Global FX markets

2013: Another challenging year

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Our main assumptions

Assumption 1: Even though the fiscal cliff was averted, markets are likely to fret about the upcoming debt ceiling negotiations and Italian elections due in February.

Assumption 2: Once a deal to raise the debt ceiling is in place, improvement in Chinese economic indicators coupled with **global monetary easing** by the major central banks could create a risk-on rally for a short period.

Assumption 3: However, focus is likely to shift back again to Europe

Assumption 4: Spain could emerge as a major concern due to its heavy borrowing program and markets are likely to fret about the German elections that are due in September.

Assumption 5: The ECB will likely be put to test again and could start its OMT program and possibly re-introduce another LTRO program to help calm market anxiety.

Assumption 6: As US private demand picks up, markets are likely to fret about the possibility of the Fed ending its QE 3 program. This is likely to take place around end 2013-beginning 2014.

Global economy: Another year of subdued growth

Global growth forecasts

(In Y-o-Y %)	2010	2011	2012F	2013F
Global growth	5.3	3.9	3.0	3.2
US	3	1.7	2.2	2.0
Japan	4.4	-0.7	2.2	1.2
UK	2.1	0.7	-0.4	0.4
Euro-zone	1.9	1.4	-0.4	-0.2
--Germany	3.6	3.1	0.8	1.0
--France	1.7	1.7	0.1	0.4
--Italy	1.8	0.4	-2.3	-0.7
--Spain	-0.1	0.7	-1.5	-1.3
China	10.4	9.2	7.8	8.4
India	8.4	6.5	5.5	6.3

Note: Growth for India is for FY

Source: IMF, Economist & HDFC Bank

Fiscal consolidation likely to weigh on growth in the advanced economies

Growth in most EM economies likely to get weighed down by weaker export prospects

US economy likely to grow around trend level weighed down mainly by fiscal consolidation.

The Euro-zone likely to remain the epicenter of strain and undergo an austerity driven recession

Policy stimulus could help revive Chinese economy in 2013.

Strong monetary stimulus likely to play a limited role in reviving the global economy.

US economy: Only trend level of growth likely in 2013

US growth: Key components			
(In % change qoq annualized)	2011	2012F	2013F
GDP growth	1.8	2.2	2.0
Private consumption	**2.5**	**1.9**	**1.7**
Business investment	8.6	7.4	4.0
Residential investment	-1.4	11.5	13.1
Federal government spending	-2.8	-1.2	-1.4
State & Local government spending	-3.4	-1.3	0.1
Exports	6.7	3.2	1.2
Imports	4.8	2.9	1.8
Source: Capital economics & HDFC Bank			

Our main assumptions:

- **Federal government spending likely to contract and remain the main drag on growth**
- **Private consumption weakens marginally in 1H2013 because of the expiration of the payroll tax announced as part of the fiscal cliff deal.**
- **Traction in residential investments likely to continue driven by Fed's QE program.**
- **Auto sector—staging a recovery**
- **State & local government finances improve in 2H2013**
- **Net exports likely to remain a drag**

Fiscal cliff deal reached but focus shifts to the debt ceiling negotiations

Both Houses of the US Congress approved a deal to avert the fiscal cliff

What was agreed

Fiscal cliff deal		
Tightening measures		
	% of GDP	**Absolute amount (in USD billion)**
Payroll tax cut	0.8	127
Bush tax cuts: high income*	0.3	44
Alternative minimum tax	0.6	90
Delayed for two months		
Sequestration	0.5	87
Measures extended		
Bush tax cuts: middle income	0.8	131
Unemployment insurance	0.2	35
Affordable care act	0.1	24
Other measures	0.5	87
Source: HDFC Bank & IIF		

Note: Bush tax cuts: High income= Households earing above USD 400,000 or couples earning more than USD 450,000

Key elements that were missing

- **No provisions made to raise the debt ceiling (USD 16.4 trillion) that is likely to get breached by March.**
- **No decision taken about the sequester after the first two months of 2013.**
- **Long-term fiscal consolidation plan not in place– increasing probability of US sovereign rating downgrade.**

Implications: The risk-on/global reflation trade that we were anticipating likely to get adversely affected by:

- Uncertainty about the debt ceiling negotiations
- Concerns that the sequester will take effect from March that could depress growth.

Near-term: Market concerns about the debt ceiling and Italian elections likely to persist

Markets focus likely to shift towards:

(a) Debt ceiling negotiations

- A deal needs to be in place to raise the debt ceiling by March…
- …otherwise, the US government will be forced to slash spending and could even result in a partial government shut-down as well
- Market focus is likely to shift to another round of protracted negotiations between US policymakers
- We expect a deal to be reached at the 11th hour that could include additional spending cuts.
- A relief rally likely only once a deal is in place.

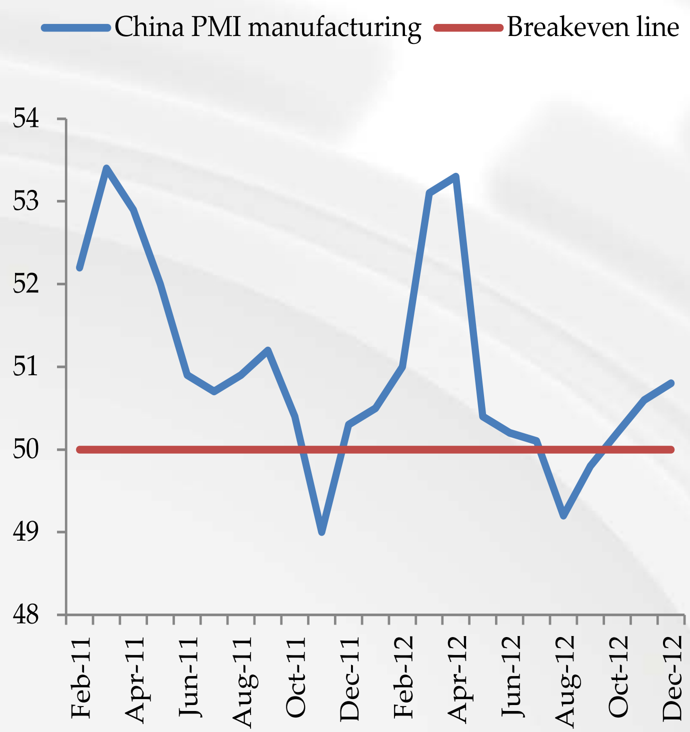
(b) Italian elections in February

- **Main concern is:** *whether the next government will be willing to carry forward the reform process undertaken by the previous technocratic government.*
- Any indications of an anti-reform government could push Italian sovereign yields higher
- So far, polls show that the pro-reform parties might come into power.
- Nevertheless, until the election outcome is known– uncertainty about the election results is likely to keep investors cautious.

A relief rally likely to kick in after the debt ceiling deal

Once the debt ceiling deal is out of the way, we expect a brief rally to kick in driven by:

(a) Improving Chinese economic indicators in 1H2013



Source: Reuters

(b) Global monetary accommodation

Fed likely to re-affirm that it is likely to continue with its unsterilized asset purchases program over 2013 as the unemployment rate could remain above its target of 6.5%.

