

Economy Monitor

December 2011

Sluggish performance of most of the macro-economic indicators such as GDP, IIP, external trade and credit together with a depreciating exchange rate have turned the expectations of an economic slowdown in the ongoing financial year in the country into a reality. The worst performance of IIP since March 2009 and a record slide of INR against USD have been the biggest disappointments in December 2011.

As a result, the already bearish market undertone registered a negative sentiment. All the sectors reported a decrease in market capitalization in November 2011 over the previous month. What is more worrisome is the deterioration in corporate results indicated by moderating growth in sales and decline in profits in Q2 2011-12 as compared to the same period of the previous year.



ECONOMIC INDICATORS

Economic & Industrial Growth

Money Market & Inflation

Trade & Balance of Payments

Economic Growth			Interest Rates & Inflation			Current account					
	LATEST PERIOD	PREVIOUS PERIOD		LATEST PERIOD	PREVIOUS PERIOD		LATEST PERIOD	PREVIOUS PERIOD			
India GDP growth (%) ¹	↓	6.9	7.7	Repo rate (%) ⁶	↑	8.50	8.25	Export growth (% yoy) ¹⁰	↓	10.8	36.4
China GDP growth (%) ¹	↓	9.4	9.6	Base rate (%) ⁶	↑	10.75	10.45	Import growth (% yoy) ¹⁰	↑	21.7	17.2
US GDP growth (%) ²	↑	2.0	1.3	Yield on 10 yr govt securities (%) ⁷	↓	8.55	9.05	Oil import growth (% yoy) ¹⁰	↑	20.7	14.6
EU27 GDP growth (%) ²	↑	0.3	0.2	Inflation (%) ⁸	↔	9.7	9.7	Non-oil import growth (%) ¹⁰	↑	22.1	18.2
Japan GDP growth (%) ²	↑	1.4	-0.5	Food inflation (%) ⁸	↑	11.1	9.2	Trade deficit (US\$ Bn) ¹⁰	↑	-19.6	-9.7

Industrial Growth			Money Statistics			Capital account					
	LATEST PERIOD	PREVIOUS PERIOD		LATEST PERIOD	PREVIOUS PERIOD		LATEST PERIOD	PREVIOUS PERIOD			
IIP (% yoy) ³	↓	-5.1	2.0	Bank credit (%) ⁹	↓	17.1	18.4	ECB/FCCB flows (US\$ Bn) ¹⁰	↑	2.5	2.4
Electricity (% yoy) ³	↓	5.6	9.0	Food credit (%) ⁹	↑	35.7	33.5	FII flows (US\$ Bn) ¹⁰	↑	-0.5	-1.3
Passenger vehicles (% yoy) ⁴	↑	16.1	-24.6	Non-Food credit (%) ⁹	↓	17.4	18.0	FDI flows (US\$ Bn) ¹⁰	↓	1.2	1.8
Commercial vehicles (% yoy) ⁴	↑	37.0	25.4	Deposits (%) ⁹	↓	16.4	17.5	Forex reserves (US\$ Bn) ¹¹	↓	306.8	314.7
Cement production (% yoy) ⁵	↓	0.0	1.8	M3 supply (%) ⁹	↓	15.2	16.1	Exchange rate (RS/ US\$) ¹¹	↓	51.35	49.08
Steel production (% yoy) ⁵	↓	3.8	6.6								

1. GDPfc Y-o-Y Growth July-September 2011. 2. Q-o-Q Growth Rate Q3 2011-12. 3. October 2011, September 2011. 4. November 2011, October 2011. 5. October 2011, September 2011. 6. October 2011, September 2011. 7. As on 9th December 2011, 11th November 2011. 8. October 2011, September 2011. 9. As on 18th November 2011, 4th November 2011. 10. October 2011, September 2011. 11. As on 2nd December 2011, 4th November 2011.



