

IIP Update

Growth higher than expectations

The inflation in industrial sector for the month of February was surprisingly much higher than market expectations. The industrial sector grew by 8.6% in Feb (yoy) as compared to the level in the month of February 2007. The cumulative growth in the period April-Feb 2007 recorded a growth of 8.7%. The manufacturing sector registered a growth of 10.39% to 293.9 as compared to previous year at 270.7. The mining sector recorded 7.47% to 182.8 which is higher than the average growth registered by the mining in 2007. The electricity sector poised at 9.77% 211.3 marginally over previous level in 2007.

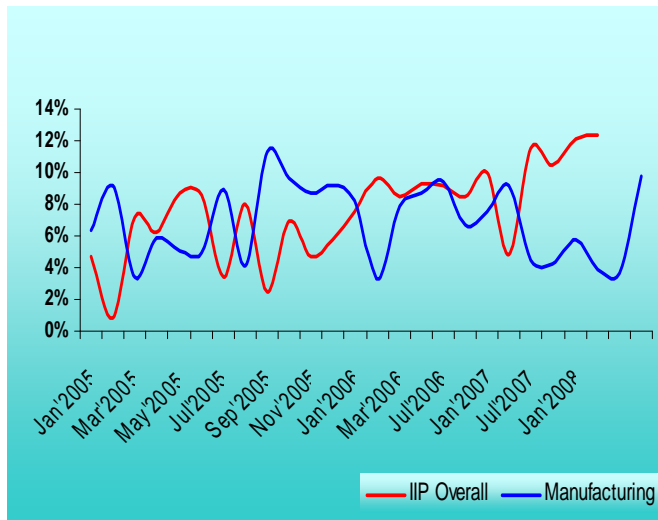
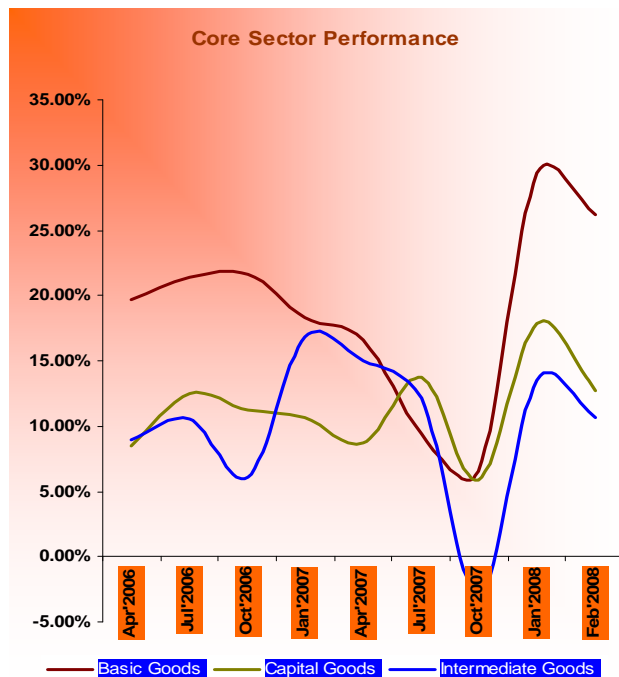


Table 1: Sectoral Performance

	Feb 08	Feb 07	YOY %
Mining	182.8	170.1	7.47
Manufacturing	293.9	270.7	8.57
Electricity	211.3	192.5	9.77
Overall	273.9	252.2	8.6

The basic goods registered a growth of 10.39% lower than last year level in the same month. The capital goods and the intermediate goods sector grew by 8.16% and 9.17% respectively.

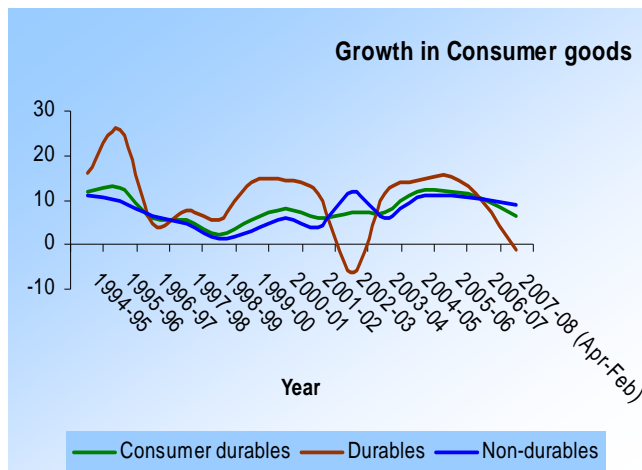
The sector grew phenomenally during October –December 2007.



	Feb 08	Feb 07	YOY %
Basic sector goods	226.4	210.9	7.35
Capital goods sector	355.8	322.3	10.39
Intermediate goods sector	258.5	239	8.16

Consumer Durables dampens the growth

The slowdown in the consumer goods segment offset the growth in the consumer durables and non-durables sector. So much so, the former had to fall in the growth rate of overall consumer goods sector. The consumer durables sector rose the highest amongst all the sector of the IIP index by 11.02% as compared to the last year level in the month of February. The consumer durables and non-durables sectors grew at the rate of 11.02% and 8.60% respectively.



	Feb 08	Feb 07	YOY %
Consumer goods	320.3	293.4	3.25
Consumer durables	390.2	377.9	11.02
Non-durables	304.2	274	8.06

Industry Group Performance

The IIP figures for the month gave a sense of respite on the back of steaming inflation. Metal products and the transport equipment parts segment were significantly at low levels by -3.1% and 3.3% respectively could not pull the overall IIP number down by virtue of its weightage in the basket. Wood and furniture exhibited strong growth at the rate of 45.8% was among the best performing industries. Else on the bourses the Beverages and the basic chemicals industry achieved 11% growth whereas base metals and Other manufacturing industries recorded 12.9% and 18.7% respectively.

	Weight	Index		Percentage growth	
		Feb'2007	Feb'2008	Feb'2008	Apr-Feb 2007-08
Beverages, Tobacco and Related Products	23.82	446.8	494.4	10.7	11.8
Wood and Wood Products; Furniture and Fixtures	27.01	133.7	115.3	-13.8	45.8
Leather and Leather & Fur Products	11.39	139.9	166.2	18.8	11.8
Basic Chemicals & Chemical Products (except products of Petroleum & Coal)	140.02	262.1	303.1	15.6	11.3
Rubber, Plastic, Petroleum and Coal Products	57.28	221.5	245.8	11	9.4
Non-Metallic Mineral Products	43.97	304.2	315.5	3.7	6.3
Basic Metal and Alloy Industries	74.53	293.2	316.6	8	12.9
Metal Products and Parts, except Machinery and Equipment	28.1	172.6	204	18.2	-3.1
Machinery and Equipment other than Transport equipment	95.65	371.7	383.8	3.3	9.5
Transport Equipment and Parts	39.84	376.2	397.5	5.7	3.3
Other Manufacturing Industries	25.59	283.1	323.3	14.2	18.7