ASSOCHAM Economic Weekly

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THE ASSOCIATED CHAMBERS OF COMMERCE AND INDUSTRY OF INDIA

Contents

1. Macroeconomy

1.1 Wholesale Price in India, February 2015

The annual rate of inflation, based on monthly WPI, stood at -2.06% (provisional) for the month of February, 2015 (over February, 2014) as compared to -0.39% (provisional) for the previous month and 5.03% during the corresponding month of the previous year. Build up inflation rate in the financial year so far was -2.50% compared to a build up rate of 5.53% in the corresponding period of the previous year.

The index for 'Primary Articles' group declined by 1.9 percent to 241.9 (provisional) from 246.6 (provisional) for the previous month.

The index for `Food Articles` group declined by 0.8 percent to 250.5 (provisional) from 252.4 (provisional) for the previous month due to lower price of egg (8%), fruits & vegetables and tea (5% each), moong (3%), ragi (2%) and coffee, pork, beef & buffalo meat and barley (1% each). However, the price of mutton and fish-inland (5% each), arhar (4 %), poultry chicken and fish-marine (2% each) and gram, condiments & spices, masur, jowar and maize (1% each) moved up.

The index for `Non-Food Articles` group declined by 0.8 percent to 206.0 (provisional) from 207.6 (provisional) for the previous month due to lower price of guar seed (14%), castor seed (10%), raw cotton (5%), fodder (4%), gingelly seed (3%) and cotton seed, soyabean and copra (coconut) (2% each). However, the price of flowers (10%), niger seed, groundnut seed and raw silk (4% each), raw jute (3%), raw rubber and sunflower (2% each) and linseed (1%) moved up.

The index for `Minerals` group declined by 13.1 percent to 261.7 (provisional) from 301.1 (provisional) for the previous month due to lower price of zinc concentrate (30%), crude petroleum (28%), barytes and copper ore (6% each) and chromite (1%). However, the price of magnesite and iron ore (6% each), steatite (2%) and sillimanite and phosphorite (1 % each) moved up.

The index for this 'Fuel & Power' group declined by 4.4 percent to 181.3 (provisional) from 189.7 (provisional) for the previous month due to lower price of furnace oil (14%), aviation turbine fuel and bitumen (13% each), high speed diesel (6%), petrol (5%), kerosene (4%) and LPG (3%).

The index for 'Manufactured Products' group declined by 0.3 percent to 154.1 (provisional) from 154.5 (provisional) for the previous month.

Refer Table 1

Table 1
Wholesale Price Index and Rates of Inflation (Base Year: 2004-05=100)
Month of February, 2015

	Weight	WPI Feb, 2015	Latest month over month		Build up from March		Year on year	
			2013-14	2014-15	2013-14	2014-15	2013-14	2014-15
Primary Articles	20.11815	241.9	-0.13	-1.91	6.90	1.04	6.28	1.43
Food Articles	14.33709	250.5	-0.51	-0.75	8.59	6.78	7.94	7.74
Non-Food Articles	4.25756	206.0	0.79	-0.77	5.06	-5.37	5.46	-5.55
Minerals	1.52350	261.7	0.72	-13.09	-0.06	-24.25	-1.73	-25.57
Fuel & Power	14.91021	181.3	0.09	-4.43	10.96	-15.36	8.75	-14.72
Manufactured Products	64.97164	154.1	0.46	-0.26	3.30	-0.06	3.36	0.33
All Commodities	100.00000	175.8	0.28	-1.40	5.53	-2.50	5.03	-2.06

Source: Office of Economic Advisor, Ministry of Commerce, Govt. of India

1.2 Commodity-Wise Freight Revenue Earnings of Railways, April 2014-February 2015

The Indian Railways has generated Rs. 95136.34 crore of revenue earnings from commodity-wise freight traffic during April 2014-February 2015 as compared to Rs. 84379.49 crore during the corresponding period last year, registering an increase of 12.75 per cent. Railways carried 966.00 million tonnes of commodity-wise freight traffic during April 2014-February 2015 as compared to 953.05 million tonnes carried during the corresponding period last year, registering an increase of 4.51 per cent.