INDUSTRY SNAPSHOT

		Market Cap (US\$ Billion)		Net Sales Growth (y-o-y)		Profit Growth (y-o-y)			
		Nov end 2011	Oct end 2011	Q2 2011-12	Q1 2011-12	Q2 2011-12	Q1 2011-12		
Auto & Auto Parts	↓	61.00	70.35	↓	16.19	20.54	↓	-6.64	15.88
Bank & FS ¹	↓	164.85	193.95	↓	35.28	35.63	↑	7.56	1.01
Capital Goods ²	↓	13.91	16.11	↑	21.75	20.97	↓	-0.34	12.77
Construction & Const. Material ³	↓	65.96	78.38	↓	16.90	20.35	↑	5.12	-3.43
Consumer Durables	↓	14.15	16.47	↓	19.14	24.95	↓	-15.15	22.03
Fertilizer & Chemicals	↓	22.52	25.69	↓	13.36	21.48	↓	3.23	41.01
FMCG	↓	84.51	92.41	↓	24.36	26.19	↓	20.55	25.43
Health Care & Pharma	↓	46.95	49.66	↔	14.41	14.32	↓	-78.41	11.58
IT & Telecom ⁴	↓	149.36	160.92	↓	17.57	18.73	↑	8.69	5.77
Media & Entertainment ⁵	↓	8.54	9.33	↓	8.45	10.55	↑	-11.79	-12.75
Metals & Minerals	↓	73.51	92.26	↓	19.10	26.49	↓	-10.91	18.84
Oil & Gas ⁶	↓	120.09	136.94	↓	33.66	38.12	↑	33.04	19.92
Power ⁷	↓	88.87	104.65	↑	19.43	12.12	↑	20.23	13.39
Textiles, Paper, Leather, Rubber & Wood	↓	10.86	12.53	↓	23.50	24.51	↓	-8.67	11.82
Overall⁸	↓	933.10	1068.98	↓	23.93	26.23	↓	-5.00	10.78

1. Includes Public & Pvt banks, Finance- Housing, Investment, NBFC, Stock Broking, Term Lending & Ratings. 2. Includes Engineering, Electrodes & Welding Equipment & components, Electronics Components, Abrasives, Bearings, Cables, Fasteners, Railway Wagons, Textile Machinery. 3. Includes Cement & Construction Material, Ceramics, Granite, Marble, Sanitary ware, glass, Construction real estate & Engineering, Refractories 4. Includes BPO/ITeS, IT- Education, Hardware, Networking, Software, Telecom Equipment & Service Providers 5. Includes Animation, Film Production, Distribution & Entertainment, Photographic Products, Printing & Publishing, TV Broadcasting & Software Production. 6. Includes Gas Transmission/ Marketing, Industrial Gases/ Fuels, Oil Exploration, Petrochemicals, Refineries & Lubricants 7. Includes Electric Equipment, Power Generation, Distribution, Transmission Towers & Equipment. 8. Also Includes Hotels & Retail, Packaging & Logistics. (Data for 1455 companies as on 9th December 2011)



ABOUT CII

The Confederation of Indian Industry (CII) works to create and sustain an environment conducive to the growth of industry in India, partnering industry and government alike through advisory and consultative processes.

CII is a non-government, not-for-profit, industry led and industry managed organisation, playing a proactive role in India's development process. Founded over 116 years ago, it is India's premier business association, with a direct membership of over 8100 organisations from the private as well as public sectors, including SMEs and MNCs, and an indirect membership of over 90,000 companies from around 400 national and regional sectoral associations.

CII catalyses change by working closely with government on policy issues, enhancing efficiency, competitiveness and expanding business opportunities for industry through a range of specialised services and global linkages. It also provides a platform for sectoral consensus building and networking. Major emphasis is laid on projecting a positive image of business, assisting industry to identify and execute corporate citizenship programmes. Partnerships with over 120 NGOs across the country carry forward our initiatives in integrated and inclusive development, which include health, education, livelihood, diversity management, skill development and water, to name a few.

CII has taken up the agenda of "Business for Livelihood" for the year 2011-12. This converges the fundamental themes of spreading growth to disadvantaged sections of society, building skills for meeting emerging economic compulsions, and fostering a climate of good governance. In line with this, CII is placing increased focus on Affirmative Action, Skills Development and Governance during the year.

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The Economic Research Group regularly tracks economic, political and business developments within India and abroad to comment on the emerging economic scenario for the Indian corporate sector. It tracks policy developments, offers comprehensive analysis of industries and comments on and analyzes the economic climate through its publications—CII Economy Update, CII Economy Watch, CII Business Outlook Survey, CII ASCON Survey and the Industry series.

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