



PHD Research Bureau
PHD Chamber of Commerce and Industry



PHDCCI Quick Economic Trends

Lead indicators show significant uptrend, strong GDP growth expected in the coming quarters: PHD Chamber

The uptrend in the lead economic and business indicators in the recent months shows that the economic recovery is catching pace and strong economic growth is expected in the coming quarters. Out of the 12 lead economic and business indicators of QET (Quick Economic Trends), tracked by the industry body PHDCCI, 9 have shown uptick in the sequential growth for the month of September 2021 as compared with 6 showing the uptrend in August 2021.

GST collections, stock market, UPI transactions, exports, exchange rate, forex reserves, CPI inflation, WPI inflation and unemployment rate have registered positive sequential growth in September 2021 as compared to August 2021. Unemployment scenario improved to 6.9% in September 2021 from 8.3% in August 2021. Stock Market (SENSEX -average of daily close) have recorded the sequential growth of 6.4% from 55238 in August 2021 to 58781 in September 2021. GST collections registered the sequential growth of 4.5% from Rs 1,12,020 crore in August 2021 to Rs 1,17,010 crore in September 2021. Number of UPI transactions increased sequentially by 2.8% from 3.6 billion in August 2021 to 3.7 billion in September 2021.

Exports increased by 1.5% from US\$ 33.3 billion in August 2021 to US\$ 33.4 billion in September 2021. Exchange rate appreciated by 0.8% from monthly average of 74.17 INR/USD in August 2021 to 73.58 INR/USD in September 2021. Forex reserves registered the sequential growth of 0.5%, increasing from US\$ 634 billion in August 2021 to US\$ 637 billion in September 2021. WPI inflation declined to 10.7% in September 2021 from 11.4% in August 2021. CPI inflation also decreased to 4.4% in September 2021 from 5.3% in August 2021.

However, railway freight registered the sequential decline of (-)4.1%, decreasing from 110.5 MT in August 2021 to 106 MT in September 2021. The sequential growth of passenger vehicles declined by (-)20.1% in September 2021 from 232224 units in August 2021 to 185636 units in September 2021. Trade deficit increased sequentially by 64.3% from US\$ 14 billion in August 2021 to US\$ 23 billion in September 2021.

Supply side issues such as high input prices, shortages of raw material, among others are impacting the production possibilities and reducing the price cost margins of the businesses. After showing an increasing trend from October 2020 and peaking in January 2021, economy out of 12 based on PHDCCI Quick Economic Trends started declining from February 2021. The same started increasing from May 2021, peaked in July 2021, declined in

August 2021 and again picked-up in September 2021, as depicted in the Chart-1.

Chart 1: Economy out of 12 based on PHDCCI Quick Economic Trends

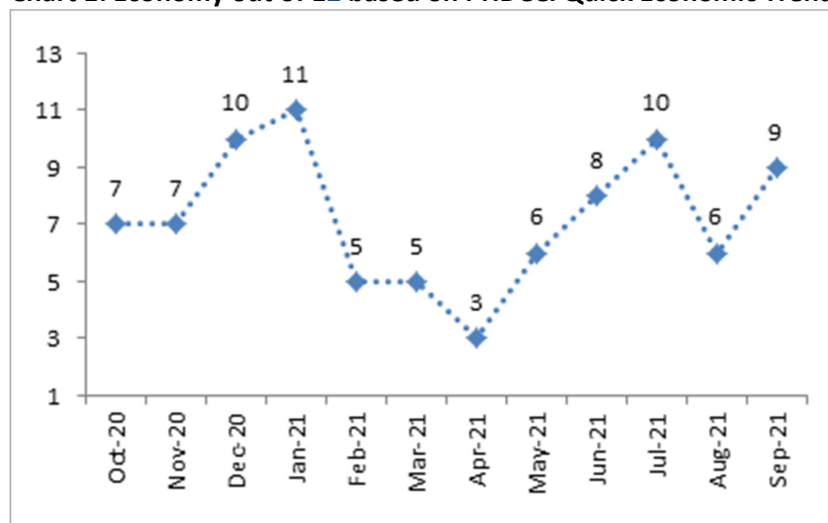
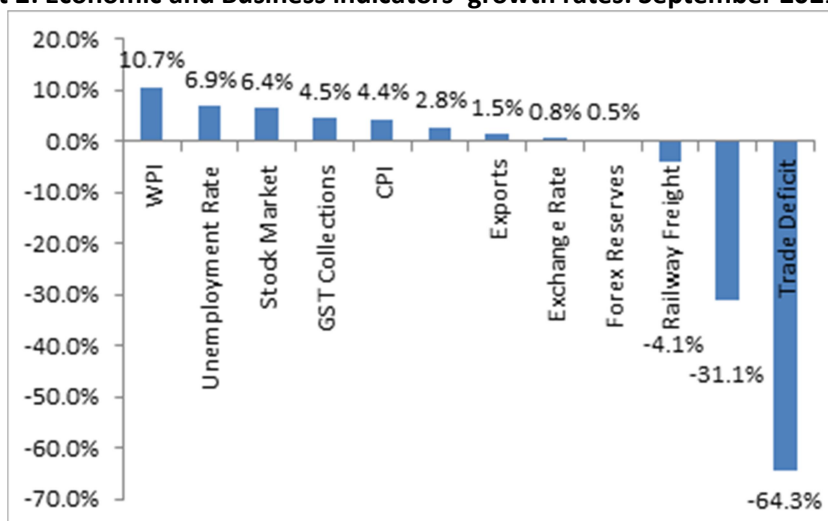