BOJ could increase its formal inflation target from 1% to 2% subsequently increasing its monthly asset purchases program

BOE could increase its asset purchases program by GBP 50-75 billion in 1Q2013

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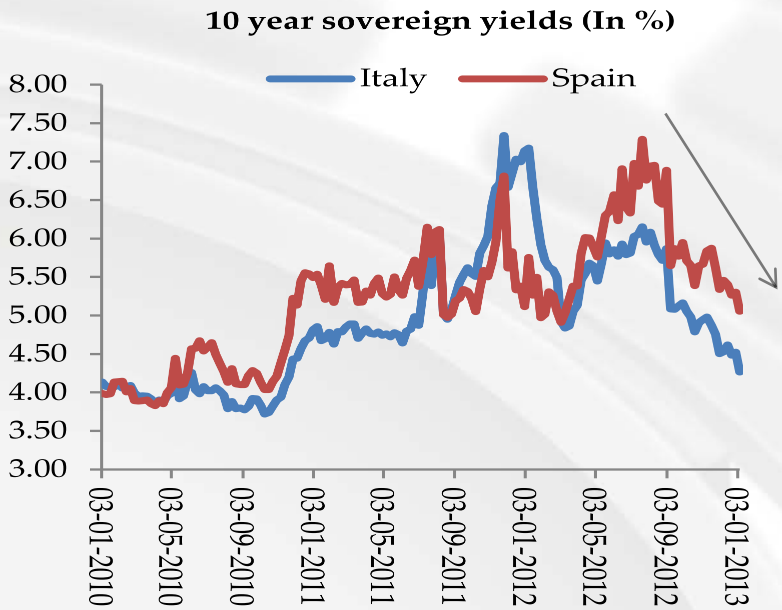
EU sovereign concerns have subsided but risks still remain

Market concerns about EU sovereign crisis eased in 4Q2012 because:

(a) ECB introduced its OMT program that reduced the tail risks of a fiscal funding crisis pushing peripheral sovereign yields lower



Source: Reuters

(b) Some progress in structural reforms--narrowing current account deficits in the periphery

Current account positions			
as a % of GDP	**2007**	**2010**	**2012F**
Greece	-14.6	-10.1	-5.8
Ireland	-5.4	1.1	1.8
Portugal	-10.1	-10.0	-2.9
Spain	-10.0	-4.5	-2.0
Italy	-1.2	-3.6	-1.5
Euro-zone	**0.4**	**0.4**	**1.2**
Source: IMF			

Recent developments provided an additional structural support to the EUR in 4Q2012 and are likely to play a critical role in restricting any major downtrend in the EUR/USD pair.

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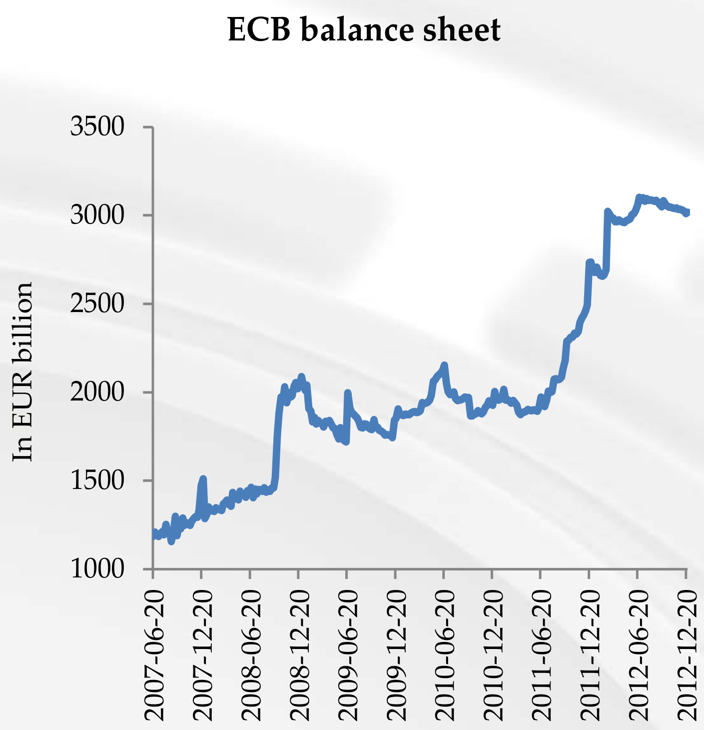
Concerns about Europe likely to re-surface again in 2013

State of the European sovereign crisis: Our assessment

Comforts	Risks: That could bring focus back to Europe
ECB's OMT program has reduced the tail risks of a fiscal funding crisis within the region.	Spain– could find it difficult to fund it's heavy borrowing program via the market given the prospect of fiscal slippage and a recession.
Indications of some progress on structural reforms in the periphery that is visible in the narrowing of current account deficit to GDP ratios in the region.	German elections in September: Concerns about the German political landscape could start to weigh on markets.
	Reluctance of EU policymakers to forge ahead with debt mutualization/Banking Union.
	Both Greece and Portugal could require additional concessions/extensions to their respective bailout programs

Europe rescue scenario

ECB balance sheet likely to expand further



Source: European Central Bank

We expect the ECB to yet again play a central role in calming market anxiety.

Rising sovereign yields could force Spain to officially request for aid at the time of a major bond redemption payments in June-July.

As part of the aid program, the ECB could intervene in the Spanish sovereign debt market via its OMT program

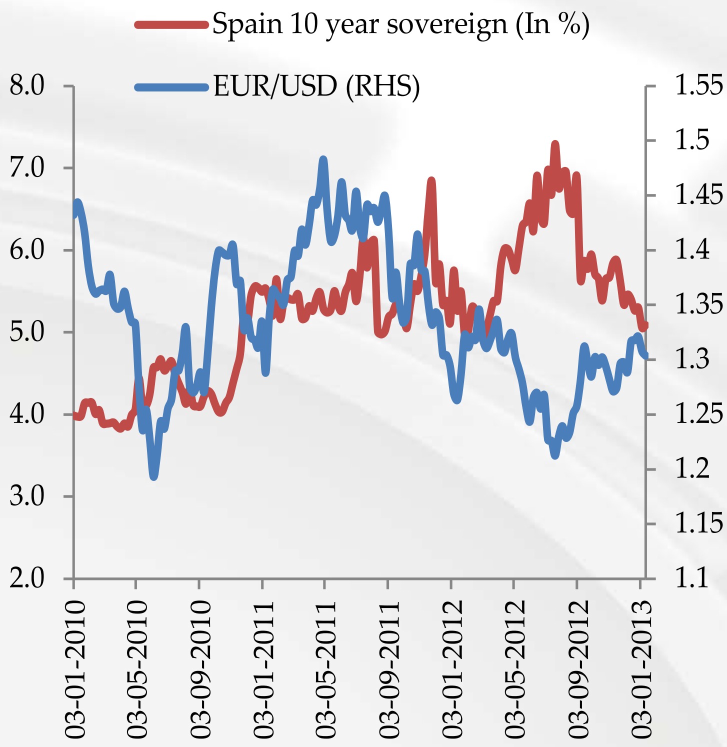
ECB could also introduce another LTRO and cut interest rates to revive economic prospects.

ECB's actions could yet again lend stability to the financial markets in 4Q2013.

To pacify markets, EU policymakers could take further steps to ensure that a banking union is operational by 1Q2014.

EUR: likely to come under pressure as focus shifts back the sovereign crisis

EUR likely to remain a victim of a sovereign crisis



Source: Reuters

1Q2013: Concerns about the debt ceiling and Italian election could result in range bound trading in the EUR.

2Q2013: Some relief could set in response to global reflation trade and the debt ceiling deal.

3Q2013: Back under pressure as concerns about the sovereign crisis particularly about Spain resurfaces.

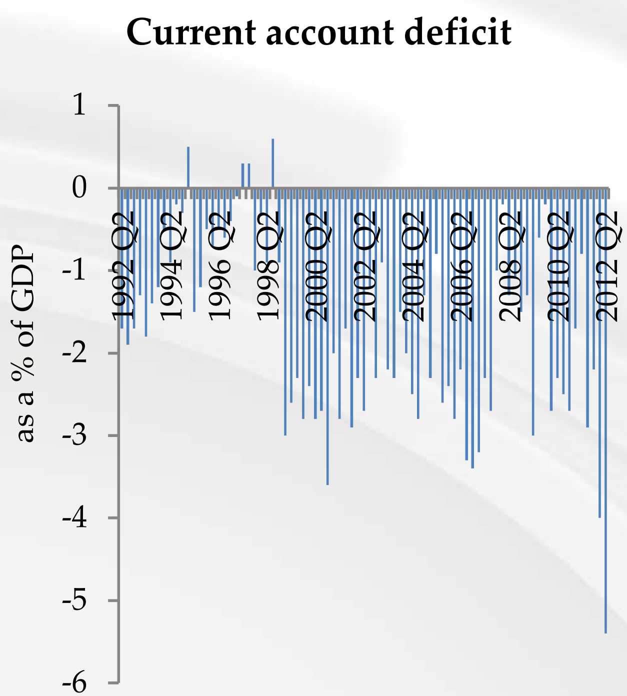
But significant losses below 1.25 in EUR/USD unlikely:

- *Continued improvements in the current account position likely to act as a support limiting magnitude of downtrend*
- *ECB's back stop facility (OMT) to ensure worst case scenario of a full-blown crisis is unlikely to take place.*

4Q2013: ECB's action could yet again help lend some stability but sharp rise unlikely as EUR could lose yield advantage due to monetary easing by the ECB.

