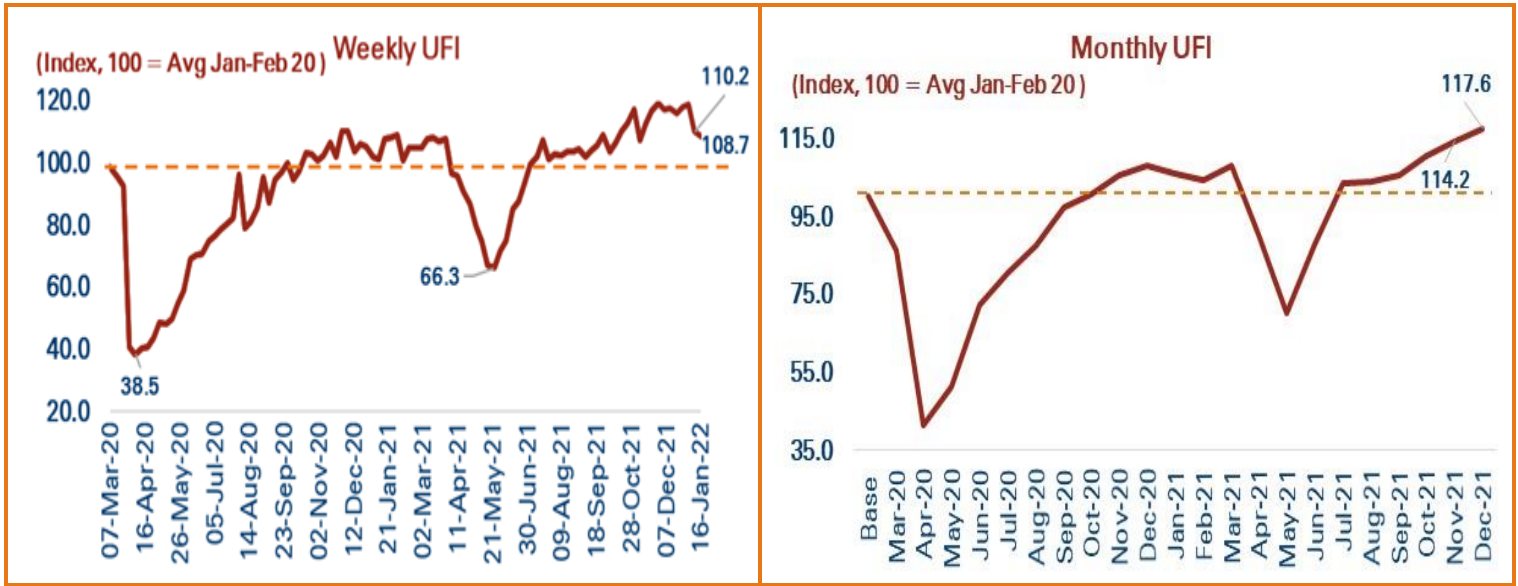


What is the UFI telling us?

ICICI Bank's weekly UFI moderated further to 108.7 from 110.2 in the week before. The fall was driven by a significant reduction observed in the mobility indices in addition to the fall in vehicle registrations. A sequential fall was observed in E-way bills also while other industrial indicators, namely, peak power demand and rail freight revenue saw marginal improvement. Labor market conditions improved with a sharp improvement in unemployment rate due to an improvement in rural unemployment while labor force participation fell. The fall in UFI is in-line with restrictions imposed across states in response to rising cases. Given the restrictions in place, mobility indicators are likely to remain muted in the coming weeks.

