



Global Macro: How it affects India

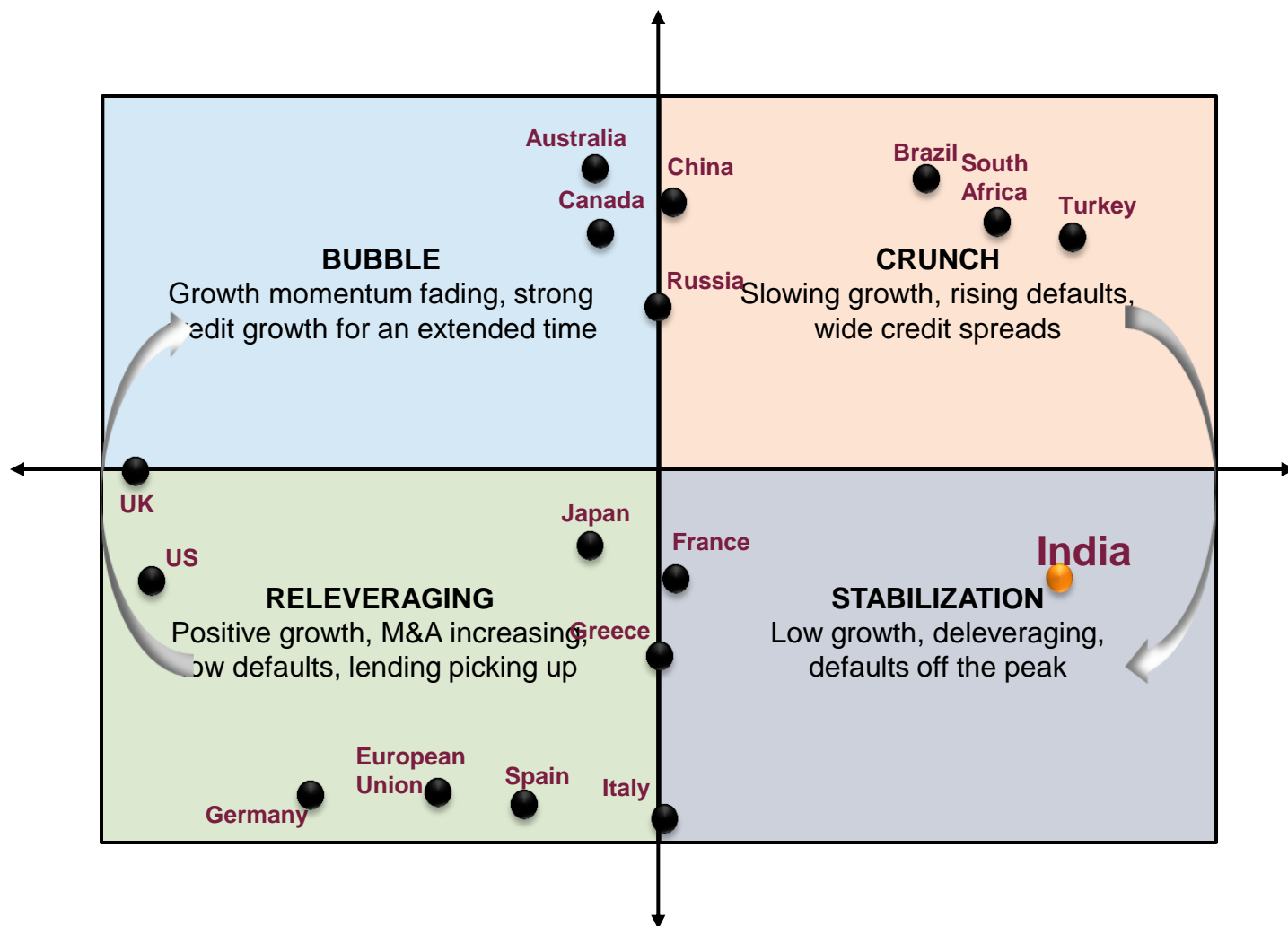
Global Macro – Be Prepared



State of the world economy



Stages of economic cycle



Source: Schroders, Axis MF Research. The countries shown above are for illustrative purposes only and are not to be considered a recommendation to buy or sell

In the country of the blind...

