

Services PMI rises to 2-month high of 58.5 in Jan on new orders

STRONG START. Business confidence also climbed to a 3-month high

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The services sector performed well in January, as the Purchasing Managers' Index (PMI) rose to a two-month high of 58.5 compared to 58 in December, S&P Global reported on Wednesday. The most notable feature was an improvement in the job scenario during the month.

Highlighting the sustained momentum in the sector, Pranjul Bhandari, Chief India Economist at HSBC said: "Robust output growth was driven by a steady influx of new orders, including increased international demand from South and South-East Asia."

NEW CLIENTS

Further she said that business confidence climbed to a three-month high, supported by efficiency gain.



JOBS REBOUND. Rising intakes of new work prompted service providers in India to resume hiring in January

According to S&P Global, survey participants reported new business gains from clients in Indonesia, Kenya, Malaysia, Oman, Qatar, Sri Lanka, Thailand and Vietnam.

Rising intakes of new work prompted service providers in India to resume hiring in January.

The pace of job creation

was only marginal, however, as the vast majority of firms opted to leave workforce numbers unchanged amid sufficient resources for current requirements.

"The latest results showed a broadly stable volume of pending workloads across the service economy, with the respective seasonally adjusted index registering only

fractionally above the neutral mark of 50 in January," the report noted.

MAJOR FACTORS

Talking about business confidence rising to a three-month high, the report said that among the factors supporting optimistic forecasts were efficiency gains, marketing efforts and new client wins.

Services firms signalled more costly prices for eggs, electronic items, meat, paper, parts and vegetables. Overall, input costs increased at the fastest pace since last September, while output charges also rose to a greater extent during January, with the rate of inflation at a 3-month high.

"Service providers reportedly sought to better balance cost rises and profitability. The overall increase was nevertheless mild in the context of historical data," the report said.