GBP: Further weakness in store?

GBP: ***Funding the current account deficit likely to remain an issue***



Source: Reuters

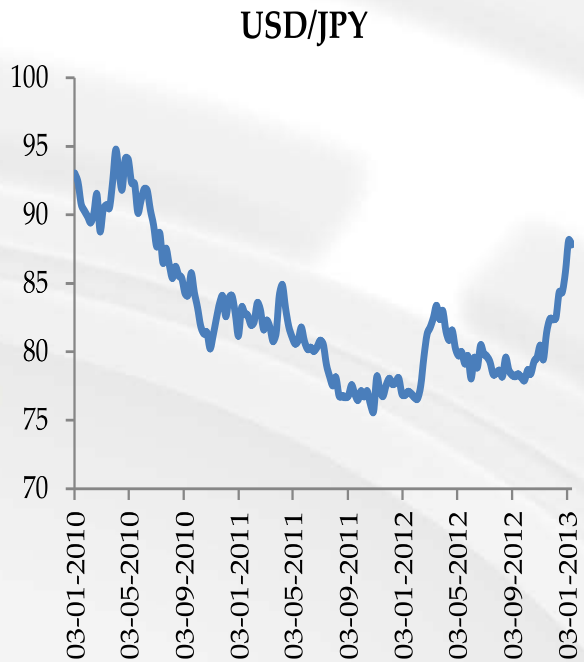
GBP could come under pressure in the near term driven by risk aversion but mildly recover in 2Q in response to the global reflation trade

However, we expect the GBP to remain vulnerable to an elevated current account deficit in 3Q2012.

Funding the deficit likely to remain a significant challenge because of:

- **Global risk-off environment**
- **Concerns about UK growth prospects likely to emerge**
- **Concerns about fiscal prospects and possible sovereign rating downgrade could make investors circumspect of UK assets**

JPY: To trade weaker driven by monetary easing from the BOJ



Source: Reuters

JPY likely to become a function of the quantum of monetary easing by the BOJ.

We expect sustained Yen weakness over 2013 as the BOJ responds to political pressure to ease monetary policy significantly.

After moving higher over 1Q-2Q, USD/JPY pair likely to flatten out in 3Q responding to global risk aversion.

However, USD/JPY pair likely to trade higher from 4Q2013 onwards and could even replace the greenback as the primary funding currency in the long-term.

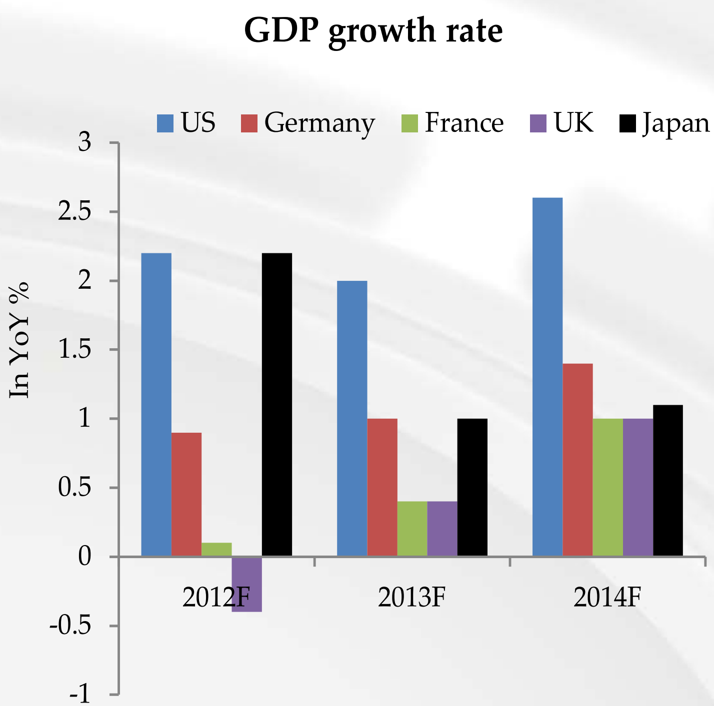
Our forecasts

	1Q2013	2Q2013*	3Q2013	4Q2013
EUR/USD	1.29-1.32	1.31-1.33	1.27-1.28	1.27-1.28
GBP/USD	1.59-1.62	1.61-1.63	1.56-1.57	1.57-1.58
USD/JPY	86.00-88.00	88.00-90.00	88.00-90.00	90.00-92.00

Note: In our forecasts we have assumed that EU sovereign concerns are likely to intensify in 3Q. However, the phase of stress could take place earlier possibly in 2Q if markets start to fret about the state of Spain's fiscal position much earlier than we are anticipating.

Long-term: USD likely to rally?

US growth likely to improve in 2014



Source: IMF & HDFC Bank

US economy likely to grow at a faster pace than its peer group in 2013-14.

US employment likely to grow at a healthy rate, private sector likely to pick up from 2H2013 onwards, housing sector recovery likely to continue.

In contrast, both Europe and Japan likely to grow at an anemic rate driven by austerity and deleveraging by the household sector.

Markets likely to start pricing in stronger US growth prospects and possibility of Fed ending its QE 3 program in 2014.

Net-result: likely to be rise in US short-term rates and a USD rally—most likely in 1H2014.

India growth outlook

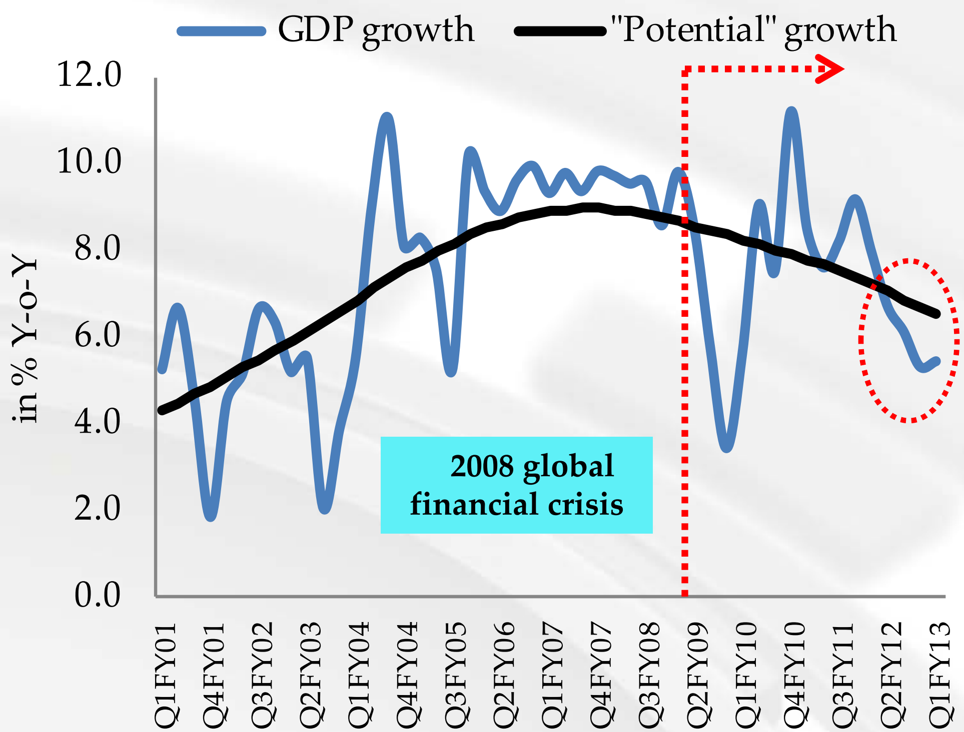
Crawling back to recovery

Key points: FY14 India growth outlook

- Revival in private consumption spurred by monetary easing; normalizing rural demand as well as pick-up in government capex to pave the way for modest recovery
- Private capex to remain relatively subdued and curtailed by policy impediments
- External demand to recover from FY13 levels but remain somewhat muted
- Growth could remain constrained below 7.0% ***even after*** accounting for recent government measures and faster project clearances
- External instability could remain a concern with current account gap likely to remain large(close to 4.0% of GDP)
- Inflation to moderate in H1FY14 to 6.5% by September but pick up gradually above 7.0% by March,2014 amidst structural food inflation and cyclical demand side pressures
- Government to target fiscal deficit of 4.8% of GDP (5.6-5.9% of GDP likely in FY13) but pre-election spending to create slippage in H2
- Room for policy rate cuts limited; **expect repo rate cuts of 100-125 bps over CY 2013-14**
- **Effective lending rate reduction could be lower at 50-75 bps** amidst tight structural liquidity

