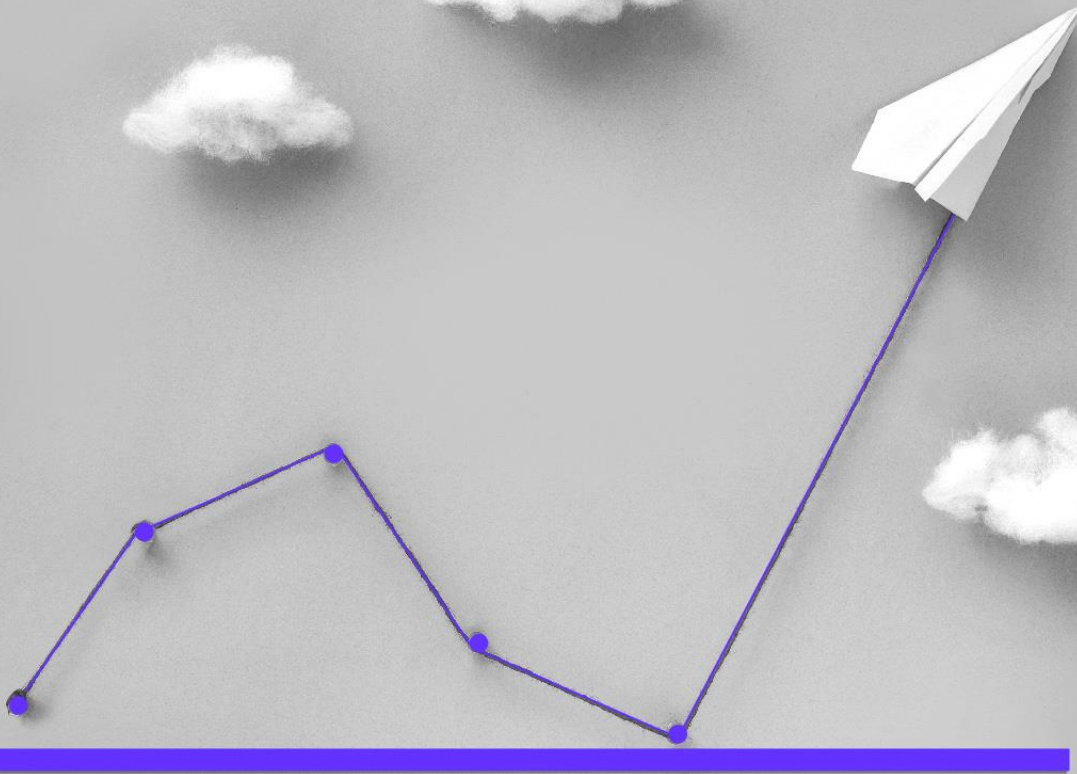


TRENDS & TIDES

**Q1FY25 GDP growth prints at
6.7% YoY, below RBI's 7.1%
forecast**



Q1FY25 Real GDP growth slows down to 6.7% YoY from 7.8% in Q4FY24

GVA growth improves to 6.8% YoY, with strong services activity offsetting the slowdown in manufacturing

