



PHDCCI Quick Economic Trends

Economic activity consolidates in August 2021: Rebound seen in coming months: PHD Chamber

The performance of lead economic and business indicators shows that the economic activity has consolidated in August 2021 after registering an uptrend for the three consecutive months since May 2021. Out of the 10 lead economic and business indicators of QET (Quick Economic Trends), tracked by the industry body PHDCCI, only 4 have shown uptick in the growth for the month of August 2021 as compared with 9 showing the uptrend in July 2021.

E way bill, Forex Reserves, Exchange rate and Stock Market have registered positive sequential growth in August 2021 as compared to July 2021. Stock Market have shown the sequential growth of 4.8% from 52694 in July 2021 to 55238 crore in August 2021, followed by increase in the E way bills at 2.7% from 64.2 million in July 2021 to 65.9 million in August 2021. The sequential growth of Forex reserves increased by 2.1% from US\$ 621 billion in July 2021 to US\$ 634 billion in August 2021. Exchange rate appreciated by 0.5% from average of 74.51 INR/USD in July 2021 to 74.17 INR/USD in August 2021.

However, GST Collections, Railway Freight, Exports, Passenger Vehicle Sales, Unemployment and Manufacturing PMI registered sequential decline in August 2021 as compared to July 2021.

Supply side issues such as high input prices, shortages of raw material, among others are impacting the production possibilities and reducing the price cost margins of the businesses. The Government's calibrated measures targeted for the stressed sectors and accelerated vaccination drive in the country will bring back the pace of economic recovery in the coming months.

The significant pickup in the economic activity was observed from October 2020 which peaked in January 2021 and started declining from February 2021. The same started increasing from May 2021, peaked in July 2021 and declined again in August 2021, as depicted in the Chart-1.

Chart 1: Economy out of 10 based on PHDCCI Quick Economic Trends

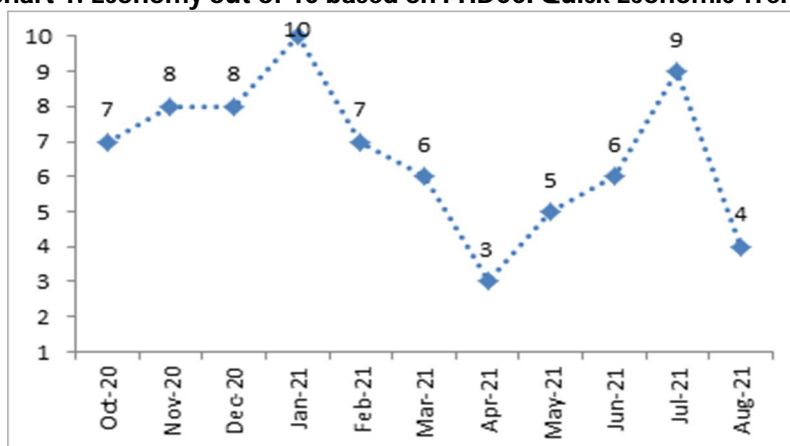
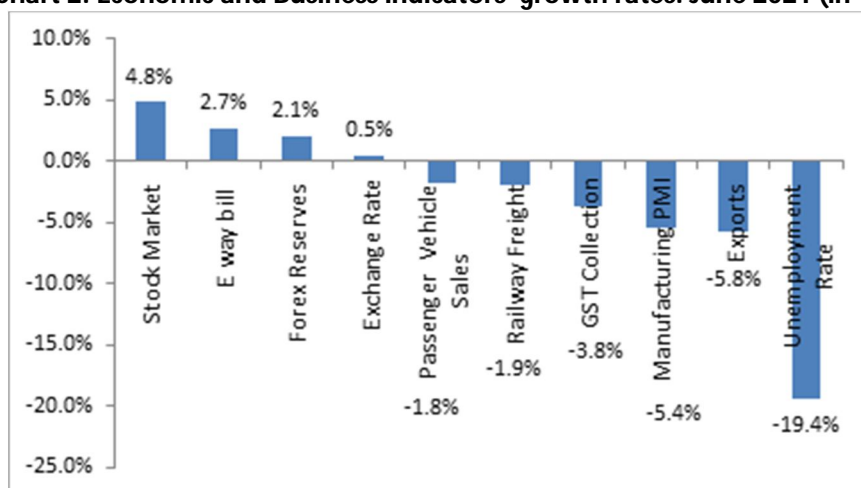


Chart 2: Economic and Business indicators' growth rates: June 2021 (in %)



Source: PHD Research Bureau, PHDCCI

Note: *Growth calculations of indicators such as exchange rate and unemployment are adjusted such that the decrease in the said indicators depicts improvement and vice-versa; figures are rounded off; growth is calculated sequentially, i.e. month over month for all the indicators.

At this juncture, there is a need to further fuel the drivers of household consumption and private investments to enhance the aggregate demand in the economy as it will have an accelerated effect on expansion of capital investments in the country. The Government should frontload the National Infra Pipeline expenditure as increased spending on infrastructure will give a multiplier effect to rejuvenate the aggregate demand in the economy.

More and more direct benefit transfers needs to be considered for the urban and rural poor under the various welfare schemes in addition to the free distribution of dry rations till Diwali as already announced by the Hon'ble Prime Minister. Vaccination of population should be continued with a more faster pace, target should be set to vaccinate at least half of the population with both the doses by end October 2021.

10 economic and business indicators of QET include demand and supply indicators along with external and financial sectors indicators.

PHDCCI Quick Economic Trends: Growth Performance of Economic & Business activity so far

S. No	Economic and Business Indicators	Jun-21	Growth		Jul-21	Growth		Aug-21	Growth	
1	GST Collection (in Rs crore)	92849	-9.6%	↓	116393	25.4%	↑	112020	-3.8%	↓
2	E way bill (in Millions)	54.69	36.8%	↑	64.16	17.3%	↑	65.89	2.7%	↑
3	Railway Freight (MT)	112.65	-1.9%	↓	112.72	0.1%	↑	110.55	-1.9%	↓
4	Exports (US\$ Billion)	32.5	0.9%	↑	35.17	8.2%	↑	33.14	-5.8%	↓
5	Passenger Vehicle Sales (units)	231633	163.1%	↑	264442	14.2%	↑	259555	-1.8%	↓
6	Unemployment Rate (in %) (Sign Changed)*	9.2	22.9%	↑	7.0	24.2%	↑	8.3	-19.4%	↓
7	Forex Reserves (in US\$ Billion)	609	1.8%	↑	621	2.0%	↑	634	2.1%	↑
8	Exchange Rate (INR/USD)	73.54	-0.5%	↓	74.51	-	↓	74.17	0.5%	↑

	(Sign changed)*					1.3%				
9	Stock Market (SENSEX monthly average)	52400	5.2%	↑	52694	0.6%	↑	55238	4.8%	↑
10	Manufacturing PMI (points)	48.1	-5.3%	↓	55.3	15.0 %	↑	52.3	-5.4%	↓
Overall Score			6/10			9/10			4/10	

Source: PHD Research Bureau, PHDCCI, compiled from various sources.

Note: *Growth calculations of indicators such as exchange rate and unemployment are adjusted such that the decrease in the said indicators depicts improvement and vice-versa; figures are rounded off; growth is calculated sequentially, ie. month over month for all the indicators.

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Warm Regards,

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