Muted mobility and vehicle registrations drive the UFI down further

- Unemployment rate improved significantly, with the index reading increasing to 125.4 (vs 102.8), largely due to the fall in rural unemployment even as urban unemployment also fell, albeit at a slower rate. However, the labour force participation index fell to 92.1 (vs 93.0). The fall in unemployment rate may partly be attributed to a fall in demand for work as Covid cases increase. Restrictions imposed on the back of rising Covid cases is likely to impact labour market negatively. However, higher *rabi* acreage is likely to create demand for farming activities.
- Industrial activity deteriorated due to the fall experienced in E-way bill generation (-5.7% WoW) even though marginal improvement was observed in peak power demand (0.4% WoW) and rail freight revenues (1.2% WoW). E-way bill index dipped to 114.5 (vs 121.4) while peak power demand index improved slightly to 103.3 (vs 102.9) as did rail freight revenue index to 119.5 (vs 118.1). We believe impact of restrictions on industrial indicators will be far lower than on mobility.
- Vehicle registrations saw a fall with the index value slipping to 74.0 (vs 79.1) as the supply-side bottlenecks and high input cost pressures persist. Going forward, increasing Covid cases might further impact demand recovery.
- Mobility index fell further to 120.4 (vs 132.2) owing to a 12.6% WoW fall in Apple mobility index. Google Mobility index also deteriorated, though impact is lower (-3.5% WoW). The fall in mobility may have an impact on contact-intensive services. Mobility has been impacted by curbs instituted by state governments as Covid cases have increased steeply; this may result in mobility indices remaining muted in the near-term.