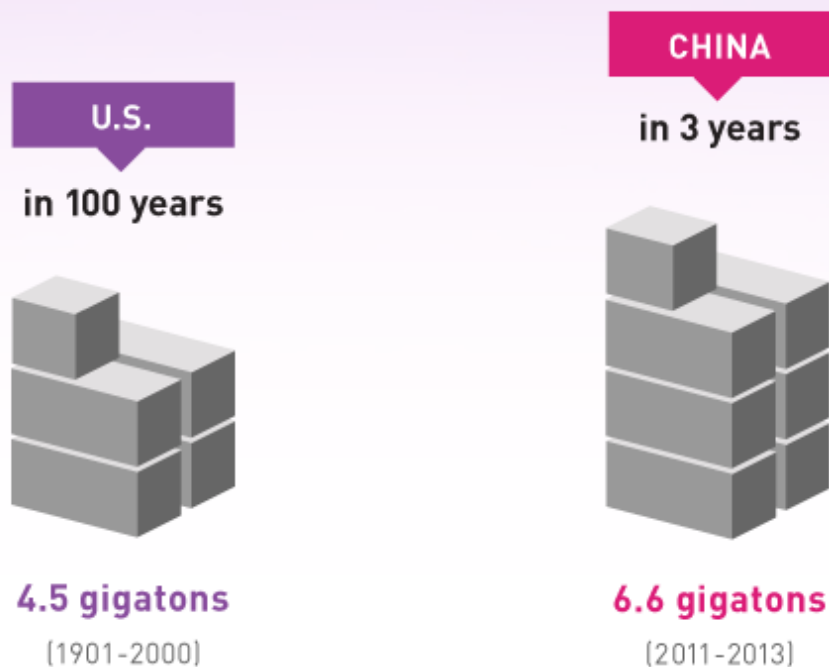


Bear in a China shop



China – A Behemoth

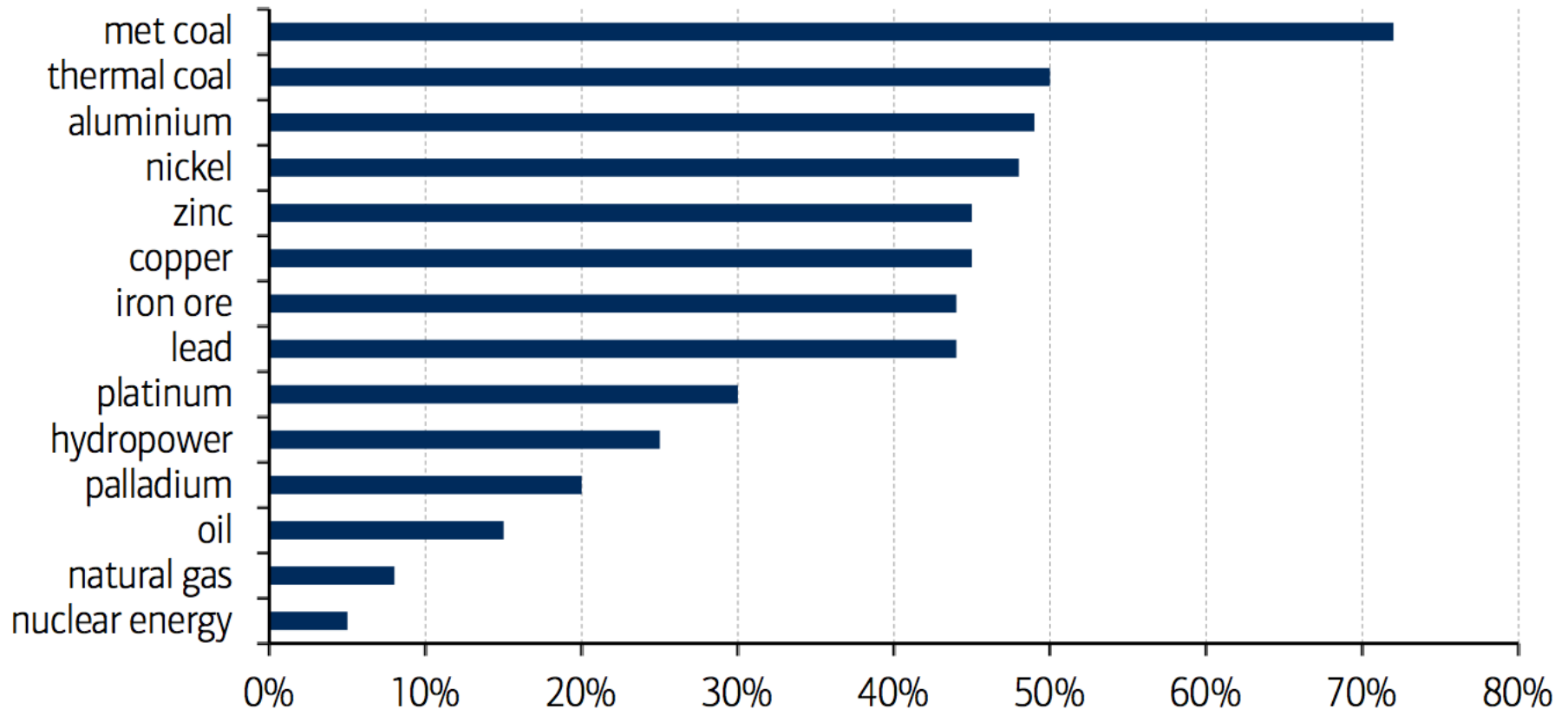
China used more cement in the last three years than the U.S. used in the entire 20th century.



