

Macro Insights

27th November 2024

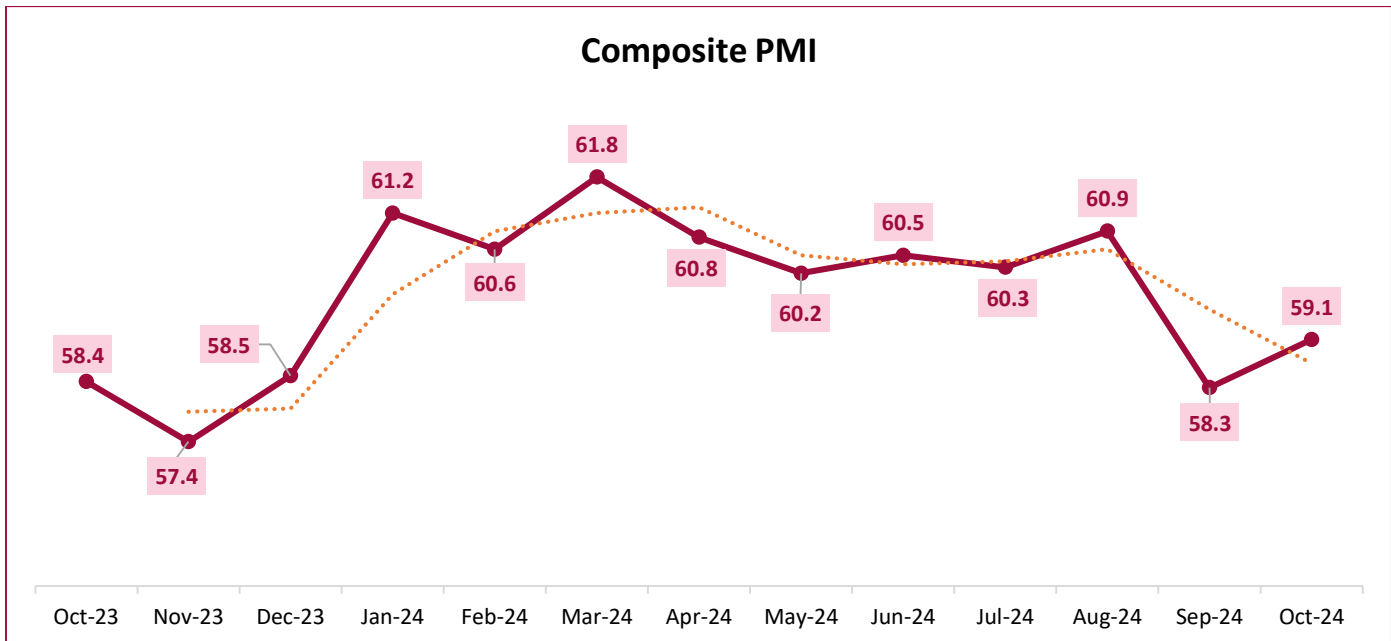
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Highlights

- ☞ The Manufacturing Purchasing Managers' Index (PMI) stood at 57.5 in Oct'24, up from 56.5 recorded in Sep'24, also higher than 55.5 recorded in Oct'23. Manufacturing PMI has been above 50 for the 40th consecutive month.
- ☞ The Services PMI also recorded an uptick to 58.5 in Oct'24 from 57.7 recorded in Sep'24. Services PMI has been above 50 for the 39th consecutive month.
- ☞ Composite PMI, a combination of manufacturing and services indices increased to 59.1 in Oct'24, from 58.3 recorded in Sep'24.