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

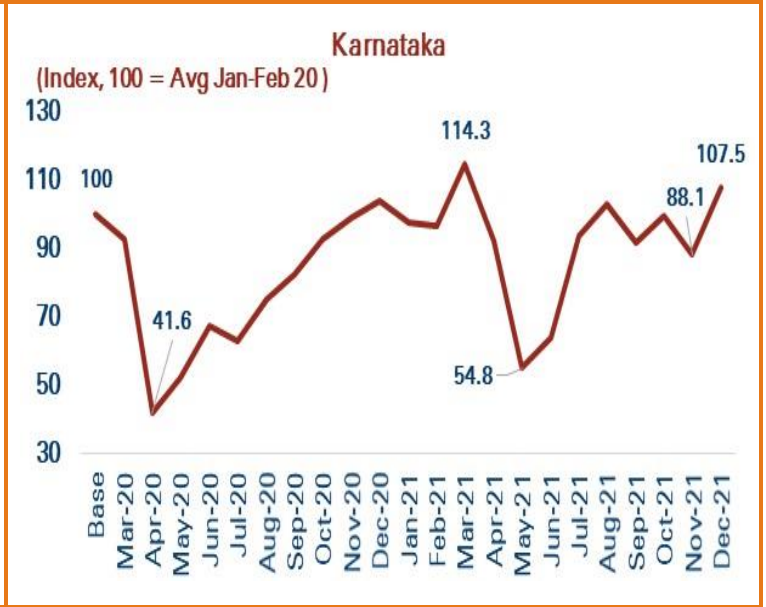
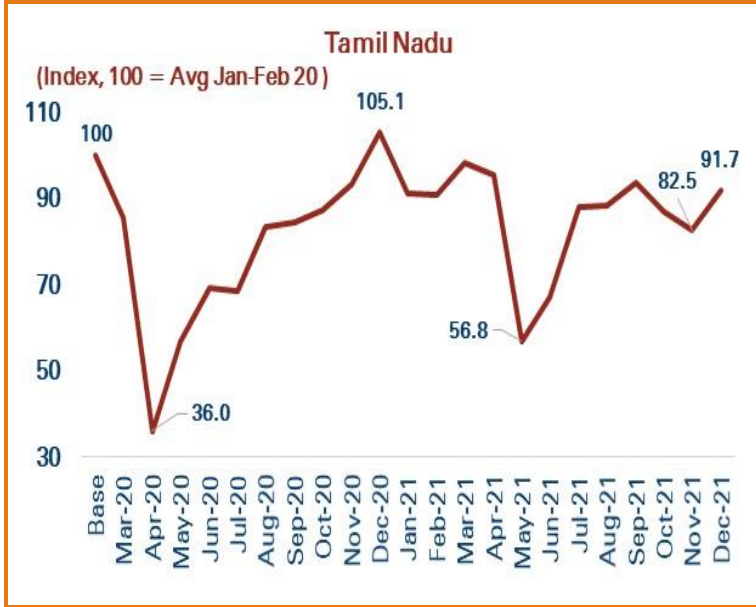
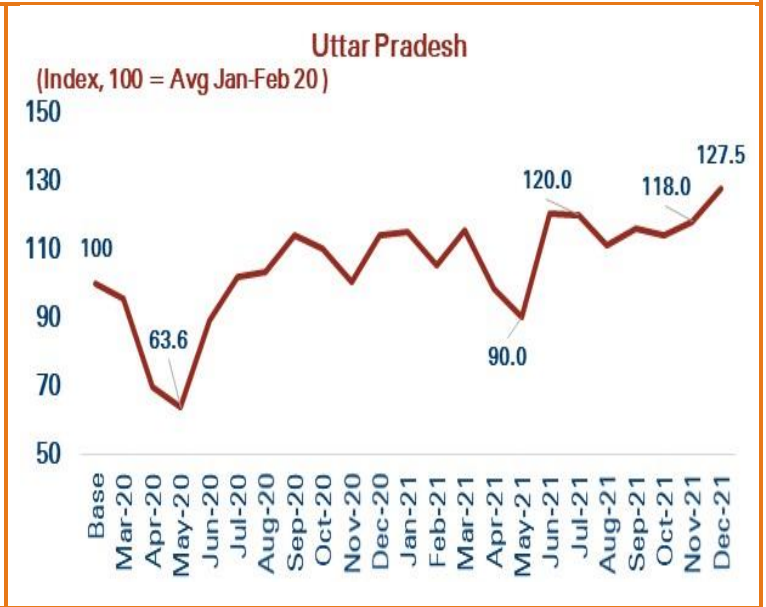
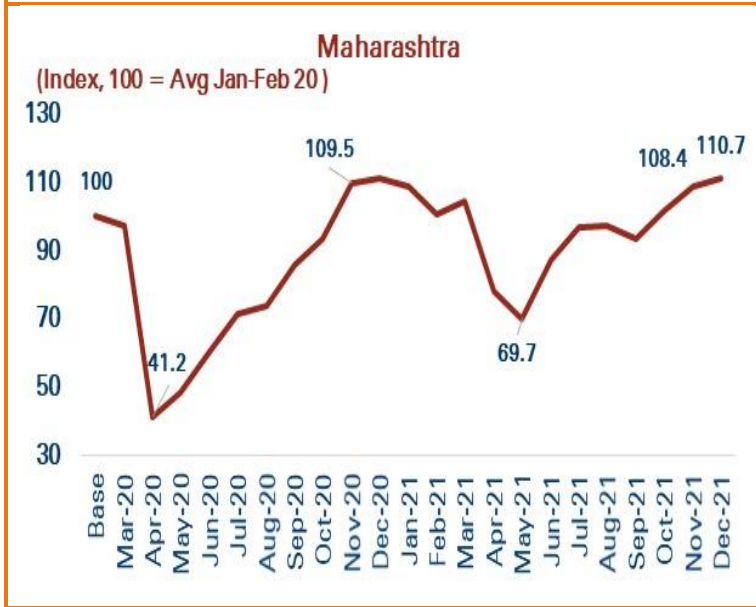
State-wise UFI heatmap

