

News Release

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S&P Global India Manufacturing PMI®

New order growth remains elevated in July

Key findings

Output and new business increase strongly again

Solid rise in employment

Cost inflation quickens but remains relatively modest

The Indian manufacturing sector maintained strong growth momentum at the start of the third quarter amid ongoing buoyant demand. Rates of expansion in output and new orders were only marginally softer than in June, with firms expanding their employment and purchasing activity accordingly. Cost inflationary pressures remained relatively muted.

The seasonally adjusted S&P Global India Manufacturing Purchasing Managers' Index® (PMI®) posted 57.7 in July, broadly in line with the reading of 57.8 in June. The index signalled a further substantial improvement in the health of the sector. Business conditions have now strengthened in each of the past 25 months.

Reports of demand improvements were widespread across the latest survey, and resulted in another marked expansion of new orders in the sector. The rapid increase was broadly in line with that seen in the previous survey period.

Meanwhile, growth in new export business picked up to the fastest since last November. Respondents noted increases in new orders from customers in the US and neighbouring countries such as Bangladesh and Nepal.

With new orders up sharply again, manufacturers expanded production accordingly. Output has increased continuously on a monthly basis since July 2021. The latest rise was substantial, albeit the softest in three months.

Firms responded to greater workloads by taking on extra staff. The solid pace of job creation was broadly in line with those seen in May and June. This expansion in capacity was not sufficient to prevent a further build-up in backlogs of work, however, given the strength of the rise in new orders. Outstanding business increased for the nineteenth successive month, albeit only slightly.

Efforts to satisfy new orders led firms to dip into inventory holdings again in July. Stocks of finished goods have now

India Manufacturing PMI

sa, >50 = growth since previous month



Source: S&P Global PMI.

Data were collected 12-25 July 2023.

Comment

Andrew Harker, Economics Director at S&P Global Market Intelligence, said:

"The Indian manufacturing sector showed little sign of losing growth momentum in July as production lines continued to motor on the back of strong new order growth.

"Pressure continued to come on capacity, prompting firms to expand employment solidly again, a trend that is likely to continue in the months ahead should demand remain strong.

"All in all, the Indian manufacturing sector has maintained its position as one of the star performers globally, bucking the trend of demand weakness seen in other parts of the world."

PMI®

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