

News Release

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HSBC Flash India PMI[®]

Service sector boosts growth of aggregate output

Key findings

HSBC Flash India Composite PMI Output Index: 60.6 (January final: 57.7)

HSBC Flash India Services PMI Business Activity Index: 61.1 (January final: 56.5)

HSBC Flash India Manufacturing PMI Output Index: 59.5 (January final: 60.1)

HSBC Flash India Manufacturing PMI: 57.1 (January final: 57.7)

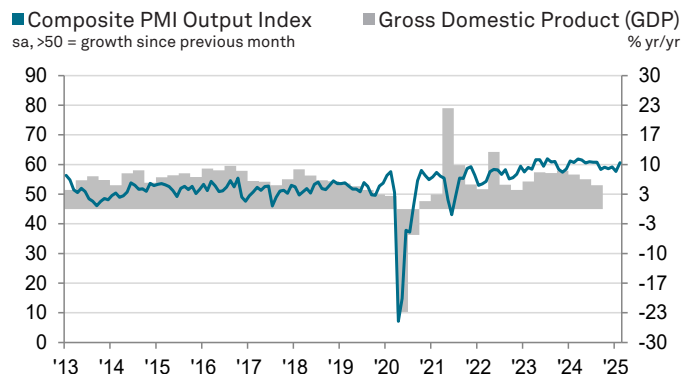
Private sector output in India increased at the fastest pace in six months during February, amid a quicker expansion in services activity. The latest HSBC 'flash' PMI[®] data also indicated stronger growth of aggregate sales, which exerted upward pressure on operating capacities and prompted companies to step up hiring. Price indices moved in opposite directions, with a slowdown in cost inflation contrasting with a faster upturn in prices charged for goods and services.

At 60.6 in February, up from a final reading of 57.7 in January, the **HSBC Flash India Composite* Output Index** – a seasonally adjusted index that measures the month-on-month change in the combined output of India's manufacturing and service sectors – highlighted the fastest rise in private sector activity since August 2024. The rate of growth was also well above its long-run average. Service providers noted a quicker increase than manufacturers, and one that was the strongest in just under a year.

With the majority of the **HSBC Flash India Manufacturing PMI** sub-components retreating since January, the index slipped from 57.7 in January to 57.1 in February. The latest reading was nevertheless above its long-run average of 54.1 and consistent with a robust improvement in the health of the sector.

Factory orders rose sharply, albeit at a softer pace than in January. The slowdown was often attributed to competitive pressures. On the other hand, service providers welcomed the steepest upturn in new business intakes since August 2024. At the composite level, the rate of growth improved to a six-month high.

Companies operating across India's private sector economy continued to note improved international demand for their



Sources: HSBC, S&P Global PMI, CSO via S&P Global Market Intelligence.

*Composite PMI indices are weighted averages of comparable manufacturing and services PMI indices. Weights reflect the relative size of the manufacturing and service sectors according to official GDP data.

Data were collected 6-18 February 2025.

Comment

Pranjul Bhandari, Chief India Economist at HSBC, said:

“Rapid restocking around the world continues to lift new export orders. A healthy acceleration in orders and output is keeping firms optimistic about the future. Input prices eased while output prices rose at a faster pace, leading to improved margins, especially for goods producers.”

goods and services. Collectively, new export orders rose at the fastest rate in seven months, with panellists reporting gains from across the globe. Goods producers led on this front, despite a mild loss of growth momentum.

With overall demand conditions remaining favourable, operating capacities faced further pressures. This was evidenced by another increase in outstanding business volumes. Having accelerated to the strongest in over four years, the rate of backlog accumulation was solid. This intensification of capacity pressures was more pronounced at services firms than at their manufacturing counterparts.

In line with the trend for unfinished business, services companies recruited staff at a stronger pace than goods producers. At the composite level, the overall rate of job creation climbed to a new series peak. Qualitative data showed that survey members hired a combination of permanent and temporary workers on full- and part-time bases. In particular, there were several mentions of trainees being taken on.

Reportedly due to rising input, labour and transportation costs, survey participants signalled another increase in overall business expenses. The rate of inflation was moderate by historical standards, however, and retreated to a four-month low. Cost pressures were more intense at services firms than at goods producers, with the former also signalling greater outlays on food.