	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
Mar-20	96.7	95.2	85.3	92.2	93.2	111.0	97.7	88.0	78.0	107.2	98.7	99.0
Apr-20	41.2	69.7	36.0	41.6	42.4	54.2	42.7	46.8	54.6	48.4	87.3	45.2
May-20	48.2	63.6	56.6	52.0	53.4	49.9	60.4	63.8	60.8	59.1	65.6	58.1
Jun-20	60.1	89.1	69.3	67.2	87.2	77.0	81.6	76.8	86.8	90.1	92.1	79.4
Jul-20	70.9	101.7	68.3	62.9	105.8	87.4	83.9	75.5	92.9	84.3	110.2	84.5
Aug-20	73.3	103.0	83.4	74.8	104.7	86.2	81.9	78.2	102.0	94.9	113.7	93.0
Sep-20	85.3	113.8	84.3	82.2	93.7	102.9	89.4	91.9	105.6	99.2	117.1	95.3
Oct-20	93.1	110.0	87.3	92.2	104.4	101.7	98.6	99.9	114.2	102.4	102.2	105.0
Nov-20	109.5	100.1	93.3	98.7	113.2	95.4	115.7	93.5	112.3	106.6	99.7	108.1
Dec-20	111.0	114.1	105.1	103.7	114.2	108.5	107.3	95.5	110.3	102.0	123.2	111.1
Jan-21	108.4	115.1	91.0	97.4	112.6	102.8	94.8	106.6	105.0	97.8	101.5	100.6
Feb-21	100.1	105.1	90.7	96.2	104.8	97.5	96.1	101.1	102.1	96.6	95.9	101.8
Mar-21	103.9	115.5	98.2	114.3	116.7	107.8	102.5	106.6	107.2	104.9	107.5	113.4
Apr-21	77.8	98.4	95.3	92.1	109.9	99.7	83.1	103.8	69.3	105.9	94.3	101.7
May-21	69.7	90.0	56.8	54.8	95.3	75.1	63.6	57.0	57.3	89.1	85.7	68.2
Jun-21	87.1	120.3	66.9	63.9	118.3	88.1	92.6	69.0	110.3	110.3	113.9	82.9
Jul-21	96.6	120.0	87.7	93.5	124.3	100.1	100.6	88.5	114.4	104.9	125.8	114.2
Aug-21	97.1	111.0	88.2	102.8	126.9	98.9	98.5	97.2	114.0	99.0	132.4	102.6
Sep-21	93.1	115.8	93.5	91.5	133.0	100.1	103.4	102.2	103.0	105.1	118.3	99.9
Oct-21	101.4	113.9	86.7	99.2	119.2	98.6	101.5	100.6	109.0	99.6	107.9	127.0
Nov-21	108.4	118.0	82.5	88.1	140.5	101.6	122.6	96.5	111.6	109.7	114.4	141.5
Dec-21	110.7	127.5	91.7	107.5	137.9	100.4	110.5	109.3	108.4	101.2	115.8	110.4
% 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

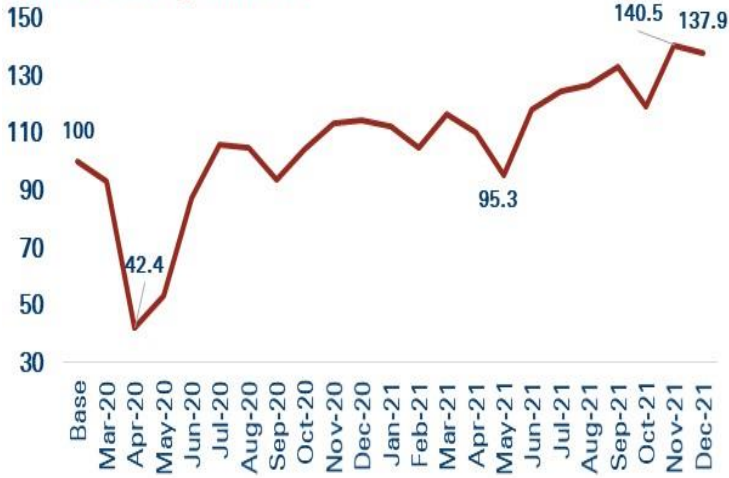
Source: CEIC, CMIE, POSOCO, Raildrishti, Vahan, GSTN, Google, Apple, ICICI Bank Research

State-wise UFI charts



Gujarat

(Index, 100 = Avg Jan-Feb 20)



