

## What is UFI telling us?

For the week ending 6<sup>th</sup> December, ICICI Bank's weekly UFI moved slightly higher to 104.4 vs. 104.2 last week, with most indicators seeing higher numbers than pre-COVID levels (with the exception of labour market and power demand). Indicators that improved compared to last week include vehicle registrations, peak power demand, labour force participation rate, mobility indicators and rail freight revenues. Even while slight moderation was seen in e-way bill generation, they were higher than pre-COVID times. These indicators bode well for overall growth momentum. On the other hand, unemployment rate saw an increase in both urban and rural areas. Though there is some volatility in labour market indicators, continued weakness could question the sustainability of demand uptick in the coming months and would need to be monitored.

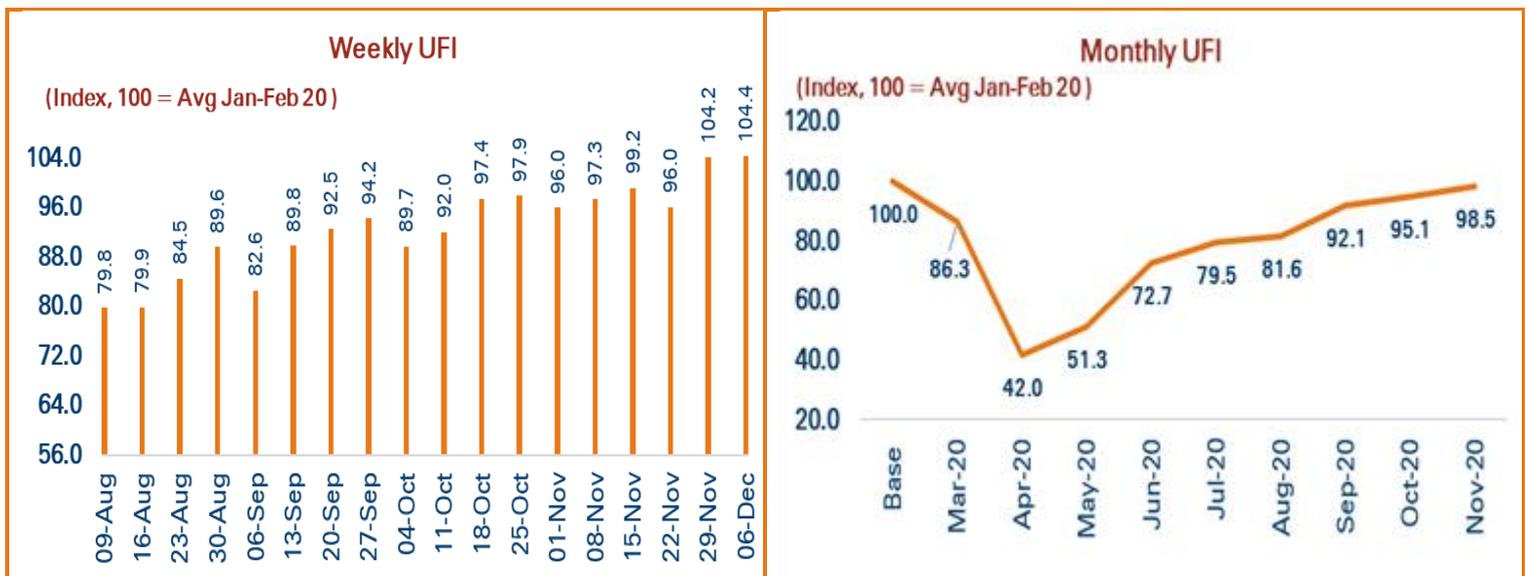
### Activity continues to improve in the first week of December

