered were from the construction and agriculture sector, given the sheer volume of employment these sectors generate.
- All the registered workers, including migrants, can benefit from several the social security and employment-based schemes through the portal.

Source: Ministry of Labour & Employment (17/10/2021), Housing Research

# INTERNATIONAL

## IMF downgrades Asia outlook slightly

- The International Monetary Fund has slightly downgraded the forecast for the Asia region to 6.5 percent in October compared to 7.6 percent in April this year.
- The trimming in estimated growth comes on the back of the resurgence of new peaks in the pandemic cycle driven by the contagious Delta variant.
- Despite the downgrading, the agency's latest report suggests that Asia would remain the fastest-growing region globally.

Source: International Monetary Fund (22/10/2021), Housing Research

## ADB, partners set-up platform to boost investments in sustainable infrastructure

- The Asian Development Bank has signed a memorandum of understanding with HSBC, Temasek, and Clifford Capital Holdings to set up a financing platform for catalysing investments in sustainable infrastructure across Asia, with the focus on Southeast Asia.
- The initial emphasis will be on clean transport, renewable energy, and, water and waste management. The initiative aims to bridge the financing gap by helping countries develop bankable sustainable infrastructure projects of global standards.

Source: Source: Asian Development Bank (30/09/2021), Housing Research

## Arrival of 4.73 million vaccine doses boost Philippines drive against COVID-19 – World Bank

- The World Bank has said that to date, 4.73 million vaccine doses of the 13 million have been procured by the country under the Philippines US\$500 million COVID-19 Emergency Response Project Additional Financing.
- The additional financing was designed to procure vaccines, strengthen the country's health systems, and cushion the impact of the pandemic.

Source: World Bank (19/10/2021), Housing Research

## Infrastructure is responsible for 79 per cent of all greenhouse gas emissions – United Nations

- A new report based on the 2021 United Nations Climate Change Conference (COP26) highlights the influence of infrastructure on climate, suggesting that infrastructure is responsible for 79 percent of all greenhouse gas emissions.
- The report calls on the governments to treat infrastructure as a priority sector for tackling climate change.

Source: The World Bank (15/07/2021), Housing Research



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