

Manufacturing PMI declines to four-month low of 55.3 in Feb

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The purchasing managers' index (PMI) for manufacturing in February saw a marginal decline to a four-month low of 55.3, from 55.4 in January, as input costs in the manufacturing industry increased further and new orders from abroad increased only fractionally, said a private survey on Wednesday.

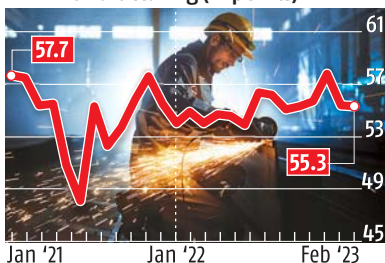
"Input costs in the manufacturing industry increased further, with firms mentioning higher prices for electronic components, energy, foodstuff, metals and textiles. However, the rate of inflation was still below its long-run average and among the weakest in over two years," the survey by S&P Global noted.

A survey print above 50 by the global rating agency indicates expansion in manufacturing, and below that represents contraction.

The survey noted that despite the increase in input costs, only a few firms opted to pass cost increases through to clients by lifting their selling prices, while the vast majority (94 per cent) left their fees unchanged in attempts to boost sales. "The survey showed some

MARGINAL DIP

PMI-manufacturing (in points)



Source: S&P Global

reluctance among manufacturers to pass on cost increases to clients, with output charge inflation easing since January," said Pollyanna De Lima, economics associate director at S&P Global Market Intelligence.

The survey noted that the February data pointed to a consecutive twenty-month rise in manufacturing production. Where growth was reported, panellists mentioned sustained increases in new orders, favourable underlying demand and technological progress.

"Domestic market was the main source of new business growth, as new

orders from abroad increased only fractionally and the rise in international sales was the weakest in the current 11-month period of expansion," the survey noted. De Lima said that the growth momentum in manufacturing industry was maintained in February, with new orders and output increasing at similar rates to January, and companies were confident in the resiliency of demand as they continue to add to their inventories by purchasing additional inputs.

"Job creation failed to gain meaningful traction, however, as firms reportedly had sufficient staff to cope with current requirements. Indeed, there was only a marginal increase in their backlogs. Suppliers also appeared to have ample capacity to accommodate for rising input demand, shown by a stabilisation in delivery times," she added.

The manufacturing PMI data comes in the wake of the core sector data released Tuesday by the industry department.

The Production of eight infrastructure industries expanded 7.8 per cent year-on-year (YoY) in January, its fastest pace in four months, as seven reported positive output growth.