

What is the UFI telling us?

Weekly UFI: For the week ending May 02, ICICI Bank's weekly UFI continued its downtrend for the fifth consecutive week since the beginning of April, recording below pre-COVID level reading of 80.2 (vs. 87.1 in the previous week). Moderation in the index reading was led by a sharp fall seen in vehicle registrations. Moreover, deteriorating employment conditions, muted mobility and subdued goods transportation also weighed on the index performance for the past week. However, sequential pick up seen in peak power demand aided the index performance compared to the previous week. We expect the indicators to remain stressed across the board as the country is grappling with the second wave of infections.

Disruption to transportation and moderation in discretionary spending weigh on index performance

- For the week ending May 02 the reading of weekly UFI stood at 80.2, indicating that activity levels are at ~80% of that seen during pre-COVID times, continuing the downtrend seen since the beginning of April
- Moderation in the index performance was led by vehicle registrations and E-way bill generations. Moreover, muted mobility and rail freight revenues and deteriorating labour market indicators also weighed on the overall index reading. However, peak power demand witnessed a sequential pick up compared to the previous week.
- Among the industry indicators, E-way bill generations saw a sharp fall with an index reading of 86 (vs. 93 in the previous week), reflecting the effect of curfews and lockdowns on road freight movement. Moreover, rail freight revenues also moderated slightly to an index reading of 102 (vs. 104), as industrial demand for raw materials would have moderated somewhat with industries not operating at capacity. However, peak power demand recorded an improvement with an index reading of 102 (vs. 101)
- Labour market indicators deteriorated this week with the unemployment rate rising, while labour force participation rate moderated with an index reading of 90 (vs. 93). Urban employment figures worsened with more severe lockdowns across states. In rural areas, while some absorption of labour who have moved back has happened in the channels like agriculture and MGNREGA, some surplus labour is likely to remain

- Subdued demand conditions continue to weigh on vehicle registrations numbers which recorded a significant fall with an index reading of 53 (vs. 69). Higher vehicle prices, muted mobility and COVID worries weighed on discretionary spending on automobiles. Reports have emerged on automobile manufacturers opting for production cuts amid subdued demand and shortage of semiconductors, which will further put pressure on this metric going ahead
- Average mobility index continued to fall sharply to an index reading of 58 (vs. 65), driven by significant deterioration recorded for the Apple driving index. Travel across categories such as retail, grocery, parks and transit stations moderated compared to the previous week's levels.

Monthly UFI: ICICI Bank's monthly UFI has dipped to the below pre-COVID reading of 90.2 (vs. 107.9 in the previous month) for the first time since Nov 2020. Rapid rise in the second wave of infections in the country in April forced certain State Governments to announce various restrictive measures to arrest the spread, with localised lockdown measures being periodically extended. All indicators witnessed a moderation in the month of April. Mobility indicators saw the sharpest fall as travel got impacted significantly due to restrictions and fears of contagion. Reverse migration out of major cities due to the curtailment of activities on the back of lockdown restrictions weighed on labour market indicators. Vehicle registrations also moderated significantly in April as higher vehicle prices, muted mobility and COVID worries weighed on discretionary spending.

All industry indicators also moderated with E-way bill generations witnessing a sharp fall in April as compared to March, as night and weekend curfews disrupted the movement of road freight traffic across states, in addition to high truck rentals. Moreover, peak power demand and rail freight revenues also moderated, indicating lower industrial activity in the urban areas over April. We continue to monitor these indicators to assess the impact of the second wave of infections in the country as it poses downside risks to the growth impetus for Q1FY2022.



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

Moderation in performance visible across almost all states on the back of infection spread and concomitant activity crimping

State-wise heat map is indicating a deterioration in performance for the month of April as compared to March, as State Governments imposed localised lockdowns to curb the spread of the virus. Rising infection spread is a concern going ahead, as more states are increasingly opting for restrictions and lockdowns, and this will likely weigh on more state-level indices.

