

News Release

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HSBC India Manufacturing PMI[®]

New export order growth surges, nearing survey peak

Key findings

International sales up substantially in June

Faster expansions in employment, output and sales

Notable easing of input cost inflation

The manufacturing sector experienced a strong end to the first fiscal quarter, marked by improved trends in output and new orders, alongside a record upturn in employment. Companies also welcomed one of the fastest increases in external orders in the over 20 years of survey history. Goods producers lifted input buying to the greatest extent in 14 months, which supported a further expansion in stocks of purchases.

Meanwhile, cost inflation eased to its lowest mark since February and was relatively negligible. Producer prices rose markedly, however, as demand buoyancy allowed firms to pass on higher freight, labour and metal costs to clients.

The seasonally adjusted HSBC India Manufacturing Purchasing Managers' Index[™] (PMI[®]) – a single-figure indicator of sector performance – rose to a 14-month high of 58.4 in June, up from 57.6 in May. The headline figure was above its long-run average of 54.1 and pointed to a substantial improvement in the health of the sector.

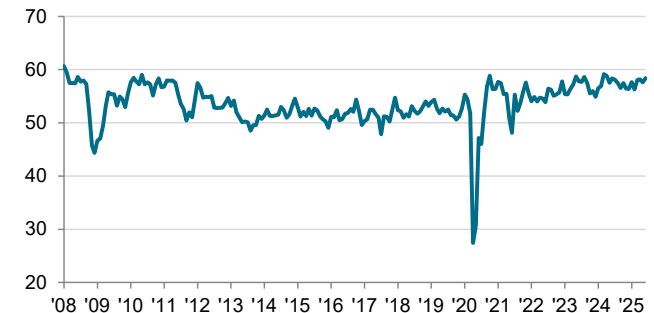
Production volumes increased at the fastest pace since April 2024, reportedly fuelled by efficiency gains, favourable underlying demand and greater sales volumes. This acceleration was solely led by intermediate goods makers, however, with slowdowns in the consumer and capital goods segments.

June also saw a quicker upturn in new order inflows. The rate of expansion was the strongest in close to a year. According to panel members, the increase was supported by marketing efforts and a substantial rise in exports.

Indeed, growth of new export orders gained considerable momentum in June. The rate of expansion was the third-highest since data collection started in March 2005. Firms noted strengthening demand from across the globe, with the US mentioned more frequently.

Sector data indicated faster increases in international orders in the consumer, intermediate and investment goods

HSBC India Manufacturing PMI
sa, >50 = improvement since previous month



Sources: HSBC, S&P Global PMI.
Data were collected 9-24 June 2025.

Comment

Pranjul Bhandari, Chief India Economist at HSBC, said:

"India's manufacturing PMI reached a fourteen-month high of 58.4 in June. Robust end-demand fuelled expansions in output, new orders, and job creation. To keep up with strong demand – particularly from international markets, as evidenced by the substantial rise in new export orders – Indian manufacturing firms had to tap deeper into their inventories, causing the stock of finished goods to continue shrinking. Finally, input prices moderated while average selling prices rose as some manufacturers passed on additional cost burdens to clients."

categories. With regards to total sales, a quicker expansion was only seen at intermediate goods makers.

Having stagnated in May, outstanding business volumes increased in June. Coupled with robust sales, this boosted hiring among manufacturers. Employment rose at a survey-record pace, with panellists mostly pointing to short-term recruitment.

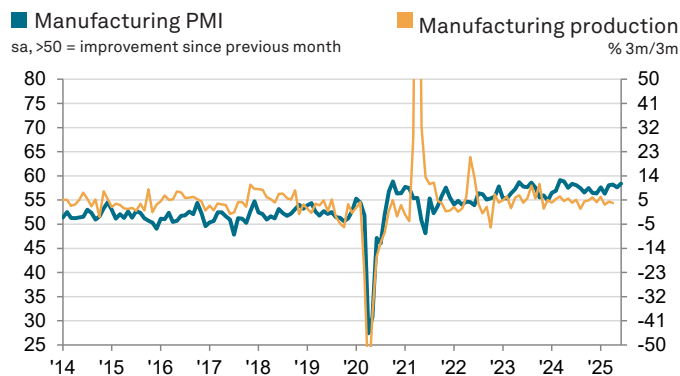
Input price inflation retreated to a four-month low, despite rising iron and steel costs. The rate of increase was negligible relative to the series average. Average selling prices rose markedly, however, as several firms sought to share additional cost burdens (freight, labour and materials) with their clients. In some instances, companies attributed upward revisions to demand buoyancy.

Strength in new business intakes was a significant factor influencing trends in purchasing activity and input stocks. Pre-production inventories rose at a quicker pace than in May, while the surge in buying volumes was the greatest since April 2024.

Inventories of finished goods fell again, however, as businesses often had to dig into warehouses to fulfil demand growth. The downturn in stocks was marked by historical standards.

Notwithstanding the upturn in demand for raw materials, vendor performance continued to improve. Moreover, average lead times shortened to the greatest extent in five months.

The outlook for the Indian manufacturing sector remained positive in June. That said, uncertainties surrounding competition, inflation and changes in consumer preferences weighed on sentiment.



Sources: HSBC, S&P Global PMI, CSO via S&P Global Market Intelligence.

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Survey methodology

The HSBC 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@spglobal.com.

About PMI

Purchasing Managers' Index™ (PMI®) surveys are now available for over 40 countries and also for key regions including the eurozone. They are the most closely watched business surveys in the world, favoured by central banks, financial markets and business decision makers for their ability to provide up-to-date, accurate and often unique monthly indicators of economic trends. www.spglobal.com/marketintelligence/en/mi/products/pmi

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