

Key Data Releases

Cargo Traffic at Airports

- Total air cargo traffic in September 2022 remained almost at the same level as it was in the corresponding year-ago month. About 273.3 thousand tonnes of cargo was carried by the airline operators during the month. Domestic cargo traffic went up by 6.8 per cent to 111.9 thousand tonnes. International cargo traffic went down by 4.9 per cent to 161.4 thousand tonnes.
- Cargo traffic by air rose by 5.4 per cent y-o-y to 1.6 million tonnes during April-September 2022. Domestic air cargo traffic went up by 19.9 per cent to 666.6 thousand tonnes. International air cargo traffic was lower by 2.8 per cent y-o-y to 954 thousand tonnes during the first six months of the current financial year.

Steel Production

- Finished steel production increased by 3.4 per cent to 9.7 million tonnes in September 2022 as compared to the production recorded in the corresponding year-ago month. During April-September 2022, 58 million tonnes of finished steel was produced, 7.6 per cent more than during April-September 2021.

Foreign Exchange Reserves

- India's foreign exchange reserves decreased by approximately USD 3.8 billion to USD 524.5 billion during the week ended 21 October 2022.

Key Sectoral Insights

Infrastructure

Colliers: Industrial & warehousing demand grew 9 per cent year on year in the first nine months of calendar 2022 and total gross absorption stood at 17.5 million square ft (mn sq ft) across the top five cities in India, according to a Colliers study. However, in the third quarter, gross absorption was highest in the last eight quarters, at 6.7 million sq feet, led by third-party logistics operators. Demand remained resilient during the third quarter and stood at 6.7 million sq ft, the highest since the first quarter (Q1) of 2021.

Banking

CareEdge: Credit offtake accelerated at 17.9 per cent y-o-y, reaching a decadal high, reporting robust growth for the fortnight that ended October 07, 2022, according to CareEdge. It saw a massive 1,100 bps increase for the fortnight that ended October 07, 2022, due to a low base, retail credit, higher demand for working capital requirements amidst high inflation, and low funds raised in the capital market. This also increased by 1.8 per cent from the immediate fortnight ended September 23, 2022. In absolute terms, credit outstanding stood at ₹128.6 lakh crore as of October 07, 2022, rising by ₹19.6 lakh crore over the last 12 months. The growth has been on an upward movement with retail and wholesale contributing to the same. Driven by ECLGS, MSME growth too has remained strong. Corporate loans indicate a shift from the capital market to bank borrowings as hardening bond yields have prompted companies to optimize their borrowing costs.

Renewable Energy

McKinsey & Company: India can accelerate green investments to USD 12.1 trillion by 2050 and reap a host of benefits, according to a McKinsey report. With the ongoing rate, India's net Green House Gas (GHG) emissions will rise to 11.8 gigatons of carbon dioxide equivalent by 2070 from the 2.9 gigatons in 2019. However, India has the potential to create 287 gigatons of carbon space for the world if it accelerates its efforts to fight climate change as this amounts to almost half of the global carbon budget for an even chance at limiting warming to 1.5 degree celsius. India's decarbonisation will require an estimated USD 12.1 trillion (5.9 per cent of GDP) of green investments until 2050 for the 'accelerated' scenario. There are tailwinds which would be of help to a country like India, including reducing costs of renewables, electric vehicles and progressive policies. However, there are challenges as well, including renewable capacity addition of 10 GW increasing to 40-50 GW per year, and the reduction needed in battery and hydrogen costs.

Automotive

Crisil: The auto-components industry's revenue is expected to grow 19-21 per cent year-on-year (YoY) in the current fiscal year (FY23), driven by four tailwinds: strong demand from the original equipment manufacturer (OEM) segment, with sales of passenger vehicles (PVs) expected to surpass pre-Covid levels and resilience in tractor demand; sales of commercial vehicles (CVs) and two-wheelers recovering from the pandemic-driven slump over FY21 and FY22; improving exports triggered by the supply-chain derisking strategy of global OEMs; and demand from the aftermarket segment. Micro, small and medium enterprises (MSMEs) in the automotive components sector should see higher growth as well, but will lag average industry revenue growth owing to lack of vertical integration. Improving rural incomes and re-opening of schools and colleges are expected to drive two-wheeler sales, while improving transporter profitability, rising freight demand and healthy construction activities will drive CV growth.

