

Manufacturing PMI at 5-mnth low in Sept

However, India outperforms other Asian economies

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Indian manufacturing expanded at the slowest pace in five months in September but demand and output significantly improved despite increased inflationary pressures, outperforming other Asian economies, said a survey by the credit rating agency S&P Global.

The Manufacturing Purchasing Managers' Index (PMI) fell to 57.5 in September, compared to 58.6 in August. A print above 50 is considered expansion and that below 50 contraction in manufacturing activity. Although the lowest for five months, the latest reading remained firmly above the no-change mark of 50.0.

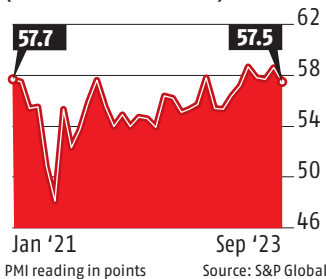
"India's manufacturing industry showed mild signs of a slowdown in September, primarily due to a softer increase in new orders which tempered production growth. Nevertheless, both demand and output saw significant upticks, and firms also noted gains in new business from clients across Asia, Europe, North America and the Middle East," said Pollyanna De Lima, economics associate director at S&P Global Market Intelligence.

"The solid increase in output charges signalled by the PMI data, which occurred in spite of a notable retreat in cost pressures, could restrict sales in the coming months," De Lima said. The manufacturing PMI last month was a contrast to the rest of Asia, where factory growth remained subdued because of slowing global demand. PMIs in Japan, Thailand, Vietnam, Taiwan, and Malaysia are below 50,



THE TRAJECTORY

Manufacturing PMI
(<50 denotes contraction)



which indicates a contraction in activity. The Philippines and Indonesia are still in the expansion zone, but not as strong as in India. The survey said the data showed a let-up in the recent surge in costs faced by Indian goods producers.

"After quickening to a one-year high in August, the rate of inflation receded to its lowest mark in over three years. Panelists indicated paying more for copper, electronic components, foodstuff, iron and steel, but noted lower costs for aluminium and oil," said the survey. Due to higher labour costs and demand strength, average prices charged by Indian manufacturers rose at a solid and faster rate that outpaced its long-run average. Manufacturers were confident that output volumes will increase over the next 12 months, with the overall level of positive sentiment improving to its highest in 2023.