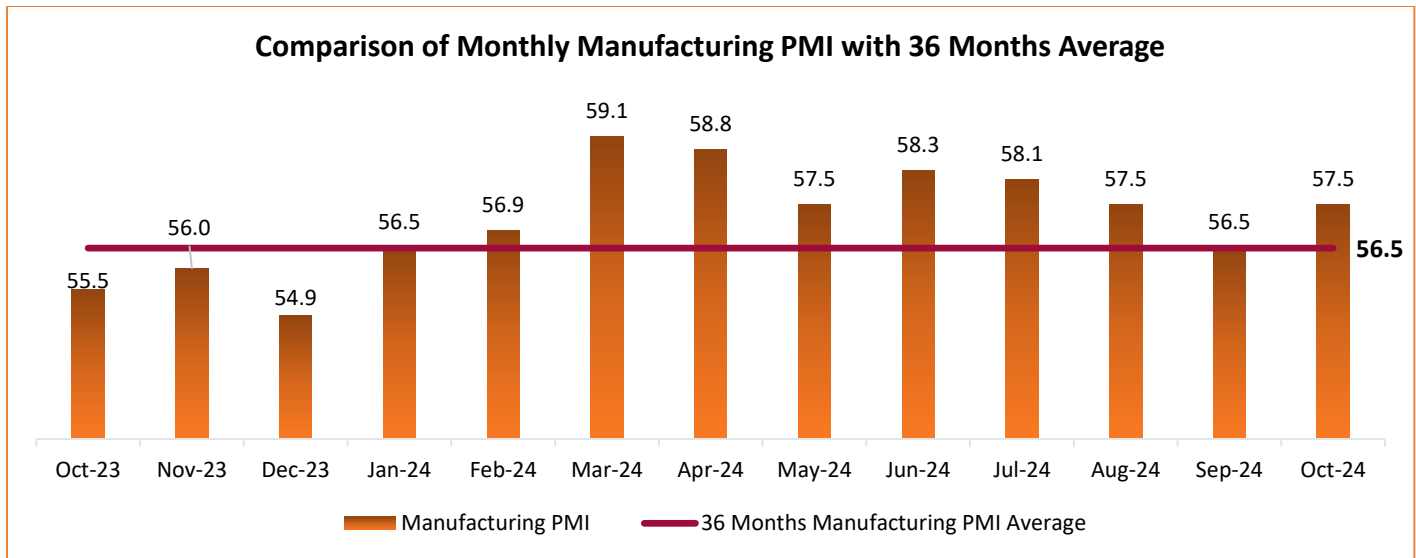
Insights

- ☞ Manufacturing PMI, marked an uptick, primarily due to accelerated increase in total new orders and international sales.
- ☞ Growth in services sector re-accelerated from a ten-month low in September on the back of strong domestic and international demand.
- ☞ Composite PMI also recovered in October 2024, signalling a sharp acceleration in overall private sector growth.
- ☞ Both manufacturers and their service sector counterparts noted an increase of input cost pressures in October.
- ☞ A reading above 50 means expansion while one below it shows contraction.

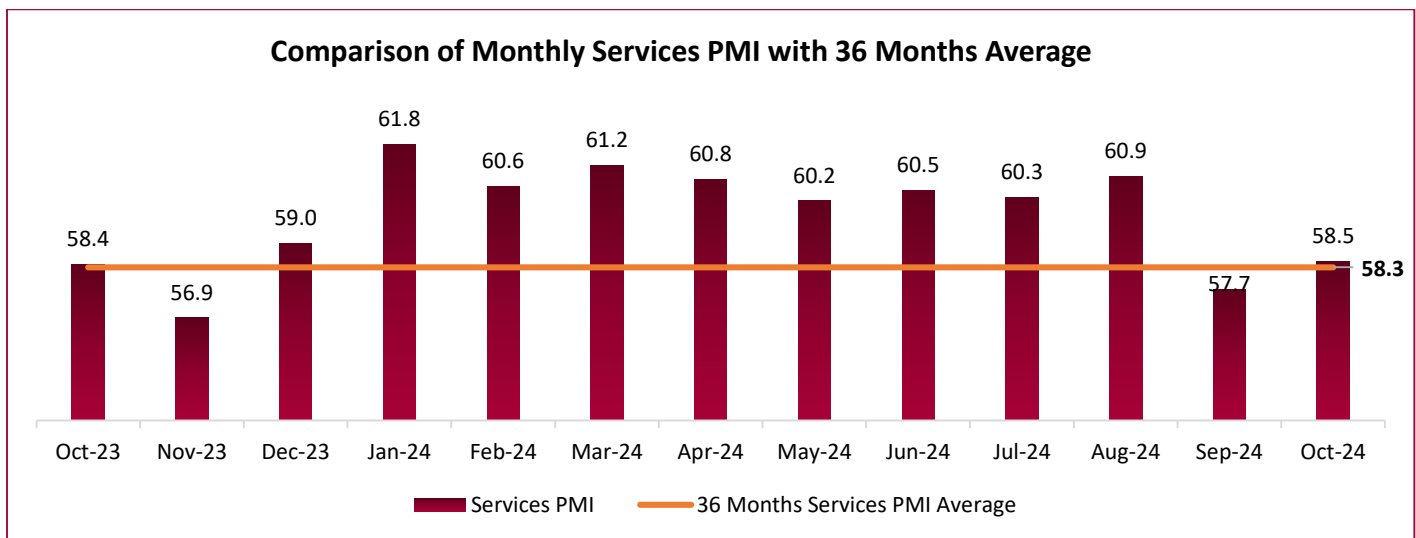


Source: HSBC India, S&P Global, EIC PNB

Analysis:



- ☞ At 57.5, PMI manufacturing was higher than the previous month and also above the 36-month average.
- ☞ The rates of expansion in factory production and sales were very high.
- ☞ The output and new orders grew at a higher rate and international orders exhibit strong performance after the weak performance in last month.
- ☞ The input price inflation due to rising costs of raw materials, labor, and transportation led to higher output prices, reflecting persistent inflationary pressures.
- ☞ Employment growth showed upward momentum as companies hiring increased with backlogs reduced for the first time in over a year.
- ☞ Business confidence levels remained very high for the period underpinned by expectations of sustained demand, new product launches, and pending sales approvals.



- ☞ At 58.5, PMI Services was higher than the previous month and also higher than the 36-month average driven by strong sales pipelines and optimism about future demand.
- ☞ This increase reflects strong domestic and international demand, particularly in regions such as Africa, Asia, and the Middle East.
- ☞ The input costs rose at the fastest pace in three months due to higher wages and food prices, prompting firms to increase selling prices.
- ☞ The employment in the sector continued to expand, as firms remained optimistic about future growth prospects and firms recruited extra workers to the greatest degree in just over two years.

Outlook:

The manufacturing PMI is expected to grow in the coming months supported by strong demand and capacity expansions happening in the economy. The rising costs need to be kept under the line to sustain the improvement in services PMI in the coming months.

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