| Upsides | Downsides |
|---|--|
| <ul style="list-style-type: none"> ▪ Consumers in cities continued high-value purchases this festive season, helping mobile phone and consumer electronic brands clock over 15% growth in overall sales even though smaller towns and rural India largely deferred such purchases due to inflation. Apparel and fashion companies, fine dining and quick-service restaurants had a good season after two years of the Covid lull with business exceeding pre-pandemic levels. Sales of fast-moving consumer goods (FMCG) in categories like packaged food and discretionary personal care products got a festive boost with sales growing by 8-11% over a similar period last year in the past two weeks due to in-home and out-of-home consumption and gifting. ▪ More than 8,000 petrol pumps, or one in every ten pumps across the country, now offer facilities to charge an EV or refuel a compressed natural gas (CNG) vehicle in a boost to customers who own or plan to buy the less polluting vehicles. India has about 84,600 fuel retail outlets, of which 8,900 offer alternative fuels such as CNG, auto LPG or EV charging facilities, according to the oil ministry data. EV charging facility is available at 4,100 pumps, CNG at 4,000 pumps and auto LPG at 700. ▪ Wheat sowing for rabi season 2022-23 has grown by 54 per cent till 28 October 2022. According to initial data by the Department of Agriculture & Farmers Welfare, around 54,000 hectares has been sown under wheat till 28 October 2022. Reportedly, traders and market sources expect wheat acreage to rise by 10-15 per cent by the end of the season owing to good prices and strong demand. ▪ Production of onions in the crop year 2021-22 is expected to reach a record of 31.2 million tonnes (mt) as against the second advance estimate by the Ministry of Agriculture & Farmers Welfare which stood at 31.7 million tonnes. Reportedly, onion output is expected to be higher this year on the back of a record 1.94 million hectare being brought under onion cultivation during the crop year ended June 2022. ▪ Credit card spending in stores jumped 14 per cent in September 2022 compared to August 2022. Online spending grew 0.7 per cent month on month, even as the number of credit cards shrank after banks continued to clean up their books of inactive cards, according to the data released by the RBI. The total value of spending in physical stores spiked to Rs.772.67 billion in September this year, up from Rs.674.14 billion in August. E-spending, which had spiked in August due to sales by major e-commerce companies, was almost flat at Rs.452.87 billion in September compared to Rs.449.43 billion in the previous month. | <ul style="list-style-type: none"> ▪ Textile and garment exports contracted 8.5% in the first half of FY23 from a year before, far underperforming a 17.8% rise in overall merchandise exports. According to the latest commerce ministry data, textile and apparel exports stood at \$18.3 billion in H1FY23, against \$20 billion a year before. The demand slowdown in the key markets, on top of a shortage of cotton, dragged down such exports, exporters said. Worse, the share of textile and apparel shipments in the country's goods exports has been steadily declining over the past decade and a half, and stood at just 7.8% until September this fiscal; the share was to the tune of 13.7% in FY16. ▪ Formal job creation in India slowed in August after remaining buoyant for the previous four months, as per enrolments with the Employees' Provident Fund Organisation, Employees' State Insurance Corporation and for the National Pension Scheme. Net new EPFO subscriber addition fell 7.1% to 1.69 million in August from 1.82 million in July, according to provisional payroll data from the National Statistical Office (NSO). It was 1.83 million in June, 1.68 million in May and 1.53 million in April. ▪ Kharif paddy arrivals have declined to an 18-year low during 1-20 October 2022 as crop has been affected by rain and lower yields in key paddy growing regions of Haryana and Punjab. Due to lower arrivals, paddy prices are currently ruling above the minimum support price (MSP) of Rs.2,040 per quintal this year. ▪ Smartphone shipments decreased by six per cent year-on-year (y-o-y) in the September 2022 quarter, dragged by a lacklustre low-end segment impacted by inflationary pressures. Xiaomi and Samsung maintained the top two positions, according to a report by Canalys. The market tracker warned that the current quarter will witness headwinds from a steady depreciation of the rupee, which hit a record low of Rs.83.03 against the United States (US) dollar on 20 October 2022. This will put operational pressures on companies, especially given the increasing costs of imported components. ▪ The slowdown in rural demand is continuing to hurt packaged consumer goods firms. For the companies, demand in the hinterland is lagging behind urban markets for the first time in five quarters. This is a setback for the companies because the rural demand has been impacted by liquidity pressures, inflation, and patchy monsoon. Rural markets began to slow down from September 2021 as a result of steep inflation of food, fuel, and other daily essentials as well as lower wages and weak sentiment. India's villages account for around 35 per cent of the overall fast-moving consumer goods (FMCG) industry sales. |

Government unveils new policy reforms for satellite communication services
<https://government.economicstimes.indiatimes.com/news/technology/centre-unveils-new-policy-reforms-for-satellite-communication-services-to-enable-speedy-5g-rollout/95113985>

Centre lays down 75-point climate-friendly agenda under Mission LiFE
https://www.business-standard.com/article/current-affairs/mission-life-centre-lays-down-75-point-agenda-under-seven-categories-122102600703_1.html

Reports

World Energy Outlook 2022, International Energy Agency, October 2022

The report provides analysis and insights on the implications of the Russia-Ukraine war on energy systems across the globe. According to the report, India is likely to see the world's biggest rise in energy demand this decade, with demand climbing 3 per cent annually due to urbanisation and industrialisation. While the push for renewable energy will see it meeting as much as 60 per cent of the growth in demand for power, coal will continue to meet a third of overall energy demand by 2030 and another quarter will be met by oil. India becomes the world's most populous country by 2025 and, combined with the twin forces of urbanisation and industrialisation, this underpins rapid growth in energy demand, which rises by more than 3 per cent per year in the Stated Policies Scenario (STEPS) from 2021 to 2030.

<https://www.iea.org/reports/world-energy-outlook-2022>

Regional Economic Outlook: Asia and the Pacific, October 2022: Sailing into Headwinds

After the strong rebound of 6.5 percent posted in 2021, growth in Asia and Pacific is expected to moderate to 4.0 percent in 2022 amid an uncertain global environment and rise to 4.3 percent in 2023. Inflation has risen above most central bank targets, but is expected to peak in late 2022. As the effects of the pandemic wane, the region faces new headwinds from global financial tightening and an expected slowdown of external demand.

<https://www.imf.org/en/Publications/REO/Issues/2022/10/25/Regional-Economic-Outlook-Asia-and-the-Pacific-October-2022-Sailing-into-Headwinds-523409>

Forthcoming Data Releases

Index of Eight Core Industries, Ministry of Commerce & Industry, October 31, 2022

CPI (IW), Labour Bureau, October 31, 2022

Central Government Finance, CGA, October 31, 2022

Forex Reserves, Reserve Bank of India, November 4, 2022

PMI- Manufacturing, S&P Global, November 1, 2022*

PMI- Services, S&P Global, November 3, 2022*

*Expected

Sources:

Various Press Articles, CMIE, MOSPI, RBI, SEBI, PIB

For previous editions / other data products and fact sheets please write to

Anshuman Khanna – anshuman.khanna@ficci.com / Sakshi Arora – sakshi.arora@ficci.com