

### IIP y-o-y growth slows to a four-month low of 2.4% in July 2022

#### Industrial Performance – Segment wise- Growth (% YoY)

Month	IIP	By Economic Activity		
		Mining & quarrying	Manufacturing	Electricity
<b>Weight</b>	100.0	14.4	77.6	8.0
<b>Jul-21</b>	<b>11.5</b>	<b>19.5</b>	<b>10.6</b>	<b>11.1</b>
<b>Aug-21</b>	13.0	23.3	11.1	16.0
<b>Sep-21</b>	4.4	8.6	4.3	0.9
<b>Oct-21</b>	4.2	11.5	3.3	3.1
<b>Nov-21</b>	1.0	4.9	0.3	2.1
<b>Dec-21</b>	1.0	2.6	0.6	2.9
<b>Jan-22</b>	2.0	3.0	1.9	0.9
<b>Feb-22</b>	1.2	4.6	0.2	4.5
<b>Mar-22</b>	2.2	3.9	1.4	6.1
<b>Apr-22</b>	6.7	8.4	5.6	11.8
<b>May-22</b>	19.6	11.2	20.6	23.5
<b>Jun-22</b>	12.7	7.8	13.0	16.4
<b>Jul-22</b>	<b>2.4</b>	<b>-3.4</b>	<b>3.2</b>	<b>2.3</b>

■The y-o-y growth in industrial production reported a conspicuous moderation in July 2022 as compared to June 2022 and July 2021 numbers. The index grew at 2.4 percent during the month of July 2022 vis-à-vis 12.7 percent y-o-y growth registered in June 2022 and 11.5 percent growth in July 2021. The slowdown was broad based witnessed across sectors and can be attributed to normalization of base, heavy rainfall in some parts affecting industrial production.

■According to the economic activity wise classification of the industrial production index, the manufacturing and electricity sectors registered a slowdown in growth, while output in the mining & quarrying sector witnessed a contraction in July 2022 on a y-o-y basis.

■The manufacturing sector reported a y-o-y growth of 3.2 percent in July 2022, over that of 13.0 percent in June 2022 and 10.6 percent in July 2021. Out of the 23 manufacturing sub segments, 21 segments reported a moderation in growth (y-o-y) during July 2022 relative to the June 2022 numbers.

■The electricity sector expanded by 2.3 percent in July 2022 vis-à-vis 16.4 percent in the previous month – owing to a lower demand during month due to monsoon and base effect. While mining & quarrying sector output contracted by 3.4 percent in July 2022 vis-à-vis 7.8 percent and 19.5 percent y-o-y growth recorded in June 2022 and July 2021, respectively.

Source: CMIE

Month	Use-based Classification (% Y-o-Y)						
	Primary goods	Capital goods	Intermediate goods	Infrastructure/construction goods	Consumer goods	Consumer durables	Consumer non-durables
<b>Weight</b>	34.1	8.2	17.2	12.3	28.2	12.8	15.3
<b>Jul-21</b>	<b>12.4</b>	<b>30.3</b>	<b>14.6</b>	<b>12.3</b>	<b>5.5</b>	<b>19.4</b>	<b>-2.3</b>
<b>Aug-21</b>	16.9	20.0	11.8	13.5	7.9	11.1	5.9
<b>Sep-21</b>	4.6	3.3	7.0	9.3	0.7	1.6	-0.1
<b>Oct-21</b>	9.0	-1.6	4.6	6.6	-1.0	-3.2	0.7
<b>Nov-21</b>	3.5	-2.6	2.1	3.1	-2.6	-5.7	-0.8
<b>Dec-21</b>	2.8	-3.0	1.0	2.0	-0.6	-1.9	0.3
<b>Jan-22</b>	1.6	1.8	2.5	5.9	0.0	-4.4	3.1
<b>Feb-22</b>	4.6	1.3	4.1	8.7	-8.0	-9.7	-6.8
<b>Mar-22</b>	5.7	2.4	1.8	6.7	-3.9	-3.1	-4.4
<b>Apr-22</b>	10.3	12.0	7.1	4.0	2.4	7.2	-0.8
<b>May-22</b>	17.8	54.4	17.5	18.2	18.6	58.4	1.0
<b>Jun-22</b>	13.8	29.1	10.5	9.3	10.7	25.1	3.0
<b>Jul-22</b>	<b>2.5</b>	<b>5.8</b>	<b>3.6</b>	<b>4.0</b>	<b>-0.2</b>	<b>2.4</b>	<b>-2.0</b>

