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MNI India Consumer Report February 2015

Insight and data for better decisions

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Insight and data for better decisions

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Specialising in business and consumer focused macro-economic reports, we give our customers the ability to make timely and relevant decisions. We strive to provide up-to-date information on business and consumer confidence on the economy.

MNI Indicators publishes data on a monthly basis. Our indicators are based on a unique and proprietary methodology and are designed to present an advance picture of the economic landscape as perceived by businesses and consumers every month.

Our monthly reports explore attitudes, perspectives and confidence across different countries and regions. They deliver in-depth analysis, highlight changing patterns and how these can affect potential developments in business and consumer activities.

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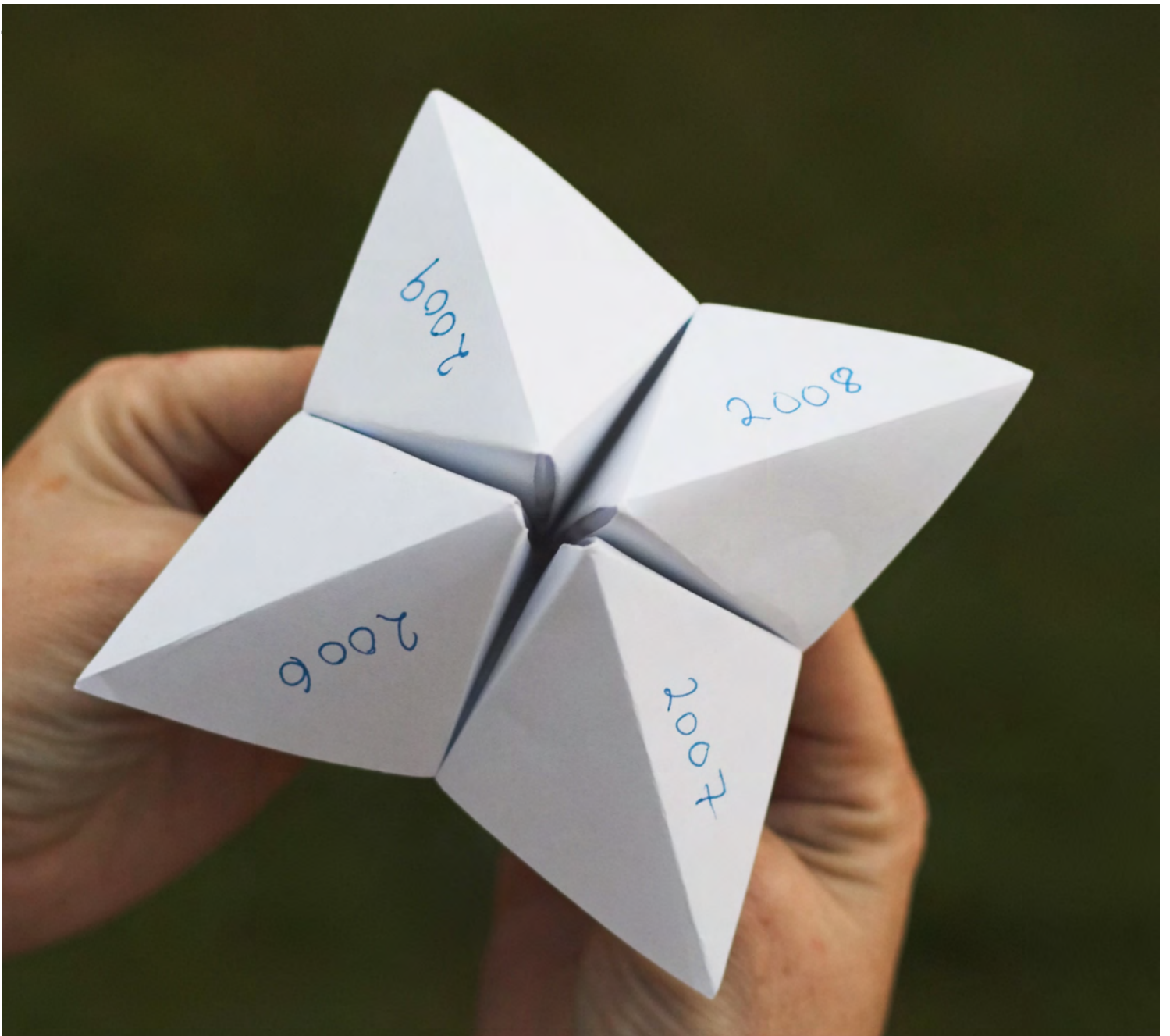
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Tippy-tippy-tap, which number do you want?

It's always unnerving when economic data is revised heavily. While the changes to India's GDP data have been made to improve it, the size of the revisions will take some time getting used to.

It's always unnerving when economic data is revised heavily. While the changes to India's GDP data have been made to improve it, the size of the revisions will take some time getting used to.

The revisions from India's Central Statistics Office now suggest India's economic performance was much better than previously estimated. Economic growth has been revised from 4.7% to 6.6% in the year ending March 2014 and from 4.5% to 4.9% in the year ending March 2013. There were three key changes to the calculation method. First, the base year was updated to 2011-12 from 2004-05 previously. Second, India will now follow international norms by calculating GDP at market prices rather than factor cost. Finally, GDP will include more comprehensive data on corporate activity and newer surveys of spending by households and informal businesses.

Under the new method, the services sector constitutes a smaller proportion of overall GDP at 50% compared with 60% under the previous method. India's industrial sector now takes a larger proportion of GDP. Most notably, the manufacturing sector makes up 17.3% of total GDP compared with 12.9% under the previous system – a useful boost to Modi's "Make in India" campaign!

The former UPA government must feel slightly riled that they presided over a period of stronger growth than first reported. While the reality would have remained the same, the perception of a stronger economy might have at least made a small dent in the Modi-secured majority had the numbers been "correct" before.

While the large revisions in India's growth numbers are a little baffling, they do now show that the economy bottomed out in early 2013, in line with our business survey data. The subsequent pick-up in sentiment is mirrored well by the recovery in GDP. More puzzling is India's growth in 2014. While our survey showed that business sentiment remained robust throughout the year, the recovery in production and orders was short-lived. Companies remained cautious on the employment front as well.

India's statistics office has always been criticised on the timeliness and user-friendliness of its data releases. Only time will tell whether the latest changes become trusted. Meanwhile our monthly business and consumer surveys, which are released every month and report directly what businesses and consumers are thinking, are never revised!

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Executive Summary

The MNI India Consumer Sentiment Indicator rose to 121.2 in February from 120.4 in January.

Consumer sentiment improved for the second consecutive month in February, providing a further sign that the extended downturn in confidence has come to an end.

The MNI India Consumer Sentiment Indicator rose to 121.2 in February from 120.4 in January. The rise in consumer sentiment over the past two months has been small but significant following the descent over the past year. Note that sentiment was driven wholly by the older age group in February, with confidence in the two younger age cohorts declining very slightly. While sentiment remains above the 100 breakeven level, meaning optimists outnumber pessimists, it still lies below the series average of 123.3. It's also down 5.2% on the year.

The improvement in consumer sentiment was driven by increasing optimism on the current situation, with both current household finances and Durable Buying Conditions rising. The former, however, is still down more than 7% compared with February 2014.

The sharp reduction in inflation has provided greater confidence to consumers when managing their household monthly budget. The January interest rate cut would also have helped and the March reduction should also feed through next month. The survey results showed respondents were the most satisfied with the current level of prices since December 2012, while inflation expectations for 12 months' time declined to the lowest in the survey's history.

The first full budget of the Modi government came after the survey period was over in February. It wasn't breathtaking but there were a number of positives to take away including plans to invest in developing the country's infrastructure, building on previous pledges by the government to make the country more business friendly.

The budget introduced a new welfare program that will establish a new social security plan which aims to provide subsidised insurance and pensions whilst simultaneously containing leakages in subsidies by direct bank transfers. There was an increase in the service tax from 12.36% to 14% which will make going to restaurants, beauty salons, theatres,

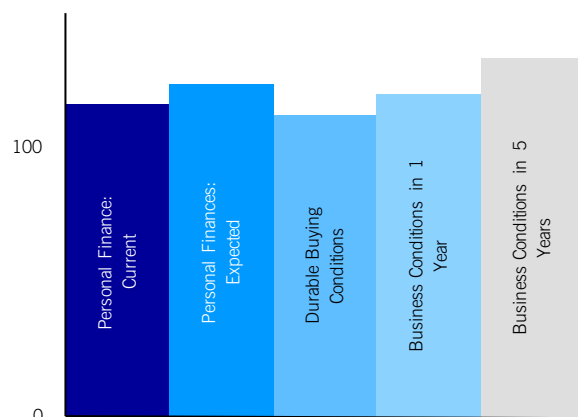
amusement parks as well as air travel and phone services more expensive, the immediate impact of which may well be negative for sentiment in the coming months.

In contrast consumers are likely to find some relief in the reduced cost of mortgages following the decision by Reserve Bank of India to cut the key interest rate once again on March 4.

Optimism surrounding the job market, which had gained momentum in recent months, eased slightly in February to a two-month low of 121.8 from 122.7 in January.

The Car Purchase Indicator rose to a new record high of 108.1 in February from a previous high of 104.0 in January as a greater number of respondents expressed an increased willingness to purchase a car due to their improved financial position.

MNI India Consumer Indicator - Components



All India - Overview

	Dec-14	Jan-15	Feb-15	Highest Since	Lowest Since	3-Month Average	Monthly Change	Monthly % Change
MNI India Consumer Indicator	119.6	120.4	121.2	Oct-14	-	120.4	0.8	0.6%
Current Indicator	106.9	112.2	114.3	Sep-14	-	111.1	2.1	1.8%
Expectations Indicator	128.0	125.8	125.7	-	Oct-13	126.5	-0.1	-0.1%
Personal Finance: Current	114.4	113.3	116.1	Sep-14	-	114.6	2.8	2.4%
Personal Finance: Expected	126.3	124.2	123.7	-	May-14	124.7	-0.5	-0.4%
Business Condition: 1 Year	119.9	119.6	120.1	Oct-14	-	119.9	0.5	0.5%
Business Condition: 5 Years	137.9	133.6	133.3	-	Sep-14	134.9	-0.3	-0.3%
Durable Buying Conditions	99.4	111.2	112.6	Sep-14	-	107.7	1.4	1.3%
Current Business Conditions Indicator	116.6	112.4	117.2	Jun-13	-	115.4	4.8	4.3%
Stock Investment Indicator	118.5	114.5	114.7	Dec-14	-	115.9	0.2	0.2%
Real Estate Investment Indicator	111.0	114.2	114.5	Mar-14	-	113.2	0.3	0.2%
Car Purchase Indicator	91.4	104.0	108.1	series high	-	101.2	4.1	3.9%
Employment Outlook Indicator	121.1	122.7	121.8	-	Dec-14	121.9	-0.9	-0.7%
Inflation Expectations Indicator	123.2	126.8	119.6	-	Nov-14	123.2	-7.2	-5.7%
Current Prices Satisfaction Indicator	97.1	96.4	100.4	Dec-12	-	98.0	4.0	4.2%
Interest Rates Expectations Indicator	129.4	123.9	124.0	Dec-14	-	125.8	0.1	0.1%

All India - Summary

	2014											2015	
	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb
MNI India Consumer Indicator	127.8	125.8	125.2	122.1	126.2	124.1	125.2	124.1	123.7	120.9	119.6	120.4	121.2
Current Indicator	118.4	115.5	114.1	114.6	115.7	114.2	116.2	117.5	111.0	110.7	106.9	112.2	114.3
Expectations Indicator	134.2	132.8	132.6	127.2	133.2	130.8	131.2	128.4	132.3	127.7	128.0	125.8	125.7
Personal Finance: Current	125.3	119.4	121.8	120.6	122.9	119.1	115.4	117.1	115.4	115.6	114.4	113.3	116.1
Personal Finance: Expected	137.4	133.1	130.2	122.5	128.1	125.2	132.1	132.2	129.2	128.7	126.3	124.2	123.7
Business Condition: 1 Year	128.2	124.5	126.3	122.3	127.2	125.9	126.4	120.7	128.8	116.3	119.9	119.6	120.1
Business Condition: 5 Years	136.9	140.8	141.3	136.8	144.5	141.3	135.1	132.5	138.8	138.1	137.9	133.6	133.3
Durable Buying Conditions	111.4	111.6	106.4	108.6	108.5	109.3	116.9	118.0	106.5	105.8	99.4	111.2	112.6
Current Business Conditions Indicator	116.0	102.9	106.3	104.7	111.4	107.7	109.0	113.9	113.5	108.6	116.6	112.4	117.2
Stock Investment Indicator	105.1	89.7	110.9	120.6	118.4	112.9	113.5	130.8	108.9	114.8	118.5	114.5	114.7
Investment Return	104.5	82.7	114.6	139.1	132.8	131.1	126.5	162.4	109.1	144.3	158.2	140.4	128.9
Stock Price Sentiment	103.7	128.6	119.3	112.8	117.8	125.6	106.0	122.2	111.8	131.8	145.5	145.9	121.9
Stock Market Expectations	114.3	114.9	137.4	135.5	140.1	133.2	120.1	152.2	129.2	131.8	142.8	148.9	137.1
Real Estate Investment Indicator	119.1	117.8	114.4	111.9	110.6	110.3	111.3	112.5	112.6	111.0	111.0	114.2	114.5
House Price Expectations	152.6	148.6	145.9	139.8	142.6	144.9	148.7	146.4	149.6	144.0	154.2	153.6	151.8
House Buying Sentiment	107.7	102.8	102.1	103.2	99.1	99.7	97.4	96.2	98.4	92.1	89.3	94.6	96.6
House Selling Sentiment	102.9	98.2	104.9	107.3	110.0	113.7	112.2	105.2	110.0	103.2	110.7	105.5	104.9
Car Purchase Indicator	73.0	75.3	71.7	75.2	78.6	75.6	78.5	86.6	86.1	91.7	91.4	104.0	108.1
Car Purchase Expectations	103.2	108.9	102.3	101.8	101.7	105.4	108.5	107.6	100.8	89.8	79.7	105.1	105.8
Price of Gasoline Expectations	157.2	158.3	158.8	151.4	144.6	154.2	151.4	134.4	128.5	106.3	96.9	97.0	89.5
Employment Outlook Indicator	121.8	115.7	115.7	116.5	122.5	119.9	109.8	109.1	106.9	111.4	121.1	122.7	121.8
Inflation Expectations Indicator	154.8	154.2	152.2	146.4	131.5	137.0	133.7	131.1	127.9	119.0	123.2	126.8	119.6
Current Prices Satisfaction Indicator	75.4	67.2	66.3	63.0	69.8	72.5	68.3	78.8	81.6	89.7	97.1	96.4	100.4
Interest Rates Expectations Indicator	134.6	133.0	133.6	130.1	135.3	130.2	119.4	121.0	124.6	122.0	129.4	123.9	124.0

All India - Records

	2012-Current			
	Minimum	Maximum	Mean	Median
MNI India Consumer Indicator	115.9	133.7	123.3	123.3
Current Indicator	106.9	128.3	115.8	114.9
Expectations Indicator	120.3	137.3	128.3	127.9
Personal Finance: Current	113.3	135.4	120.2	119.2
Personal Finance: Expected	118.4	141.5	128.6	128.5
Business Condition: 1 Year	114.1	131.8	122.1	120.4
Business Condition: 5 Years	123.9	144.5	134.2	133.5
Durable Buying Conditions	99.4	121.1	111.4	111.5
Current Business Conditions Indicator	102.9	124.9	113.6	113.3
Stock Investment Indicator	89.7	130.8	108.3	106.4
Investment Return	82.7	162.4	118.6	112.7
Stock Price Sentiment	100.4	145.9	115.9	112.8
Stock Market Expectations	103.8	152.2	122.9	119.0
Real Estate Investment Indicator	109.7	119.9	113.7	113.2
House Price Expectations	133.3	154.2	144.7	144.7
House Buying Sentiment	89.3	121.5	103.3	101.3
House Selling Sentiment	95.5	113.7	107.0	106.4
Car Purchase Indicator	60.1	108.1	77.8	75.7
Car Purchase Expectations	79.7	114.8	102.5	104.2
Price of Gasoline Expectations	89.5	171.0	146.9	154.4
Employment Outlook Indicator	106.9	128.3	118.1	119.1
Inflation Expectations Indicator	119.0	159.2	141.2	144.1
Current Prices Satisfaction Indicator	63.0	115.9	84.9	84.7
Interest Rates Expectations Indicator	116.6	140.4	129.0	129.8

A monetary policy framework will be put in place to focus on inflation targeting.

The objective of the RBI will be “primarily to maintain price stability, while keeping in mind the objective of growth”.



Economic Landscape

The government's first full budget wasn't the big-bang many had expected but it offered some key positives for the economy. It focused on boosting infrastructure spending, improving the ease of doing business, increasing tax collection and curbing the black market.

The government's first full budget wasn't the big-bang many had expected but it offered some key positives for the economy. It focused on boosting infrastructure spending, improving the ease of doing business, increasing tax collection and curbing the black market. The government prioritised growth over short-term fiscal consolidation as it pushed out the medium-term fiscal deficit target of 3% of GDP by one year to 2018. The lack of detail on subsidy rationalisation and fiscal rules was disappointing and reduced the efficacy of the government's fiscal commitment.

The finance ministry and the RBI agreed to put in place a monetary policy framework to focus on flexible inflation targeting. The main objective of monetary policy will be to maintain price stability while keeping in mind growth. The RBI will now aim to bring inflation to below 6% by January 2016 and to 4% by the end of a two year period starting in 2016-17. The new framework should help to improve the effectiveness, transparency and predictability of monetary policy.

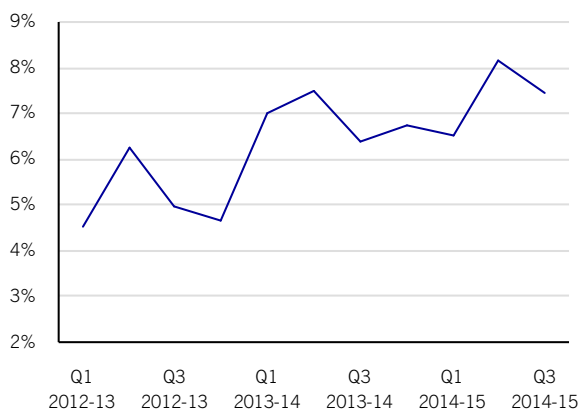
Following the budget on March 4, the RBI surprisingly made an inter-meeting cut in interest rates by 25 basis points to 7.5% given the low level of inflation. Our business and consumer surveys suggest inflation is likely to remain weak over the coming months which may leave space for a further cut over the coming months.

Rewriting history

Following the release of revisions up to fiscal year 2013/14, the Central Statistics Office released data for the Oct-Dec quarter and revisions to the previous two quarters. GDP growth is estimated to have eased to 7.5% in the Oct-Dec quarter from a revised 8.2% in Jul-Sep (up from 6% previously). Growth in Apr-Jun was also revised higher, to 6.5% from 5.9%. Under the new methodology, the government's advance estimate pegged fiscal year 2014-15 growth at 7.4%, more than 150 basis points higher than the central bank's growth estimates. Imputing the last quarter of the fiscal year from the advance estimate, implies a growth rate of at least 7.3% which looks optimistic given the weakness seen in both the MNI business and consumer surveys.

