

# Macro Insights

February 2023

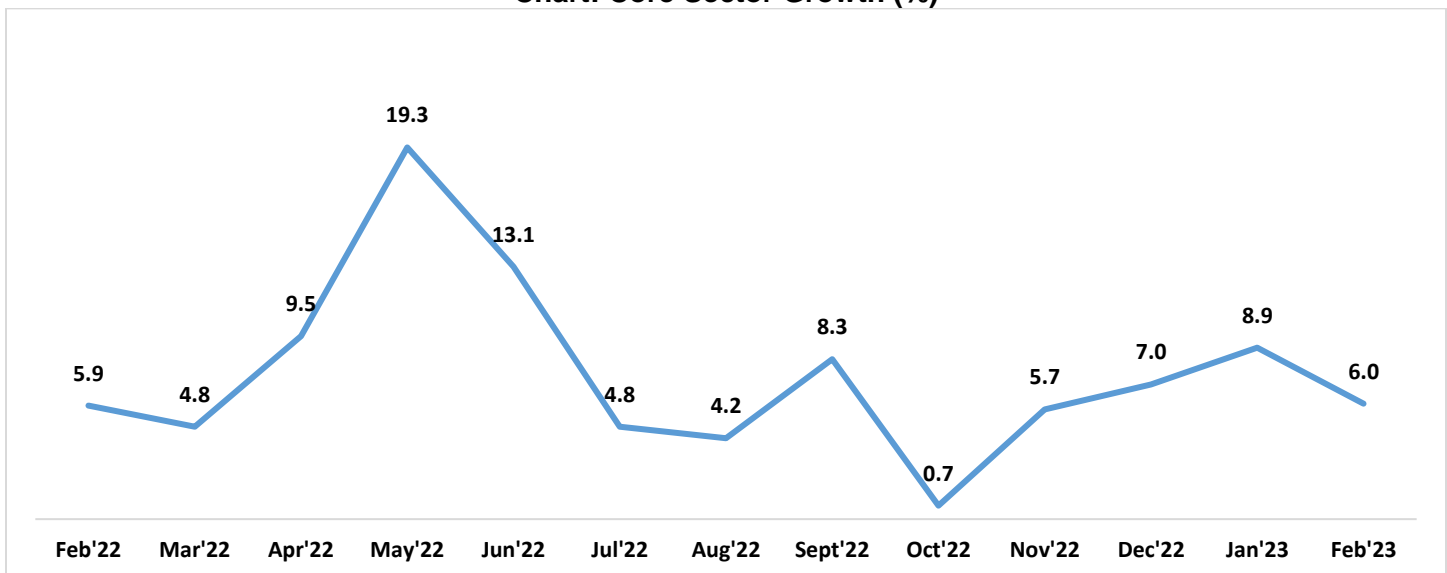
## Core Sector

Core Sector Output expanded by 6.0% in Feb'23 as compared to a growth of 8.9% in Jan'23 and growth of 5.9% in Feb'22 last year.

## Highlights:

- ☞ Coal grew by 8.5% in Feb'23. The cumulative index rose by 15.2% from April until Feb FY23.
- ☞ Crude oil fell by -4.9% YoY in Feb'23. The growth in cumulative index from April until Feb FY23 is -1.6%.
- ☞ Natural gas output grew by 3.2% YoY in Feb'23, while its cumulative index rose by 1.5% from April to Feb FY23.
- ☞ Petroleum refineries increased by 3.3% YoY in Feb'23 and overall cumulative index climbed 5.2% from April to Feb FY23 over the same period in the previous year.
- ☞ Fertilizer output rose 22.2% YoY in Feb'23, and its cumulative index rose 11.5% from April to Feb FY23 compared to the same period the year before.
- ☞ Steel output climbed by 6.9% YoY in Feb'23, while its cumulative index jumped by 7.5% from April to Feb FY23.
- ☞ Cement output increased by 7.3% in Feb'23, and its cumulative index grew by 9.7% from April to Feb FY23.
- ☞ Electricity generation jumped by 7.6% in Feb'23 while the cumulative index climbed by 9.9% from April to Feb FY23.

Chart: Core Sector Growth (%)



### Components of Core Sector

Sr No	Sector (Growth %)	Weight	Feb'22	Nov'22	Dec'22	Jan'23	Feb'23
1	Coal	10.33	6.6	12.3	12.2	13.4	8.5
2	Crude Oil	8.98	-2.2	-1.1	-1.2	-1.1	-4.9
3	Natural Gas	6.88	12.5	-0.7	2.6	5.3	3.2
4	Refinery Products	28.04	8.8	-9.3	3.7	4.5	3.3
5	Fertilizers	2.63	-1.4	6.4	7.3	17.9	22.2
6	Steel	17.92	5.6	11.5	6.3	10.8	6.9
7	Cement	5.37	4.2	29.1	9.5	4.6	7.3
8	Electricity	19.85	4.5	12.7	10.4	12.7	7.6
	<b>Overall Core index</b>	<b>100</b>	<b>5.9</b>	<b>5.7</b>	<b>7.0</b>	<b>8.9</b>	<b>6.0</b>

### Views:

- Growth in production of eight infrastructure industries — which form part of the core sector — declined to a three-month low of 6% in Feb'23, with six industries reporting a sequential fall in output growth.
- Given that these core sectors have a combined weight of 40.3% in the index of industrial production (IIP), we expect IIP growth in the month to be at 4% to 5% as against 5.2% growth in Jan'23.

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