

Services PMI hit 4-mth high in Dec

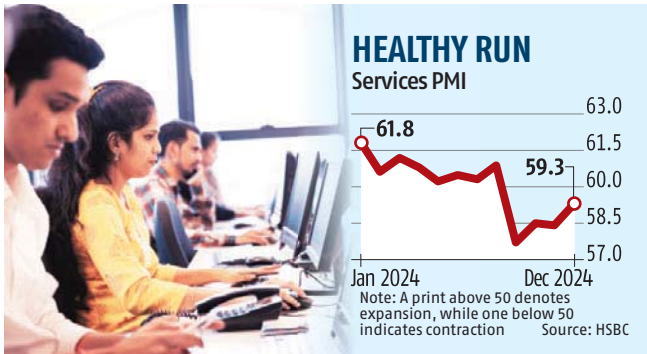
Demand surge fuelled growth, job creation despite easing pricing pressure

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Growth in India's dominant services sector in 2024 ended on a strong footing, with Purchasing Managers' Index rising to a four-month high of 59.3 in December, owing to demand buoyancy that continued to drive new business inflows higher, which in turn supported output growth and prompted firms to recruit additional workers, according to a private business survey released on Monday.

The PMI figure, released by HSBC, was 58.4 in November. The index has been above the neutral 50-mark that separates contraction from expansion for the 41st month straight. "Survey participants were also strongly upbeat



regarding the year-ahead outlook for business activity," the survey noted. On the price front, there was a softer increase in cost burdens, though panellists continued to report greater outlays on food, labour and materials. Selling price

inflation likewise eased in December. Among sectors, finance & insurance registered by far the strongest increases in both new orders and business activity.

Ines Lam, economist at HSBC, said that India's services compa-

nies expressed strong optimism in December as business activity growth surged to a four-month high. Forward-looking indicators such as new business and future activity suggested that the strong performance will likely continue in the near future.

"The easing of input price inflation in the month also supported business sentiment. Strength in the services PMI stands in contrast with the growing signs of a slowdown in the manufacturing industry," she added. On the employment front, the survey noted the combination of new business growth, upbeat forecasts and rising capacity pressures supported another round of job creation across the service economy.