

## What is the UFI telling us?

For the week ending Sep 19, ICICI Bank's weekly UFI continued the uptrend with an index reading of 105.9 (vs. 104.1 in the previous week), reflecting the continued normalisation in the economic activity. Indicators that improved sequentially include the overall unemployment rate, E-way bill generations and mobility indicators. However, a deterioration recorded for indicators, such as the labour force participation rate, peak power demand, rail freight revenues and vehicle registrations weighed on the index performance.

The overall unemployment rate dipped sharply, driven by a sharp fall recorded in the rural unemployment rate. However, the fall seen in the rural unemployment rate needs to be seen in conjunction with the rural labour force participation rate, which declined sequentially indicating that the rural workforce has reduced as compared to the previous week. However, a recovery witnessed in the urban employment conditions aided the overall employment conditions. The metric warrants monitoring as volatile conditions could delay a meaningful growth recovery, going ahead. On an average, the mobility indicators remained robust with a slight improvement over the previous week's levels, which bodes well for consumption going into the upcoming festive season.

E-way bill generations grew sequentially, thus aiding the index reading. The improvement seen in the metric is encouraging as it also supports the overall GST collections for the Government, going ahead. However, peak power demand and rail freight revenues moderated, as compared to the previous week. Vehicle registrations declined on a weekly basis, indicating the subdued demand environment. We expect the demand to recover, going into the upcoming festive season. However, supply shortage of semiconductors and elevated commodity prices may act as a dampener to the metric recovery. Going ahead, we expect the UFI to reflect the normalisation taking place in the economic activity on the back of the swift pace of vaccination drive, which have improved substantially since the second-half of August. If the pace continues to remain robust, it would propel the growth recovery, going into the second-half of the fiscal year.

### Robust employment conditions aiding the index performance

- For the week ending Sep 19, the reading of the weekly UFI stood at 105.9 indicating that activity levels are at more than ~105% of that seen during pre-COVID times
- The index performance was driven by an improvement seen in the overall unemployment rate, E-way bill generations and mobility indicators. However, a sequential moderation witnessed in the

Sudarshan Bhattacharjee  
[sudarshan.bhattacharjee@icicibank.com](mailto:sudarshan.bhattacharjee@icicibank.com)

Kaushal Aryan  
[kaushalkumar.aryan@icicibank.com](mailto:kaushalkumar.aryan@icicibank.com)

23 September, 2021

Please see important disclaimer at the end of the report

indicators, such as the labour force participation rate, peak power demand, rail freight revenues and vehicle registrations weighed on the performance of the index

- The overall unemployment rate dipped sharply with an index reading of 126.9 (vs. 101.7), mainly driven by a sharp fall recorded in the rural unemployment rate. Meanwhile, the rural labour force participation rate declined sequentially, reflecting reduced rural workforce as compared to the previous week. Conditions in the urban labour market front improved sequentially, aiding the index recovery. The volatility witnessed in the labour market conditions bear watching as it could delay a meaningful growth recovery, going ahead
- E-way bill generations grew to an index reading of 115.7 (vs. 108.6), which is encouraging as it also bodes well for the Government’s GST collections. However, peak power demand and rail freight revenues moderated sequentially with index readings of 99.7 (vs. 101.8) and 95 (vs. 101.4), respectively. On an average, these industrial indicators moderated on a weekly basis. However, the figure still remains above the crucial 100-level mark, which bodes well for the growth recovery going into the second-half of the fiscal year
- Vehicle registrations declined on a weekly basis with an index reading of 71.2 (vs. 77.8), reflecting the subdued demand environment. However, we expect the demand to recover going into the upcoming festive season, but a continued shortage of semiconductors and higher input cost pressures may weigh on the figures. Thus, the metric needs to be monitored closely to assess the consumer demand recovery, going ahead
- The average mobility index improved slightly to an index reading of 123.3 (vs. 123.2), driven by an improvement seen in the Google mobility indicators. Activity levels across categories, such as retail stores, parks and transit stations improved sequentially. Additionally, the improved vaccination pace also bodes well for the metric as it will support the demand recovery for high contact services sector, going into the second half of the fiscal year.



