

Macro Insights

May 2023

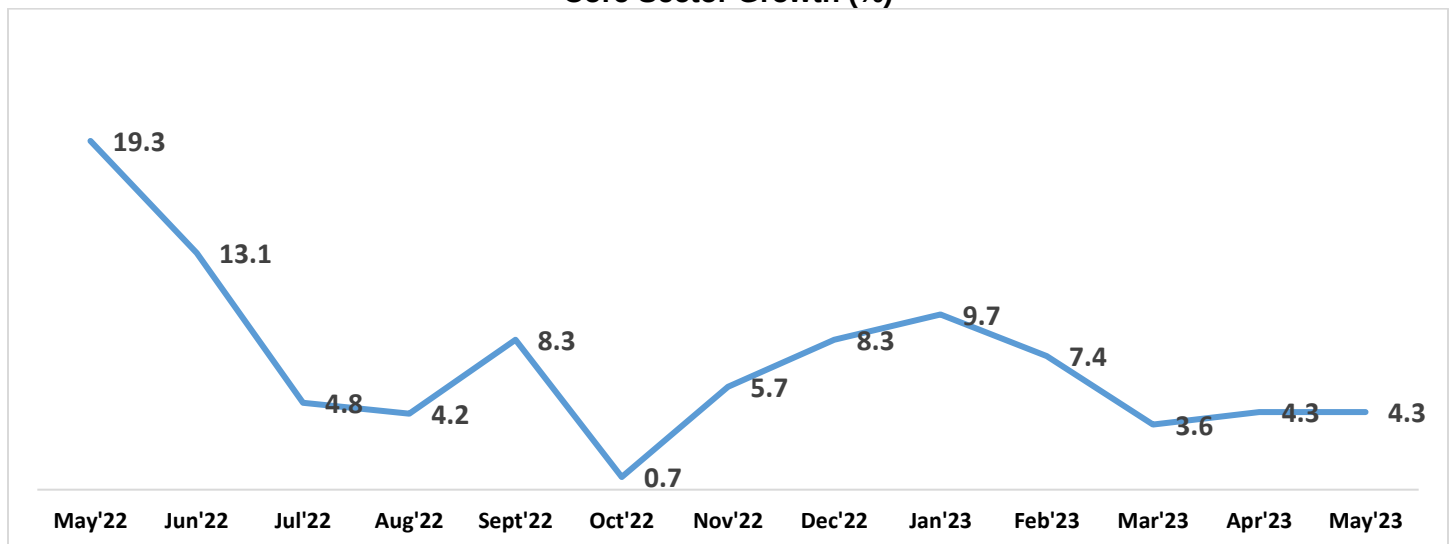
Core Sector

Core Sector Output grew to 4.3% in May'23 unchanged from Apr'23 and growth of 19.3% in May'22 last year.

Highlights:

- ☞ Coal grew by 7.2% in May'23. The cumulative index rose by 8.2% from April-May' 2023.
- ☞ Crude oil fell by 1.9% YoY in May'23. The growth in cumulative index from April-May'2023 is -2.7%.
- ☞ Natural gas output fell by 0.3% YoY in May'23, while its cumulative index fell by 1.5% from April-May'2023.
- ☞ Petroleum refineries grew by 2.8% YoY in May'23 and overall cumulative index climbed 0.7% from April-May'2023.
- ☞ Fertilizer output rose 9.7% YoY in May'23, and its cumulative index rose 15.7% from April-May'2023 compared to the same period the year before.
- ☞ Steel output climbed by 9.2% YoY in May'23, while its cumulative index jumped by 12.2% from April-May'2023.
- ☞ Cement output increased by 15.5% in May'23, and its cumulative index grew by 13.7% from April-May'2023.
- ☞ Electricity generation declined by 0.3% in May'23 while the cumulative index declined by 0.7% from April-May'2023.

Core Sector Growth (%)



Components of Core Sector

Sr No	Sector (Growth %)	Weight	May'22	Feb'23	Mar'23	Apr'23	May'23
1	Coal	10.33	33.5	9.0	12.2	9.1	7.2
2	Crude Oil	8.98	4.6	-4.9	-2.8	-3.5	-1.9
3	Natural Gas	6.88	7.0	3.1	2.7	-2.8	-0.3
4	Refinery Products	28.04	16.7	3.3	1.5	-1.5	2.8
5	Fertilizers	2.63	22.9	22.2	9.7	23.5	9.7
6	Steel	17.92	15.1	12.4	8.8	15.3	9.2
7	Cement	5.37	26.2	7.4	-0.6	12.0	15.5
8	Electricity	19.85	23.5	8.2	-1.6	-1.1	-0.3
	Overall Core index	100	19.3	7.4	3.6	4.3	4.3

Views:

- Output of eight infrastructure industries – the core sector remained stable in May'23 although electricity generation, crude oil and natural gas production contracted. Cement and steel production remained robust during the month, indicating a strong demand for infrastructure sector.
- 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 May'23.

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