

September 2018 IIP stands at 4.5%

Growth in industry output, as measured in terms of IIP, for the month of September 2018 stands at 4.5% as compared to 4.6% in August 2018. The growth in the three sectors mining, manufacturing and electricity in September 2018 stands at 0.2%, 4.6% and 8.2% respectively over September 2017. Primary goods growth stands at 2.6%, capital goods growth stands at 5.8%, intermediate goods growth stands at 1.4%, infrastructure/construction goods growth stands at 9.5%, consumer durables stands at 5.2% and consumer non-durables growth stands at 6.1% during September 2018 as compared to the previous year.

Recent growth pattern in IIP

(% growth)

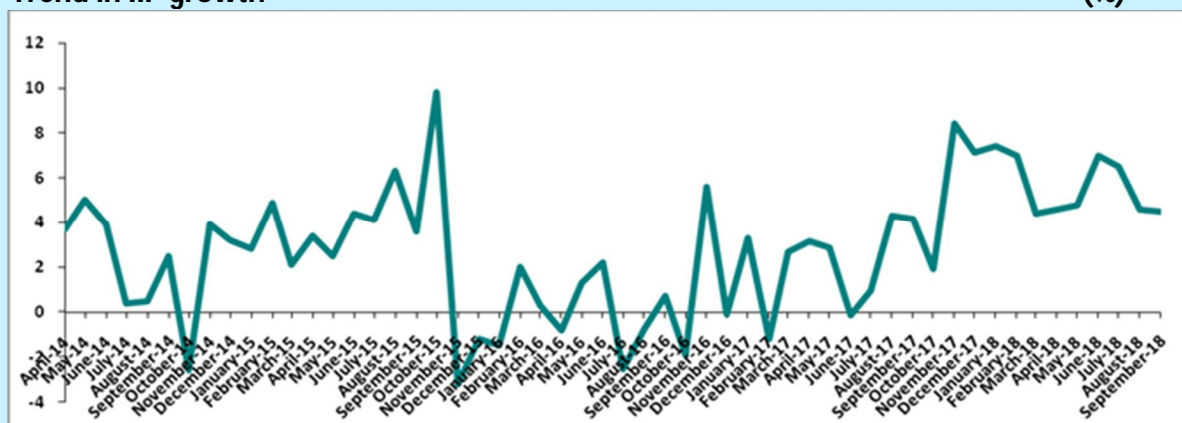
	Weight in IIP	April-September 2017-18	April-September 2018-19	August 18	September 18
Mining	14.3	3.9	3.3	-0.54	0.2
Manufacturing	77.6	2.0	5.3	5.07	4.6
Electricity	7.9	5.7	6.2	7.59	8.2
Primary goods	34.0	3.7	4.8	2.46	2.6
Capital goods	8.2	0.3	7.3	9.34	5.8
Intermediate goods	17.2	0.3	1.2	2.76	1.4
Infrastructure/construction goods	12.3	2.1	8.7	7.95	9.5
Consumer durables	12.8	-1.0	8.1	5.3	5.2
Consumer non-durables	15.3	7.5	4.0	6.46	6.1
Overall IIP	100	2.6	5.1	4.6	4.5

Source: PHD Research Bureau, compiled from CSO

In terms of industries, seventeen out of the twenty three industry groups (as per 2-digit NIC-2008) in the manufacturing sector have shown positive growth during the month of September 2018 as compared to the corresponding month of the previous year (Statement II). The industry group 'Manufacture of furniture' has shown the highest positive growth of 32.8 percent followed by 20.9 percent in 'Manufacture of wearing apparel' and 20.6 percent in 'Manufacture of wood and products of wood and cork, except furniture; manufacture of articles of straw and plaiting materials'. On the other hand, the industry group 'Printing and reproduction of recorded media' have shown the highest negative growth of (-) 12.9 percent followed by (-) 10.7 percent in 'Other manufacturing' and (-) 7.3 percent in 'Manufacture of tobacco products'.

Trend in IIP growth

(%)



Source: PHD Research Bureau, compiled from CSO

Our Viewpoint

The fall in CPI inflation from 3.7% in September 2018 to 3.31% in October 2018 is highly appreciable as benign inflation conditions and strong footing in the industrial development are expected to boost further the sentiments of investors and increased FDI and FII inflows in the coming months. Growth of IIP at 4.5% in September 2018 and the average growth of April-September 2018 at 5.1% is indicative of strong footing of the industrial growth and consistency. The reforms undertaken by the government are highly appreciable and breakthrough in Ease of Doing Business with an improvement of 23 spots this year to rank at 77th from 100th rank last year is expected to boost the sentiments of producers and growth of IIP is expected to become stronger in the coming months. Going ahead, we expect the IIP numbers to improve for the month of October 2018 vis-à-vis festive demand. Stability in retail inflation would help strengthening of macroeconomic environment and pave the way for soft monetary policy regime, going forward.

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Warm regards,

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