

### Executive Summary<sup>1</sup>

The National Statistics Office (NSO) released data for the third quarter of 2021-22 pegging real GDP growth at 5.4 per cent. The Second Advance Estimates were also released with annual real GDP growth being revised down to 8.9 per cent for 2021-22 from 9.2 per cent in the First Advance Estimates.

The Indian economy steadied in February 2022 after some moderation in activity during the preceding month when the third wave of COVID-19 was at its peak. The Purchasing Managers' Index (PMI) for manufacturing and services showed an improvement and the Index for Industrial Production (IIP) for eight core industries also registered an expansion with electricity production and mining picking up significantly. The GST collection remained robust at ₹1.3 lakh crores even as some moderation was seen in E-way bills. However, rural economic activity was subdued, reflecting a lull in non-farm activity. Rural unemployment increased in February 2022, and consequentially, there was increased demand for jobs under the Mahatma Gandhi National Rural Employment Guarantee Scheme (MGNREGS). Trade in merchandise saw an expansion with the non-petroleum and the non-gems and jewellery sectors registering positive growth. Air and rail traffic also resumed normalcy.

Globally, geopolitical tensions and tightening by the Central banks have kept financial markets volatile. With the United States and Europe imposing sanctions on Russia, concerns over supply shocks have led to an increase in energy prices, with crude oil remaining at over the \$100 per barrel mark since 28 February 2022. The collapse in Chinese technology stocks owing to the spread of COVID infections and associated curbs have also adversely affected investor sentiments. Global bond yields have continued to harden due to policy rate hikes by several central banks.

The Federal Open Market Committee (FOMC) of the Federal Reserve has voted unanimously to hike the interest rate by 25 basis points. The Monetary Policy Committee of the Reserve Bank of India (RBI) will meet on April 6- 8, 2022.

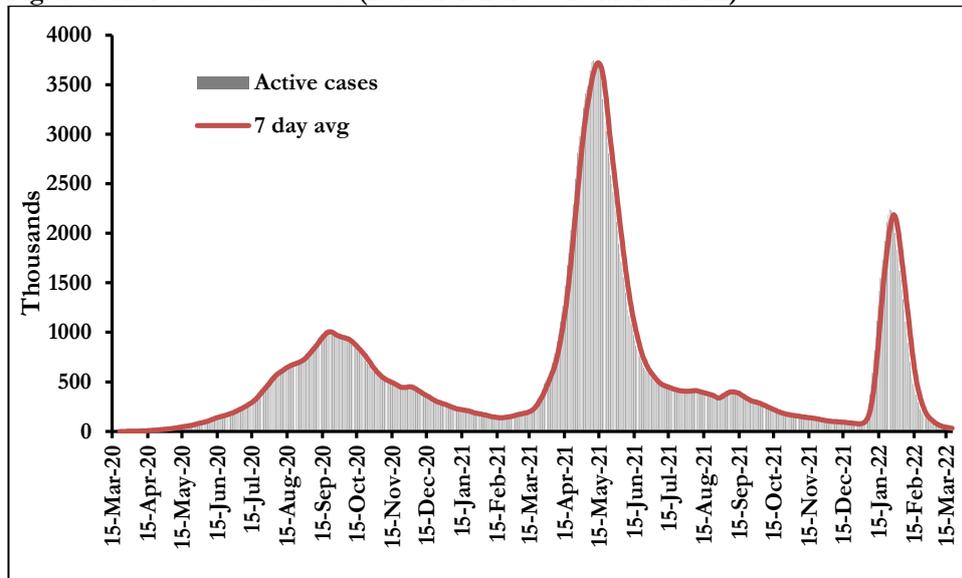
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<sup>1</sup> This report has been prepared by Ayesha Ahmed and Akshara Nair, Research Associate and Intern at NCAER, respectively. Comments are welcome at [aahmed@ncaer.org](mailto:aahmed@ncaer.org). Khushvinder Kaur has helped with formatting and Anupma Mehta has provided editorial guidance. The findings, interpretations, and conclusions expressed are those of the author and do not necessarily reflect the views of the Governing Body or Management of NCAER.

## 1. The COVID Tracker

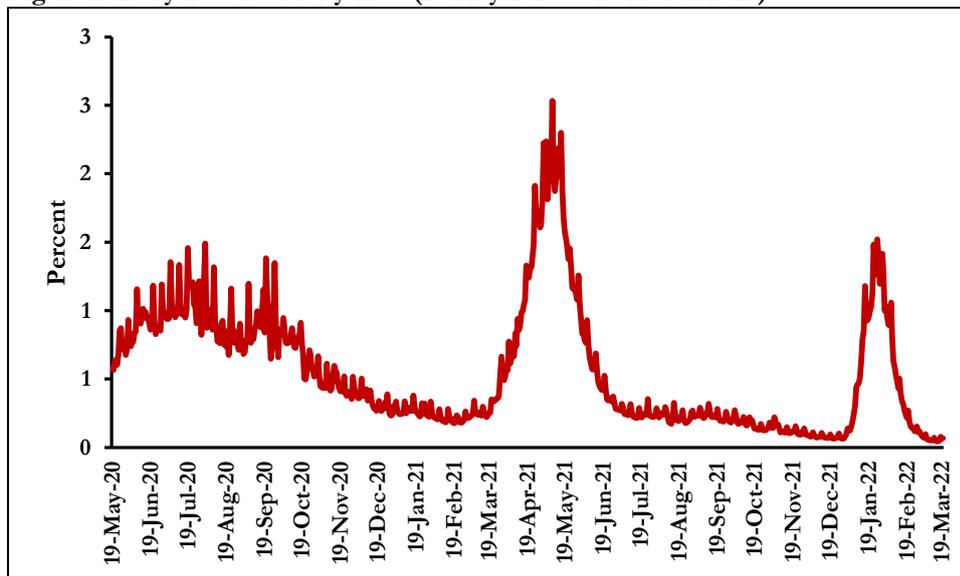
The number of active cases and daily deaths from COVID-19 have significantly declined, with the former declining by 88 per cent over a month as India has been steadily recovering from the third wave of COVID-19 in February 2022 and March 2022 (Figure 1). The daily positivity rate stood at 0.07 per cent as of 20 March, 2022, as compared to a much higher corresponding figure of 1.03 per cent in February 2022 (Figure 2). The cumulative vaccination of the country’s population has surpassed 181.21 crore. COVID vaccines were made available for children in the age group of 12-14 years from 16 March 2022 onwards.

**Figure 1: Active COVID Cases (25 March 2020 to 20 March 2022)**



Source: Vaccination data, Ministry of Health and Family Welfare, population estimate for 2022—Report of the Technical Group on Population Projections (November 2019), National Commission on Population, Ministry of Health and Family Welfare (MoHFW).

**Figure 2: Daily Test Positivity Rate (19 May 2020 to 20 March 2022)**



Source: Indian Council of Medical Research; Ministry of Health and Family Welfare (MoHFW).

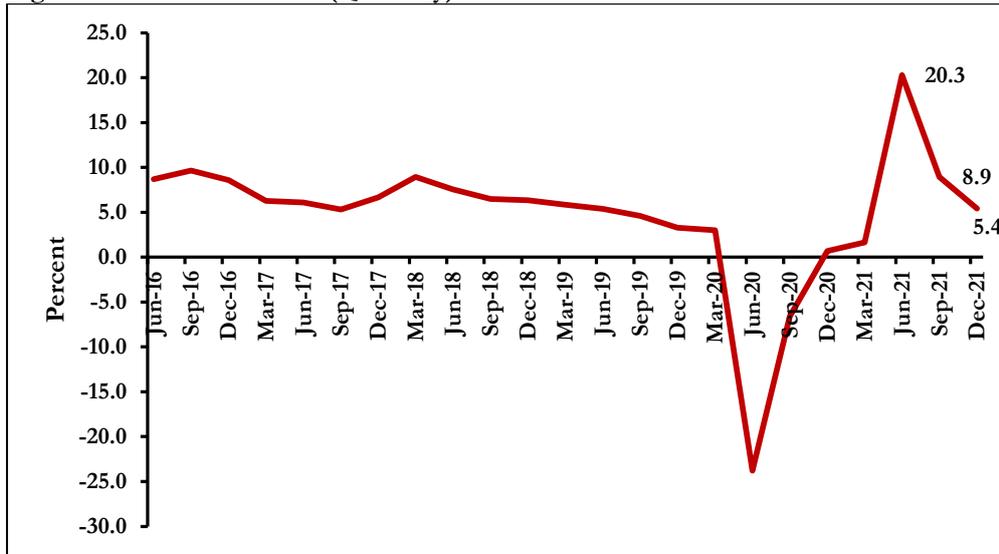
Note: The daily positivity rate has been calculated by dividing the number of positive tests by the number of COVID-19 tests taken.

## 2. Data Releases

### A. Quarterly GDP Data for Q3 2021-22

As per the quarterly GDP and GVA estimates released by the NSO, the real GDP growth in Q3 2021-22 stood at 5.4 percent (Figure 3). With the exception of construction, trade, and financial services, all other supply-side components have been restored to their pre-pandemic levels, with some sectors, in fact, exceeding it quite significantly.

Figure 3: Real GDP Growth (Quarterly)

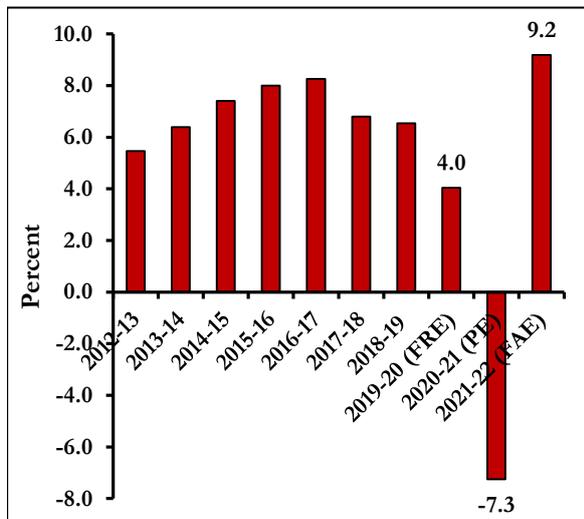


Source: NSO

### B. Second Advance Estimates (SAE)

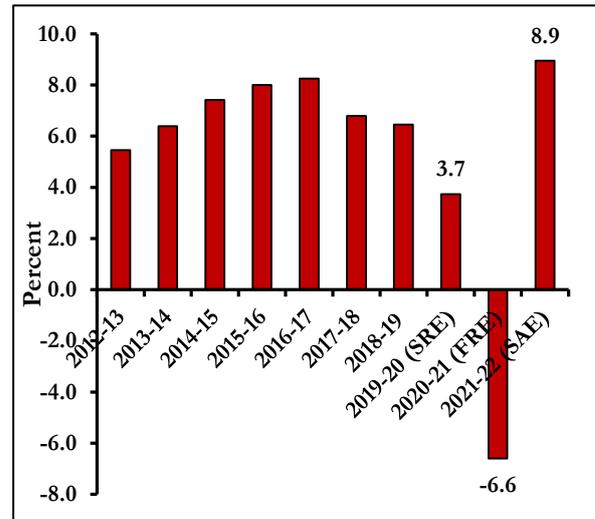
Along with the quarterly data, the NSO also released Second Advance Estimates (SAE) of GDP (Figure 5). Real GDP growth for 2021-22 is estimated at 8.9 per cent, lower than the figure of 9.2 per cent in the First Advance Estimates (FAE) (Figure 4).

