

Macro Insights

December 2022

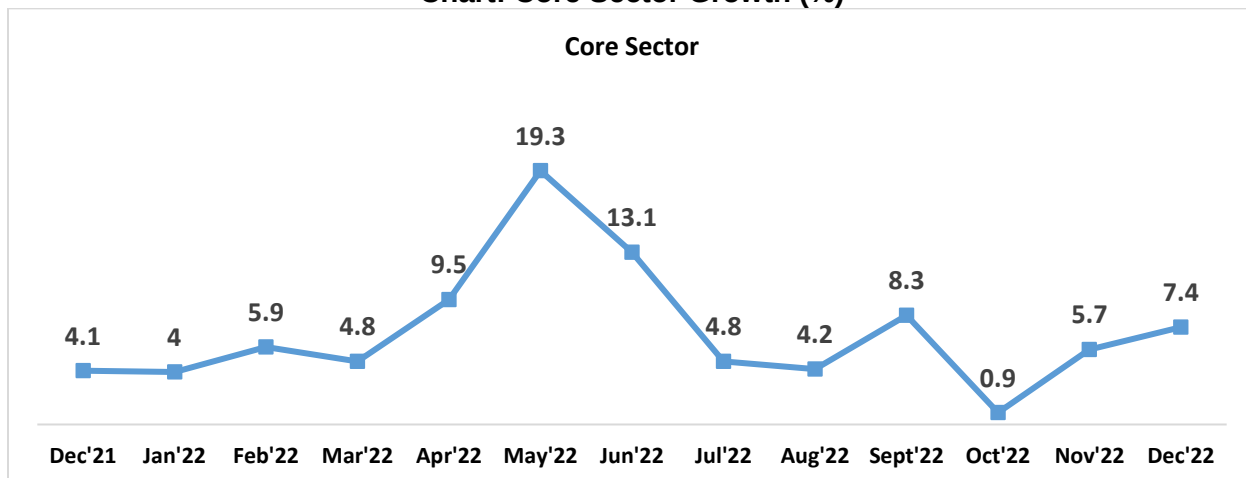
Core Sector

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%.
- ☞ Natural gas output grew by 2.6% YoY in Dec'22, while its cumulative index rose by 0.9% from April to Dec FY23.
- ☞ 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.

Chart: Core Sector Growth (%)



Components of Core Sector

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

Views:

- Although the growth of core sector rebounded sharply in Dec'22 the recovery was not broad-based. 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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