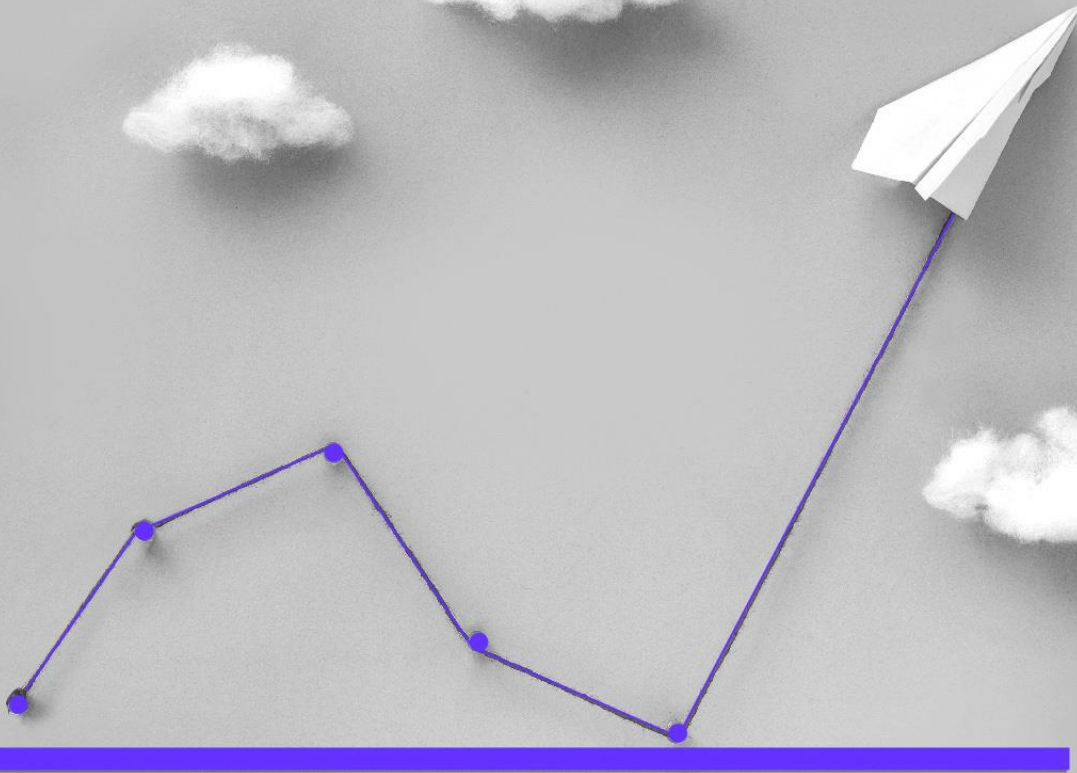


TRENDS & TIDES

India's Q2FY25 GDP growth slows to 5.4% YoY, significantly below market expectations



Q2FY25 Real GDP growth slows to 5.4% YoY from 6.7% in Q1FY25

GVA growth declined to 5.6% YoY from 6.8% in the previous quarter, primarily due to a slowdown in manufacturing activity

Real Growth YoY%	Share		FY24				FY25	
Sector	FY24	FY24	Q1	Q2	Q3	Q4	Q1	Q2
Agriculture	15%	1.4%	3.7%	1.7%	0.4%	0.6%	2.0%	3.5%
Industry	22%	9.3%	5.0%	13.6%	10.8%	8.3%	7.4%	2.1%
Mining	2%	7.1%	7.0%	11.1%	7.5%	4.3%	7.2%	(0.1%)
Manufacturing	17%	9.9%	5.0%	14.3%	11.5%	8.9%	7.0%	2.2%
Electricity	2%	7.5%	3.2%	10.5%	9.0%	7.7%	10.4%	3.3%
Services	64%	7.9%	10.4%	6.9%	7.5%	7.0%	7.7%	7.1%
Construction	9%	9.9%	8.6%	13.6%	9.6%	8.7%	10.5%	7.7%
Trade, Hotels, Transport, Communication	19%	6.4%	9.7%	4.5%	7.0%	5.1%	5.7%	6.0%
Financial services, Real estate, Professional Services	23%	8.4%	12.6%	6.2%	7.0%	7.6%	7.1%	6.7%
Public Admin, Defence & Other Services	13%	7.8%	8.3%	7.7%	7.5%	7.8%	9.5%	9.2%
Real GVA	100%	7.2%	8.3%	7.7%	6.8%	6.3%	6.8%	5.6%
Real GDP		8.2%	8.2%	8.1%	8.6%	7.8%	6.7%	5.4%

