

# News Release

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## S&P Global India Manufacturing PMI®

### Growth remains strong and inflationary pressures mild in October

#### Key findings

New orders and production rise at slower, though strong rates

Job creation fastest in close to three years

Inflation rates stay below trend

The latest PMI® results indicated that economic growth in the Indian manufacturing industry remained robust, and price pressures were contained. October data showed historically marked expansions in factory orders and quantities of purchases, while production growth outpaced its long-run average despite softening to a four-month low. At the same time, cost burdens rose at a broadly similar rate to September's 23-month low, while selling charge inflation moderated to the weakest since February.

The seasonally adjusted S&P Global India Manufacturing Purchasing Managers' Index® (PMI®) was up from 55.1 in September to 55.3 in October, above its long-run average (53.7) and indicating a stronger improvement in the health of the sector. The upward movement in the headline figure largely reflected stronger increases in employment and stocks of purchases.

Firms were again able to secure additional work in October, taking the current sequence of growth to 16 months. Overall, factory orders increased at an above-trend pace that was nonetheless the weakest since June. New export orders also rose markedly, with the pace of expansion ticking higher.

Production likewise expanded at a slower rate at the start of the third fiscal quarter, the slowest since June, albeit one that surpassed its long-run average. Growth was linked to ongoing improvements in demand and enhanced technology.

Indian manufacturing companies bought additional inputs in October amid efforts to rebuild stocks and fulfil greater sales. Overall, input buying rose solidly, but at the slowest pace in 14 months.

Price pressures were little-changed from September. The overall rate of cost inflation was the second-weakest for two years, ahead of that registered in the prior survey period. In turn, manufacturers limited hikes to output prices. The rate of charge inflation eased to the weakest since February.

India Manufacturing PMI

sa, >50 = growth since previous month



Source: S&P Global.

Data were collected 12-25 October 2022.

#### Comment

Pollyanna De Lima, Economics Associate Director at S&P Global Market Intelligence, said:

*"The Indian manufacturing industry again showed signs of resilience in October, with factory orders and production rising strongly despite losing growth momentum."*

*"Manufacturers continued to loosen the purse strings as they expect demand buoyancy to be sustained in coming months. There was a marked rise in input purchasing, with firms adding to their inventories to better align with client purchasing. Capacities were again expanded to accommodate for improving sales. The Future Output Index component indicated robust business optimism towards the year-ahead outlook for output."*

*"Consumer goods was the best-performing category in October, recording the greatest performances for output, total sales and exports. Growth for all of the aforementioned areas was sustained in the intermediate and investment goods sub-sectors, albeit with slowdowns since September."*

PMI®

by S&P Global

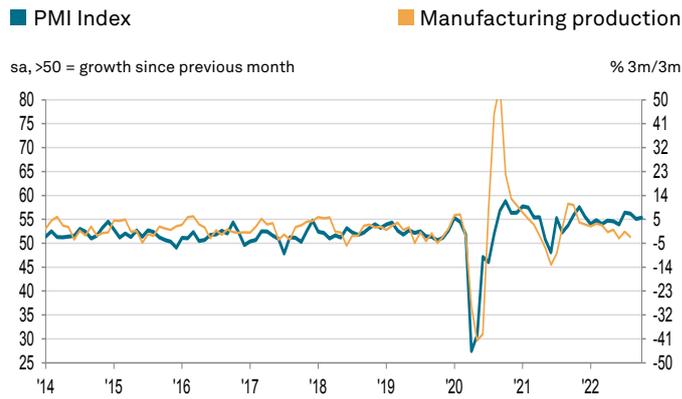
Inventory trends diverged noticeably in October. Holdings of finished products fell at a solid rate that was nevertheless slower than in September, while pre-production stocks increased markedly. The rate of accumulation picked up to the fastest since July.

There were signs of substantial capacity pressures at Indian goods producers, as outstanding business volumes rose to the greatest extent in almost two years. Some firms responded to this by hiring extra workers. Manufacturing employment increased at a marked rate that was one of the strongest since data collection started in March 2005.

On the supply-side of the manufacturing industry, the latest results showed a modest increase in input lead times which were nevertheless weaker than those recorded during the first COVID-19 lockdown.

Looking ahead, Indian manufacturers remained confident of a rise in production volumes by October 2023. Predictions of better sales and marketing efforts were among the reasons cited for upbeat projections. The overall level of sentiment fell to a three-month low, though remained elevated by historical standards.

Granular data indicated that consumer goods was the brightest area of the manufacturing sector in October. Firms in this segment signalled the fastest increases in output, overall sales and exports. All of these measures grew at slower rates in the other two monitored categories.



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### Survey methodology

The S&P Global India Manufacturing PMI® is compiled by S&P Global from responses to questionnaires sent to purchasing managers in a panel of around 400 manufacturers. The panel is stratified by detailed sector and company workforce size, based on contributions to GDP. Data collection began in March 2005.

Survey responses are collected in the second half of each month and indicate the direction of change compared to the previous month. A diffusion index is calculated for each survey variable. The index is the sum of the percentage of 'higher' responses and half the percentage of 'unchanged' responses. The indices vary between 0 and 100, with a reading above 50 indicating an overall increase compared to the previous month, and below 50 an overall decrease. The indices are then seasonally adjusted.

The headline figure is the Purchasing Managers' Index® (PMI). The PMI is a weighted average of the following five indices: New Orders (30%), Output (25%), Employment (20%), Suppliers' Delivery Times (15%) and Stocks of Purchases (10%). For the PMI calculation the Suppliers' Delivery Times Index is inverted so that it moves in a comparable direction to the other indices.

Underlying survey data are not revised after publication, but seasonal adjustment factors may be revised from time to time as appropriate which will affect the seasonally adjusted data series.

For further information on the PMI survey methodology, please contact [economics@ihsmarkit.com](mailto:economics@ihsmarkit.com).

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