- For the week ending 6<sup>th</sup> December the reading of UFI stood at 104.4, indicating that activity levels are at more than 104% of those seen during pre-COVID times, maintaining the momentum seen last week
- Indicators that improved compared to last week include vehicle registrations, peak power demand, labour force participation rate and rail freight revenues. Vehicle registrations saw an index reading of 137 (vs. 128 last week), while peak power demand saw a reading of 98 (vs. 96), labour force participation rate improved to 97 (vs. 95) and rail freight revenues saw a reading of 105 (vs. 104 last week). Even while e-way bill generations moderated to a reading of 106 (vs. 110 last week), it still showcases robust goods movement
- Mobility indicators also improved to an average reading of 101 (vs. 100 last week), with activity in grocery and pharma outlets continuing to be higher than pre-COVID levels and improvement seen in parks and transit stations
- On the other hand, unemployment rate worsened with an index reading of 89 (vs. 100), led by a rise in unemployment rate in both urban and rural regions. Though there is some volatility in labour market indicators, continued weakness could question the sustainability of demand uptick in the coming months and would need to be monitored

## Uneven recovery across states could pose risks to broad-based growth

State-wise heat map is indicating uneven recovery across states, with Rajasthan, Maharashtra and Tamil Nadu showing the highest sequential improvement, while Uttar Pradesh, Kerala and Delhi showing a sequential deterioration in activity. This is in line with increased demand and mobility indicators on one hand and infection spread on the other hand. While improvement in bigger states like Maharashtra and Tamil Nadu is encouraging, rising infection spread in certain parts of the country including Delhi and Rajasthan would have to be monitored and could pose risks to broad-based growth.

- Recovery in Rajasthan is driven by improvement seen in vehicle registrations, peak power demand and google mobility indicators, accompanied by lower unemployment rate. However, rising number of new infections in late November may pose threat to the recovery going forward
- Improvement in Maharashtra is led by recovery in all parameters as infections tapered significantly compared to the previous month. Encouraging signs were seen in employment indicators, power demand, vehicle registrations and mobility indicators
- Karnataka recorded an improvement in all indicators except for unemployment rate which is in line with falling infection rates, enabling activity and business conditions
- In line with the rest of the country, Delhi also saw a sharp rise in vehicle registrations, while deteriorating unemployment rate and fall in rail freight revenues, peak power demand and google mobility indicators hindered the pace of recovery. The moderation in activity is on expected lines, given the increased infection spread and could impact activity in December as well
- While vehicle registrations and google mobility indicators improved in Uttar Pradesh in November, fall in peak power demand and rail freight revenues combined with lower unemployment rate slowed down the pace of recovery



State-wise UFI heatmap

	India	Maharashtra	Uttar Pradesh	Tamil Nadu	Karnataka	Gujarat	West Bengal	Rajasthan	Kerala	Delhi	Bihar	Punjab	Odisha
Jan-Feb (Base)	100	100	100	100	100	100	100	100	100	100	100	100	100
Mar-20	86.3	100.9	93.8	86.6	92.9	96.1	112.6	101.9	88.8	79.3	108.1	101.1	99.0
Apr-20	42.0	39.4	66.8	36.0	42.4	44.2	56.5	43.9	47.0	57.6	49.8	88.9	46.6
May-20	51.3	47.8	58.1	57.6	52.7	54.2	54.8	62.4	64.4	64.6	60.9	68.8	59.4
Jun-20	72.7	57.7	76.9	70.2	68.6	88.8	78.2	83.6	76.9	87.3	91.6	95.5	81.3
Jul-20	79.5	65.0	91.3	69.0	64.0	107.9	88.2	85.4	75.6	93.6	85.0	112.1	86.0
Aug-20	81.6	65.5	89.8	80.1	74.7	105.7	85.7	81.1	76.1	100.3	93.1	110.9	91.8
Sep-20	92.1	76.9	98.7	81.9	80.5	93.6	101.9	88.2	88.7	103.8	99.0	113.8	95.2
Oct-20	95.1	87.2	106.9	82.8	90.8	100.4	100.1	94.9	94.7	111.9	100.7	100.1	104.2
Nov-20	98.5	102.5	92.2	92.7	92.3	102.4	95.4	111.8	88.6	107.1	103.8	97.1	109.4
% contribution to GVA		13.4	8.6	8.5	7.8	7.6	6.0	5.1	4.1	3.9	3.0	2.7	2.5

\*State-wise UFI is updated monthly

Source: CEIC, CMIE, POSOCO, Raildrishti, Vahan, GSTN, Google, Apple, ICICI Bank Research