SOURCES: USGS, Cement Statistics 1900-2012; USGS, Mineral Industry of China 1990-2013

China Share of Commodity Consumption

With the exception of oil and gas, China is the world's largest consumer of most commodities

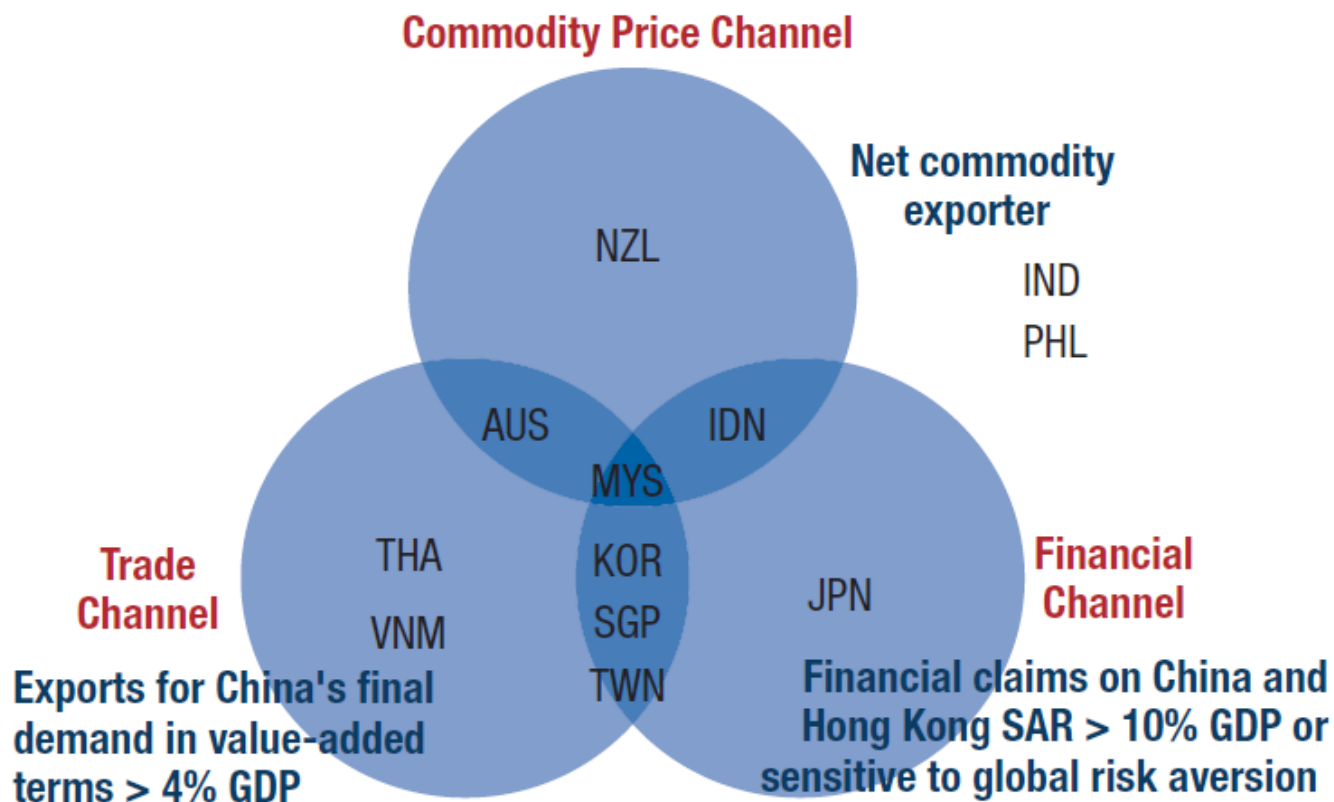


Source: BP, Antaika, IAI, ICSG, INSG, CRU, Woodmac, Metal Bulletin, BofA Merrill Lynch Global Commodity Research

