

# News Release

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## S&P Global India Manufacturing PMI®

### Input cost inflation slips to 23-month low, production rises strongly

#### Key findings

September sees notably softer upturn in input costs

Sales and production expand at marked, albeit softer, rates

Best degree of business optimism since February 2015

September PMI® data from S&P Global indicated a strong improvement in the health of the Indian manufacturing industry, as companies stepped up production in tandem with a sustained increase in new work intakes. Rates of expansion remained historically high, despite easing from August. To accommodate higher sales and greater output needs, firms hired extra workers and acquired more inputs.

The upturn in input buying was aided by cooling price pressures. Purchasing costs rose at the slowest pace in just under two years, while output charge inflation receded to a seven-month low.

Posting 55.1 in September, the seasonally adjusted S&P Global India Manufacturing Purchasing Managers' Index® (PMI®) was in expansion territory for the fifteenth month in a row. The headline figure slipped from 56.2 in August, though pointed to a solid rate of growth.

Factory orders continued to increase at the end of the second fiscal quarter, stretching the current sequence of expansion to 15 months. Despite easing to the weakest since June, the rate of growth was sharp. Anecdotal evidence pointed to greater demand from domestic and international clients.

Indeed, new export orders rose further in September. The increase was marked, the sixth in consecutive months and the fastest since May.

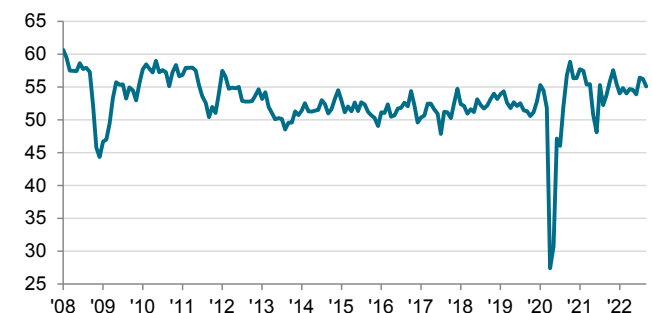
Indian manufacturing production grew for the fifteenth consecutive month in September, and at a slower rate that was nevertheless above its long-run average. The upturn was reportedly underpinned by new business growth, demand resilience and expanded operating capacities.

New orders, international sales and output increased in each of the three broad areas of the manufacturing industry. In all cases, the strongest growth rates were signalled by capital goods makers.

Goods producers enjoyed a weaker inflationary environment

India Manufacturing PMI

sa, >50 = growth since previous month



Source: S&P Global.

Data were collected 12-26 September 2022.

#### Comment

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

*"The latest set of PMI data show us that the Indian manufacturing industry remains in good shape, despite considerable global headwinds and recession fears elsewhere.*

*"There were softer, but substantial, increases in new orders and production in September, with some leading indicators suggesting that output looks set to expand further at least in the short-term as firms seek to fulfil sales contracts and replenish stocks.*

*"Businesses also benefited from a notable moderation in price pressures. Input costs rose at the slowest rate in almost two years as suppliers' stocks improved in line with subdued global demand for raw materials and recession risks. Subsequently, Indian companies sought to restrict selling price hikes and overall charge inflation eased to a seven-month low.*

*"Once again we saw businesses become more confident in the outlook as inflation worries were tamed. The overall level of positive sentiment seen in September was the best in over seven-and-a-half years. That said, currency risks and the impact of a weaker rupee on inflation and interest rates could derail optimism during October."*

PMI®

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