



'Be the Bank of Choice for a Transforming India'

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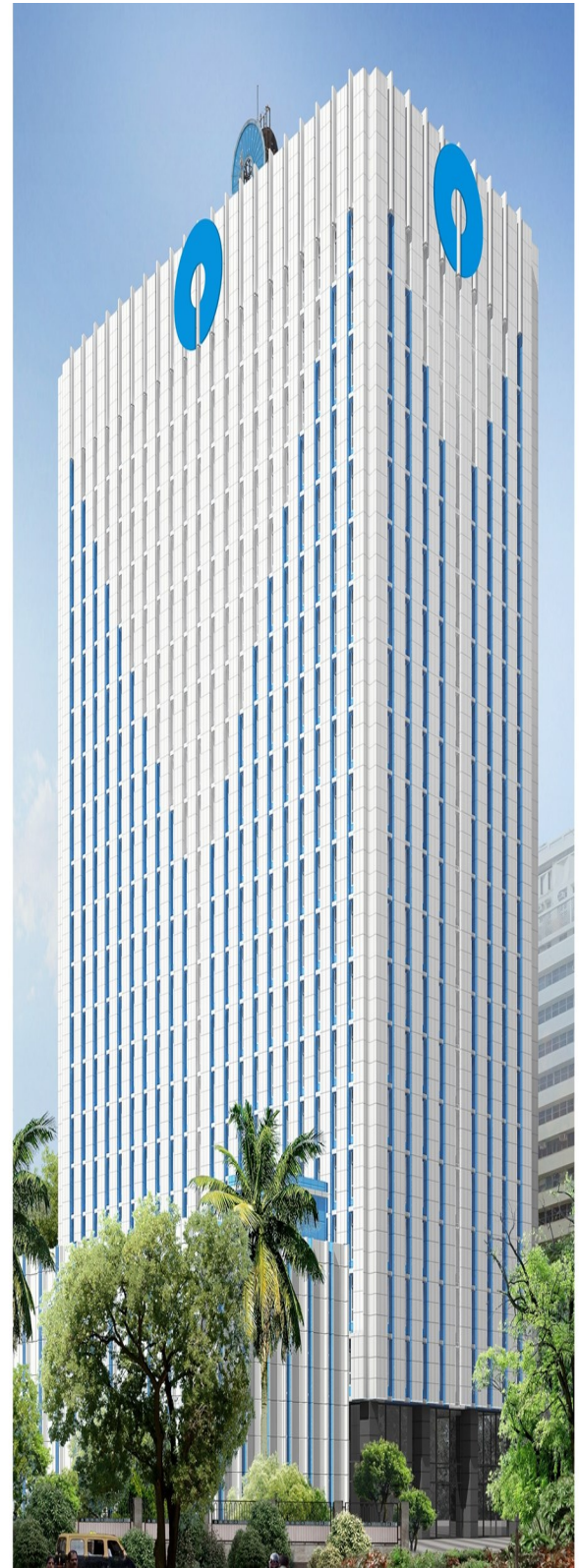
SBI COMPOSITE INDEX EXPANDS

The yearly SBI Composite Index for Nov'18 has increased to 52.60 (Moderate Growth) from 52.10 (Moderate Growth) in Oct'18. The M-o-M index also increased to 51.79 (Low Growth) in Nov'18, from 49.72 (Low Decline) in Oct'18.

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.

With the robust growth in the SBI Composite Index, we believe IIP Manufacturing growth may grow at 3.5%-4.0% in Oct'18 and 4.7% in Nov'18.

As per the Q2FY19 results declared by 3928 listed entities, we observed a top line growth of 21.33% and bottom line growth of 11.66% and operating profit grew at 9.34%. Excluding BFSI and refineries 3242 entities reported top line growth of 18.08% and bottom line growth of 42% with operating profit grew at 22.73%.



SBI COMPOSITE INDEX DECLINING TREND REVERSED

- ◆ The yearly SBI Composite Index for Nov'18 has increased to 52.60 (Moderate Growth) from 52.10 (Moderate Growth) in Oct'18. The M-o-M index also increased significantly to 51.79 (Low Growth) in Nov'18, from 49.72 (Low Decline) in Oct'18.
- ◆ 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.
- ◆ With the robust growth in the SBI Composite Index, we believe IIP Manufacturing growth may grow at 4.0% in Oct'18 and 4.7% in Nov'18.