China Growth – Hitting a wall



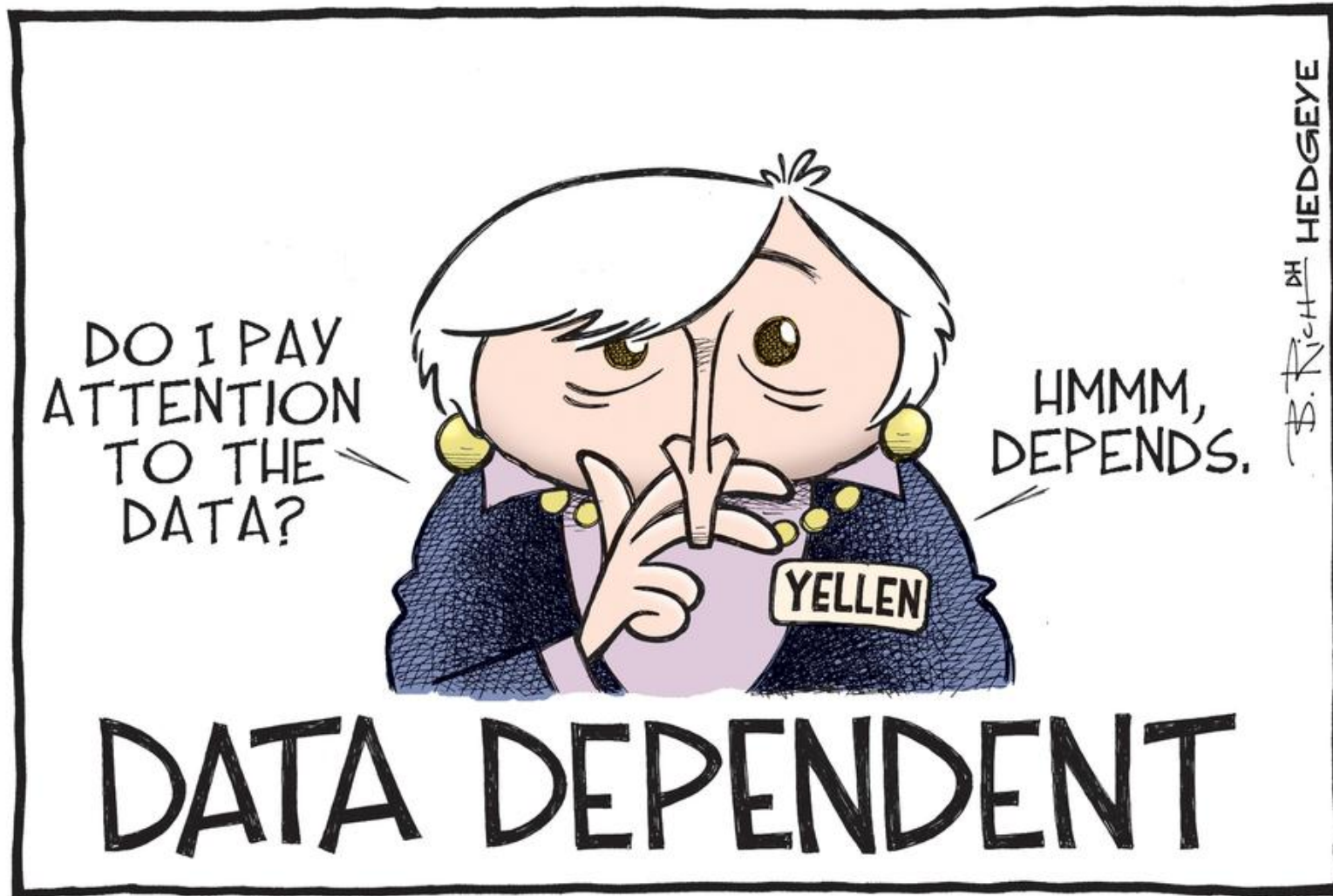
China slowdown – spillover risk



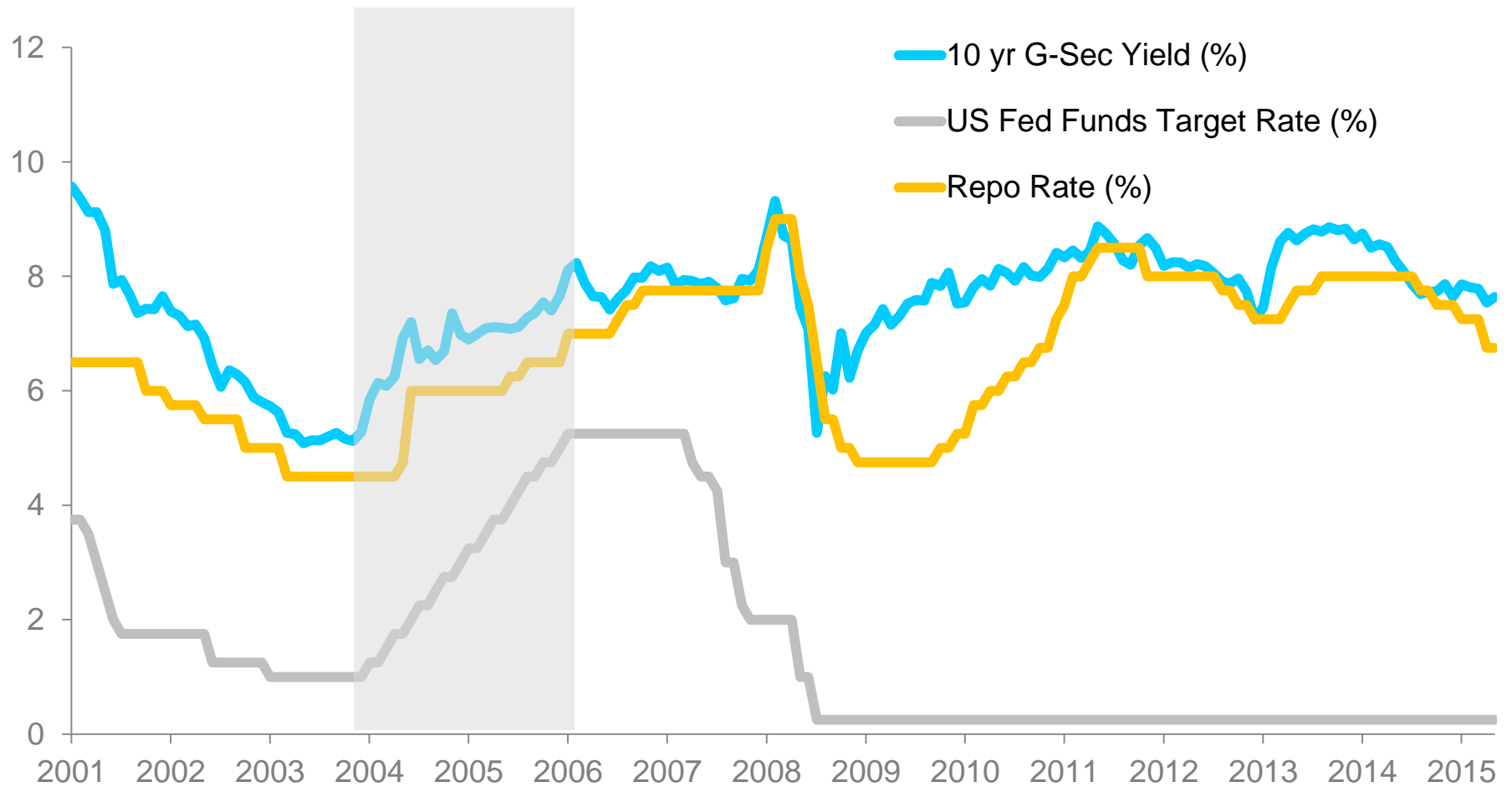
Source: IMF staff estimates.

