

Macro Insights

6th December 2024

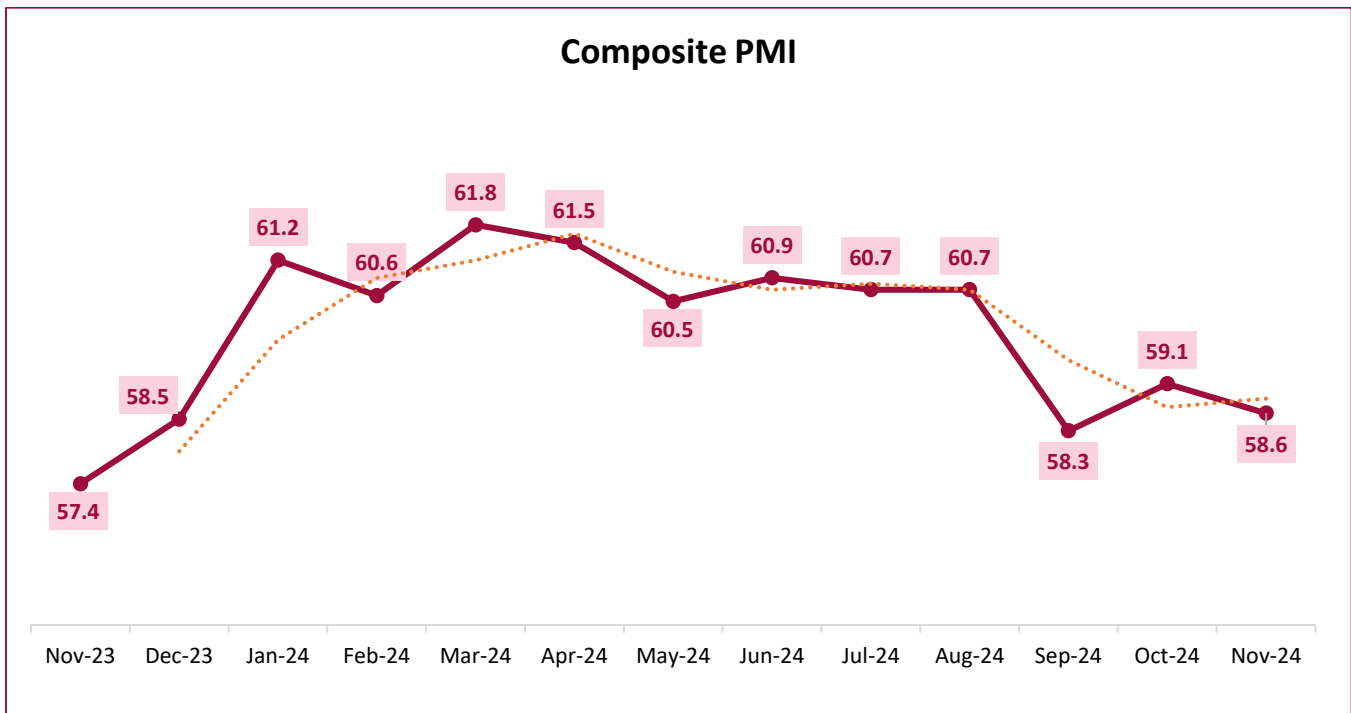
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Highlights

- ☞ The Manufacturing Purchasing Managers' Index (PMI) stood at 56.5 in Nov'24, down from 57.5 recorded in Oct'24, also higher than 56.0 recorded in Nov'23. Manufacturing PMI has been above 50 for the 41st consecutive month.
- ☞ The Services PMI also recorded 58.4 in Nov'24 from 58.5 recorded in Oct'24. Services PMI has been above 50 for the 40th consecutive month.
- ☞ Composite PMI, a combination of manufacturing and services indices decreased to 58.6 in Nov'24, from 59.1 recorded in Oct'24.

