

Macro Insights

1st June 2024

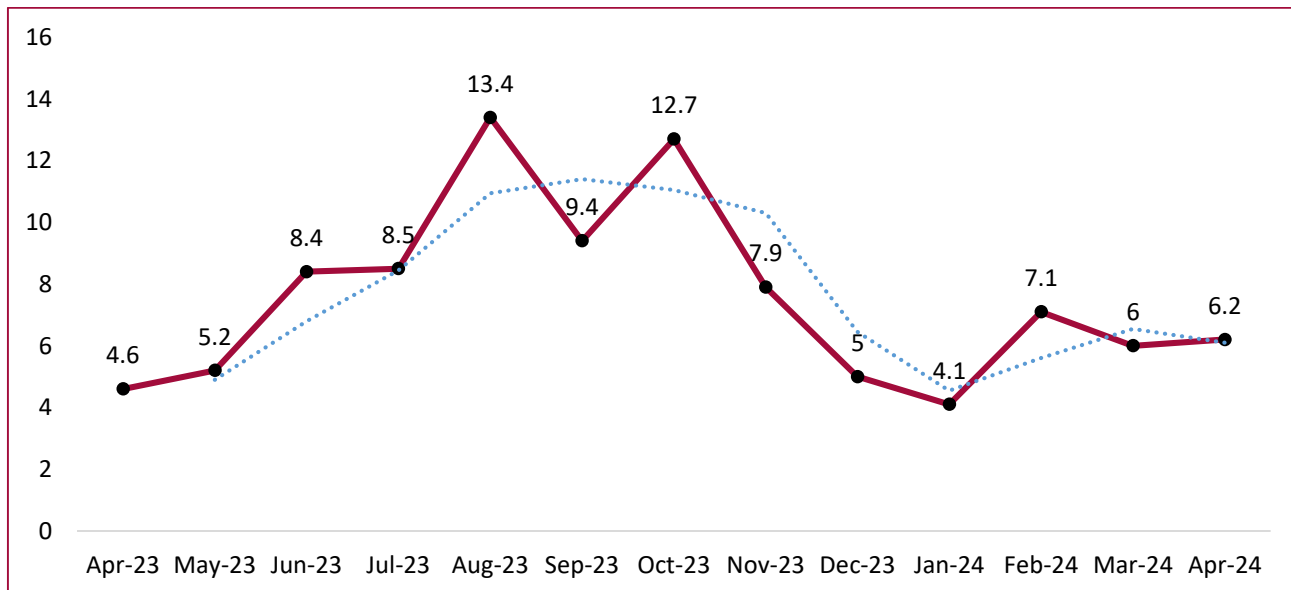
Highlights:

Core Sector grows at 6.2% in April 2024.

The Index of Eight Core Industries increased by 6.2% y-o-y in April 2024 vis-à-vis 6.0% in the previous month. However, this growth is 1.6 percentage points higher as compared to April 2023 when it was 4.6%.

- ☞ Compared to the last month (March 2024), YoY growth in the sectors of natural gas (8.6%), steel (7.1%), refinery products (3.9%), and electricity (9.4%) was higher in April 2024.
- ☞ Sectors including cement (0.6%) and crude oil (1.7%) grew at a slower pace in April 2024 compared to March 2024, while the fertilizers sector witnessed a contraction once again in April 2024 by 0.8% YoY.
- ☞ Coal sector witnessed robust growth of 7.5% in April 2024. This growth was also on a high base as the sector had expanded 9.1% in April last year.

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



Source: Office of Economic Adviser

Components of Eight Core Sector (YoY Growth in %)

Sr. No	Sector	Weight	Apr-23	Jan-24	Feb-24	Mar-24	Apr-24
1	Coal	10.3	9.1	10.6	11.6	8.7	7.5
2	Crude Oil	9.0	-3.5	0.7	7.9	2.0	1.6
3	Natural gas	6.9	-2.9	5.5	11.3	6.3	8.6
4	Refinery Products	28.0	-1.5	-4.3	2.6	1.5	3.9
5	Fertilizers	2.6	23.5	-0.6	-9.5	-1.3	-0.8
6	Steel	17.9	16.6	9.2	9.1	6.4	7.1
7	Cement	5.4	12.4	4.0	9.1	10.6	0.6
8	Electricity	19.9	-1.1	5.7	7.5	8.6	9.4
	Overall Index	100.0	4.6	4.1	7.1	6.0	6.2

Source: Office of Economic Adviser

Views & Outlook:

- Growth in the overall index was bolstered by the sectors of coal, natural gas, steel, and electricity that hold majority weight (combined weightage of 55%) in the index.
- Electricity sector grew at a robust 9.4% in April 2024 vis-à-vis 8.6% in March 2024 and -1.1% in April 2023. This was on account of higher demand owing to the summer season. The month of April 2024 saw electricity generation (utilities) of approx. 136 billion kWh- the highest since August last year.
- Going ahead, the months of May and June are likely to witness a further pickup in core sector output- owing to higher electricity generation due to the prevailing heatwave. A pickup in government capex post the election results is also expected to strengthen the infrastructure sectors.

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