During the month of February 2015, Railways generated Rs. 9127.09 crore as compared to Rs. 7878.48 crore during the same period last year, registering an increase of 15.85 per cent. Out of which, Rs. 4348.47 crore came from transportation of 45.53 million tonnes of coal, followed by Rs. 795.28 crore from 8.89 million tonnes of cement, Rs. 573.64 crore from 8.72 million tonnes of iron ore for exports, steel plants and for other domestic user, Rs. 722.86 crore from 4.67 million tonnes of food grains, Rs. 452.79 crore from 3.25 million tonnes of petroleum oil and lubricant (POL), Rs. 547.80 crore from 3.17 million tonnes of Pig iron and finished steel from steel plants and other points, Rs. 489.43 crore from 3.95 million tonnes of fertilizers, Rs. 169.14 crore from 1.56 million tonnes of raw material for steel plants except iron ore, Rs. 416.57 crore from 3.69 million tonnes by container service and Rs. 611.11 crore from 6.21 million tonnes of other goods.

2. Corporate Sector

2.1 Production/Requirement of Iron Ore

Details of the production and reported domestic consumption of iron ore during the year 2011-12 to 2014-15 (upto October, 2014) is given in Table 2

Table 2
Details of quantum of the production and reported consumption of iron ore in the country

(In Million tonnes)

Iron ore	2011-12	2012-13	2013-14(P)	2014-15 (P) (upto December,2014)
Production	168.58	136.62	152.43	91
Reported Consumption	100.57	103.40	110.50 (E)	NA

Source: PIB

The mining sector has been liberalized since the year 1993. The demand and supply of minerals including iron ore is driven by the market.

The Working Group for 12th Five Year Plan, Planning Commission of India has estimated that the apparent consumption of iron ore may be at 218 million tonnes by 2016-17 at 8% growth rate.

Country-wise details of quantum of iron ore exported during the year 2011-12 to 2014-15 (April-December, 2014) is given in Table 3

Table 3
Country-wise details of export of iron ore

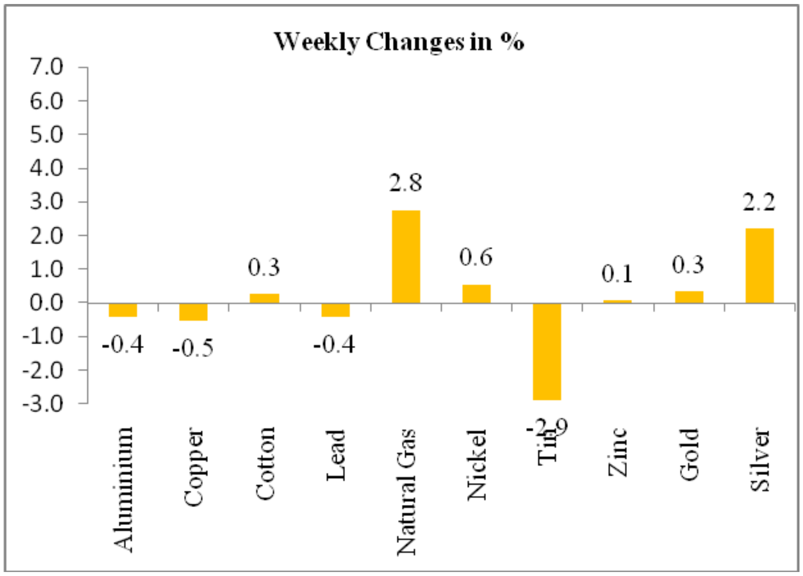
(Quantity in Million tonnes)

Country	2011-12	2012-13 (R)	2013-14 (P)	2014-15 (P) (upto October, 2014)
China	43.79	16.08	13.47	2.91
Japan	1.94	1.54	1.96	1.04
Korea Republic	0.84	0.13	0.41	0.29
United Arab Emirates	0.02	0.02	0.05	++
Other Countries	0.55	0.34	0.41	0.14
Total	**47.14**	**18.11**	**16.30**	**4.38**

