

Macro Insights

3rd October, 2022

8 Core Industries data fall to 9 months low

- The growth output of eight core infrastructure sectors grew 3.3 per cent in August, the lowest in nine months, as against 12.2 per cent in the year-ago period, according to official data released.
- The production growth of eight infrastructure sectors, coal, crude oil, natural gas, refinery products, fertilizer, steel, cement, and electricity, was 9.8 per cent during April-August this fiscal year, compared to 19.4 per cent a year ago.



Eight Core Industries data showed a drop continuously

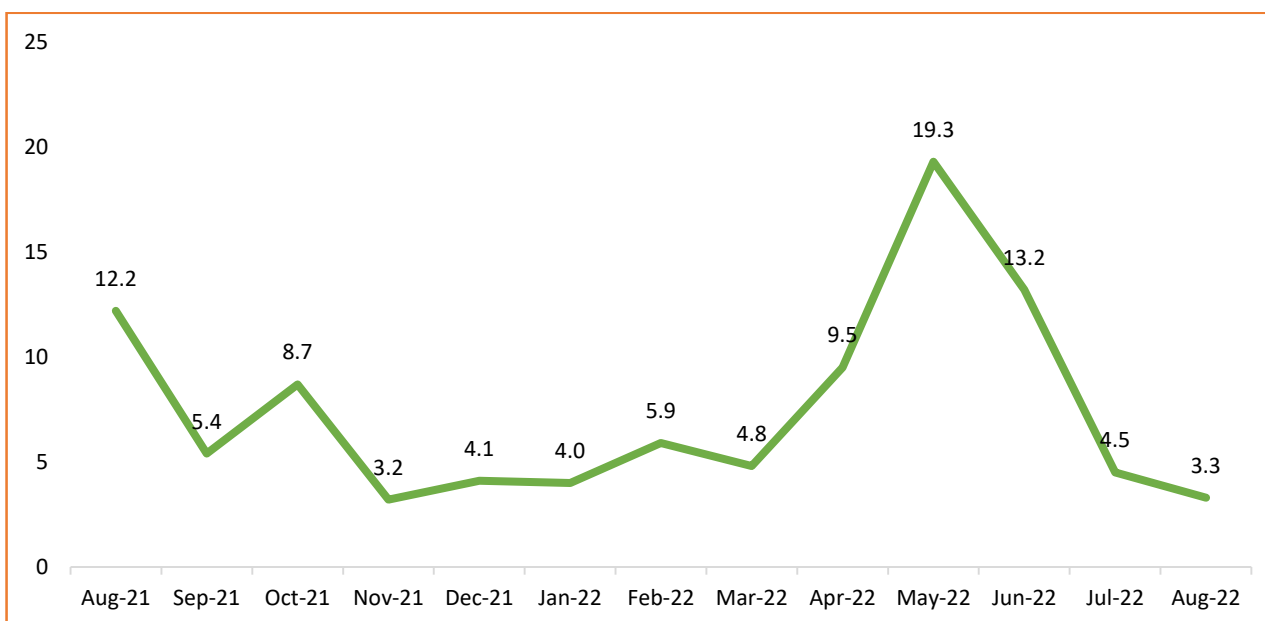


Its growth falls to 9 months low.



It is expected that continued thrust on capex by the government, improvement in capacity utilization in manufacturing and pick-up in non-food credit to sustain the expansion in industrial activity.

Chart: growth of Eight Core Industries-Aug'22



1. **Production of coal (weight: 10.33%)** grew by 7.6% in August 2022 compared to August 2021. In comparison to the same time in 2022–2023, its cumulative index rose by 22.7% from April until August in FY23.
2. **Production of crude oil (weight: 8.98%)** fell by 3.3% YoY in August 2022
3. **Natural gas output (weight: 6.88%)** fell by 0.9% YoY in August 2022, while its cumulative index rose by 2.6% from April to August 2022–2023 compared to the same period the year before.
4. **Production at petroleum refineries (weight: 28.04%)** climbed 7.0% YoY in August 2022 over August 2021, and overall cumulative index climbed 10.8% from April to August 2022–2023 over the same period in the previous year.
5. **Fertilizer output (weight: 2.63%)** rose 11.9% YoY in August 2022 compared to August 2021, and its cumulative index rose 11.4% from April to August 2022–2023 compared to the same period the year before.
6. **Steel output (weight: 17.92%)** climbed by 2.2% YoY in August 2022, while its cumulative index jumped by 5.8% from April to August of the corresponding period of the year before.
7. **Cement output (weight: 5.37%)** climbed by 1.8% compared to August 2021, and its cumulative index grew by 10.6% from April to August 2022–2023 compared to the same period in the previous year.
8. **Electricity generation (weight: 19.85%)** jumped by 0.9% in August 2022 versus August 2021 while the cumulative index climbed by 10.5% from April to August 2022–2023 compared to the same time the previous year.

Way Forward

- The normalization of the base effect has resulted in softening of core sector growth to 3.3% in August 2022. The ongoing industrial recovery is still weak as the core sector output is only 3.5% higher than the pre-Covid level (February 2020).
- Going forward, it is expected that continued thrust on capex by the government, improvement in capacity utilization in manufacturing and pick-up in non-food credit to sustain the expansion in industrial activity.

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