Domestic growth nosedives and the 'potential' gets revised down

Decelerating growth a result of cyclical and structural pressures



Source: CSO

How we got from 9% to 5.0% in five years

- Policy impediments and "governance" deficit
- Monetary tightening amidst firm inflation
- External instability and weak global growth prospects
- Fiscal overrun and low household financial savings

Potential growth, that refers to the level that can be sustained without overheating resource markets , is now 7.0-7.5 per cent instead of the 8.0-9.0 per cent assumed earlier

FY14 growth outlook: Can India get its groove back?

What could change

- Some pick up in government capex driven by quicker project awards
- Easier monetary conditions as RBI reciprocates government policy initiatives with it own measures
- Prospect of normal monsoons could support rural demand
- Some improvement in external demand

What could remain an issue

- Land acquisition woes
- Environmental clearances
- Raw material shortages (coal)
- Relatively subdued global growth prospects
- Fiscal slippage still a risk
- Structural demand-supply mismatches in key food items could prevent inflation from falling below 6.5%

GDP growth projections (in % Y-o-Y)

Sector	FY11	FY12 AE	FY13f	FY14f
Agriculture and allied activities	7.0	2.8	0.4	3.5
Industry	7.2	3.4	3.0	4.0
Services	9.3	8.9	7.8	8.0
GDP at factor cost	**8.4**	**6.5**	**5.5**	**6.3**

Source: CSO & HDFC Bank

Headline growth could remain "below potential" even if the government steps up infra capex

GDP growth demand-side projections (in % Y-o-Y)

Category	FY12	FY13f	FY14f Adverse case	FY14f Base case	FY14f Best case
Private consumption	5.5	4.0	5.0	5.0	5.0
Government consumption	5.1	8.0	6.5	6.5	6.5
Investment	**5.3**	**3.0**	**3.0**	**4.3**	**5.5**
Exports	15.3	5.0	7.0	7.0	7.0
Imports	18.5	7.0	10.0	10.0	10.0
Headline GDP	**6.5**	**5.5**	**5.7**	**6.3**	**6.7**

Source: CSO & HDFC Bank

- If all the infrastructure projects identified by the government as pending(close to Rs 1 trillion) because of delayed clearances are awarded, headline growth could be close to 6.7%
- **We believe only a fraction of these projects could actually be cleared in FY14**
- Along with the prospect of subdued private capex, headline growth could be close to 6.3% in FY14

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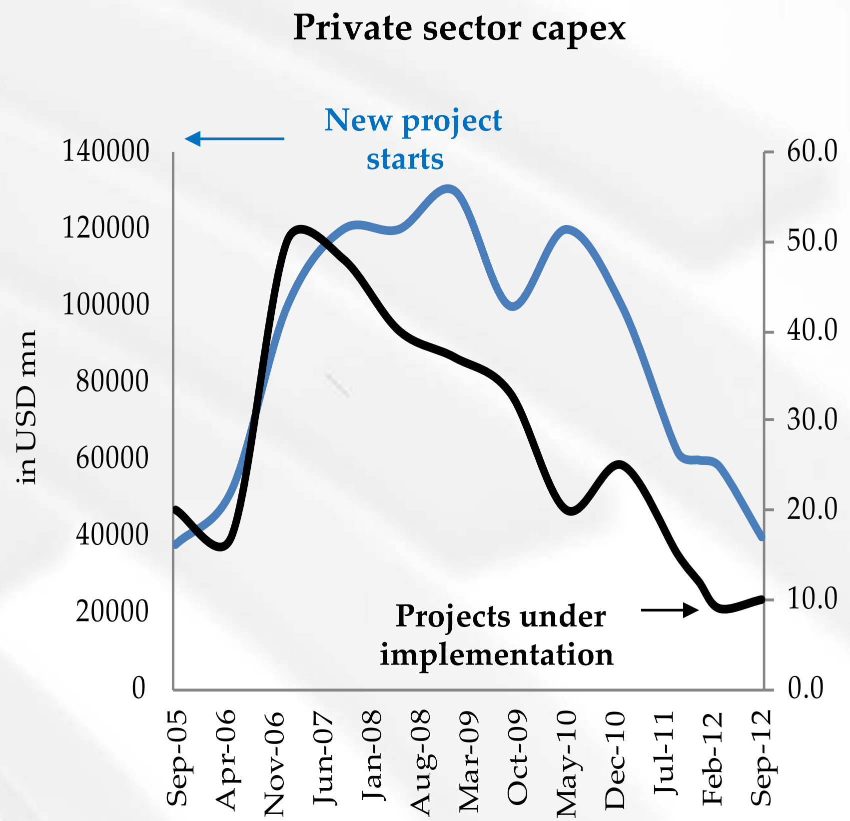
Status check: Some traction visible in infrastructure capex but private sector investment momentum still subdued

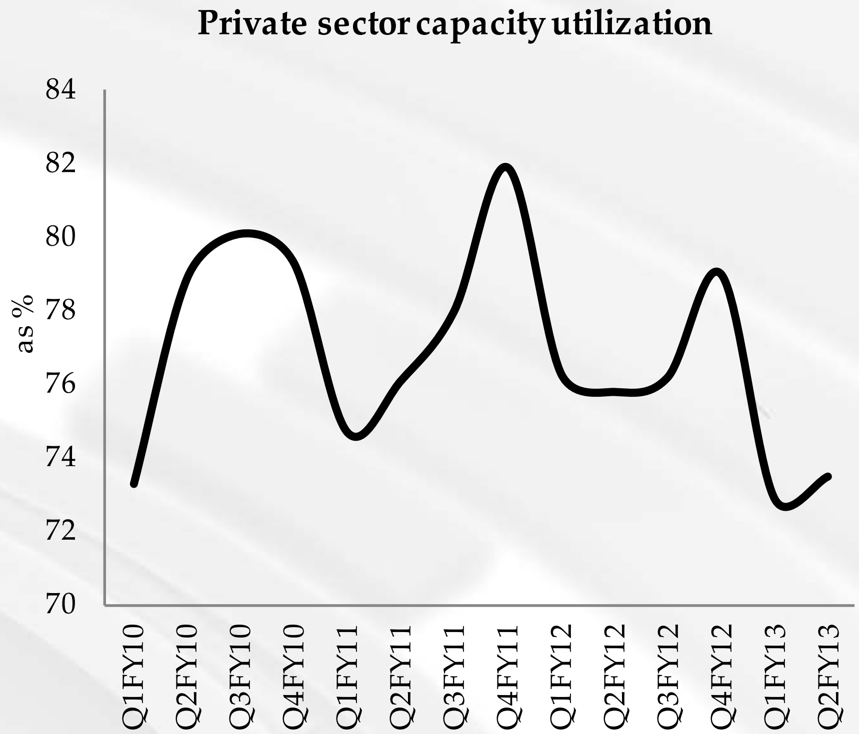
Investments: An informal survey

- **Do not see private capex turning around in the next six to eight months**
- Indian MNCs pessimistic because of subdued demand in overseas markets
- Large local companies downbeat as no tangible improvement in business conditions despite slew of "reform" measures
- Most corporates cite uncertain demand conditions/policy framework for putting capex on hold
- PSUs have been given a **very serious** directive to declare dividends or step up capex but no sign of latter
- Capex pipeline has some large investments likely in sectors such as Fertilizers, Chemicals and oil (largely RIL) but nothing spectacular
- Step up in government capex closer to elections could have lagged crowding in effects on private capex especially if done at a more decentralized level



Source: CMIE & HDFC Bank

In any case,low capacity utilization is likely to harness need for capex



Source: Order Book, Inventory and Capacity Utilization Survey ,RBI

Note: Sample consists of 1,154 manufacturing companies, of which 47 are Government companies, 817 are public limited companies and 290 are private limited companies

The Cabinet Committee on Investment: More of the same?