Real Growth YoY%	Share	FY24	FY24				FY25	
Sector	FY24	FY24	Q1	Q2	Q3	Q4	Q1	
Agriculture	15%	1.4%	3.7%	1.7%	0.4%	0.6%	2.0%	← Agricultural growth remains muted on account of poor rabi crop production
Industry	22%	9.3%	5.0%	13.6%	10.8%	8.3%	7.4%	
Mining	2%	7.1%	7.0%	11.1%	7.5%	4.3%	7.2%	
Manufacturing	17%	9.9%	5.0%	14.3%	11.5%	8.9%	7.0%	← Manufacturing sector growth moderates due to a decline in the operating profit growth of listed manufacturing firms and weaker IIP manufacturing
Electricity	2%	7.5%	3.2%	10.5%	9.0%	7.7%	10.4%	
Services	64%	7.9%	10.4%	6.9%	7.5%	7.0%	7.7%	
Construction	9%	9.9%	8.6%	13.6%	9.6%	8.7%	10.5%	← The construction sector gains momentum, with steady steel consumption compensating for weaker cement production
Trade, Hotels, Transport, Communication	19%	6.4%	9.7%	4.5%	7.0%	5.1%	5.7%	
Financial services, Real estate, Professional Services	23%	8.4%	12.6%	6.2%	7.0%	7.6%	7.1%	← The financial sector is affected by a decline in credit and deposit growth
Public Admin, Defence & Other Services	13%	7.8%	8.3%	7.7%	7.5%	7.8%	9.5%	
Real GVA	100%	7.2%	8.3%	7.7%	6.8%	6.3%	6.8%	← Gross Value Added (GVA), a better indicator of growth than GDP, improves to 6.8% YoY from 6.3% in Q4FY24
Real GDP		8.2%	8.2%	8.1%	8.6%	7.8%	6.7%	GDP = GVA + (indirect taxes – subsidies)

Source: MOSPI, 360 ONE Asset Research

Private consumption growth recovers to 7.4% YoY in Q1FY25

Fixed investment growth remains strong at 7.5% YoY, up from 6.5% in the previous quarter

Real Growth YoY%	Share FY24	FY24	FY24				FY25
			Q1	Q2	Q3	Q4	Q1
Consumption Expenditure	65%	3.8%	4.6%	4.1%	3.1%	3.4%	6.3%
Private Consumption	56%	4.0%	5.5%	2.6%	4.0%	4.0%	7.4%
Government Consumption	10%	2.5%	-0.1%	14.0%	-3.2%	0.9%	-0.2%
Gross Capital Formation	36%	12.2%	7.5%	10.7%	11.5%	8.0%	7.1%
Fixed Investments	34%	9.0%	8.5%	11.6%	9.7%	6.5%	7.5%
Changes in Stocks	1%	5.9%	1.2%	10.2%	7.5%	5.0%	5.6%
Valuables	2%	21.2%	-21.0%	-0.9%	63.9%	72.8%	-11.4%
Exports	23%	2.6%	-6.6%	5.0%	3.4%	8.1%	8.7%
Less Imports	25%	10.9%	15.2%	11.6%	8.7%	8.3%	4.4%
Real GDP	100%	8.2%	8.2%	8.1%	8.6%	7.8%	6.7%