← Agricultural growth recovers on account of a good kharif crop season

← Manufacturing sector growth moderates due to a decline in the operating profit growth of listed manufacturing firms and weaker IIP manufacturing

← The construction sector lost momentum due to muted growth in cement production and a decline in steel consumption growth

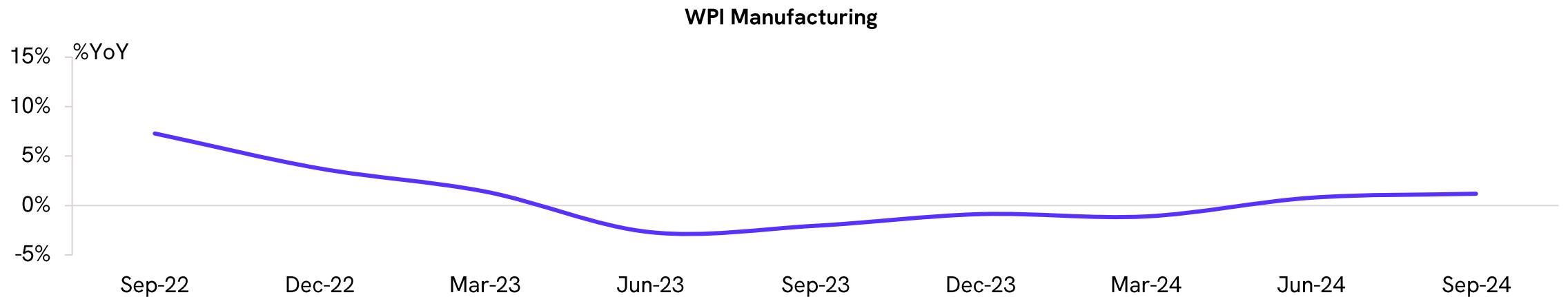
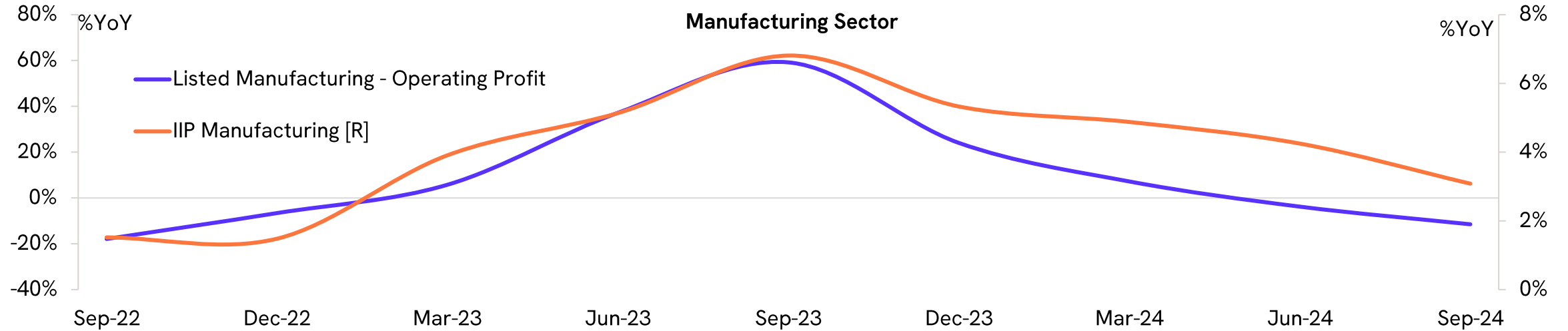
← Gross Value Added (GVA), a better indicator of growth than GDP, falls to 5.6% YoY from 6.8% in Q1FY25