State-wise UFI charts



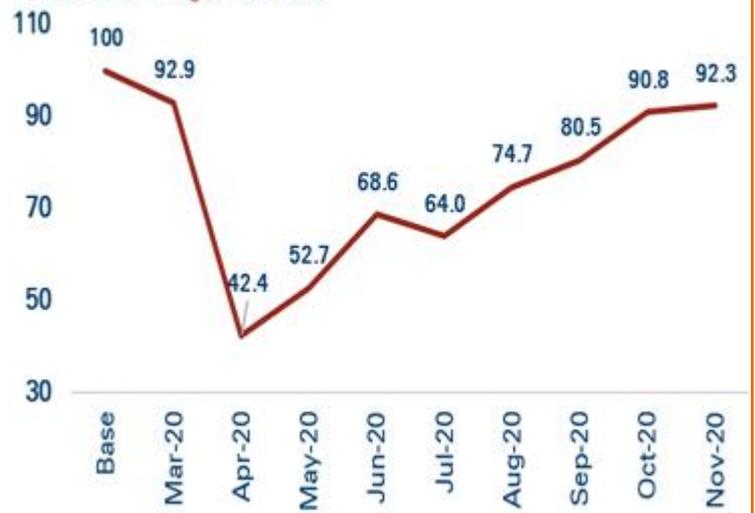
**Tamil Nadu**

(Index, 100 = Avg Jan-Feb 20)



**Karnataka**

(Index, 100 = Avg Jan-Feb 20)



**Gujarat**

(Index, 100 = Avg Jan-Feb 20)



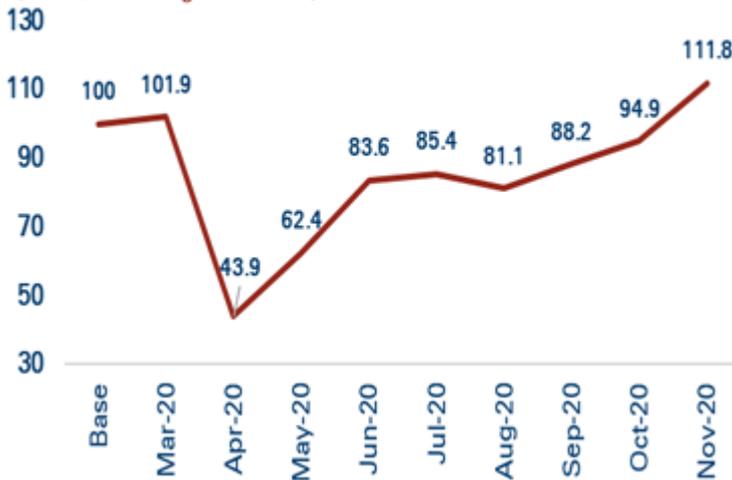
**West Bengal**

(Index, 100 = Avg Jan-Feb 20)



