

News Release

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HSBC Flash India PMI[®]

Slowdown in demand growth curbs charge inflation despite elevated cost pressures

Key findings

HSBC Flash India Composite PMI Output Index: 58.1 (April final: 58.2)

HSBC Flash India Services PMI Business Activity Index: 58.9 (April final: 58.8)

HSBC Flash India Manufacturing PMI Output Index: 56.6 (April final: 56.9)

HSBC Flash India Manufacturing PMI: 54.3 (April final: 54.7)

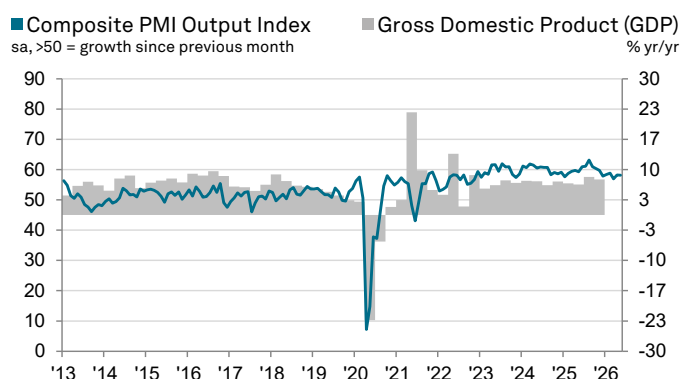
Growth across India's private sector economy faded slightly halfway through the first fiscal quarter, with the latest HSBC Flash PMI[®] figures showing weaker increases in total new orders, international sales, employment and business activity. After retreating in April, input price inflation ticked higher, but firms limited the pass-through of additional cost burdens to clients by lifting output charges to a lesser extent. Service providers outperformed manufacturers and experienced softer inflationary pressures.

Registering 58.1 in May, the **HSBC Flash India PMI Composite* Output Index** – a seasonally adjusted index that measures the month-on-month change in the combined output of India's manufacturing and service sectors – was down only marginally from 58.2 in April and therefore signalled another marked expansion in private sector activity.

Underlying data showed that a pick-up in growth across the service economy was offset by a weaker increase in factory production, one that was the second-slowest since mid-2022 (ahead of that seen in March).

New business placed with manufacturing companies and their services counterparts increase at softer rates in May, therefore dragging down growth at the composite level. Notably, the pace of expansion among goods producers was the second-weakest in close to four years. According to panellists, sales were somewhat dampened by competitive pressures, challenging demand conditions, disruptions to travel and the war in the Middle East.

There was a notably softer expansion in new export orders across India's private sector economy in May, the weakest in 19 months. Goods producers recorded the second-slowest rise in international sales since September 2024 (ahead of February 2026).



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

*Composite PMI indices are weighted averages of comparable manufacturing and services PMI indices. Weights reflect the relative size of the manufacturing and service sectors according to official GDP data.

Data were collected 8-18 May 2026.

Comment

Pranjul Bhandari, Chief India Economist at HSBC, said:

"Manufacturing activity eased marginally as the rates of expansion in output and new orders moderated, while growth of new export orders softened markedly. Yet, the Manufacturing PMI remained broadly in line with its long-run average, supported by continued inventory building. Finished goods stocks rose for a second consecutive month and stocks of purchases increased at the fastest rate in three months. Cost pressures intensified, with input prices rising at the sharpest rate since July 2022."

The rate of input price inflation at the composite level reached its second-highest level in nearly three years in May. This acceleration stemmed from more pronounced cost pressures across the manufacturing industry, where the latest rise was the steepest since July 2022. Survey participants reported higher prices for energy, food, fuel, gas, iron, leather, oil, plastics, rubber, steel and transportation.

Although Indian companies tried to cover increases in cost burdens by lifting selling prices, they did so with a greater degree of caution. Output charges rose at the weakest pace since January, and one that was considerably softer than that seen for input prices.

Backlogs data showed a lack of capacity pressure at private sector firms, with the respective seasonally adjusted index recording fractionally below the neutral level of 50.0, but confidence in the outlook for business activity supported another round of job creation.

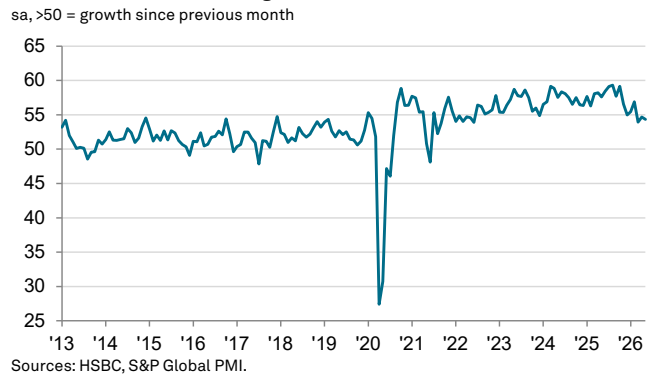
Service providers hired extra staff to the greatest extent in nearly a year. Conversely, job creation at goods producers softened from April. That said, rates of expansion were solid and broadly similar.

