

Softer rise in manufacturing output slows flash PMI to 60.5

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New Delhi, 22 August

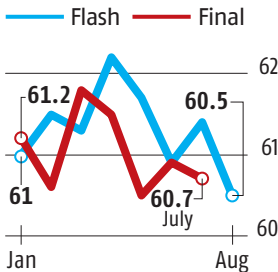
A softer rise in output of the manufacturing sector along with weakening of the new order growth in the sector slowed the expansion of India's private sector economy in August, according to a survey by HSBC on Thursday.

According to the survey carried out by the global banker, the headline flash composite Purchasing Managers' Index (PMI) figure declined to 60.5 in August from a downward revised figure of 60.7 in July.

Although the index, which measures the month-on-month change in the combined output of India's manufacturing and service sectors, was inside growth territory for the 37th consec-

MUTED GROWTH

Composite PMI Output Index



Note: In PMI parlance, a reading above 50 denotes expansion while below it shows contraction
Source: HSBC

utive month. "[The data] highlights a sharp upturn in new business intakes, solid job creation and upbeat expectations towards growth prospects. On the price front, there were softer increases in both input costs and selling

prices. There was a softer increase in manufacturing industry output and a fractionally stronger rise in activity across the service economy. Yet, the former led the upturn," the survey noted.

Pranjul Bhandari, chief India economist, HSBC said that India's flash composite PMI slipped slightly in August, though it remained significantly higher than the historical average as the manufacturing sector experienced a softer rise in output, while services firms saw a slightly quicker rise in business activity.

"Although new order growth for the manufacturing sector slowed to the weakest since February, the pace of expansion remained sharp, indicating continued strong demand and favourable market conditions," she added.