Figure 4: Real GDP Growth as per First Advance Estimates



Source: NSO

Figure 5: Real GDP Growth as per Second Advance Estimates

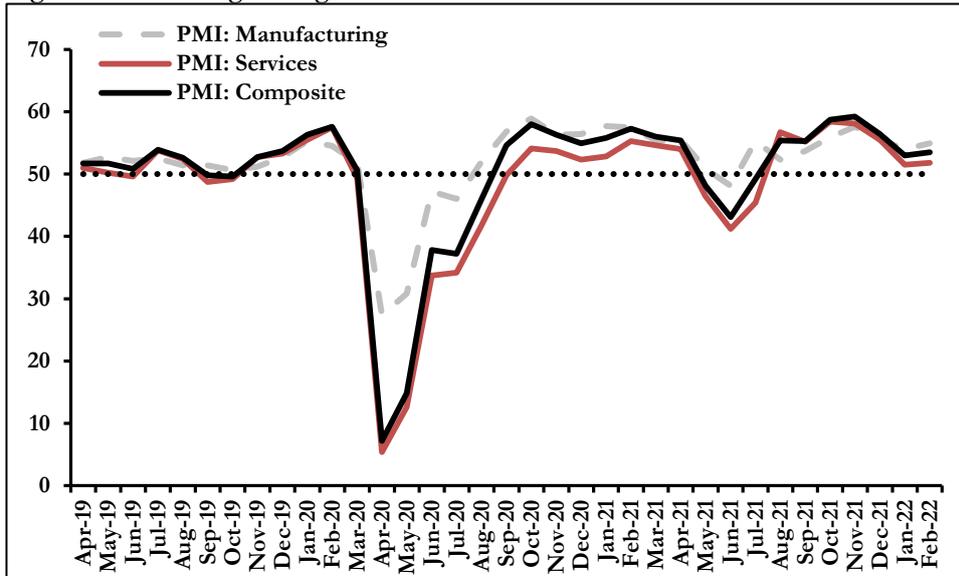


Source: NSO

### 3. High-frequency Indicators

We analyze several high-frequency indicators in order to discern the economic trends on a real-time basis. The slack in economic activity caused by the Omicron variant of COVID-19 in January 2022 seems to have dissipated in February 2022 after the easing of the lockdown and curbs. PMI Manufacturing recovered in February 2022 to 54.9 from 54.0 in January 2022 (Figure 6). PMI Services also improved, albeit marginally. The GST revenue stood at a robust figure of ₹1.3 lakh crores in February 2022, though it was slightly lower than the collection in January 2022 (Figure 7A). Daily E-way bills also moderated to 6.6 crores in February 2022 from 6.8 crores in January 2022 (Figure 7B).

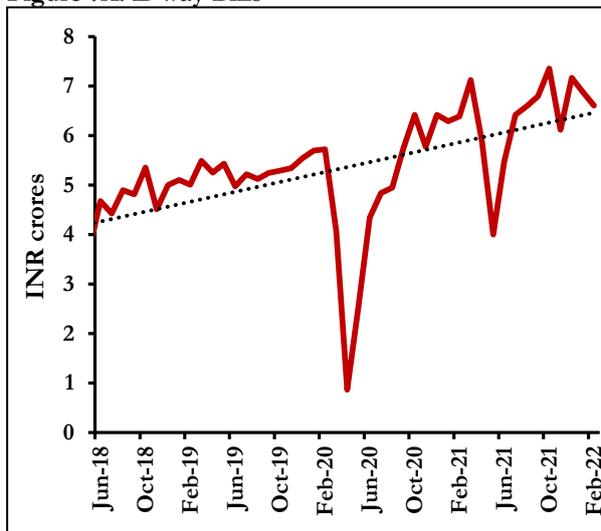
Figure 6: Purchasing Managers' Index



Source: IHS Markit.

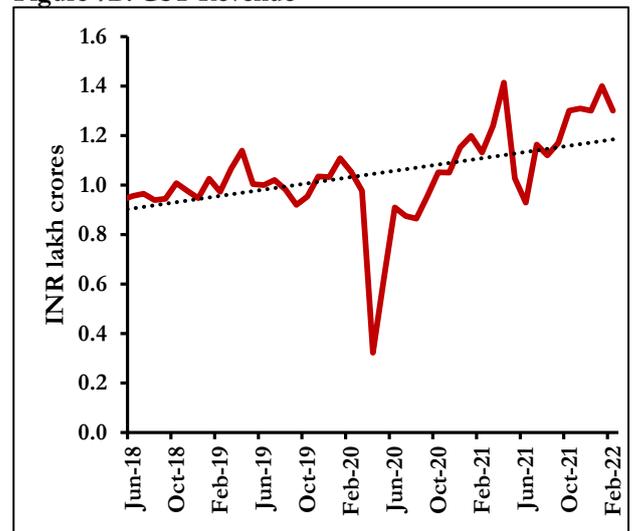
Note: A PMI level greater than 50 indicates expansion in the respective sector(s).

Figure 7A: E-way Bills



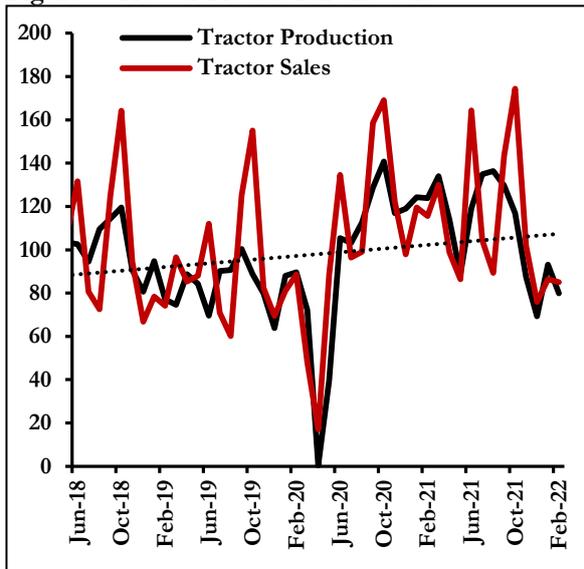
Source: GSTN, Ministry of Finance.

Figure 7B: GST Revenue



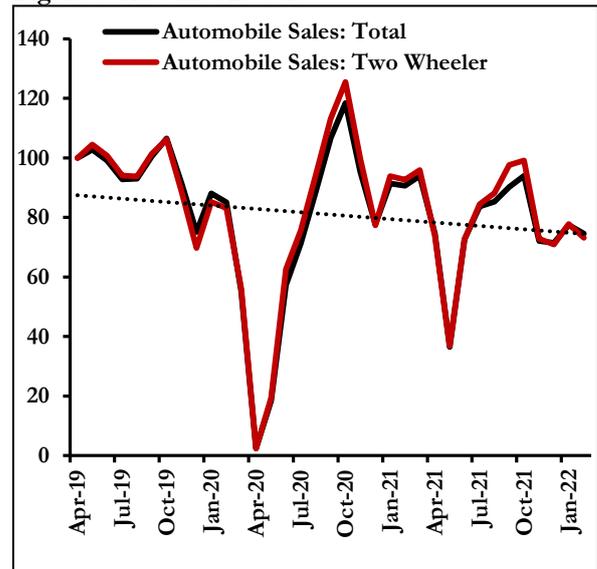
Tractor production and sales were subdued in February 2022 (Figure 8). The rise in inflation and an increased base price has led to a year-on-year (y-o-y) decrease by 35.5 per cent and 26.4 per cent in the production and sales of tractors, respectively. Automobile sales have continued to decline owing to global supply-chain disruptions in the automotive sector and a shortage of semiconductors (Figure 9). There was an astronomical rise in the preference for electric vehicles, reflecting in the year-on year growth of 182 per cent in the registration of electric vehicles (Figures 10A and 10B). Owing to pandemic-related restrictions, there was a decline in air traffic in January 2022 vis-à-vis December 2021 (Figure 11). Similarly, rail traffic too saw a decrease in January 2022, though the number of passengers increased in February 2022 after COVID-19 infections were contained.

Figure 8: Tractor Production and Sales



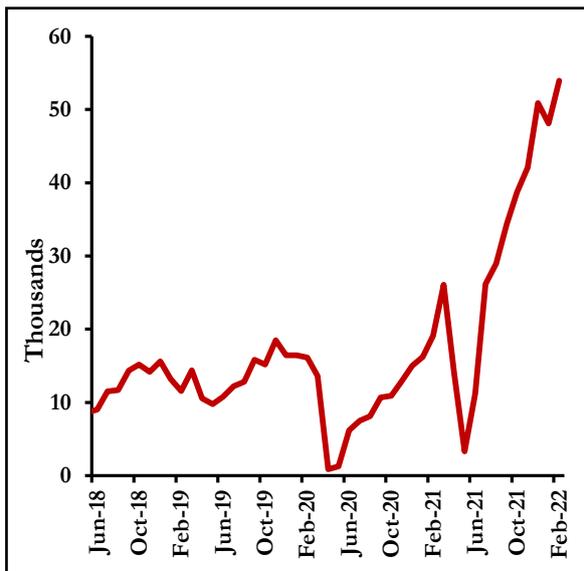
Source: CEIC database.  
Note: Tractor sales and production are measured in units. Indexed at April 2019=100.

Figure 9: Automobile Sales



Source: SIAM, CEIC database.

Figure 10A: Registration of Electric Vehicles



Source: Ministry of Road Transport and Highways.

