

Macro Insights

23rd June 2026

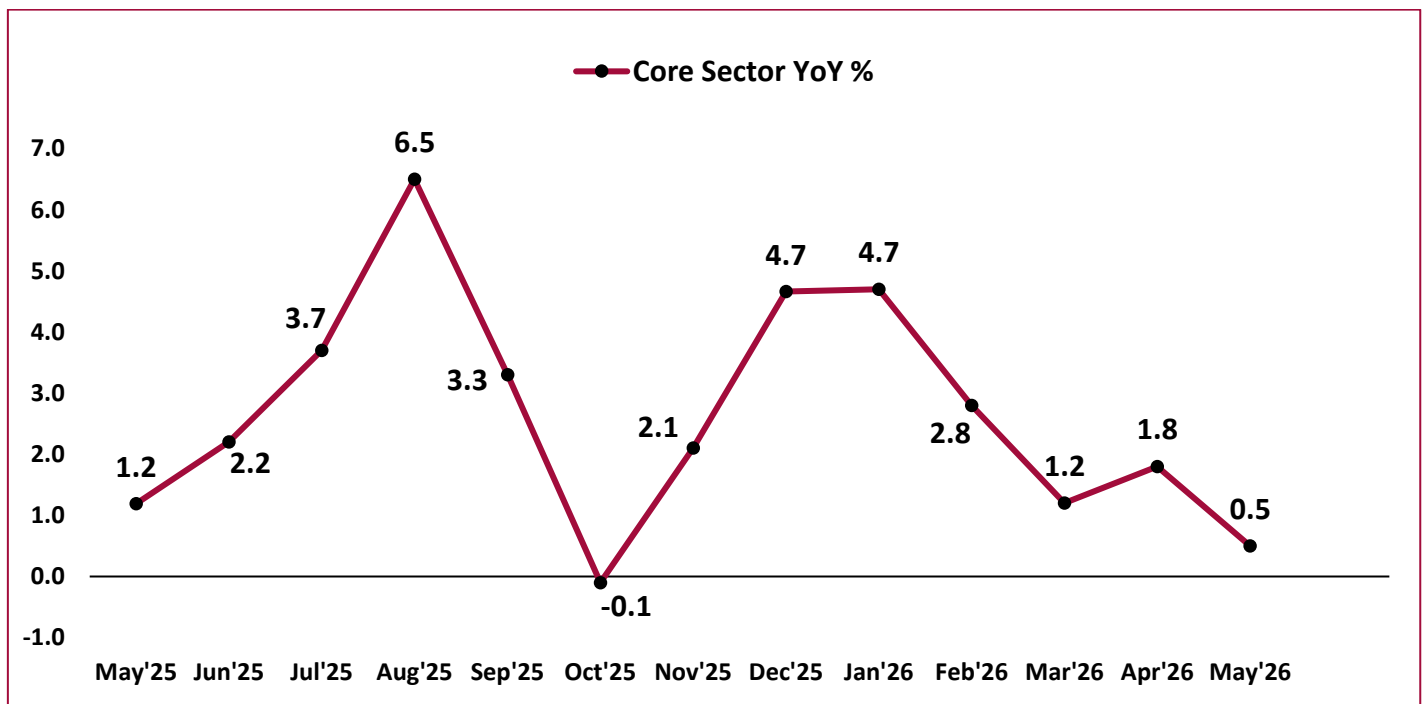
Highlights:

India's Core sector slows to 7-month low of 0.5 per cent in May 2026

Index of Eight Core Industries dipped to 7 months low of 0.5 per cent YoY expansion in May 2026. The index had increased 1.2 per cent in May 2025 and 1.8 per cent in April 2026.

- ☞ India's core sector output showed weakest expansion of 0.5 per cent YoY since Oct 2025 from an upwardly revised 1.8 per cent in April 2026, weighed down by sharp contractions in coal and petroleum products.
- ☞ Coal output contracted 9.3 per cent in May 2026, marking a 10 month low, while growth in refinery products slumped to a 42 month low of -8.7 per cent.
- ☞ Three sectors i.e. Steel, Cement and electricity showed positive Y-o-Y growth and were primary drivers of the growth.
- ☞ Five sectors - Coal, Crude Oil, Natural gas, Refinery products and Fertilizers showed degrowth in the month of May 2026.

Eight Core Industries – May 2026 (YoY Growth in per cent)



Source: Office of Economic Adviser

Components of Eight Core Sector (YoY Growth in per cent)

Sr. No	Sector	Weight	May-2025	Nov-2025	Dec-2025	Jan-2026	Feb-2026	Mar-2026	Apr-2026	May-2026
1	Coal	10.3	2.8	2.1	3.6	3.1	2.3	-4.0	-8.8	-9.3
2	Crude Oil	9.0	-1.8	-3.2	-5.6	-5.8	-5.2	-5.7	-3.9	-4.6
3	Natural gas	6.9	-3.6	-2.5	-4.4	-5.0	-5.0	6.4	-4.2	-4.9
4	Refinery Products	28.0	1.1	-0.9	-1.0	0.0	-1.0	0.1	-0.5	-8.7
5	Fertilizers	2.6	-5.9	5.6	4.1	3.7	3.4	-24.6	-8.6	-0.9
6	Steel	17.9	7.4	6.7	10.1	11.5	7.6	7.7	5.5	5.0
7	Cement	5.4	9.7	14.6	13.7	11.3	8.9	4.7	8.2	8.4
8	Electricity	19.8	-4.7	-1.5	6.3	5.2	2.3	0.8	5.6	8.7
	Overall Index	100.0	1.2	2.1	4.7	4.7	2.8	1.2	1.8	0.5

Source: Office of Economic Adviser

Views & Outlook:

- The Eight Core Industries together account for 40.27 per cent of the weight in the Index of Industrial Production (IIP).
- On a month-on-month (MoM) basis, the index expanded by 2.9 per cent in May 2026, following a contraction of 10.2 per cent in April 2026. Cumulatively, the index grew 1.1 per cent during April-May 2026-27, matching the pace of the corresponding period a year earlier.
- The MoM expansion in May 2026 shows a positive trend with 7 out of 8 core industries showing a MoM expansion. Only Refinery Products showed MoM contraction of 0.15 per cent. Fertilizers industry showed a maximum MoM growth of 22.8 per cent.
- The prolonged crisis in West Asia has disrupted global energy supply chains, causing India's core sector output to slow to a seven-month low of 0.5%. Crude oil production fell by 4.6%, natural gas by 4.9%, and refinery products plunged by 8.7%, primarily driven by crude import fluctuations, softening prices in the international market and geopolitical disruptions.
- Construction linked industries - cement and steel, along with electricity are expected to remain strong drivers of growth, supported by infrastructure demand. Energy-related segments are also expected to strengthen, supported by the positive developments in the US-Iran peace negotiations and the resulting improvement in supply conditions. With month-on-month expansion already visible, this momentum is expected to carry forward. Consequently, India's core sector output is likely to register a steady growth trajectory in the coming months.

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