Changes to the way the GDP data is compiled suggest that India's economic performance was much better than previously estimated. There were three key changes to the calculation method. First, the base year was updated to 2011-12 from 2004-05 previously. Second, India will now follow international norms by calculating GDP at market prices rather than factor cost. The latter method, which was the convention until now, included production subsidies and excluded taxes on production. Finally, GDP will now include under-represented and informal sectors and items such as smart phones and LED television sets.

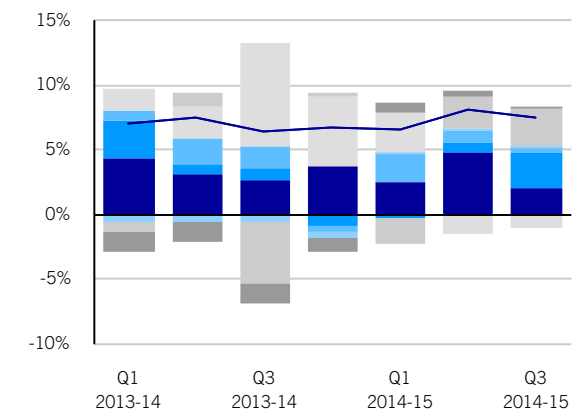
Economic Growth



— GDP Y/Y %, fiscal year

Source: Central Statistical Organisation, India

Contribution to GDP Growth



■ PFCE ■ Change in Stocks ■ Valuables
 ■ GFCE ■ Net Exports ■ Discrepancies
 ■ GFCF ■ GDP Y/Y %

Source: Central Statistical Organisation, India

The revisions to growth are quite staggering and not surprisingly raise questions about the credibility of the data. We are now told that growth in real GDP at market prices was revised up from 4.7% to 5.1% in 2012-13 and from 5% to 6.9% in 2013-14. The previous value added measure was revised up to 4.9% in 2012-13 from 4.5% previously, and in 2013-14 was revised up to 6.6% from 4.7%.

The new estimates of growth in 2013-14 don't sit well with other indicators during the period with trade data pointing to slower domestic demand and survey evidence pointing to a significant weakening. Our own business survey suggests that India bottomed out in April 2013 in line with slower growth of 4.7% in the three months to March 2013 and has subsequently picked up, although this doesn't quite justify the staggering growth rate of almost 7% in the previous year.

Modi's 'Make in India' campaign received an instant boost with growth in industry revised up sharply. Manufacturing saw massive upward revisions to growth from 1.1% to 6.2% in 2012-13 and -0.7% to 5.3% in 2013-14. The sector is now said to account for 17.3% of the economy compared with 12.9% previously. Mining, too, was revised up from -2.2% to -0.2% and -1.4% to 5.4%.

Growth in 2013-14 was still primarily due to the service sector, which contributed 4.5 percentage points to GDP growth, higher than the 3.9 percentage points reported previously. Still, as the percentage share of manufacturing in Gross Value Added was revised up, the share of services was revised down to 59.6% from 64.8% previously.

In 2013-14, on an expenditure basis, personal consumption added 3.9 percentage points to growth, having contributed 2.6 percentage points in the previous year, while net exports contributed 4.8 percentage points to GDP growth, having subtracted 0.2 percentage point previously. Investment was a drag on GDP growth, subtracting 1.6 percentage points after adding 0.8 percentage point in the previous year.

GDP Growth in Expenditure Terms (Market Prices)

2013-14	Old	New	Change
Private Consumption	4.8%	6.2%	1.4%
Government Consumption	3.8%	8.2%	4.3%
Gross Capital Formation	-	-4.0%	-
Gross Fixed Capital Formation	-0.1%	3.0%	3.1%
Exports	8.4%	7.3%	-1.2%
Imports	-2.5%	-8.4%	-5.8%
GDP at Market Prices	5.0%	6.9%	1.9%

Contribution to GDP Growth

	2013-14	2012-13
Private Final Consumption Expenditure	3.9%	2.6%
Government Final Consumption Expenditure	1.0%	0.2%
Gross Capital Formation	-1.6%	0.8%
Net Exports	4.8%	-0.2%
Discrepancies	-1.2%	1.7%

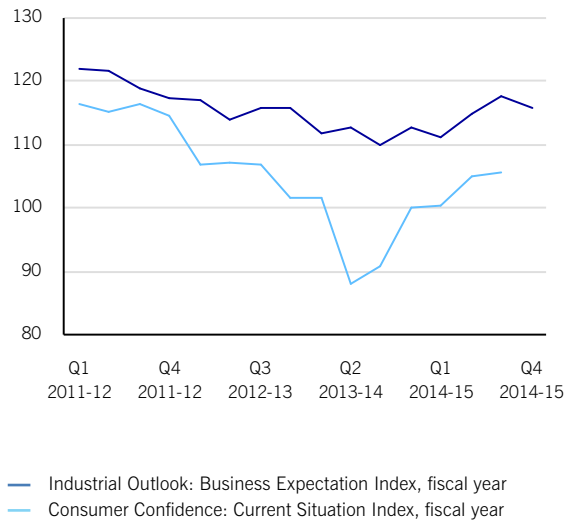
RBI Industrial Outlook worsens

The RBI's Industrial Outlook Survey showed that the Business Expectation Index (BEI), a gauge of manufacturing business sentiment, declined in the quarter ending March 2015 to 115.6 from a three-year high of 117.7 in the quarter ending December and 112.7 a year earlier. Manufacturing companies witnessed some moderation in demand during the October-December quarter to 104.6 from the previous quarter's 106.3, the lowest since March 2014.

The slowdown in demand was reflected in declines in both order books and the accumulation of inventories which prompted an easing in production. As a consequence, companies revised down their expectations for business conditions in the subsequent quarter for production, orders, exports as well as employment.

More up-to-date monthly data from the MNI India Business Sentiment Survey has shown the pace of growth in business confidence easing in recent months. In February, the MNI India Business Sentiment Indicator rose for the first time in four months but production and orders waned slightly.

RBI Business and Consumer Sentiment



Source: Reserve Bank of India

RBI Consumer Confidence improves

The RBI's Consumer Confidence survey showed that the Current Situation Index (CSI), an assessment of consumer sentiment, remained buoyant in the quarter ending December at 105.5, slightly up from 105.0 in the quarter ending September. This was markedly above the 90.7 recorded in the quarter ending December a year earlier.

The Future Expectations Index remained robust at 122.2, but slightly down from 123.2 in the quarter ending September as expectations regarding future economic conditions, future household circumstances, future income and future spending all declined. The employment outlook remained consistently stronger with more than 60% of respondents expecting an improvement in the employment situation during the latest three quarterly rounds of the survey. Regarding price levels and inflation, consumers were more satisfied with both current conditions and future expectations.

More up-to-date monthly data from the MNI India Consumer Sentiment Survey has shown confidence rising slowly in recent months. In February, the MNI India Consumer Sentiment Indicator rose to a four-month high.

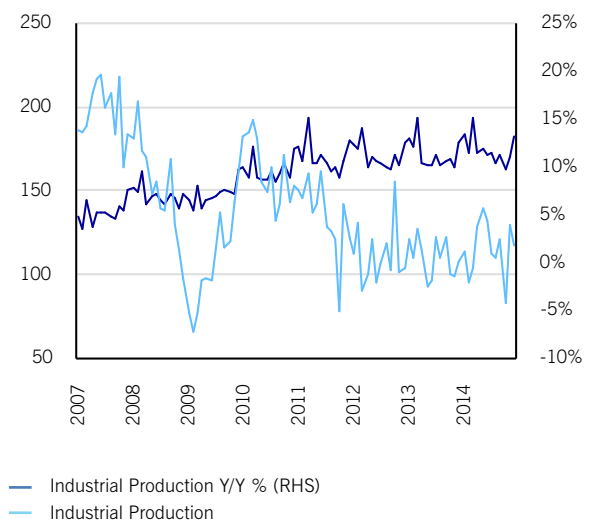
Industrial output expands slowly in December

Industrial production expanded by 1.7% on the year in December following growth of 3.9% in November, mainly due to a contraction in the mining and quarrying sector. Accordingly, cumulative growth for the April-December period of the 2014-15 fiscal year compared with 2013-14 stood at 2.1%. Even though growth has been better in 2014 under the base year of 2004-05, it is far from satisfactory and provides additional impetus for the government to take action in order to improve the business environment.

The small rise in industrial production was led by manufacturing, which comprises around 75% of overall industrial output. Manufacturing output grew by 2.1% on the year after increasing by 3.1% in the previous month. 13 out of the 22 industry groups within the manufacturing sector expanded in December. The industry group 'Furniture manufacturing' saw the largest growth of 45.4%, followed by 17.6% growth in 'Wearing apparel, dressing and dyeing'.

Mining output contracted for the first time since October 2013 by 3.2% on the year in December compared with growth of 3.9% in November. Output of consumer durables, a measure of consumer demand, continues to be a drag on industrial output as it contracted for the seventh consecutive month by 9% on the year. Capital

Industrial Production



Source: Central Statistical Organisation, India

goods output, a proxy for investment, rose by 4.1% on the year compared with 6.6% in December.

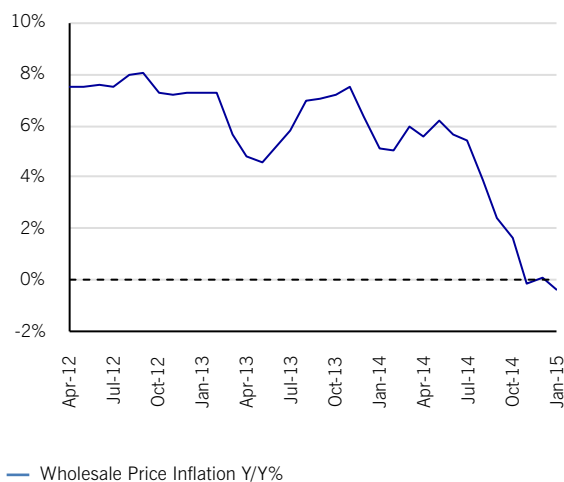
Inflation remains weak

The Central Statistics Office has revised the base year from 2010 to 2012 for the consumer price index. They also changed the composition and weights of various components in the basket based on the consumption pattern in 2011-12 (shown in the table on the right). The revamped index carries a higher weight for education and health services, and a lower weight for food and fuel items, which better reflects changing consumption patterns. The index is also calculated using a geometric mean which brings it in line with international practice. This along with the lower weight of food and fuel should help to moderate volatility in inflation.

Consumer price inflation picked up to 5.1% in January from a revised 4.7% in December (previously 5%). Food inflation was 6.1% on the year while core inflation stood at 4.3%, helped by the contraction in transport and communication prices and lower housing inflation based on a larger sample.

The previously targeted measure of inflation, based on the wholesale price index, contracted by 0.4% on the year in January from December's marginal 0.1% growth. The moderation mainly reflects significant global commodity disinflation in minerals, fuel and non-food

Inflation



Source: Office of the Economic Advisor, India

primary articles. An unfavourable base effect meant that food inflation jumped from 5.2% in December to 8% in January.

Repo rate cut to 7.5%

The RBI cut the key policy rate by 25 basis points to 7.5% from 7.75% on March 4, once again choosing to move outside of a scheduled meeting. Low inflation was the key factor behind the move. While welcoming changes to the way GDP is measured, the central bank noted that the stronger data was at odds with other direct

Consumer Price Index Composition

	Old	New	Change
Food and beverages	47.58	45.86	↓
Pan, tobacco and intoxicants	2.13	2.38	↑
Clothing and footwear	4.73	6.53	↑
Housing	9.77	10.07	↑
Fuel and light	9.49	6.84	↓
Miscellaneous	26.31	28.32	↑
Total	100	100	

measures of activity. It appears to be placing more weight on these for the time being in its decision making.

The RBI's decision to cut rates came days after the budget and in a way gave tacit approval to the budget. While acknowledging the postponement of fiscal consolidation would add to aggregate demand, it noted that the extra spending will be focused in infrastructure which will help the supply side over the long run to keep inflation capped.

The new 4% medium-term inflation target will be tough for the central bank to meet. Still, evidence from our consumer survey shows lower inflation expectations and on this basis there seems scope for a further interest rate cut over the coming months.

High fiscal budget deficit

In the April-January period, the government budget deficit stood at Rs 5.68 trillion, 107% of the target compared with 98.2% during the corresponding period of the previous fiscal year. Government receipts totalled Rs. 7.7 trillion, slightly higher than Rs. 7.4 trillion a year

New Monetary Policy Framework

The finance ministry and the RBI have agreed to put in place a monetary policy framework to focus on flexible inflation targeting. The objective of monetary policy is “primarily to maintain price stability, while keeping in mind the objective of growth”.

- The RBI will aim to bring inflation (CPI) to below 6% by January 2016 and to the midpoint of a 2%-6% band (4%) by the end of a two year period starting in 2016-17, which is three years from now.
- The RBI will publish a report every six months to highlight sources of inflation, and its inflation forecast for the next 6-18 months.
- The RBI shall be seen as having failed if inflation is more than 6% or less than 2% for three consecutive quarters.
- If the RBI fails, then it will send in writing to the government the reasons for failure, remedial actions and an estimate of the time-period within which the target would be achieved.

Given India's inflation track record, the 4% target in the medium term is ambitious. The wide band of 2% seems appropriate given the large weight of food in CPI (45.9%) and the impact of the monsoon and commodity price shocks.

The government will have to amend the RBI Act to constitute a monetary policy committee, and will strengthen its coordination with the RBI. This will also put pressure on the government to be prudent in its fiscal policies and also make progress on improving the supply side of the economy. The structure of the monetary policy committee which will be decided in the coming months will be important to ensure the RBI's independence.

earlier. Out of this, net tax receipts were Rs. 5.9 trillion, just above Rs. 5.8 trillion of the last year. Total expenditure was Rs. 13.4 trillion compared with Rs. 12.7 trillion a year earlier.

Finance Minister Arun Jaitley was confident of achieving the fiscal deficit target of 4.1% of GDP for 2014-15 in the

budget but eased the fiscal consolidation roadmap. The government now expects the deficit to be 3.9% of GDP, above the 3.6% target inherited from the last government for 2015-16. It also pushed back the deadline for cutting the deficit to 3% of GDP by a year to 2017-18 in order to increase public investments aimed for higher growth.

The government however remains optimistic that divestment in public ownership will be able to plug the gap this year. The 10% stake sale in Coal India has already gathered Rs 226 billion. The 2G and 3G telecom auction would help the government add at least Rs. 823 billion to its kitty. In addition, a slew of government austerity measures, such as curbs on foreign travel, conferences, purchase of vehicles and the creation of new posts will also help to contain the budget deficit.

The recent removal of the diesel fuel subsidy should also help to alleviate pressures on government finances. The government has raised excise duties on both petrol and diesel six times since it lifted price controls on the latter in October to generate higher revenues amid the sharp fall in global crude prices. Consumers will not face higher prices as state-owned fuel retailers will absorb the hike in duties.

Trade deficit narrows in January

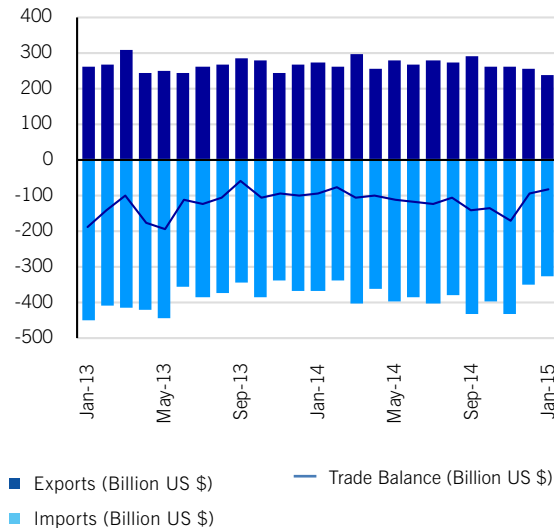
India's trade deficit has narrowed considerably in 2014 mainly on account of lower imports, especially oil imports, while exports have weakened.

India's trade deficit narrowed to an 11-month low of \$8.3 billion in January from \$9.4 billion in December, 12% below the \$9.5 billion shortfall recorded in January a year earlier. The decline in global oil prices, relatively subdued consumer demand and strength in the rupee have resulted in a trade deficit that was 3.3% narrower during 2014 as a whole compared with a year earlier.

Exports declined by 11.2% on the year to \$23.9 billion in January from \$25.4 billion in December, mainly due a stronger rupee which made Indian goods and services uncompetitive to peers. Imports declined by 11.4% on the year to \$32.2 billion in January from \$34.8 billion in December mainly due to tumbling oil prices.

Oil imports, which account for a third of total imports declined for the fourth consecutive month as global crude

Trade Balance



Source: Ministry of Commerce and Industry

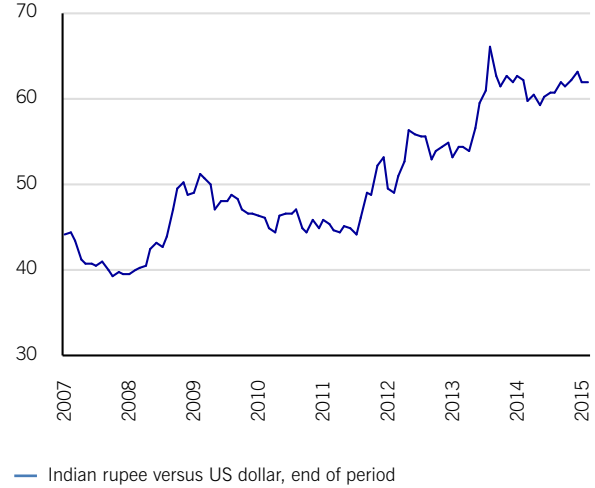
prices plunged to less than \$50 per barrel in January from around \$110 per barrel in June 2014. In January, oil imports fell 37.5% to \$8.2 billion from \$13.2 billion in the same month a year earlier and were at the lowest level since November 2010. This in turn, along with a slower growth in gold imports, helped lower India's import bill and narrow its trade deficit in 2014.

Gold imports strengthened to \$1.55 billion in January from the previous month's total of \$1.34 billion. Towards the end of November, the RBI surprised markets by abolishing the rule that made it mandatory to export 20% of all imported gold but many importers had been reluctant to import gold due to high price volatility. Gold imports are set to rise as on February 19, the Reserve Bank of India further eased curbs by allowing banks to import gold on a "consignment basis", under which they act as intermediaries and don't pay for the stock until a buyer has been found which is usually quickly.

Foreign exchange reserves increase

India's foreign exchange reserves rose by \$3.89 billion to \$338 billion in the week to February 27, following a total accumulation of \$16 billion in the last five weeks. According to the RBI's weekly statistical supplement, foreign currency assets, the biggest component of foreign exchange reserves, rose by \$3.9 billion to \$312.2 billion while the value of India's gold reserves remained

Rupee Exchange Rate



Source: Reuters

unchanged at \$20.18 billion in the week ending February 27. The RBI has been actively buying dollars in the FX markets to prevent an excessive appreciation of the rupee.

Foreign investors have poured in money to the Indian economy amid high expectations that Prime Minister Narendra Modi's government will bring about pro-business economic reforms and because of the central bank's success in reducing inflation. They have already brought nearly \$7 billion so far in 2015 on hopes of a turnaround in activity.

Slow growth in car sales in January

Car sales in India rose by 3.1% on the year in January following a rise of 15.3% in December as there was an increase in vehicle prices due to the rollback of excise tax concessions. In 2014, car sales increased by 2.5% to 1.85 million units compared with a contraction of almost 10% a year earlier as the government had temporarily lowered excise taxes. In addition, consumers have also benefitted from a reduction in fuel prices in 2014.