Figure 10B: Electric Vehicles as a Percentage % of the Total Registered Vehicles

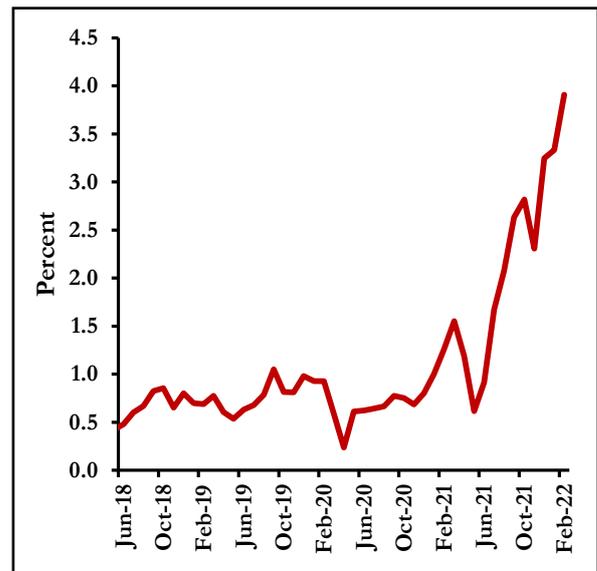
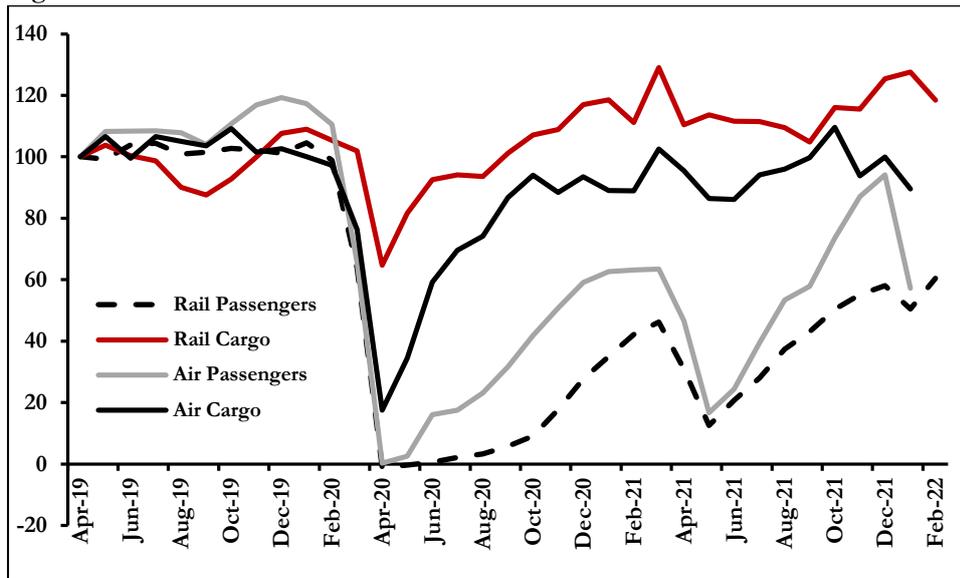


Figure 11: Air and Rail Traffic

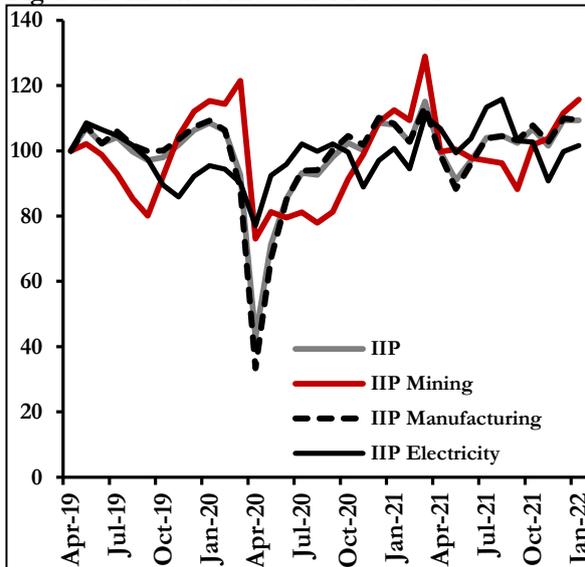


Source: Airport Authority of India, Indian Railways.

Note: Data has been indexed at April 2019 = 100. Data on rail traffic has been updated up to February 2022, while data on air traffic is available till January 2022.

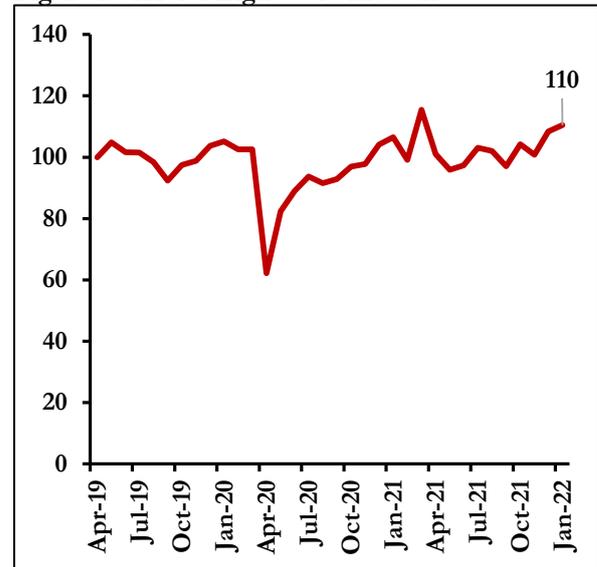
The IIP increased by 1.3 per cent y-o-y in January 2022 (Figure 12). The IIP figures for electricity and mining have registered monthly gains, whereas the IIP for manufacturing has remained unchanged between January 2022 and December 2021. The stagnation of growth in the manufacturing sector is mainly due to high commodity and oil prices. The IIP for eight core industries has surpassed pre-pandemic levels, exhibiting a y-o-y growth of 3.7 per cent (Figure 13). The monthly electricity demand decreased by 2.7 per cent in February 2022, while petroleum consumption also saw a minor decrease by 0.2 per cent in the same month (Figure 14). Digital payments remained subdued in February 2022 (Figure 15).

Figure 12: Index of Industrial Production



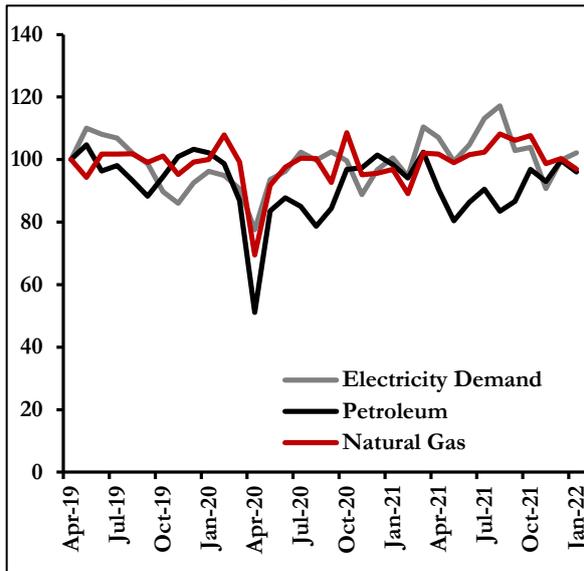
Source: MoSPI/Office of the Economic Adviser.

Figure 13: IIP for Eight Core Industries



Source: Ministry of Commerce and Industry. Note: Index April 2019-20 = 100.

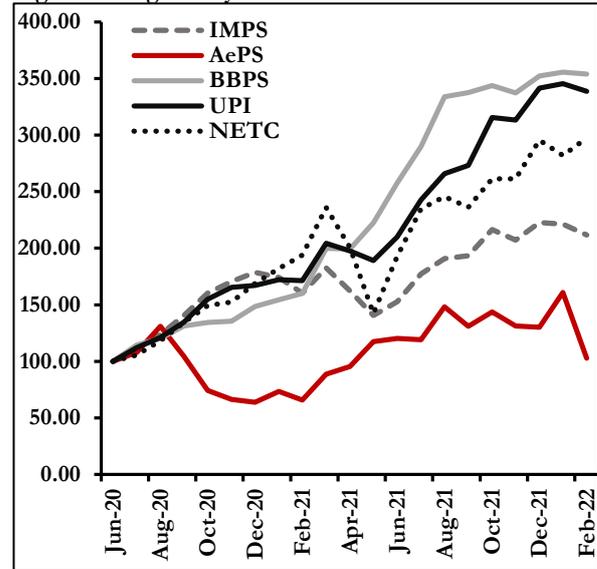
Figure 14: Energy Consumption and Electricity Demand



Source: CEIC database.

Note: Electricity is measured in gigawatt hour, petroleum in metric tonnes thousand, and natural gas in cubic m. million. Indexed at April 2019=100. Data for Natural Gas consumption for February is yet to be released.

Figure 15: Digital Payments

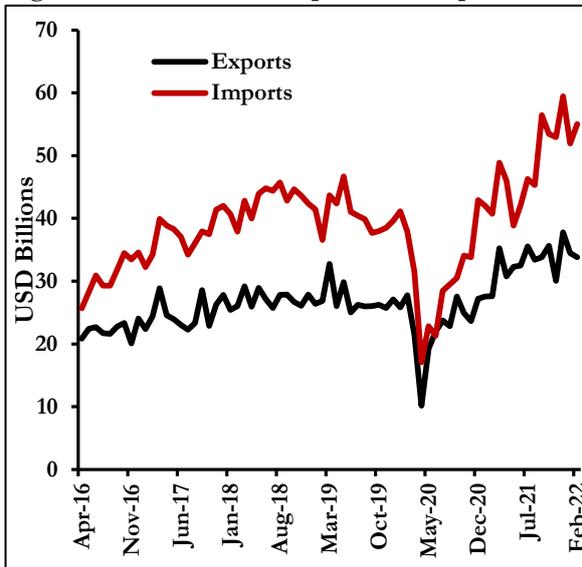


Source: RBI.

Note: Daily data averaged to create monthly values, which are indexed at June 2020=100. Digital payments volume data has been measured in unit million. AePS: Aadhar Enabled Payment System, IMPS: Immediate Payment Service, NETC: National Electronic Toll Collection, BBPS: Bharat Bill Payment System.

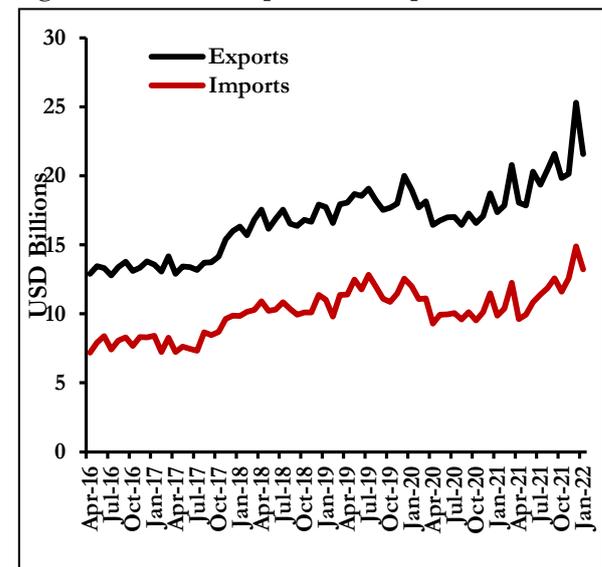
Merchandise exports increased by 22 per cent in February 2022 vis-à-vis February 2021 (Figure 16). Merchandise imports also grew by 35 per cent in February 2022 on a y-o-y basis. However, the exports and imports of services declined in January 2022 in comparison to December 2021 by 14.7 and 11.2 per cent, respectively (Figure 17). This reflects the impact on the services sector of the Omicron variant of COVID-19 and the subsequent rise in COVID-19 cases.

Figure 16: Merchandise Exports and Imports



Source: Ministry of Commerce and Industry.

