

Press Release

PMI indices continue to reflect the economic momentum **Strong manufacturing activity, slight moderation in services**

May 9, 2024

Indian Manufacturing PMI (Purchasing Managers' Index) remained comfortably above its long run average, underscoring continued strength and momentum in the economy. PMI Composite Index has been well above 60.0 since Jan-24, reflecting the general economic buoyancy. While the PMI Manufacturing saw a slight decrease from 59.1 in Mar-24 to 58.8 in Apr-24, it is still in the higher percentile and exceeds the average index print for the previous year. It also compares favourably with the YoY print of 57.2 in Apr-23. On the other hand, PMI Services slightly eased to 60.8 in Apr-24 from 61.2 in Mar-24 and 62.0 in Apr-23 which can be primarily attributed to a moderation in the export orders of service providers.

Indian Manufacturers reported an uptick in demand in April, both from domestic and international clients. PMI report says that new orders experienced a notable increase, marking the second strongest pace of expansion since the beginning of 2021. The sustained improvement in demand, coupled with favourable economic conditions and increased sales volumes, remained the driving force behind output growth. The growth in input inventories has been robust and one of the highest in the history of the survey. While the pace of job creation still remains moderate, it represents the quickest rate since September 2023. There was only a moderate uptick in input costs but firms have been able to pass them through, given the prevailing demand scenario.

Notwithstanding the sequential moderation in PMI Services, it is still higher than the yearly average of FY24 and indicates one of the most robust growth rates witnessed in nearly fourteen years. While new exports orders were reported, it was at a slower rate compared to total sales, highlighting the economic slowdown in the developed markets. However, the one year outlook of the companies surveyed reached a three-month peak, bolstered by resilient demand conditions.

India's Composite PMI Output Index was at 61.5 in April 24 as compared to 61.8 in March 24, indicating a strong start in the first quarter for the Indian economy.

Says **Suman Chowdhury, Chief Economist and Head – Research, Acuite Ratings & Research** "PMI prints for Apr-24 continue to reflect the healthy momentum in the Indian economy. Manufacturing activity is currently on a stronger trajectory as compared to services. The overall PMI Composite still is close to the all time high seen in the previous fiscal. GDP growth in FY24 is now projected to be even higher than 7.6%, the last NSO estimates. However, we expect a moderation in GDP growth in FY25 and the current forecast stands at 6.7%. The extent of pickup in private sector capital expenditure will have a significant bearing on the growth print over the medium term."

Chart 1: PMI Indices Trajectory

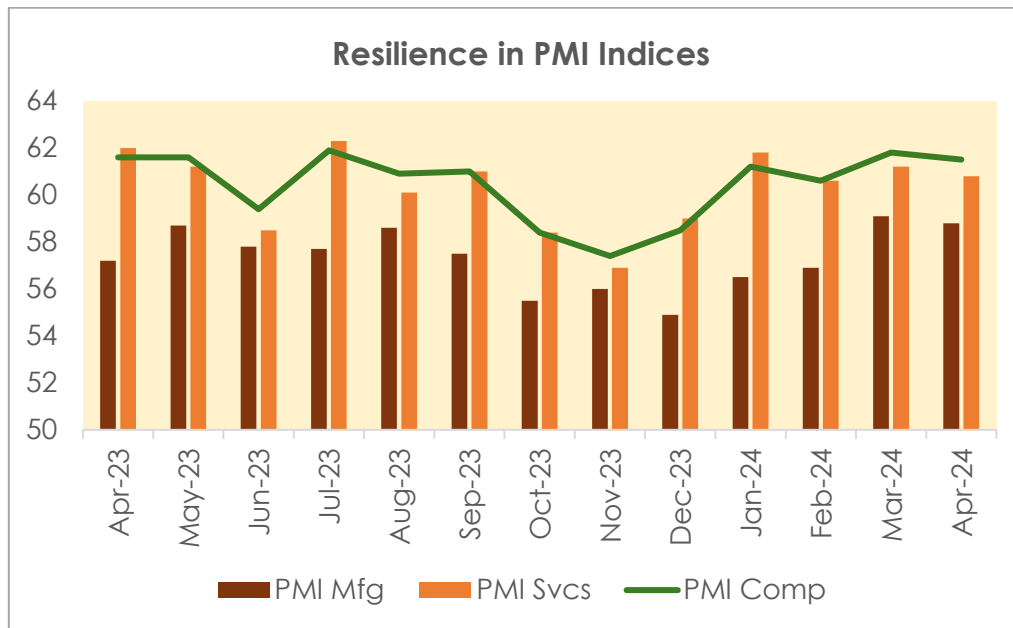


Table 1: PMI Indices Heatmap: Apr'23 to Apr'24

	PMI Mfg	PMI Svcs	PMI Comp
Apr-23	57.2	62.0	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	61.0	61.0
Oct-23	55.5	58.4	58.4
Nov-23	56.0	56.9	57.4
Dec-23	54.9	59.0	58.5
Jan-24	56.5	61.8	61.2
Feb-24	56.9	60.6	60.6
Mar-24	59.1	61.2	61.8
Apr-24	58.8	60.8	61.5

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