

Economy Monitor

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Economic conditions have deteriorated sharply with GDP growth moderating across most nations. In India, Q4 GDP growth decelerated to 5.3% the lowest growth rate in the last nine years. Capital outflows resulted in further depreciation of the rupee and decline in India's foreign exchange reserves.

Headwinds in the Indian economy have also been affecting the performance of the corporate sector. In the quarter ended March 2012, results from a set of over 1000 companies show a moderation in sales growth but some improvement in profit growth. However, sectors such as capital goods, construction, metals, and textiles continue to see a decline in profits.



ECONOMIC INDICATORS

Economic & Industrial Growth

Economic Growth		LATEST PERIOD	PREVIOUS PERIOD
India GDP growth (%) ¹	↓	5.3	6.1
China GDP growth (%) ²	↓	8.1	9.2
US GDP growth (%) ³	↓	1.9	3.0
EU27 GDP growth (%) ³	↔	0.0	-0.3
Japan GDP growth (%) ³	↑	1.2	-0.6

Industrial Production		LATEST PERIOD	PREVIOUS PERIOD
IIP (% yoy) ⁴	↑	0.1	-3.5
Electricity (% yoy) ⁴	↑	4.6	2.7
Passenger vehicles (% yoy) ⁵	↑	12.7	7.9
Commercial vehicles (% yoy) ⁵	↑	2.4	-4.8
Cement production (% yoy) ⁴	↑	8.6	7.1
Steel production (% yoy) ⁴	↑	5.8	2.3

Money Market & Inflation

Interest Rates & Inflation		LATEST PERIOD	PREVIOUS PERIOD
Repo rate (%) ⁶	↔	8.0	8.0
Base rate (%) ⁶	↔	10.3	10.4
Yield on 10 yr govt securities (%) ⁶	↓	8.5	8.7
Inflation (%) ⁷	↑	7.6	7.2
Food inflation (%) ⁷	↑	10.7	10.5

Money Statistics		LATEST PERIOD	PREVIOUS PERIOD
Bank credit (% yoy) ⁸	↔	17.4	17.3
Food credit (% yoy) ⁸	↓	58.1	67.5
Non-Food credit (% yoy) ⁸	↔	16.9	16.5
Deposits (% yoy) ⁸	↔	13.8	13.9
M3 supply (% yoy) ⁸	↔	13.3	13.4

Trade & Balance of Payments

Current Account		LATEST PERIOD	PREVIOUS PERIOD
Export growth (% yoy) ⁹	↑	3.2	-5.7
Import growth (% yoy) ⁹	↓	3.8	24.3
Oil import growth (% yoy) ⁹	↓	7.0	32.5
Non-oil import growth (%) ⁹	↓	2.1	19.9
Trade balance (US\$ Bn) ⁹	↔	-13.5	-13.9

Capital Account		LATEST PERIOD	PREVIOUS PERIOD
ECB/FCCB flows (US\$ Bn) ⁹	↓	2.7	3.8
FII flows (US\$ Bn) ⁹	↓	-1.3	-0.6
FDI flows (US\$ Bn) ⁹	↑	2.8	1.6
Forex reserves (US\$ Bn) ¹⁰	↓	285.9	293.2
Exchange rate (RS/ US\$) ¹¹	↑	54.5	51.8

1. GDPfc Y-o-Y Growth January-March 2012, October-December 2011. 2. GDPfc Y-o-Y Growth January-March 2012, October-December 2011 3. Q-o-Q Growth Rate October-December 2011, July-September 2011 . 4. April 2012, March 2012. 5. May 2012, April 2012. 6. May 2012, April 2012. 7. May 2012, April 2012. 8. As on 18th May 2012, 4th May 2012. 9. April 2012, March 2012 10. As on 1st June 2012, 4th May 2012. 11. Average May 2012, April 2012.



INDUSTRY SNAPSHOT

		Market Cap (US\$ Billion)			Net Sales Growth (y-o-y)			Profit Growth (y-o-y)	
		May end 2012	Apr end 2012		Q4 2011-12	Q3 2011-12		Q4 2011-12	Q3 2011-12
Auto & Auto Parts	↓	61.8	75.2	↑	17.6	16.0	↑	12.8	-4.6
Bank & Financial Institutions ¹	↓	170.8	193.8	↓	31.1	33.4	↑	42.8	10.9
Capital Goods ²	↔	12.0	13.8	↓	9.7	16.6	↓	-8.2	-1.9
Construction & Const. Material ³	↓	57.6	64.7	↓	14.4	18.8	↓	-5.5	9.7
Consumer Durables	↔	13.0	14.6	↓	18.6	23.3	↑	0.4	-11.9
Fertilizer & Chemicals	↔	20.9	21.5	↑	37.3	23.6	↑	13.3	9.7
FMCG	↓	91.4	99.1	↔	19.3	20.0	↓	10.9	17.3
Health Care & Pharma	↓	45.0	48.9	↑	21.4	17.9	↑	39.7	-17.5
IT & Telecom ⁴	↓	136.9	145.5	↓	17.5	22.2	↓	7.9	12.6
Media & Entertainment ⁵	↔	6.5	7.3	↑	7.5	4.2	↑	5.9	-16.0
Metals & Minerals	↓	110.6	126.1	↔	10.3	11.6	↓	-13.4	-2.8
Oil & Gas ⁶	↓	121.1	134.3	↓	28.2	36.8	↑	98.7	31.2
Power ⁷	↓	74.2	85.2	↔	14.7	14.2	↑	9.2	4.3
Textiles, Paper, Leather, Rubber & Wood	↔	10.4	11.5	↔	10.1	11.5	↓	-26.6	-13.7
Overall⁸	↓	968.5	1082.1	↓	20.6	25.5	↑	26.7	10.0

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. (Results of 1191 listed companies as on 11th June 2012)



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 117 years ago, it is India's premier business association, with a direct membership of over 6600 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.

With 63 offices including 10 Centres of Excellence in India, and 7 overseas offices in Australia, China, France, Singapore, South Africa, UK, and USA, as well as institutional partnerships with 223 counterpart organisations in 90 countries, CII serves as a reference point for Indian industry and the international business community.



ABOUT CII Research

CII Research 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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