

# Manufacturing PMI edges up in October on sales, new orders

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After an eight-month low, growth in India's manufacturing sector revived at the turn of the third quarter of the current financial year as output accelerated, driven by faster increases in total new orders and international sales, according to a private business survey released on Monday.

The HSBC final India manufacturing Purchasing Managers' Index (PMI), compiled by S&P Global, rose to 57.5 in October from an eight-month low of 56.5 in September. A figure above 50 in the index denotes expansion in activity and below signifies contraction. "Companies noted a quicker increase in order book volumes that was stronger than the average seen in nearly 20 years of data collection. Anecdotal evidence suggested that the introduction of new products and successful marketing initiatives helped enhance sales performances," the survey noted.

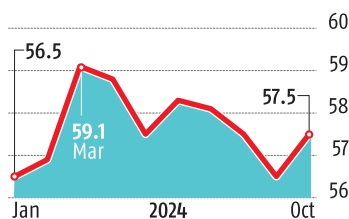
The survey further noted that new export orders also exhibited stronger growth, following the weakest uptick in a year-and-a-half during September, as panel members reported gains in new contracts from Asia, Europe, Latin America and the US.

"Production volumes were ramped up to a greater degree in October, fuelled by faster increases in the consumer and investment goods categories. When explaining the latest upturn in output, companies remarked on demand buoyancy, positive sales pipelines and favourable market conditions," the survey noted.

Pranjul Bhandari, chief India economist, HSBC notes that India's headline manufacturing PMI picked up substantially in October as the economy's operating conditions continue to broadly improve.



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India Manufacturing Purchasing Managers' Index 2024



Source: HSBC

"Rapidly expanding new orders and international sales reflect strong demand growth for India's manufacturing sector. Meanwhile, input and output prices are both increasing as a result of persistent inflationary pressures in materials, labour, and transportation costs," she added.

On the employment front, the survey noted that not only did manufacturers hire extra staff at the start of the third financial quarter, but also to a greater degree than in September. "Around one-in-ten panellists reported an increase in employment, while 1 per cent shed jobs. This supported the first decline in backlogs in over a year," the survey noted.

On the inflation front, the data signalled stronger inflationary pressures across India's manufacturing sector with input price inflation quickening to a three-month high, though remaining below its long-run trend.