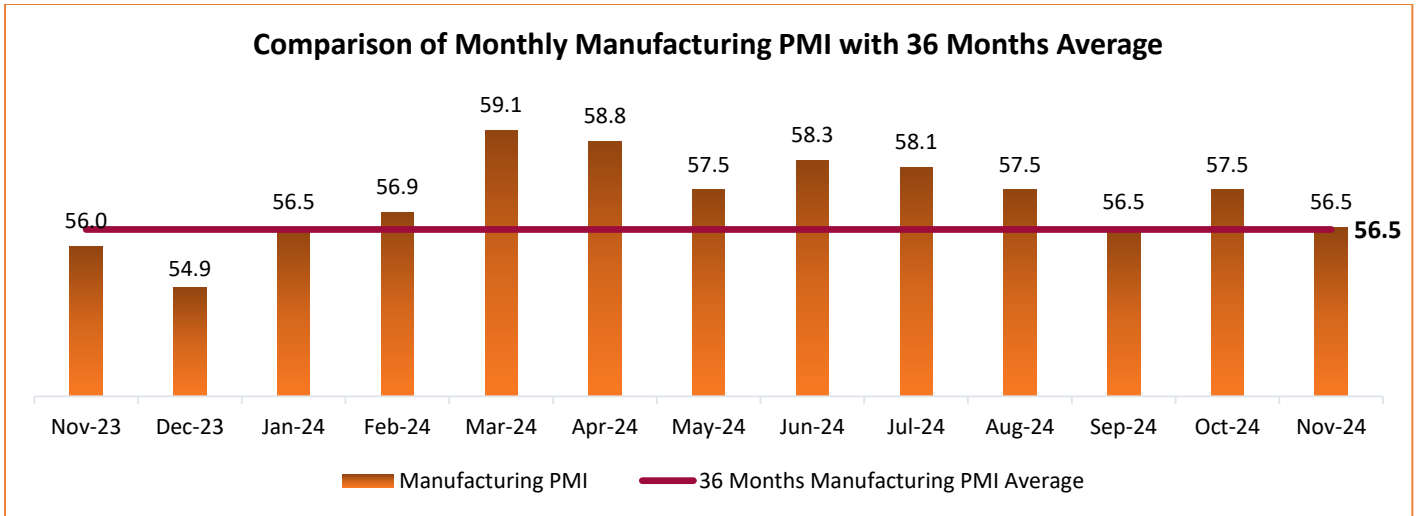
Insights

- ☞ Manufacturing PMI growth was supported by favourable demand conditions, but lagged by fierce competition and price pressures.
- ☞ Growth in services sector continued its momentum on the back of a consistent demand that led to a significant rise in business sentiment and record hiring.
- ☞ Both manufacturers and their service sector counterparts noted an increase of input cost pressures in November.
- ☞ A reading above 50 means expansion while one below it shows contraction.

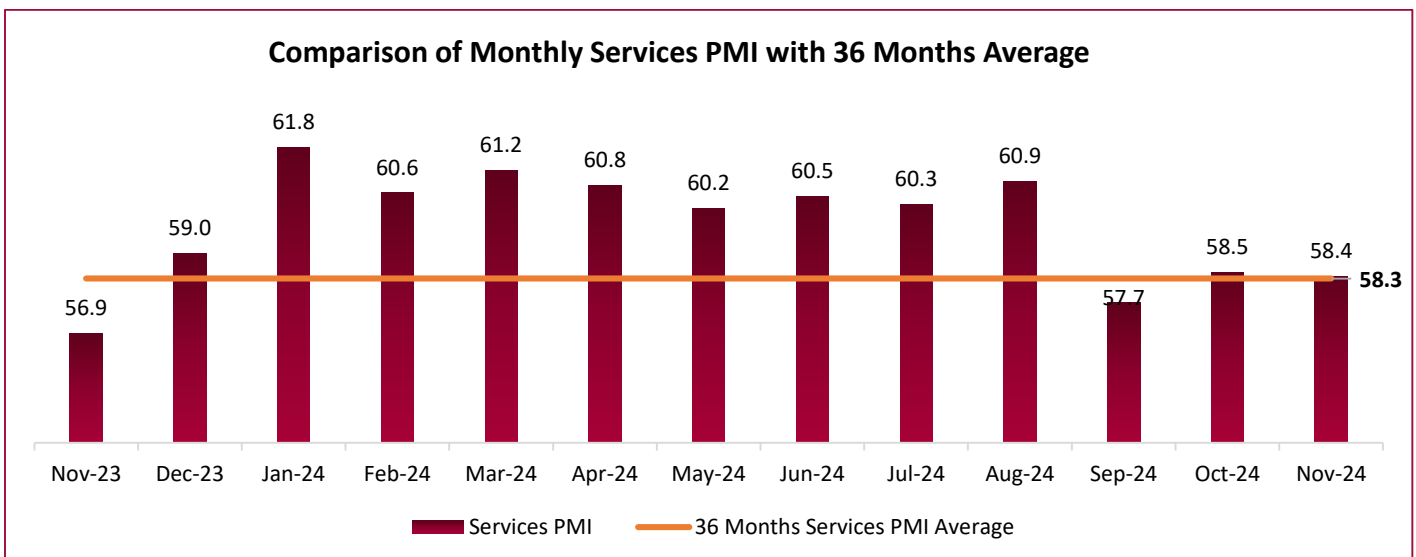


Source: HSBC India, S&P Global, EIC PNB

Analysis:



- ☞ At 56.5, PMI manufacturing was lower than the previous month but was at par with the 36-month average.
- ☞ The rates of expansion in new export orders gained momentum. The rate of expansion in international demand was particularly seen in regions such as Bangladesh, mainland China, Colombia, Iran, Italy, Japan, Nepal, the UK and the US.
- ☞ The input price inflation reached its highest mark since July due to rising costs in items such as chemicals, cotton, leather and rubber. The producers increased their selling prices to the greatest extent since October 2013.
- ☞ Employment growth had continued its momentum showing good hiring trends in both permanent and temporary staff categories.
- ☞ Business confidence levels remained high for the period underpinned by expectations that marketing efforts and new product releases will bear good returns.



- ☞ At 58.4, PMI Services was down marginally from the previous month but was slightly higher than the 36-month average.
- ☞ The domestic and international demand growth was particularly seen in regions such as Asia, Europe, Latin America and the US.
- ☞ The input and output costs rose to the highest rate in 15 months due to higher wages and food prices, prompting firms to increase selling prices.
- ☞ The employment in the service sector continued to expand, as firms remained optimistic about future growth prospects and firms recruited extra workers and employment grew at the fastest pace ever recorded since the survey began in 2005.

Outlook:

Potential policy changes following the 2024 U.S. elections, as well as shifts in global policies, could impact supply chains, demand, and long-term investments in the manufacturing and service sectors. Adjustments to trade policies and tariffs may drive up raw material and component costs, triggering ripple effects across supply chains. Controlling these rising costs will be essential to sustaining improvements in manufacturing and services PMI in the coming months. A mix of domestic and international factors is likely to bring significant changes to manufacturing and service activities in the future.

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