

# HSBC Flash India PMI

Economics  
India

## Even better

- ◆ The composite output index rose at the fastest pace in nearly fourteen years, with the services PMI climbing further in April, led by a surge in new orders
- ◆ The manufacturing PMI also fared well, with improving manufacturers' margins as demand remained robust
- ◆ Overall firms are optimistic about the year-ahead outlook, with hiring levels and input buying activity remaining strong

**April Flash India PMIs have just been released.** They provide an advance estimate of the Final Manufacturing, Services and Composite PMI data for the ongoing month, and are released approximately one week prior to the release of the Final PMI indices. The Flash PMI is typically based on approximately 75%–85% of total PMI survey responses that are received each month (all of which are used in the final release). The flash estimates are calculated, weighted and seasonally adjusted using an identical methodology to the Final PMI.

**Output rose at the fastest pace in nearly fourteen years.** In particular, services activity rose at the fastest pace in three months to 61.7. Meanwhile, manufacturing output rose at a slightly moderate pace in April, but remains much above long term average. Survey respondents attributed this to robust demand from both domestic and external clients.

**New orders remained robust in April,** with services new orders showing another month of accelerated expansion. The increase in new orders were helped by increase in international sales. In fact, composite new export orders rose at the fastest pace since September 2014. Anecdotal evidences suggest stronger demand from overseas clients across the board - Africa, Asia, Australia, and the Americas, Europe and the Middle East.

**Manufacturers increased their buying activity** in response to increased orders. And suppliers were able to accommodate the upturn in buying activity as delivery times improved further in April.

**Employment in the manufacturing and service sector diverged,** with the former hiring at an accelerated pace, while the latter slowed their pace of hiring. Given pending orders and backlogs of work, hiring levels are likely to remain robust.

In good news, **input costs moderated for both the manufacturing and service sector.** However, higher labour costs contributed to relatively higher input costs in the service sector. Nevertheless, overall composite input prices remained below long term average. Composite output prices also moderated in April, but manufacturers increased output charges, in response to robust demand for manufactured goods.

As a result, **manufacturers were able to enjoy better margins** in April. Meanwhile, margins for service firms worsened in April, but remained better than the long term average.

**Strong future optimism.** The orders-to-inventory ratio for manufacturers continue to remain above one, albeit moderated slightly in April. Overall business confidence ticked up in April and panellists expect further improvement in demand conditions over the coming year.

**Table 1: Summary of HSBC India Manufacturing PMI (seasonally adjusted)**

	Feb-24	Mar-24	Apr-24
PMI Index	59.1		59.1
Output	expanding but weaker		
New Orders	contracting but improving		
New Export Orders	contracting and weaker		
Input Prices	contracting but improving		
Output Prices	contracting and weaker		
Future output index	contracting and weaker		
<b>expanding and stronger</b>	expanding but weaker	contracting but improving	contracting and weaker

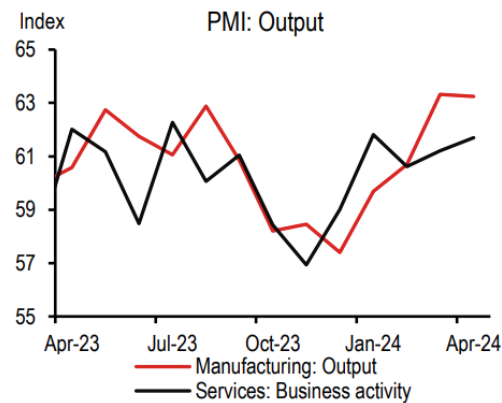
Source: S&P Global PMI, HSBC

**Table 2: Summary of HSBC India Services PMI (seasonally adjusted)**

	Feb-24	Mar-24	Apr-24
Business Activity	61.2		61.7
New Business	contracting but improving		
New Export Business	contracting and weaker		
Input Prices	contracting but improving		
Prices Charged	contracting and weaker		
Future Activity Index	contracting and weaker		
<b>expanding and stronger</b>	expanding but weaker	contracting but improving	contracting and weaker

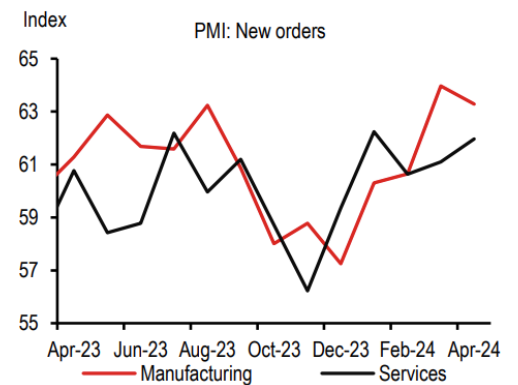
Source: S&P Global PMI, HSBC

**Chart 1: Goods and service output remained robust in April**

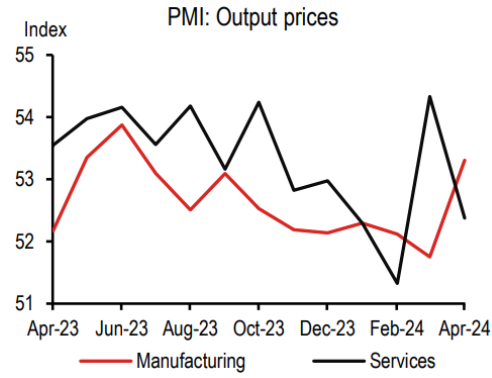
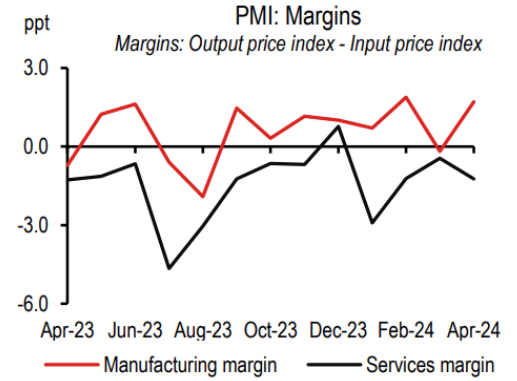


Source: S&P Global PMI, HSBC

**Chart 2: Service new orders ticked up further**



Source: S&P Global PMI, HSBC

**Chart 3: Manufacturers were able to pass on costs to customers...**

**Chart 4: ....resulting in improved margin for manufacturing firms**


# Disclosure appendix

## Important disclosures

### Additional disclosures

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- 2 All market data included in this report are dated as at close 22 April 2024, unless a different date and/or a specific time of day is indicated in the report.
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