Figure 17: Services Exports and Imports

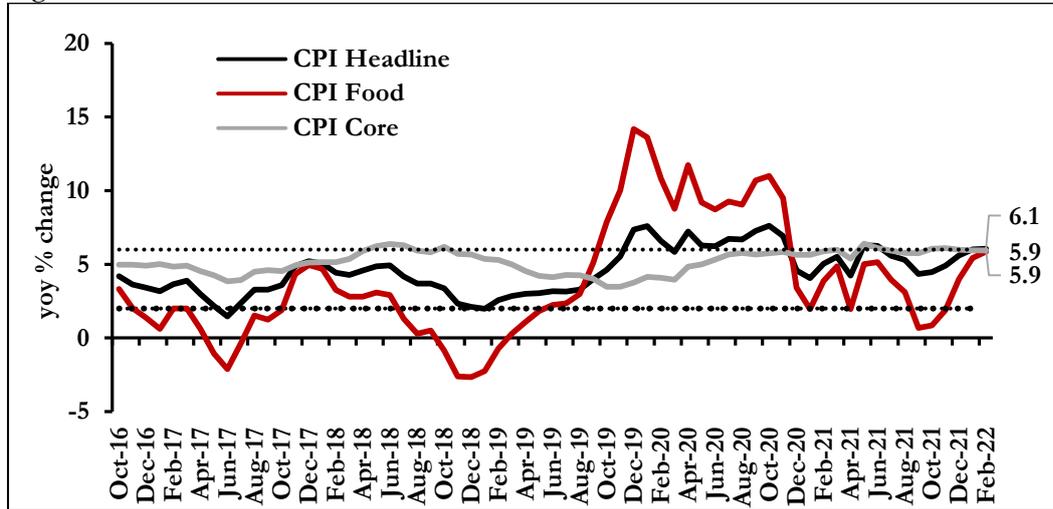


Source: Ministry of Commerce and Industry.

Note: Last data reported for January 2022.

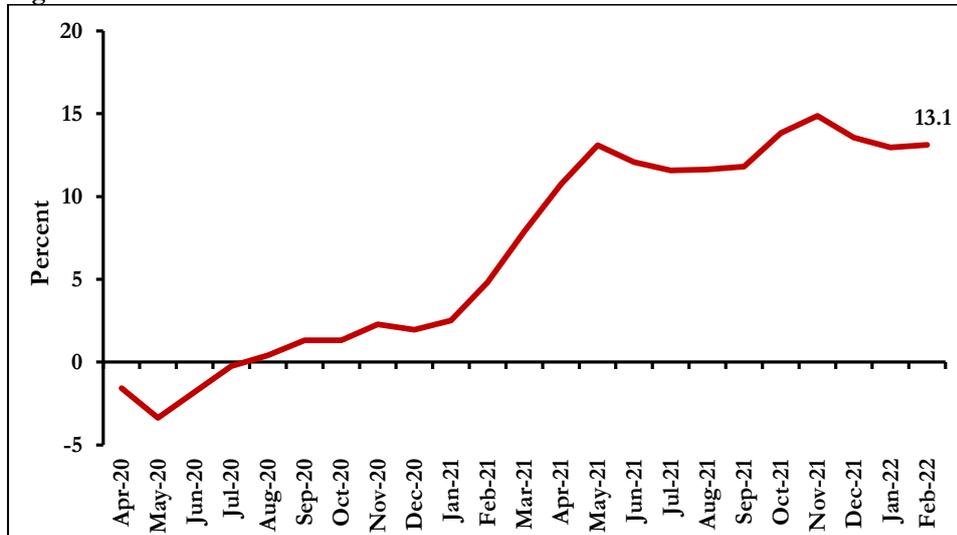
CPI headline inflation continued to creep above the medium-term inflation target and stood at 6.1 per cent in February 2022, signifying an increase of 0.87 per cent from January 2022 (Figure 18). This increase is largely being driven by high food inflation, which stood at 5.9 per cent in February 2022. However, core inflation fell from 6.0 per cent in January 2022 to 5.9 per cent in February 2022. WPI inflation continued to be registered in double digits, at 13.1 per cent in February 2022 with a y-o-y growth of 171.63 per cent (Figure 19). This steep inflation rate reflects the hike in commodity prices including crude oil, minerals and chemicals, metals, and food articles. Housing prices have also been on the rise since September 2022 (Figure 20).

Figure 18: CPI Inflation



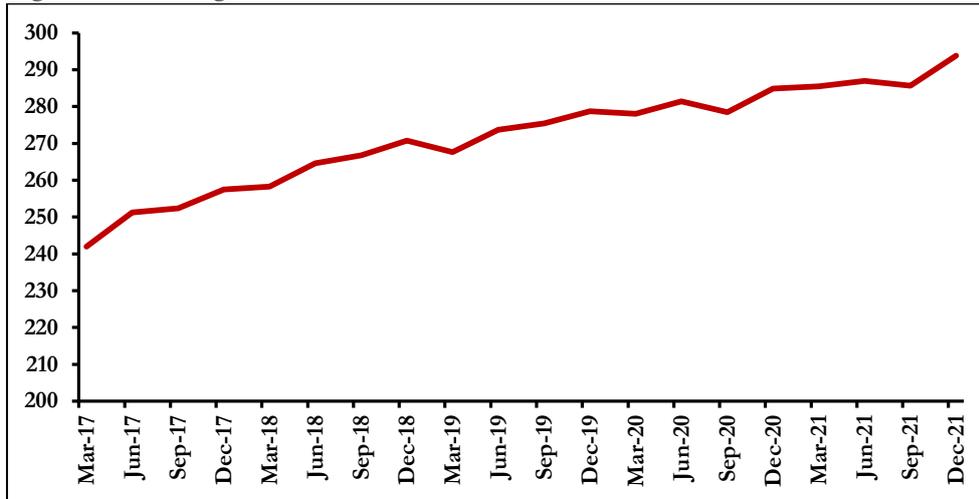
Source: Central Statistics Office.

Figure 19: WPI Inflation



Source: Ministry of Commerce and Industry.

Figure 20: Housing Price Index

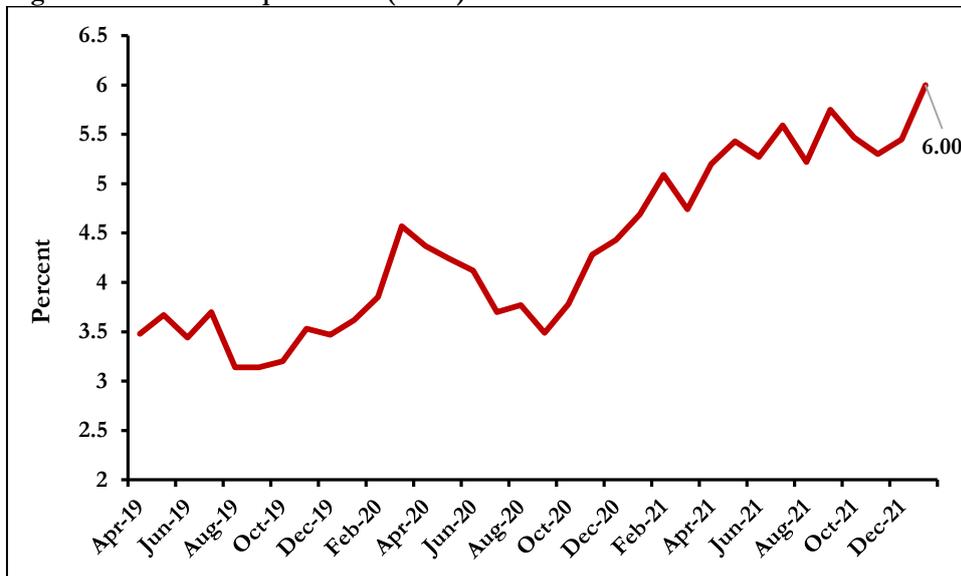


Source: RBI.

Note: HPI is a weighted average price index with 2010-11 as the base year.

The January 2022 results of the Business Inflation Expectations Survey, which was conducted by the Indian Institute of Management-Ahmedabad (IIM-A), show that business inflation expectations have been unanchored since October 2021. One year later, that is, in January 2022, business inflation expectations increased significantly by 49 basis points to almost 6.0 per cent from the corresponding figure of 5.45 per cent reported in December 2021 (Figure 21). This is the highest ever reported figure for inflation expectations, with geo-political tensions playing some role in driving up expectations of inflation.

Figure 21: Inflation Expectations (BIES)



Source: IIM-A.

Note: The Business Inflation Expectations Survey (BIES) is a bi-monthly survey aimed at assessing expectations of business leaders regarding inflation and other demand conditions of the Indian economy.