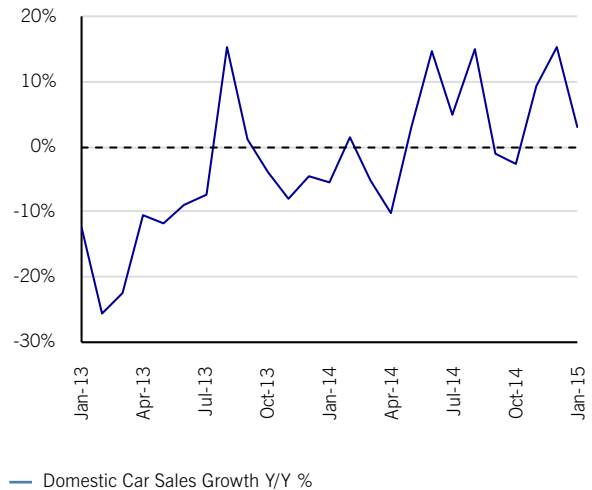
A cut in interest rates might help the car industry recover although will not be enough to offset the impact of increased car prices due to the withdrawal of excise duty concessions. Consequently, the Society of Indian Automobile Manufacturers (SIAM) has revised down its

growth projections for passenger vehicles for 2014-15 to around 1% against its earlier forecast of up to 4%.

Sales of commercial vehicles grew by 5.3% on the year in January, down from growth of 9% in December. Commercial vehicles' sales dropped by almost 12% to 606,284 units in 2014, as the investment cycle is yet to pick-up. Two wheeler sales which grew strongly at 11.5% in 2014 compared with a growth of just 4% a year earlier, also eased to 1.1% growth in January. Within two-wheelers, sales of scooters were up by 25.3% on the year to 404,919 units in January, while sales for motorcycles contracted for the fourth consecutive month by almost 6% to 868,507.

The automobile industry was hit in 2014 as sales were relatively poor in comparison with the growth in production. The automobile sector is at the centre of the "Make in India" campaign which aims to grow India's manufacturing capabilities and attract foreign investment. In total, production was 23,267,591 units in 2014, 10% above the level recorded in 2013. In January, production rose by 2% on the year to 1,976,270 units and was 6.8% above the level recorded in the previous month.

Car Sales



Source: Society of Indian Automobile Manufacturers

Key Monthly Economic Data

	Aug-14	Sep-14	Oct-14	Nov-14	Dec-14	Jan-15	Feb-15
Wholesale Price Index (Y/Y %)	3.9	2.4	1.7	-0.2	0.1	-0.4	-
Industrial Production (Y/Y %)	0.5	2.6	-4.2	3.9	1.7	-	-
Car Sales (Y/Y %)	15.2	-1.0	-2.6	9.5	15.3	3.1	-
Trade Balance (Billion US \$)	-10.8	-14.2	-13.4	-16.9	-9.4	-8.3	-
MNI India Business Sentiment Indicator	68.4	71.2	69.7	68.9	68.4	64.2	66.2
MNI India Consumer Sentiment Indicator	125.2	124.1	123.7	120.9	119.6	120.4	121.2

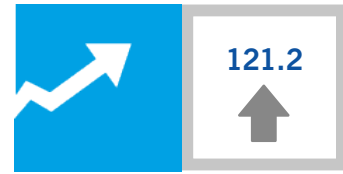


Indicators

Consumer sentiment improved for the second consecutive month in February, providing a further sign that the extended downturn in confidence has come to an end.

MNI India Consumer Indicator

Highest Since October 2014



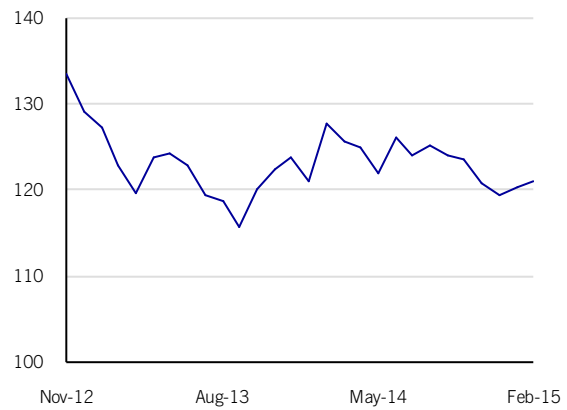
Consumer sentiment improved for the second consecutive month in February, providing a further sign that the extended downturn in confidence has come to an end.

The MNI India Consumer Sentiment Indicator rose to 121.2 in February from 120.4 in January. The rise in consumer sentiment over the past two months has been small but significant following the descent over the past year. Note though that sentiment was driven wholly by the older age group in February, with confidence in the two younger age cohorts declining very slightly. Also, while sentiment remains above the 100 breakeven level, meaning optimists outnumber pessimists, it still lies below the series average of 123.3. It's also down 5.2% on the year.

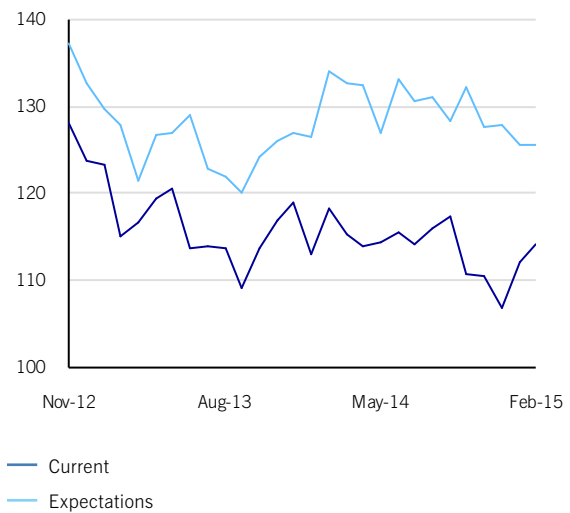
The improvement in consumer sentiment was driven by higher optimism on the current situation, with both current household finances and Durable Buying Conditions rising. Significantly lower inflation is likely helping to drive this with the number of panellists reporting that they were satisfied with the current price level outnumbering those who were dissatisfied. The January interest cut would also have helped. Expectations for car purchase increased in February to a record high.

The Current Indicator, which measures consumers' assessment of their current conditions, rose to 114.3 in February from 112.2 in January. The Expectations Indicator eased slightly to 125.7 compared with 125.8 in the previous month, continuing the trend decline seen since the beginning of 2014. While

MNI India Consumer Indicator



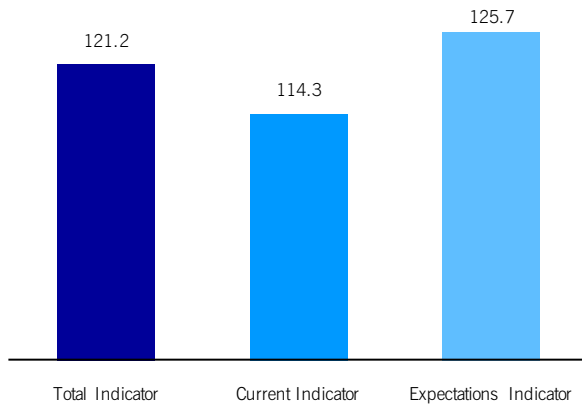
Consumer Indicators



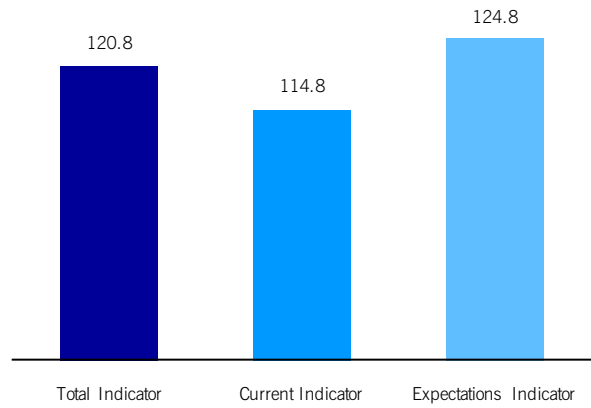
MNI India Consumer Indicator

	Feb-14	Sep-14	Oct-14	Nov-14	Dec-14	Jan-15	Feb-15
MNI India Consumer Indicator	127.8	124.1	123.7	120.9	119.6	120.4	121.2
Current	118.4	117.5	111.0	110.7	106.9	112.2	114.3
Expectations	134.2	128.4	132.3	127.7	128.0	125.8	125.7

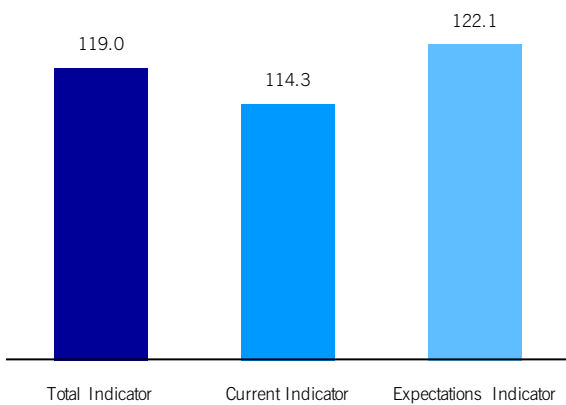
All India



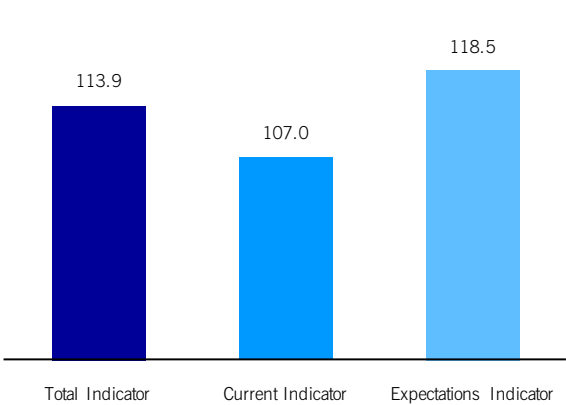
North India



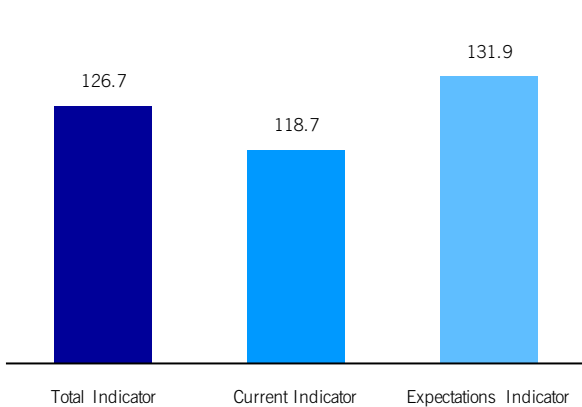
South India



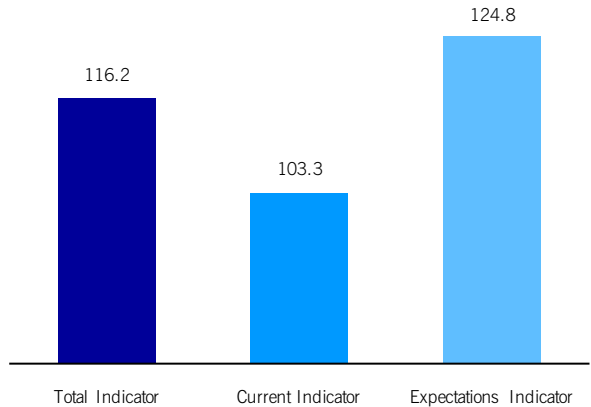
East India



West India



Central India





sentiment on the short- and long-term outlook for businesses remained broadly steady, respondents were increasingly optimistic about the current business situation.

The first full budget of the Modi government came after the survey period was over in February. It wasn't quite the big-bang that many were hoping for and in this sense was a little disappointing. Still, there were a number of positives to take away including plans to invest in developing the country's infrastructure, building on previous pledges by the government to make the country more business friendly. Moreover, the budget introduced a new welfare program that will establish a new social security plan which aims to provide subsidised insurance and pensions whilst simultaneously containing leakages in subsidies by direct bank transfers. There was an increase in the service tax from 12.36% to 14% which will make going to restaurants, beauty salons or theatres, amusement parks as well as air travel and phone services more expensive, the immediate impact of which may well be negative for sentiment in the coming months.

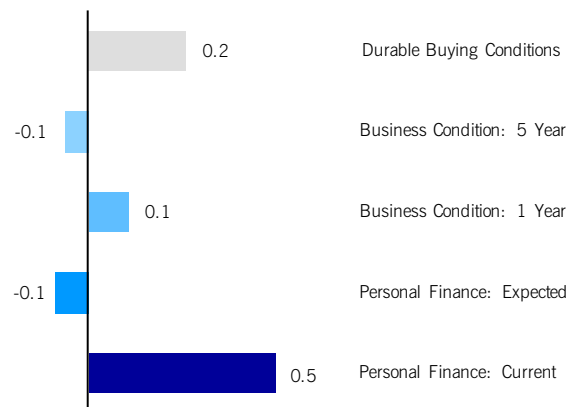
In contrast consumers are likely to find some relief in the reduced cost of mortgages following the decision by Reserve Bank of India to cut the key interest rate once again on March 4.

Regions

The rise in overall consumer sentiment was led by respondents from North and West India.

In North India, consumer confidence rose to a four-month high of 120.8 from 114.5 in January. All five components of the Consumer Indicator rose in February, led by an improvement in respondents' expectations about Business Conditions in One Year to the highest level since October 2014. Consumers were also more confident about their household finances, prompting more of them to purchase a big-ticket item.

Consumer Indicator: Contribution to Monthly Change (% pt.)



In Central India, meanwhile, the Consumer Indicator fell to a series low of 116.2 from 124.8 in January. This was led by a sharp decline in household finances to a record low which had a negative bearing on their willingness to buy big-ticket items. Residents of the region were also more pessimistic in their outlook for the future, revising down their long-term outlook for Business Conditions.

Age

Only consumers within the oldest age group were more optimistic in February, while sentiment among those in the remaining two age groups remained broadly unchanged compared with the previous month.

The Consumer Indicator for the 18-34 year age range, the youngest group, remained broadly stable at 122.2 compared with 122.6 in January. Both current Personal Finances and Durable Buying Conditions improved. They were, though, less optimistic about the outlook for both household finances and long-term business conditions.



Consumer sentiment among 35-54 year olds remained almost flat at 120.2 in February compared with 120.4 in the previous month. An improvement in current household finances, was offset by reduced optimism about their future finances. Respondents' expectations about future business conditions remained more or less flat and they continued to consider it a good time to purchase big-ticket items.

For the oldest age range, 55-64 year olds, sentiment rose to 122.1 from 116.5 in January, the highest level since October 2014. All five components of the Consumer Indicator rose on the month, the largest rise being in expectations for future business conditions.

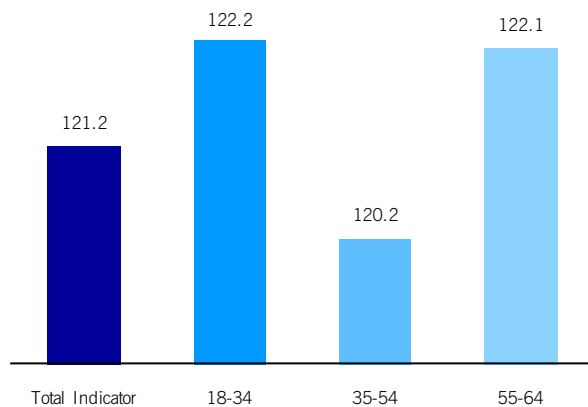
Income

Consumers from both high and low-income households were more confident in February.

The Consumer Indicator for households with an average annual income under Rs. 432,000 rose to 121.8 from a record low of 114.9 in January. While there was a fall in Current Personal Finances, all other components of the Consumer Indicator rose in February. In particular, consumers were much more optimistic in their expectations about Business Conditions in Five Years, offsetting the previous month's loss. Respondents had higher expectations about short-term business conditions as well. Respondents were more optimistic about purchasing big-ticket items, with the Durable Buying Conditions Indicator rising to a four-month high.

Among households with an average annual income over Rs. 432,000, the indicator also rose, albeit much more slightly, to 129.2 from 127.9 in January. All five components of the Consumer Indicator rose apart from Expected Personal Finances, which fell to the lowest level since July 2014. Regardless, an improvement in short-term expectations for the business environment and higher willingness to buy large household items underpinned overall confidence.

Consumer Indicator: Age Groups

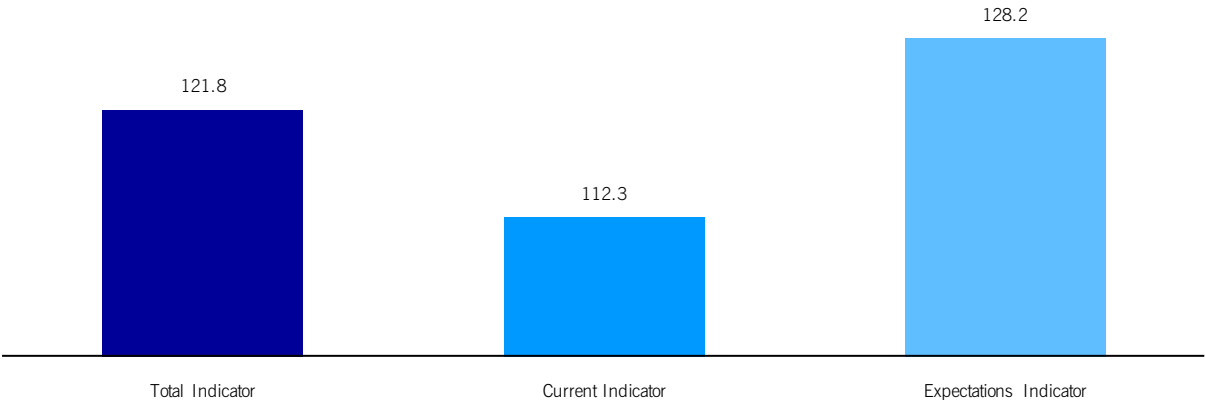


Consumer sentiment has fallen over the past year among both income groups, with the improvement this month doing little to recover the lost ground. Confidence was down by 6.2% among lower income households, while for higher income households it was down by 2.6%.

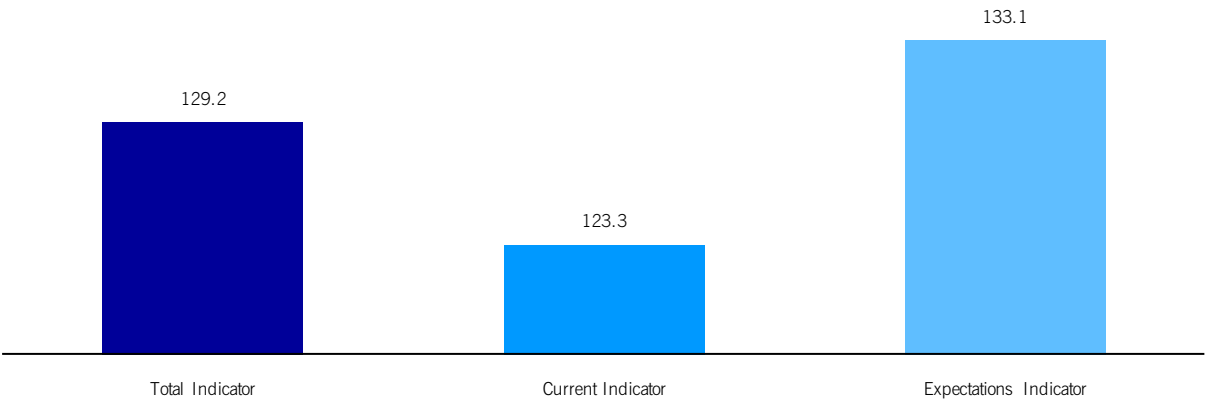
MNI India Consumer Indicator Income Groups



< Rs. 432,000 per annum



> Rs. 432,000 per annum



MNI India Consumer Indicator

Main Cities



Sentiment rose in four of the ten major Indian cities surveyed in February, led by Surat where residents were more confident about both their present conditions as well as their future circumstances.

