

Press Release

PMI indices start on a good note in CY24

Services sector display a recovery

February 6, 2024

India Manufacturing PMI (Purchasing Managers' Index) rose to 56.5 in Jan-24 from 54.9 in Dec-23 recovering from an 18-month low. On the other hand, PMI Services climbed back again to 61.8 in Jan-24 from 58.0 in Dec-23 which reflects a rapid revival in the sector. PMI Composite also improved to 61.1 in Jan-24 from 58.5 in Dec-23 due to the sharp recovery in the higher PMI services print.

The Manufacturing PMI indicated that the sector has seen a moderate revival at the start of calendar 2024. Manufacturing activity had seen some slowdown in the previous months with the average index print in Q3FY24 standing at 55.5 as compared to 57.9 in the previous quarter i.e. Q2FY24. The survey participants reported that new orders and production had the fastest growth in four months; the growth in international sales also picked up. The upturn in total sales was supported by an increase in new export orders and stronger demand from clients spread across Africa, Asia, Australia, Europe, the Middle East, and the Americas. Meanwhile, input costs rose at the quickest rate in three months but still remained moderate. New product enquiries and diversification, alongside demand strength and publicity, boosted business confidence in January.

Services activity in India continued to expand in January, with the Purchasing Managers' Index (PMI) for the sector coming in at a six-month high of 61.8. According to the surveyor, the underlying data showed a "notable upturn" in new export orders. Exports grew across the globe, including to Australia, Brazil, China, Europe, the UAE, and the US. A further expansion in outstanding business volumes continued to support job creation in January, and one that was the most pronounced in three months. Meanwhile, backlogs of work rose to a five-month high. On the price front, input cost inflation accelerated to a five-month high due to higher food, freight, and salary costs. Finally, business sentiment improved to a four-month high amid expectations of investment and productivity gains to induce output growth.

Says **Suman Chowdhury, Chief Economist and Head- Research**, "The manufacturing sector has seen a growth slowdown in the third quarter of the current year, as reflected in the IIP data. This had been also corroborated by the PMI Mfg figures in Oct-Dec'23. The recovery in the PMI in Jan-24 raises hopes for an improved performance of the manufacturing sector including moderate export growth. The pickup in the PMI Services also increases expectations of a better traction in services exports in the current quarter. A sustained better performance in these sectors in the rest two months of the fiscal can help the GDP growth to come closer to 7% in FY24; our current estimates stand at 6.8%."

Chart 1: India PMI Indices witness a revival in Jan-24, sustainability however, needs to be seen

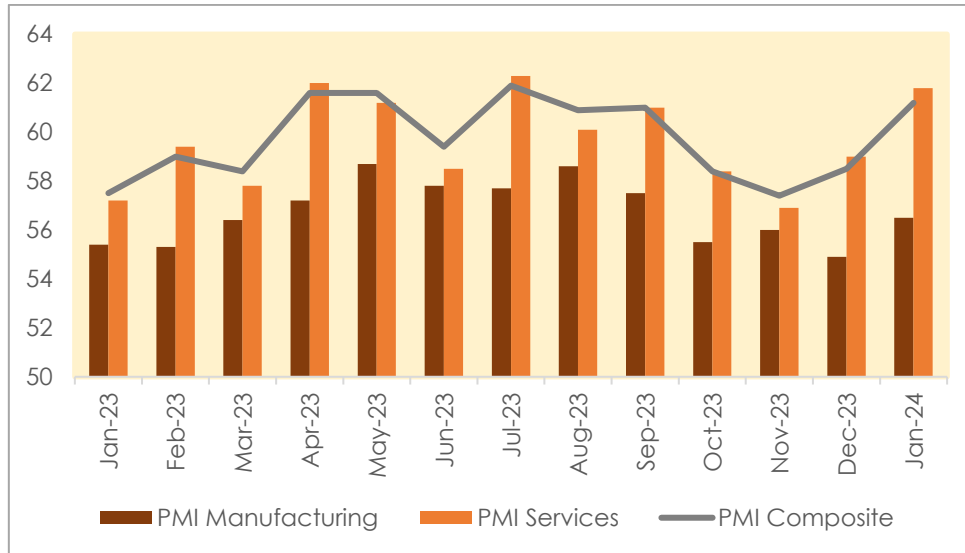


Table 1: PMI Indices Heatmap: Jan'23 to Jan'24

Month	PMI Manufacturing	PMI Services	PMI Composite
Jan-23	55.4	57.2	57.5
Feb-23	55.3	59.4	59
Mar-23	56.4	57.8	58.4
Apr-23	57.2	62	61.6
May-23	58.7	61.2	61.6
Jun-23	57.8	58.5	59.4
Jul-23	57.7	62.3	61.9
Aug-23	58.6	60.1	60.9
Sep-23	57.5	61	61
Oct-23	55.5	58.4	58.4
Nov-23	56	56.9	57.4
Dec-23	54.9	59	58.5
Jan-24	56.5	61.8	61.2

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