← Private consumption recovers in Q1FY25

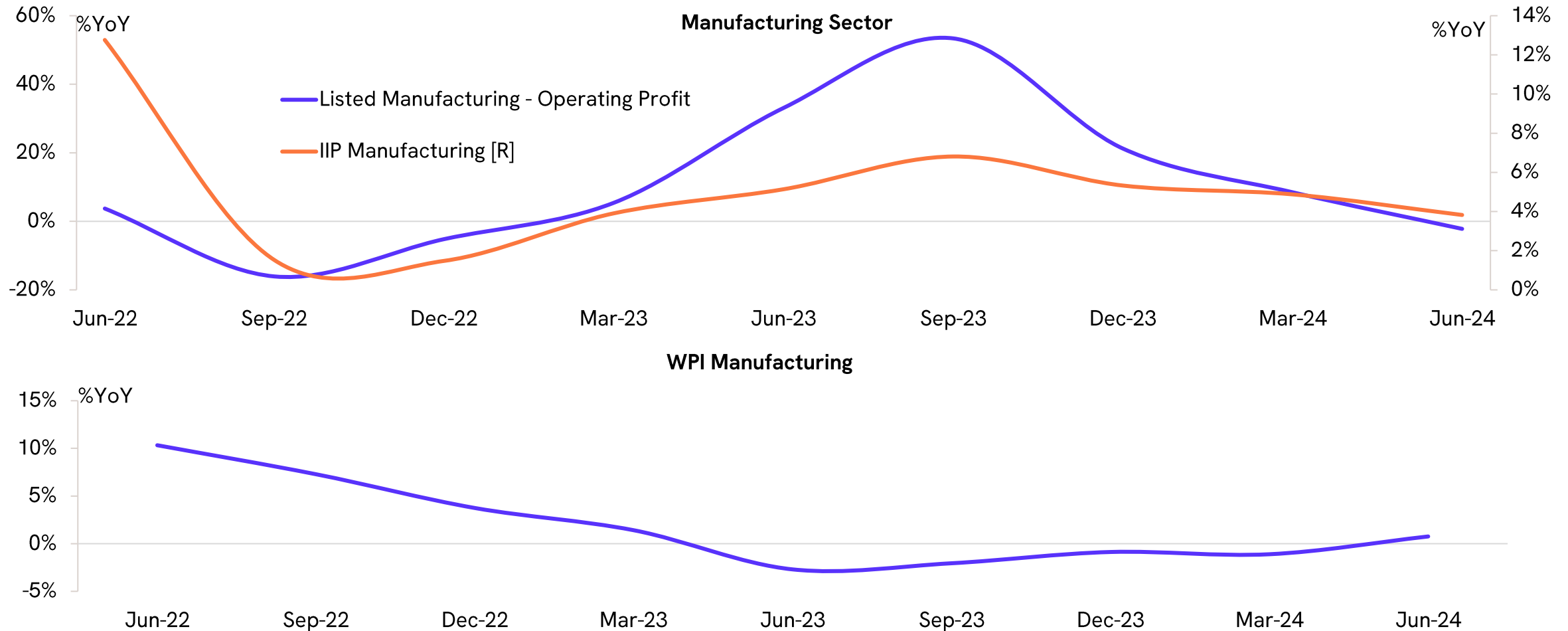
← Government consumption, however, contracts, possibly due to weak revenue expenditure by both the central and state governments

← Fixed investment growth remains strong despite the general elections

← Net exports contribute positively to GDP growth as export growth outpaces import growth

Manufacturing has slowed due to weak corporate performance and IIP decline

The deflator, WPI manufacturing, has also risen, leading to a decline in real manufacturing value-added

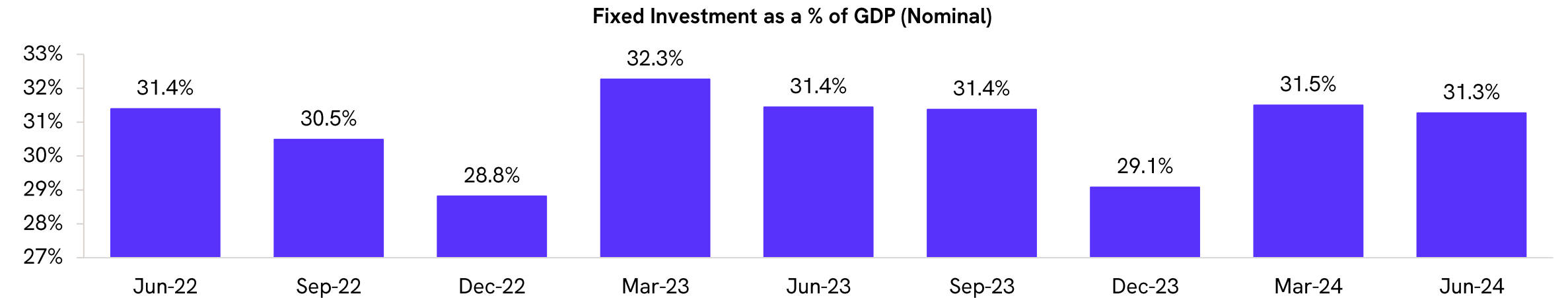
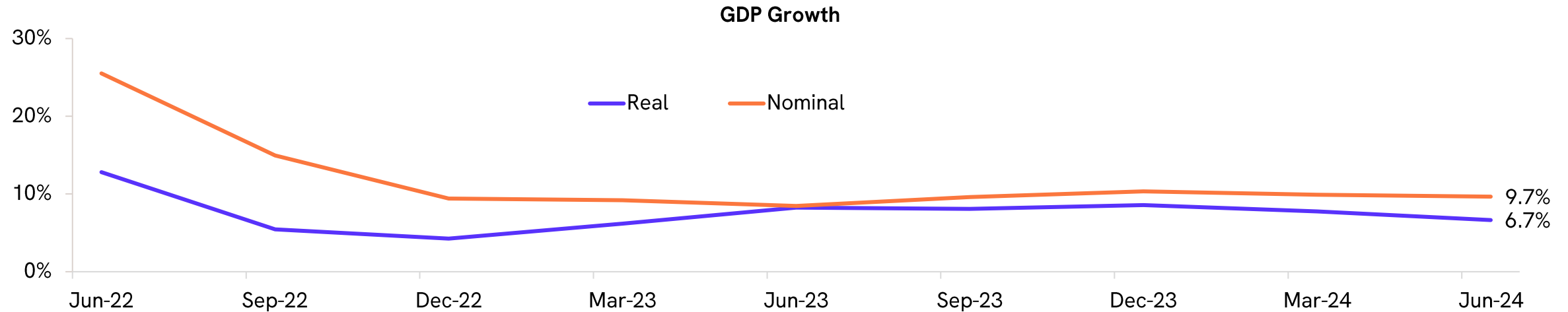