Source: PIB
P: Provisional
R: Revised
++: Negligible

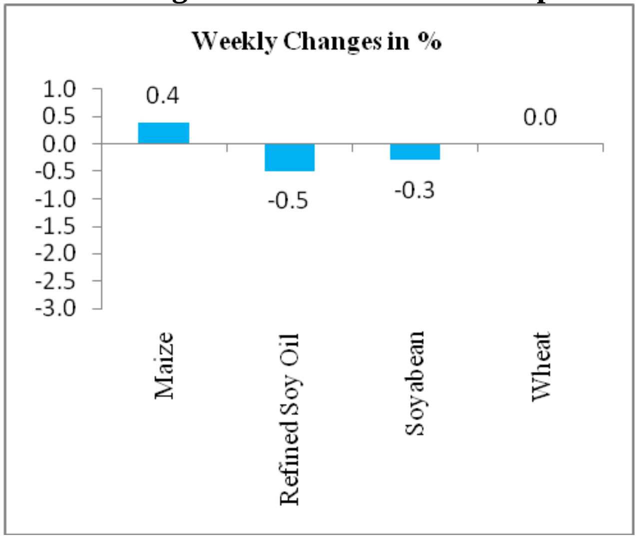
2.2 Basic Metals and Agriculture Commodities in Spot Market

Performance of Metals Market Spot Prices



Source: MCX, ASSOCHAM Economic Research Bureau
Note: For details please refer appendix

Performance Agri Commodities Market Spot Prices



Source: MCX, ASSOCHAM Economic Research Bureau
Note: For details please refer appendix

3. Market Trends

BSE: The BSE Sensex decreased by 1.0 per cent and closed at 28,261.08

NSE: Nifty decreased by 1.0 per cent during the week and closed at 8570.9

Dollar: The value of Rupee appreciated by Rs. 0.33 against the US dollar during the week and closed at Rs 62.49 per dollar.

Euro: The value of Rupee depreciated by Rs. 0.63 against the Euro and closed at Rs. 66.80 per euro.

Forex Reserves: India's Foreign Exchange reserves decreased by USD 2.06 billion to USD 335.73 billion during the week-ended March 13, 2015.

4. Global Developments

4.1 EU28 current account surplus €15.8 bn

As per the estimates from Eurostat, the EU28 seasonally adjusted external current account recorded a surplus of €15.8 billion in January 2015, compared with a surplus of €13.1 bn in December 2014 and a surplus of €6.4 bn in January 2014.

In January 2015, compared with December 2014, based on seasonally adjusted data, the surplus of the goods account grew (+€8.4 bn compared with +€4.7 bn), as did the surplus of the primary income account (+€2.3 bn compared with +€1.5 bn).The surplus of the services account remained nearly stable (+€12.5 bn compared with +€12.3 bn), while the deficit of the secondary income account increased (-€7.4 bn compared with -€5.3 bn).

Refer Tables 4 & 5

Table 4
Balance of payments euro-indicators for the EU28 - monthly data, seasonally adjusted

(bn €)

	Jan 14	**Feb 14**	**Mar 14**	**Apr 14**	**May 14**	**Jun 14**	**Jul 14**	**Aug 14**	**Sep 14**	**Oct 1**	**Nov 14**	**Dec 14**	**Jan 15**
EU current account balance	6.4	6.0	3.0	0.1	0.8	-3.7	-0.5	1.1	8.0	13.2	15.4	13.1	**15.8**
Balance of trade in goods	-3.4	-1.9	-3.9	-5.4	-3.7	-5.6	-5.2	-4.6	1.1	4.3	5.9	4.7	**8.4**
Balance of trade in services	15.9	15.0	14.4	11.7	12.4	12.6	11.3	11.8	12.4	13.6	13.7	12.3	**12.5**
Balance of prima-	0.1	-1.0	-1.4	-0.2	-2.1	-0.4	-0.4	-0.1	0.2	0.8	1.2	1.5	**2.3**

ry income													
Balance of sec-ondary income	-6.2	-6.2	-6.1	-6.0	-5.9	-10.2	-6.2	-6.0	-5.7	-5.5	-5.4	-5.3	**-7.4**

Source: Eurostat

Table 5
Balance of payments euro-indicators for the Euro Area (EA19) - monthly data, seasonally adjusted

(bn €)

	Jan 14	**Feb 14**	**Mar 14**	**Apr 14**	**May 14**	**Jun 14**	**Jul 14**	**Aug 14**	**Sep 14**	**Oct 14**	**Nov 14**	**Dec 14**	**Jan 15**
EA19 current account balance	18.1	19.1	15.2	16.9	18.6	16.6	17.1	16.2	31.4	23.2	20.9	22.5	**29.4**
Balance of trade in goods	16.1	18.8	14.5	18.5	19.9	19.3	18.4	17.6	28.6	23.0	21.7	25.7	**25.2**
Balance of trade in services	9.0	7.7	8.1	5.9	6.4	6.9	6.3	5.9	6.3	6.6	6.7	4.2	**4.4**
Balance of prima-ry income	4.1	4.7	5.0	5.3	4.2	4.2	3.9	3.1	6.3	4.2	5.0	4.8	**11.5**
Balance of secondary income	-11.0	-12.0	-12.4	-12.7	-11.9	-13.8	-11.4	-10.3	-9.7	-10.6	-12.5	-12.3	**-11.6**

