July 28, 2026

Metals Lead the Charge as India’s Core Industrial Growth Accelerates!

What’s the Point?

- India’s core sectors remain in expansion mode, with rising mining and industrial activity lifting overall output growth YoY to a five-month high in June 2026.
- Strong gains in metal production including iron ore (43.9% YoY in June 2026) and steel (4.6% YoY in June 2026), and power and cement production highlight broad industrial resilience and improving utilisation across the economy.
- Furthermore, steady expansion in power and cement points to a firming industrial capex cycle—an encouraging signal for metal producers that underpin much of this investment activity.

India’s core sector output grew 5% year-on-year in June 2026, reaching a five-month high, driven by a sharp rebound in mining and industrial activity. The standout contributors were iron ore, power, and steel, all of which showed strong expansion, underscoring a broad-based industrial pickup:

a) Iron Ore: Sharp increase in production of this critical input into steel manufacturing

Iron ore production surged 43.9% YoY in June 2026, an acceleration from 19% YoY growth in May 2026.

This increase follows the inclusion of iron ore in the revised Index of Core Industries (ICI), reflecting its growing importance in India’s industrial ecosystem.

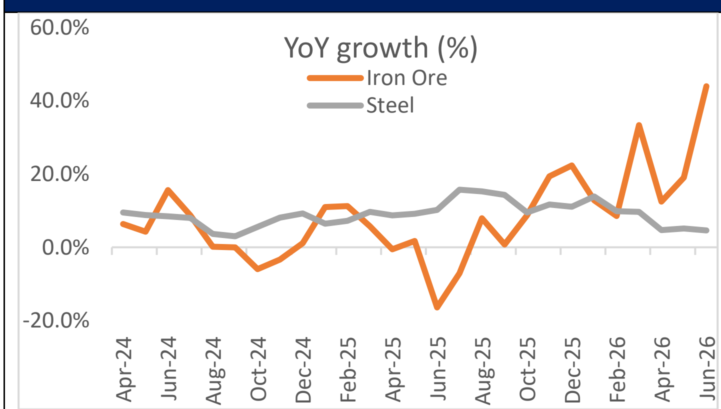
b) Steel: Consistent multi-year growth continues

Steel production grew 4.6% YoY in June 2026, remaining firmly in expansion territory, signalling improved demand from construction, automobiles, and capital goods. While the YoY growth for steel output has moderated, relative to 2025, it is still firmly in positive territory.

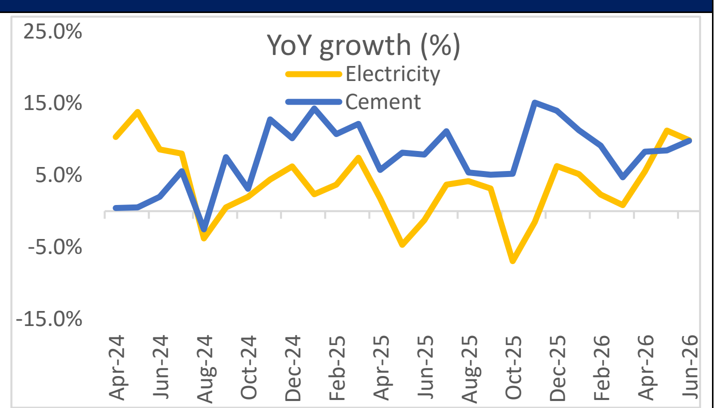
c) Electricity and Cement: Robust growth

Electricity output expanded 9.8% YoY in June 2026, supported by elevated summer demand. Cement production also rose 9.8% YoY in June 2026, indicating resilient demand from the infrastructure and construction sectors.

Iron ore and steel production have shown sustained growth



Growth in electricity and cement production indicate broader capex cycle underway



Source: CMIE

HDFC Mutual Fund: SEBI Registration Number: MF/044/00/6

HDFC Nifty Metal ETF FOF NFO: A structural opportunity meets a robust domestic backdrop

Metals underpin everything from everyday living to national security, making them indispensable to the functioning and resilience of modern economies. Demand is being reinforced not only by India's ongoing capex cycle and infrastructure push, but also by new-age drivers like AI / data centres, renewable energy sector growth, and the fast-growing EV ecosystem. At the same time, national strategic stockpiling is tightening supply chains as countries race to secure critical minerals. In India, supportive policies including Production Linked Incentive (PLI) schemes and safeguard duties are supportive of the industry — potentially creating a durable, multi-year runway for the entire metals value chain.

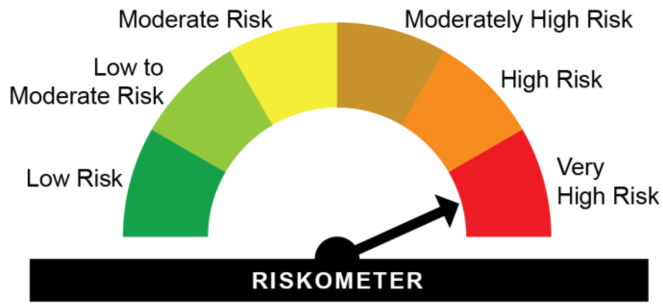
Character/s and/or illustrations featured in this content are generated using Artificial Intelligence, solely for conceptual purposes. Source: Companies in the Nifty Metal Index primarily produce steel, aluminium and refined copper. For more details and methodology, please visit www.niftyindices.com

Conclusion

India's core industrial data point to a resilient domestic economy, with steady gains across mining, electricity and cement, reinforcing expectations of a broadening capex cycle. This improving backdrop, combined with structural drivers, positions the entire metals value chain as an attractive long-term opportunity.

Recent production trends further helps strengthen the investment case for the Indian metals sector. Rising iron ore and steel output indicate healthier volumes and improving utilisation, while sustained growth in power and cement signals a strengthening capex cycle—supportive for metal companies central to this build-out. Investors looking for focused exposure to the sector may consider the HDFC Nifty Metal ETF FOF[@] (NFO Period: 20th July – 3rd August, 2026).

Source: CMIE, PIB, publicly available information.
[@]The Scheme being sectoral in nature carries higher risks versus diversified equity mutual funds on account of concentration and sector specific risks.

HDFC Nifty Metal ETF FOF^ (An Open-ended Fund of Fund scheme investing in units of HDFC Nifty Metal ETF) is suitable for investors who are seeking*	
• Capital appreciation over long term • Investment in Units of HDFC Nifty Metal ETF	
*Investors should consult their financial advisers, if in doubt about whether the product is suitable for them #The product labeling assigned during the NFO is based on internal assessment of the scheme characteristics or model portfolio and the same may vary post NFO when the actual investments are made. For latest riskometer, investors may refer to the Monthly Portfolios disclosed on the website of the Fund viz. www.hdfcfund.com	

The risk of the scheme is very high

^Investors in the Scheme shall bear the recurring expenses of the Scheme in addition to the expenses of other schemes in which this Fund of Funds scheme makes investment (subject to regulatory limits).

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