



ASSOCHAM Economic Weekly
7th February, 2016



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1. Macroeconomy



1.1 Fifth Bi-monthly Monetary Policy Statement, 2015-16

- Keep the policy repo rate under the liquidity adjustment facility (LAF) unchanged at 6.75 per cent;
- Keep the cash reserve ratio (CRR) of scheduled banks unchanged at 4.0 per cent of net demand and time liability (NDTL);
- Continue to provide liquidity under overnight repos at 0.25 per cent of bank-wise NDTL at the LAF repo rate and liquidity under 14-day term repos as well as longer term repos of up to 0.75 per cent of NDTL of the banking system through auctions; and
- Continue with daily variable rate repos and reverse repos to smooth liquidity.

Consequently, the reverse repo rate under the LAF will remain unchanged at 5.75 per cent, and the marginal standing facility (MSF) rate and the Bank Rate at 7.75 per cent.

1.2 Quarterly BSR-1: Outstanding Credit of Scheduled Commercial Banks, June 2015

Highlights:

- Gross outstanding credit of scheduled commercial banks (excluding regional rural banks) as at end June 2015 amounted to Rs. 66,281 billion, registering a decline of 1.0 per cent during first three months of the financial year 2015-16.
- The number of borrowal accounts increased by 0.8 per cent to 123 million in June 2015 from 122 million in March 2015.
- Credit in metropolitan centres registered a decline of 1.8 per cent during the first three months of the financial year 2015-16. Rural, semi-urban and urban centres registered

growth in credit during this period of 1.0 per cent, 0.4 per cent and 0.2 per cent, respectively.

- The number of credit accounts in metropolitan and rural centres declined by 2.2 per cent and 0.9 per cent, respectively in June 2015 as compared to the previous quarter. On the other hand, in semi-urban and urban centres the number of accounts increased by 2.4 per cent and 5.8 per cent during the same period.
- The number of accounts with large credit limit (Rs. 250 million and above) declined by 4.6 per cent in June 2015 as compared to the previous quarter. The total amount outstanding in such accounts declined by 2.3 per cent during this quarter.
- The credit to 'agriculture' sector and 'industry' sector registered decline of 0.3 per cent and 1.7 per cent respectively in June 2015 as compared to March 2015. 'Personal loans' registered an increase of 1.7 per cent as compared to March 2015. The 'housing', 'consumer durables' and 'personal credit card' segments of 'personal loans' registered growth at 3.3 per cent, 3.4 per cent and 7.4 per cent, respectively during this period. Credit to 'financial sector' declined by 8.2 per cent in June 2015 as compared to March 2015.



2. Corporate Sector

2.1 Index of Eight Core Industries, December 2015

The combined Index of Eight Core Industries stands at 175.7 in December, 2015, which was 0.9% higher compared to the index of December, 2014. Its cumulative growth during April to December, 2015-16 was 1.9 %.

- Coal: Coal production increased by 6.1% in December, 2015 over December, 2014. Its cumulative index during April to December, 2015-16 increased by 4.6% over corresponding period of previous year.
- Crude Oil: Crude Oil production decreased by 4.1% in December, 2015 over December, 2014. Its cumulative index during April to December, 2015-16 decreased by 0.8% over the corresponding period of previous year.
- Natural Gas: The Natural Gas production declined by 6.1 % in December, 2015. Its cumulative index during April to December, 2015-16 declined by 2.7% over the corresponding period of previous year.
- Refinery Products (93% of Crude Throughput): Petroleum Refinery production increased by 2.1 % in December, 2015. Its cumulative index during April to December, 2015-16 increased by 2.4% over the corresponding period of previous year.
- Fertilizers: Fertilizer production increased by 13.1 % in December, 2015. Its cumulative index during April to December, 2015-16 increased by 10.1% over the corresponding period of previous year.
- Steel (Alloy + Non-Alloy): Steel production declined by 4.4% in December, 2015. Its cumulative index during April to December, 2015-16 declined by 1.9% over the corresponding period of previous year.

- Cement: Cement production increased by 3.2 % in December, 2015. Its cumulative index during April to December, 2015-16 increased by 2.2% over the corresponding period of previous year.
- Electricity: Electricity generation increased by 2.7% in December, 2015. Its cumulative index during April to December, 2015-16 increased by 4.0 % over the corresponding period of previous year.