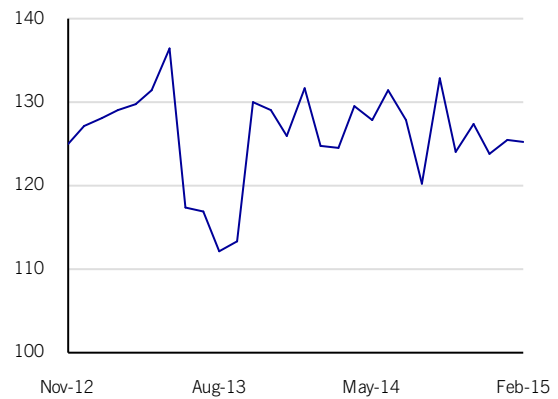
In the capital, Delhi, consumer sentiment rose to 120.2 from 115.4 in January, the highest since October 2014. Consumers were more optimistic about both the short and long-term outlook for business conditions and their personal finances, following the election of AAP leader Arvind Kejriwal as Chief Minister of Delhi, a popular political figure who has a reputation for being staunchly anti-corrupt and has vowed to stamp out all instances of graft. The city's inhabitants were much more willing to purchase big-ticket items with Durable Buying Conditions indicator rising to the highest since August 2013.

In Mumbai, India's most populous city, consumer sentiment remained broadly stable at 125.3 compared with 125.6 in January. Even though consumers were more confident about their personal finances, fewer considered it to be a good time to buy large household items. Meanwhile, both short and long-term measures of business conditions fell on the month.

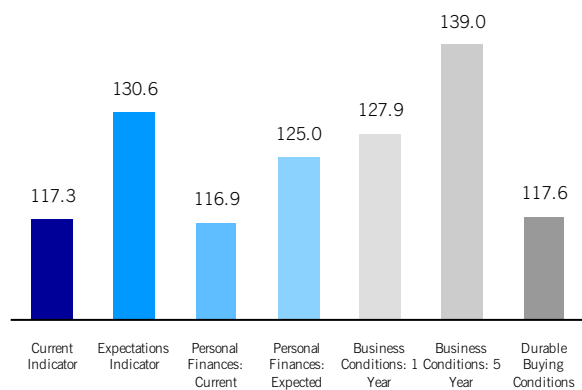
Consumer confidence in Bengaluru, the third largest city by population in India, fell sharply to 117.0 from 127.4 in the previous month, the lowest since January 2014. All five components of the Consumer Indicator declined in February, with personal finances leading the way.

Consumer sentiment in Surat, meanwhile, jumped by 7.4% to 134.0 in February from 124.7 in January, the largest improvement of the 10 major cities this month and the highest level since August 2014. Consumers were more optimistic about their expectations for personal finances and in their assessment of purchasing conditions for large household goods.

Consumer Indicator - Mumbai

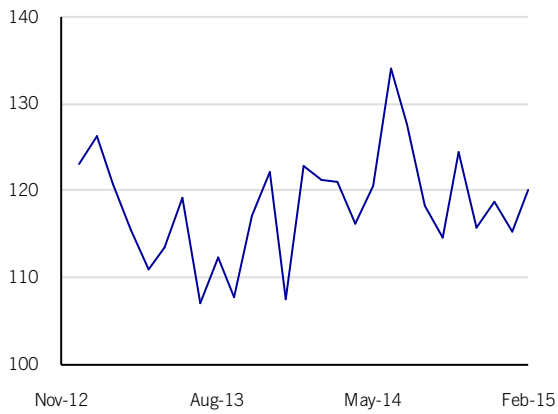


Consumer Indicator Components - Mumbai

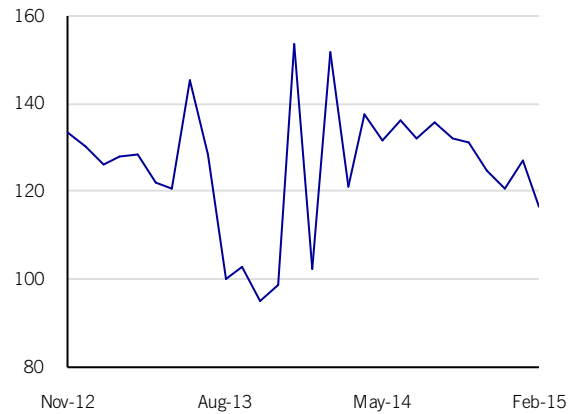




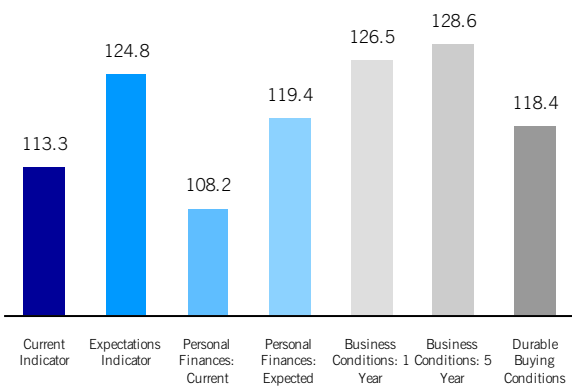
Consumer Indicator - Delhi



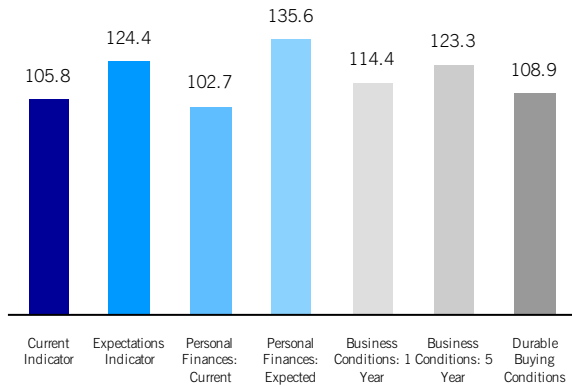
Consumer Indicator - Bengaluru



Consumer Indicator Components - Delhi



Consumer Indicator Components - Bengaluru



Personal Finances

Current Finances Highest Since September 2014



The present financial situation of our panel improved for the first time in three months as they benefitted from the recent slowdown in inflation.

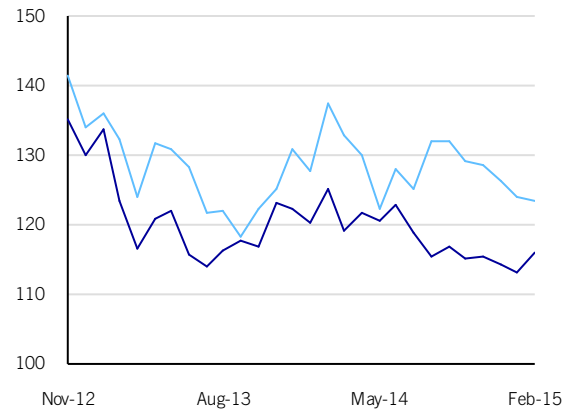
The Current Personal Finances Indicator, which measures whether a household is better or worse off financially than a year ago, rose to 116.1 in February from 113.3 in January, the highest for five months. The improvement prompted the first significant increase in the three month trend since June 2014. Even so, the indicator was 7.4% below the outturn recorded in February 2014 underlining the downturn seen over the past year. Lower inflation and lower interest rates are likely to have helped increase sentiment in February.

Of those who reported that their household finances had improved, the majority of respondents cited higher income as the main reason and a growing proportion thought that it was due to better business conditions.

In February, 84.3% of consumers reported that they spent 70-100% of their monthly household income on daily expenses compared with almost 90% of consumers a month earlier. Nevertheless, less than half of respondents saved between 1-29% of their monthly household income compared with 52.2% a year previously.

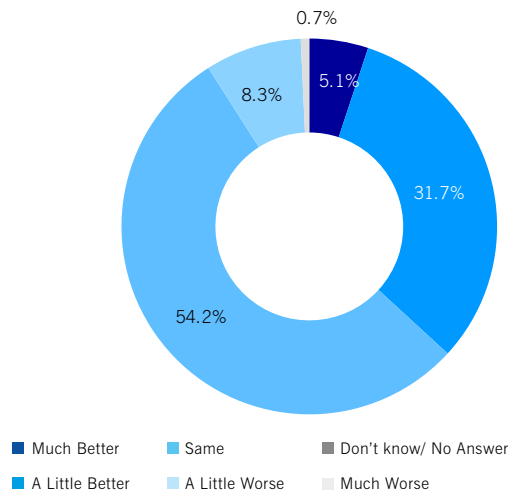
Consumers have always been more optimistic about their financial position in the next 12 months compared with their current situation since the start of the survey. This gap, however, has reduced over the past five months weighing negatively on overall sentiment in recent months. Expectations for future Personal Finances remained stable at 123.7 compared with 124.2 in January.

Personal Finances



— Current
— Expectations

Current Financial Situation Compared with 1 Year Ago (% of Households)



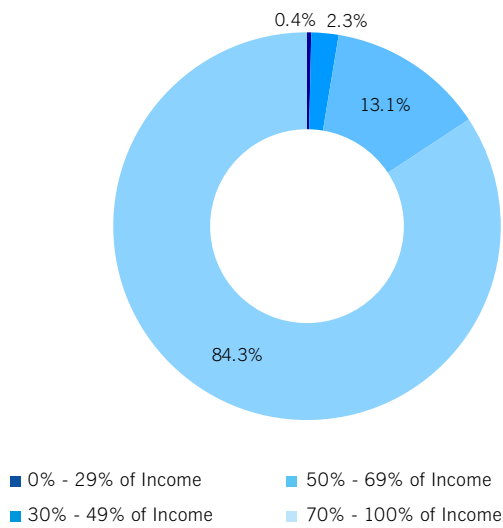
Personal Finances

	Feb-14	Sep-14	Oct-14	Nov-14	Dec-14	Jan-15	Feb-15
Current	125.3	117.1	115.4	115.6	114.4	113.3	116.1
Expectations	137.4	132.2	129.2	128.7	126.3	124.2	123.7

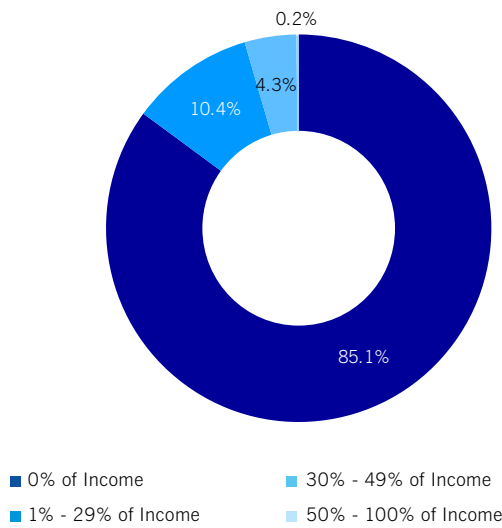


How Households Spend their Money

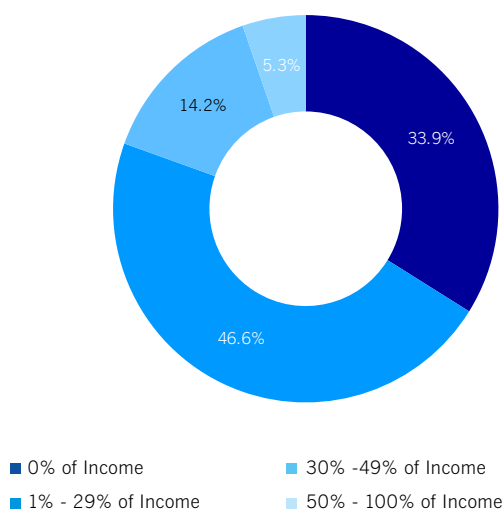
Monthly Household Income Used for Daily Expenses (% of Households)



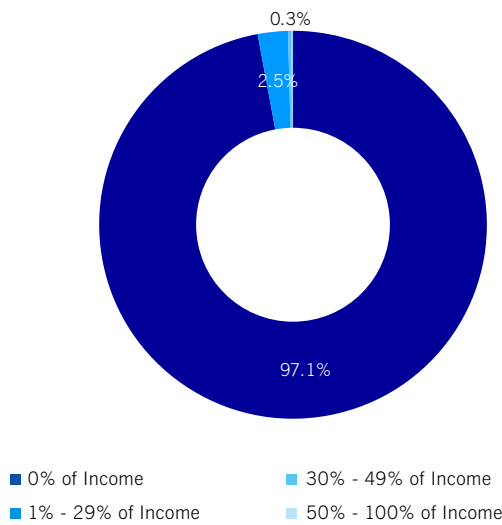
Monthly Household Income Used for Large Loan Repayment (% of Households)



Monthly Household Income Used for Savings (% of Households)



Monthly Household Income Used for Investments (% of Households)



Of those who expected business conditions to improve...

...the majority cited economic development as the
main reason.

Business Conditions

Current Conditions Improve



Respondents reported an increase in optimism about the current business environment while their expectations for the future remained broadly stable.

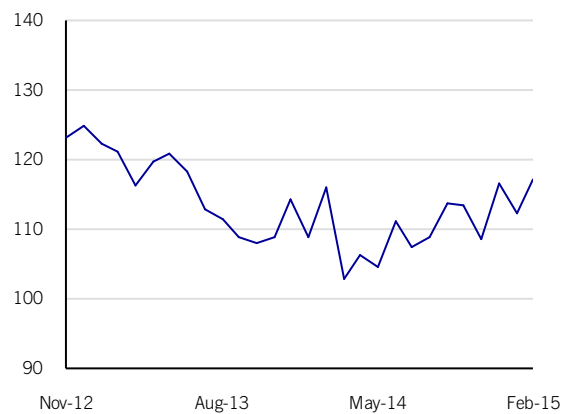
The Current Business Conditions Indicator rose to 117.2 from 112.4 in January, the highest since June 2013. It now stands above the series average of 113.6.

In contrast to the rise in current conditions, both short and long-term expectations have trended down in recent months.

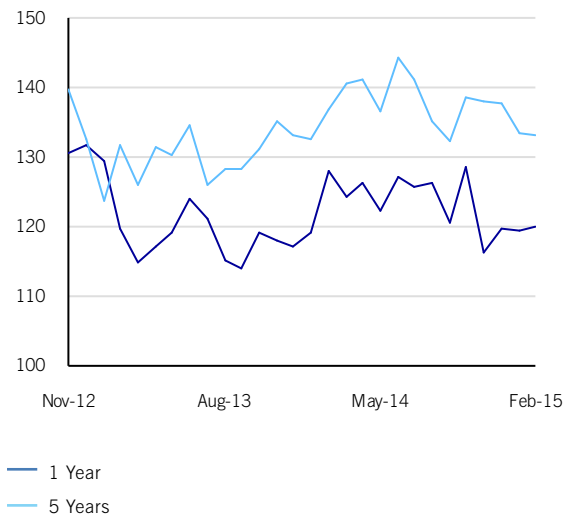
The Business Conditions in One Year component rose slightly to 120.1 from 119.6 in February. While the majority of respondents were optimistic about business conditions in the coming year, the acute level of enthusiasm witnessed just after the Modi government was elected has subsided. Of those who expected business conditions to improve, the majority cited economic development as the main reason. A quarter of respondents, however, were unsure what condition the business environment would be in over the next year or did not answer as they possibly waited to see what the government would unveil in the budget.

Respondents' long-term business expectations have trended downwards since hitting a record high in June last year and in February the Business Conditions in Five Years indicator stood at 133.3 compared with 133.6 in January. Sentiment declined in six of the ten major cities surveyed, with the lowest confidence in long-term business conditions in Visakhapatnam.

Current Business Conditions Indicator



Expected Business Conditions: 1 Year and 5 Years



Business Conditions

	Feb-14	Sep-14	Oct-14	Nov-14	Dec-14	Jan-15	Feb-15
Current	116.0	113.9	113.5	108.6	116.6	112.4	117.2
In 1 Year	128.2	120.7	128.8	116.3	119.9	119.6	120.1
In 5 Years	136.9	132.5	138.8	138.1	137.9	133.6	133.3

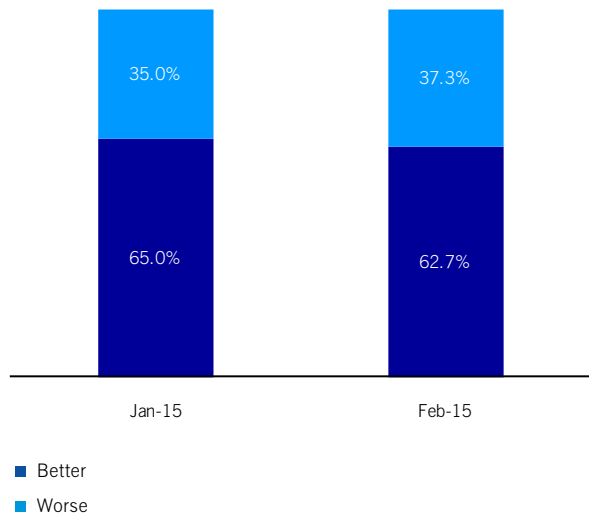
Business Conditions in 1 Year

Selected Reasons

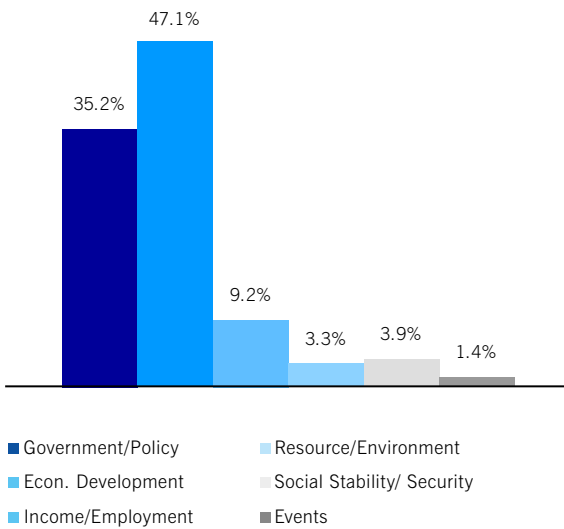


The first full budget presented by the government included further measures to ease the rules for doing business in India and an increase in infrastructure investment especially in railways and roads to bring it up to more modern standards. Furthermore, a reduction in the corporate tax rate over the next four years and a cut in the key policy repo rate by the Reserve Bank of India will help to further boost business sentiment.