February 'flash' data indicated quicker increases in prices charged for both Indian goods and services. Moreover, the overall rate of charge inflation was marked, the fastest in three months and above its long-run average.

Looking ahead, private sector companies were strongly upbeat towards output prospects. The overall level of business sentiment was a tick above that seen in January, to reach its highest mark since November 2024. The improvement in confidence was centred at goods producers.

Finally, manufacturing-only data showed that companies further lifted buying levels in attempts to raise input inventories. While stocks of purchases did increase in February, holdings of finished products fell further. Concurrently, as has now been the case for a whole year, suppliers' delivery times shortened.

HSBC India Manufacturing PMI

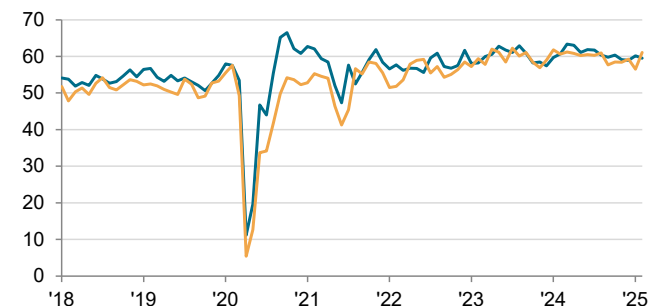
sa, >50 = growth since previous month



Sources: HSBC, S&P Global PMI.

Manufacturing PMI Output Index
Services PMI Business Activity Index

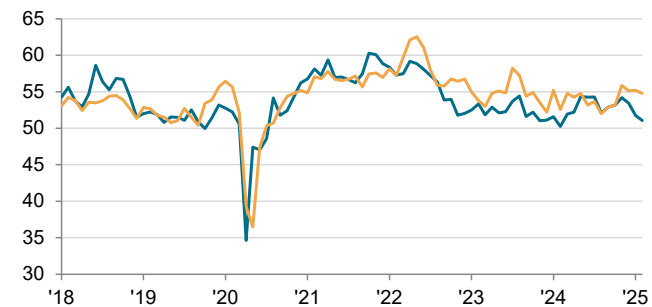
sa, >50 = growth since previous month



Sources: HSBC, S&P Global PMI.

Manufacturing PMI Input Prices Index
Services PMI Input Prices Index

sa, >50 = inflation since previous month



Sources: HSBC, S&P Global PMI.

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Survey methodology

The HSBC Flash India PMI® is compiled by S&P Global from responses to questionnaires sent to survey panels of around 400 manufacturers and 400 service providers. The panels are each stratified by detailed sector and company workforce size, based on contributions to GDP. The services sector is defined by S&P Global as consumer (excluding retail), transport, information, communication, finance, insurance, real estate and business services.

Survey responses are collected in the second half of each month and indicate the direction of change compared to the previous month. The following variables are monitored:

Manufacturing: Output, new orders, new export orders, backlogs of work, stocks of finished goods, employment, quantity of purchases, suppliers' delivery times, stocks of purchases, input prices, output prices, future output.

Services: Business activity, new business, new export business, outstanding business, employment, input prices, prices charged, future activity.

A diffusion index is calculated for each manufacturing and services 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.

Composite indices for are calculated by weighting together comparable manufacturing and services indices using official manufacturing and services annual value added.

The headline figure is the Composite Output Index. This is a weighted average of the Manufacturing Output Index and the Services Business Activity Index. It may be referred to as the 'Composite PMI' but is not comparable with the headline Manufacturing PMI, which is a weighted average of five manufacturing indices (including the Manufacturing Output Index).

The headline manufacturing figure is the Manufacturing 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.

The headline services figure is the Services Business Activity Index. This is a diffusion index calculated from a single question that asks for changes in the volume of business activity compared with one month previously. The Business Activity Index is comparable to the Manufacturing Output Index. It may be referred to as the 'Services PMI' but is not comparable with the headline Manufacturing PMI.

Flash data are calculated from around 80-90% of total responses and are intended to provide an accurate early indication of the final data. Since flash data were first processed, the average differences between final and flash index values for the headline indices are:

Composite Output Index = -0.1 (absolute difference = 0.5)

Services Business Activity Index = -0.1 (absolute difference = 0.6)

Manufacturing PMI = -0.1 (absolute difference = 0.4)

Underlying final 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.

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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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