

Manufacturing PMI recovers to 55.3 amid easing pressures

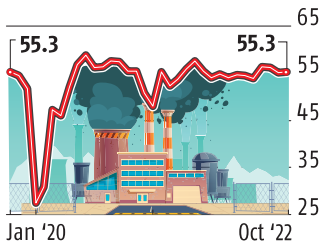
SHIVA RAJORA

New Delhi, 1 November

The manufacturing Purchasing Managers' Index (PMI) recovered slightly in October to 55.3, from 55.1 in September, as economic growth in the Indian manufacturing industry remained robust, and price pressures were contained.

As the seasonally adjusted S&P Global India PMI recovered from 55.1 in September to 55.3 in October, it largely reflected stronger increases in employment and stocks of purchases, the survey by the global credit rating agency revealed. "Firms were again able to secure additional work in October, taking the current sequence of growth to 16 months. Overall, factory orders increased at an above-trend pace that was nonetheless the weakest since June. New export orders rose, with the pace of expansion ticking high-

THE TRAJECTORY



A print above 50 in the survey indicates expansion in manufacturing activity. A score below that represents contraction
Source: S&P Global India PMI

er," the survey said.

Although retail inflation had increased to 7.41 per cent in September, from 7 per cent in August, and remains well above the Reserve Bank of India's (RBI's) tolerance threshold for the ninth consecutive month, goods producers, however, enjoyed a contained inflationary environment in October, it added. "The overall rate

of cost inflation was the second-weakest for two years, ahead of that registered in the prior survey period. In turn, manufacturers limited hikes to output prices," the survey said.

Pollyanna De Lima, economics associate director at S&P Global Market Intelligence, said the manufacturing industry proved resilience as the factory orders and production rose in October despite losing growth momentum.

"Manufacturers continued to loosen the purse strings as they expect demand buoyancy to be sustained in coming months. There was a marked rise in input purchasing, with firms adding to their inventories to better align with client purchasing. Capacities were again expanded to accommodate for improving sales. The Future Output Index component indicated robust business optimism towards the year-ahead outlook for output," she added.