Table 1
Performance of Eight Core Industries (Percent)

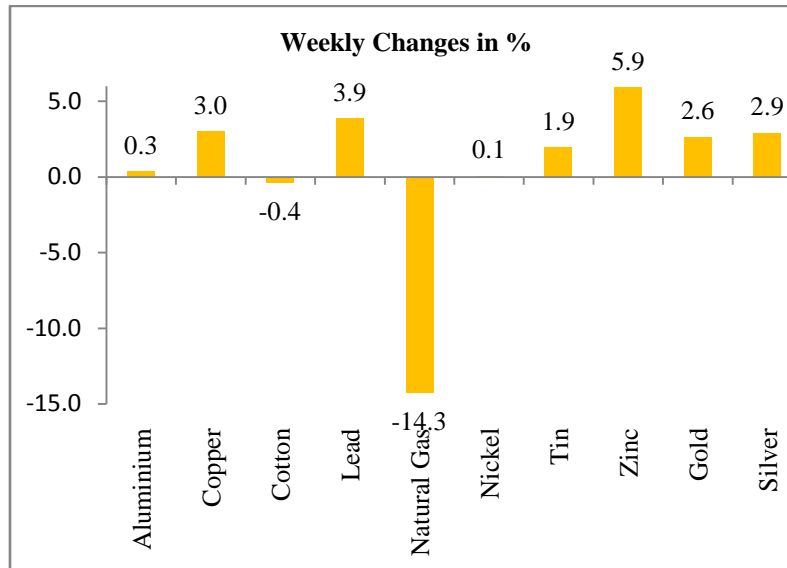
Base Year: 2004-05=100

Sector	Weight	2013-14	2014-15	Apr-Dec 2014-15	Apr-Dec 2015-16	Dec 2014	Dec 2015
Coal	4.379	1.3	8.5	9.5	4.6	7.5	6.1
Crude Oil	5.216	-0.2	-0.9	-0.9	-0.8	-1.4	-4.1
Natural Gas	1.708	-13.0	-5.0	-4.9	-2.7	-2.9	-6.1
Refinery Products	5.939	1.5	0.4	0.2	2.4	6.1	2.1
Fertilizers	1.254	1.5	-0.1	-1.4	10.1	-1.6	13.1
Steel	6.684	11.5	4.4	6.9	-1.9	0	-4.4
Cement	2.406	3.1	5.6	7.9	2.2	3.8	3.2
Electricity	10.316	6.0	8.3	10.0	4.0	4.8	2.7
Overall Index	37.903	4.2	4.4	5.7	1.9	3.2	0.9

Source: Office of Economic Advisor

2.2 Basic Metals and Agriculture Commodities in Spot Market

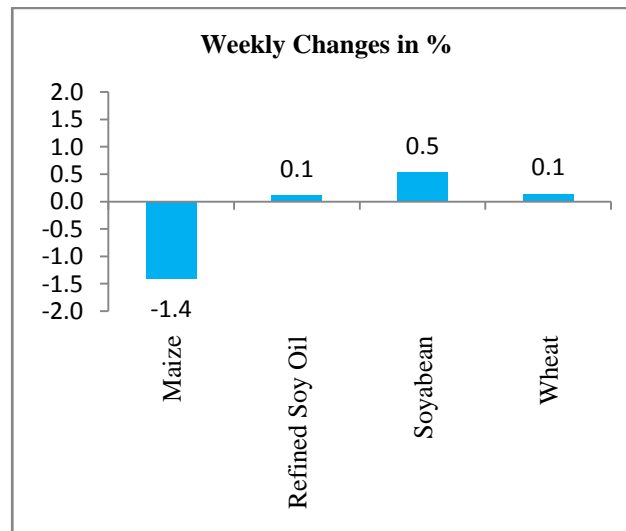
Performance of Metals Market Spot Prices



Source: MCX, ASSOCHAM Economic Research Bureau

Note: For details please refer appendix and weekly change calculated for four days