- The index for Delhi fell sharply, driven by a significant fall seen in people mobility, vehicle registrations and rail freight revenues. The combination dragged the index reading for Delhi to last year's May-June levels. However, peak power demand grew sequentially and arrested further deterioration in the index
- Maharashtra also witnessed a sharp moderation in its index, reflecting the effect of imposition of the lockdown since mid-April. The moderation in the index reading was led by a sharp fall seen in vehicle registration numbers and muted people mobility. Rail freight revenues saw positive momentum, while peak power demand remained unchanged at the previous month's high levels which aided the index performance.
- Karnataka recorded moderation in all indicators across the board except for rail freight revenues, while the index for Tamil Nadu was supported by improved peak power demand, higher rail freight revenues and lower unemployment rate compared to the previous month. However, deteriorating vehicle registrations and people mobility weighed on the index for Tamil Nadu
- The index for Uttar Pradesh also moderated, but still held above the pre-COVID level reading for April, driven by higher rail freight revenues and peak power demand. However, the recent rise in the number of cases may affect the momentum for the state.

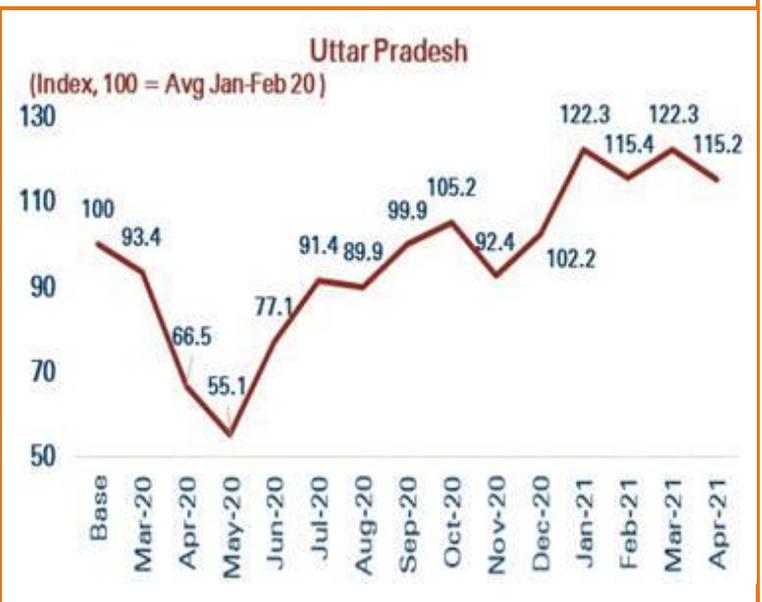
State-wise UFI heatmap

	India	Maharashtra	Uttar Pradesh	Tamil Nadu	Karnataka	Gujarat	West Bengal	Rajasthan	Kerala	Delhi	Bihar	Punjab	Odisha
Jan20-Feb20 (Base)	100	100	100	100	100	100	100	100	100	100	100	100	100
Mar-20	86.2	99.2	93.4	85.3	92.2	93.2	111.0	97.7	88.0	78.1	107.2	98.7	99.0
Apr-20	41.5	39.6	66.5	36.0	41.6	42.4	54.2	42.7	46.8	56.5	48.4	87.3	45.2
May-20	51.1	47.2	55.1	56.6	52.0	53.4	49.9	60.4	63.8	61.4	59.1	65.6	58.1
Jun-20	72.2	56.3	77.1	69.3	67.2	87.2	77.0	81.6	76.8	86.2	90.1	92.1	79.4
Jul-20	78.7	65.1	91.4	68.3	62.9	105.8	87.4	83.9	75.5	93.3	84.3	110.2	84.5
Aug-20	80.8	65.2	89.9	78.9	71.7	100.8	82.6	78.3	74.4	100.2	91.7	110.1	89.3
Sep-20	91.2	76.9	99.9	80.5	79.2	90.8	100.0	86.0	88.3	103.9	96.3	113.7	92.5
Oct-20	94.3	86.5	105.2	82.7	88.5	100.0	97.4	94.0	94.3	109.9	98.1	98.2	100.3
Nov-20	98.6	102.3	92.4	90.4	96.1	109.9	92.2	111.6	89.1	108.2	102.2	96.5	104.5
Dec-20	101.6	104.1	102.2	101.7	101.0	110.7	105.9	103.5	91.1	107.6	99.0	120.3	108.1
Jan-21	105.9	105.5	122.3	91.0	97.4	112.6	102.8	94.8	106.6	103.6	97.8	101.5	100.6
Feb-21	104.1	100.7	115.4	90.7	96.2	104.8	97.5	96.1	101.1	101.3	96.6	95.9	101.8
Mar-21	107.9	103.9	122.3	98.2	114.3	116.7	107.8	102.5	106.6	106.7	104.9	107.5	113.4
Apr-21	90.2	80.5	115.2	95.3	92.1	109.9	99.7	83.1	103.8	68.1	105.9	94.3	101.7
% 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

