

● AT 60.5 AFTER FIVE-MONTH LOW OF 60.2 IN MAY

# Services PMI rises in June after May break

**Uptick mainly due to a stronger rise in new orders**

**FE BUREAU**  
New Delhi, July 3

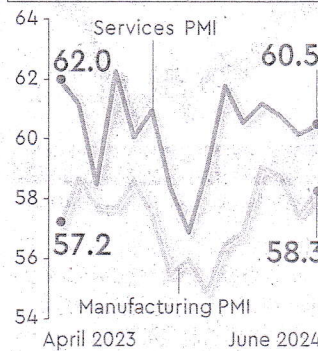
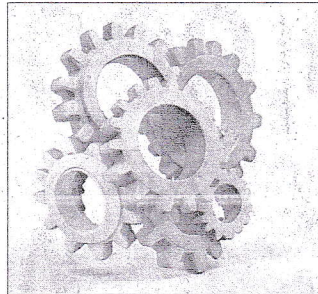
**SERVICES ACTIVITY ACROSS** the country improved in June, with the HSBC India Services Business Activity Index, or services PMI, rising to 60.5 during the month from a five-month low of 60.2 in May.

The uptick was mainly a result of a stronger rise in new orders and an "unprecedented expansion" in international sales, a release by S&P Global said.

The pace of increase in activity in June was quicker than in May and above its long-run average, the global ratings agency said. Demand strength and rising intakes of new business were cited as the key determinants of growth by the panellists.

The manufacturing activity also witnessed a considerable recovery in June, largely due to the same reason. Data released on Monday showed manufacturing PMI rising to 58.3 from 57.5 in May.

As a result, the composite PMI, a



Note: Reading below 50 suggests contraction and above it indicates expansion Source: PMI by S&P Global

weighted average of both manufacturing and services PMI, increased to 60.9 in June from 60.5 the previous month, S&P Global said.

During June, services firms witnessed a record expansion in international orders from Asia, Australia, Europe, Latin America, West Asia and the US, the global ratings agency said.

A faster rise in activity also encouraged services firms to increase their staffing levels at the quickest pace since August 2022. Anecdotal evidence highlighted a mixture of short-term and permanent hires for junior, medium and senior level positions, it added.

On the inflation front, the panellists reported higher prices for food (chicken, eggs and vegetables) and fuel. Average input prices, however, rose at a below-trend rate and one that was the softest in four months, the agency said.

Also, fewer than 5% of services companies opted to share additional cost burdens with their clients by lifting selling prices in June, resulting in only a moderate rate of output-charge inflation, it said.

Pranjul Bhandari, chief India economist, HSBC, said: "Overall, service providers remain confident about the year ahead business outlook, although the level of optimism moderated sharply during the month."