

Business Cycle Indicator (BCI)

Gauge the business climate in India

Timely information on the state of the business cycle in the Indian economy. A monthly composite indicator of primary and secondary macro variables.

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Compare with Co-incident Indicators

Click on names on the top to compare with BCI. Click again to turn off comparison.



Compare with Components

Click on components' names to compare with BCI. Click again to turn off comparison.



Detailed view

Double-click an indicator name for a detailed view



Heatmap view of Components

Heatmap button below the indicators turns on the Heatmap View of all the indicators. Click it again to hide heatmap view.

Key Facts

Business Cycle Indicator

Frequency
Monthly

Components
21 Economic Indicators
tracked monthly

Benchmark Series
Index for Industrial
Production (IIP)

Empirical Time Series
1998-2011

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The ZyFin Research Business Cycle Indicator provides timely information on the future course of the Indian economy based on signals deciphered from a scientifically selected set of economic indicators (proprietary and secondary), each with a lead impact on the Indian economy (as measured by the Index for Industrial Production). This composite indicator is designed as a classic lead indicator of the business cycle, which rises prior to an economic expansion and falls before an economic contraction.

In general, the state of the Indian economy is primarily gauged by data collected and released by the Indian government. However, several issues undermine the integrity and value of this reporting system; for instance, much of the data can be out-of-date since the government's economic updates are based on 45- to 60-day-old data. Timely information is critical in a fast-paced world and ZyFin Research's Business Cycle Indicator meets this need.

The ZyFin Research Business Cycle Indicator has been developed by a team of economists and statisticians led by Dr. Sam Thomas, Ph.D., Senior Advisor at ZyFin Research. Dr. Thomas is also Professor of Banking and Finance at the Weatherhead School of Management of Case Western Reserve University in Cleveland, Ohio.

Methodology

Data Validation

- ☑ **Data validity** : Indicators are shortlisted using economic logic, ensuring the historical data cover at least two complete business cycles of the Indian economy.
- ☑ **Statistical validity** : The existing raw data series is statistically smoothed and rationalised and lead periods are detected through granger causality tests.
- ☑ **Economic validity** : Each of the statistically validated components is subjected to economic validity tests before including it in the final computation.
- ☑ **Back-tests** : Data have been empirically back-tested till the year 1998, ensuring coverage of a large number of inherent cycles during the period 1998-2012.

Construction

- ☑ After finalizing a set of lead variables through statistical and economic filters, an estimation model based on a regression framework is developed.
- ☑ The model is used as a reference for deriving weights for each of the underlying components used to construct the composite Business Cycle Indicator.
- ☑ Based on the existing model, adjusted R-square stands at 0.85

Data Sources

The raw data have both proprietary and non-proprietary elements. Proprietary data on consumer confidence are sourced from monthly Zyfin Consumer Confidence Survey Reports. PMI Services data is sourced from Markit's monthly PMI surveys (India). The rest of the data are broadly sourced from corresponding Central Government Ministry websites, the Reserve Bank of India and Centre for Monitoring Indian Economy (CMIE).

DELIVERY CHANNELS

Report

The monthly Business Cycle Indicator report summarises the results for the corresponding month and highlights existing and evolving trends among the sub components. It also includes commentaries from noted macro-economic experts on prevailing trends.

Data Subscription

Time series data is available in the form of Microsoft® Excel Add-Ins, which allows auto download of relevant data fields.

Web/Mobile Application (App)

The data can also be easily viewed through our state-of-the-art web/mobile application with a user friendly interface that allows data views through multiple iterations.

Disclaimer

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