Chart 2: Economic and Business indicators' growth rates: September 2021 (in %)



Source: PHD Research Bureau, PHDCCI

Note: *Growth calculations of indicators such as exchange rate and trade deficit are adjusted such that the decrease in the said indicators depicts improvement and vice-versa; figures are rounded off; growth is calculated sequentially, ie. month over month for all the indicators.

At this juncture, there is a need to address the high commodity prices and shortages of raw material to support the consumption and private investments in the country. The drivers of household consumption need to be further strengthened to enhance the aggregate demand as it will have an accelerated effect on expansion of capital investments.

More and more direct benefit transfers needs to be considered for the urban and rural poor under the various welfare schemes in addition to the free distribution of dry rations till Diwali as already announced by the Hon'ble Prime Minister.

12 economic and business indicators of QET include demand and supply indicators along with external and financial sectors indicators.

PHDCCI Quick Economic Trends: Growth Performance of Economic & Business activity so far

S. N o.	Economic and Business Indicators	Jul-21	Growth		Aug-21	Growth		Sep-21	Growth	
1	GST Collections (in Rs crore)	116393	25.4%	↑	112020	-3.8%	↓	117010	4.5%	↑
2	Passenger Vehicle Sales (units)	264442	14.2%	↑	232224	-12.2%	↓	160070	-31.1%	↓
3	Stock Market (SENSEX monthly average)	52694	0.6%	↑	55238	4.8%	↑	58781	6.4%	↑
4	Railway Freight (MT)	112.72	0.1%	↑	110.55	-1.9%	↓	106	-4.1%	↓
5	Number of UPI Transactions (Billion)	3.2	14.3%	↑	3.6	12.5%	↑	3.7	2.8%	↑
6	Exports (US\$ Billion)	35.17	8.2%	↑	33.28	-5.4%	↓	33.79	1.5%	↑
7	Trade Deficit (US\$ Billion)	11	-22.2%	↓	14	-27.3%	↓	23	-64.3%	↓
8	Exchange Rate (INR/USD)	74.51	-1.3%	↓	74.17	0.5%	↑	73.58	0.8%	↑
9	Forex Reserves (in US\$ Billion)	621	2.0%	↑	634	2.1%	↑	637	0.5%	↑
10	CPI (Inflation)	5.6		↑	5.3		↑	4.4		↑
11	WPI (Inflation)	11.6		↑	11.4		↑	10.7		↑
12	Unemployment Rate (in %)	6.95		↑	8.3		↓	6.9		↑
Overall Score		10/12			6/12			9/12		

Source: PHD Research Bureau, PHDCCI, compiled from various sources

Note: *Growth calculations of indicators such as exchange rate and unemployment are adjusted such that the decrease in the said indicators depicts improvement and vice-versa; figures are rounded off; growth is calculated sequentially, ie. month over month for all the indicators.

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Warm Regards,

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