Heatmap for India's High-frequency Indicators<sup>2</sup>

|  | Apr-19 | Dec-19 | Feb-20 | Jul-20 | Dec-20 | Jan-21 | Mar-21 | Apr-21 | Jun-21 | Jul-21 | Aug-21 | Sep-21 | Oct-21 | Nov-21 | Dec-21  | Jan-22  | Feb-22 |
|--|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|---------|---------|--------|
| <b>Agriculture</b>                           |        |        |        |        |        |        |        |        |        |        |        |        |        |        |         |         |        |
| Tractor sales (All)                          | -14.7  | 4.0    | 19.6   | 35.9   | 41.2   | 47.5   | 34.7   | 15.7   | 46.8   | 47.0   | 48.7   | 14.7   | 12.5   | 23.6   | 9.5     | 6.6     | -4.0   |
| Agriculture Stock (Foodgrains)               | 9.4    | 17.9   | 29.1   | 13.0   | 6.4    | 9.3    | 36.0   | 41.4   | 34.7   | 32.0   | 26.2   | 21.9   | 11.3   | 12.7   | 15.6    | 16.6    | 6.2    |
| <b>Industry</b>                              |        |        |        |        |        |        |        |        |        |        |        |        |        |        |         |         |        |
| IIP (mining)                                 | 107.8  | 120.9  | 123.3  | 87.5   | 117.3  | 121.3  | 139.0  | 107.6  | 105.5  | 104.6  | 103.6  | 95.1   | 109.8  | 111.8  | 120.3   | 124.7   |        |
| IIP (electricity)                            | 162.9  | 150.3  | 153.7  | 166.3  | 158.0  | 164.2  | 180.0  | 174.0  | 169.1  | 184.7  | 188.7  | 167.9  | 167.3  | 147.9  | 162.5   | 165.6   |        |
| IIP (manufacturing)                          | 126.2  | 135.4  | 134.2  | 118.5  | 139.0  | 136.6  | 143.3  | 124.6  | 121.2  | 131.0  | 131.9  | 131.9  | 136.4  | 129.5  | 139.3   | 138.1   |        |
| PMI (manufacturing)                          | 51.8   | 52.7   | 54.5   | 46.0   | 56.4   | 57.7   | 55.4   | 55.5   | 48.1   | 55.3   | 52.3   | 53.7   | 55.9   | 57.6   | 55.5    | 54.0    | 54.9   |
| PMI (services)                               | 51.0   | 53.3   | 57.5   | 34.2   | 52.3   | 52.8   | 54.6   | 54.0   | 41.2   | 45.4   | 56.7   | 55.2   | 58.4   | 58.1   | 55.5    | 51.5    | 51.8   |
| Auto sales (total)                           | -13.6  | -9.6   | -15.2  | -23.2  | 3.6    | 3.8    | -1.4   | -25.4  | -26.7  | -9.8   | -8.4   | -10.2  | -11.8  | -21.0  | -4.8    | -12.0   | -12.4  |
| Natural gas production                       | -0.3   | -8.9   | -8.8   | -10.1  | -7.1   | -2.2   | -4.7   | -0.2   | 5.3    | 6.5    | 8.9    | 13.0   | 14.2   | 11.9   | 11.0    | 9.7     | 11.2   |
| Crude steel production                       | 4.3    | 0.3    | 0.2    | -8.4   | 9.6    | 10.7   | 2.9    | 2.9    | 0.1    | 3.0    | 11.2   | 7.9    | 11.9   | 10.7   | 12.0    | 17.0    | 6.5    |
| Electricity demand                           | 5.5    | 0.3    | 11.8   | -4.2   | 4.5    | 4.5    | 11.7   | 7.1    | -3.2   | 5.9    | 14.6   | 4.3    | 15.9   | 5.5    | 7.8     | 6.2     | 4.7    |
| Electricity production                       | 5.7    | 0.4    | 11.7   | -3.7   | 4.5    | 4.4    | 11.3   | 7.2    | -3.0   | 6.2    | 14.7   | 4.6    | 15.3   | 5.7    | 8.0     | 6.3     | 4.9    |
| Crude oil production                         | -6.7   | -7.4   | -6.4   | -4.9   | -3.6   | -4.6   | -8.5   | -8.3   | -7.7   | -8.0   | -8.4   | -7.7   | -8.3   | -7.0   | -5.3    | -6.9    | -5.3   |
| <b>Services</b>                              |        |        |        |        |        |        |        |        |        |        |        |        |        |        |         |         |        |
| Air traffic                                  | -5.4   | 1.9    | 7.2    | -83.9  | -50.4  | -46.6  | -39.9  | -53.3  | -77.5  | -63.6  | -50.5  | -44.4  | -33.6  | -25.6  | -21.1   | -51.2   |        |
| Air cargo                                    | -3.1   | -4.2   | -1.2   | -34.7  | -8.9   | -11.0  | -8.6   | -4.5   | -13.4  | -11.7  | -8.6   | -3.7   | 0.4    | -7.6   | -2.6    | -10.5   |        |
| Cargo traffic                                | 5.7    | 0.9    | 1.4    | -18.0  | -8.7   | -7.4   | -3.8   | 2.4    | 2.2    | -0.2   | -0.2   | -0.3   | 0.4    | 0.7    | 1.0     | 1.1     | 1.2    |
| National highways construction               |        | 3.5    | -0.1   | -11.9  | 3.8    | 15.2   | 22.4   | 7.7    | 6.0    | -2.9   | -8.2   | -17.3  | -13.2  | -14.1  | -10.9   | -15.7   | -8.4   |
| Telecommunications - number of               | 3.1    | -2.1   | -2.0   | -2.1   | 0.1    | 0.2    | 1.5    | 1.7    | 1.3    | 1.7    | 1.5    | -0.5   | -1.3   | 1.3    | 0.5     |         |        |
| NPCI retail payments - volume                | 67.7   | 53.5   | 54.8   | 21.6   | 43.7   | 39.3   | 117.8  | 100.1  | 101.0  | 108.5  | 131.8  | 126.5  | 133.6  | 137.0  | 139.9   | 132.1   | 129.8  |
| <b>Trade</b>                                 |        |        |        |        |        |        |        |        |        |        |        |        |        |        |         |         |        |
| Exports- total                               | 0.3    | -2.7   | 3.3    | -9.5   | 0.4    | 6.5    | 7.7    | 18.1   | 29.8   | 35.5   | 28.4   | 30.0   | 36.3   | 23.6   | 44.8    | 33.5    | 24.6   |
| Exports- non oil                             | -2.9   | -1.4   | 2.2    | -3.4   | 6.0    | 12.1   | 8.7    | 20.6   | 27.5   | 30.5   | 26.1   | 26.7   | 33.3   | 19.8   | 38.1    | 33.8    | 23.1   |
| Imports                                      | 6.1    | -6.5   | 3.6    | -29.6  | 8.4    | 2.1    | 11.9   | 8.6    | 2.6    | 14.2   | 13.2   | 49.8   | 40.7   | 37.4   | 51.1    | 26.2    | 46.3   |
| Gross FDI                                    | 1.7    | 25.4   | 22.4   | -17.8  | 26.5   | -40.1  | -8.2   | -8.4   | -49.2  | -23.1  | 91.0   | 44.1   | -7.5   | 8.9    | -10.6   | 17.5    |        |
| Net FPI (INR million)                        | -207.5 | -65.0  | -25.6  | -209.9 | 2471.9 | 1428.1 | -65.1  | -152.8 | -1.0   | 146.7  | -382.0 | 321.7  | -177.4 | -111.0 | -1175.2 | -3079.3 | -524.4 |
| <b>Fiscal</b>                                |        |        |        |        |        |        |        |        |        |        |        |        |        |        |         |         |        |
| GST: E-way bills                             | 87.6   | 10.8   | 14.3   | -7.3   | 15.9   | 10.5   | 29.7   | 11.9   | 9.9    | 23.0   | 28.6   | 29.6   | 39.0   | 14.5   | 29.3    | 20.9    | 15.5   |
| <b>Monetary and Financial Markets</b>        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |         |         |        |
| Non food credit                              | 13.1   | 6.9    | 6.9    | 6.3    | 6.2    | 5.9    | 11.9   | 13.1   | 11.8   | 12.9   | 12.6   | 12.2   | 13.0   | 13.4   | 17.3    | 13.6    | 15.3   |
| Non food credit outstanding - personal loans | 15.7   | 18.3   | 17.0   | 9.0    | 8.8    | 8.7    | 32.7   | 26.4   | 23.6   | 21.3   | 21.6   | 21.5   | 21.4   | 21.9   | 24.3    | 21.3    |        |

<sup>2</sup> The heatmap for high-frequency indicators tracks the y-o-y growth from March 2018 onwards, for all the listed indicators, except for indices like IIP and PMI, for which the actual values have been reported. Until March 2020, data has been reported for every third month, or the month ending the respective quarter, while from April 2020 onwards, it has been reported for every month. For March 2021 and beyond, the corresponding months of 2019 have been used to calculate the growth rates. The scaling of colours has been done from red to yellow to green, wherein the colour shade for a particular month represents the percentile rank of the value for the variable, with red being the lowest, bright yellow representing the 50<sup>th</sup> percentile, and green being the highest. All data used for constructing the heatmap have been sourced from the CEIC database.

#### 4. Labour Statistics

Online hiring picked up by 13 per cent in February 2022 vis-à-vis January 2022, according to the Naukri Job Speak Index (Figure 22A). The maximum hiring activity was recorded in the education, banking, and financial services sectors (Figure 22B). As per CMIE data, the unemployment rate increased to 8.1 per cent in February 2022 from 6.6 per cent in January 2022 (Figure 23). On the other hand, the urban unemployment rate fell from 8.2 per cent in January 2022 to 7.6 per cent in February 2022, possibly due to the easing of lockdowns and the resumption of formal and informal work. However, rural unemployment shot up drastically from 5.8 per cent in January 2022 to 8.4 per cent in February 2022. The labour force participation and unemployment rates were also reflected in the Periodic Labour Force Survey for Q1 2021-22 (Figures 24A and 24B). Since this period corresponds to the second lockdown and associated restrictions due to the third wave of COVID-19, there was a dip in the labour force participation and a rise in the unemployment rate. The addition of new subscribers in the Employee's Provident Fund points to an increase in the formalization of the job market in December 2021 (Figure 25).

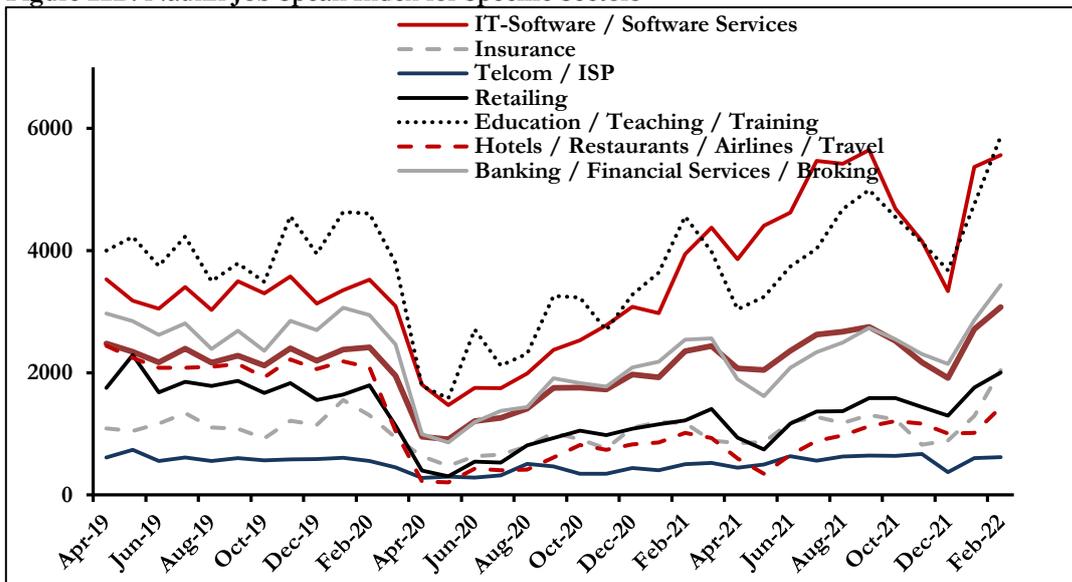
Figure 22A: Naukri Job Speak Index



Source: CEIC/Naukri Job Speak Report (March 2022).

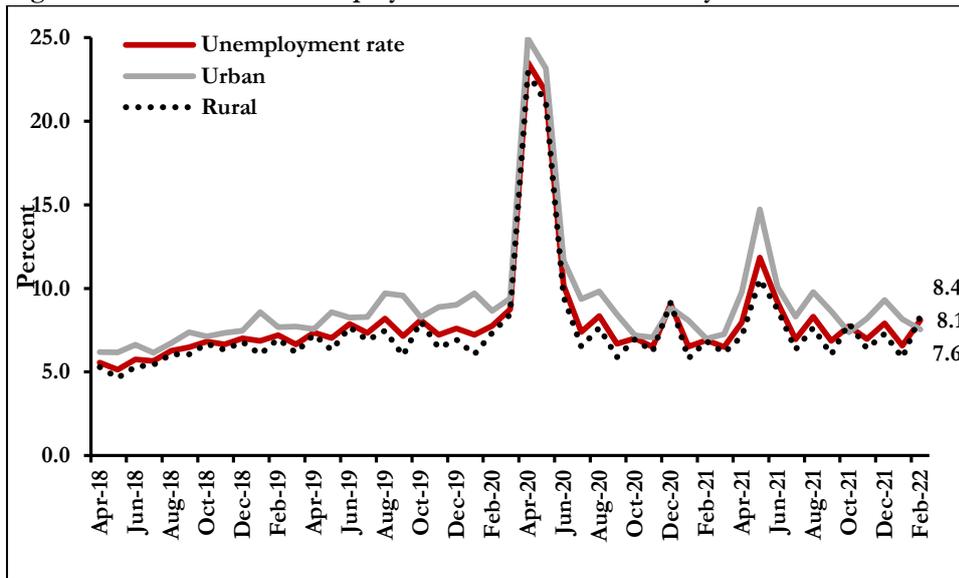
Note: July 2008 has been taken as the base with an Index value of 1,000.

