

News Release

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S&P Global India Manufacturing PMI®

Demand strength enables stronger increase in factory gate charges

Key findings

New orders expand sharply in June...

...supporting growth of buying levels and output

Selling charges rise solidly, outpacing increase in input costs

Surging demand for Indian goods translated into higher sales figures for manufacturers, which underpinned another robust expansion in input purchasing as firms actively procured resources to support production growth. Although the latest PMI® results indicated contained input cost inflation, there was a marked increase in output charges. Positive demand dynamics and greater labour costs pushed charge inflation to a 13-month high.

As has been the case on a monthly basis for two years, the seasonally adjusted S&P Global India Manufacturing Purchasing Managers' Index® (PMI®) recorded above the neutral level of 50.0 in June. Despite falling from 58.7 in May to 57.8, the headline figure pointed to a considerable improvement in operating conditions.

Central to the upturn was demand strength, which positively impacted several other measures such as sales, production, stock building and employment.

Indian goods producers registered a sharp increase in new work intakes during June, and one that was among the strongest seen since February 2021. In addition to favourable demand conditions, panellists linked the upturn to advertising and new product releases. Concurrently, new export orders rose solidly, though at a slower pace than in May.

Supported by buoyant client appetite, manufacturers lifted their selling prices in June. The rate of charge inflation was marked, the strongest in 13 months and above its long-run average. In certain cases, the upturn was attributed to higher labour and input costs.

Although average purchasing prices continued to increase in June, the rate of inflation was mild by historic standards and among the lowest seen over the past three years.

To meet rising sales, companies ramped up production in June. The expansion in output was sharp and among the

India Manufacturing PMI

sa, >50 = growth since previous month



Source: S&P Global PMI.

Data were collected 12-26 June 2023.

Comment

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

"June's PMI results again showed robust demand for Indian-made products, both in the domestic and international markets. Positive client interest continued to support the manufacturing industry, driving growth of output, employment, quantities of purchases and input stocks.

"These positive developments instilled greater confidence into manufacturers regarding growth prospects, boding well for business investment and the labour market.

"The surge in input buying underscored the optimism and proactive stance of manufacturers, as they sought to capitalise on favourable market conditions and obtain resources to support production growth.

"Presented with buoyant demand, manufacturers seized the opportunity to adjust their pricing strategies. The latest increase in output charges reflected firms' ability to pass on higher cost burdens to customers while maintaining a competitive edge."

PMI®

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