

Macro Insights

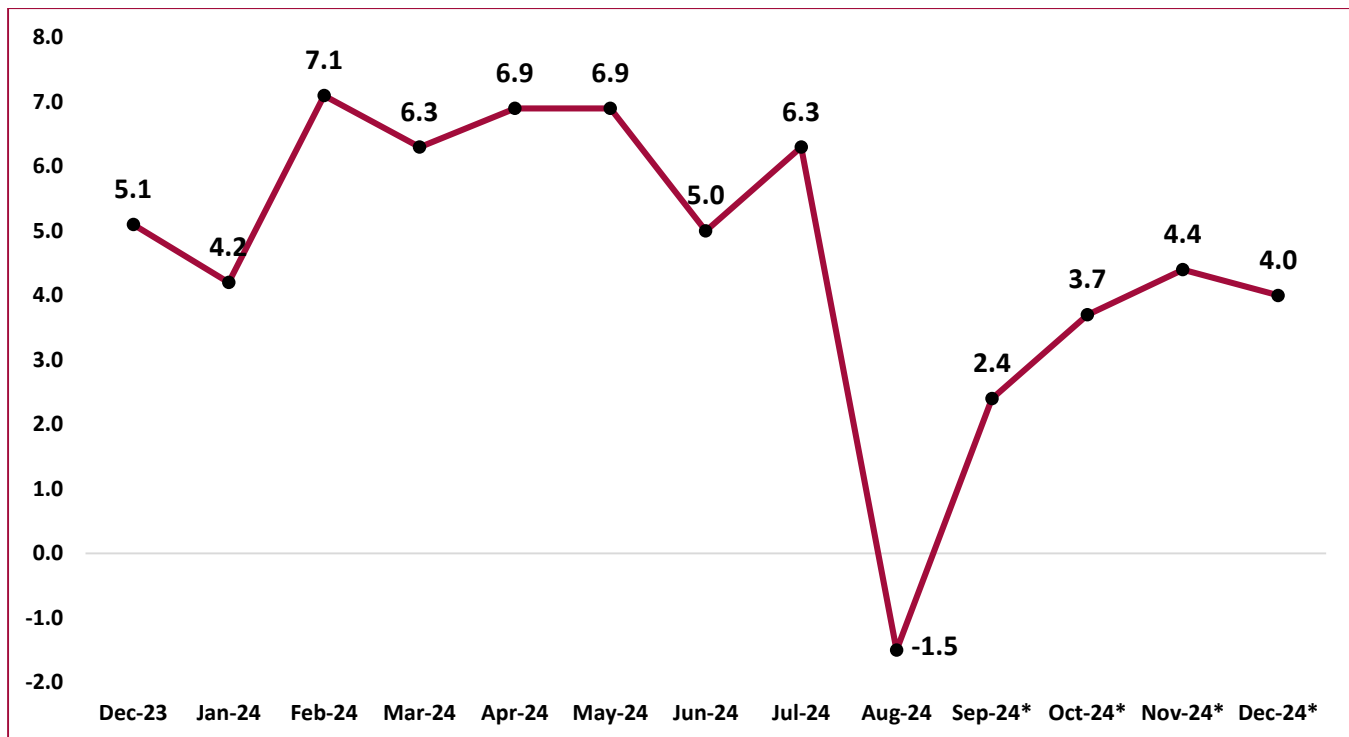
Core Sector growth moderates to 4.0% in December 2024

Growth in the Index of Eight Core Industries slowed to 4.0 per cent YoY in December 2024 vis-à-vis 5.1 per cent in December 2023. This marks the fourth consecutive month of expansion, but the pace has clearly slowed.

Highlights:

- With the exception of natural gas, all sectors registered growth in December 2024.
- Seven of the eight sectors recorded a positive growth in December 2024, highest since April.
- The core sector growth moderation in December 2024 is accounted for by lower growth in 5 out of the 8 segments.

Eight Core Industries – December 2024 (YoY Growth in %)



*Provisional

Source: Office of Economic Adviser

Components of Eight Core Sector (YoY Growth in %)

Sr. No	Sector	Weight	Dec-23	July-24	Aug-24	Sep-24	Oct-24*	Nov-24*	Dec-24*
1	Coal	10.33	10.8	6.8	-8.1	2.6	7.8	7.5	5.3
2	Crude Oil	8.98	-1.0	-2.9	-3.4	-3.9	-4.8	-2.1	0.6
3	Natural gas	6.88	6.7	-1.3	-3.6	-1.3	-1.2	-1.9	-1.8
4	Refinery Products	28.04	4.1	6.6	-1.0	5.8	5.2	2.9	2.8
5	Fertilizers	2.63	5.9	5.3	3.2	1.9	0.4	2.0	1.7
6	Steel	17.92	8.3	7.0	4.1	1.8	5.2	4.4	5.1
7	Cement	5.37	3.8	5.1	-2.5	7.6	3.1	13.5	4.0
8	Electricity	19.85	1.2	7.9	-3.7	0.5	2.0	4.4	5.1
	Overall Index	100	5.1	6.3	-1.5	2.4	3.7	4.4	4.0

*Provisional

Source: Office of Economic Adviser

Views & Outlook:

- Moderation in core sector growth was due to lower growth in five out of the eight segments. However, power (5.1%), cement (4%), and crude oil, which turned positive from negative growth last year, performed better.
- The production growth of coal, refinery products, fertilizer, and steel moderated to 5.3%, 2.8%, 1.7%, and 5.1%, respectively, against 10.8%, 4.1%, 5.9% and 8.3% in December 2023. While cement rose to 4%, electricity output was at a five-month high of 5.1% in the month under review.
- For the April-December 2024 period, core sector growth stood at 4.2%, compared to 8.3% in the corresponding period of 2023.
- However, the government Budget allocations and fiscal measures in early 2025 will be key to sustaining momentum.

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