

Economic Intelligence Cell - Neha Gulati, Economist

Macro Insights

December 2022

Core Sector

Core Sector Output has grown by 7.4% in Dec'22 as compared to a growth of 5.7% in Nov'22 and growth of 4.1% in Dec'21 last year.

Highlights:

- Coal grew by 11.5% in Dec'22. The cumulative index rose by 16.4% from April until Dec FY23.
- Crude oil fell by 1.2% YoY in Dec'22. The growth in cumulative index from April until Dec FY23 is -1.3%.
- In the second second
- Petroleum refineries increased by 3.7% YoY in Dec'22 and overall cumulative index climbed 5.5% from April to Dec FY23 over the same period in the previous year.
- Fertilizer output rose 7.3% YoY in Dec'22, and its cumulative index rose 9.6% from April to Dec FY23 compared to the same period the year before.
- Steel output climbed by 9.2% YoY in Dec'22, while its cumulative index jumped by 7.7% from April to Dec FY23.
- Cement output increased by 9.1% in Dec'22, and its cumulative index grew by 10.6% from April to Dec FY23.
- Electricity generation jumped by 10.1% in Dec'22 while the cumulative index climbed by 9.8% from April to Dec FY23.





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| Sr No | Sector (Growth %) | Weight | Dec'21 | Sept'22 | Oct'22 | Nov'22 | Dec'22 |
|-------|--------------------|--------|--------|---------|--------|--------|--------|
| 1 | Coal | 10.33 | 5.2 | 12.1 | 3.7 | 12.2 | 11.5 |
| 2 | Crude Oil | 8.98 | -1.8 | -2.3 | -2.2 | -1.1 | -1.2 |
| 3 | Natural Gas | 6.88 | 19.5 | -1.7 | -4.2 | -0.7 | 2.6 |
| 4 | Refinery Products | 28.04 | 5.9 | 6.6 | -3.1 | -9.3 | 3.7 |
| 5 | Fertilizers | 2.63 | 3.5 | 11.8 | 5.4 | 6.4 | 7.3 |
| 6 | Steel | 17.92 | -0.6 | 7.7 | 6.5 | 11.7 | 9.2 |
| 7 | Cement | 5.37 | 14.2 | 12.4 | -4.3 | 29 | 9.1 |
| 8 | Electricity | 19.85 | 2.9 | 11.6 | 1.2 | 12.7 | 10 |
| | Overall Core index | 100 | 4.1 | 8.3 | 0.9 | 5.7 | 7.4 |

Components of Core Sector

Views:

- Although the growth of core sector rebounded sharply in Dec'22 the recovery was not broadbased. Crude oil, Natural gas and refinery products still have slower growth rate.
- Growth in steel and cement output signals strong infrastructure activity and private construction. Crude oil output shrank 1.2% in December, hit by volatile prices and limited investment in new fields.
- IIP will display an improvement over the previous month. We expect IIP number to remain between 8-10%. However weak exports will likely drag down the IIP numbers.

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