

# Manufacturing growth remains robust in August

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India's manufacturing activity remained robust in August, with production and new orders strongest since last November. The S&P Global India Manufacturing Purchasing Managers' Index (PMI) eased to 56.2 in August from a reading of 56.4 in July.

A reading above 50 indicates expansion and a print below that denotes contraction. India's manufacturing activity continued to expand for the 14th straight month.

Demand boosted new orders in August to push output growth to a nine-month high. Production volumes were also supported by a pick-up in exports and upbeat projections for the year-ahead outlook, said the monthly report. Manufacturers attributed the fastest increase in production in nine months to higher sales, efforts to enhance capacities, product diversification and fewer Covid-19 restrictions.

"This robust performance was complemented by a fourth successive monthly slowdown in the rate of input cost inflation, which slipped to the lowest in a year amid softer pressures from commodity prices," said Pollyanna De Lima, economics associate director at S&P Global Market Intelligence.

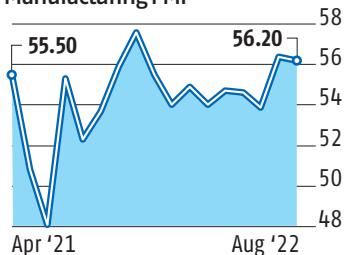
The findings also revealed that recent inflation concerns had somewhat faded, as business sentiment strengthened further from June's 27-month low. Predictions of stronger sales, new enquiries and marketing efforts all boosted business confidence in August. Lower commodity prices, especially aluminium and steel, helped in moderating inflation.

The rate of input cost inflation softened to the weakest in a year, but the passing of higher freight, labour and material prices to clients kept the pace of increase in output prices



## KEEPING PACE

Manufacturing PMI



Source: S&P Global

little-changed from July.

"Firms welcomed the weaker increase in input costs with an upward revision to output forecasts amid renewed hopes that contained price pressures will help boost demand. Inflation concerns, which had dampened sentiment around mid-year, appear to have completely dissipated in August as seen by a jump in business confidence to a six-year high," said De Lima.

International markets gave a fillip to total sales, as seen by a marked and quicker increase in new export orders halfway through the second fiscal quarter, the report said. Strong sales growth and a rise in production requirements supported a further increase in input buying at manufacturers, said the monthly report. Despite easing from July, the pace of expansion remained sharp, it said.

On the supply side, the findings showed a further shortening of delivery times and a slower upturn in prices charged by vendors. Delivery times shortened to the greatest extent in close to five years.