

Macro Insights

11th August 2023

Highlights:

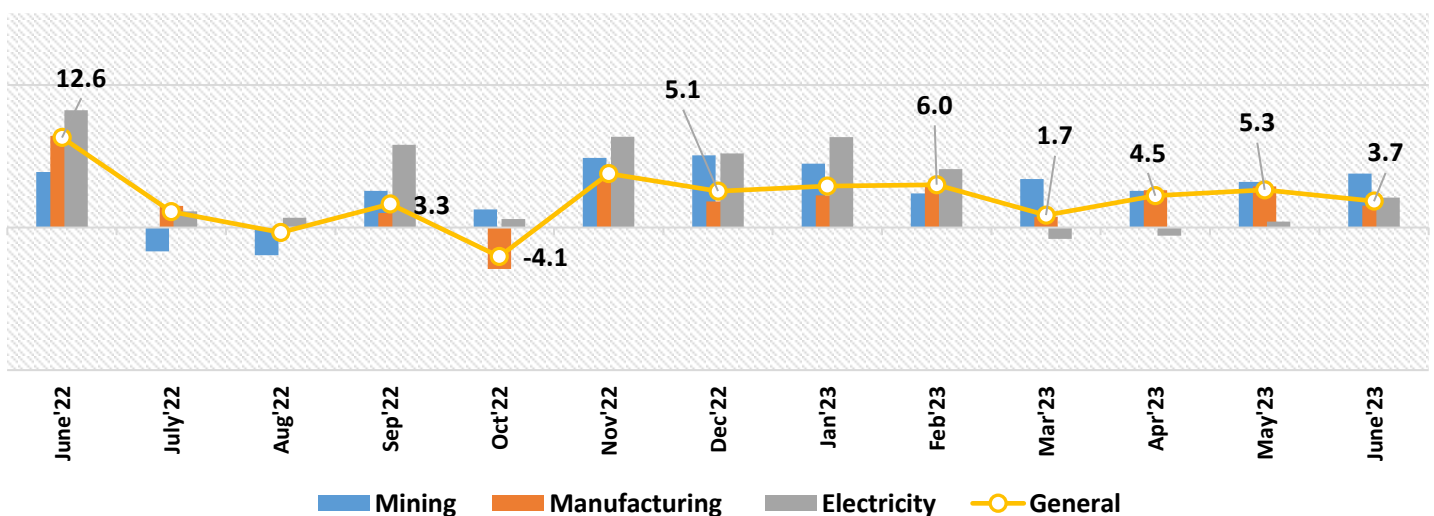
IIP growth slows down to 3.7%

The latest industrial growth is at a three-month low.

- Industrial growth in June was dragged down by a weaker increase in the manufacturing output, which rose by 3.1 percent year-on-year compared to 5.8 percent in May.
- In June, mining output rose by 7.6 percent, up from 6.4 percent in May'23. Electricity production was up 4.2 percent from the low of 0.9 per cent.
- In Use based classification, only consumer durable is showing the negative growth and the highest growth has been observed in Infrastructure/Construction Goods
- Capital goods and Consumer Non-Durable showed the marginal growth.

Chart: IIP Growth % (Sector-wise)

Movement of Sectoral Index of Industrial Production (IIP) June'23



Note: General implies overall IIP

Table: IIP growth % (Sector-wise)

Component	Weight	June'22	Mar'23	May'23	June'23
Mining	14.37%	7.8	6.8	6.4	7.6
Manufacturing	77.63%	12.9	1.5	5.8	3.1
Electricity	7.99%	16.4	-1.6	0.9	4.2
IIP Index -General	100%	12.6	1.7	5.3	3.7

Table: IIP growth % (Usage-wise)

Component	Weight	June'22	Mar'23	May'23	June'23
Primary Goods	34.05%	13.8	3.3	3.6	5.2
Capital Goods	8.22%	28.6	9.1	8.1	2.2
Intermediate Goods	17.22%	10.5	1.8	3.0	4.5
Infra/Construction Goods	12.34%	9.4	7.0	11.3	11.3
Consumer Durables	12.84%	25.2	-8.0	1.2	-6.9
Consumer Non- Durables	15.33%	2.9	-1.9	8.4	1.2

Views:

- Growth in Mining and Electricity have picked up due to slowdown in rainfall in June month which proved favourable for Mining activities.
- Slowdown in Manufacturing indicates that there is subdued demand but it is anticipated that in the third quarter festival demand would contribute to growth.
- It is expected that IIP growth to witness an uptick to 4-6 percent in July'23.

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