

# Macro Insights

April 2023

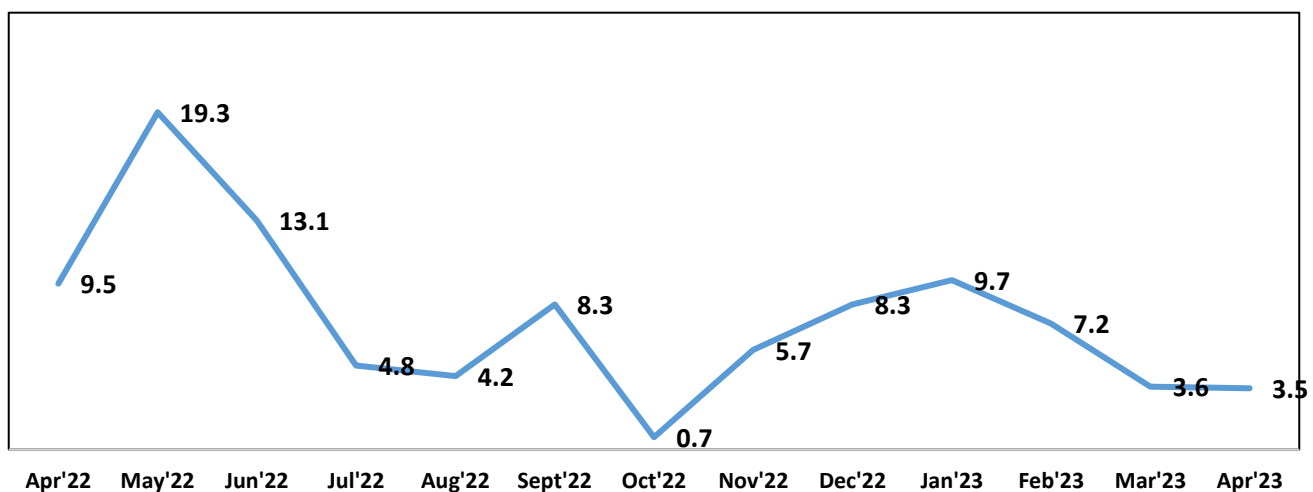
## Core Sector

Core Sector Output grew to Six-month low at 3.5% in Apr'23 as compared to a growth of 3.6% in Mar'23 and growth of 9.5% in Apr'22

## Highlights:

- ☞ Coal grew by 9.0% in Apr'23. The cumulative index rose by 14.9% from FY23.
- ☞ Crude oil fell by 3.5% YoY in Apr'23. The growth in cumulative index from FY23 is -1.7%.
- ☞ Natural gas output fell by 2.8% YoY in Apr'23, while its cumulative index rose by 1.6% from FY23.
- ☞ Petroleum refineries declined by 1.5% YoY in Apr'23 and overall cumulative index climbed 4.8% from FY23 over the same period in the previous year.
- ☞ Fertilizer output rose 23.5% YoY in Apr'23, and its cumulative index rose 11.3% from FY23 compared to the same period the year before.
- ☞ Steel output climbed by 12.1% YoY in Apr'23, while its cumulative index jumped by 8.9% from FY23.
- ☞ Cement output increased by 11.6% in Apr'23, and its cumulative index grew by 8.7% from FY23.
- ☞ Electricity generation declined by 1.4% in Apr'23 while the cumulative index climbed by 8.9% from FY23.

Chart: Core Sector Growth (%)



### Components of Core Sector

| Sr No | Sector (Growth %)         | Weight     | Apr'22     | Jan'23     | Feb'23     | Mar'23     | Apr'23     |
|-------|---------------------------|------------|------------|------------|------------|------------|------------|
| 1     | Coal                      | 10.33      | 30.1       | 13.6       | 8.5        | 12.2       | 9.0        |
| 2     | Crude Oil                 | 8.98       | -0.9       | -1.1       | -4.9       | -2.8       | -3.5       |
| 3     | Natural Gas               | 6.88       | 6.4        | 5.2        | 3.2        | 2.7        | -2.8       |
| 4     | Refinery Products         | 28.04      | 9.2        | 4.5        | 3.3        | 1.5        | -1.5       |
| 5     | Fertilizers               | 2.63       | 8.8        | 17.9       | 22.2       | 9.7        | 23.5       |
| 6     | Steel                     | 17.92      | 2.5        | 14.3       | 11.6       | 8.8        | 12.1       |
| 7     | Cement                    | 5.37       | 7.4        | 4.7        | 7.4        | -0.6       | 11.6       |
| 8     | Electricity               | 19.85      | 11.8       | 12.7       | 8.2        | -1.6       | -1.4       |
|       | <b>Overall Core index</b> | <b>100</b> | <b>9.5</b> | <b>9.7</b> | <b>7.2</b> | <b>3.6</b> | <b>3.5</b> |

### Views:

- Output of eight infrastructure industries – the core sector – slowed marginally to 3.5% in April, from 3.6% in March, the slowest pace in the past six months, owing to the contraction in electricity, refined products, natural gas, and crude oil sectors.
- Given that these core sectors have a combined weight of 40.3% in the index of industrial production (IIP), we expect IIP growth in the month to be at 3% to 4% in Apr'23.

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