GDP = GVA + (indirect taxes – subsidies)

Source: MOSPI, 360 ONE Asset Research

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 900+ companies, IIP – Index of Industrial Production

Private consumption growth slows to 6.0% YoY in Q2FY25

Fixed investment growth decelerates to 5.4% YoY from 7.5% in the previous quarter

Real Growth YoY%	Share FY24	FY24	FY24				FY25	
			Q1	Q2	Q3	Q4	Q1	Q2
Consumption Expenditure	65%	3.8%	4.6%	4.1%	3.1%	3.4%	6.3%	5.7%
Private Consumption	56%	4.0%	5.5%	2.6%	4.0%	4.0%	7.4%	6.0%
Government Consumption	10%	2.5%	-0.1%	14.0%	-3.2%	0.9%	-0.2%	4.4%
Gross Capital Formation	36%	12.2%	7.5%	10.7%	11.5%	8.0%	7.1%	5.9%
Fixed Investments	34%	9.0%	8.5%	11.6%	9.7%	6.5%	7.5%	5.4%
Changes in Stocks	1%	5.9%	1.2%	10.2%	7.5%	5.0%	5.6%	1.3%
Valuables	2%	21.2%	-21.0%	-0.9%	63.9%	72.8%	-11.4%	14.4%
Exports	23%	2.6%	-6.6%	5.0%	3.4%	8.1%	8.7%	2.8%
Less Imports	25%	10.9%	15.2%	11.6%	8.7%	8.3%	4.4%	-2.9%
Real GDP	100%	8.2%	8.2%	8.1%	8.6%	7.8%	6.7%	5.4%

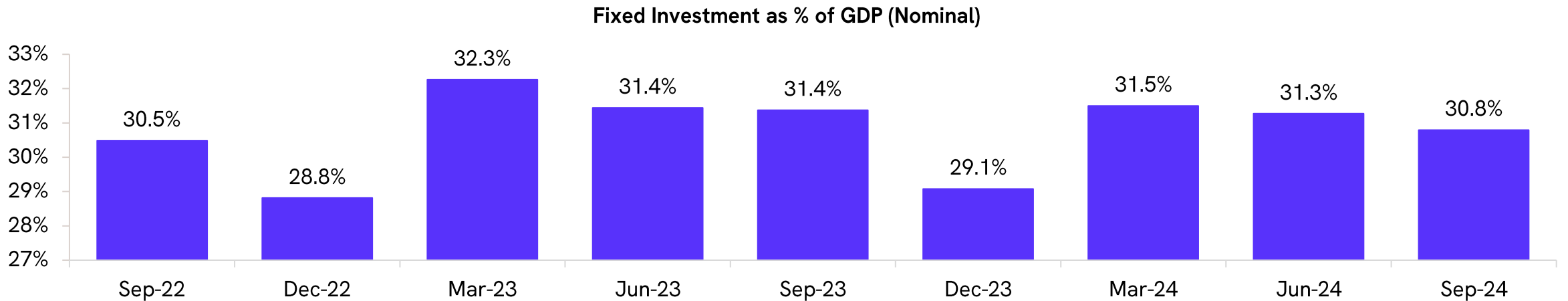
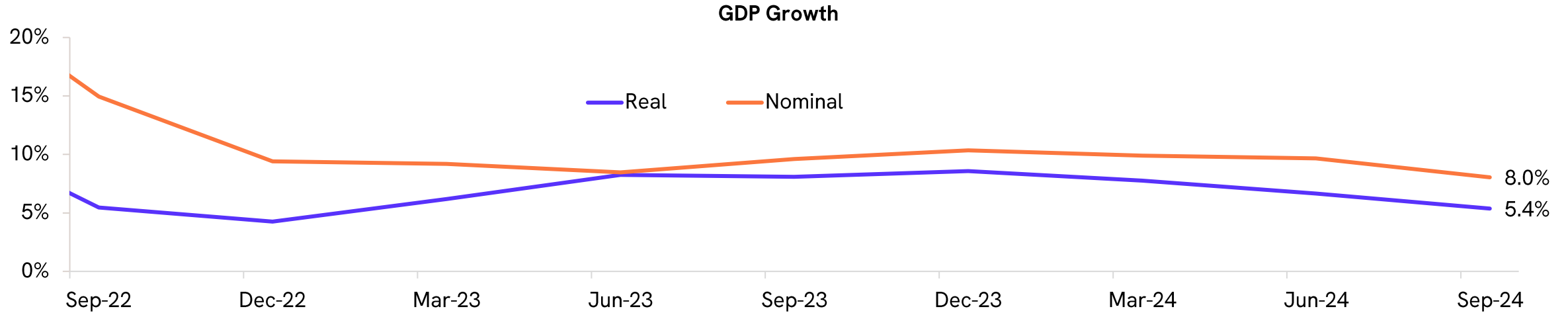
Private consumption falters in Q2 after witnessing a recovery in Q1

