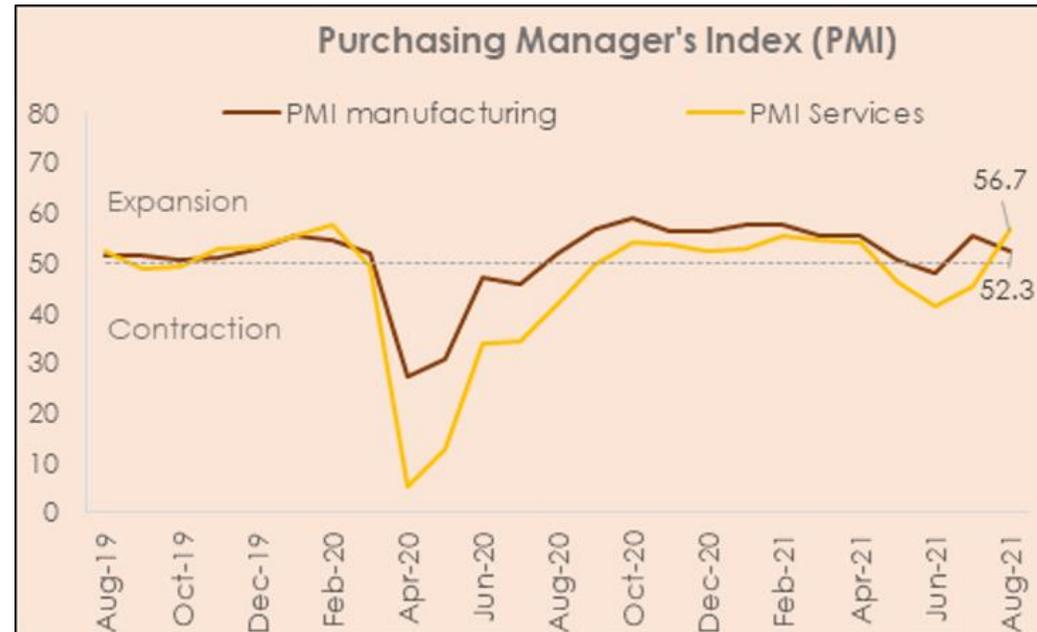




**Comments on :
India's PMI – Aug'21**

Slowdown in the revival momentum for manufacturing sector



- India's PMI manufacturing index eased marginally to 52.3 in Aug-21 from 55.3 in Jul-21. All components namely new orders, output, export orders, and stocks grew for the second consecutive month, albeit at a softer pace than July.
- Clearly, demand uncertainty and elevated price pressures due to supply chain bottlenecks and shortage in raw materials were the major reasons contributing to the slowdown in production.

Unlocking leading to a rapid recovery in services sector

- On the other hand, India's PMI services index bounced back into expansion zone rising to an 18-month high of 56.7 in Aug-21 from 45.4 in Jul-21.
- Unwinding of lockdown restrictions along with progress on vaccination contributed to the overall output to expand after a hiatus of 3 months.
- Nevertheless, there are headwinds to recovery in the services sector; new contracts continue to be impacted by uncertainty due to rise in virus caseload globally and stringent international travel restrictions. On the price front input costs rose to a 4-month high due to higher fuel, retail, and transport prices.
- Overall, manufacturers and service providers are optimistic about the near term outlook with removal of mobility restrictions and vaccination gathering momentum; however, they also remain cautious amid continuing concerns around third Covid wave.