Source: CMIE

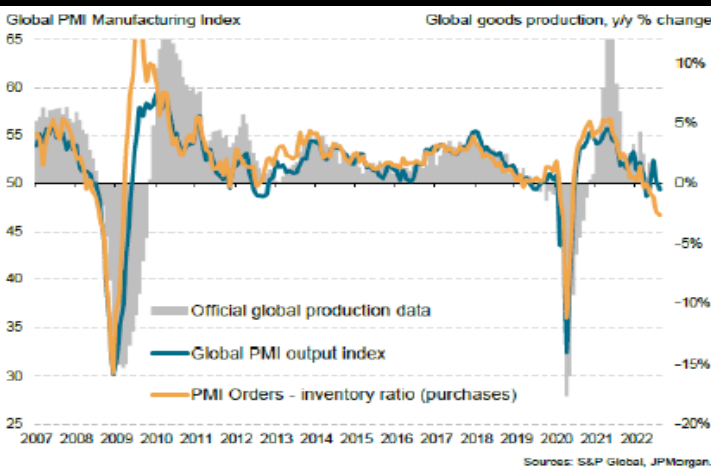
As per the use-based classification, growth numbers were moderate as compared to the figures for the month of June 2022 and July 2021. Output of primary goods rose by 2.5 percent y-o-y and that of intermediate goods rose by 3.6 percent y-o-y in the month of July 2022. Production of capital goods grew by 5.8 percent while infrastructure/construction goods grew by 4.0 per cent. Consumer goods segment noted a contraction by 0.2 percent, production of durables rose by 2.4 percent, while that of non-durables declined by 2.0 percent y-o-y, owing to subdued demand.

### Performance of Manufacturing Sub Segments (top 12 by weight)

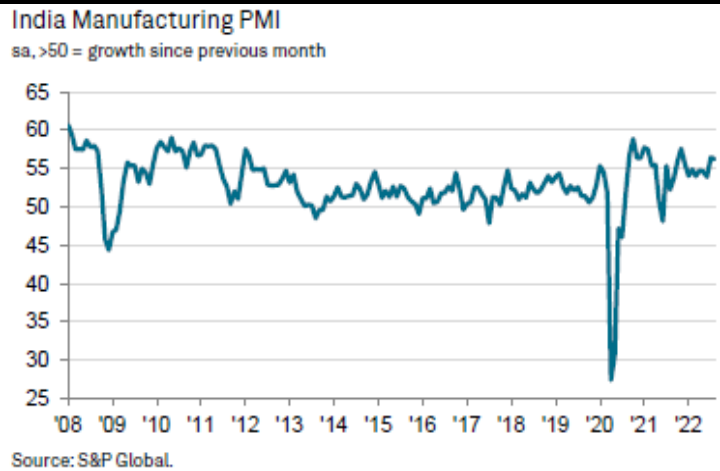
	Basic Metals	Coke And Refined Petroleum Products	Chemicals And Chemical Products	Food Products	Pharmaceuticals, Medicinal Chemical And Bot	Motor Vehicles, Trailers And Semi-trailers	Machinery And Equipment N.E.C.	Other Non-metallic Mineral Products	Textiles	Electrical Equipment	Fabricated Metal Products, Except Machinery	Rubber And Plastics Products
<b>Weight</b>	12.8	11.8	7.9	5.3	5.0	4.9	4.8	4.1	3.3	3.0	2.7	2.4
<b>Jul-21</b>	11.8	7.8	4.8	4.7	-6.0	37.7	27.5	20.4	25.5	43.3	10.1	8.0
<b>Jun-22</b>	7.2	17.4	14.7	4.1	-3.9	31.2	19.6	19.4	-2.9	11.8	15.7	5.8
<b>Jul-22</b>	6.1	7.2	6.9	-2.0	-3.5	17.8	4.0	1.1	-8.6	-15.6	-3.3	-2.4