Performance Agri Commodities Market Spot Prices



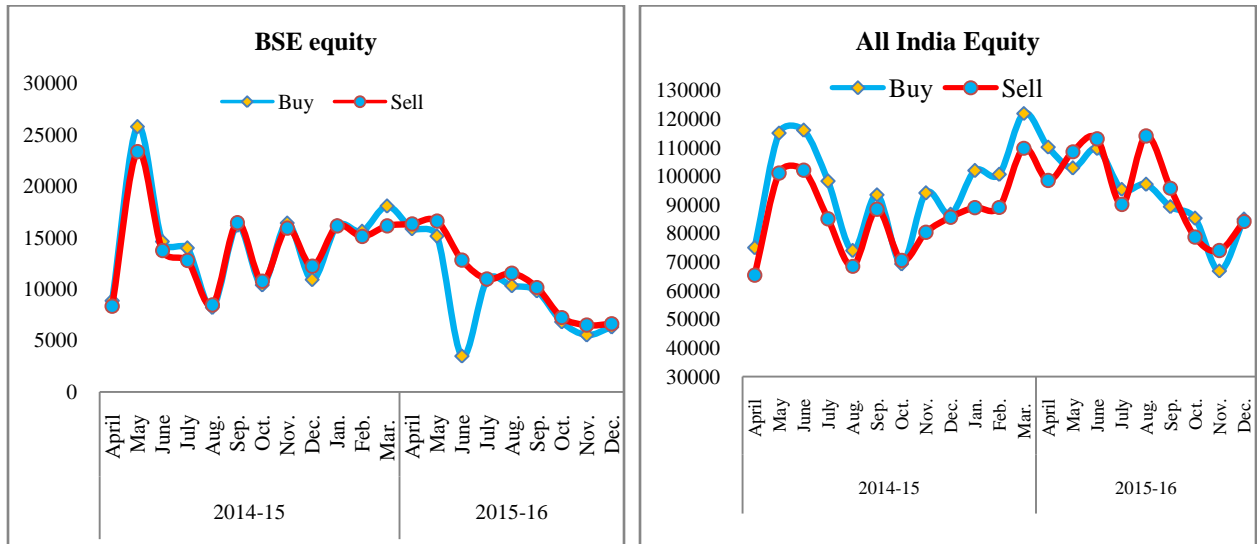
Source: MCX, ASSOCHAM Economic Research Bureau

Note: For details please refer appendix and weekly change calculated for four days



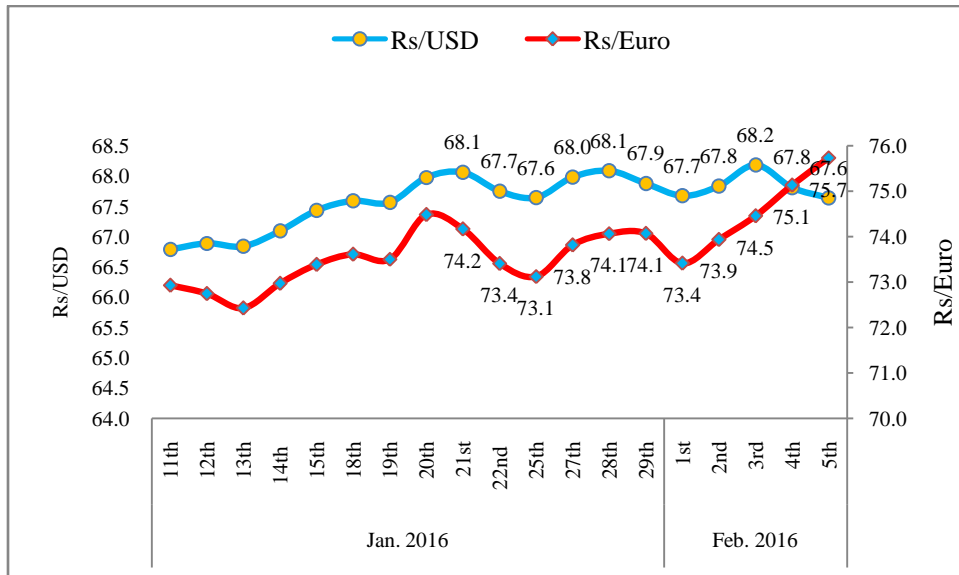
3. Market Trends

FII Equity Flows Equity (Rs. Crore)