Figure 22B: Naukri Job Speak Index for Specific Sectors



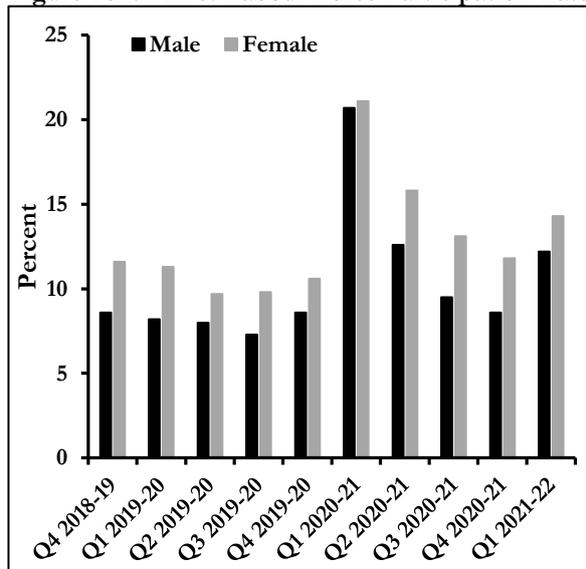
Source: CEIC/Naukri Job Speak Report (March 2022).

Figure 23: CMIE: Rural Unemployment Increased in February 2022



Source: CMIE.

Figure 24A: PLFS: Labour Force Participation Rate



Source: Periodic Labour Force Survey, MoSPI

Figure 24B: PLFS: Unemployment Rate

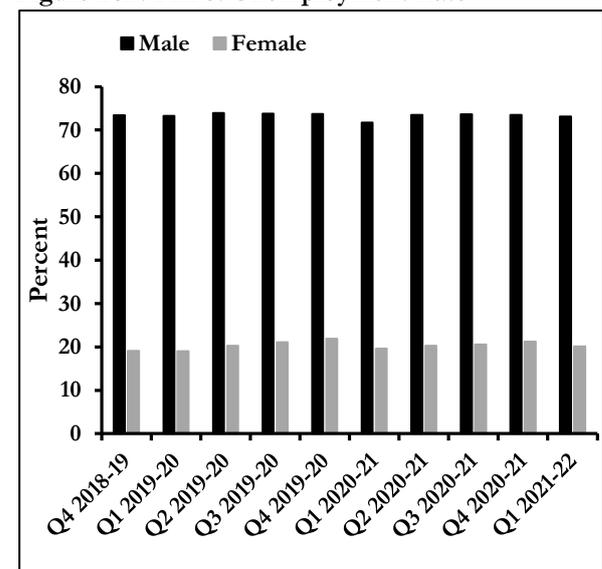
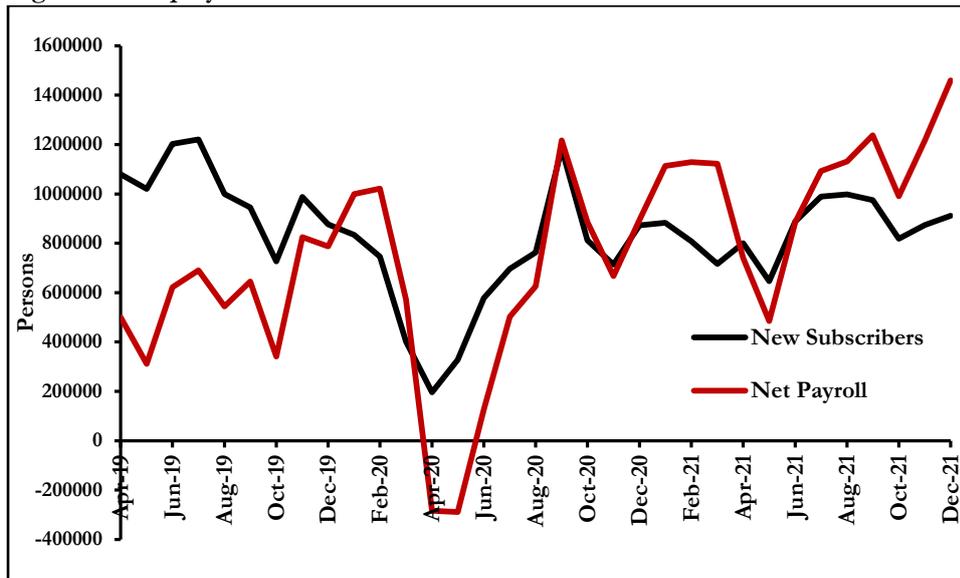


Figure 25: Employees' Provident Fund

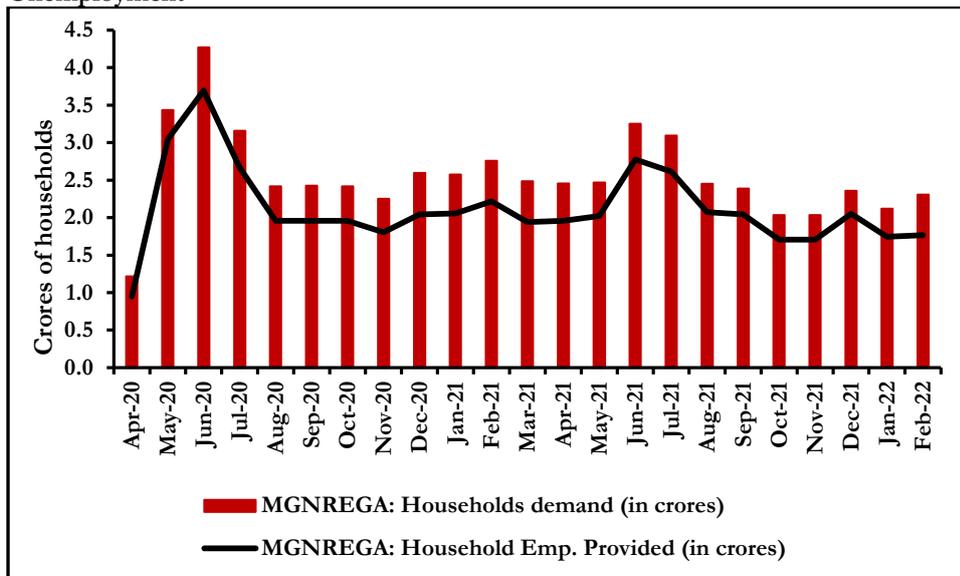


Source: Employees' Provident Fund Organisation (EPFO).  
 Note: The EPFO manages and regulates pension funds in India.

### The Informal/Rural Sector

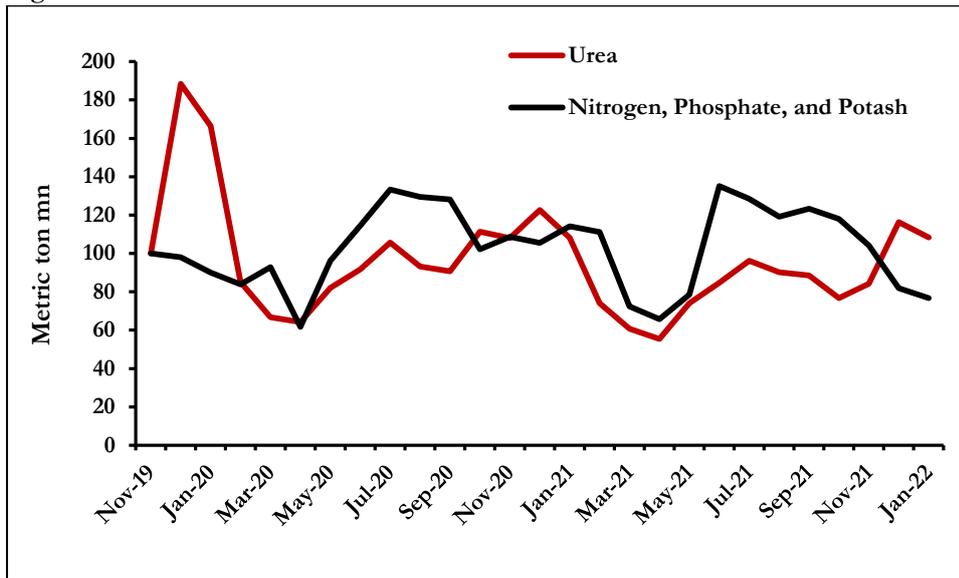
A deficit in the MGNREGA budget in several States and consequently possibly limited employment generation in the non-farm sector in the rural areas could be the reasons as to why the rural unemployment rates have been climbing up to the levels seen eight months ago. Correspondingly, the demand for work by households under MGNREGA increased by 9.5 per cent in February 2022 vis-à-vis January 2022 (Figure 26). Although fertiliser sales have increased and were back to the pre-pandemic levels in December 2021, they had decreased by more than 6 per cent in January 2022 (Figure 27). This may be indicative of the effect of the Omicron variant of COVID-19 and the subsequent lockdown. Deposits in Jan Dhan accounts also point to consistently rising financial inclusion (Figures 28A and 28B).

Figure 26: MGNREGA: Demand for Work Increased in February 2022 Corresponding to a Rise in Rural Unemployment



Source: Ministry of Rural Development.

Figure 27: Fertiliser Sales



Source: Department of Fertilisers.

Note: November 2018-19 indexed = 100. Data for fertiliser sales are available until January 2022.