Note: AUS = Australia; IND = India; IDN = Indonesia, JPN = Japan; KOR = Korea; MYS = Malaysia; NZL = New Zealand; PHL = the Philippines; SGP = Singapore; THA = Thailand; TWN = Taiwan Province of China; VNM = Vietnam.

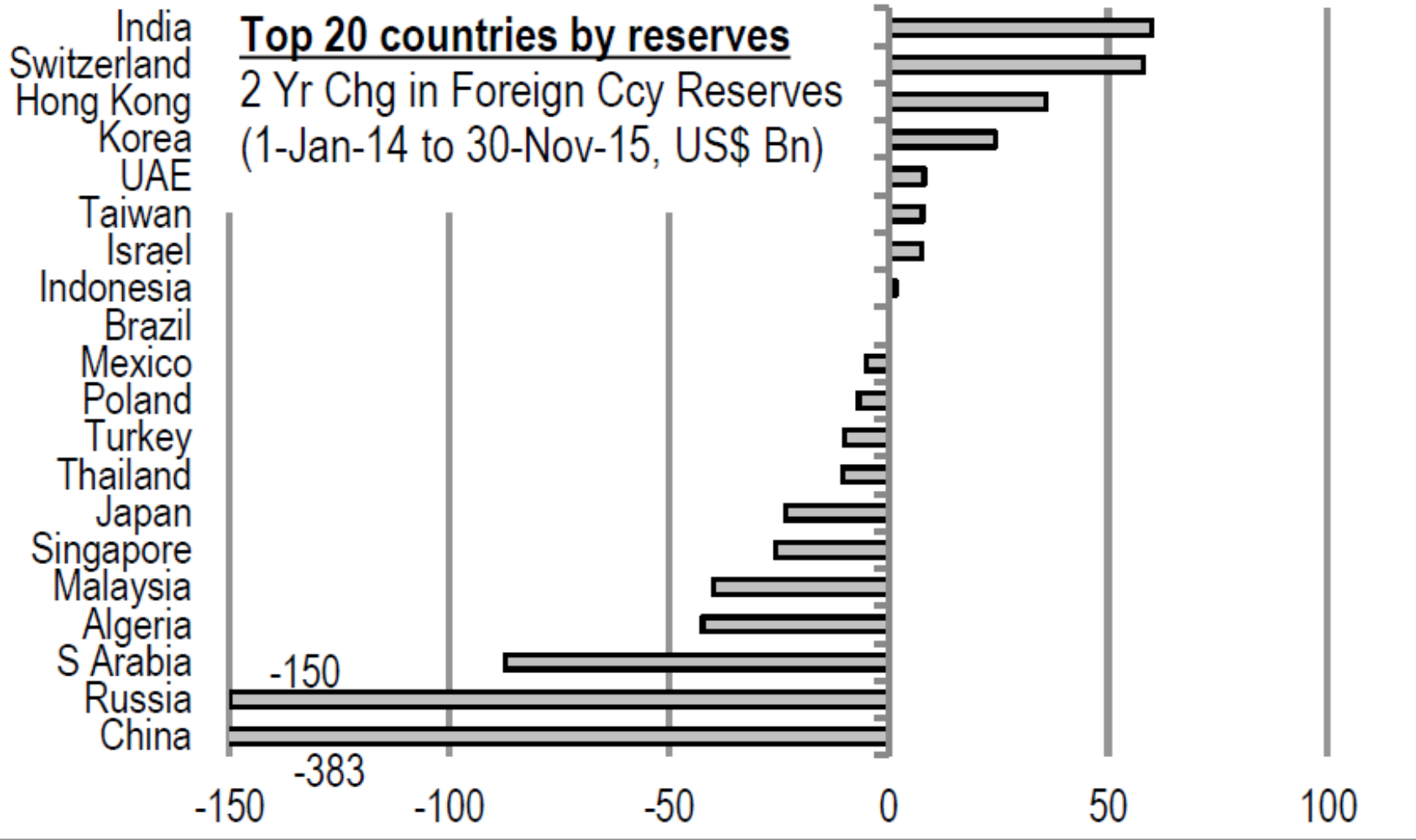
US Fed: Will they, won't they?