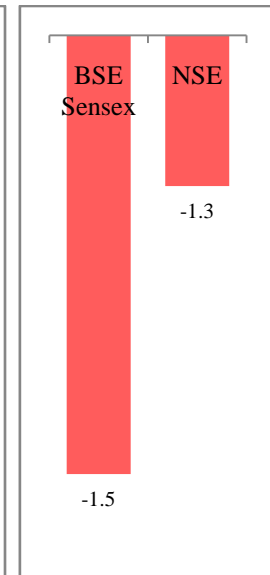


Source: BSE and ASSOCHAM Economic Research Bureau

Exchange Rate



Market Variation



Source: RBI, BSE, NSE and ASSOCHAM Economic Research Bureau



4. Global Developments

4.1 Euro Area Unemployment Rate

According to the statistical office of the European Union, The euro area (EA19) seasonally-adjusted unemployment rate was 10.4% in December 2015, down from 10.5% in November 2015, and from 11.4% in December 2014. This is the lowest rate recorded in the euro area since September 2011. The EU28 unemployment rate was 9.0% in December 2015, stable compared to November 2015, and down from 9.9% in December 2014. This is the lowest rate recorded in the EU28 since June 2009.

Eurostat estimates that 21.944 million men and women in the EU28, of whom 16.750 million were in the euro area, were unemployed in December 2015. Compared with November 2015, the number of persons unemployed decreased by 52 000 in the EU28 and by 49 000 in the euro area. Compared with December 2014, unemployment fell by 2.026 million in the EU28 and by 1.501 million in the euro area.

Member States

Among the Member States, the lowest unemployment rates in December 2015 were recorded in the Czech Republic and Germany (both 4.5%), Malta and the United Kingdom (both 5.1%, October data for the UK). The highest unemployment rates were observed in Greece (24.5% in October 2015) and Spain (20.8%).

Compared with a year ago, the unemployment rate in December 2015 fell in twenty-three Member States, remained stable in Estonia and increased in four. The largest decreases were registered in Spain (from 23.6% to 20.8%), Slovakia (from 12.4% to 10.6%) and Portugal (from 13.6% to

11.8%). The increases were registered in Finland (from 9.0% to 9.5%), Austria (from 5.6% to 5.8%), Latvia (from 10.1% to 10.2%) and Romania (from 6.6% to 6.7%).

In December 2015, the unemployment rate in the United States was 5.0%, stable compared to November 2015 and down from 5.6% in December 2014.

Table 2
Seasonally adjusted Total Unemployment Rate (Percent)

	Dec. 2014	Sep. 2015	Oct. 2015	Nov. 2015	Dec. 2015
EA19	11.4	10.6	10.6	10.5	10.4
EU28	9.9	9.2	9.1	9	9
Belgium	8.6	7.9	7.9	7.9	7.9
Bulgaria	10.2	8.7	8.7	8.8	8.8
Czech Republic	5.8	4.7	4.6	4.5	4.5
Denmark	6.2	6	6	6	6
Germany	4.9	4.5	4.5	4.5	4.5
Estonia	6.5**	6.1	6.3	6.5	:
Ireland	10.2	9	8.9	8.8	8.8
Greece	26*	24.6	24.5	:	:
Spain	23.6	21.4	21.2	21	20.8
France	10.5	10.4	10.3	10.2	10.2
Croatia	17.7	16.2	16.4	16.6	16.5
Italy	12.4	11.6	11.5	11.4	11.4
Cyprus	16.5	15.2	15.3	15.7	15.7
Latvia	10.1	9.9	10	10	10.2
Lithuania	10	9	8.9	8.4	8.5
Luxembourg	6.3	6.1	6.1	6.1	6.1
Hungary	7.3**	6.5	6.4	6.3	:
Malta	5.9	5.1	5.1	5.1	5.1
Netherlands	7.2	6.8	6.9	6.7	6.6
Austria	5.6	5.7	5.7	5.8	5.8
Poland	8.2	7.4	7.3	7.2	7.1
Portugal	13.6	12.4	12.3	12.2	11.8
Romania	6.6	6.9	6.8	6.7	6.7
Slovenia	9.3	8.8	8.8	8.7	8.8
Slovakia	12.4	11.3	11.1	10.8	10.6
Finland	9	9.4	9.4	9.5	9.5
Sweden	7.8	7.2	7.1	7.1	7.1
United Kingdom	5.8*	5.2	5.1	:	:
Iceland	4.4	3.9	3.8	3.7	3.6

