News Release

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HSBC India Manufacturing PMI®

PMI at three-month low amid softer growth of new orders and production

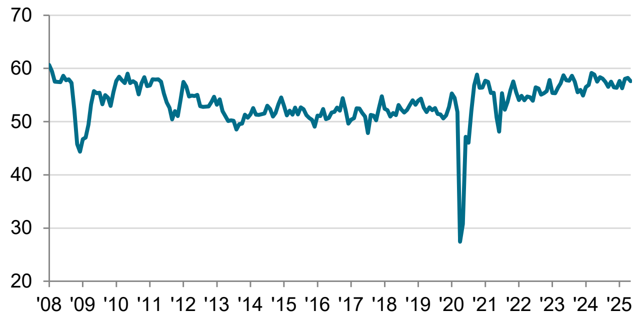
Key findings

Output and sales rise at slowest rates since February

Growth of input purchasing and employment sustained

Cost pressures intensify

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



Sources: HSBC, S&P Global PMI.
Data were collected 9-23 May 2025.

May data indicated another robust improvement in business conditions across India's manufacturing industry. Although rates of increase in new orders and output retreated to three-month lows, they remained well above their respective long-run averages. Panellists suggested that demand strength continued to support sales and production, though competition, inflation and the India-Pakistan conflict had reportedly weighed on growth.

Goods producers lifted input buying and headcounts again, with the latter experiencing a series-record upturn. Meanwhile, cost inflation climbed to a six-month high and selling prices were raised to one of the greatest extents seen in circa 11-and-a-half years.

Falling from 58.2 in April to 57.6 in May, the seasonally adjusted HSBC India Manufacturing Purchasing Managers' Index™ (PMI®) highlighted the weakest improvement in operating conditions since February. The headline figure was nevertheless well above both the neutral mark of 50.0 and its long-run average of 54.1.

Ongoing increases in new orders continued to support output, but rates of expansion receded to their weakest in three months. Monitored companies linked growth to healthy domestic and international demand, alongside successful marketing initiatives. The upturn was curbed by cost pressures, fierce competition and the India-Pakistan conflict, according to panellists.

New export orders rose at one of the strongest rates recorded in three years. Panel members remarked on favourable demand from Asia, Europe, the Middle East and the US.

Positive sales developments encouraged companies to purchase additional inputs for use in production processes. The pace of expansion was sharp and eased only marginally since April. Firms also hired additional staff in May, with the rate of job creation climbing to a new series record. Among the 12% of panellists that reported higher headcounts, the

Comment

Pranjul Bhandari, Chief India Economist at HSBC, said:

"India's May manufacturing PMI signalled another month of robust growth in the sector, although the rate of expansion in output and new orders eased from the previous month. The acceleration in employment growth to a new peak is certainly a positive development. Input cost inflation is picking up, but manufacturers seem to be able to lessen the pressure on profit margins by raising output prices."

creation of permanent job roles featured more prominently than that of short-term positions.

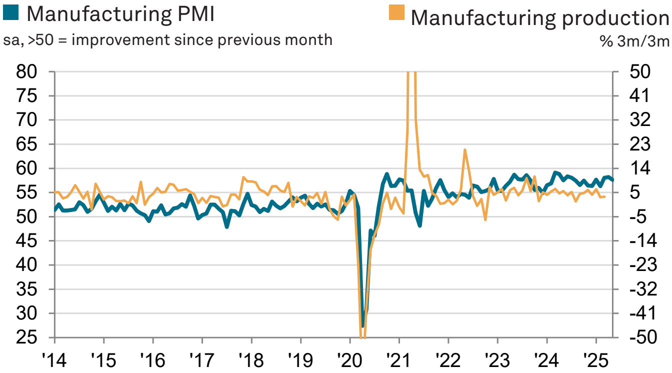
Sustained job creation enabled manufacturers to stay on top of their workloads in May. Outstanding business volumes was unchanged, ending a six-month period of accumulation.

Companies operating in India's manufacturing economy faced another monthly increase in purchasing prices. According to them, aluminium, cement, iron, leather, rubber and sand were the main sources of cost pressures. The overall rate of inflation was solid and the highest since November 2024.

In addition to greater material costs, manufacturers also reported greater outlays on freight and labour. As a result of rising operating expenses and supported by strong demand, firms increased their selling prices in May. The rate of charge inflation was marked, little-changed from April and above its long-run trend.

May data highlighted a further improvement in supply chain performance, as average lead times shortened to the greatest extent in four months. Subsequently, goods producers noted another increase in stocks of purchases. The pace of accumulation was the second-fastest since August 2024. Conversely, inventories of finished goods decreased for the sixth straight month. The drop was solid, but the slowest since February.

Indian manufacturers remained strongly confident of a rise in output over the course of the coming 12 months. Among the main opportunities to growth, they remarked on advertising and new customer enquiries.



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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PMI® by S&P Global

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