

Macro Insights

31st August 2023

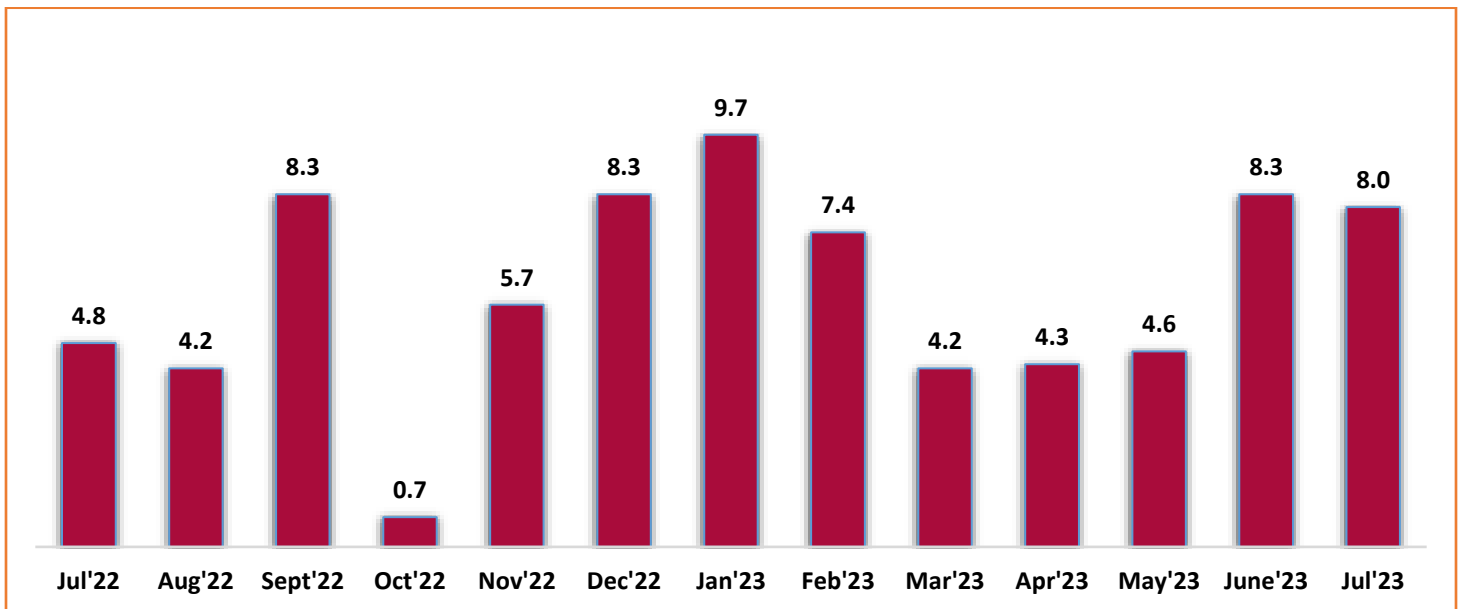
Core Sector slows down slightly

Core Sector growth pace slows down to 8.0 per cent.

Highlights:

- ☛ Coal Industry growth has increased to 14.9 per cent. It has been consistently rising since May'23.
- ☛ Crude Oil growth has come out of negative zone and recorded the growth of 2.1 per cent.
- ☛ Natural gas has recorded the growth of 8.9 per cent which is more than double the growth rate in June'23.
- ☛ Refinery products growth rate has slowed down since June'23 to 3.6 per cent
- ☛ Fertilizers growth has also slowed down to 3.3 per cent marginally since June'23
- ☛ Steel Industry growth has slowed down to 13.5 per cent however it remained in double digits.
- ☛ Cement Industry also slowed down to 7.1 per cent while Electricity continued to increase.

Chart: Eight Core Industries Growth – July'23



Source: https://eaindustry.nic.in/eight_core_infra/eight_infra.pdf

Table: Components of Eight Core Sector

Sr. No	Sector	Weight	Jul'22	May'23	June'23	Jul'23
1	Coal	10.33	11.4	7.2	9.8	14.9
2	Crude Oil	8.98	-3.8	-1.9	-0.6	2.1
3	Natural gas	6.88	-0.3	-0.3	3.5	8.9
4	Refinery Products	28.04	6.2	2.8	4.6	3.6
5	Fertilizers	2.63	6.2	9.7	3.4	3.3
6	Steel	17.92	7.5	10.9	20.8	13.5
7	Cement	5.37	0.7	15.3	9.9	7.1
8	Electricity	19.85	2.3	0.8	4.2	6.9
	Overall Index	100.00	4.8	5.0	8.3	8.0

Our View and Outlook:

- All the eight core sectors of the economy are in positive zone which is a good sign for the overall growth of the economy.
- With 8 Core Sectors comprising of 40 per cent of the Index of Industrial Production Index, it is expected that the IIP Number may have some moderation for the month of July.
- With healthy demand prospects and enhanced capacity utilization, we may see some hike in the numbers going forward.

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