Norway	3.8**	4.6	4.6	:	:
United States	5.6	5.1	5	5	5

Source: Eurostat

4.2 US Productivity and Costs, Q4 and Annual Averages 2015

According to the U.S. Bureau of Labor Statistics, nonfarm business sector labor productivity decreased at a 3.0-percent annual rate during the fourth quarter of 2015, as output increased 0.1 percent and hours worked increased 3.3 percent. From the fourth quarter of 2014 to the fourth quarter of 2015, productivity increased 0.3 percent. Annual average Productivity increased 0.6 percent from 2014 to 2015.

Unit labor costs in the nonfarm business sector increased 4.5 percent in the fourth quarter of 2015, reflecting a 1.3-percent increase in hourly compensation and a 3.0-percent decrease in productivity. Unit labor costs increased 2.8 percent over the last four quarters.

Manufacturing sector labor productivity decreased 0.4 percent in the fourth quarter of 2015, as output increased 0.5 percent and hours worked increased 0.9 percent. Productivity decreased 1.0 percent in the durable goods manufacturing sector and increased 0.3 percent in the nondurable goods sector. Over the last four quarters, manufacturing productivity increased 1.5 percent, as output increased 1.1 percent and hours decreased 0.4 percent. Unit labor costs in manufacturing increased 3.6 percent in the fourth quarter of 2015 and increased 1.9 percent from the same quarter a year ago.

Unit labor costs in the nonfarm business sector rose 2.4 percent in 2015, reflecting increases of 3.0 percent in hourly compensation and 0.6 percent in productivity. The increases in unit labor costs and hourly compensation are the largest since 2007, when these series rose 2.7 percent and 4.3 percent, respectively. Real hourly compensation, which takes into account changes in consumer prices, increased 2.8 percent in 2015. This is the largest annual increase in real hourly compensation since a 3.9-percent increase in 2000.

In the manufacturing sector, productivity increased 1.3 percent in 2015, which is the same rate of increase as in 2014. The average annual rate of productivity growth from 2007 to 2015 is 2.1 percent, which is below the long-term rate from 1987 to 2015 of 3.4 percent. Unit labor costs in-

creased 1.3 percent in 2015, which is similar to a 1.4-percent increase in 2014. Real hourly compensation in manufacturing increased 2.4 percent in 2015.

Table 3
Preliminary fourth-quarter 2015 measures: percent change from previous quarter, at annual rate (Q to Q) and from same quarter a year ago (Y to Y)

	Nonfarm Business		Business		Manufacturing		Durable Manufacturing		Nondurable Manufacturing	
	Q to Q	Y to Y	Q to Q	Y to Y	Q to Q	Y to Y	Q to Q	Y to Y	Q to Q	Y to Y
Labor Productivity	-3	0.3	-2.7	0.5	-0.4	1.5	-1	1.5	0.3	1.2
Output	0.1	1.9	0.6	2.1	0.5	1.1	-0.2	0.6	1.5	1.7
Hours worked	3.3	1.5	3.4	1.5	0.9	-0.4	0.8	-0.9	1.1	0.5
Hourly compensation	1.3	3.1	1.1	3.1	3.2	3.4	3.6	3.1	2.6	4.1
Real hourly compensation	1.1	2.7	0.9	2.7	3	3	3.3	2.7	2.4	3.6
Unit labor costs	4.5	2.8	3.9	2.5	3.6	1.9	4.6	1.6	2.3	2.8

Source: U.S. Bureau of Labor Statistics

5. Data Appendix

Table 4
Latest Available Financial Information

Item	Jan. 22, 2016	Jan. 22, 2016	Percentage Change
Deposits of Scheduled Commercial Banks with RBI (Rs. Billion)	3,807.88	3,831.87	0.63
Foreign Currency Assets of RBI (Rs. Billion)	22,200.45	22,347.07	0.66
Advances of RBI to the Central Government (Rs. Billion)	–	–	
Advances of RBI to the Scheduled Commercial Banks (Rs. Billion)	1,619.41	1,535.30	-5.19
Foreign Exchange Reserves (US\$ Billion)	347.6	349.2	0.46

Source: RBI, Govt. of India

Table 5
BSE Sensex and NSE Nifty Index

Index	Feb. 01, 2016	Feb. 05, 2016	Percentage Change
BSE SENSEX	24,982.2	24,617.0	-1.5
S & P CNX NIFTY	7,589.5	7,489.1	-1.3

Source: BSE India and NSE India

Table 6
Metals Market Spot Prices Index (Rs.)

