

News Release

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S&P Global India Manufacturing PMI®

Indian manufacturing growth decelerates in October

Key findings

PMI slips, but stays comfortably inside expansion territory

New orders rise at slowest pace for a year...

...triggering softer increases in output and employment

The Indian manufacturing industry continued to expand at the start of the third fiscal quarter, latest PMI® data from S&P Global showed. However, growth of several measures subsided as demand for certain types of products faded. There were substantial, albeit slower, increases in total new orders, production, exports, buying levels and stocks of purchases. Hiring activity faded and business confidence slipped to a five-month low. Meanwhile, cost pressures intensified, while output price inflation receded.

Posting 55.5 in October, the seasonally adjusted S&P Global India Manufacturing Purchasing Managers' Index™ (PMI®) signalled an improvement in the health of the sector for the twenty-eighth month in a row. The latest reading was above its long-run average of 53.9, but slipped from 57.5 in September to signal the slowest rate of expansion since February.

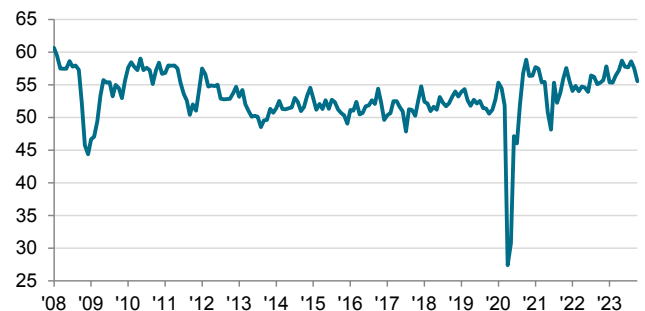
Output increased further at the start of the third fiscal quarter, stretching the current sequence of expansion to over two years. The upturn was linked by firms to positive market conditions and healthy intakes of new work. Growth eased to an eight-month low, however, weighed by competitive pressures and weak demand at some plants. Granular data highlighted a particularly marked slowdown in the consumer goods sub-sector.

Although a further increase in new orders was a positive development, October data signalled a deceleration in growth since September. Anecdotal evidence suggested that subdued demand for certain products and fierce competition stymied the upturn. The rate of expansion was the softest in a year, with consumer goods especially affected.

As was the case for total new orders, growth of international sales remained historically strong despite losing momentum in October. The rise was the weakest in four months. Those firms that experienced an increase in new orders from abroad reported gains from Asia, Europe, the Middle East

India Manufacturing PMI

sa, >50 = growth since previous month



Source: S&P Global PMI.

Data were collected 12-25 October 2023.

Comment

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

"India's manufacturing sector generated substantial growth in October, despite a challenging global economic environment. Still, insights from surveyed purchasing managers pointed to the deceleration of several measures.

"The survey's new orders index slipped to a one-year low, as some firms raised concerns about the current demand picture for their products. Consumer goods was behind most of the slowdown, recording considerably softer increases in sales, production, exports, input inventories and buying levels. Growth of all of the aforementioned variables was led by capital goods makers which, with the exception of new orders, registered accelerated rates of expansion.

"We saw further indication of broadly stable inflationary forces across the manufacturing industry. It appears that a moderate increase in input costs was simply passed on to clients. Nonetheless, qualitative evidence from the future output question revealed an interesting finding, as reports of rising inflation expectations were expected to dent demand and subsequently production growth over the course of the coming 12 months."

PMI®

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