

# Macro Insights

December 2022

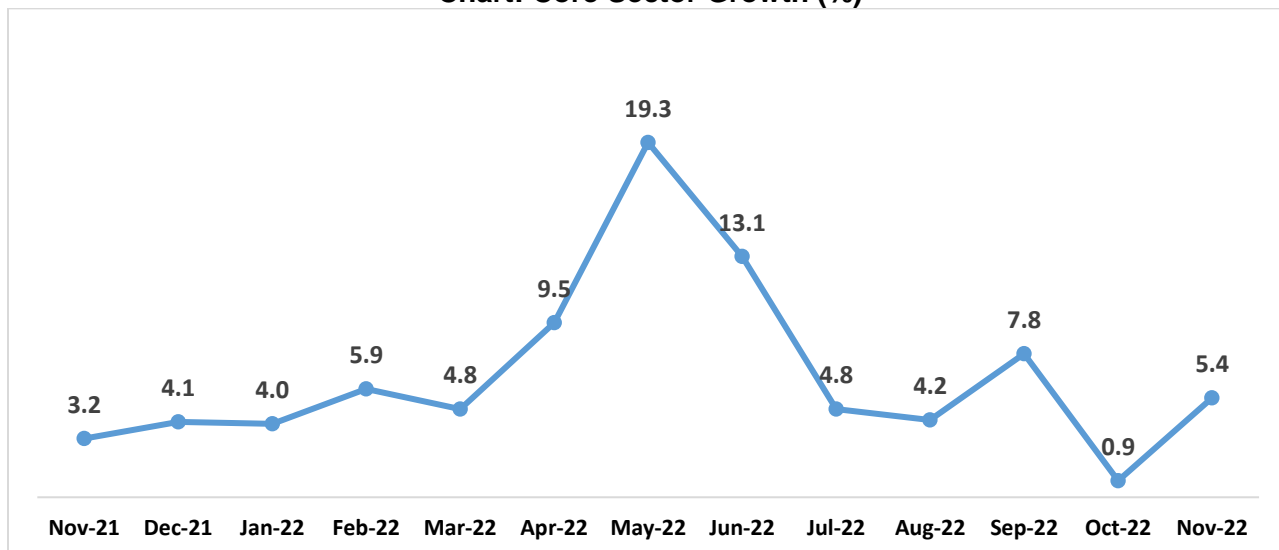
## Core Sector

Core Sector Output has grown by 5.4% in Nov'22 as compared to a growth of 0.9% in Oct'22 and growth of 3.2% in Nov'21 last year.

## Highlights:

- ☞ Coal grew by 12.3% in Nov'22. The cumulative index rose by 17.2% from April until November FY23.
- ☞ Crude oil fell by 1.1% YoY in Nov'22. The growth in cumulative index from April until Nov FY23 is -1.4%.
- ☞ Natural gas output fell by 0.7% YoY in November 2022, while its cumulative index rose by 0.7% from April to Nov FY23.
- ☞ Petroleum refineries declined by 9.3% YoY in Nov'22 and overall cumulative index climbed 5.7% from April to Nov FY23 over the same period in the previous year.
- ☞ Fertilizer output rose 6.4% YoY in Nov'22, and its cumulative index rose 10.0% from April to Nov FY23 compared to the same period the year before.
- ☞ Steel output climbed by 10.8% YoY in Nov'22, while its cumulative index jumped by 7.1% from April to Nov FY23
- ☞ Cement output increased by 28.6% in Nov'22, and its cumulative index grew by 10.8% from April to Nov FY23
- ☞ Electricity generation jumped by 12.1% in Nov'22 while the cumulative index climbed by 9.7% from April to Nov FY23.

Chart: Core Sector Growth (%)



### Components of Core Sector

| Sr No | Sector (Growth %)         | Weight        | Nov'21     | Aug'22     | Sept'22    | Oct'22     | Nov'22     |
|-------|---------------------------|---------------|------------|------------|------------|------------|------------|
| 1     | Coal                      | 10.33         | 8.2        | 7.7        | 12.0       | 3.7        | 12.3       |
| 2     | Crude Oil                 | 8.98          | -2.2       | -3.3       | -2.3       | -2.2       | -1.1       |
| 3     | Natural Gas               | 6.88          | 23.7       | -0.9       | -1.7       | -4.2       | -0.7       |
| 4     | Refinery Products         | 28.04         | 4.3        | 7.0        | 6.6        | -3.1       | -9.3       |
| 5     | Fertilizers               | 2.63          | 2.5        | 11.9       | 11.8       | 5.4        | 6.4        |
| 6     | Steel                     | 17.92         | 0.9        | 5.8        | 5.7        | 6.5        | 10.8       |
| 7     | Cement                    | 5.37          | -3.6       | 2.1        | 12.4       | -4.3       | 28.6       |
| 8     | Electricity               | 19.85         | 2.1        | 1.4        | 11.6       | 1.2        | 12.1       |
|       | <b>Overall Core index</b> | <b>100.00</b> | <b>3.2</b> | <b>4.2</b> | <b>7.8</b> | <b>0.9</b> | <b>5.4</b> |

### Views:

- Although the growth of core sector rebounded sharply in Nov'22 the recovery was not broad-based. The rise was due to a lower base and double-digit expansion in four (Coal, Cement, Steel, Electricity) of the eight areas.
- The steel and cement sectors are expected to register good yoy growth in the near term on the back of sustained capex support from both the state and the union government.
- IIP will display an improvement over the previous month. We expect IIP number to remain between 3-4%. However weak exports will likely drag down the IIP numbers.

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