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

State-wise UFI heatmap

	India	Mahara shtra	Uttar Pradesh	Tamil Nadu	Karnata ka	Gujarat	West Bengal	Rajasth an	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	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	41.5	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	51.1	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	72.2	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	80.5	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	87.3	73.0	102.7	83.1	74.6	104.5	86.0	81.6	78.0	101.8	94.7	113.4	92.7
Sep-20	91.2	81.5	110.2	80.5	79.2	90.8	100.0	86.0	88.3	102.6	96.3	113.7	92.5
Oct-20	94.3	88.0	104.8	82.7	88.5	100.0	97.4	94.0	94.3	110.4	98.1	98.2	100.3
Nov-20	98.6	106.1	95.6	90.4	96.1	109.9	92.2	111.6	89.1	109.4	102.2	96.5	104.5
Dec-20	101.6	107.8	110.4	101.7	101.0	110.7	105.9	103.5	91.1	107.5	99.0	120.3	108.1
Jan-21	105.4	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	104.1	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	107.9	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	90.2	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	70.1	69.8	90.0	56.8	54.8	95.3	75.1	63.6	57.0	57.3	89.1	85.7	68.2
Jun-21	87.8	86.8	120.3	66.9	63.8	118.3	88.1	92.6	69.0	110.3	110.3	114.1	83.1
Jul-21	103.5	96.6	120.0	87.7	93.5	124.3	100.1	100.6	88.5	114.4	104.9	126.1	114.2
Aug-21	103.7	97.1	111.0	88.2	102.8	127.0	98.8	98.5	97.4	114.0	99.0	132.4	102.6
% 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

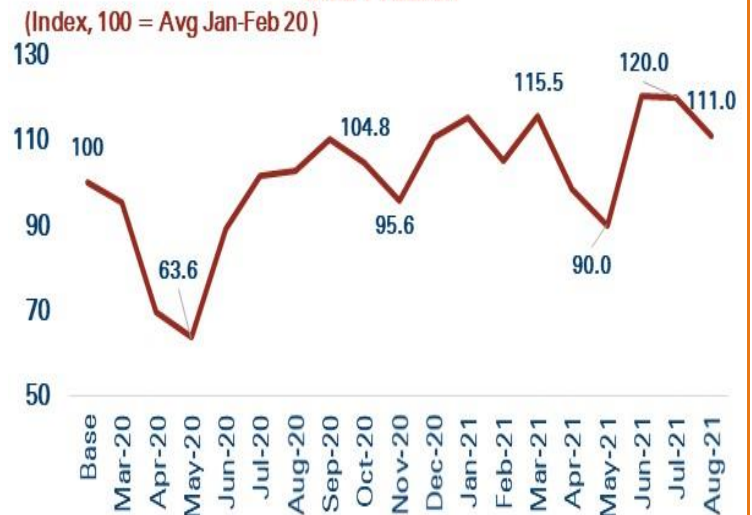
Source: CEIC, CMIE, POSOCO, Raildrishti, Vahan, GSTN, Google, Apple, ICICI Bank Research