**Rajasthan**

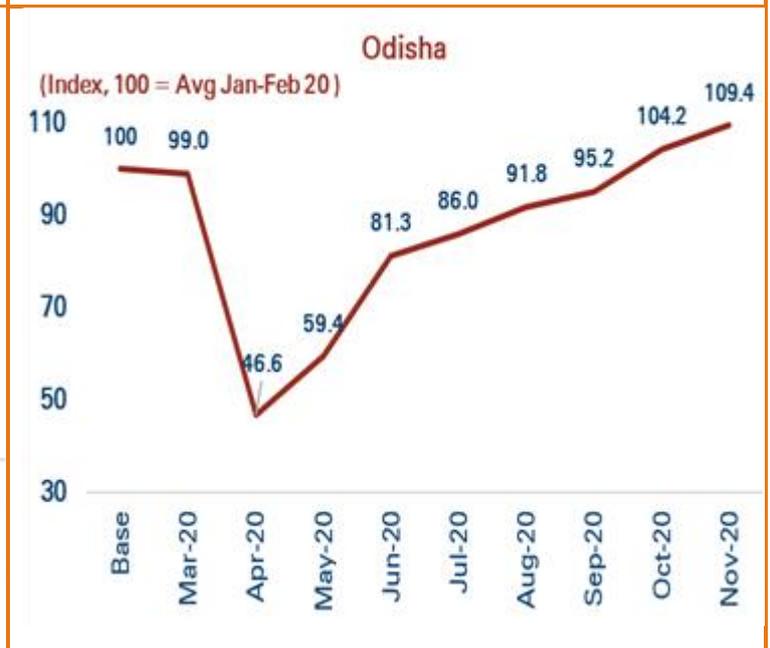
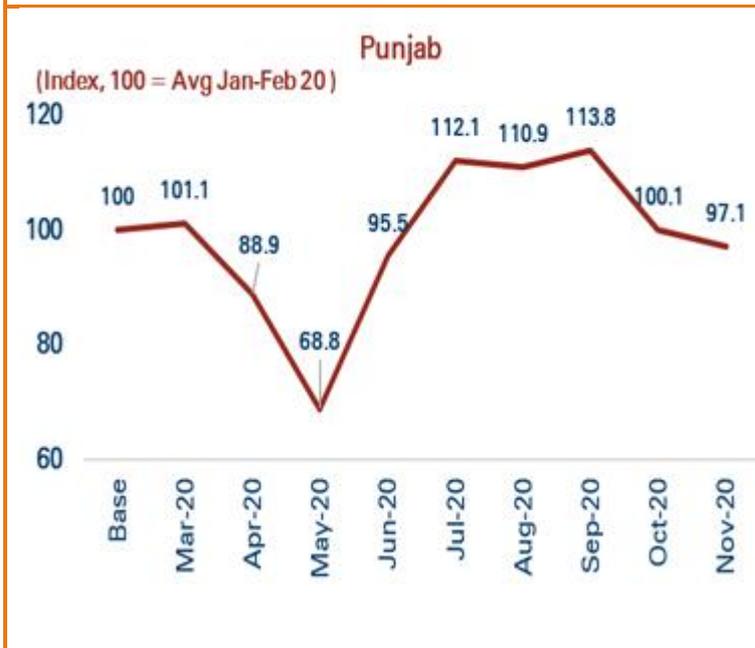
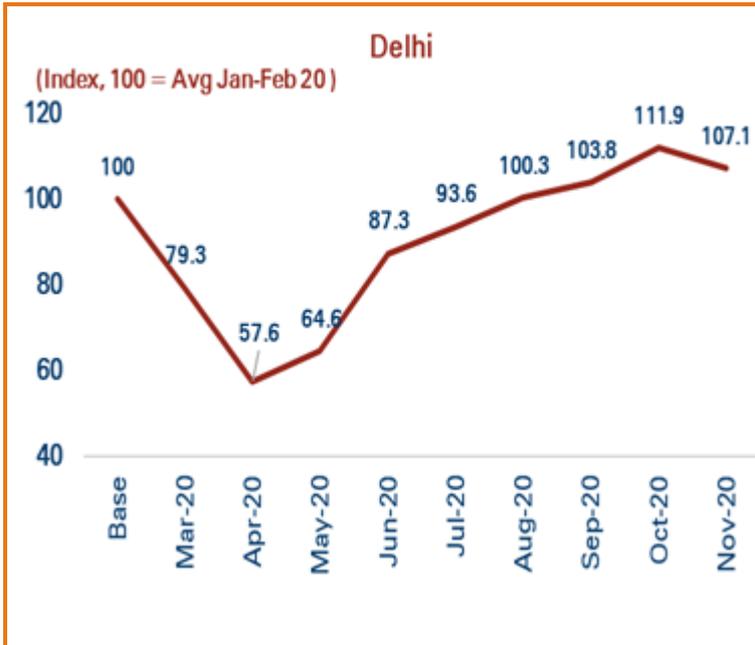
(Index, 100 = Avg Jan-Feb 20)



**Kerala**

(Index, 100 = Avg Jan-Feb 20)





Source: CEIC, CMIE, POSOCO, Raildrishti, Vahan, GSTN, Google, Apple, ICICI Bank Research

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