

Flash Note 01/03/2018

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India - Our assessment from today's national accounts. Outlook

- India's GDP growth accelerated to a five-quarter high in Q4 2017.
- The economy grew by 7.2% y/y in Q4, from 6.5% y/y in Q3 (revised up from 6.3%).
- This was a touch above consensus expectations (7.0%).
- The acceleration was in part due to a rise in government consumption (public expenditure ahead of the state election in Gujarat at the end of last year). Private consumption growth eased (from 6.6% y/y to 5.6% y/y) but other consumption indicators strengthened, such as vehicle sales and investment growth (that surged despite a contraction in credit to industry).

OUTLOOK:

- Growth will continue to accelerate.
 - i. The recent manufacturing PMIs have been relatively upbeat.
 - ii. Rural wages continue to grow strongly
 - iii. The loosening of fiscal policy at state level means will give another boost

Without changes in our constructive fundamental view for this market.

Central Target for the Sensex Index: 37.600

Best regards from an airport,

Alex Fusté