

# News Release

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## S&P Global India Manufacturing PMI®

### Demand strength spurs quicker increase in output charges, despite retreating cost pressures

#### Key findings

Selling prices increase solidly in September

Input costs rise at slowest rate in over three years

New orders, production and employment all expand further

Goods producers in India noted a mild slowdown in growth during September, the S&P Global PMI® showed. Nevertheless, a sharp rise in new orders underpinned sustained expansions in output, input purchasing and employment. Supply-chain conditions were broadly stable, which helped drag down the rate of input price inflation to its weakest in over three years. That said, greater labour costs, upbeat business confidence and buoyant demand facilitated a sharper increase in factory gate charges.

The seasonally adjusted S&P Global India Manufacturing Purchasing Managers' Index® (PMI®) registered 57.5 in September, down from 58.6 in August. Although the lowest for five months, the latest reading remained firmly above the no-change mark of 50.0 and its long-run average (53.9), therefore signalling a sharp rate of expansion.

New orders, the largest sub-component of the PMI, rose at a softer pace in September. That said, the latest increase was sharp and historically strong. Where an expansion in sales was reported, survey participants cited favourable demand trends, positive market dynamics and fruitful advertising.

Growth of new export orders softened from August's nine-month high, but remained sharp. Firms noted new business gains from clients in Asia, Europe, North America and the Middle East.

September data showed a let-up in the recent surge in costs faced by Indian goods producers. After quickening to a one-year high in August, the rate of inflation receded to its lowest mark in over three years. Panellists indicated paying more for copper, electronic components, foodstuff, iron and steel, but noted lower costs for aluminium and oil.

Nevertheless, reportedly driven by higher labour costs and demand strength, average prices charged by Indian manufacturers rose at a solid and faster rate that outpaced its long-run average.

India Manufacturing PMI  
sa, >50 = growth since previous month



Source: S&P Global PMI.  
Data were collected 12-25 September 2023.

#### Comment

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

"India's manufacturing industry showed mild signs of a slowdown in September, primarily due to a softer increase in new orders which tempered production growth. Nevertheless, both demand and output saw significant upticks, and firms also noted gains in new business from clients across Asia, Europe, North America and the Middle East.

"Manufacturers held a strongly positive outlook for production, as they expect demand to strengthen over the course of the coming 12 months. Upbeat forecasts continued to drive job creation efforts and initiatives to replenish input stocks. Together, these indices point towards a favourable trajectory for the Indian manufacturing industry.

"However, while robust demand was supportive of production growth, it added to price pressures in September. The solid increase in output charges signalled by the PMI data, which occurred in spite of a notable retreat in cost pressures, could restrict sales in the coming months."

PMI®

by S&P Global

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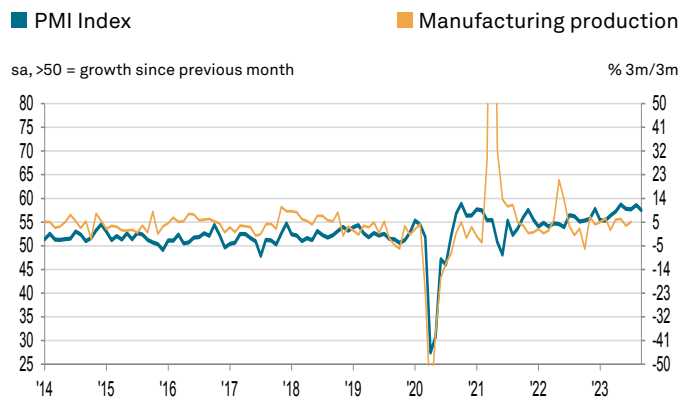
Ongoing increases in new orders continued to underpin production growth at the end of the second fiscal quarter. Output rose at the slowest pace in five months, albeit one that was substantial and above the long-run series average.

Indian manufacturers were confident that output volumes would increase over the course of the coming 12 months, with the overall level of positive sentiment improving to its highest in 2023 so far. Buoyant customer appetite, advertising, and expanded capacities all boosted optimism, according to anecdotal evidence.

The positive outlook for production and demand strength fed through to another round of job creation in the manufacturing industry. Employment growth picked up since August and was strong by historical standards.

Manufacturers' purchasing of inputs continued to grow at a robust rate that was aligned with those seen for new orders and production. This contributed to another increase in pre-production inventories. Holdings of finished goods meanwhile fell further as companies reportedly fulfilled some orders directly from warehoused items.

Finally, the data showed a general lack of pressure on the capacity of Indian manufacturers and their suppliers. The latter was evident by only a fractional extension in average delivery times, which followed a six-month period of improving vendor performance. Backlogs at goods producers, meanwhile, decreased fractionally overall.



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### Survey methodology

The S&P Global 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](mailto:economics@spglobal.com).

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