Source: MOSPI, ACE Equity, 360 ONE Asset Research

Note: Listed Manufacturing Operating Profit based on a sample of 1791 companies, IIP – Index of Industrial Production

Nominal growth prints lower at 9.7% YoY from 9.9% in the last quarter

Fixed Investment's share of nominal GDP remains steady at 31.3%, showing no significant impact from the elections



Source: MOSPI, 360 ONE Asset Research

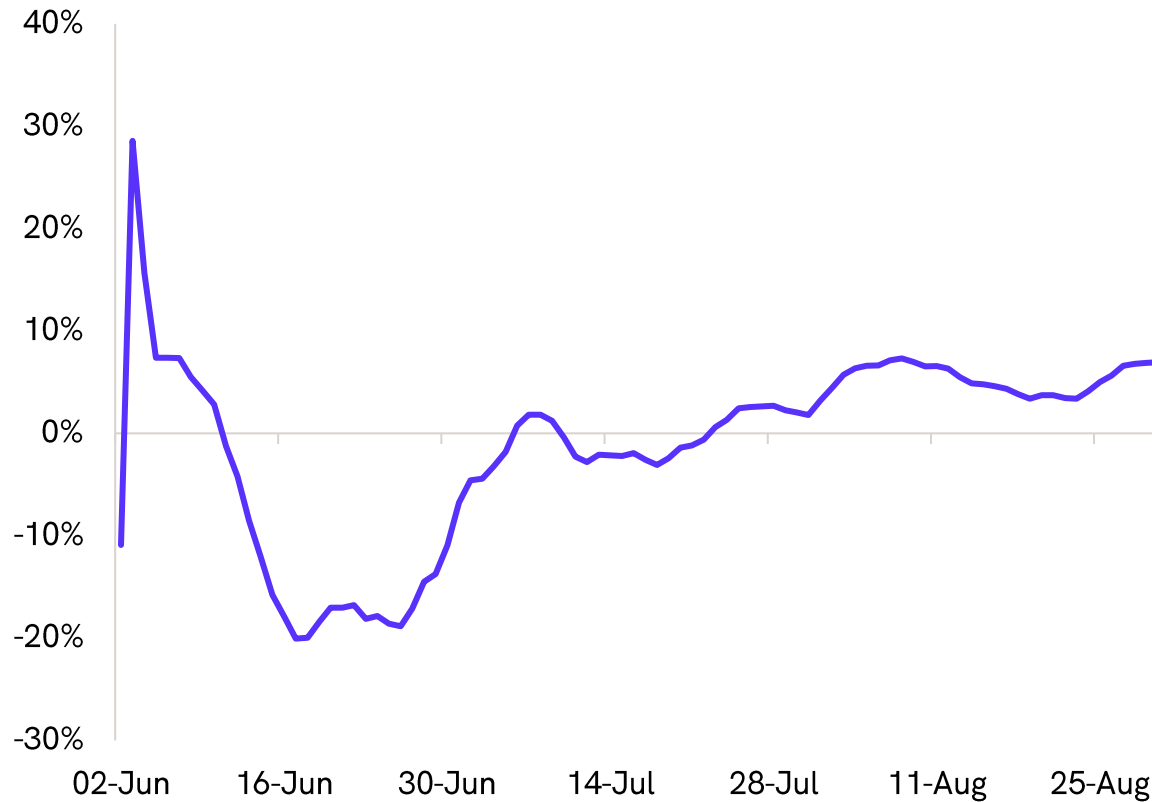
Outlook: FY25 GDP growth is expected to be around 6.8% YoY

