

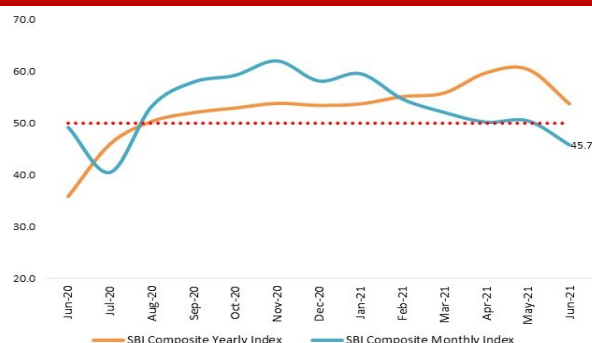
### SBI COMPOSITE INDEX DECLINED IN JUNE

- ◆ The yearly SBI Composite Index has declined to 53.8 (Moderate Growth) in June 2021, from 60.5 (High Growth) in May 2021, and monthly index also declined to 45.8 (Moderate Decline) in Jun'21, compared to 50.5 (Low Growth) in May'21. However, it is better to ignore Yearly Index and concentrate on Monthly Index because of a distorted base same period previous year.
- ◆ Based on the SBI index, we believe IIP & IIP manufacturing may see a huge spike in growth in the range of 35-40% in May 2021 and 18-22% in June 2021, primarily due to base effects, but it is better to ignore such based on a unflattering base.

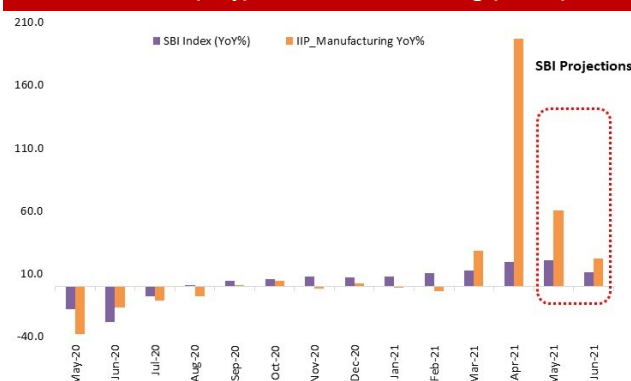
### TRENDS OF ASCB'S DEPOSITS GROWTH

- ◆ COVID-19 has impacted lives and livelihood across the economies and business sectors. During the initial lockdown period in 2020, deposits of the ASCBs increased due to less avenues to spend. However, subsequently, it declined marginally in the festive months. The trends of deposits during the first wave (March-December, 2020) of COVID-19 as revealed by ASCBs data from RBI for 711 districts across all States/Uts show deposit outflows from 112 districts at Rs 1.06 lakh crore.
- ◆ However, between March 2021 and March 2020, the deposit outflow only declined to Rs 38,295 crore from 61 districts in the country suggesting revival in economic activity in Q4FY21.
- ◆ The beginning of the 2nd wave, however, has resulted in significant deposit outflows from banking system in alternate fortnights, the pace of which has now moderated.
- ◆ The interesting point to note is that deposits have shown alternate periods of expansion and contraction in FY22 in first 6 fortnights. It is possible that such expansion followed by contraction could indicate household stress as people getting salary credits in first fortnight are withdrawing it in second fortnight for health expenses / stocking up currency for precautionary motive and an uncertain scenario and the trend continues. However, time deposits data is indicating a different story, which is growing in double digits in spite of considerable moderation in interest rates. It is possible that such increase in time deposits may witness a moderation as household budgets are stressed.

### SBI Yearly and Monthly Composite Index Trend



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



Source: SBI Research

### Change in Deposit and Credit of ASCB from April to Jun (first 6 fortnights)

Rs Cr	Deposits	Advances
FY21	299635	-125183
FY22	185026	-107643
1st	101373	-60330
2nd	-80579	-28783
3rd	82560	9591
4th	-49704	-38766
5th	145990	12203
6th	-14613	-1559

Source: SBI Research

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