The government claims that there are Rs 1 trillion (close to 1% of GDP) of large (Rs 1,000 cr and above) infrastructure projects awaiting central government clearance

- Aim of body to facilitate inter-ministerial ***co-ordination*** not ***supersede*** decisions of individual ministries
- No clarity on penalty if any line ministry (i.e. environment ministry) fail to comply with CCI's deadlines
- Does not promise resolution of projects held back due to land acquisition troubles
- How is this different from the Cabinet Committee on Infrastructure ?

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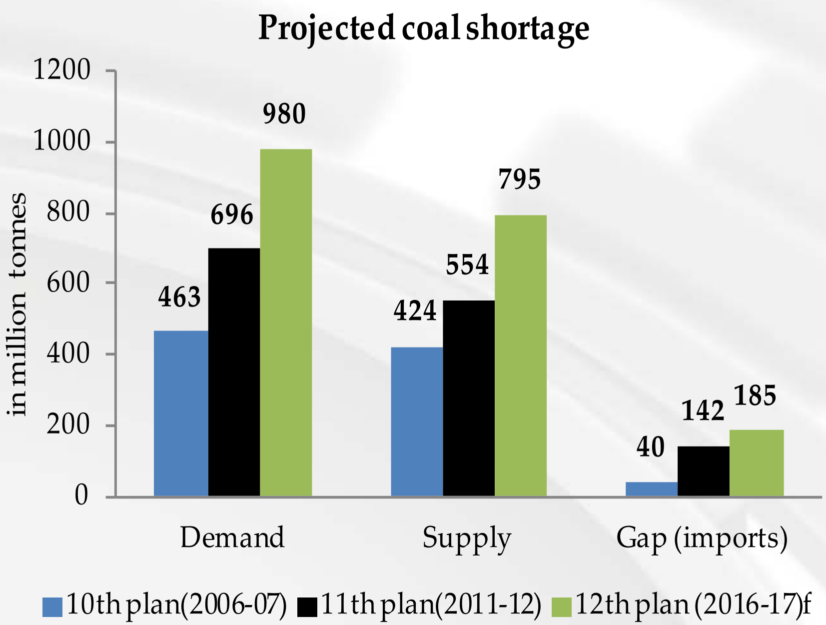
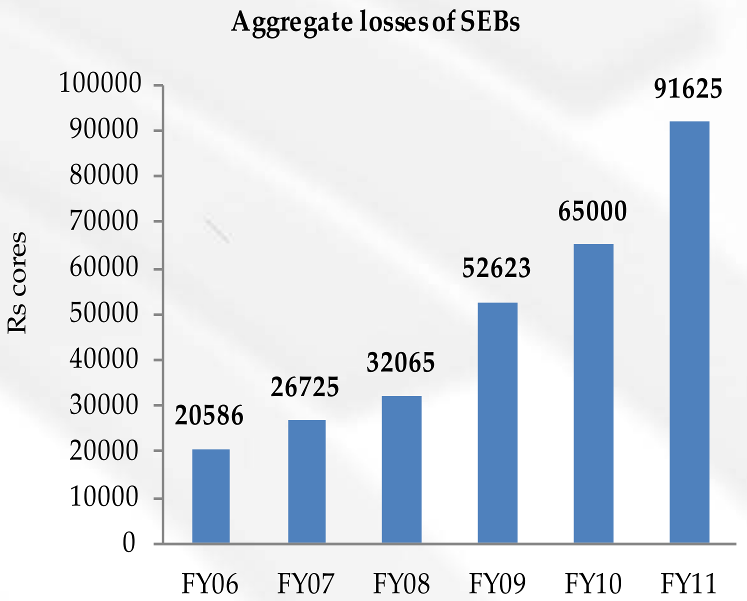
The power sector had emerged as a key investment driver but has come under pressure

While coal supply still remains a problem and more needs to be done to bolster coal linkage to power generation companies there has been some traction with FSAs and price pooling agreements

Independent initiatives by states to raise power tariffs as well as the SEB debt restructuring package has improved the financial position of discoms ,*albeit* at the margin



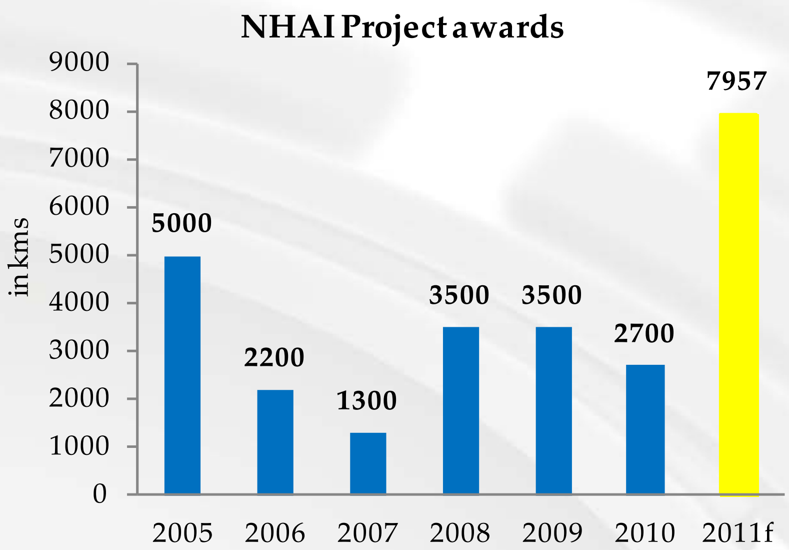
Source: Coal Ministry & HDFC Bank



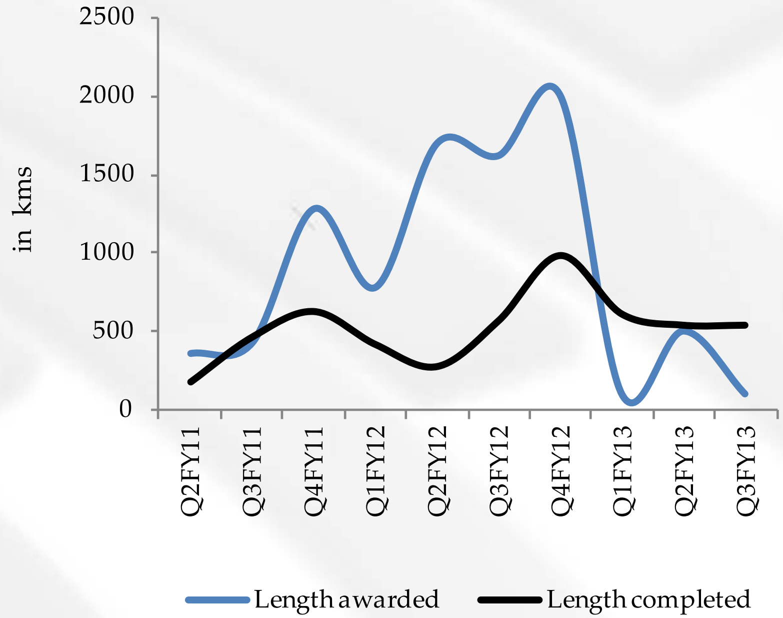
Source: PFC.13th finance commission & HDFC Bank

Can roads and highways replace power as the next capex trigger ?