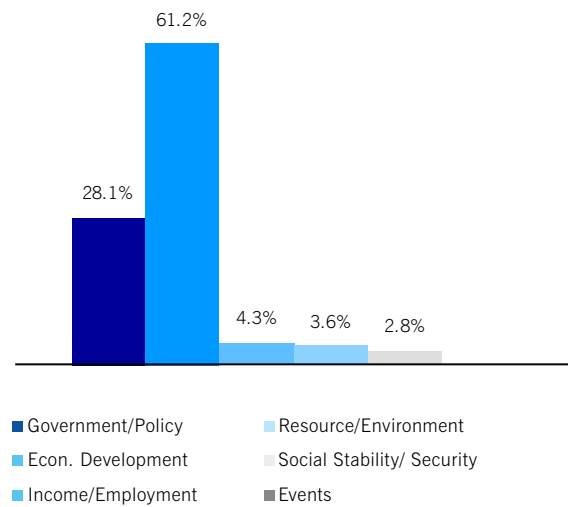
All India



All India, Reasons for Better



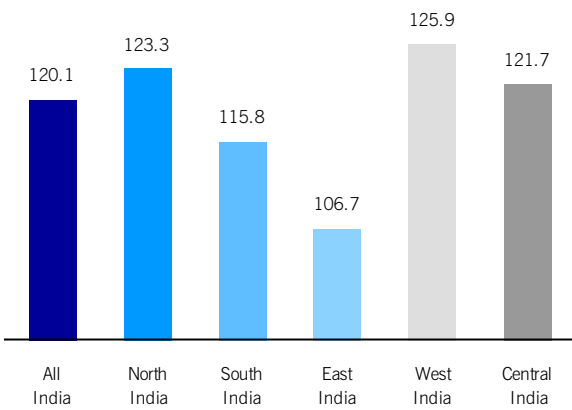
All India, Reasons for Worse



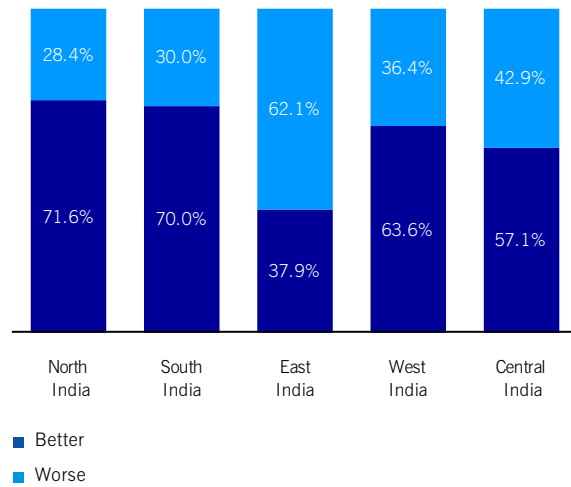
Business Conditions in 1 Year Regions



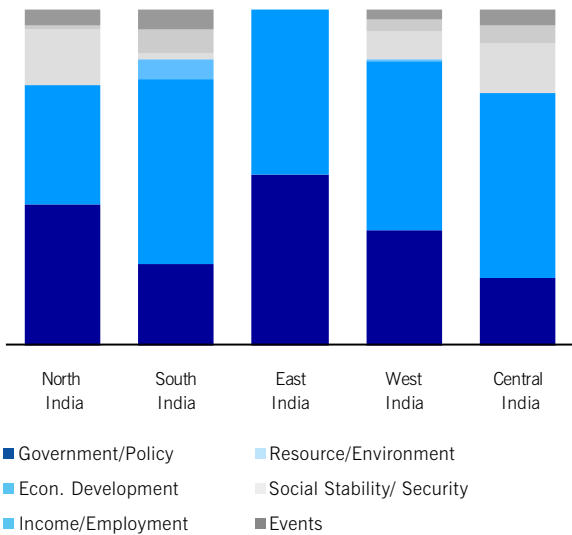
Business Expectations



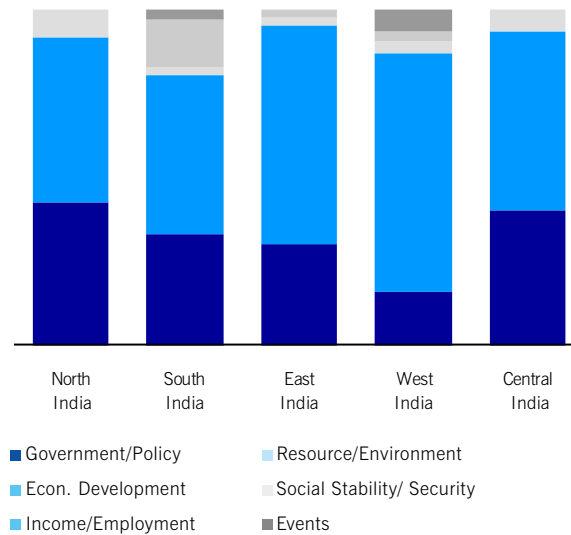
Business Expectations: Better or Worse? (% of Respondents)



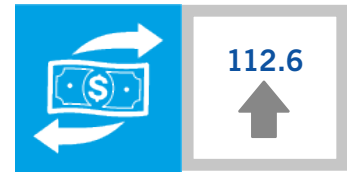
Reasons for Better (% of Respondents)



Reasons for Worse (% of Respondents)



Durable Buying Conditions Highest Since September 2014



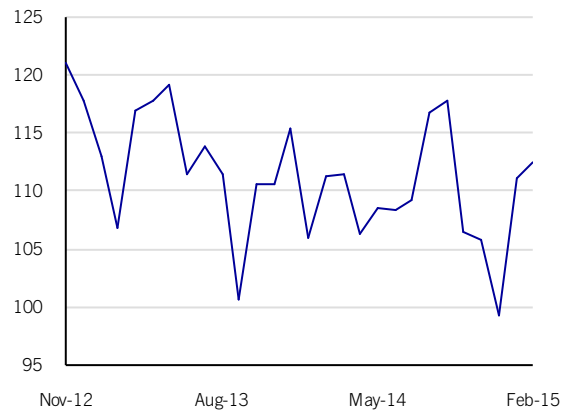
Amid some improvement in respondents' financial situation, there was an increasing willingness to purchase a large household good in February, pushing sentiment to a five-month high.

The Durable Buying Conditions Indicator rose to 112.6 in February from 111.2 in January. Even so, it seems likely that much of the increase owed to seasonal discounts. Regardless, a growing proportion of respondents were unsure or did not know as they likely anticipated tax cuts in the budget which was presented after our survey period had closed.

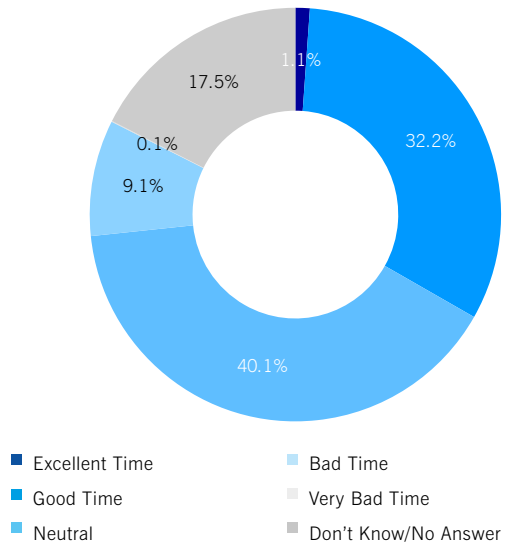
The January interest rate cut by the central bank may have had a marginal upward impact, although it was small. On March 4, the Reserve Bank of India cut the key interest rate again by 25 basis points to 7.5% which should help consumers save money from lower home and auto loans and increase spending on big-ticket items.

A growing proportion of consumers have in recent months turned increasingly to online retailers to make purchases rather than from traditional brick and mortar stores. While online shopping is well-established in advanced countries, e-commerce has only just begun to gain traction in India as a rapid rise in smart phone ownership has increased Indians' access to online shopping sites. When asked specifically about online shopping in the past three months, 40% of consumers reported that they had purchased items using the Internet and were keen to do so again in future as e-retailers often offered greater discounts than physical stores.

Durable Buying Conditions



Is It a Good or Bad Time to Buy Large Household Goods? (% of Households)



Durable Buying Conditions

	Feb-14	Sep-14	Oct-14	Nov-14	Dec-14	Jan-15	Feb-15
Durable Buying Conditions	111.4	118.0	106.5	105.8	99.4	111.2	112.6

Employment Outlook Declines Slightly



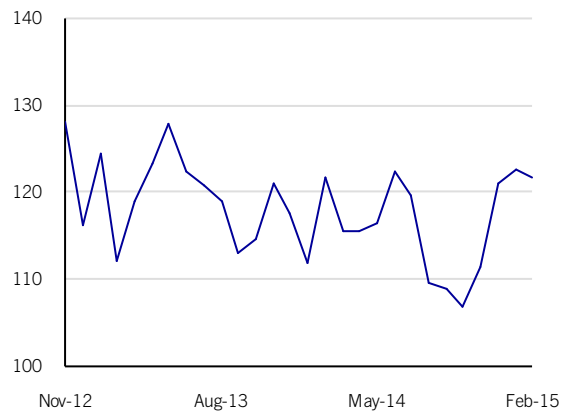
Optimism surrounding the job market, which had gained momentum in recent months, eased slightly in February to a two-month low.

The Employment Outlook Indicator declined to 121.8 from 122.7 in January as a growing proportion of respondents thought that the employment market would remain the same over the next 12 months.

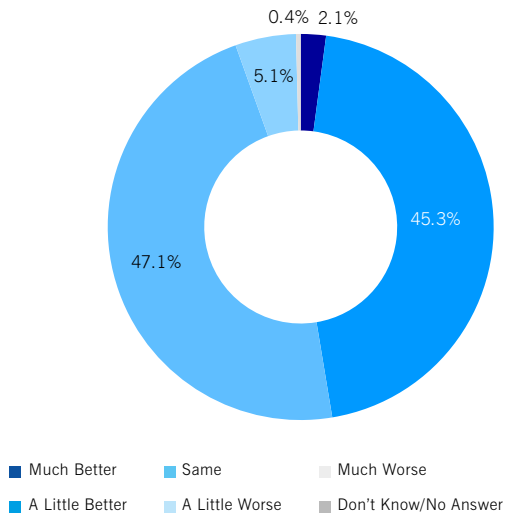
Consumers' expectations for the job market have improved sharply since the downturn of the second half of last year which coincided with the first six months of the Modi government's tenure and raised questions about its ability to create jobs quickly. More recently, however, the labour market has exhibited signs of strengthening in both the consumer survey and our sister business survey. Our February survey of India's largest companies showed that the Employment Indicator, a measure of whether companies have an adequate number of employees, remained above the 50 breakeven mark in spite of a slight easing in sentiment.

A decline in the employment outlook was observed across all regions apart from North India where the Employment Outlook Indicator rose for the fourth consecutive month to the highest level since November 2013. Respondents from South India were the most optimistic even though a growing proportion of respondents expected employment conditions to remain the same.

Employment Outlook Indicator



Employment Outlook for the Next 12 Months (% of Households)



Employment Outlook

	Feb-14	Sep-14	Oct-14	Nov-14	Dec-14	Jan-15	Feb-15
Employment Outlook	121.8	109.1	106.9	111.4	121.1	122.7	121.8

Satisfaction with the current level of prices edged into positive territory for the first time since 2012...

...while inflationary expectations for the coming 12 months eased close to the lowest level in the survey's history.

Prices Sentiment

Satisfaction Level Picks up



Respondents' satisfaction with the current level of prices edged into positive territory for the first time since December 2012, while their inflationary expectations for the coming 12 months eased close to the lowest level in the survey's history.

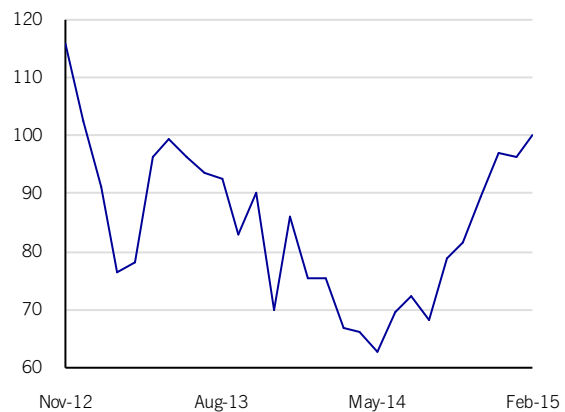
Low inflation helped the Current Prices Satisfaction Indicator to rise to 100.4 in February from 96.4 in January, continuing the trend rise seen since May 2014. A figure below 100 indicates wider dissatisfaction with the current level of prices and satisfaction above the 100 mark. It had previously only been above 100 during the first two months of the survey in November and December 2012 before trending downwards.

Official data showed that consumer price inflation picked up a little to 5.1% in January from a downwardly revised 4.7% rate in December. Food inflation was 6.1% on the year while core inflation stood at 4.3%, helped by a contraction in transport and communication prices and lower housing inflation.

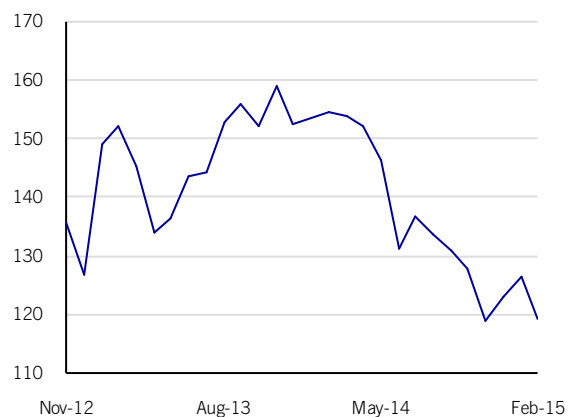
Expectations for inflation in 12 months' time declined to 119.6 in February from 126.8 in January, very close to November 2014's outturn of 119.0 when expectations were at record low. The Inflation Expectations Indicator has closely matched the trend in consumer price inflation previously which suggests it will remain relatively subdued over the coming months.

The anchoring in inflation expectations at a low level should help the RBI to hit its now formalised inflation target which requires it to hit 4% in the medium term.

Satisfaction with Current Prices Indicator



Inflation Expectations Indicator



Prices Sentiment

	Feb-14	Sep-14	Oct-14	Nov-14	Dec-14	Jan-15	Feb-15
Satisfaction with Current Prices	75.4	78.8	81.6	89.7	97.1	96.4	100.4
Inflation Expectations	154.8	131.1	127.9	119.0	123.2	126.8	119.6

Prices Sentiment Regions



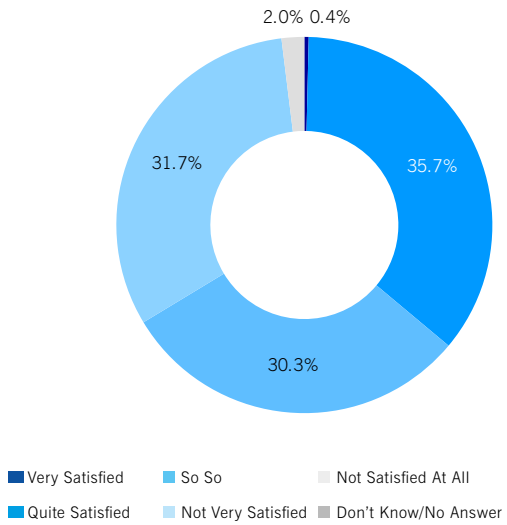
Of those respondents who expected prices to rise, one-tenth thought that they would go up by 5%, while an almost equal proportion was unsure.

Regions

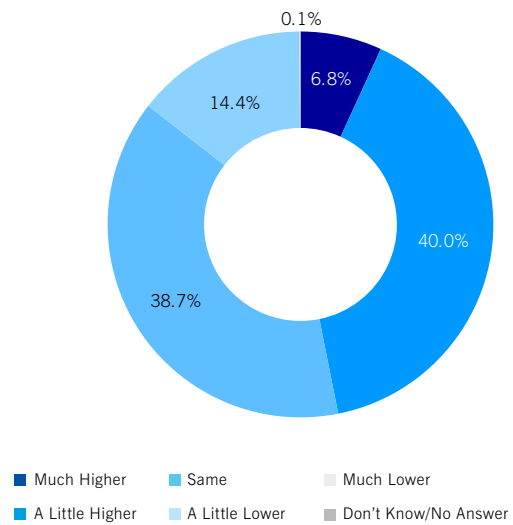
Satisfaction with Current Prices rose across all regions of India except South and East India, with the indicator remaining above 100 in the former and just a point below 100 in the latter. The sharp rise in the rest of the regions failed to nudge the indicator above 100 as the majority of consumers still remained discontent with prices.

Expectations for future prices declined in all regions apart from East India where they rose for the first time in six months, although it remained the weakest of all the regions. In contrast, the sharpest fall in inflation expectations was among residents of North India, the majority of whom thought prices would remain the same and a significantly lower proportion expected them to increase compared with the previous month, pushing the indicator to a series low.

Satisfaction with Current Prices
(% of Households)

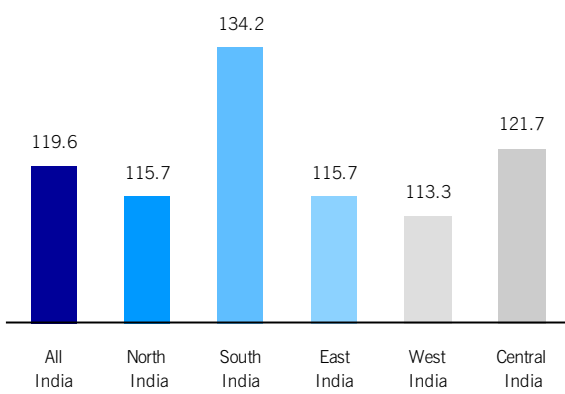


Inflation Expectations in 12 Months
(% of Households)

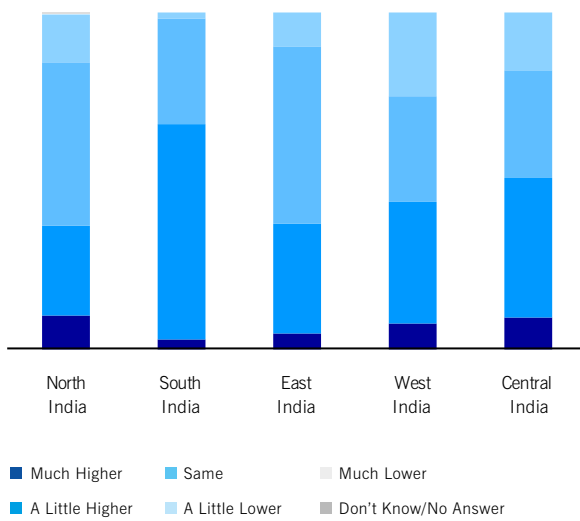




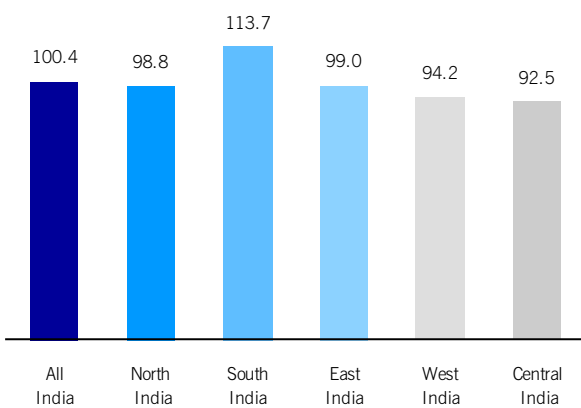
Inflation Expectations Indicator



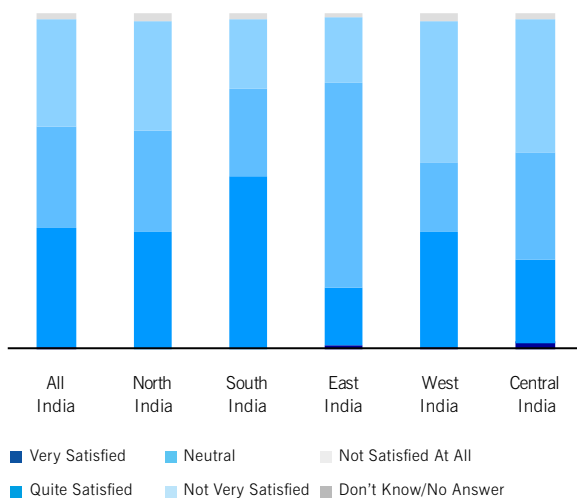
Inflation Expectations in 12 Months (% of Households)



Satisfaction with Current Prices Indicator



Satisfaction with Current Prices (% of Households)



Interest Rate Expectations Roughly Flat

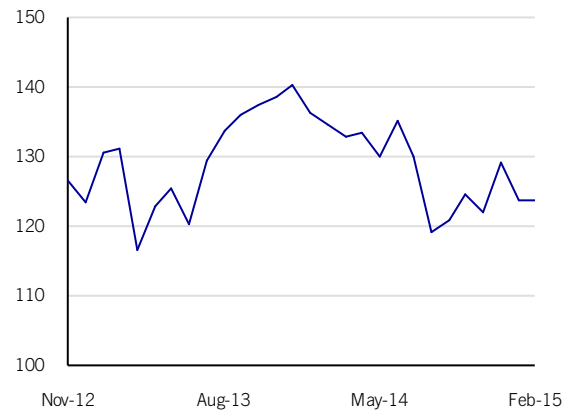


The Interest Rates Expectations Indicator remained roughly flat at 124.0 in February after falling by 4.3% to 123.9 in January.