Fed Hike: No significant impact on Indian yields



FX reserves getting built

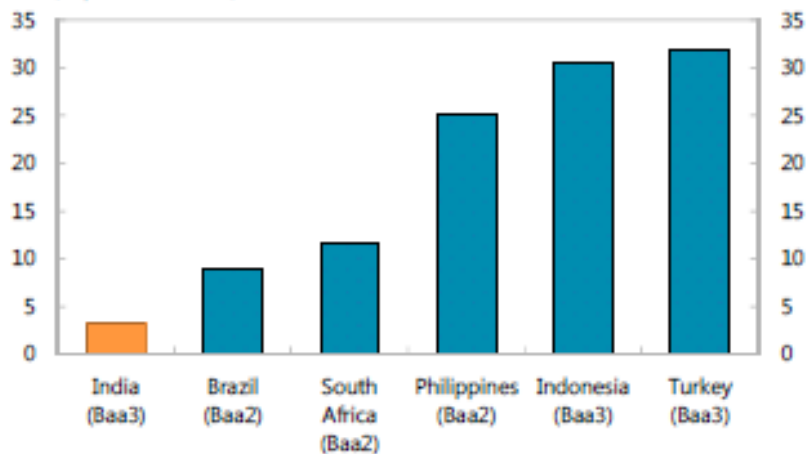


Source: IMF, Country Data, RBI, Credit Suisse estimates.

Government debt not externally financed

Currency risks affecting Indian public debt are minimal...

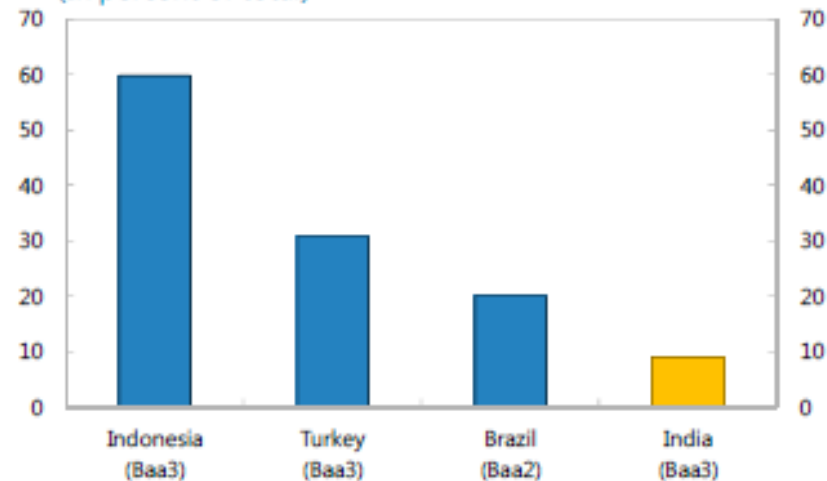
Government Debt in Foreign Currency 1/
(In percent of total)



Source: Bloomberg.
1/ As of November 3, 2015

...and exposure to non-resident investors is limited.

Government Debt held by Non-Residents, 2013
(In percent of total)



Source: Moody's and IMF staff estimates.

Fed Rate Hike – Market is not listenin'



India Macro: Definite signs of improvement



India's macro conditions vastly improved

	Post Global recession (2010)	Taper crisis (2013)	Current (Apr-16)
GDP*	8.5%	5.1%	7.6%
CPI Inflation	9.4%	9.5%	4.8%
FX Reserves (\$bn)	297.3	275.5	361.6
Current Account Deficit	-3.3%	-4.7%	-1.1%
Fiscal deficit	-6.5%	-4.8%	-3.5%
Crude Oil (per barrel)	\$94.3	\$116.2	\$46.4

Source of data: ACEMF, Bloomberg, RBI, BIS,
2010 refers to Dec 31st 2010, 2013 refers to 31st Aug 2013 and current refers to latest data as on April 29th, 2016

* GDP New Series

^Nominal exchange rate refers to Rupee exchange rate against a trade weighted basket of currencies

Closing



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Data updated as on 29th April, 2016