Awarding activity had picked up after a lull in recent years……



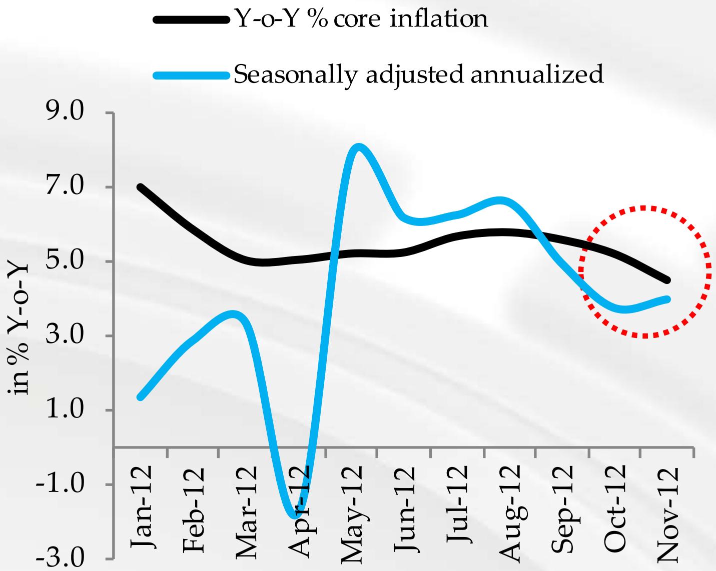
…..but seems to have flagged this year



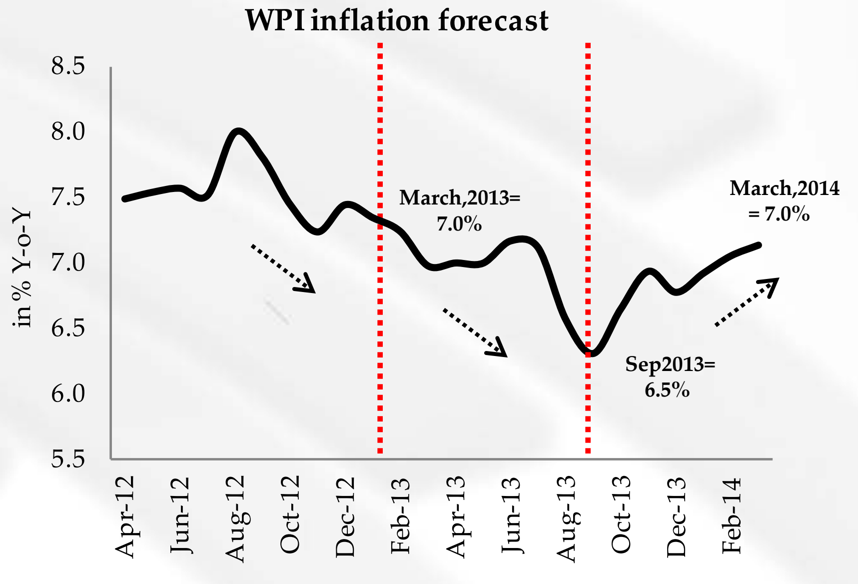
Source: NHAI, Planning Commission & HDFC Bank

Easing inflation likely to provide window for policy easing

Core inflation has moderated and could ease further amidst weak global commodity prices



Inflation likely to ease till September before demand pressures resurface in H2FY14



Source: Office of Economic Advisor & HDFC Bank

•Headline inflation could remain elevated but could start easing by Q4FY13 underpinned by moderating core inflation

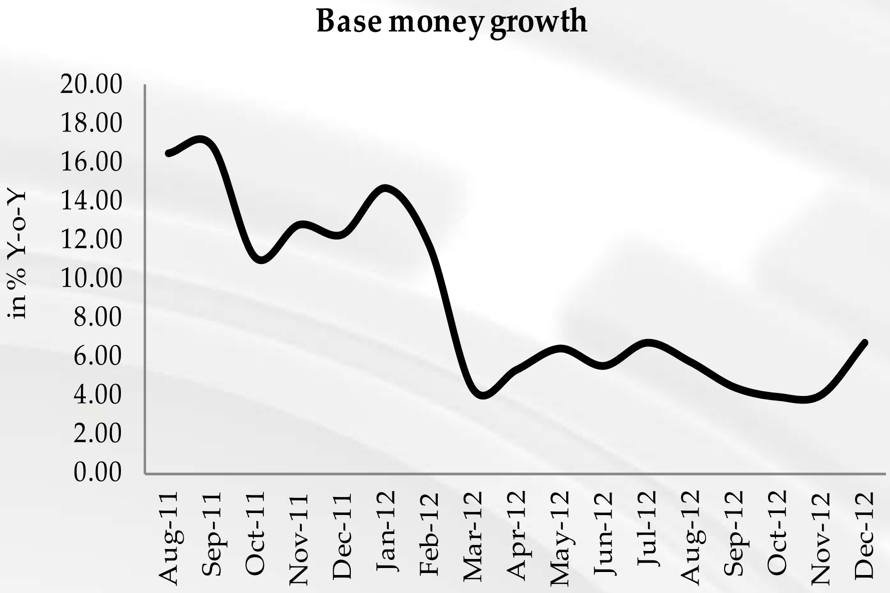
•This, along with greater clarity on government's fiscal consolidation plan, could create some legroom for *policy easing* in Jan-March,2013

• <u>Expect 50 bps repo rate cut over remainder of FY13 followed by 50-75 bps cuts in FY14 most likely concentrated in H1FY14</u>

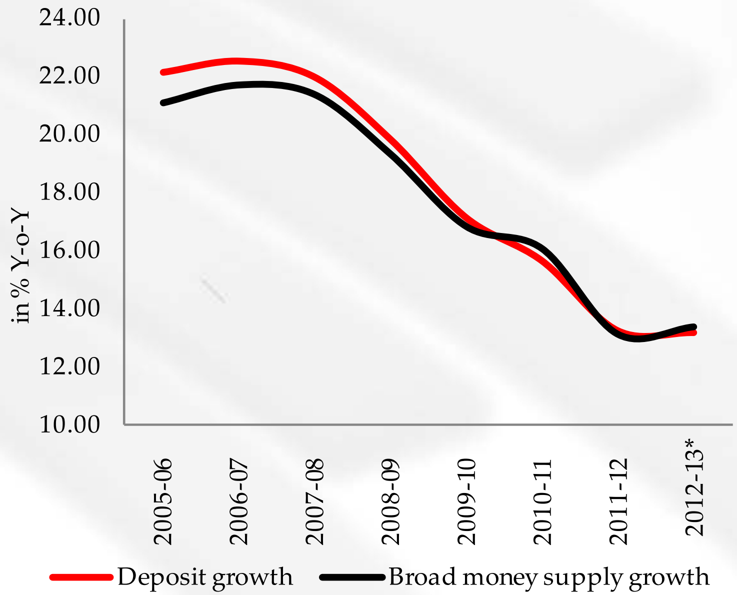
Pace of interest rate reduction constrained by structural liquidity problem

Primary liquidity creation has been constrained by subdued forex accretion

CRR cuts and OMO buybacks so far have failed to push up money supply growth



Source: RBI & HDFC Bank



Source: RBI & HDFC Bank
Note: * till November,2012

Slowing base money growth has meant poor money supply growth .Unless this reverses ,banks not in position to re-price deposits and loans radically. <u>Expect 50-75 bps reduction in lending rates over 2013-14</u>

