

## Macro Insights

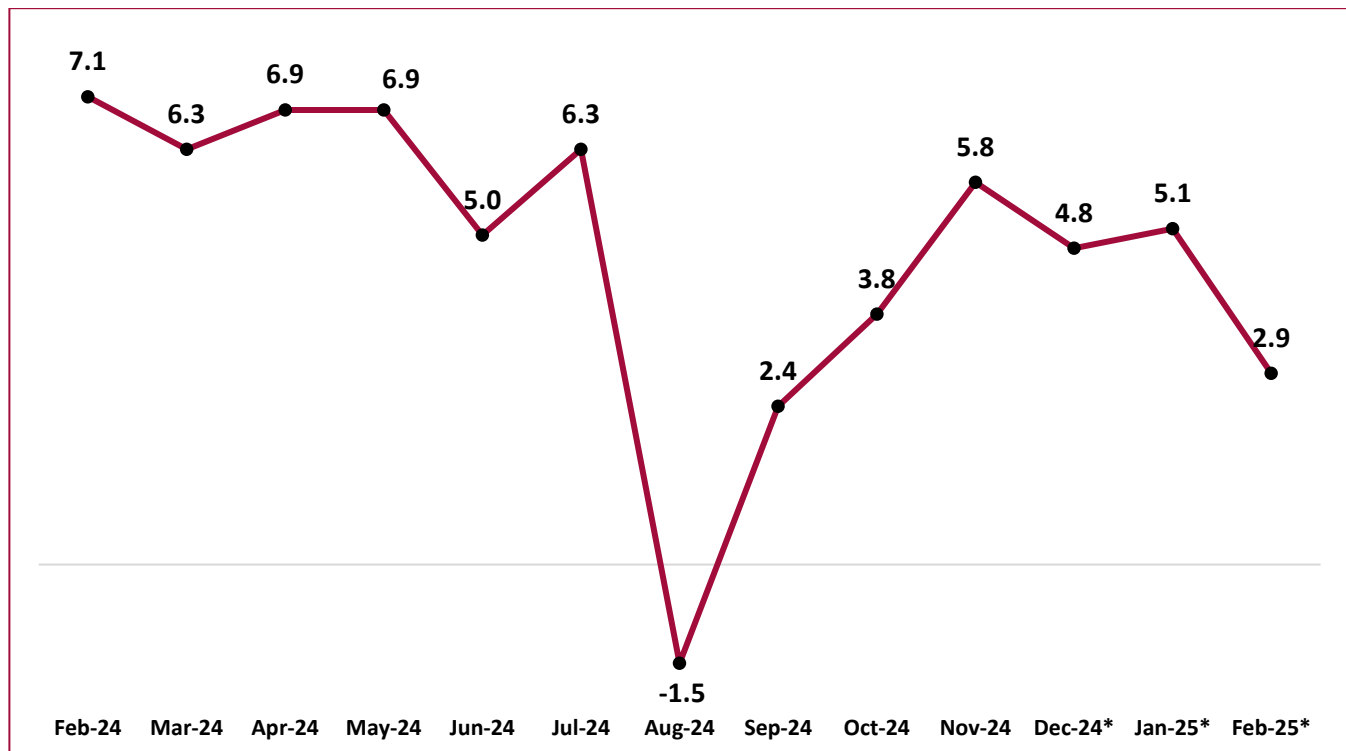
### Core Sector growth slows down to five-month low of 2.9% in February 2025

Growth in the Index of Eight Core Industries slowed to 2.9 per cent YoY in February 2025 vis-à-vis 5.1 per cent in January 2025. It was recorded at 7.1 per cent in February 2024.

### Highlights

- ☞ Five out of eight components of the index witnessed a lower growth in February 2025 compared to the previous month.
- ☞ Fertilizers and Cement grew 10.2 per cent and 10.5 per cent on a YoY basis in February 2025. Although cement production was down on a month-on-month basis.
- ☞ Refinery Products, which has the highest weight in the index (28.04 per cent) grew at 0.8 per cent in February 2025 – a five-month low.

**Eight Core Industries – February 2025 (YoY Growth %)**



\*Provisional

Source: Office of Economic Adviser

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

Sr. No	Sector	Weight	Feb-24	Sep-24	Oct-24	Nov-24	Dec-24*	Jan-25*	Feb-25*
1	Coal	10.33	11.6	2.6	7.8	7.5	5.3	4.6	1.7
2	Crude Oil	8.98	7.9	-3.9	-4.8	-2.1	0.6	-1.1	-5.2
3	Natural gas	6.88	11.2	-1.3	-1.2	-1.9	-1.8	-1.5	-6.0
4	Refinery Products	28.04	2.6	5.8	5.2	2.9	2.8	8.3	0.8
5	Fertilizers	2.63	-9.5	1.9	0.4	2.0	1.7	3.0	10.2
6	Steel	17.92	9.4	1.8	5.7	10.5	7.3	4.7	5.6
7	Cement	5.37	7.8	7.6	3.1	13.1	4.6	14.6	10.5
8	Electricity	19.85	7.6	0.5	2.0	4.4	6.2	2.4	2.8
	<b>Overall Index</b>	<b>100</b>	<b>7.1</b>	<b>2.4</b>	<b>3.8</b>	<b>5.8</b>	<b>4.8</b>	<b>5.1</b>	<b>2.9</b>

\*Provisional

Source: Office of Economic Adviser

### Views & Outlook:

- Coal output growth slowed from 4.6 per cent in January 2025 to 1.7 per cent in February 2025 – a 6 month low, due to seasonal factors. It has been falling consistently since September 2024.
- Crude Oil output recorded a significant contraction from 1.1 per cent in January 2025 to 5.2 per cent in February 2025. It has not been in the negative territory for 9 months out of the last 13 months, on the back of global oil price volatility.
- Natural Gas sector also recorded a bigger contraction of 6 per cent in February 2025 compared to a 1.5 per cent decline in the previous month.
- Weak refinery output also contributed to lower core sector output growth in the month of February 2025.
- Performance of the overall index for the April-February 2025 slowed to 4.4 per cent compared to 7.8 per cent in the corresponding period last year. This indicates moderation in industrial activity. Core sector, which accounts for over 40 per cent on Index of Industrial Production directly influences industrial performance.
- Going forward, a gradual recovery is expected supported by government infrastructure spending. However, global economic uncertainties and commodity price fluctuations continue to pose risks.

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