

Macro Insights

4th March 2024

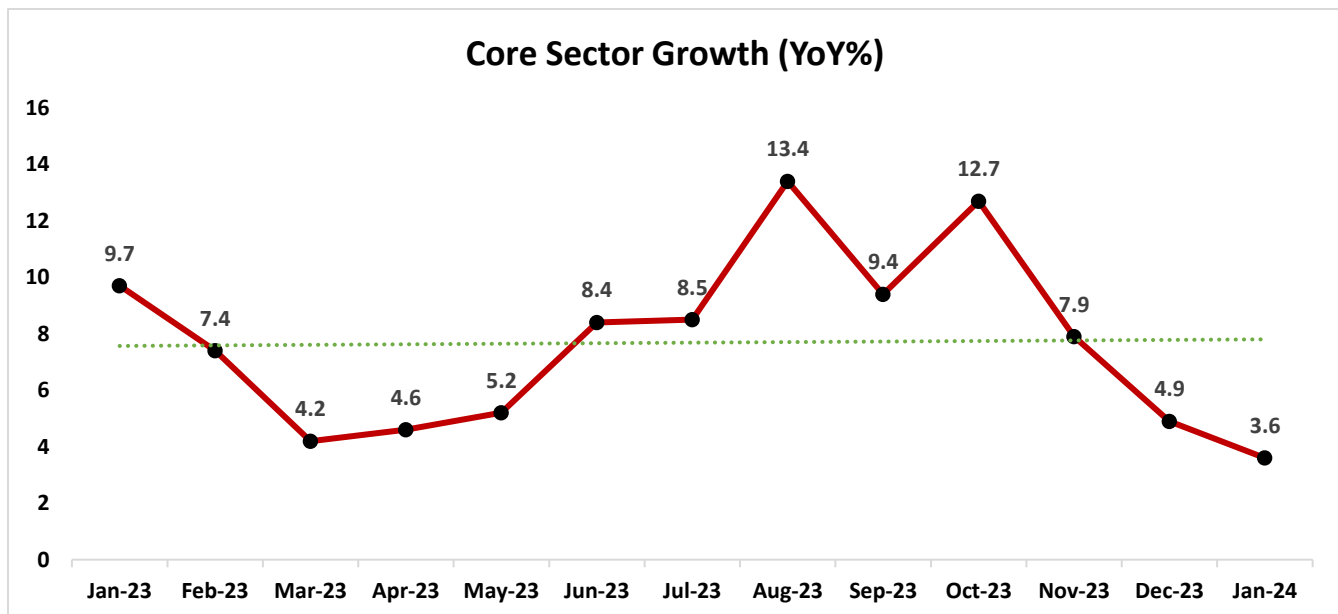
Highlights:

Core Sector growth hits 15 -month low of 3.6%.

The Index of Eight Core Industries increased by 3.6% y-o-y in January 2024 vis-à-vis 4.9% in the previous month and 9.7% in the same month last year. This is the lowest growth registered in the index in past 15 months.

- ☞ The production of coal, steel, cement, natural gas, electricity and crude oil recorded positive growth in January 2024.
- ☞ Steel sector's growth slowed to 7 percent in January 2024, down from 14.3 percent in the same month last year.
- ☞ Growth in the electricity sector dipped from 12.7% in January 2023 to 5.2 percent in January 2024.

Eight Core Industries– January'24 (YoY Growth in %)



Source: Office of Economic Adviser

Components of Eight Core Sector (YoY Growth in %)

Sr. No	Sector	Weight	Jan-23	Nov-23	Dec-23	Jan-24
1	Coal	10.3	13.6	10.9	10.7	10.2
2	Crude Oil	9.0	-1.1	-0.4	-1.0	0.7
3	Natural gas	6.9	5.2	7.6	6.6	5.5
4	Refinery Products	28.0	4.5	12.4	4.0	-4.3
5	Fertilizers	2.6	17.9	3.4	5.8	-0.6
6	Steel	17.9	14.3	9.4	7.6	7.0
7	Cement	5.4	4.7	-4.0	3.8	5.6
8	Electricity	19.9	12.7	5.7	1.2	5.2
	Overall Index	100.0	9.7	7.9	4.9	3.6

Source: Office of Economic Adviser

Our Views:

- Core sector growth slid to a 15-month low of 3.6 per cent in January 2024, with contractions emerging in refinery products and fertilizers and a sub-1 per cent rise in natural gas.
- Cement and steel, which are reflective of capex of government witnessed fairly good growth of 7 per cent and 5.6 per cent notwithstanding the high base effect.
- Despite the slowdown in January, the cumulative growth of the eight core industries for the April-January period stood at 7.7% compared to 8.3% in the same period last year.

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