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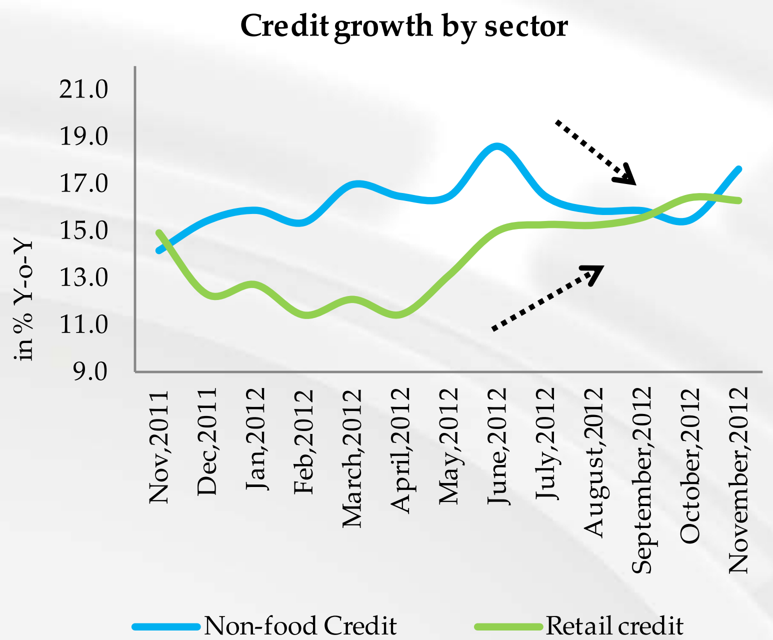
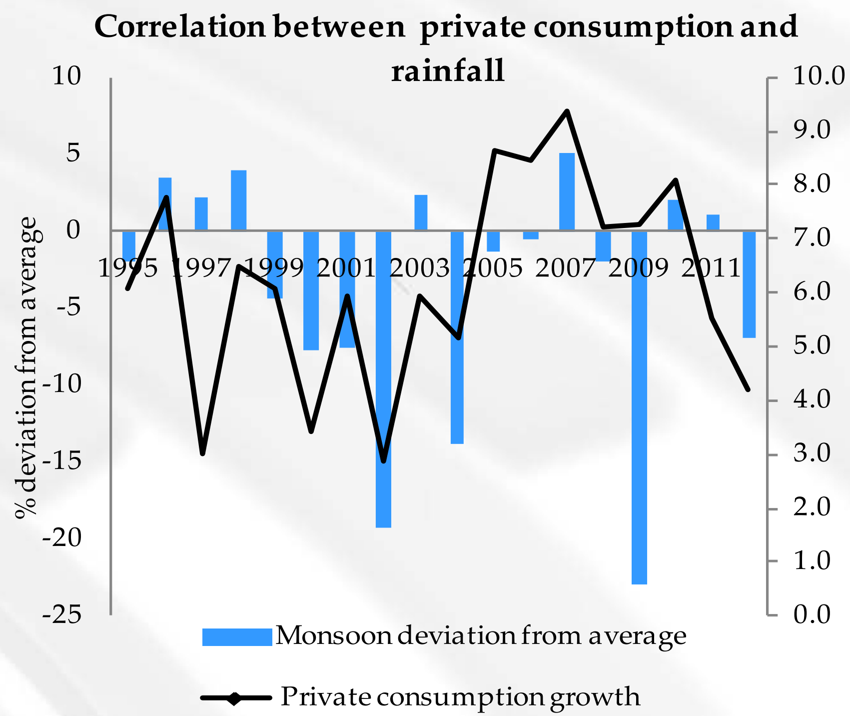
We are optimistic about private consumption

While corporate credit growth remains subdued, retail credit growth has picked up pointing to a possible revival in leveraged spending going ahead

Possibility of a normal monsoon in FY14 could support rural spending which has come under pressure in the current year



Source: RBI & HDFC Bank



Source: CSO, IMD & HDFC Bank

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Fiscal deficit-Government measures unlikely to get to 5.3% in FY13

Slippages (Amt. Rs crores)	Scenario I	Scenario II
Oil subsidy	35200	35200
Fertilizer subsidy	5000	5000
Tax revenue	50000	50000
Food subsidy	25000	25000
Spectrum shortfall	40000	25000
Disinvestment shortfall	10000	0
A.Total	**165200**	**140200**
Likely set-offs (Amt. Rs crores)	**Amt (Rs crores)**	**Amt (Rs crores)**
SUTTI/Excess disinvestment receipts	0	20000
Land sale /Surplus dividend payments by PSUs	20000	20000
Expenditure reduction	40000	40000
B.Total	**60000**	**80000**
Effective slippage (A-B)	**90200**	**60200**
Fiscal deficit (as % of GDP)	**5.9**	**5.6**

Source: Budget documents & HDFC Bank

Note: 1.Tax revenue shortfall estimated at current run-rate

2.OMC under-recoveries at Rs 1,67,000 cr. Subsidy share at 60.0% and payout in FY13 at 40.0%

3.Assuming plan expenditure reductions of Rs 30,000-40,000 cr based on recent comments by finance ministry officials

4. Valuation of surplus land held by government unknown at this stage but Railway modernization committee claims that it has 10,000 acre of land that could generate Rs 50,000 cr

5. Market value of government holding in SUTTI (Axis Bank,ITC, L&T) currently close to Rs 46,000 cr

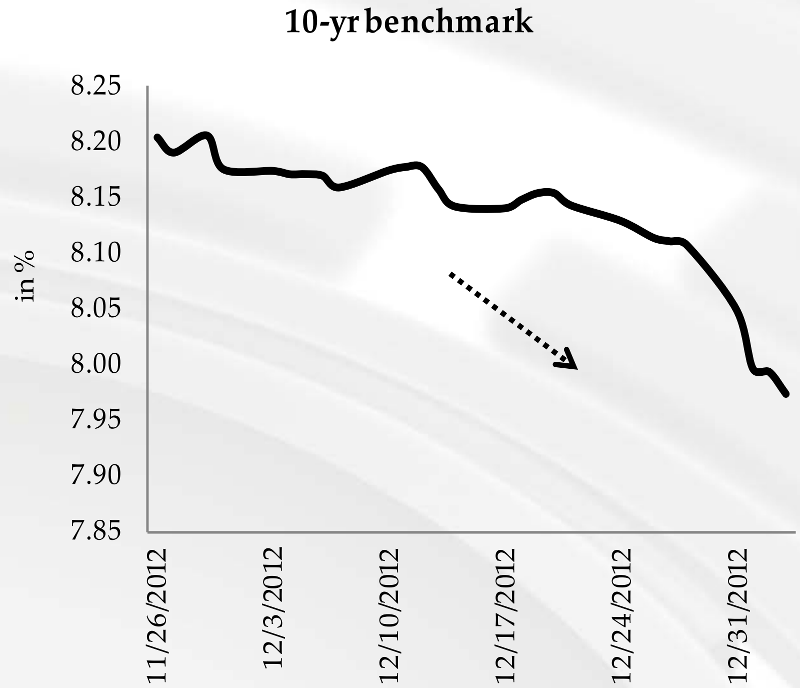
6. Assuming only half of fertilizer subsidy payment to be made this year

Scenario I: Government fails to re-auction remaining spectrum on time , falls short of disinvestment target and is unable to offload share stake SUTTI

Scenario II: Government manages to re-auction remaining GSM spectrum and CDMA spectrum and is able to mobilize buffer from SUTTI share sale and disinvestment

- Fiscal deficit between April-November already 80.0% of target
- Expect some respite from bunching up of revenues (telecom spectrum auction, disinvestments) and expenditure control

Yield view: Expect further softening despite slippage



Source: Reuters & HDFC Bank

While prospect of fiscal slippage remains it is possible that it may not be funded through dated securities

Cash balances of the government ,excess mobilization through small savings funds and short-term T-bills may be used to bridge the shortfall

Expect 10-yr bond yield to move to 7.70-7.80% levels around March,2013 as sustained RBI accommodation (OMO buybacks) and prospect of policy easing keep gilts bid

Medium-term fiscal consolidation : Direction right, levels wrong

A comparison of various medium-term fiscal consolidation roadmaps

	FY10	FY11	FY12	*FY13f*	*FY14f*	*FY15f*	*FY16f*	*FY17f*
13 th Finance commission	6.4	4.8	5.8	*4.2*	*3.0*	*3.0*	*NA*	*NA*
Kelkar Panel	6.4	4.8	5.8	*5.2-6.1**	*4.6*	*3.9*	*NA*	*NA*
FRBM papers laid out by Mr. Mukherjee	6.4	4.8	5.8	*5.1*	*4.5*	*3.9*	*NA*	*NA*
Mr. Chidambaram's target	6.4	4.8	5.8	*5.3*	*4.8*	*4.2*	*3.6*	*3.0*
HDFC Bank estimates	**6.4**	**4.8**	**5.8**	**5.6-5.9**	**5.1-5.4**	**4.5-4.8**	**3.9-4.2**	**3.3-3.6**

