

Manufacturing PMI in Feb rises to 5-month high

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The manufacturing sector gathered momentum in February on the back of expansion in new export orders and easing of pricing pressures as the headline Purchasing Managers Index (PMI) climbed to a five-month high. It touched 56.9 during the month from 56.5 in January, the survey released by HSBC on Friday showed.

At 56.9, the February manufacturing PMI is above the flash estimate of 56.7 released on February 22.

"Production levels were raised in tandem with a further steep increase in inflows of new orders, besides advanced technology and buoyant demand conditions. The upturn in manufacturing output was led by the capital goods category. Similarly, factory orders expanded at the quickest pace since September and were above the long-run series average. Firms indicated that marketing efforts continued to bear fruit, helped by a positive demand environment," the report by the global investment banker notes.

The report also said new export orders rose at the fastest pace in nearly two years, with

anecdotal evidence highlighting Australia, Bangladesh, Brazil, Canada, mainland China, Europe, Indonesia, the US and UAE as sources of demand growth.

February marked 32 months of the index remaining above 50.

A survey print above 50 indicates manufacturing expansion and below that marks contraction. The latest PMI figure comes a day after the National Statistical Office (NSO) data showed that India's GDP grew by 8.4 per cent in the October-December quarter. And, growth in the manufacturing sector remained in double digit for the second consecutive quarter in Q3.

The survey also notes that an associated improvement in demand for raw materials supported the rebuilding of input inventories, while supplier delivery times remained broadly stable.

Concurrently, purchasing cost inflation retreated to a 43-month low, with selling charges increasing to a lesser extent as a result. Ines Lam, economist, HSBC, said that the manufacturing PMI indicates that production growth continued to be strong, supported by both domestic and external demand.

