

Nov Mfg PMI hits 9-mth low on US tariff woes

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Manufacturing sector activity slowed to a nine-month low in November as US tariffs dragged down export orders with the goods and services tax (GST) rate cut impact also fading, showed a private survey on Monday.

The headline HSBC purchasing managers index (PMI) for November, compiled by S&P Global, fell sharply to 56.6 from 59.2 in October. Earlier in February, the headline manufacturing PMI had stood at 56.3.

Pranjul Bhandari, chief India economist at HSBC, said that India's final November PMI confirmed that US tariffs caused the manufacturing expansion to slow. The new export orders PMI fell to a 13-month low.

"Business confidence, as indicated by expectations for future output, showed a big fall in November, potentially reflecting increasing concerns about the impact of tariffs. The boost from the cuts in goods and services tax (GST) may be fading and it might be insufficient to offset the tariff headwind to demand," she added.

A figure above 50 in the survey denotes expansion in activity, while below that signifies contraction. The headline figure, meanwhile, has remained in the expansion zone for the 53rd month running.

"Indian manufacturers noted a substantial upturn in order book volumes, which they attributed to competitive pricing, positive demand trends and greater client interest. The overall rate of growth eased to a nine-month low, however, amid reports of challenging market conditions, delays in project starts and rivalry among firms," the survey said.

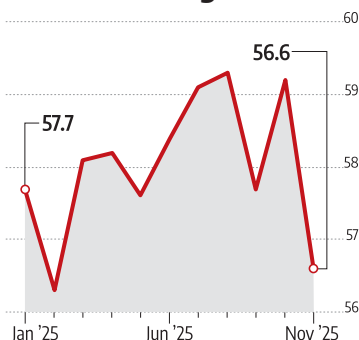
Besides, a softer rise in sales restricted growth of buying volumes and job creation.

Inflation rates also receded in November, with input costs and selling charges rising at the slowest rates, in nine and eight months, respectively.

Although companies suggested that the trend for international sales remained favourable — reflecting greater sales to clients in Africa, Asia, Europe and the Middle East — there



Manufacturing PMI



Note: PMI is in points. A print above 50 indicates expansion and below shows contraction

Source: HSBC

was a mild loss of overall growth momentum.

On average, new export orders rose at the weakest pace in over a year.

On the employment front, the survey noted that manufacturers in India adjusted their hiring efforts and purchasing activity in line with a slowdown in new order growth. The latter saw its weakest upturn since February.

"Meanwhile, employment expanded at the softest pace in the current 21-month period of uninterrupted growth," said the survey.

Regarding outlook, the survey noted that companies remained confident of a rise in output over the course of the coming 12 months. However, positive sentiment fell to its lowest level in nearly three-and-a-half years.