Government consumption recovers as spending picks up post-election

Fixed investment growth disappoints despite partial recovery in central government capex in Q2

Nominal growth prints lower at 8.0% YoY, down from 9.7% last quarter

Fixed Investment's share of nominal GDP falls to 30.8% in Q2 from 31.3% in the previous quarter



Source: MOSPI, 360 ONE Asset Research

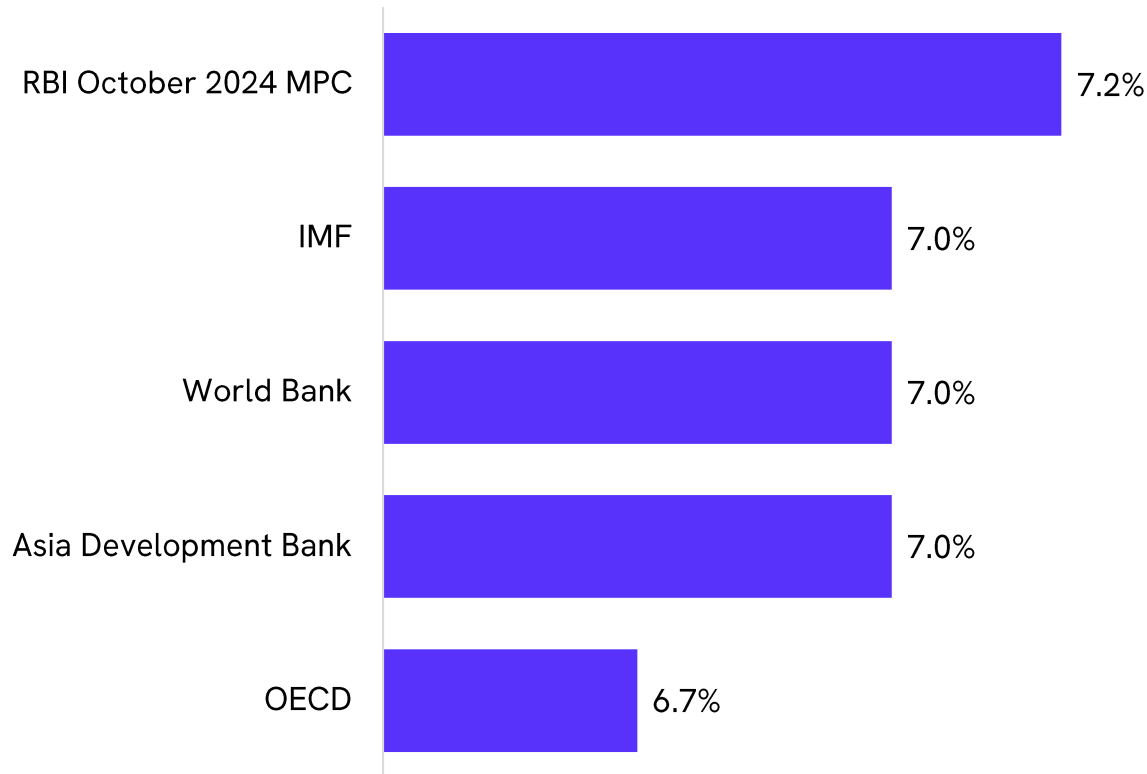
Outlook: FY25 GDP growth is expected to be around 6.5-6.8% YoY

