

## SBI MONTHLY COMPOSITE INDEX RECOVERS TO 30 IN MAY

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### SBI YEARLY COMPOSITE INDEX IS AT 30 IN MAY 2020

- ◆ The ongoing efforts to control COVID-19 pandemic led to sharp declines in output and employment across the world economies for a third successive month in May but the rate of decline is easing.
- ◆ The yearly SBI Composite Index for May has increased marginally to 41.0 (Large Decline) compared to 40.0 (Large Decline) in Apr'20. Also, the monthly SBI Composite index improved to 30 (Large Decline) in May compared to 24 (Low Decline) in Apr'2020.
- ◆ Based on the SBI index, we believe IIP manufacturing and IIP in April will contract by 50% -60% with some improvement in May in the range of -30% to -35%.
- ◆ With the massive liquidity injection by RBI to spur credit growth, Banks has been emphasizing on credit expansion to eligible MSMEs, NBFCs and the farm sector. RBI's fortnightly credit data indicate a decline in ASCBs credit growth to 6.5% (13.0% last year) and deposits at 10.6% (10.4%) for the fortnight ended 08 May 2020. Decline in credit in April and May is not new, as corporates avails their need in March quarter.

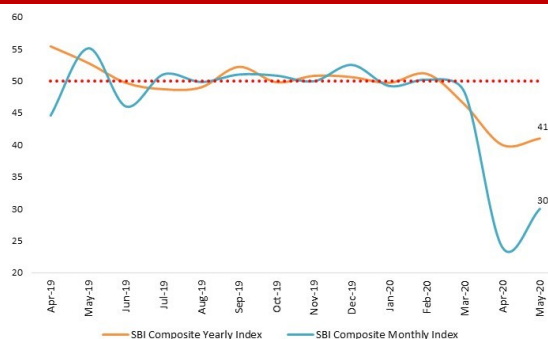
### GOOGLE MOBILITY INDEX

- ◆ Google has been publicly releasing the data, "Community Mobility Reports", it's already collecting about people's movements during the coronavirus pandemic, which showed the types of places people are visiting across 131 countries and regions, including India.
- ◆ In India, we compared the data during the period 22-March to 16 May 2020, which indicates the mobility has improved in recent periods, with ease of lockdown. 'Transit Stations' & 'Work Places' movement has increased, but 'Retail & Creation' remain at the same level.

### LOCKDOWN BEYOND MAY 31

- ◆ We believe with COVID peak likely in the last week of June, there is a large likelihood of a even larger loss that we have factored in. It seems that the COVID event could now wipe out one quarter GDP (FY20 real GDP was Rs 147 lakh crores, implying one quarter GDP loss at Rs 37 lakh crores/ 25% of real GDP) with lockdown extension into June.

### SBI Yearly and Monthly Composite Index Trend

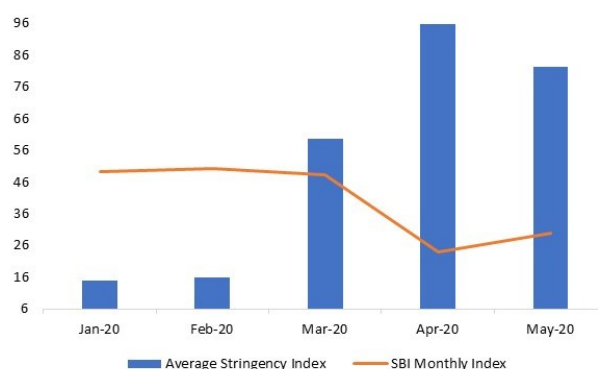


### SBI Index (YoY) vs IIP Manufacturing (YoY%)



Source: SBI Research

### SBI Index vs Average Stringency Index



Source: SBI Research

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### Contact Details:

**Dr. Soumya Kanti Ghosh**  
 Group Chief Economic Adviser  
 State Bank of India, Corporate Centre  
 Madame Cama Road, Mumbai - 400021  
 Email: soumya.ghosh@sbi.co.in,  
 gcea.erd@sbi.co.in  
 Phone:022-22742440  
 :@kantisoumya