

Manufacturing PMI rises in Nov on easing prices

SHIVA RAJORA

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The manufacturing sector gathered momentum in November on the back of demand increase and easing of pricing pressure as the Purchasing Managers Index (PMI) climbed to 56, the survey released by S&P Global showed on Friday. The PMI rebounded from October's eight-month low of 55.5.

"After slowing in October, growth of output gathered pace as strengthening client demand and more favourable input supply boosted production volumes. Inflationary pressures retreated. Charges rose modestly, as the vast majority of firms opted to leave their fees unchanged since October. Manufacturers that hiked their fees, which were fewer than 7 per cent of panellists, mentioned demand strength, greater labour costs and the usage of higher-quality inputs in production processes," the global credit agency's report notes.

November marked 29 months of the index remaining above 50. A survey print above 50 shows manufacturing expansion and below that marks contraction. The survey also notes that there was a substantial increase in the overall levels of new work received by Indian goods producers in November. In fact, the surveyed companies reported positive demand trends, greater client requirements and favourable market conditions.

"The trend for new export business showed signs of resilience, despite weakening in November. New export orders rose for the 20th month in a row and solidly, albeit at the slowest rate since June. On the upside, companies signalled higher intakes of new business from Africa, Asia, Europe and the US," the survey noted. A key feature of the latest results was a substantial easing of price pressures. Although average purchasing costs rose again, the rate of inflation eased to the lowest in the current 40-month sequence of increases and was negligible by historical standards.

The survey also noted that manufacturing employment in India increased for the eighth successive month heading towards the end of 2023. This came as new work in the pipeline and a healthy demand environment spurred recruitment, anecdotal evidence showed.

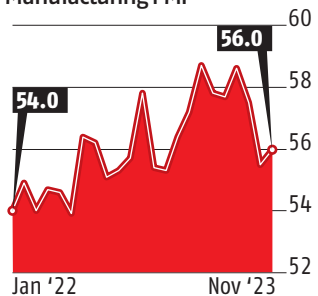
Pollyanna De Lima, economics associate director, S&P Global Market Intelligence, said that India's manufacturing industry maintained its robust performance in November, with output regaining growth momentum. Also, firms' ability to secure new business, both domestically and from abroad, remained central to the success of the sector.

"Sustained new order growth continued to be good news for the sector's labour market, with recruitment remaining on an upward path. Expanded capacities, rising workloads and the need to replenish stocks of finished goods collectively indicated that India's manufacturing economy is clearly in good shape as 2023 draws to a close, with expectations for a continued strong performance in 2024," added De Lima.

The rebound in manufacturing PMI comes a day after the National Statistical Office data showed a robust nine-quarter high growth in the manufacturing (13.9 per cent) and construction (13.3 per cent) sectors in the second quarter. This has propped the GDP growth to 7.6 per cent during the quarter.



DEMAND PUSH Manufacturing PMI



Print above 50 is expansion and below that is contraction
Source: S&P Global