

Macro Insights

28th June 2024

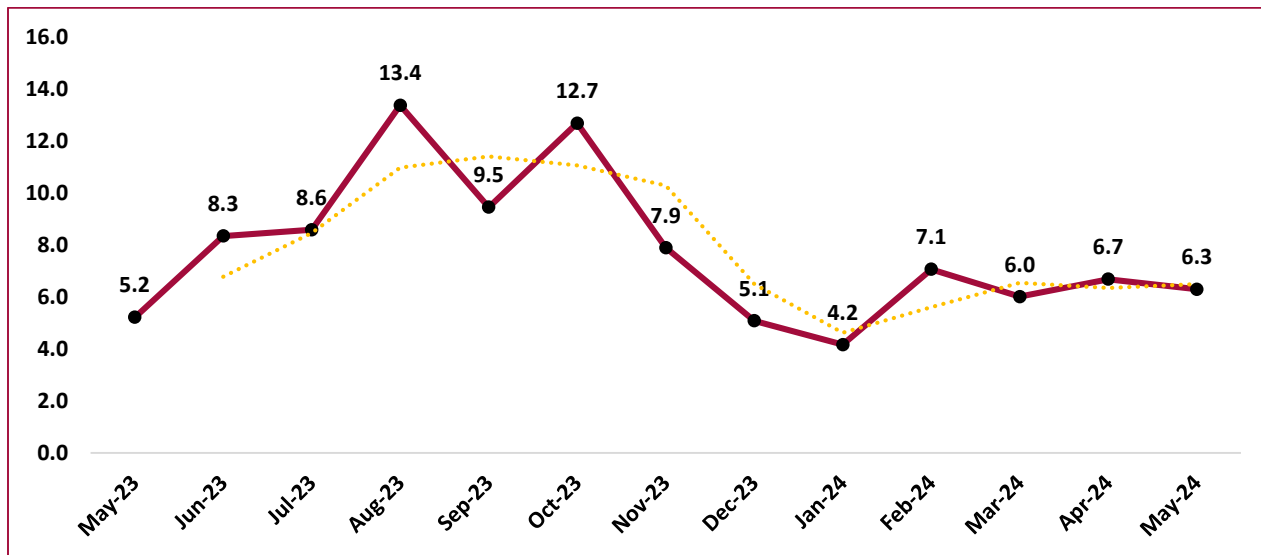
Highlights:

Core Sector grows at 6.3% in May 2024.

Growth in the Index of Eight Core Industries eased slightly to 6.3% y-o-y in May 2024 vis-à-vis 6.7% in the previous month. However, it was higher as compared to May 2023 when the index registered a growth of 5.2%.

- ☞ Compared to the last month (April 2024), sectors of coal (10.2%) and electricity (12.8%) witnessed robust double-digit growth in May 2024.
- ☞ Output in the sectors of crude oil (-1.1%), fertilizers (-1.7%) and cement (-0.8%) further decelerated in May 2024 as compared to April 2024.
- ☞ Output in the natural gas, refinery, and steel sectors expanded at 7.5%, 0.5%, and 7.6%, respectively in May 2024.

Eight Core Industries– May 2024 (YoY Growth in %)



Source: Office of Economic Adviser

Components of Eight Core Sector (YoY Growth in %)

Sr. No	Sector	Weight	May-23	Feb-24	Mar-24	Apr-24	May-24
1	Coal	10.3	7.2	11.6	8.7	7.5	10.2
2	Crude Oil	9.0	-1.9	7.9	2.1	1.7	-1.1
3	Natural gas	6.9	-0.4	11.2	6.3	8.6	7.5
4	Refinery Products	28.0	2.8	2.6	1.6	3.9	0.5
5	Fertilizers	2.6	9.7	-9.5	-1.3	-0.8	-1.7
6	Steel	17.9	11.9	9.4	6.5	8.8	7.6
7	Cement	5.4	16.0	7.8	10.6	-0.5	-0.8
8	Electricity	19.9	0.9	7.6	8.6	10.2	12.8
	Overall Index	100.0	5.2	7.1	6.0	6.7	6.3

Source: Office of Economic Adviser

Views & Outlook:

- Contraction in the cement sector as well as relatively slower growth in refinery and steel sectors impacted growth in the overall index.
- Coal and Electricity sectors registered double-digit growth in May 2024 on account of higher demand due to the severe heatwave. The month of May 2024 saw electricity generation (utilities) at a record high of approx. 144 billion Kwh.
- Going ahead, the government is likely to maintain its thrust on infrastructure creation in the upcoming Union Budget which is expected to bolster the infrastructure sectors. However, the monsoon season is also characteristic of a slowdown in construction activity.

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