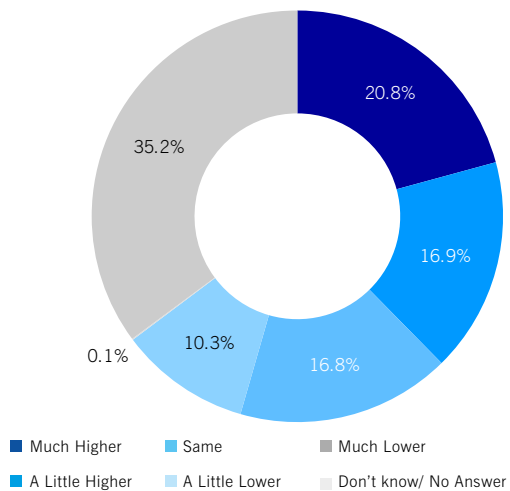
The Reserve Bank of India cut the key policy rate by 25 basis points to 7.75% in mid January, although this does not seem to have yet filtered through to the wider economy. Even so, with the RBI cutting the key policy rate by a further 25 basis points to 7.5% on March 4, it is likely that we will see some fall in consumers' expectations for interest rates in our subsequent surveys. Regardless, in February the indicator was below the average of 127.2 for the past 12 months and also below the series average of 129.0.

Raghuram Rajan has cut the interest rate twice since he took over as the Governor of the RBI in September 2013, and has been successful in bringing down inflation which was plaguing the Indian economy when he was appointed. Evidence from both our business and consumer surveys suggests inflationary pressures have waned and are likely to remain weak for the foreseeable future, which may leave space for a further interest rate cut over the coming months.

Interest Rate Expectations Indicator



Expected Change in Interest Rate in 1 Year (% of Households)



Interest Rate Expectations

	Feb-14	Sep-14	Oct-14	Nov-14	Dec-14	Jan-15	Feb-15
Interest Rate Expectations	134.6	121.0	124.6	122.0	129.4	123.9	124.0

Investment
sentiment was 9%
above the same
month a year
earlier...

...although it has subsided slightly in the last few
months.

Stock Investment Indicator Broadly Stable



The Stock Investment Indicator remained broadly stable after declining in January to the lowest level in three months.

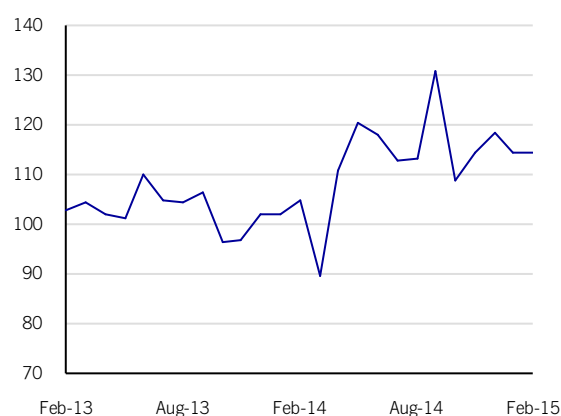
The Stock Investment Indicator, a gauge of whether it is a good or bad time to invest in the stock market stood at 114.7 compared with 114.5 in January. Investment sentiment was 9% above the same month a year earlier, although it has subsided slightly in the last few months.

Stock Price Sentiment, which measures whether equity prices are high or low, declined sharply to 121.9 after hitting a record high of 145.9 in January. With Indian stock markets rallying, the majority of respondents thought that stock prices were expensive. The benchmark BSE Sensex reached its all-time high of 30,024.74 on March 7, with shares of cement, construction and capital goods surging after the government provided a thrust on the infrastructure sector and sharply increased its capital expenditure for 2015-16.

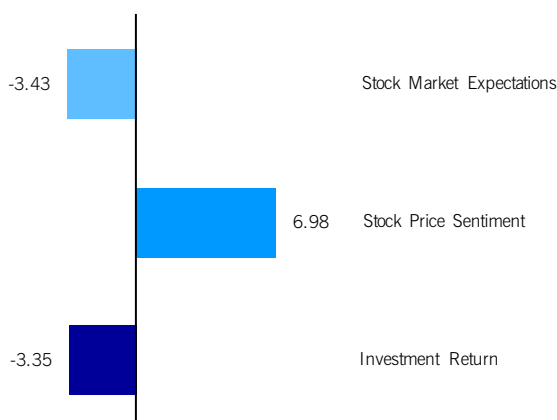
The Stock Market Expectations component, which shows whether consumers think stock prices will rise or fall in the next three months, fell to 137.1 from 148.9 in January. In spite of the decline, almost 70% of respondents were bullish about the stock market over the next three months.

The Stock Investment Return component, a measure of the amount of profit or loss in investments in the last year, plummeted to 128.9 from 140.4 in the previous month. The majority of respondents neither made a profit or loss on their investments in February in contrast with the majority reporting they profited in the last month.

Stock Investment Indicator



Stock Investment Indicator: Contribution to Monthly Change (% pt.)



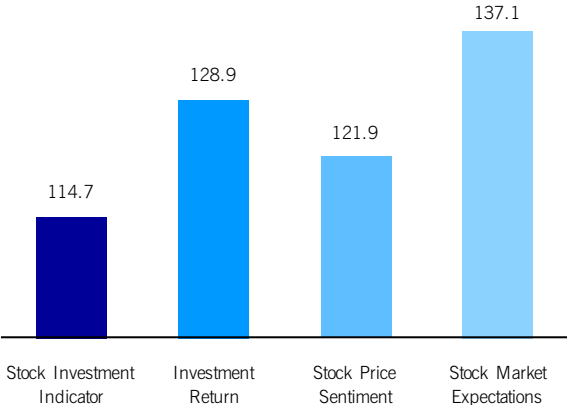
Investment Sentiment

	Feb-14	Sep-14	Oct-14	Nov-14	Dec-14	Jan-15	Feb-15
Investment Sentiment Indicator	105.1	130.8	108.9	114.8	118.5	114.5	114.7
Investment Return	104.5	162.4	109.1	144.3	158.2	140.4	128.9
Stock Price Sentiment	103.7	122.2	111.8	131.8	145.5	145.9	121.9
Stock Market Expectations	114.3	152.2	129.2	131.8	142.8	148.9	137.1

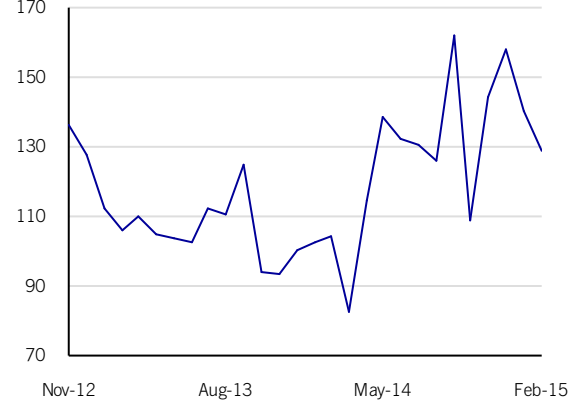
Stock Investment Indicator Components



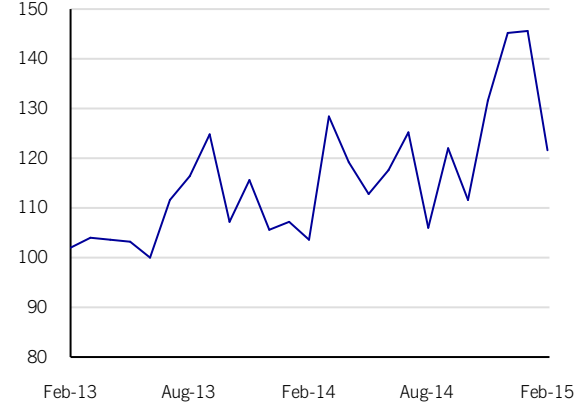
Stock Investment Indicator - Components



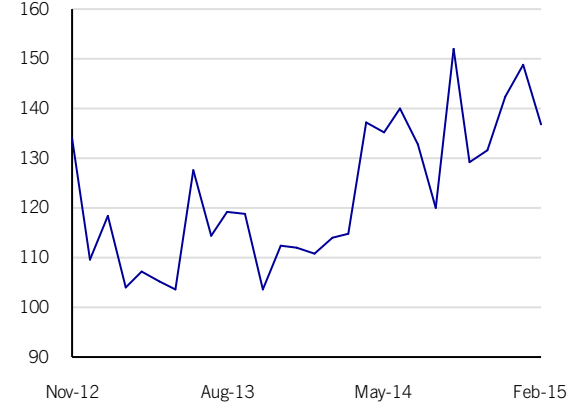
Investment Return



Stock Price Sentiment



Stock Market Expectations



About three quarters
of respondents
expected house prices
to rise in the next six
months...

...but a rising, albeit smaller proportion, expected
them to remain at the same level.

Real Estate Investment Indicator

Broadly Stable



Following a pick up in the Real Estate Investment Indicator in the previous month, it remained broadly flat in February as a rise in house buying sentiment was outweighed by a decline in house price expectations.

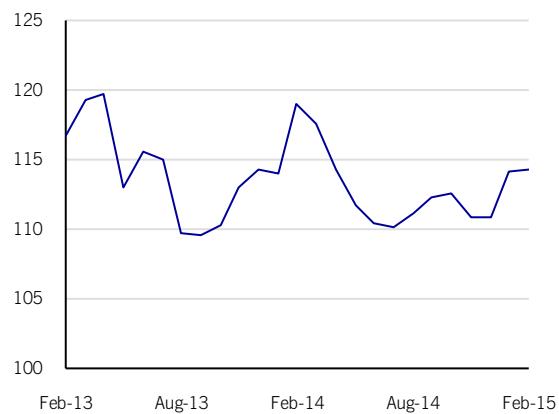
The Real Estate Investment Indicator, which is made up of three components (House Price Expectations, House Buying Sentiment and House Selling Sentiment), rose slightly to 114.5 in February from 114.2 in January.

The House Price Expectations component fell for the second consecutive month to 151.8 from 153.6 in January. About three quarters of respondents expected house prices to rise in the next six months but a rising, albeit smaller proportion, expected them to remain at the same level.

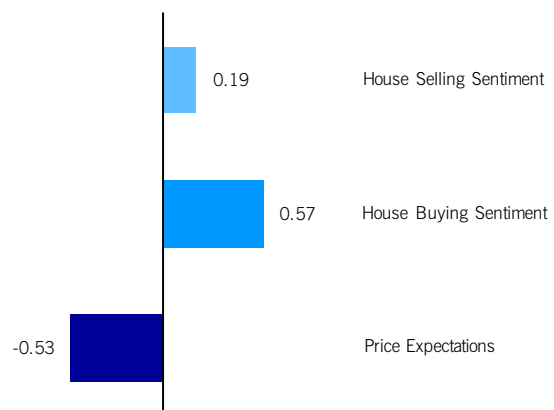
House Buying Sentiment, a measure of whether it is a good or bad time to buy a home in the next six months, rose to 96.6 following January's sharp rise to 94.6. More than 50% of respondents attributed the rise in their willingness to buy a house to an improvement in purchasing power. Since the start of the survey, consumer confidence surrounding house purchases has fallen significantly, mainly due to high interest rates which have increased the cost of mortgages. But the two rate cuts by the Reserve Bank of India should help bolster housing sentiment throughout 2015.

House Selling Sentiment, a measure of whether it is a good or bad time to sell a house in the next six

Real Estate Investment Indicator



Real Estate Investment Indicator: Contribution to Monthly Change (% pt.)



Real Estate Investment Sentiment

	Feb-14	Sep-14	Oct-14	Nov-14	Dec-14	Jan-15	Feb-15
Real Estate Investment Sentiment	119.1	112.5	112.6	111.0	111.0	114.2	114.5
Price Expectations	152.6	146.4	149.6	144.0	154.2	153.6	151.8
House Buying	107.7	96.2	98.4	92.1	89.3	94.6	96.6
House Selling	102.9	105.2	110.0	103.2	110.7	105.5	104.9

Real Estate Investment Indicator Components and Balances

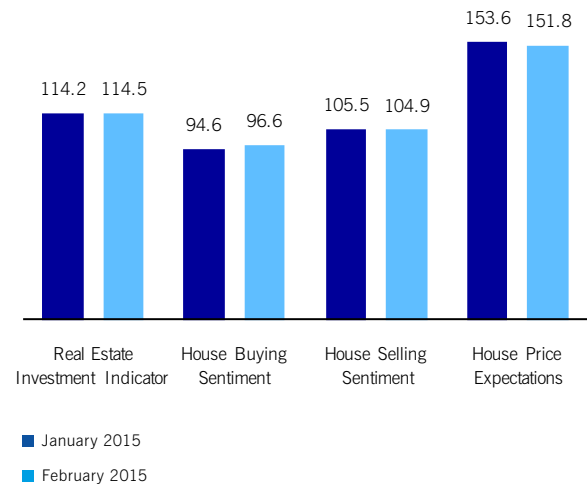


months, eased slightly to 104.9 from 105.5 in January.

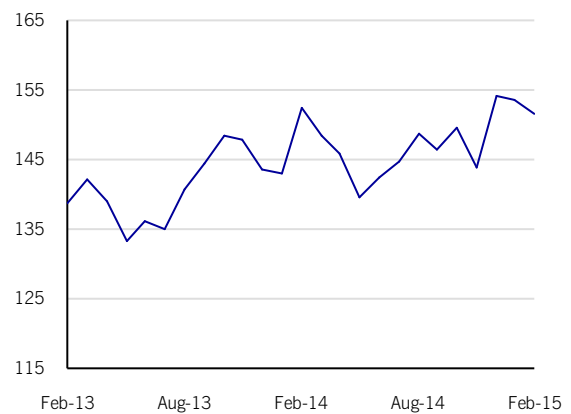
Regions

The Real Estate Investment Indicator rose across all regions except South and West India. In South India, the indicator fell by 2.5 points to the lowest since December 2014 as fewer expected house prices would rise, while sentiment in West India was dragged down by poor buying sentiment. In contrast, respondents from North India became more optimistic about purchasing a house in the next six months due to an increase in House Buying sentiment to a 10-month high.

Real Estate Investment Indicator - Components

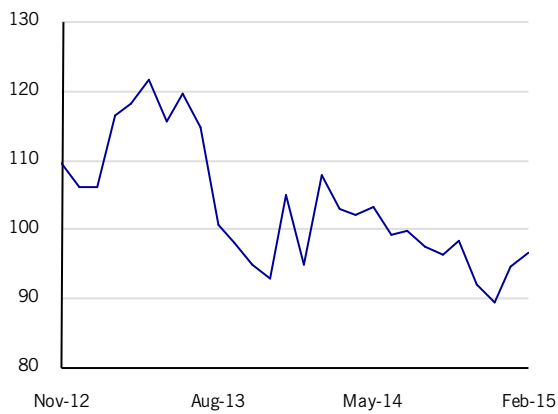


Real Estate Prices: Expected Changes in Next 6 Months

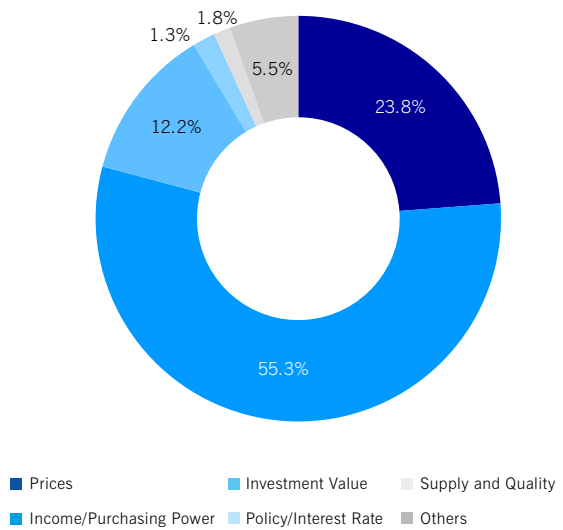




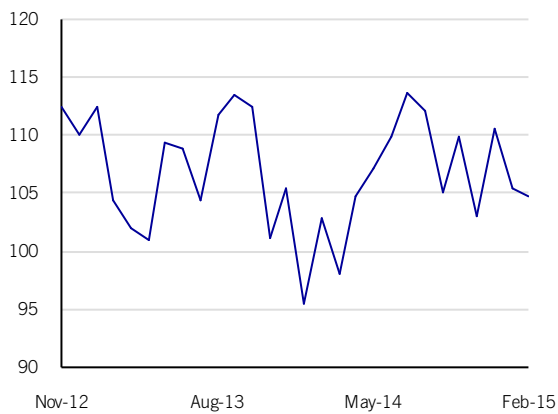
House Buying Sentiment



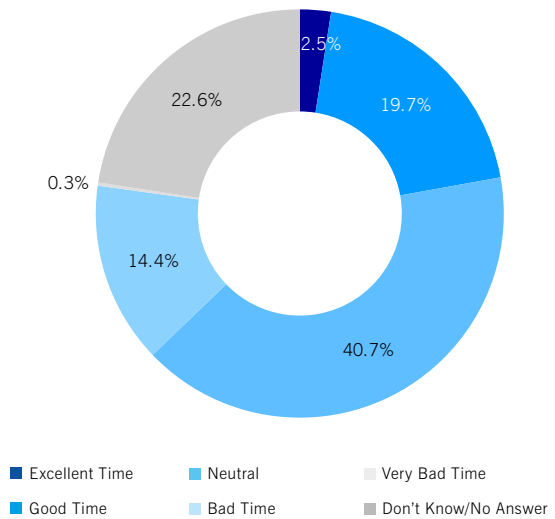
Reasons for Buying Houses (% of Households)



House Selling Sentiment



Timing for Selling Houses (% of Households)



Car Purchase Indicator Record High



The Car Purchase Indicator rose to a new record high of 108.1 in February from a previous high of 104.0 in January as a greater number of respondents expressed an increased willingness to purchase a car.

