

Macro Insights

31st July 2024

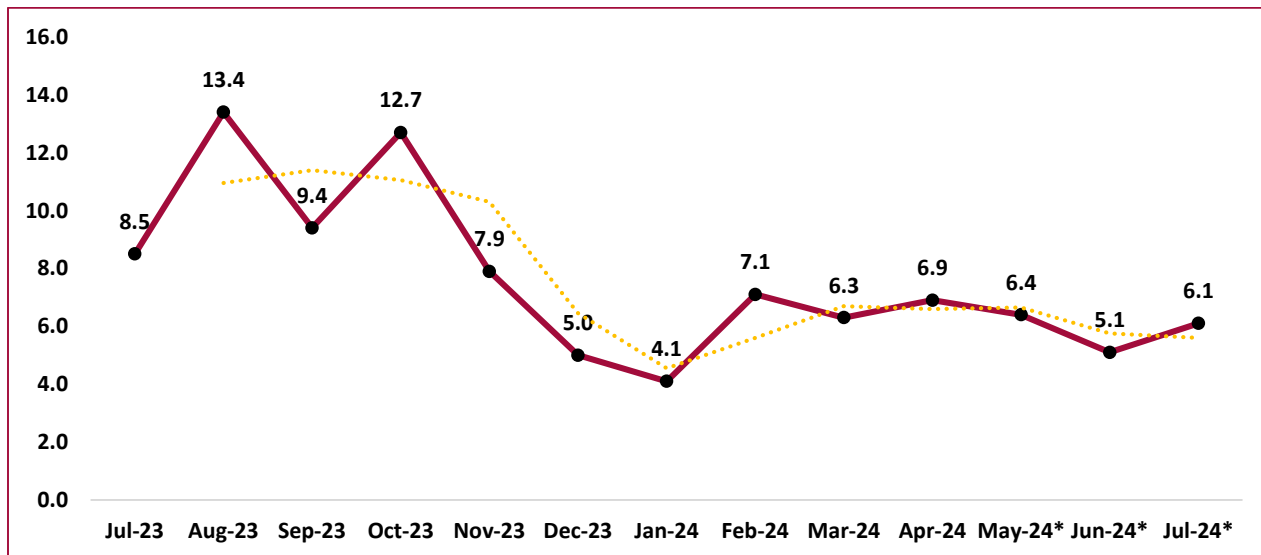
Highlights:

Core Sector growth picks up to 6.1% in July 2024.

Growth in the Index of Eight Core Industries increased to 6.1% y-o-y in July 2024 vis-à-vis 5.1% in the previous month. This was despite an unfavourable base as the index had expanded 8.5% in July last year.

- ☞ Output in the sectors of Steel, Electricity, Coal, Refinery Products, Cement, and Fertilizers recorded positive growth in July 2024.
- ☞ Crude oil and natural gas sectors witnessed contraction in output by 2.9% and 1.3% YoY, respectively in July 2024.
- ☞ There was a slowdown in the coal sector which grew 6.8% in July 2024 compared to double-digit growth witnessed in the May and June 2024.

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



*Provisional

Source: Office of Economic Adviser

Components of Eight Core Sector (YoY Growth in %)

Sr. No	Sector	Weight	Jul-23	Apr-24	May-24*	Jun-24*	Jul-24*
1	Coal	10.3	14.9	7.5	10.2	14.8	6.8
2	Crude Oil	9.0	2.1	1.7	-1.1	-2.6	-2.9
3	Natural gas	6.9	8.9	8.6	7.5	3.3	-1.3
4	Refinery Products	28.0	3.6	3.9	0.5	-1.5	6.6
5	Fertilizers	2.6	3.3	-0.8	-1.7	2.4	5.3
6	Steel	17.9	14.9	9.8	6.8	6.7	7.2
7	Cement	5.4	6.9	0.2	-0.6	1.9	5.5
8	Electricity	19.9	8.0	10.2	13.7	8.6	7.0
	Overall Index	100.0	8.5	6.9	6.4	5.1	6.1

*Provisional

Source: Office of Economic Adviser

Views & Outlook:

- Despite a good monsoon, construction activity in the country remained buoyant in July with government capex bolstering demand for steel and cement. Post-elections, there has been a pickup in road construction in particular. Good performance of housing and auto sectors also added to the demand for steel.
- Growth in fertilizers sector indicates that companies are building stocks for both Kharif and Rabi seasons.
- Higher refinery products growth can be attributed to higher industrial activity as well as exports.
- Given the good performance of the core index in July, the IIP numbers are also expected to get a significant boost going ahead.

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