

# Manufacturing PMI softens in June, still at six-month high

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India's manufacturing activity in June expanded at the second highest pace this year, driven by robust demand for the country's goods in domestic and international markets, said a private survey on Monday.

S&P Global said the Purchasing Managers' Index (PMI) for manufacturing fell to 57.8 in June from 58.7 in May, even as the headline figure pointed to improvement in operating conditions.

The June figure marked two years of the index being above the 50-mark, separating expansion from contraction. A survey print above 50 indicates manufacturing expansion and below marks contraction. Earlier, in December 2022, PMI for manufacturing was recorded at 57.8.

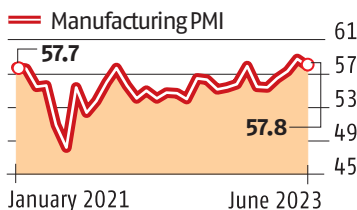
"Central to the upturn [is] demand strength, which positively impacted several other measures such as sales, production, stock building and employment. Indian goods producers registered a sharp increase in new work intakes during June, and one that was among the strongest seen since February 2021. In addition to favourable demand conditions, panellists linked the upturn to advertising and new product releases," said the credit rating agency.

Supported by client appetite, manufacturers increased their selling prices in June, as the rate of inflation change was strongest in 13 months and above its long-run average.

"Positive client interest continued to support the manufacturing industry, driving growth of output, employment, quantities of purchases and input stocks. These positive developments instilled greater confidence into manufacturers regarding growth prospects, boding well for business investment and the labour market," said Pollyanna De Lima, economics



## THE TRAJECTORY



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Source: S&P Global

associate director at S&P Global Market Intelligence.

To meet demand for sales, manufacturers ramped up production in June and purchased additional resources at the end of the first fiscal quarter: such an increase being the second-strongest in over 12 years, said the survey.

"Suppliers to the Indian manufacturing sector were comfortably able to meet rising demand for inputs. This was signalled by another improvement in delivery times. Moreover, vendor performance strengthened to the greatest extent in around eight-and-a-half years," it said.

"Presented with buoyant demand, manufacturers seized the opportunity to adjust their pricing strategies. The latest increase in output charges reflected firms' ability to pass on higher cost burdens to customers while maintaining a competitive edge," said De Lima.