		February 2016					Weekly Changes in %
		1st	2 nd	3 rd	4 th	5 th	
Aluminium	1 KGS	103.2	103.4	103.2	103.9	103.5	0.3
Copper	1 KGS	309.3	307.6	307.3	314.9	318.7	3.0
Cotton	1 BALES	16260.0	16240.0	16270.0	16270.0	16200.0	-0.4
Lead	1 KGS	116.5	120.4	120.5	123.3	121.0	3.9
Natural Gas	1 mmBtu	156.0	146.1	137.4	139.0	133.7	-14.3
Nickel	1 KGS	573.4	573.7	575.1	579.3	573.7	0.1
Tin	1 KGS	1008.5	1013.5	1012.0	1028.0	1028.0	1.9
Zinc	1 KGS	109.6	113.7	114.8	115.9	116.0	5.9
Gold	10 GRMS	26778.0	26867.0	27052.0	27221.0	27486.0	2.6
Silver	1 KGS	34568.0	34538.0	34831.0	35441.0	35569.0	2.9

Source: MCX

NA: Not available

Table 7s
Agri. Commodities Market Spot Prices (Rs.)

		February 2016					Weekly Changes in %
		1st	2 nd	3 rd	4 th	5 th	
Maize	100 KGS	1516.5	1515.0	1510.0	1503.5	1495.0	-1.4
Refined Soy Oil	10 KGS	645.8	647.1	646.3	646.5	646.5	0.1
Soyabean	100 KGS	3766.5	3775.0	3790.0	3783.5	3786.5	0.5
Wheat	100 KGS	1705.0	1705.0	1710.0	1705.0	1707.5	0.1

Source: MCX

ASSOCHAM Economic Research Bureau

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ASSOCHAM Business Barometer (ABB) are based on the surveys conducted by the Research Team to take note of the opinion of leading CEOs, MDs, CFOs, economists and experts in various fields.

ASSOCHAM Investment Meter (AIM) keeps the track of the investment announcements by the private sector in different sectors and across the various states and cities.

ASSOCHAM Placement Pattern (APP) is based on the sample data that is tracked on a daily basis for the vacancies posted by companies via job portals and advertisements in the national and regional dailies, journals and newspaper. Data is tracked for 60 cities and 30 sectors that are offering job opportunities in India.

ASSOCHAM Financial Pulse (AFP) as an analytical tool tracks quarterly financial performance of India Inc; forming strong inter-linkages with the real economy and presents sectoral insights and outlook based on financial indicators, demand signals and corporate dividend activity.

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THE KNOWLEDGE CHAMBER

Evolution of Value Creator ASSOCHAM initiated its endeavor of value creation for Indian industry in 1920. It has witnessed upswings as well as upheaval of Indian Economy and contributed significantly by playing a catalytic role in shaping up the Trade, Commerce and Industrial environment of the country.

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VISION

Empower Indian enterprise by inculcating knowledge that will be the catalyst of growth in the barrier less technology driven global market and help them upscale, align and emerge as formidable player in respective business segment

MISSION

As representative organ of Corporate India, ASSOCHAM articulates the genuine, legitimate needs and interests of its members. Its mission is to impact the policy and legislative environment so as to foster balanced economic industrial and social development. We believe education, health, agriculture and environment to be the critical success factors.

GOALS

To ensure that the voice and concerns of ASSOCHAM are taken note of by policy makers and legislators. To be proactive on policy initiatives those are in consonance with our mission. To strengthen the network of relationships of national and international levels/forums. To develop learning organization, sensitive to the development needs and concerns of its members. To broad-base membership. Knowledge sets the pace for growth by exceeding the expectation, and blends the wisdom of the old with the needs of the present.