

## SBI YEARLY INDEX IS IN CONTRACTION MODE IN JUNE 2019

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### SBI YEARLY COMPOSITE INDEX IS AT 49.7 IN JUNE 2019

- The yearly SBI Composite Index for June'19 declined and just below the benchmark 50, at 49.7 (Low Decline) compared to 52.8 (Moderate Growth) in May'19. While, the monthly SBI Composite index remained volatile and is at 46.01 (Low Decline) in June'19 from 55.10 (High Growth) in May'19.
- The SBI Composite Index, a leading indicator for manufacturing activities in the Indian Economy aims to foresee the periods of contraction and expansion. The Composite Index has mainly two indices i.e. SBI Monthly Composite Index and SBI Yearly Composite Index. We believe both IIP & IIP Manufacturing growth will remain volatile in both May & June 2019.

### INVESTMENT PROJECTS

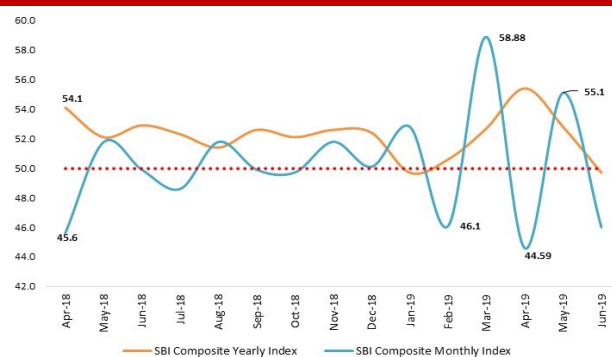
- Global Project Finance Loans in Q12019 totaled US\$35.5 billion from 122 deals, down 32% from the same period in 2018, posting the lowest first quarter volume since 2009. Despite falling 33% from the first three months of 2018, Power sector led market activity with US\$14.8 billion from 73 deals, and accounting for 41.8% of global issuance.
- In India, there has been a substantial increase in the projects during 2015-19, compared to 2010-14. Among the global project finance loans book runners, SBI was ranked at the first position with total proceed of \$4046 mn of HPCL Rajasthan Refinery.
- However, there has been visible deceleration in private investment post 2014, even though government investment has kept pace! Private investment needs to step up pace for growth to come back!

### How to Read SBI Composite Index

| Index Value  | Read as          |
|--------------|------------------|
| Less than 42 | Large Decline    |
| 42 to 46     | Moderate Decline |
| 46 to 50     | Low Decline      |
| 50 to 52     | Low Growth       |
| 52 to 55     | Moderate Growth  |
| 55 & Above   | High Growth      |

Source: SBI Research

### Graph 1: SBI Yearly and Monthly Composite Index Trend



Source: SBI Research

### Graph 2: SBI Yearly and Monthly Composite Index Trend



Source: SBI Research

| OwnerShip              | 2007-14       |             | 2015-19       |             |
|------------------------|---------------|-------------|---------------|-------------|
|                        | Project       | Rs trillion | Project       | Rs trillion |
| <b>Government</b>      | <b>26,020</b> | <b>44.3</b> | <b>37,719</b> | <b>54.2</b> |
| Central Government     | 6,483         | 22.6        | 8,247         | 29.3        |
| State Government       | 19,537        | 21.8        | 29,472        | 24.9        |
| <b>Private Sector</b>  | <b>25,009</b> | <b>45.0</b> | <b>13,551</b> | <b>28.9</b> |
| Foreign Private Sector | 706           | 3.4         | 896           | 4.4         |
| Indian Private Sector  | 24,303        | 41.7        | 12,655        | 24.5        |
| <b>All Sectors</b>     | <b>51,030</b> | <b>89.4</b> | <b>51,270</b> | <b>83.1</b> |

Source: Projects Today; SBI Research

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