State-wise UFI charts

Maharashtra



Uttar Pradesh





**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)



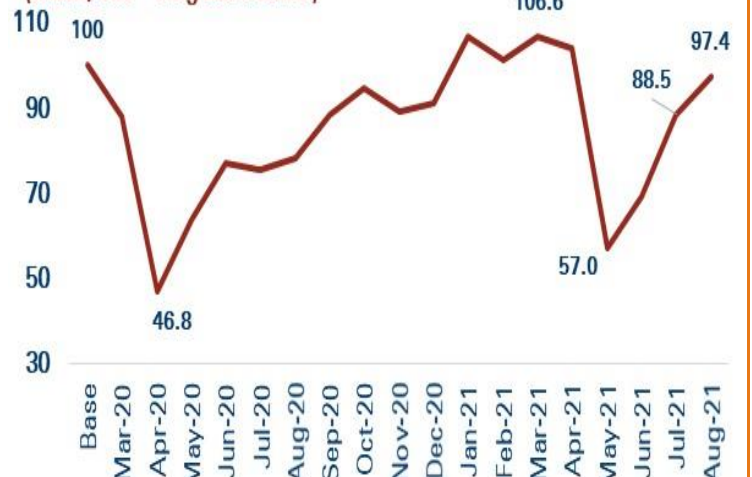
**Rajasthan**

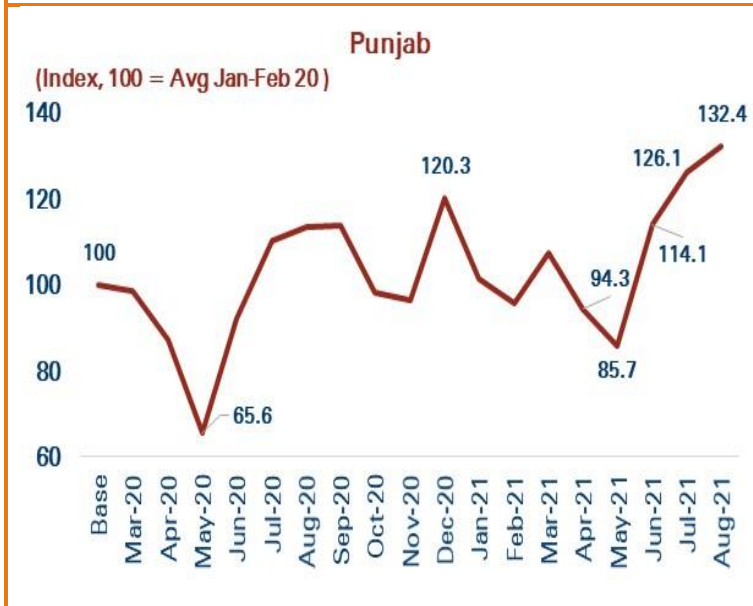
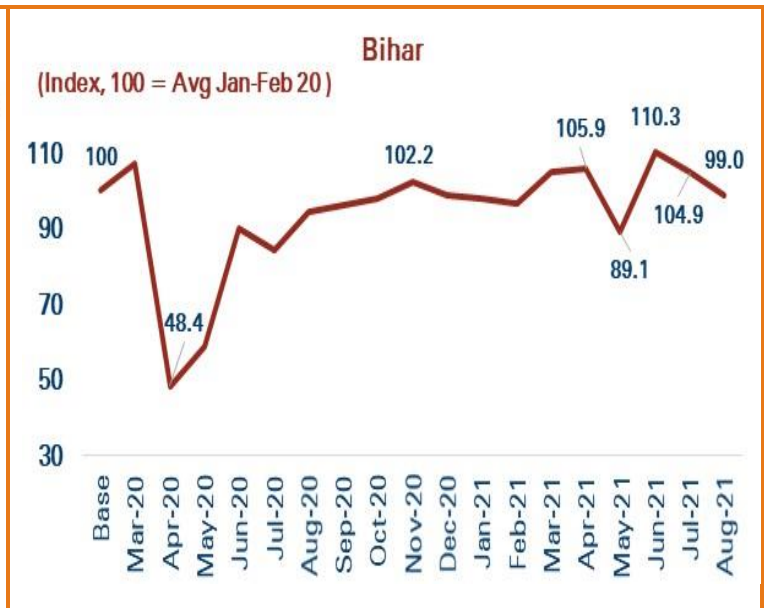
(Index, 100 = Avg Jan-Feb 20)



**Kerala**

(Index, 100 = Avg Jan-Feb 20)





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

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	<a href="mailto:shivom.chakravarti@icicibank.com">shivom.chakravarti@icicibank.com</a>
Sudharshan Bhattacharjee	Senior Economist—India Markets	<a href="mailto:sudharshan.bhattacharjee@icicibank.com">sudharshan.bhattacharjee@icicibank.com</a>
Debomitra Sen	Research Analyst	<a href="mailto:debomitra.sen@icicibank.com">debomitra.sen@icicibank.com</a>
Kaushal Aryan	Research Analyst	<a href="mailto:kaushalkumar.aryan@icicibank.com">kaushalkumar.aryan@icicibank.com</a>
Aniket Gaikwad	Research Analyst	<a href="mailto:aniket.gaikwad@icicibank.com">aniket.gaikwad@icicibank.com</a>
Asha Sasikumar	Research Analyst	<a href="mailto:asha.sasikumar@icicibank.com">asha.sasikumar@icicibank.com</a>
Jyoti Sharma	Research Analyst	<a href="mailto:sharma.jyoti@icicibank.com">sharma.jyoti@icicibank.com</a>
Tanisha Ladha	Research Analyst	<a href="mailto:tanisha.ladha@icicibank.com">tanisha.ladha@icicibank.com</a>
Nihal Kumar	Research Analyst	<a href="mailto:nihal.kumar@icicibank.com">nihal.kumar@icicibank.com</a>
Sarbartho Mukherjee	Research Analyst	<a href="mailto:sarbartho.mukherjee@icicibank.com">sarbartho.mukherjee@icicibank.com</a>
Aditya Sharma	Research Analyst	<a href="mailto:sharma.adi@icicibank.com">sharma.adi@icicibank.com</a>

### 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](mailto: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>