

Macro Insights

7th February 2025

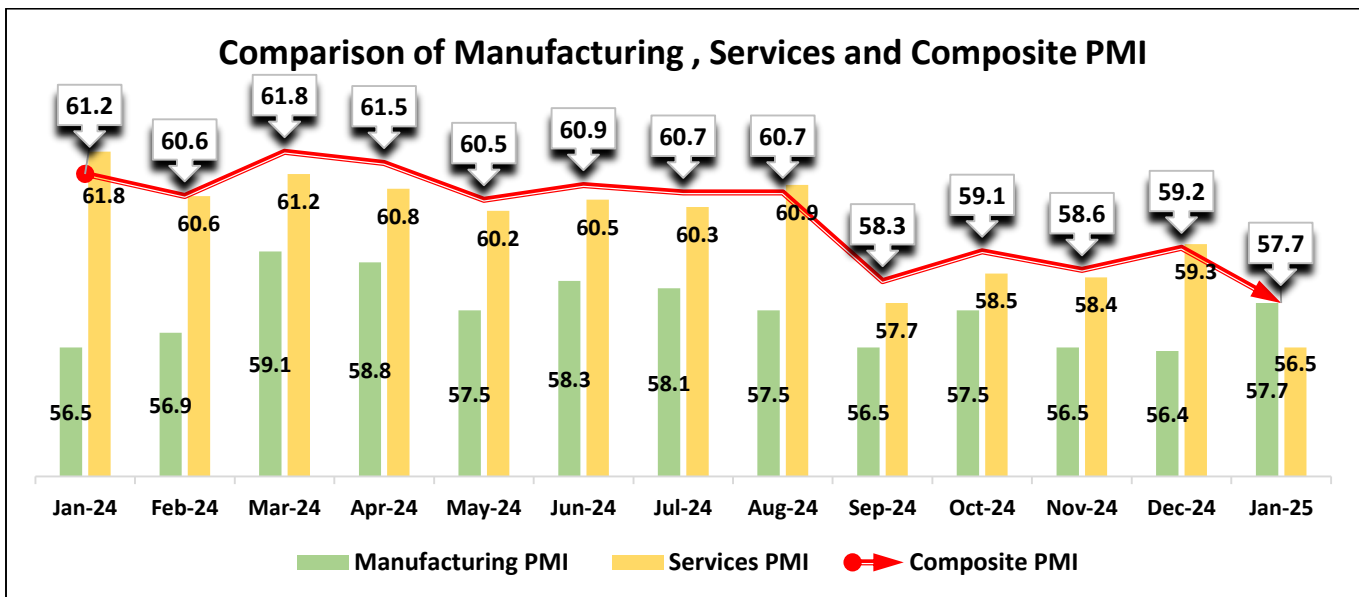
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Purchasing Managers’ Index or PMI is an economic indicator, which is derived after monthly surveys of different companies. The index shows trends in both the manufacturing and services sector. The index helps in determining whether the market conditions, as seen by purchasing managers, is expanding, contracting or staying the same. It is used to provide information regarding the current and future business conditions. PMI values range between 0 and 100, with a reading above 50 indicating expansion compared to the previous month and below 50 indicating contraction.

Manufacturing PMI	Services PMI
<p>☞ The manufacturing PMI hit a six-month high with a reading of 57.7, driven by strong domestic and export demand. The growth caused the highest increase in new orders since July and the fastest increase in export orders in almost 14 years.</p>	<p>☞ India's service sector growth fell to its lowest level in 26 months, with the Services PMI dropping to 56.5 from December's 59.3. This fall was primarily because of weakening domestic demand.</p>

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.

☞ India’s Composite PMI decreased to **57.7** from Decembers 59.2, indicating a slowdown in private sector growth due to weaker services demand.



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

Outlook:

- ☞ The budget that was recently announced may have an impact on supply chains, consumer demand, and long-term investments in the manufacturing and service industries. This central banks rate cut will lead to a reduction in loan interest rates, encouraging more borrowing and spending in the economy. The tax support by government for middle-class consumers will have an impact on their spending patterns and drive up demand. Manufacturing and service operations will undergo significant changes as a result of the integration of both domestic and international factors.

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