Restrictive domestic monetary policy and volatility in financial markets pose risks to the outlook

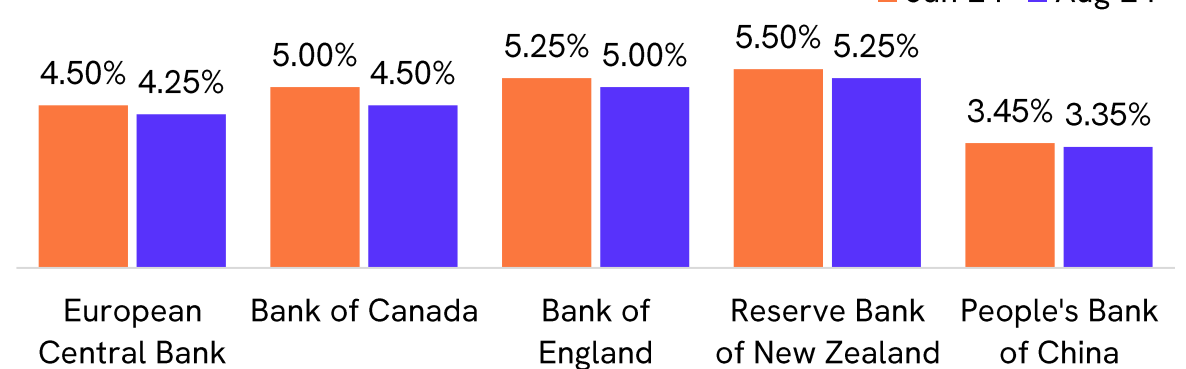
A normal monsoon bodes well for rural sector recovery

Monetary easing by major central banks should support global growth and keep the external environment favorable

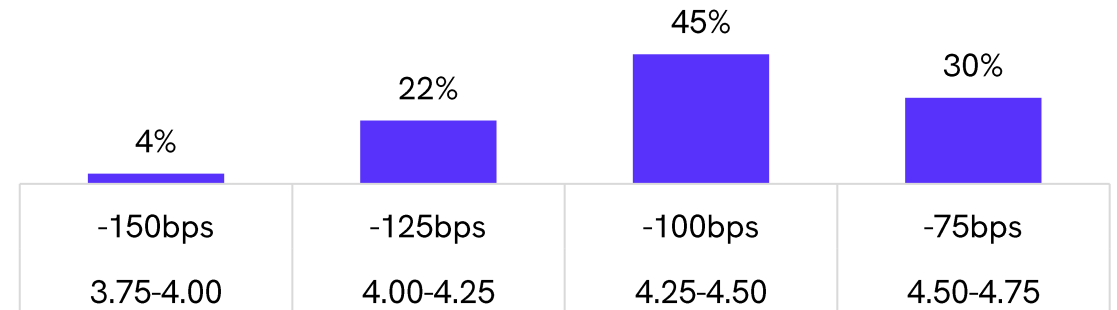
% Deviation from Normal - Cumulative



Central Bank Rates



Fed Funds Rate Probabilities for December 2024 Meeting (as of 30th Aug)



Source: IMD, Bloomberg, CME FedWatch, 360 ONE Asset Research

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