

Manufacturing PMI cools to 3-mth low

Output robust despite global headwinds, recession fears

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India's manufacturing Purchasing Managers' Index (PMI) dipped to a three-month low in September. However, output still remained robust, notwithstanding global headwinds and recession fears in developed countries.

Although the seasonally adjusted S&P Global India PMI slipped from 56.2 in August to 55.1 in September, there was greater demand from both international and domestic clients, revealed a survey by S&P Global.

A print above 50 indicates expansion in manufacturing activity. A score below that represents contraction.

"New orders, international sales, and output increased in each of the three broad areas of the manufacturing industry. In all cases, the strongest growth rates were signalled by capital goods makers," the survey said. Although retail inflation had increased to 7 per cent in August, from 6.71 per cent in July, and remains well above the Reserve Bank of India's (RBI's) tolerance threshold for the eighth consecutive month, goods producers enjoyed a weaker inflationary environment in September, it added.

To rein in inflation, the RBI had hiked its key interest rate by a cumulative 190 basis points since early May.

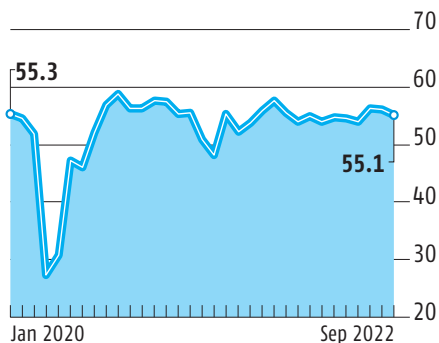
"Goods producers enjoyed a weaker inflationary environment in September as input costs rose at the slowest pace since October 2020. While around 8 per cent of companies reported higher purchasing prices, 91 per cent signalled no change," observed the survey.

Pollyanna De Lima, economics associate director at S&P Global Market Intelligence, said businesses benefited from a noteworthy moderation in price pressures.

"Input costs rose at the slowest rate in almost two years as supplier stocks improved in line with subdued global demand for raw material and recession risks. Subsequently, Indian companies sought to restrict selling price hikes and



GROWTH GRAPH



PMI is in points. A print above 50 denotes expansion, while one below it indicates contraction Source: S&P Global

overall charge inflation eased to a seven-month low," she added.

To fulfil sales requirements, the survey said Indian manufacturers dug deeper into their inventories in September as stocks of finished goods fell at the fastest pace since February.

"Ongoing increases in new work and efforts to lift production boosted job creation in September. Employment rose at the quickest pace in three months, albeit one that was slight overall," the survey added.

Amid intensifying global headwinds, the RBI on Friday pared its growth forecast for 2022-23 (FY23) to 7 per cent, from 7.2 per cent estimated earlier.