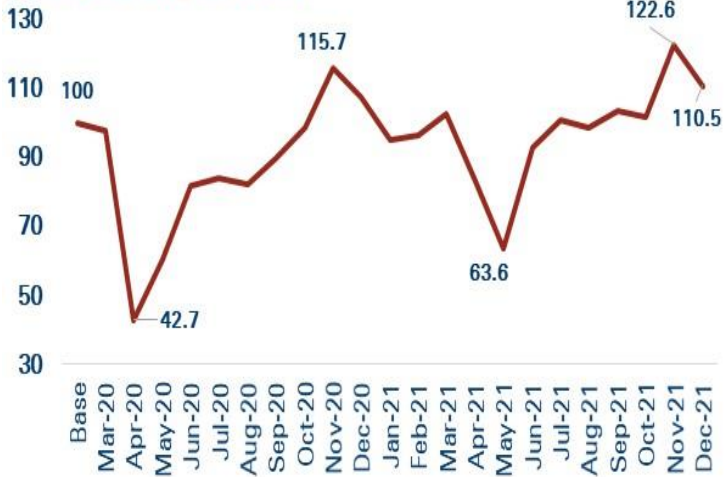
West Bengal

(Index, 100 = Avg Jan-Feb 20)



Rajasthan

(Index, 100 = Avg Jan-Feb 20)



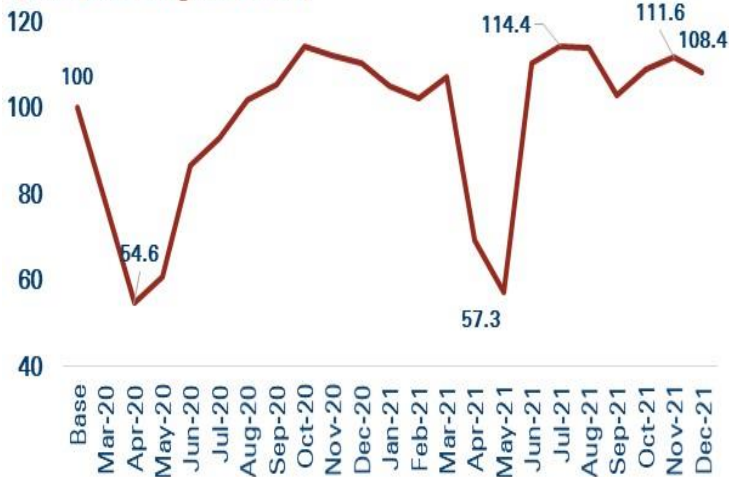
Kerala

(Index, 100 = Avg Jan-Feb 20)



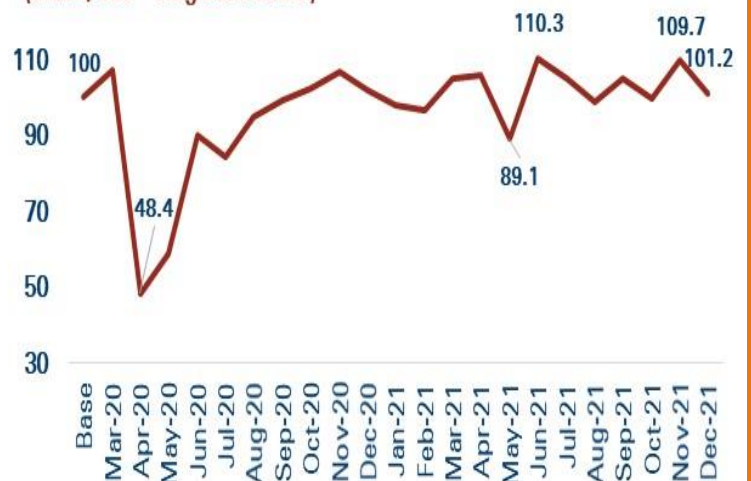
Delhi

(Index, 100 = Avg Jan-Feb 20)



Bihar

(Index, 100 = Avg Jan-Feb 20)





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

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