

India's Infrastructure output Update

Economic Update | 31st January 2023

India's core sector output at 3-month high

Event	Actual	Consensus	Previous
Infrastructure output	7.4%	5.8%	5.7%

Highlights:

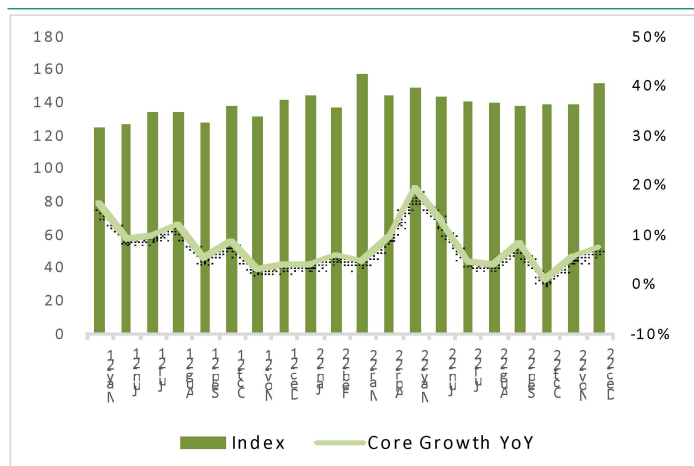
- Production of eight infrastructure sectors rose at a three-month high of 7.4% YoY in December 2022 against 4.1% YoY in the same month of previous year on a better growth by coal, fertiliser, steel, and electricity segments.
- The growth number stood at 5.7% in November, 2022.
- The production of coal rose by 11.5%, fertiliser by 7.3%, steel by 9.2% and electricity by 10% in December 2022 compared to a year ago.
- Crude oil output, however, contracted by 1.2% in December last year.
- Final growth rate of Index of Eight Core Industries for September 2022 is revised to 8.3 per cent from its provisional level 7.9 per cent
- The growth rate of eight infrastructure sectors stood at 8% in April-December this fiscal as against 12.6 % during the same period last fiscal.
- December's core sectors' performance was partly driven by base effects and aggregated better performance of all sectors except crude oil.
- Going forward, core sectors is likely to grow around 7% in January on account of the strong performance of power generation.
- Steel and cement sectors too are expected to register good growth in the near term on the back of sustained capex support from both the State and the Central governments.
- Recovery in YoY growth rate of core sectors bodes well for industrial output numbers in December, as core sectors constitute about 40% of the Index of Industrial Production (IIP).
- IIP is likely to display an improvement to a growth in December, on better performance of the core industries, given the drag imposed by weaker exports.

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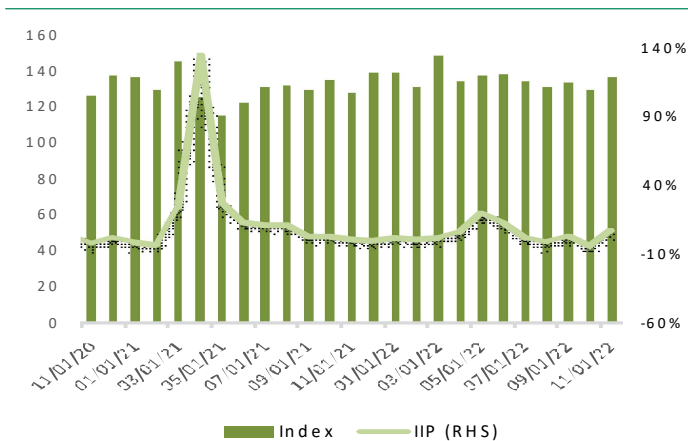
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Fig 1: Infrastructure output Trend YoY% and Index


Source: Mospi, SMIFS Research

Fig 2: IIP Trend YoY% and Index Level


Source: , SMIFS Research

Tab 1: Infrastructure output Table

% Growth	Weight	Dec-22	Dec-21	Apr-Dec 2022-23
Overall	100.0	7.4	4.1	8.0
Coal	10.3	11.5	5.2	16.4
Crude Oil	9.0	-1.2	-1.8	-1.3
Natural Gas	6.9	2.6	19.5	0.9
Refinery Products	28.0	3.7	5.9	5.5
Fertilizers	2.6	7.3	3.5	9.6
Steel	17.9	9.2	-0.6	7.7
Cement	5.4	9.1	14.2	10.6
Electricity	19.9	10.0	2.9	9.8

Source: Mospi, SMIFS Research

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