Figure 28A: Jan Dhan Deposits

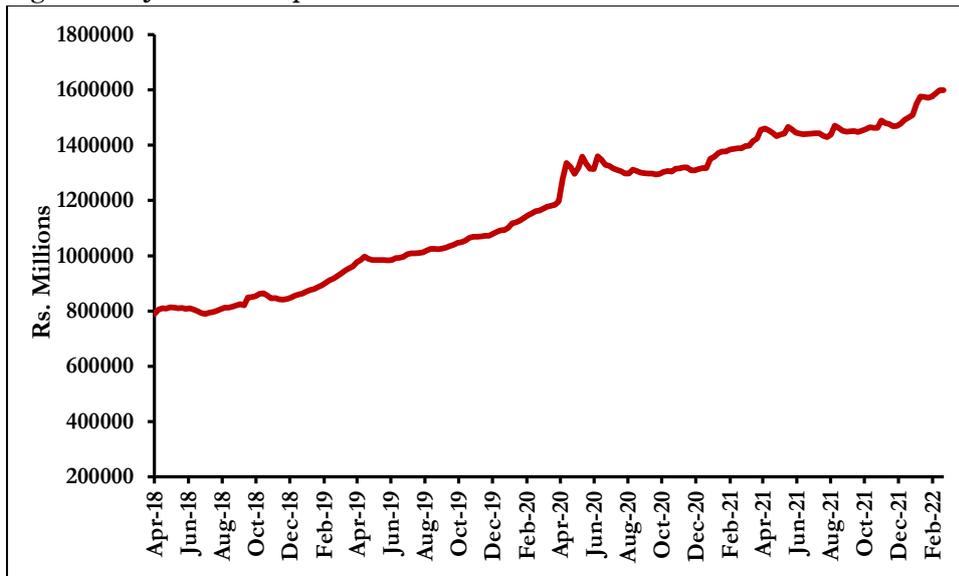


Figure 28B: Annual Growth of Jan Dhan Deposits



Source: Ministry of Finance.

## 5. Macro-financial Developments

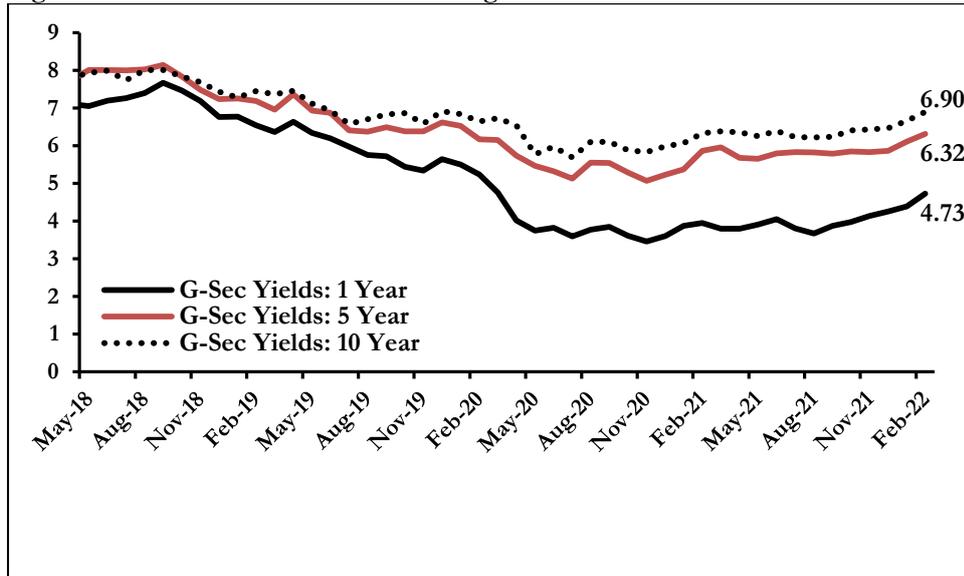
Financial markets have largely remained volatile with increased risk aversion leading to the sell-off of risky assets. Domestically, bank credit to the commercial sector expanded by 7.9 per cent in February 2022 vis-à-vis January 2022 on the back of a pick-up in economic activity (Figure 29). Bond yields have continued to harden by 30-40 basis points between February 2022 and March 2022, in accordance with expectations of rate hikes by the Fed, with hints of a more hawkish contraction than expected earlier and geo-political tensions spooking the stock market. However, the debt market for State Development Loans has shown some correction (Figures 30 and 31). The Russia-Ukraine conflict has led to the sell-off of risky assets and equity markets thus showed a correction towards the end of February 2022, with some recovery seen in March 2022 (Figure 32).

Figure 29: Bank Credit to the Commercial Sector



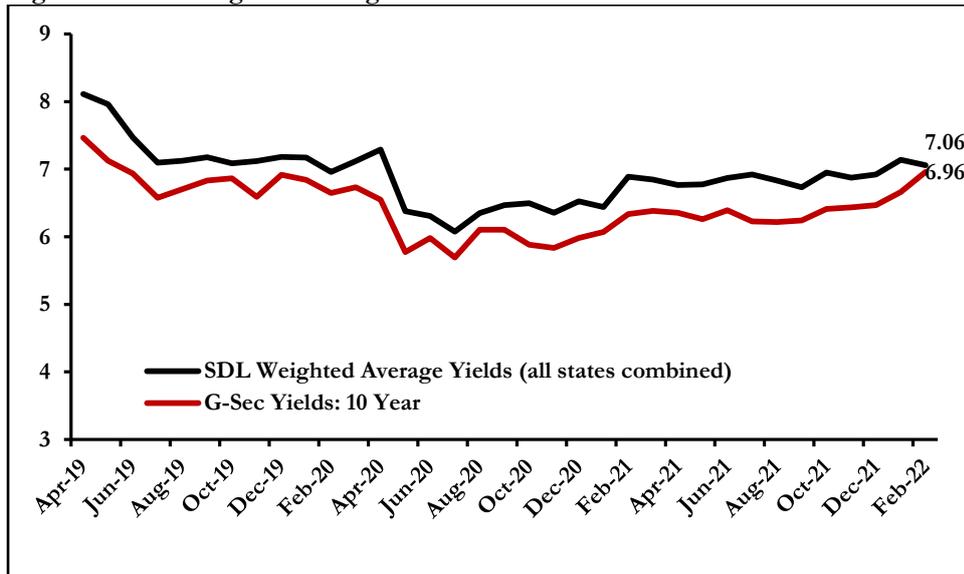
Source: RBI.

Figure 30: G-sec Yields Have Bounced Higher



Source: RBI and Clearing Corporation of India Limited. Data is available till 22 March 2022.

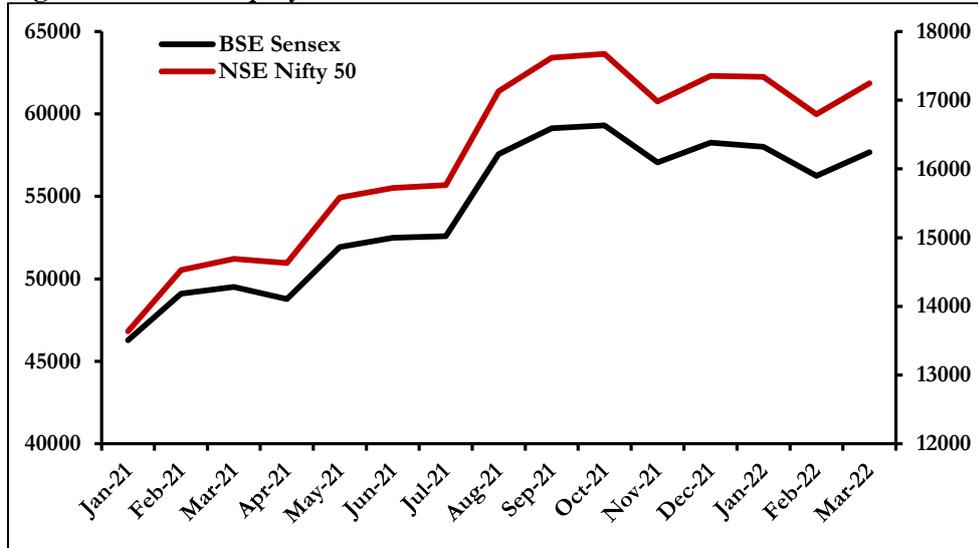
Figure 31: SDL Weighted Average Yields Eased



Source: RBI.

Note: The weighted average yields include average yields for all the States which raised the SDL in that month.

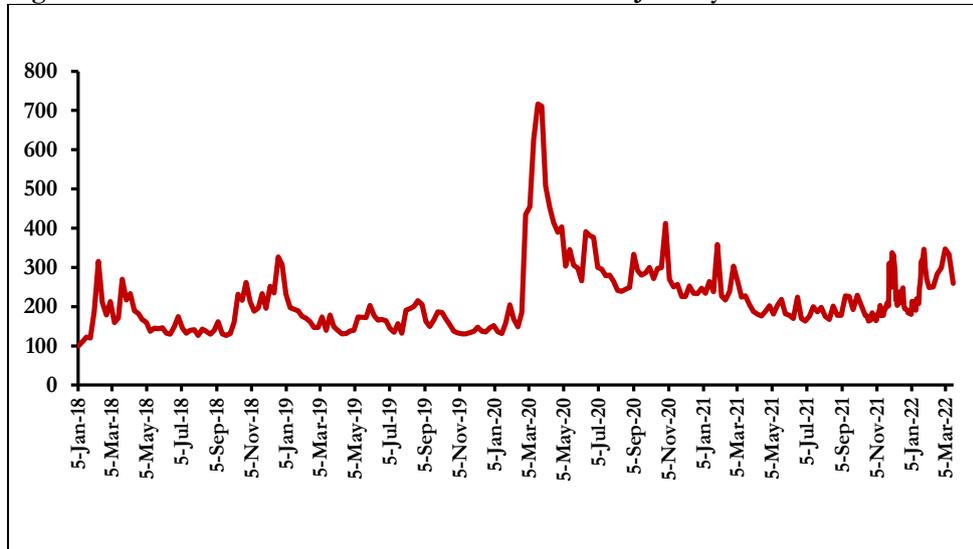
Figure 32: Indian Equity Markets



Source: BSE Ltd, NSE Ltd. Data is till 23 March 2022.

The Volatility Index of the Chicago Board Options Exchange (CBOE) suggests the prevalence of highly volatile investor sentiments in February 2022 with the volatility continuing till 18 March 2022 (Figure 33). Energy prices have soared recently owing to concerns regarding supply shocks. Crude oil prices have also been on the boil since February 2022 (Figure 34). The Brent crude oil price stood at \$115.9 per barrel on 22 March 2022. The Morgan Stanley Capital International (MSCI) indices indicate that emerging and global stock markets achieved a correction in February 2022 (Figure 35). After witnessing severe losses in January 2022, the valuation of digital assets improved in February 2022 and remained stable till 23 March 2022 (Figure 36).

