

Softer increase in new orders slows manufacturing PMI

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Growth in Indian manufacturing softened in July due to “slightly” softer increases in new orders and output, according to a private agency’s survey on Thursday.

The HSBC final India Manufacturing Purchasing Managers’ Index (PMI), compiled by S&P Global, came in at 58.1 last month, little changed from June’s 58.3 reading.

The index has been above the 50-mark separating growth from contraction since July 2021.

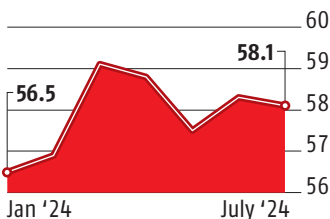
International sales by Indian manufacturing expanded at the fastest pace in more than 13 years, while job creation remained robust and selling price saw the steepest increase since October 2013.

“Buoyant demand conditions created a ripple effect across the manufacturing industry, mainly through a substantial upturn in new work intakes. Despite slowing since June, the pace of sales growth was sharp in the context of historical data,” according to the survey.

“India’s headline manufacturing PMI showed a marginal slowdown in the pace of expansion in July, but with most components remaining

GROWTH TRAJECTORY

Manufacturing PMI



A survey print above 50 indicates manufacturing expansion and below marks contraction
Source: HSBC

at robust levels, the small drop is no cause for concern,” said Pranjul Bhandari, chief India economist at HSBC.

“New export orders remain a bright spot, rising by 1 point to the second-highest level since early 2011. The continuous increase in the output price index, driven by input and labour cost pressure, may signal further inflationary pressure in the economy,” she said.

The survey noted that production volumes increased substantially at the start of the second quarter of FY24, even as the growth rate eased from June. Manufacturing PMI was nearly six points above the average seen since the survey began in March 2005.