Business confidence remained strongly positive in May, with the overall level of positive sentiment remaining above its long-run average despite retreating to a three-month low. Competitive pricing strategies, marketing efforts and hopes of better market conditions in the coming months underpinned optimism.

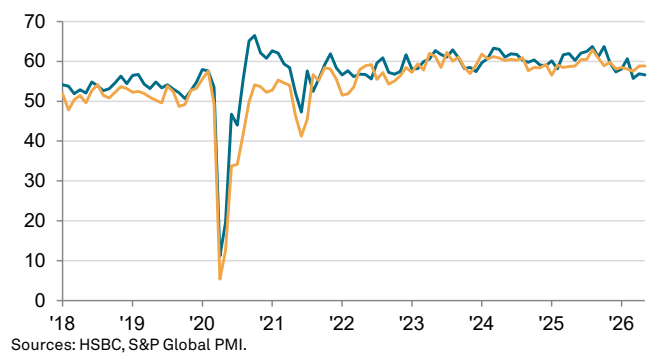
The latest 'flash' results showed that manufacturers continued with their stockpiling efforts in May. Buying levels rose at the fastest pace in three months, as did stocks of purchases since suppliers were reportedly able to meet delivery deadlines. Meanwhile, inventories of finished goods increased for the second month in a row. Although moderate, the uptick was the strongest in 11 years.

Finally, the **HSBC Flash India Manufacturing PMI** was down from 54.7 in April to 54.3 in May, indicating the second-weakest improvement in the health of the sector in close to four years (ahead of March).

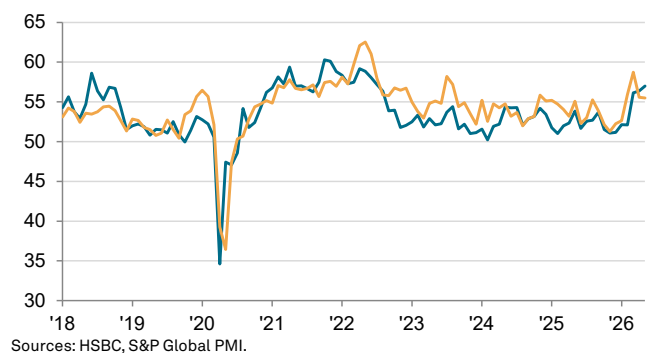
HSBC India Manufacturing PMI



■ Manufacturing PMI Output Index
 ■ Services PMI Business Activity Index
 sa, >50 = growth since previous month



■ Manufacturing PMI Input Prices Index
 ■ Services PMI Input Prices Index
 sa, >50 = inflation since previous month



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Survey methodology

The HSBC Flash India PMI® is compiled by S&P Global from responses to questionnaires sent to survey panels of around 400 manufacturers and 400 service providers. The panels are each stratified by detailed sector and company workforce size, based on contributions to GDP. The services sector is defined by S&P Global as consumer (excluding retail), transport, information, communication, finance, insurance, real estate and business services.

Survey responses are collected in the second half of each month and indicate the direction of change compared to the previous month. The following variables are monitored:

Manufacturing: Output, new orders, new export orders, backlogs of work, stocks of finished goods, employment, quantity of purchases, suppliers' delivery times, stocks of purchases, input prices, output prices, future output.

Services: Business activity, new business, new export business, outstanding business, employment, input prices, prices charged, future activity.

A diffusion index is calculated for each manufacturing and services 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.

Composite indices for are calculated by weighting together comparable manufacturing and services indices using official manufacturing and services annual value added.

The headline figure is the Composite Output Index. This is a weighted average of the Manufacturing Output Index and the Services Business Activity Index. It may be referred to as the 'Composite PMI' but is not comparable with the headline Manufacturing PMI, which is a weighted average of five manufacturing indices (including the Manufacturing Output Index).

The headline manufacturing figure is the Manufacturing 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.

The headline services figure is the Services Business Activity Index. This is a diffusion index calculated from a single question that asks for changes in the volume of business activity compared with one month previously. The Business Activity Index is comparable to the Manufacturing Output Index. It may be referred to as the 'Services PMI' but is not comparable with the headline Manufacturing PMI.

Flash data are calculated from around 80-90% of total responses and are intended to provide an accurate early indication of the final data. Since flash data were first processed, the average differences between final and flash index values for the headline indices are:

Composite Output Index = -0.2 (absolute difference = 0.5)

Services Business Activity Index = -0.2 (absolute difference = 0.7)

Manufacturing PMI = -0.1 (absolute difference = 0.4)

Underlying final 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.

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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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