### Global Purchasing Managers' Index lowest since June 2020

S&P Global Manufacturing PMI



S&P Global Manufacturing PMI: India



### Manufacturing

		Sep'21	Oct'21	Nov'21	Dec'21	Jan'22	Feb'22	Mar'22	Apr'22	May'22	Jun'22	Jul'22	Aug'22
Global	Global												
Americas	Canada												
	US												
	Brazil												
	Colombia												
	Mexico												
Europe	Eurozone												
	Austria												
	Czech Republic												
	Denmark												
	France												
	Germany												
	Greece												
	Ireland												
	Italy												
	Netherlands												
	Poland												
	Spain												
	UK												
Asia Pacific	Australia												
	China (Mainland)												
	India												
	Indonesia												
	Japan												
	Kazakhstan												
	Malaysia												
	Myanmar												
	Philippines												
	Russia												
	South Korea												
	Taiwan												
	Thailand												
Vietnam													
Middle East	Turkey												

The S&P Global Manufacturing PMI fell from 51.1 in July to 50.3 in August, its lowest since June 2020. Output only rose in ten out of thirty economies surveyed and in five of those, the gains were negligible.

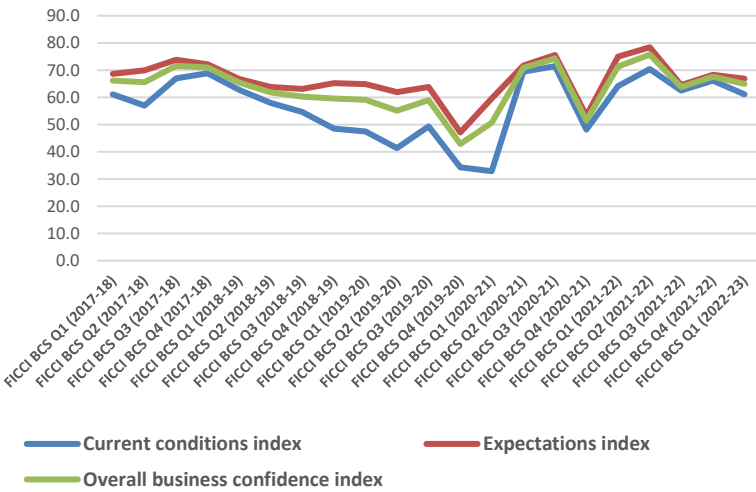
Significant production losses were recorded in the United States, Euro area, Germany, United Kingdom and Japan. In contrast, for India, August saw an increase in new order intakes by Indian manufacturers due to consistently improving market conditions, which in turn, drove output growth to a nine-month high.

The seasonally adjusted S&P Global India Manufacturing Purchasing Managers' Index was recorded at 56.2 in August 2022, compared to July's reading of 56.4. On the supply side, there was a further shortening of delivery times and slower growth in prices charged by vendors. The rate of input cost inflation also softened to the weakest in a year.

Source: S&P Global

### FICCI Business Confidence Survey, August 2022

Overall Business Confidence Index stood at 65.0 in the present survey round as compared to 67.6 in the last round.

