

Macro Insights

30th November 2023

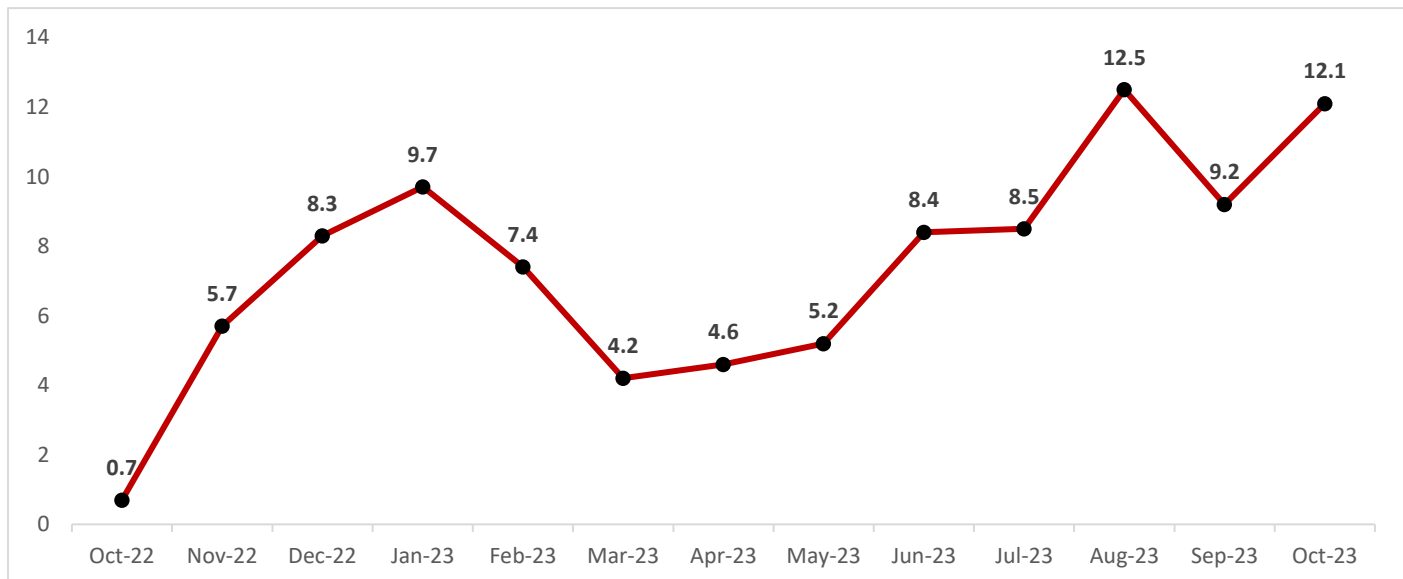
Core Sector growth at a robust 12.1%

The Index of Eight Core Industries increased by 12.1% y-o-y in October 2023. The production in all the eight core industries recorded a huge jump in October 2023 vis-à-vis the corresponding month last year. Growth in the index was almost flat in October last year.

Highlights:

- ☞ The sectors of coal (18.4%), cement (17.1%), steel (11.0%) and electricity (20.3%) recorded double-digit growth in October 2023.
- ☞ Output in the crude oil sector, was the lowest at 1.3% y-o-y in October 2023, although this was an improvement over the previous month's contraction of 0.4%.
- ☞ The index exhibited substantial broad based recovery in growth in October 2023.

Eight Core Industries– October'23 (YoY Growth in %)



Source: Office of Economic Adviser

Components of Eight Core Sector (YoY Growth in %)

Sr. No	Sector	Weight	Oct-22	Aug-23	Sep-23	Oct-23
1	Coal	10.33	3.8	17.9	16.0	18.4
2	Crude Oil	8.98	-2.2	2.1	-0.4	1.3
3	Natural gas	6.88	-4.2	10	6.6	9.9
4	Refinery Products	28.04	-3.1	9.5	5.5	4.2
5	Fertilizers	2.63	5.4	1.8	4.2	5.3
6	Steel	17.92	5.8	12.4	13.8	11.0
7	Cement	5.37	-4.2	19.3	4.6	17.1
8	Electricity	19.85	1.2	15.3	9.9	20.3
	Overall Index	100.00	0.7	12.5	9.2	12.1

Source: Office of Economic Adviser

Our View and Outlook:

- A receding monsoon season as well as accelerated pace of both centre and state capex provided substantial support to growth in the index- especially in the cement, steel, and electricity sectors.
- The sectors also received a boost from exports which grew for the first time in October 2023- after being in the negative territory for eight consecutive months.
- Pre-festive sales also strengthened the manufacturing sector in the country, thereby providing a thrust to the eight core industries.
- Growth in the index is beginning to indicate a long-term upward trajectory- which is also likely to exert upward pressure on the IIP.

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