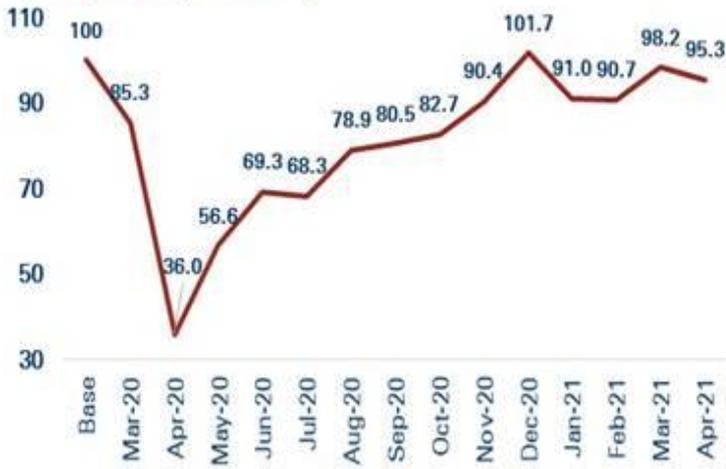
Source: CEIC, CMIE, POSOCO, Raildrishti, Vahan, GSTN, Google, Apple, ICICI Bank Research

State-wise UFI charts



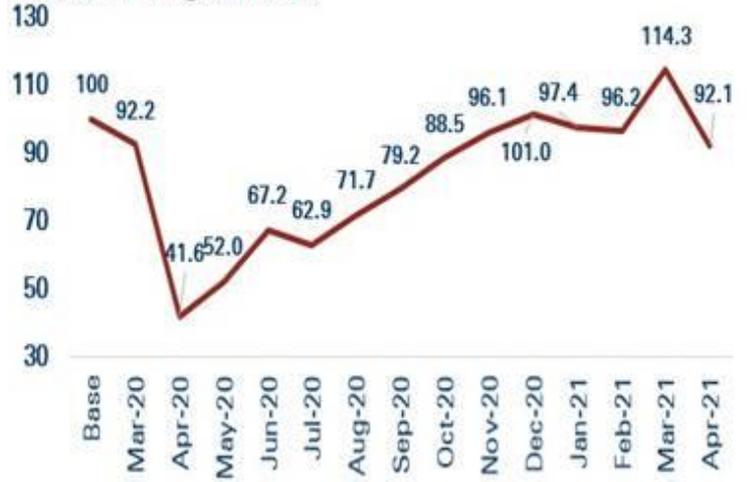
Tamil Nadu

(Index, 100 = Avg Jan-Feb 20)



Karnataka

(Index, 100 = Avg Jan-Feb 20)



Gujarat

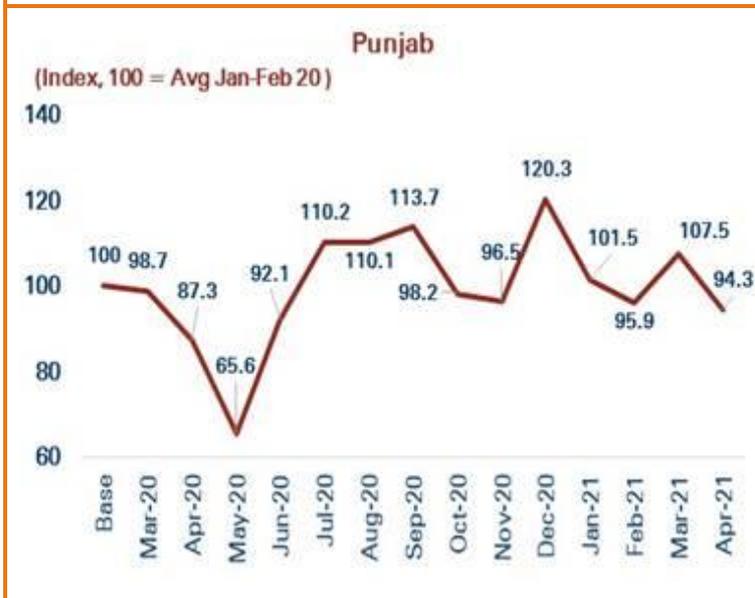
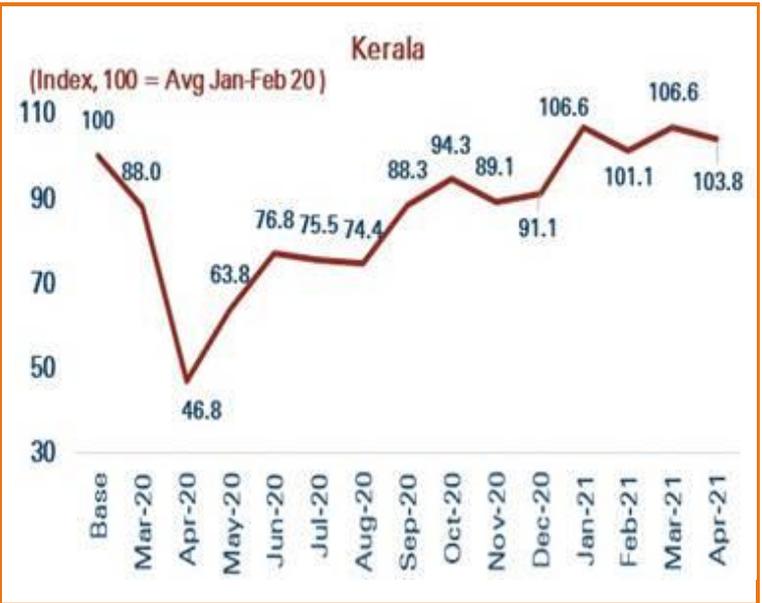
(Index, 100 = Avg Jan-Feb 20)