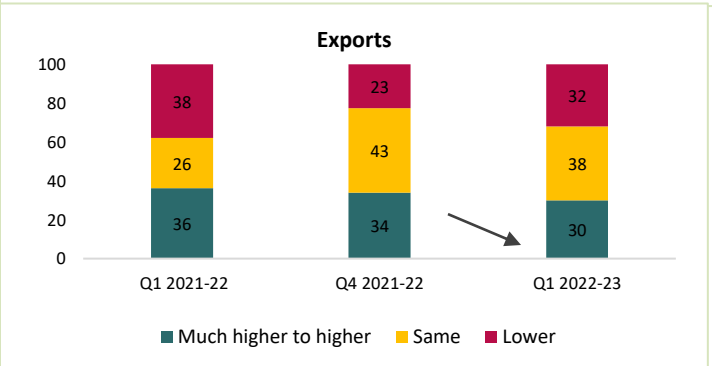
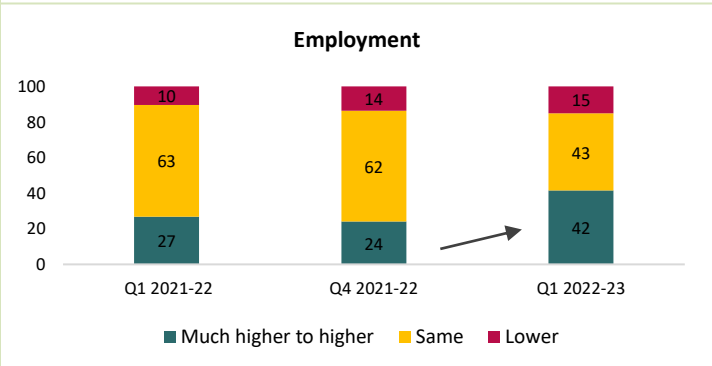
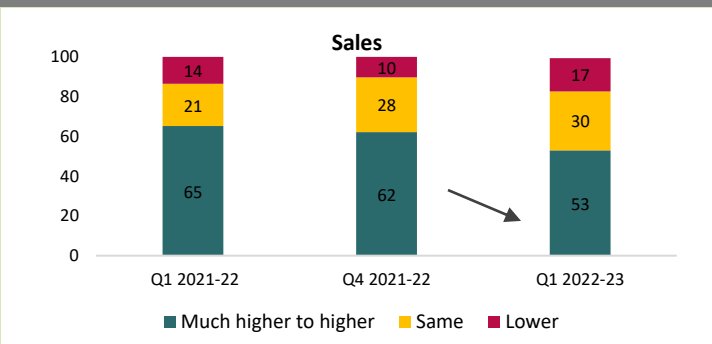
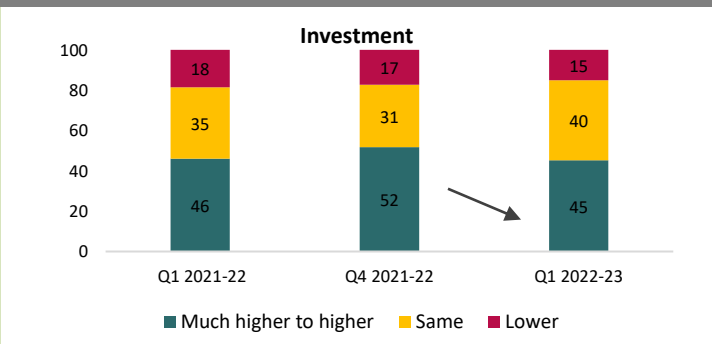


- The latest round of FICCI’s Business Confidence Survey reported a decline in the optimism level of members of India Inc. The Overall Business Confidence Index stood at 65.0 in the current round (August 2022) as compared to 67.6 in the previous survey round (April 2022).

- Persistent geopolitical tensions and escalating inflation levels have had an impact on the confidence levels of corporate India. Elevated domestic inflation as a result of rising input cost pressures, policy rate hikes, and a volatile Rupee has once again increased uncertainty levels.

- Results pertaining to operational parameters were mixed. While on one hand a moderation in optimism levels was noted in case of sales, investments and exports; on the other hand, outlook with regard to employment levels noted an improvement.

### Outlook on Operational Parameters



Source: FICCI Business Confidence Survey, August 2022

### Comments

The incoming economic data and FICCI Surveys indicate that recovery is still tentative. Even though we have moved past the shock of the Covid-19 pandemic, headwinds continue to remain on fore. The geopolitical stress points remain on horizon, global inflation and the ensuing monetary tightening would continue to undermine growth over the near term. Even as global commodity prices indicate some softening on a sequential basis, prices are still on the higher side compared to the situation a year ago thereby impinging on demand recovery.