

SBI YEARLY INDEX JUST CROSSED THE BENCHMARK IN NOVEMBER

Issue No. 57, FY20

Date: 26 November 2019

SBI YEARLY COMPOSITE INDEX IS AT 50.8 IN NOVEMBER 2019

- The yearly SBI Composite Index for Nov'19 has improved marginally to cross the 50-benchmark and is at 50.8 (Low Growth) compared to 49.80 (Low Decline) in Oct'19. While, the monthly SBI Composite index continue to decline from Sep'19 and is at 49.96 (Low Decline) in Nov'19 compared to 50.83 (Low Growth) in Oct'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 could be in de-growth mode in October and perhaps marginal expansion in November 2019.

CREDIT GROWTH HAS JUMPED BY RS 1.67 LAKH CRORE BEGINNING SEPTEMBER

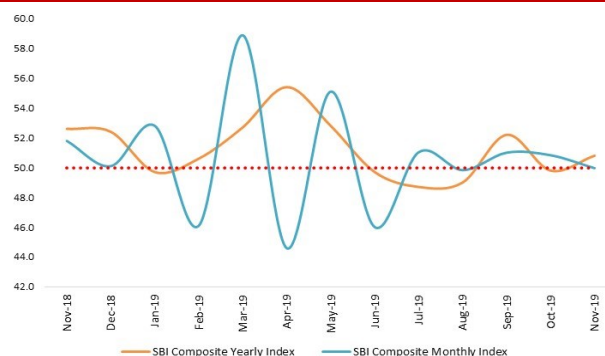
- In the current FY so far (Upto 08 Nov'19), the ASCBs YoY credit growth continued to decline to 8.1%, compared to last year growth of 14.9%, on high base effect. On the contrary, on the YTD basis the ASCBs advances increased by 0.8% (Rs 75,794 crore) in FY20, compared to last year YTD growth of 5.6% (Rs 4.86 lakh crore). A deeper analysis of the ASCBs data indicates that though till the end of Aug'19, ASCBs credit growth was declining, the trend has reversed since Sep'19. and credit growth has jumped by Rs 1.67 lakh crore.
- Additionally, aggregate deposits of ASCBs has increased by 9.9% (YoY), compared to last year growth of 9.1%. On YTD basis, deposits grew by Rs 4.2 lakh crore till 08 Nov in FY20 vis-à-vis Rs 4.0 lakh crore in FY19. The increase in deposits perhaps reflects the flight of deposits from weak banks / cooperative banks to stronger banks in search of safety.
- The sectoral data for the month of September 2019, indicates that for the first time in current fiscal credit to industry turned positive and jumped by Rs 9700 crore, of which Rs 8200 crore is attributable to MSME sector. In September, the jump in retail credit at Rs 51900 crore was nearly double that of August, of which Housing loans jumped by 2.6 times in September vis-à-vis August. Bank lending to NBFC sector has remained robust and the YTD growth of such is highest across all segments at 11.3%.

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

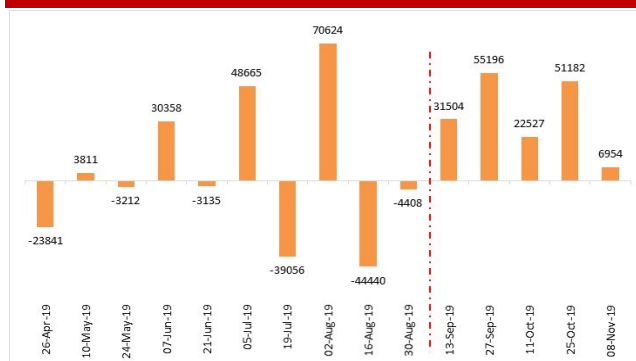
Source: SBI Research

Graph 1: SBI Yearly and Monthly Composite Index Trend



Source: SBI Research

Graph 2: Fortnight Movement of Credit growth (Rs crore)



Source: SBI Research

Disclaimer: The Ecowrap is not a priced publication of the Bank. The opinion expressed is of Research Team and not necessarily reflect those of the Bank or its subsidiaries. The contents can be reproduced with proper acknowledgement. The write-up on Economic & Financial Developments is based on information & data procured from various sources and no responsibility is accepted for the accuracy of facts and figures. The Bank or the Research Team assumes no liability if any person or entity relies on views, opinion or facts & figures finding in Ecowrap.

Contact Details:

Dr. Soumya Kanti Ghosh

Group Chief Economic Adviser

State Bank of India, Corporate Centre

M C Road, Mumbai - 400021

Email: soumya.ghosh@sbi.co.in

gcea.erd@sbi.co.in

Phone:022-22742440

Twitter: @kantisoumya