West Bengal

(Index, 100 = Avg Jan-Feb 20)





ICICI Bank: ICICI Bank Towers, Bandra Kurla Complex, Mumbai- 400 051. Phone: (+91-22) 2653-1414

Economic Research Group

Shivom Chakravarti	Senior Economist—Global Markets	shivom.chakravarti@icicibank.com
Sumedha Dasgupta	Economist	sumedha.dasgupta@icicibank.com
Kaushal Aryan	Research Analyst	kaushalkumar.aryan@icicibank.com
Aniket Gaikwad	Research Analyst	aniket.gaikwad@icicibank.com
Asha Sasikumar	Research Analyst	asha.sasikumar@icicibank.com
Jyoti Sharma	Research Analyst	sharma.jyoti@icicibank.com
Tanisha Ladha	Research Analyst	tanisha.ladha@icicibank.com
Nihal Kumar	Research Analyst	nihal.kumar@icicibank.com
Sarbartho Mukherjee	Research Analyst	sarbartho.mukherjee@icicibank.com

Treasury Desks

Treasury Sales	(+91-22) 6188-5000	Currency Desk	(+91-22) 2652-3228-33
Gsec Desk	(+91-22) 2653-1001-05	FX Derivatives	(+91-22) 2653-8941/43
Interest Rate Derivatives	(+91-22) 2653-1011-15	Commodities Desk	(+91-22) 2653-1037-42
Corporate Bond	(+91-22) 2653-7242		

Disclaimer:

This document is issued solely by ICICI Bank Limited ("ICICI Bank"). Any information in this email should not be construed as an offer, invitation, solicitation, solution or advice of any kind to buy or sell any securities, financial products or services offered by ICICI Bank) or any other entity, unless specifically stated so. The contents of this document do not take into account your personal circumstances. Before entering into any transaction, you should take steps to ensure that you understand the transaction and have made an independent assessment of the appropriateness of the transaction in light of your own objectives and circumstances, including the possible risks and benefits of entering into such transaction and should seek your own financial, business, legal, tax and other advice regarding the appropriateness of investing in any securities. ICICI Bank (including its branches, affiliates of ICICI Bank) do not provide any financial advice, and is not your fiduciary or agent, in relation to the securities or any proposed transaction with you unless otherwise expressly agreed by us in writing.

The information, opinions and material in this document (i) are derived from sources that ICICI Bank believes to be reliable but the reliability or accuracy of which have not been independently verified (ii) are given as part of ICICI Bank's internal research activity and not as manager of or adviser in relation to any assets or investments and no consideration has been given to the particular needs of any recipient; and (iii) may contain forward looking statements, which may be materially affected by various risk, uncertainties and other factors. The opinions contained in such material constitute the judgment of ICICI Bank in relation to the matters which are the subject of such material as at the date of its publication, all of which are expressed without any responsibility on ICICI Bank's part and are subject to change without notice. ICICI Bank has no duty to update this document, the opinions, factual or analytical data contained herein. ICICI Bank and/or its affiliates makes no representation as to the accuracy, completeness or reliability of any information contained herein or otherwise provided and hereby disclaim any liability with regard to the same. The recipient of the information should take necessary steps as they deem necessary prior to placing reliance upon it. Nothing contained in this publication shall constitute or be deemed to constitute an offer to sell/purchase or as an invitation or solicitation to do so for any securities or financial products/ instruments of any entity.