An increase in financial market volatility and restrictive monetary policy pose risks to the outlook

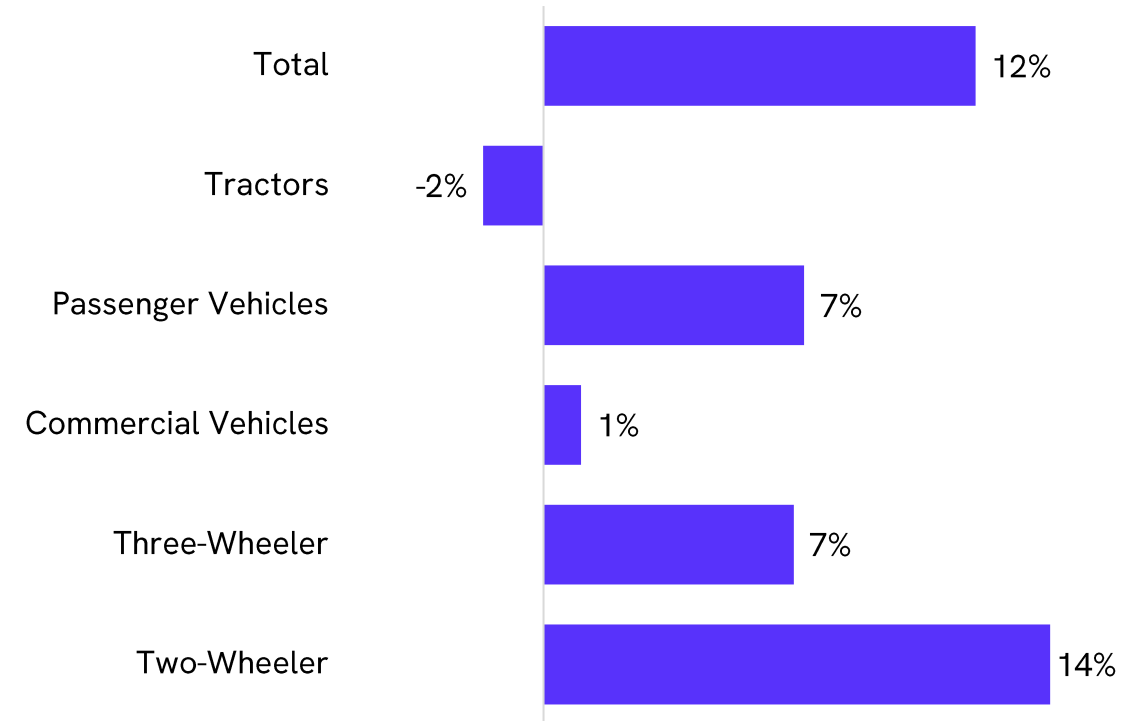
India's real GDP growth to undershoot RBI projection

Healthy festive season auto sales and expectations of a strong marriage season will likely support consumption growth in Q3

FY25 GDP Forecast



2024 Festive Season Sales



Source: CMIE, FADA, 360 ONE Asset Research

Note: Sales growth was calculated for the 42-day festive period, ranging from the first day of Navratri to 15 days after Dhanteras

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