Both the yearly and monthly SBI Composite Index for Dec’18 have declined to 52.4 (Moderate Growth) and 50.1 (Low Growth) from 52.6 (Moderate Growth) and 51.8 (Low Growth), respectively in Nov’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 decline in growth in the SBI Composite Index, we believe IIP Manufacturing growth may grow around 5.0% in Nov’18 & Dec’18.

In the coming quarters, we feel the sectors such as Paper, Gas Distribution, Entertainment, Chemicals, Warehousing, Food Processing, Electronics will continue to perform well and also able to attract private investments. Fertilizer and cement are likely to stay subdued.
SBI COMPOSITE INDEX DECLINED IN DEC’18

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**How to Read SBI Composite Index**

<table>
<thead>
<tr>
<th>Index Value</th>
<th>Read as</th>
</tr>
</thead>
<tbody>
<tr>
<td>Less than 42</td>
<td>Large Decline</td>
</tr>
<tr>
<td>42 to 46</td>
<td>Moderate Decline</td>
</tr>
<tr>
<td>46 to 50</td>
<td>Low Decline</td>
</tr>
<tr>
<td>50 to 52</td>
<td>Low Growth</td>
</tr>
<tr>
<td>52 to 55</td>
<td>Moderate Growth</td>
</tr>
<tr>
<td>55 &amp; Above</td>
<td>High Growth</td>
</tr>
</tbody>
</table>

Source: SBI Research

**RESOURCE RAISED BY CORPORATE THROUGH BOND AND EQUITY**

- Resource raised by Corporate through bond market decreased from Rs 6.70 lakh crore in FY17 to Rs 5.99 lakh crore in FY18, though including equities the same has increased to Rs 7.76 lakh crore in FY18 from Rs 7.41 lakh crore in FY17. However, in H1FY19 resources raised through market decreased by 35% to Rs 2.10 lakh crore from Rs 3.23 lakh crore in H1FY18.

- Further, when we dive deep (see table below), we observe that only a small section has raised funds from the bond markets, i.e. in FY18, Banking/Term lending accounted for the largest share of issuances at around 30%, followed by financial services (24%) and Housing finance (20%). Together issuances accounted for 73% of the total for the financial sector. We can say predominantly only financial sector is tapping the bond market and others sector are yet to draw comfort from the market.

**CORPORATE OUTLOOK**

- In the coming quarters, we feel sectors such as Paper, Gas Distribution, Entertainment, Chemicals, Warehousing, Food Processing, Electronics will continue to perform well and may attract private investments. Fertilizer and cement are likely to stay subdued.
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!

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