The Car Purchase Indicator is made up of two components, Car Purchase Expectations and Price of Gasoline Expectations, with the latter having a negative impact on the indicator.

The Car Purchase Expectations component, which gauges whether consumers believe it is a good or bad time to purchase a car over the next 12 months, rose slightly to 105.8 from 105.1 in January. This put the indicator above both the average for 2014 and that for the entire series. However, a substantial proportion of consumers weren't sure about whether they would make a car purchase as they were probably waiting to see whether any supportive measures for the automobile industry would be announced in the budget which was presented after our survey period closed.

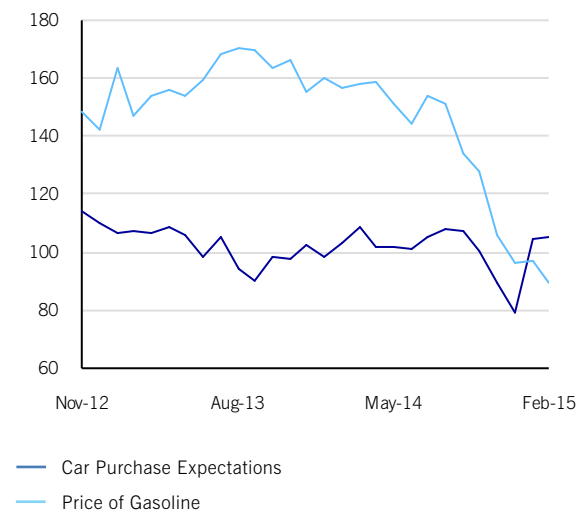
Of those who felt it was a good time to purchase a car, the majority reported that it was because they had enough income to make the purchase.

Car sales in India rose by 3.1% on the year in January following a rise of 15.3% on the year in December due to an increase in vehicle prices following the rollback of excise tax concessions. In 2014, car sales increased by 2.5% to 1.85 million units compared with a contraction of almost 10% a year earlier as the government temporarily lowered excise taxes.

Car Purchase Indicator



Car Purchase Indicator - Components



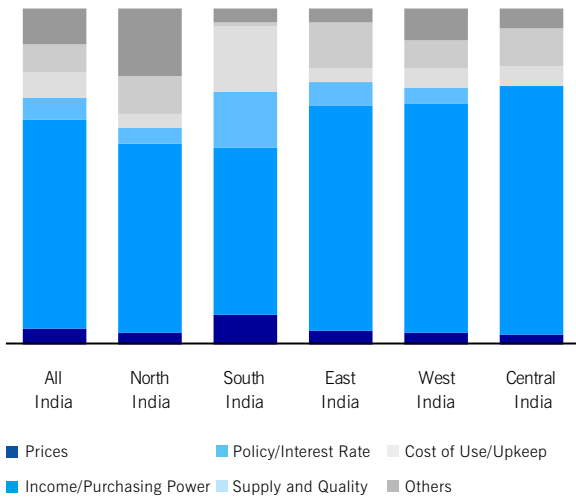
Car Purchase Sentiment

	Feb-14	Sep-14	Oct-14	Nov-14	Dec-14	Jan-15	Feb-15
Car Purchase Sentiment	73.0	86.6	86.1	91.7	91.4	104.0	108.1
Car Purchase Expectations	103.2	107.6	100.8	89.8	79.7	105.1	105.8
Price of Gasoline	157.2	134.4	128.5	106.3	96.9	97.0	89.5

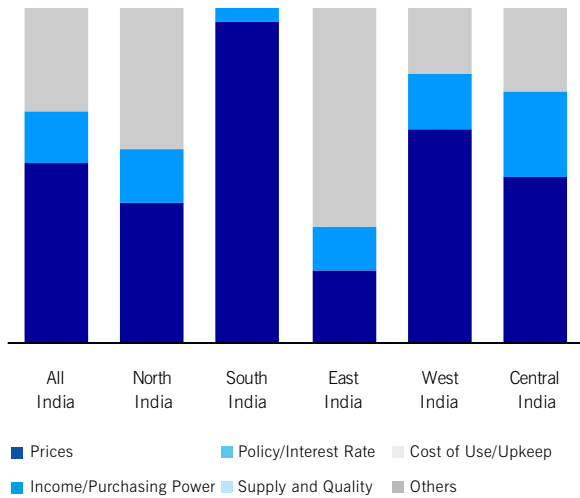
Car Purchase Indicator Regions



Reasons for a Good Time to Buy a Car (% of Households)



Reasons for a Bad Time to Buy a Car (% of Households)

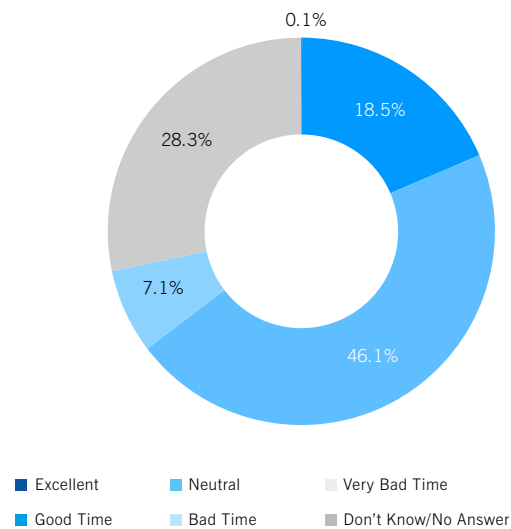


In addition, consumers have also benefitted from a reduction in fuel prices in 2014.

Amid the fall in global oil prices and subsequent deregulation of fuel prices, expectations for the Price of Gasoline have fallen considerably, especially during the second half of last year. Expectations were subdued and the indicator fell further to a series low of 89.5 in February after remaining broadly stable at 97.0 in January.

The majority of consumers expected gasoline prices to fall slightly in the next 12 months, while about a quarter expected prices to remain the same and a fifth of our panel did not know or answer this month, probably due to the volatility in oil prices.

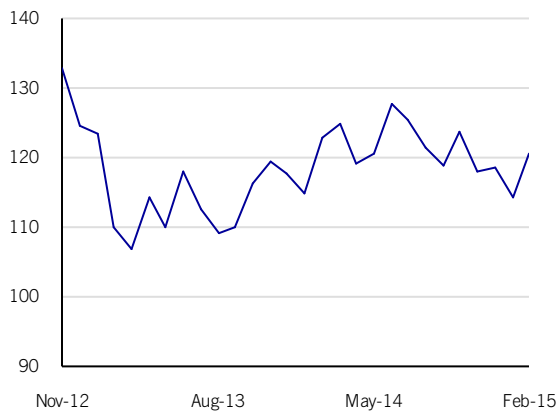
Is it a Good Time to Buy a Car? (% of Households)



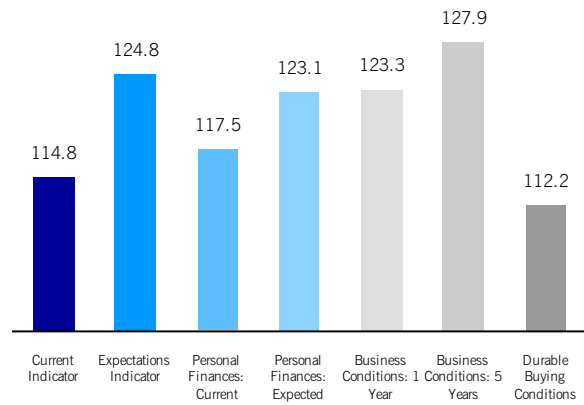
MNI India Consumer Indicator Regions



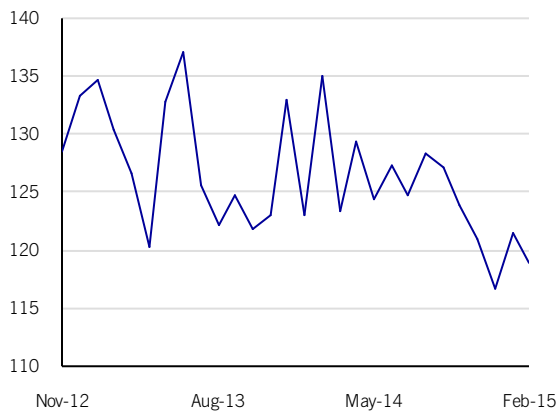
Consumer Indicator: North India



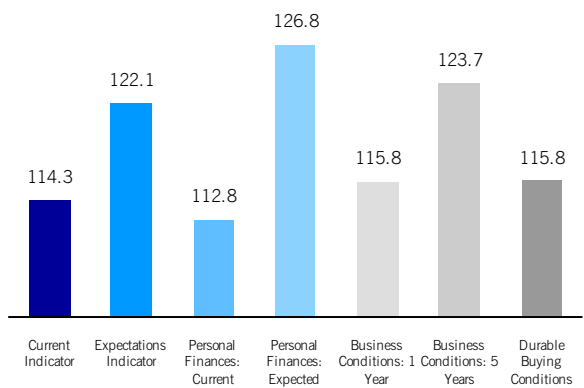
Consumer Indicator Components: North India



Consumer Indicator: South India

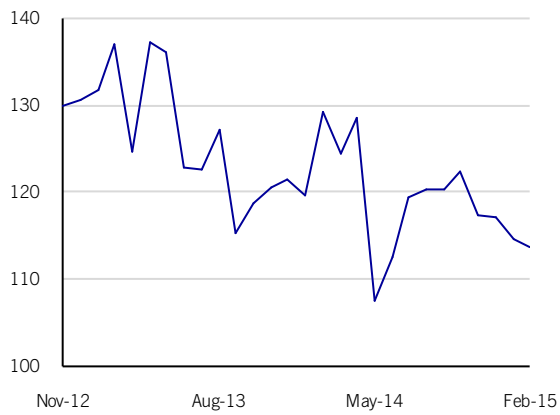


Consumer Indicator Components: South India

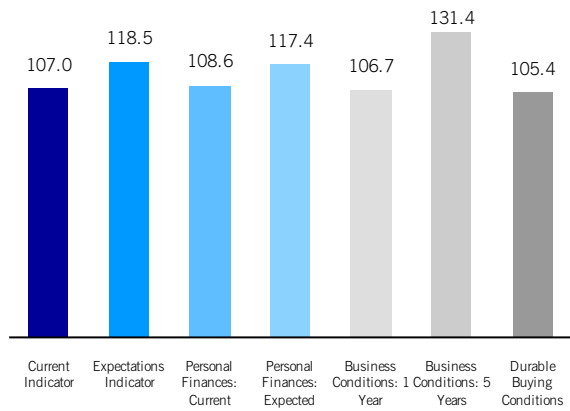




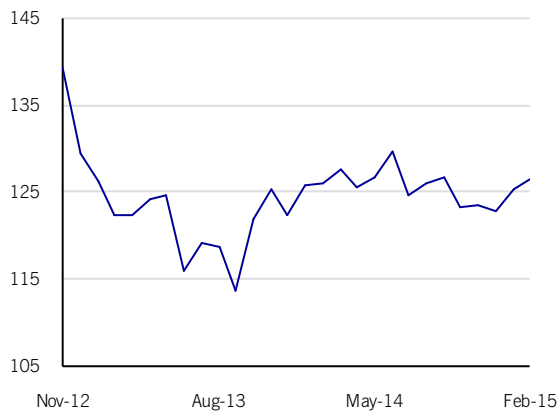
Consumer Indicator: East India



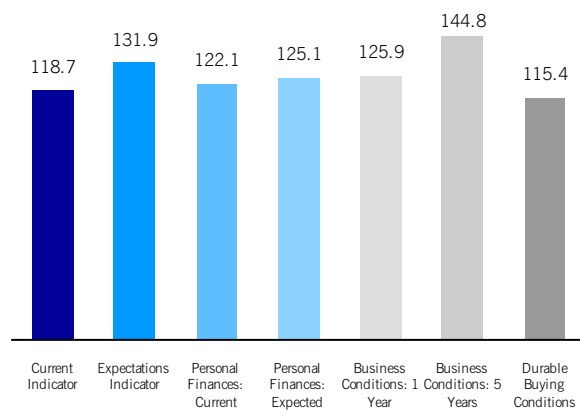
Consumer Indicator Components: East India



Consumer Indicator: West India

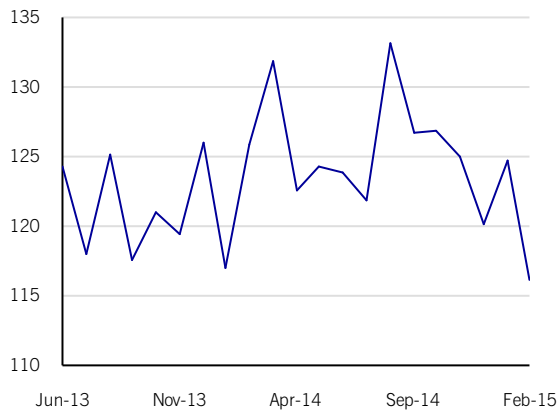


Consumer Indicator Components: West India

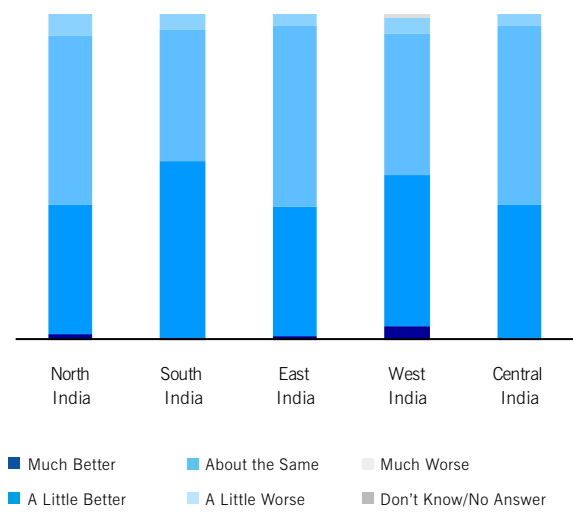




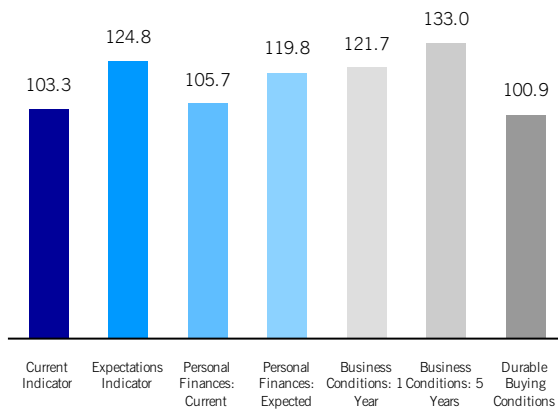
Consumer Indicator: Central India



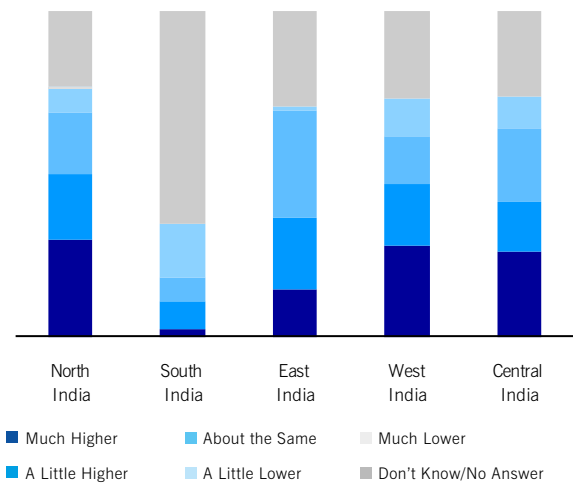
Employment Outlook for the Next 12 Months (% of Households)



Consumer Indicator Components: Central India

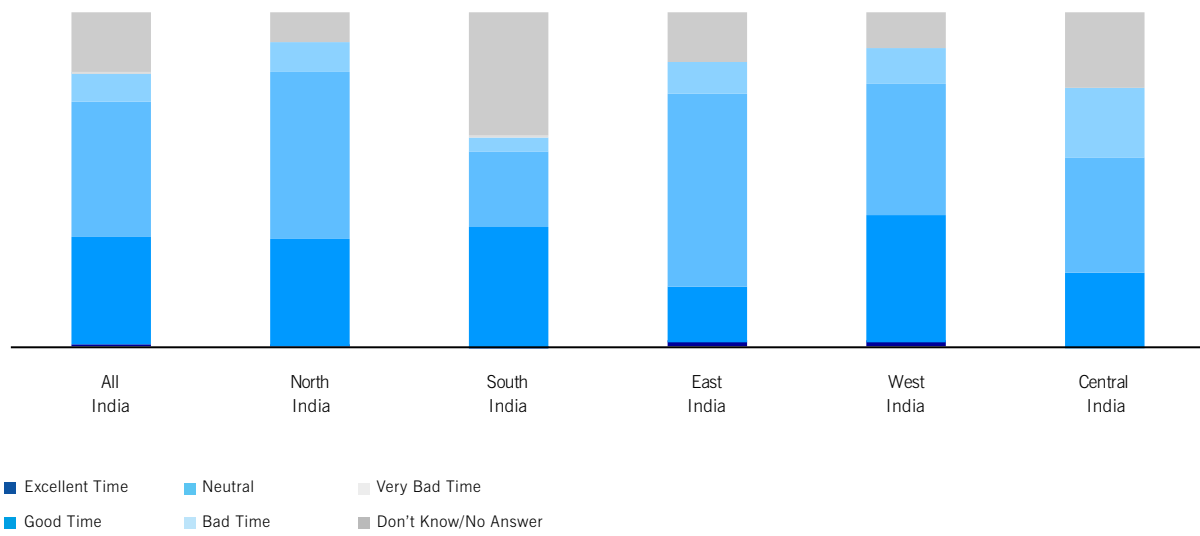


Interest Rate Expectations on House and Car Loans Indicator (% of Households)

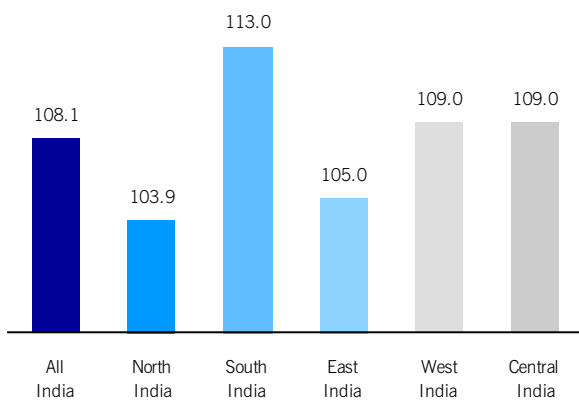




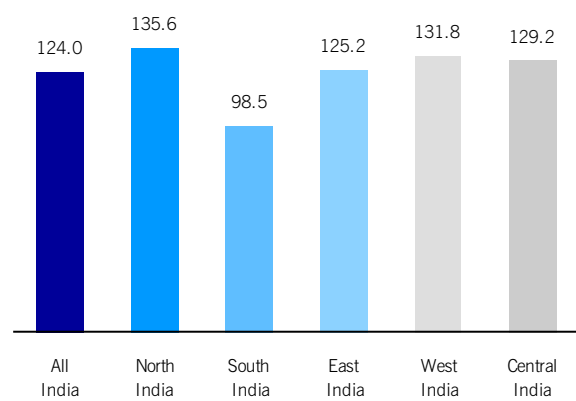
Is it a Good/Bad Time to Buy Large Household Goods? (% of Households)



Car Purchase Indicator - Regions



Interest Rates Expectations (% of Households)