How to Read SBI Composite Index	
SBI Composite Index	Index Value
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

Chart 1: SBI Yearly and Monthly Composite Index Trend

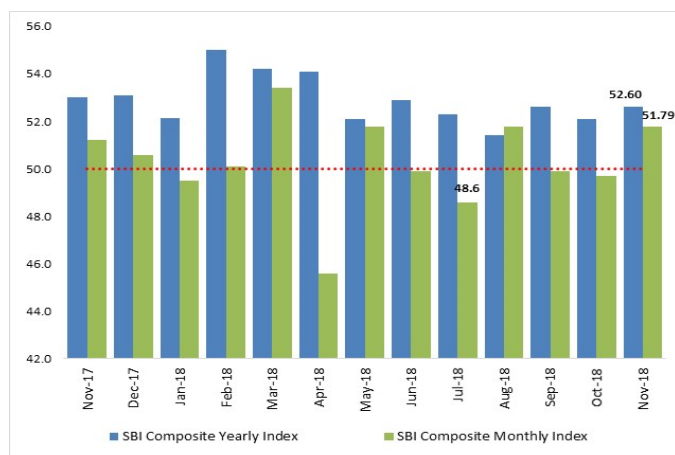
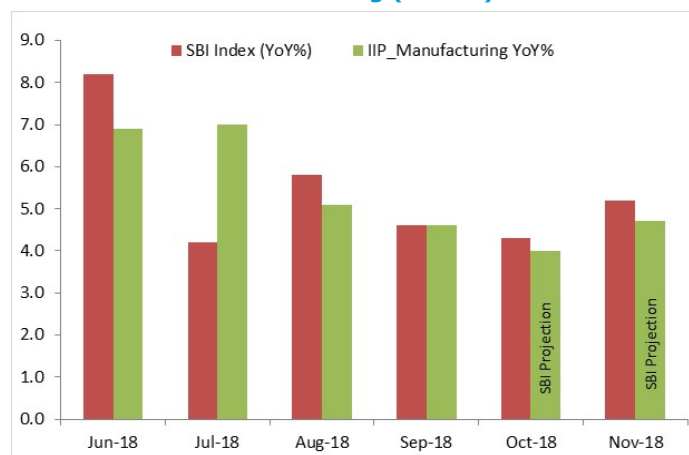


Chart 2: SBI Yearly Index (YoY %) & IIP Manufacturing (YoY %)



Source: SBI Research

CORPORATE RESULTS

- ◆ As per the Q2FY19 results declared by 3928 listed entities, we observed a top line growth of 21.33% and bottom line growth of 11.66% and operating profit grew at 9.34%. Excluding BFSI and refineries 3242 entities reported top line growth of 18.08% and bottom line growth of 42% with operating profit grew at 22.73%.
- ◆ It is pertinent to mention here that Telecom Service sector (11 entities) reported a decline in top line growth by 8% however PAT loss reduced from Rs.11690 cr to Rs.55 cr in Q2FY18 mainly because of one time profit reported by one of the entity to the tune of around Rs.9000 cr. Sans Telecom Service, we observed both topline and bottom line growth (yoy) of around 18% in Q2FY19.
- ◆ Some of the sectors reported all-round growth includes Capital Goods – Non-Electrical Equipment, Gas Distribution, Cables, Chemicals etc. Top 10 performing sector tabulated as:
- ◆ Sector reported negative growth across key parameters includes Sugar, Stack/Commodity Brokers, Telecom Services (as mentioned above), Mining and Minerals Products, Media- Print/Television/Radio, Ceramic Products etc.

Q2FY18 top performing Sector- YoY Growth in Key Parameters				
Sector	No of Companies	Net sales	PBIDT	PAT
Capital Goods-Non-Electrical Equipment	114	51%	173%	251%
Crude Oil & Natural Gas	6	48%	50%	59%
Gas Distribution	6	47%	29%	33%
Castings, Forgings & Fastners	40	34%	15%	25%
Cables	19	33%	49%	71%
Paper	53	30%	76%	671%
Steel	132	27%	62%	721%
Fertilizers	24	27%	8%	10%
Chemicals	165	23%	24%	43%
Engineering	14	22%	180%	117%

Source: CLine; SBI Research

ABOUT US

The Economic Research Department (ERD) in SBI Corporate Centre is the successor to the Economic and Statistical Research Department (E&SRD). The latter came into being in 1956, immediately after the State Bank of India was formed, with the objective of “tendering technical advice to the management on economic and financial problems in which the Bank has interest and which required expert analysis”.

After the first reorganization of the Bank, when specialized departments like Management Science, Management Information Systems, Planning and Market Segment Departments took over the statistical work of E&SRD, the Department was renamed as ERD.

However, with the ERD team now taking on multidimensional functionalities in the area of risk management , corporate analytics, strategy and so on, who knows, the time may have come to rename it again!

DISCLAIMER

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