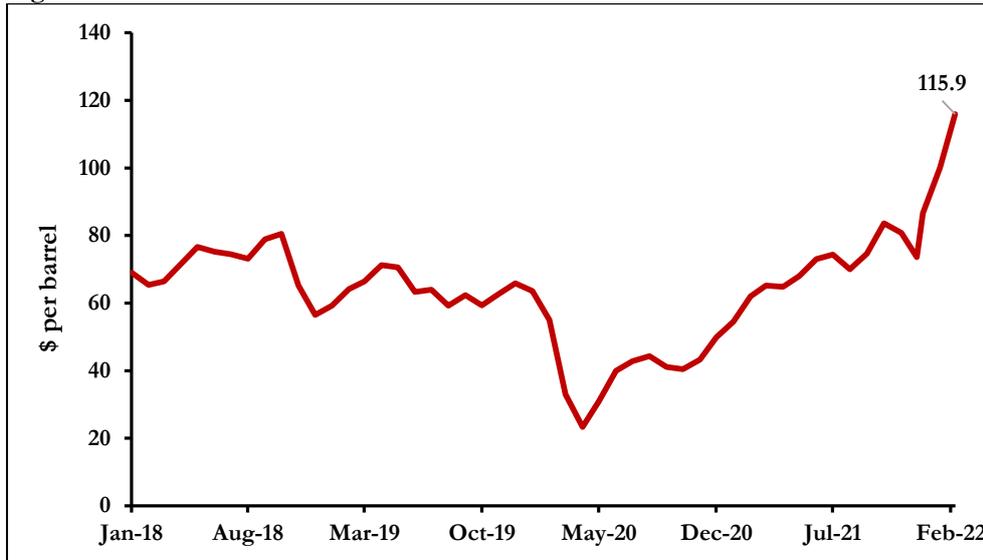
Figure 33: VIX Reflects Volatile Investor Sentiments in January 2022



Source: Wall Street Journal

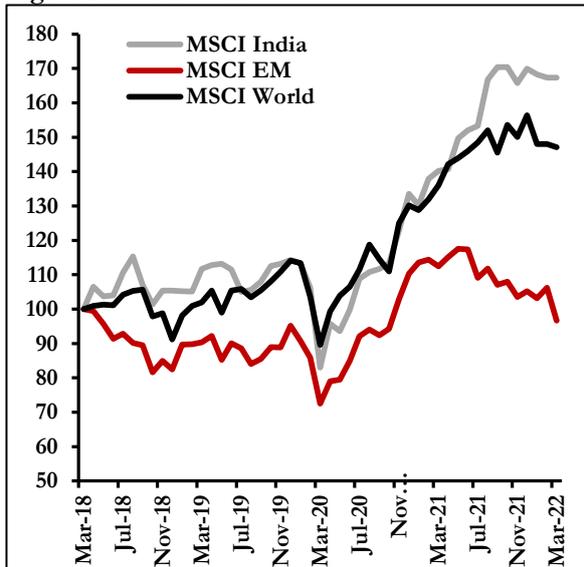
Note: End of period, indexed at 5 January 2018=100. Data is till 18 March 2022.

Figure 34: Brent Crude Oil Prices on the Boil



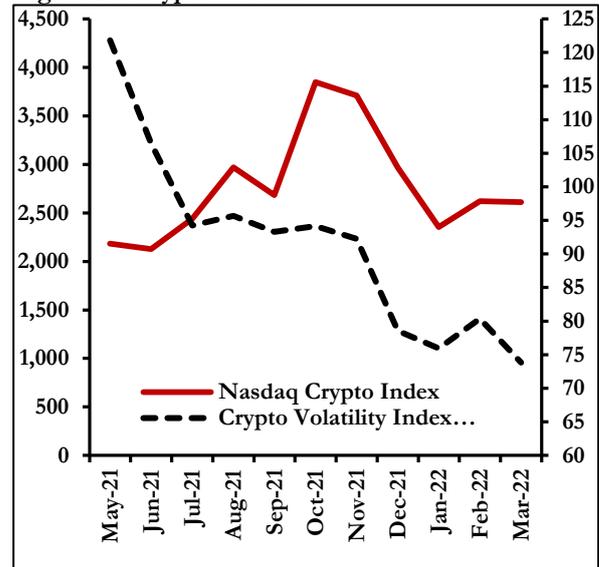
Source: GMM, IMF. Data is till 22 March 2022.

Figure 35: MSCI Index



Source: Investing.com. March 2018 = 100. Data is till 23 March 2022.

Figure 36: Crypto Indices

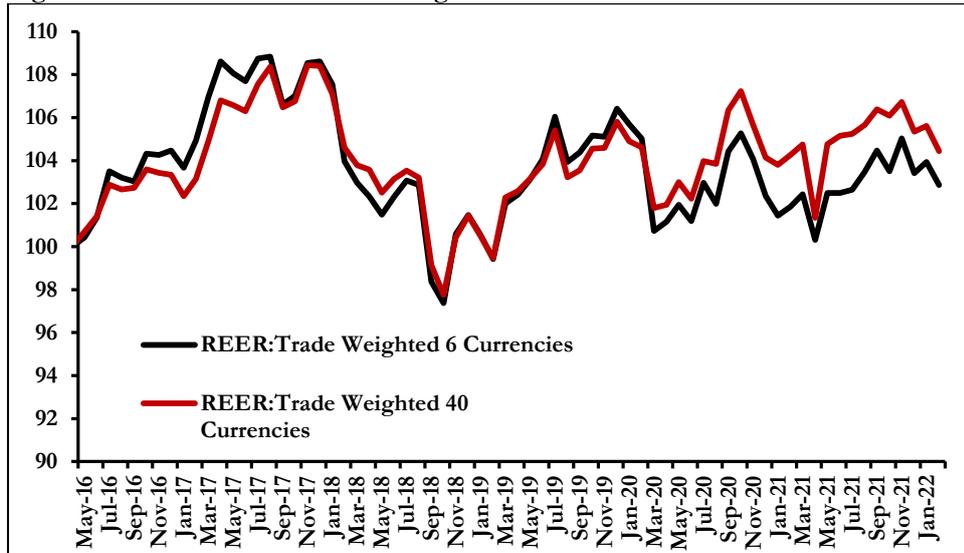


Source: Investing.com. Data is till 23 March 2022.

Note: NCI comprises eight largest digital assets by market capitalisation.

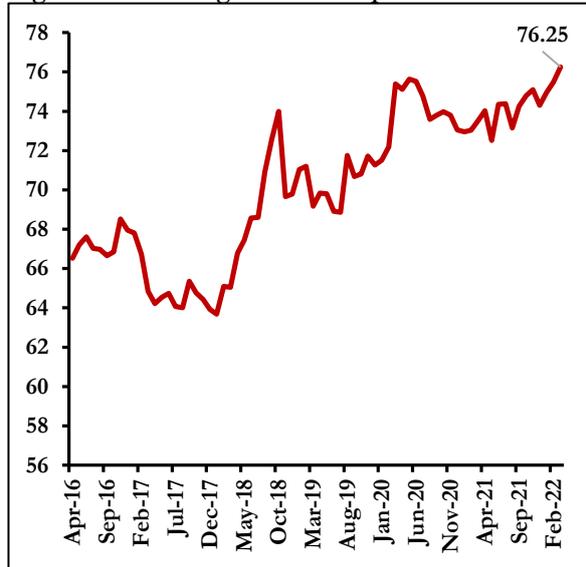
The Indian rupee has continued to weaken relative to other currencies as indicated by the real effective exchange rate (Figure 37). It depreciated further, touching 76.25 per US dollar, as of 22 March 2022 (Figure 38). The uncertainty in the global market has also led to a decline in the foreign exchange reserves by \$1.4 billion, with the reserves in February ending at \$631.5 billion (Figure 39). The Foreign Direct Investment (FDI) inflow increased by 33.6 per cent from December 2021 to January 2022, though this does not include the impact of the crisis resulting from the Russia-Ukraine conflict (Figure 40A). The net Foreign Portfolio Investment (FPI) inflow showed a monthly decrease of 33 per cent, again reflecting the global market uncertainty (Figure 40B).

Figure 37: The Real Effective Exchange Rate



Source: RBI.

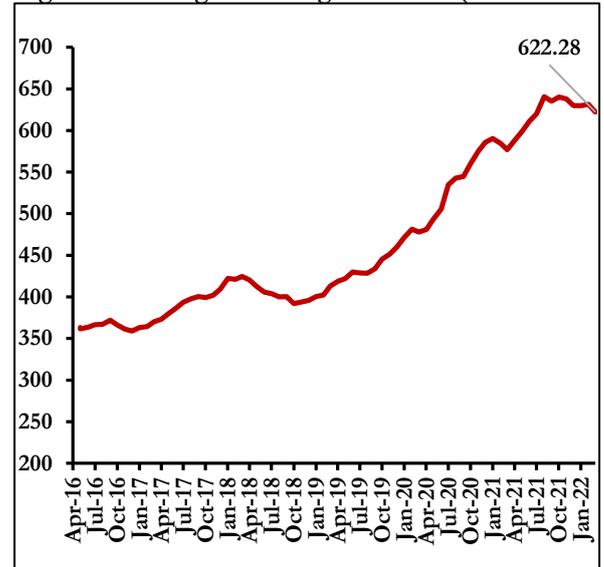
Figure 38: Exchange Rate of Rupee to the US Dollar



Source: RBI.

Note: Data is till 22 March 2022.

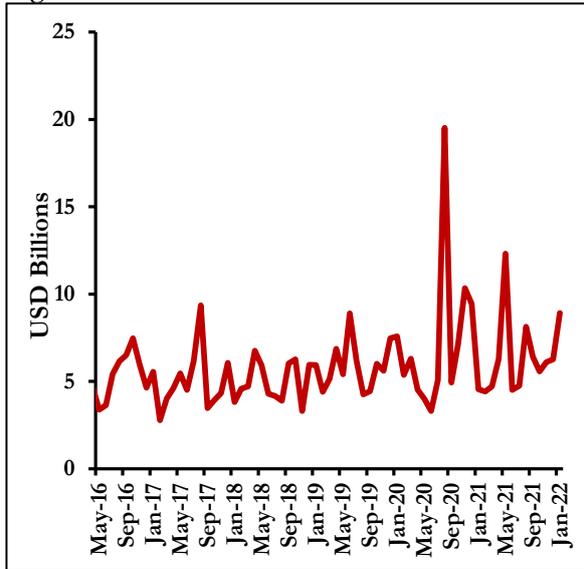
Figure 39: Foreign Exchange Reserves (USD million)



Source: RBI.

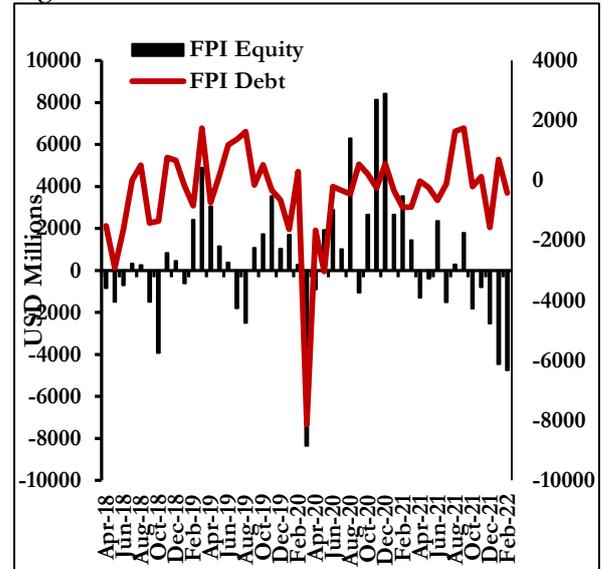
Note: Data is till 11 March 2022.

Figure 40A: FDI Inflows



Source: RBI.  
Note: Data is till January 2022.

Figure 40B: FPI Inflows



Source: National Securities Depository Limited  
Note: Data is till February 2022.



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