Source: Eurostat

4.2 U.S. International Transactions: Fourth Quarter and Year 2014

The U.S. current-account deficit a net measure of transactions between the United States and the rest of the world in goods, services, primary income (investment income and compensation), and secondary income (current transfers) increased to $113.5 billion (preliminary) in the fourth quarter of 2014 from $98.9 billion (revised) in the third quarter. The deficit increased to 2.6 percent of current-dollar gross domestic product (GDP) from 2.2 percent in the third quarter. The increase in the current-account deficit was primarily accounted for by a decrease in the surplus on primary income. In addition, the deficits on goods and secondary income increased. These changes were partly offset by an increase in the surplus on services.

The deficit on goods and services increased to $127.0 billion in the fourth quarter from $123.9 billion in the third quarter.

The deficit on goods increased to $185.2 billion in the fourth quarter from $181.1 billion in the third quarter. The surplus on services increased to $58.2 billion in the fourth quarter from $57.2 billion in the third quarter.

The surplus on primary income decreased to $50.6 billion in the fourth quarter from $59.8 billion in the third quarter. The deficit on secondary income increased to $37.0 billion in the fourth quarter from $34.8 billion in the third quarter.

The U.S. current-account deficit increased to $410.6 billion (preliminary) in 2014 from $400.3 billion in 2013. The deficit was 2.4 percent of current-dollar GDP in both 2014 and 2013.

5. Data Appendix

Table 6
Latest Available Financial Information

Item	March 06, 2015	March 13, 2015	Percentage Change
Deposits of Scheduled Commercial Banks with RBI (Rs. Billion)	3665.93	3602.66	-1.7
Foreign Currency Assets of RBI (Rs. Billion)	19623.28	19634.58	0.1
Advances of RBI to the Central Government (Rs. Billion)	-----	-----	-----
Advances of RBI to the Scheduled Commercial Banks (Rs. Billion)	752.11	1142.59	51.9

Source: RBI, Govt. of India

Table 7
BSE Sensex and NSE Nifty Index

Index	March 16, 2015	March 20, 2015	Percentage Change
BSE SENSEX	28,546.31	28,261.08	-1.0
S & P CNX NIFTY	8656.75	8570.9	-1.0

Source: BSE India and NSE India

Table 8
Metals Market Spot Prices Index (Rs.)

Products	Unit	March 2015					Weekly Changes in %
		16th	17th	18th	19th	20th	
Aluminium	1 KGS	110.6	110.95	111	111.25	110.15	-0.4
Copper	1 KGS	368	369.45	363.9	355.15	366.05	-0.5
Cotton	1 BALES	14910	14970	14980	14990	14950	0.3
Lead	1 KGS	110.35	108.05	107.45	105.85	109.9	-0.4
Natural Gas	1 mmBtu	170.9	170.6	179	183	175.6	2.8
Nickel	1 KGS	867.1	849.9	850.6	850.6	871.9	0.6
Tin	1 KGS	1089.25	1088.25	1072.75	1048.75	1057.75	-2.9

Zinc	1 KGS	125.65	124.4	125.2	124.8	125.75	0.1
Gold	10 GRMS	25838	25646	25596	25810	25925	0.3
Silver	1 KGS	35361	35070	35053	35580	36136	2.2

Source: MCX

Table 9
Agri Commodities Market Spot Prices (Rs.)

Products	Unit	March 2015					Weekly Changes in %
		16th	17th	18th	19th	20th	
Maize	100 KGS	1270	1270	1275	1275	1275	0.4
Refined Soy Oil	10 KGS	633.15	630.35	621.95	626.5	630	-0.5
Soyabean	100 KGS	3402.5	3367.5	3362.5	3376.5	3392.5	-0.3
Wheat	100 KGS	1670	1665	1670	1665	1670	0.0

Source: MCX

ASSOCHAM Economic Research Bureau

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Email: research@assocham.com

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