This document is intended solely for customers of ICICI Bank and may contain proprietary, confidential or legally privileged information. No part of this report may be copied, disseminated or redistributed by any recipient for any purpose without ICICI Bank's prior written consent. If the reader of this message is not the intended recipient and has received this transmission in error, please immediately notify ICICI Bank, Economic Research Group, E-mail: erg@icicibank.com or by telephone at +91-22-2653-7233 and delete this message from your system.

Please also note that ICICI Bank (including its branches, and affiliates) is unable to exercise control or ensure or guarantee the integrity of/over the contents of the information contained in e-mail transmissions and / or attachments and that any views expressed in this e-mail and / or attachments are not endorsed by/binding on ICICI Bank. Before opening any attachments please check them for viruses and defects and please note that ICICI Bank accepts no liability or responsibility for any damage caused by any virus that may be transmitted by this email and/ or attachments thereto.

DISCLAIMER FOR DUBAI INTERNATIONAL FINANCIAL CENTRE ("DIFC") CLIENTS:

This marketing material is distributed by ICICI Bank Limited., Dubai International Financial Centre (DIFC) Branch, a category 1 Authorized Firm and regulated by the Dubai Financial Services Authority. This marketing material is intended to be issued, distributed and/or offered to a limited number of investors who qualify as 'Professional Clients' pursuant to Rule 2.3.3 of the DFSA Conduct of Business Rulebook, or where applicable a Market Counterparty only, and should not be referred to or relied upon by Retail Clients and must not be relied upon by any person other than the original recipients and/or reproduced or used for any other purpose.

DISCLOSURE FOR RESIDENTS IN THE UNITED ARAB EMIRATES ("UAE"):

Investors should note that any products mentioned in this document, any offering material related thereto and any interests therein have not been approved or licensed by the UAE Central Bank or by any other relevant licensing authority in the UAE, and they do not constitute a public offer of products in the UAE in accordance with the Commercial Companies Law, Federal Law No. 8 of 1984 (as amended) or otherwise.

DISCLOSURE FOR RESIDENTS IN HONGKONG

This document has been issued by ICICI Bank Limited in the conduct of its Hong Kong regulated business (i.e. type 1 license) for the information of its institutional and professional investor (as defined by Securities and Future Ordinance (Chapter 571 of Laws of Hong Kong) (the "SFO")) customers; it is not intended for and should not be distributed to retail or individual investors in Hong Kong. Any person who is not a relevant person should not act or rely on this document or any of its contents. This document has not been reviewed, authorized or approved by any regulatory authority.

ICICI Bank and/or its affiliates are full service financial institutions engaged in various activities which may include securities trading, commercial and investment banking, financial advice, investment management, principal investment, hedging, financing and brokerage activities. As a result, you should be aware that a conflict of interest may exist. In accordance with the regulatory requirements and its own conflicts of interest policies, ICICI Bank has in place arrangements, internal policies and procedures to manage conflicts of interest that arise between itself and its clients and between its different clients. Where it does not consider that the arrangements under its conflicts of interest policies are sufficient to manage a particular conflict, it will inform you of the nature of the conflict so that you can decide how to proceed.

DISCLOSURE FOR RESIDENTS IN SINGAPORE

ICICI Bank Limited, India ("ICICI India") is incorporated under the laws of India and is regulated by the Reserve Bank of India. ICICI Bank Limited, Singapore branch ("ICICI") is regulated by the Monetary Authority of Singapore.

As mentioned, ICICI India is regulated by the Reserve Bank of India. Hence, in relation to your dealing with ICICI India, you understand that your interest will be subject to protection of local laws and regulations in India, which may offer different or diminished protection than available under Singapore laws and regulations. You also understand that the Monetary Authority of Singapore will be unable to compel the enforcement of the rules of the local regulators.

For more detailed disclaimer, please visit <https://www.icicibank.com/disclaimer/disclaimertnc.html>