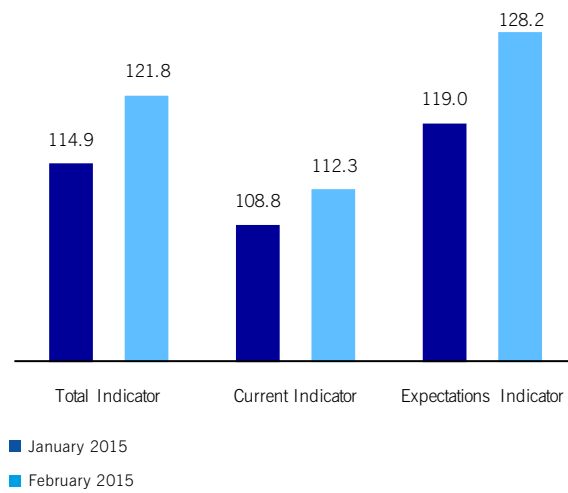




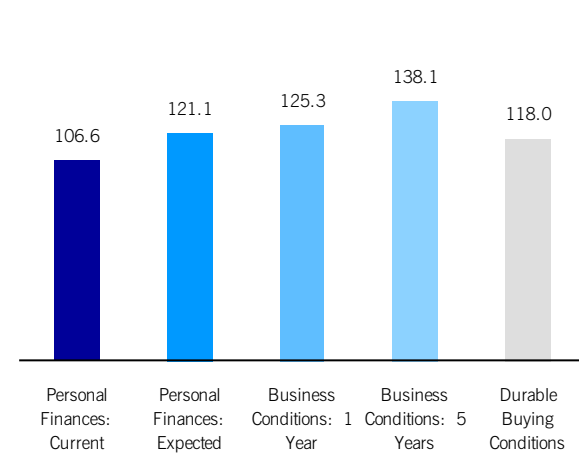
MNI India Consumer Indicator

Income Groups

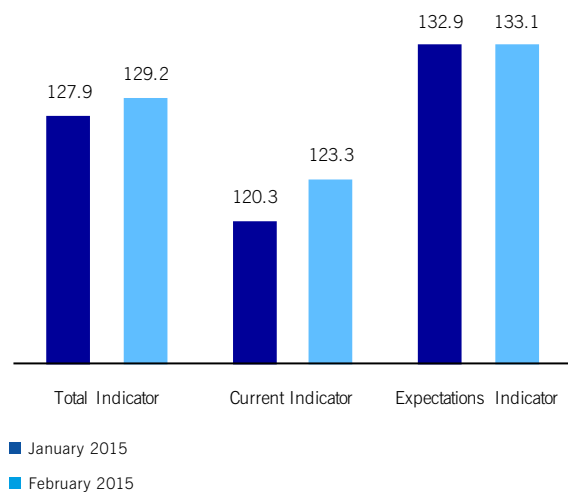
< Rs. 432,000 per annum



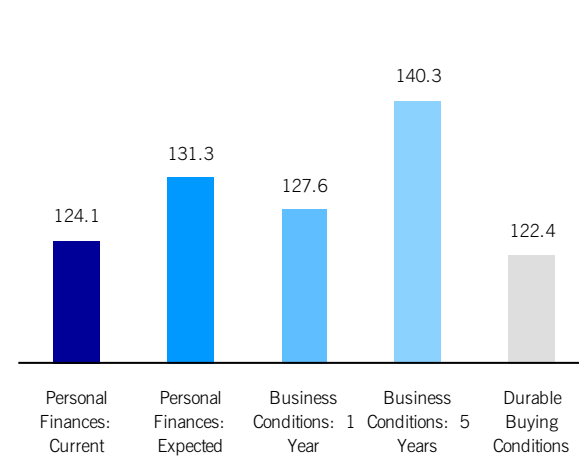
< Rs. 432,000 - Components



> Rs. 432,000 per annum



> Rs. 432,000 - Components



Consumers from both high and low-income households were more confident in February.

Nevertheless, consumer sentiment has fallen over the past year among both income groups, with the improvement this month doing little to recover the lost ground.



What the Panel Said



A selection of comments from the panel of consumers surveyed over the past month.

“Our farming business is poorly affected because of a natural calamity.”

“We get some extra income from renting a flat.”

“Our family has a good financial planning.”

“The car market for small cars is doing good.”

“Industries are growing in Kota.”

“Our willingness to buy mainly depends on prices, nothing else.”

“More exchange offers and loans are available to buy a car.”

“Cheaper cars are available.”

“Our car purchase decision depends mainly on availability of loan.”

“Price of car is an important criterion.”

“We have just bought a house.”

“Market conditions are not good.”

“It’s not a good time to purchase a car because of an increase in excise duty.”

North India Overview

	Dec-14	Jan-15	Feb-15	Highest Since	Lowest Since	3-Month Average	Monthly Change	Monthly % Change
North India Consumer Indicator	118.7	114.5	120.8	Oct-14	-	118.0	6.3	5.5%
Current Indicator	110.3	110.0	114.8	Jun-14	-	111.7	4.8	4.4%
Expectations Indicator	124.2	117.5	124.8	Oct-14	-	122.2	7.3	6.2%
Personal Finance: Current	113.2	112.6	117.5	Nov-14	-	114.4	4.9	4.3%
Personal Finance: Expected	119.8	117.6	123.1	Nov-14	-	120.2	5.5	4.6%
Business Condition: 1 Year	120.2	112.5	123.3	Oct-14	-	118.7	10.8	9.6%
Business Condition: 5 Years	132.7	122.3	127.9	Dec-14	-	127.6	5.6	4.6%
Durable Buying Conditions	107.5	107.5	112.2	Sep-14	-	109.1	4.7	4.4%
Current Business Conditions Indicator	108.7	103.3	114.2	Jan-13	-	108.7	10.9	10.5%
Stock Investment Indicator	114.0	123.2	94.5	-	Jul-14	110.6	-28.7	-23.3%
Real Estate Investment Indicator	113.0	114.6	118.0	Feb-14	-	115.2	3.4	3.0%
Car Purchase Indicator	94.3	102.9	103.9	series high	-	100.4	1.0	0.9%
Employment Outlook Indicator	111.1	113.7	118.1	Nov-13	-	114.3	4.4	3.9%
Inflation Expectations Indicator	126.9	129.1	115.7	-	series low	123.9	-13.4	-10.4%
Current Prices Satisfaction Indicator	84.5	83.2	98.8	Aug-13	-	88.8	15.6	18.7%
Interest Rates Expectations Indicator	139.8	133.9	135.6	Dec-14	-	136.4	1.7	1.2%

South India Overview

	Dec-14	Jan-15	Feb-15	Highest Since	Lowest Since	3-Month Average	Monthly Change	Monthly % Change
South India Consumer Indicator	116.8	121.5	119.0	-	Dec-14	119.1	-2.5	-2.1%
Current Indicator	100.4	112.7	114.3	Sep-14	-	109.1	1.6	1.4%
Expectations Indicator	127.8	127.3	122.1	-	series low	125.7	-5.2	-4.1%
Personal Finance: Current	111.7	109.8	112.8	Oct-14	-	111.4	3.0	2.7%
Personal Finance: Expected	128.1	132.0	126.8	-	Jun-14	129.0	-5.2	-3.9%
Business Condition: 1 Year	120.8	120.1	115.8	-	Mar-14	118.9	-4.3	-3.6%
Business Condition: 5 Years	134.4	129.9	123.7	-	Jul-13	129.3	-6.2	-4.8%
Durable Buying Conditions	89.0	115.6	115.8	Sep-14	-	106.8	0.2	0.2%
Current Business Conditions Indicator	120.5	118.1	118.4	Dec-14	-	119.0	0.3	0.3%
Stock Investment Indicator	158.3	116.7	116.7	-	Jun-14	130.6	0.0	0.0%
Real Estate Investment Indicator	105.4	113.8	111.3	-	Dec-14	110.2	-2.5	-2.2%
Car Purchase Indicator	86.0	104.5	113.0	series high	-	101.2	8.5	8.1%
Employment Outlook Indicator	125.3	129.0	125.3	-	Dec-14	126.5	-3.7	-2.9%
Inflation Expectations Indicator	133.5	137.4	134.2	-	Dec-14	135.0	-3.2	-2.3%
Current Prices Satisfaction Indicator	108.7	117.0	113.7	-	Dec-14	113.1	-3.3	-2.8%
Interest Rates Expectations Indicator	112.4	109.2	98.5	-	series low	106.7	-10.7	-9.8%

East India Overview

	Dec-14	Jan-15	Feb-15	Highest Since	Lowest Since	3-Month Average	Monthly Change	Monthly % Change
East India Consumer Indicator	117.3	114.7	113.9	-	Jun-14	115.3	-0.8	-0.7%
Current Indicator	104.1	104.5	107.0	Nov-14	-	105.2	2.5	2.4%
Expectations Indicator	126.1	121.4	118.5	-	Jun-14	122.0	-2.9	-2.4%
Personal Finance: Current	111.2	105.3	108.6	Dec-14	-	108.4	3.3	3.1%
Personal Finance: Expected	130.4	123.9	117.4	-	Jul-14	123.9	-6.5	-5.2%
Business Condition: 1 Year	112.7	113.2	106.7	-	May-14	110.9	-6.5	-5.7%
Business Condition: 5 Years	135.2	127.2	131.4	Dec-14	-	131.3	4.2	3.3%
Durable Buying Conditions	97.0	103.8	105.4	Sep-14	-	102.1	1.6	1.6%
Current Business Conditions Indicator	117.9	108.0	111.2	Dec-14	-	112.4	3.2	3.0%
Stock Investment Indicator	116.7	-	116.7	Sep-14	-	77.8	116.7	0.0%
Real Estate Investment Indicator	109.2	111.5	112.8	Oct-14	-	111.2	1.3	1.2%
Car Purchase Indicator	89.9	98.1	105.0	series high	-	97.7	6.9	7.1%
Employment Outlook Indicator	118.3	122.2	119.3	-	Dec-14	119.9	-2.9	-2.3%
Inflation Expectations Indicator	113.2	107.6	115.7	Nov-14	-	112.2	8.1	7.5%
Current Prices Satisfaction Indicator	98.8	104.1	99.0	-	Dec-14	100.6	-5.1	-4.9%
Interest Rates Expectations Indicator	125.1	113.6	125.2	Nov-14	-	121.3	11.6	10.3%

West India Overview

	Dec-14	Jan-15	Feb-15	Highest Since	Lowest Since	3-Month Average	Monthly Change	Monthly % Change
West India Consumer Indicator	123.0	125.5	126.7	Sep-14	-	125.1	1.2	0.9%
Current Indicator	109.6	115.9	118.7	Sep-14	-	114.7	2.8	2.5%
Expectations Indicator	132.0	131.9	131.9	Dec-14	-	131.9	0.0	0.0%
Personal Finance: Current	117.7	117.5	122.1	Aug-14	-	119.1	4.6	3.9%
Personal Finance: Expected	128.7	122.9	125.1	Dec-14	-	125.6	2.2	1.7%
Business Condition: 1 Year	122.7	126.7	125.9	-	Dec-14	125.1	-0.8	-0.6%
Business Condition: 5 Years	144.5	146.1	144.8	-	Dec-14	145.1	-1.3	-0.8%
Durable Buying Conditions	101.5	114.2	115.4	Sep-14	-	110.4	1.2	1.1%
Current Business Conditions Indicator	118.6	115.8	121.4	Feb-13	-	118.6	5.6	4.8%
Stock Investment Indicator	111.1	111.9	119.7	Sep-14	-	114.2	7.8	7.1%
Real Estate Investment Indicator	113.5	115.8	114.9	-	Dec-14	114.7	-0.9	-0.8%
Car Purchase Indicator	93.5	105.7	109.0	series high	-	102.7	3.3	3.1%
Employment Outlook Indicator	125.6	125.7	123.6	-	Nov-14	125.0	-2.1	-1.7%
Inflation Expectations Indicator	118.3	124.2	113.3	-	Nov-14	118.6	-10.9	-8.8%
Current Prices Satisfaction Indicator	98.1	91.1	94.2	Dec-14	-	94.5	3.1	3.5%
Interest Rates Expectations Indicator	132.3	128.5	131.8	Dec-14	-	130.9	3.3	2.6%

Central India Overview

	Dec-14	Jan-15	Feb-15	Highest Since	Lowest Since	3-Month Average	Monthly Change	Monthly % Change
Central India Consumer Indicator	120.2	124.8	116.2	-	series low	120.4	-8.6	-6.9%
Current Indicator	109.3	116.8	103.3	-	series low	109.8	-13.5	-11.6%
Expectations Indicator	127.4	130.2	124.8	-	Jan-14	127.5	-5.4	-4.1%
Personal Finance: Current	118.6	125.0	105.7	-	series low	116.4	-19.3	-15.5%
Personal Finance: Expected	124.6	128.4	119.8	-	May-14	124.3	-8.6	-6.7%
Business Condition: 1 Year	115.3	121.6	121.7	Nov-14	-	119.5	0.1	0.1%
Business Condition: 5 Years	142.4	140.5	133.0	-	Jan-14	138.6	-7.5	-5.3%
Durable Buying Conditions	100.0	108.6	100.9	-	Dec-14	103.2	-7.7	-7.1%
Current Business Conditions Indicator	120.3	118.1	115.1	-	Nov-14	117.8	-3.0	-2.5%
Stock Investment Indicator	133.3	-	-	-	-	-	-	-
Real Estate Investment Indicator	114.4	111.5	114.2	Dec-14	-	113.4	2.7	2.4%
Car Purchase Indicator	91.5	110.3	109.0	-	Dec-14	103.6	-1.3	-1.3%
Employment Outlook Indicator	128.8	119.8	118.9	-	Nov-14	122.5	-0.9	-0.8%
Inflation Expectations Indicator	116.9	131.9	121.7	-	Dec-14	123.5	-10.2	-7.7%
Current Prices Satisfaction Indicator	95.8	82.8	92.5	Dec-14	-	90.4	9.7	11.7%
Interest Rates Expectations Indicator	146.6	137.1	129.2	-	Sep-14	137.6	-7.9	-5.7%

All India - Overview by Age

	Dec-14	Jan-15	Feb-15	Highest Since	Lowest Since	3-Month Average	Monthly Change	Monthly % Change
Age 18-34								
MNI India Consumer Indicator	121.8	122.6	122.2	-	Dec-14	122.2	-0.4	-0.3%
Current Indicator	108.5	113.6	115.8	Sep-14	-	112.6	2.2	2.0%
Expectations Indicator	130.6	128.7	126.5	-	Nov-13	128.6	-2.2	-1.7%
Personal Finance: Current	115.6	113.5	116.8	Nov-14	-	115.3	3.3	2.9%
Personal Finance: Expected	131.6	126.4	125.6	-	Sep-13	127.9	-0.8	-0.7%
Business Condition: 1 Year	119.7	122.6	119.9	-	Dec-14	120.7	-2.7	-2.2%
Business Condition: 5 Years	140.5	136.9	133.9	-	Jan-14	137.1	-3.0	-2.2%
Durable Buying Conditions	101.4	113.6	114.8	Sep-14	-	109.9	1.2	1.1%
Age 35-54								
MNI India Consumer Indicator	119.3	120.4	120.2	-	Dec-14	120.0	-0.2	-0.1%
Current Indicator	107.0	112.1	113.1	Sep-14	-	110.7	1.0	0.9%
Expectations Indicator	127.5	125.9	125.0	-	May-14	126.1	-0.9	-0.7%
Personal Finance: Current	115.8	114.8	116.5	Nov-14	-	115.7	1.7	1.4%
Personal Finance: Expected	125.8	126.4	123.7	-	May-14	125.3	-2.7	-2.1%
Business Condition: 1 Year	120.2	118.1	118.9	Dec-14	-	119.1	0.8	0.7%
Business Condition: 5 Years	136.5	133.3	132.4	-	Sep-14	134.1	-0.9	-0.7%
Durable Buying Conditions	98.1	109.3	109.7	Sep-14	-	105.7	0.4	0.4%
Age 55-64								
MNI India Consumer Indicator	116.8	116.5	122.1	Oct-14	-	118.5	5.6	4.8%
Current Indicator	104.5	110.4	115.4	Dec-13	-	110.1	5.0	4.5%
Expectations Indicator	125.1	120.6	126.6	Oct-14	-	124.1	6.0	5.0%
Personal Finance: Current	110.3	109.6	115.1	Sep-14	-	111.7	5.5	5.0%
Personal Finance: Expected	117.5	115.3	120.0	Nov-14	-	117.6	4.7	4.1%
Business Condition: 1 Year	120.9	117.6	124.6	Oct-14	-	121.0	7.0	5.9%
Business Condition: 5 Years	136.8	128.8	135.3	Dec-14	-	133.6	6.5	5.0%
Durable Buying Conditions	98.7	111.3	115.6	Aug-14	-	108.5	4.3	3.9%

All India - Overview by Income

	Dec-14	Jan-15	Feb-15	Highest Since	Lowest Since	3-Month Average	Monthly Change	Monthly % Change
< Rs. 432,000 per annum								
MNI India Consumer Indicator	118.4	114.9	121.8	May-14	-	118.4	6.9	6.0%
Current Indicator	103.4	108.8	112.3	Sep-14	-	108.2	3.5	3.3%
Expectations Indicator	128.3	119.0	128.2	Dec-14	-	125.2	9.2	7.7%
Personal Finance: Current	107.5	109.2	106.6	-	Nov-14	107.8	-2.6	-2.3%
Personal Finance: Expected	125.6	118.5	121.1	Dec-14	-	121.7	2.6	2.2%
Business Condition: 1 Year	122.0	117.3	125.3	Oct-14	-	121.5	8.0	6.8%
Business Condition: 5 Year	137.3	121.2	138.1	Jul-14	-	132.2	16.9	13.9%
Durable Buying Conditions	99.3	108.4	118.0	Sep-14	-	108.6	9.6	8.9%
> Rs. 432,000 per annum								
MNI India Consumer Indicator	128.6	127.9	129.2	Nov-14	-	128.6	1.3	1.0%
Current Indicator	117.9	120.3	123.3	Nov-14	-	120.5	3.0	2.5%
Expectations Indicator	135.7	132.9	133.1	Dec-14	-	133.9	0.2	0.1%
Personal Finance: Current	124.6	123.0	124.1	Dec-14	-	123.9	1.1	0.9%
Personal Finance: Expected	134.6	134.9	131.3	-	Jul-14	133.6	-3.6	-2.7%
Business Condition: 1 Year	127.7	124.3	127.6	Dec-14	-	126.5	3.3	2.6%
Business Condition: 5 Year	145.0	139.5	140.3	Dec-14	-	141.6	0.8	0.5%
Durable Buying Conditions	111.3	117.5	122.4	Aug-14	-	117.1	4.9	4.2%

Methodology

The MNI India Consumer Sentiment Survey is a wide ranging monthly survey of consumer confidence across India.

Data is collected via telephone interviews. At least 1,000 interviews are conducted each month across the country. The survey has been in place since November 2012.

The survey adopts a similar methodology to the University of Michigan survey of U.S. consumer sentiment.

The main MNI India Consumer Indicator is derived from five questions, two on current conditions and three on future expectations:

- 1) Current personal financial situation compared to a year ago
- 2) Current willingness to buy major household items
- 3) Personal financial situation one year from now
- 4) Overall business conditions one year from now
- 5) Overall business conditions for the next 5 years

Indicators relating to specific questions in the report are diffusion indices with 100 representing a neutral level, meaning positive and negative answers are equal. Values above 100 indicate increasing positivity while values below show increasing negativity.



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