October sees a marginal rise in flash PMI

FE BUREAU
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ECONOMIC ACTIVITY, BOTH manufacturing and services, improved in October from September, in the backdrop of positive demand trends. The HSBC Flash India PMI rose to 58.6 in October from 58.3 a month ago, S&P Global said in a release.

The recovery in activity was largely driven by a sharp rise in manufacturing. The HSBC Flash India Manufacturing PMI — depicting factory business conditions calculated from measures of new orders, output, employment, supplier delivery times and stocks of purchases — recovered from September's eight-month low print of 56.5 to 57.4 in October.

Pranjul Bhandari, chief India economist at HSBC, said: "India's flash manufacturing PMI indicated that the manufacturing industry regained growth momentum in October. Several components accelerated after a modest slowdown over the past two to three months. New orders and new export orders expanded at faster rates, providing a good omen for industrial production for the remaining months of 2024."

The 'HSBC Flash India Manufacturing PMI Output Index' rose to 60.1 in October from 59.8 in September. Whereas, the Flash Services PMI index inched up to 57.9 from 57.7.

According to S&P Global, Indian businesses indicated a sharp increase in new order intakes during October. The expansion, which was mostly linked to positive demand trends, was also stronger than that recorded in September.

"Latest data revealed that part of the upturn in total new orders was fuelled by an improvement in international demand for Indian goods and services. Rates of expansion in export sales accelerated at manufacturing firms and their services counterparts," said S&P Global.

Additionally, data also showed that ongoing restocking efforts fuelled the growth of input purchasing by manufacturing firms. As a result, pre-production inventories substantially rose, but the fulfilment of sales from warehouses triggered another slight fall in stocks of finished goods, said S&P Global.

Input cost inflation at the composite level picked up to the strongest in three months in October, amid marginally quicker increases at both goods producers and service providers, said S&P Global. "According to survey participants, chemicals, eggs, meat, packaging, steel and vegetables — all rose in price. Yet, the overall rate of cost inflation remained below the survey average," it said.

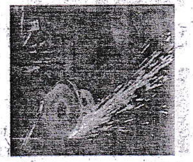
On the employment front, both the sectors saw a rise in headcounts. "The latest increase in employment was sharp and the quickest in 18-and-a-half years," said S&P Global.

According to Bhandari, manufacturers' profit margins are still under pressure as input price inflation continues to pick up pace. "Manufacturers are trying to pass on higher costs to downstream consumers by raising output prices," she said.

The business confidence for the coming months were mixed at the sub-sector level. "Manufacturers were at their most upbeat since July, while the sentiment somewhat faded at services companies," said S&P Global.

MOMENTUM REGAINED

- HSBC Flash India PMI rose to **58.6** in October from **58.3** a month ago



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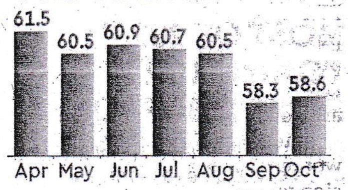
COMPOSITE PMI



*Flash PMI