Source: Finance ministry, Budget FY13, 13th Finance Commission, Kelkar panel & HDFC Bank
* 5.2% if all recommended measures are taken by government ;6.1% if no efforts are made to curb fiscal slippage

Kelkar committee → **How to get there?** ← **Government**

•Implement GST and progressively reduce excise duty to 8.0% from current rate of 12.0%
•Introduce other tax reform measures

Curtail subsidy spending

Promised GST /DTC implementation as soon as possible-***no concrete measures listed***

The "subsidy spending tussle"

(+) Directed cash transfers could reduce leakages
(+) Oil ministry has submitted proposal to eliminate subsidy on diesel and kerosene over next year

(-) But delayed payments mean subsidy arrears could sustain
•**Assuming government delays portion of subsidy payments in FY13, subsidy bill likely at 2.5% of GDP** against budget commitment to keep it under 2.0%
•*Actual subsidy bill would have be 3.2% in FY13*

Bottom-line : Medium-term consolidation likely but not at targeted rate

INR: Balance of payments dynamics

INR

Balance of payments

Current account

- Trade deficit deteriorates as exports slump faster than imports…
- …and moderation in remittance flows pushes CAD to 5.4% of GDP in 2QFY13.
- While some relief likely going forward, CAD to remain above 4% of GDP.

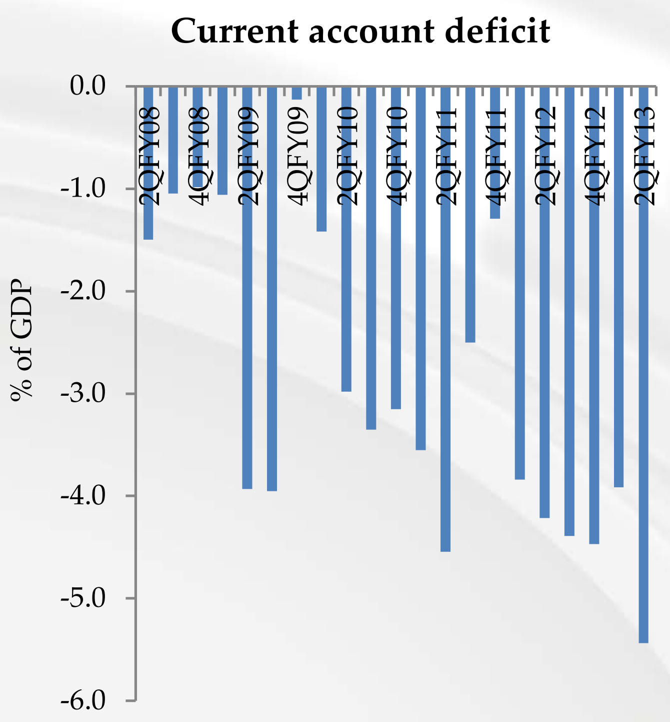
Capital account

- Capital flows likely to remain volatile over 2013
- 2Q2013– global policy reflation and reduced concerns about domestic economy—results in steady inflow of capital
- 2H2013– concerns about domestic political environment & rising EU risks- forces investors to remain circumspect of Indian assets

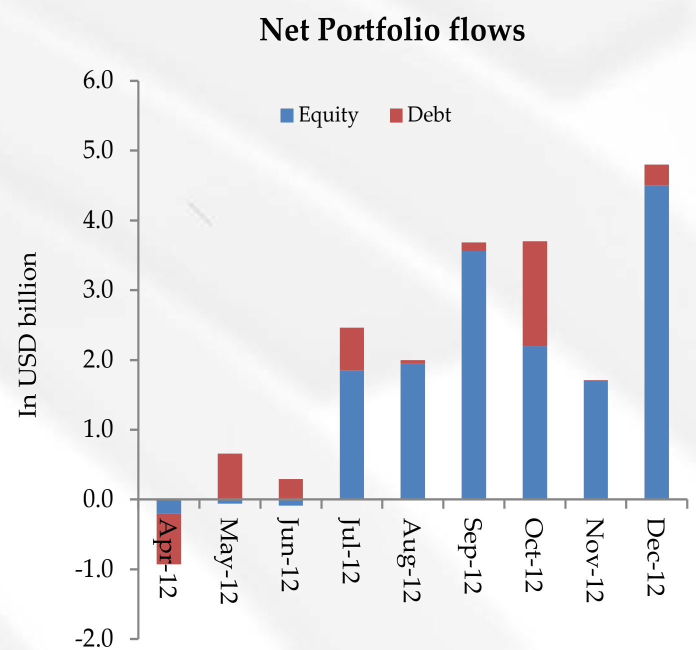
INR: Funding the current account deficit likely to remain the critical challenge

Current account deficit likely to remain elevated as imports likely to outstrip exports

Capital flows likely to remain volatile tracking sentiment on the domestic and global economy



Source: RBI, Reuters & HDFC Bank



Source: SEBI

INR: Our forecasts and assumptions

Our USD/INR forecasts	
1Q2013	54.00-56.00
2Q2013	53.00-55.00
3Q2013	55.00-57.00
4Q2013	55.00-56.00

1Q2013: Uncertainty about the debt ceiling negotiations & Italian elections could offset domestic positives from possibly monetary easing and a bottom in the growth cycle

Mild depreciation likely.

2Q2013: Some relief likely in response to global reflation trade, RBI cutting policy rates and improvement in domestic economic indicators.

3Q2013: EU sovereign concerns results in another round of global risk aversion restricting fund flows into the domestic markets.

Investor concerns about the domestic political environment likely to surface.

4Q2013: Some relief in response to ECB's actions.

But concerns about domestic political environment and concerns about the domestic fiscal position likely to restrict any major appreciation in the INR.

Balance of payments forecasts

Brent @ 112				Brent @ 110		Brent @ 113	
(in USD billion)	**FY12**	**1QFY13**	**2QFY13**	**FY13 F**	**YoY %**	**FY14F**	**YoY%**
Exports	309.8	76.7	69.8	294.3	-5.0	309.0	5.0
Imports: (a) + (b)	499.6	119.0	118.2	496.3	-0.7	524.3	5.7
(a) Oil	154	42.8	40.2	164.6	6.9	177.0	7.5
(b) Non-oil:	345.6	76.2	78.0	331.7	-4.0	347.3	4.7
--Gold imports	63.2	9.4	11.9	41.3	-34.7	36.0	-12.8
--Non-oil ex gold	297.7	68.0	66.1	290.4	-2.5	311.3	7.2
Merchandise balance	**-189.8**	**-42.3**	**-48.4**	**-201.9**		**-215.3**	
Software exports	60.9	15	15.6	66.6	9.3	71.9	8.0
Private transfers	63.5	16.8	16.1	69.6	9.7	76.6	10.0
Other	-12.8	-6	-5.8	-20.8		-23.0	
Net Invisibles	**111.6**	**25.8**	**25.9**	**115.4**	**3.4**	**125.5**	**8.7**
Current account (CA)	**-78.2**	**-16.5**	**-22.5**	**-86.5**		**-89.8**	
CA % of GDP	**-4.2**	**-3.9**	**-5.4**	**-4.6**		**-4.2**	
FDI	22.2	3.9	8.9	22.8		24.0	
Portfolio flows	17.1	-1.9	7.7	20.8		20.0	
External loans	19.3	5.9	5.4	22.3		25.0	
--External assistance	2.3	0	0.1	0.4			
--ECB	10.4	0.5	1.2	4.7			
--Short-term trade credit	6.8	5.4	4.1	17.2			
Banking capital	16.2	9.4	5.5	24.9		20.0	
--NR Deposits	12	6.6	2.8				
Other capital flows	-7	-1.2	-3.6	-9.8		-4.0	
Total capital account	**67.8**	**16.1**	**23.9**	**81.0**		**85.0**	
Errors & Omission	**-2.4**	**1**	**-1.6**				
Overall BOP	**-12.8**	**0.6**	**-0.2**	**-5.5**		**-4.8**	

Source: RBI, HDFC Bank & Reuters

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