

# Macro Insights

31<sup>st</sup> July 2024

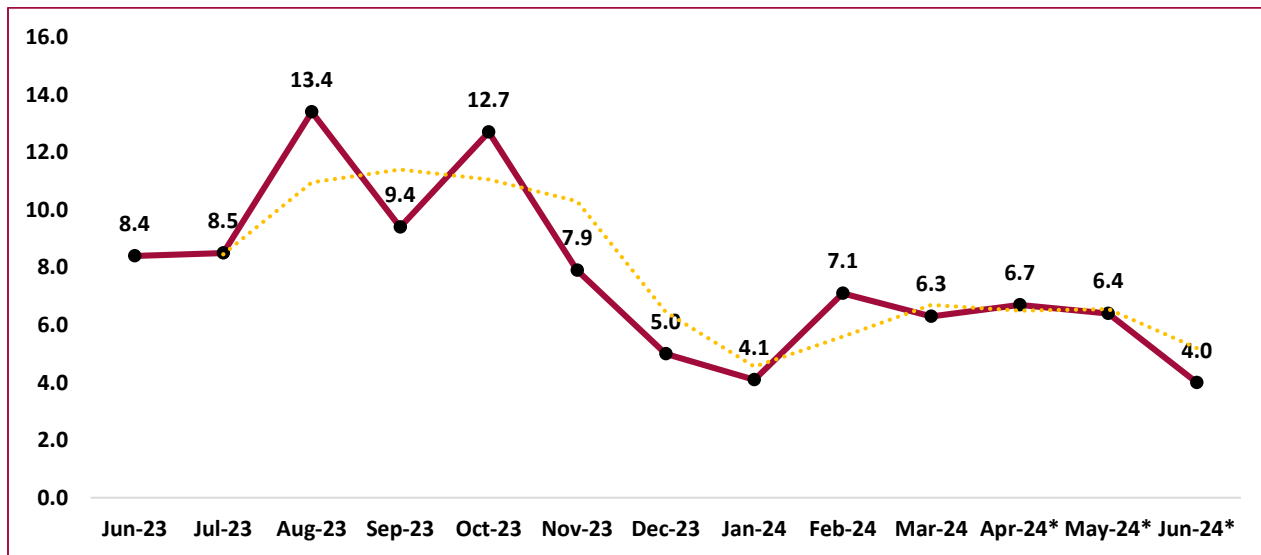
## Highlights:

### Core Sector growth moderates to 4.0% in June 2024.

Growth in the Index of Eight Core Industries moderated to 4.0% y-o-y in June 2024 vis-à-vis 6.4% in the previous month. It was substantially lower as compared to June last year when the index had expanded by 8.4%.

- ☞ Coal sector witnessed even higher growth of 14.8% YoY in June 2024 vis-à-vis 10.2% in May 2024 owing to higher electricity generation due to the heatwave conditions. Electricity sector witnessed a growth of 7.7% YoY in June 2024.
- ☞ Output of Crude oil and Refinery sectors contracted by 2.6% and 1.5% YoY, respectively in June 2024.
- ☞ Other key industrial sectors such as cement, steel, and natural gas registered tepid growth in the range of 1.9-3.3% YoY.

**Eight Core Industries– June 2024 (YoY Growth in %)**



\*Provisional

Source: Office of Economic Adviser

### Components of Eight Core Sector (YoY Growth in %)

| Sr. No | Sector               | Weight       | Jun-23     | Mar-24     | Apr-24*    | May-24*    | Jun-24*    |
|--------|----------------------|--------------|------------|------------|------------|------------|------------|
| 1      | Coal                 | 10.3         | 9.8        | 8.7        | 7.5        | 10.2       | 14.8       |
| 2      | Crude Oil            | 9.0          | -0.6       | 2.1        | 1.7        | -1.1       | -2.6       |
| 3      | Natural gas          | 6.9          | 3.5        | 6.3        | 8.6        | 7.5        | 3.3        |
| 4      | Refinery Products    | 28.0         | 4.6        | 1.6        | 3.9        | 0.5        | -1.5       |
| 5      | Fertilizers          | 2.6          | 3.4        | -1.3       | -0.8       | -1.7       | 2.4        |
| 6      | Steel                | 17.9         | 21.3       | 7.5        | 8.8        | 6.8        | 2.7        |
| 7      | Cement               | 5.4          | 9.9        | 10.6       | -0.5       | -0.6       | 1.9        |
| 8      | Electricity          | 19.9         | 4.2        | 8.6        | 10.2       | 13.7       | 7.7        |
|        | <b>Overall Index</b> | <b>100.0</b> | <b>8.4</b> | <b>6.3</b> | <b>6.7</b> | <b>6.4</b> | <b>4.0</b> |

\*Provisional

Source: Office of Economic Adviser

### Views & Outlook:

- Slow growth in the infrastructure sectors of cement, steel, natural gas, as well as negative growth in refinery and crude sectors impacted growth in the overall index. Onset of the monsoon season generally impacts construction activity.
- Going ahead, the month of July may witness further moderation in the index as construction activity in the country would be impacted due to normal monsoon conditions. A slowdown in the core sector is also likely to be a drag on the IIP numbers going forward.
- Nonetheless, the Indian growth scenario is optimistic with upward revisions in growth estimation for the current fiscal which is likely to bolster industrial activity in the country.

**Disclaimer:** The opinion/information expressed/compiled in this note is of Bank's Research team and does not reflect opinion of the Bank or its Management or any of its subsidiaries. The contents can be reproduced with proper acknowledgement to the original source/authorities publishing such information. Bank does not take any responsibility for the facts/ figures represented in the note and shall not be held liable for the same in any manner whatsoever.

**For any feedback or valuable suggestions: Reach us at [eicsmead@pnb.co.in](mailto:eicsmead@pnb.co.in)**

Follow our Official Page

[www.pnbindia.in](http://www.pnbindia.in)

