

# Macro Insights

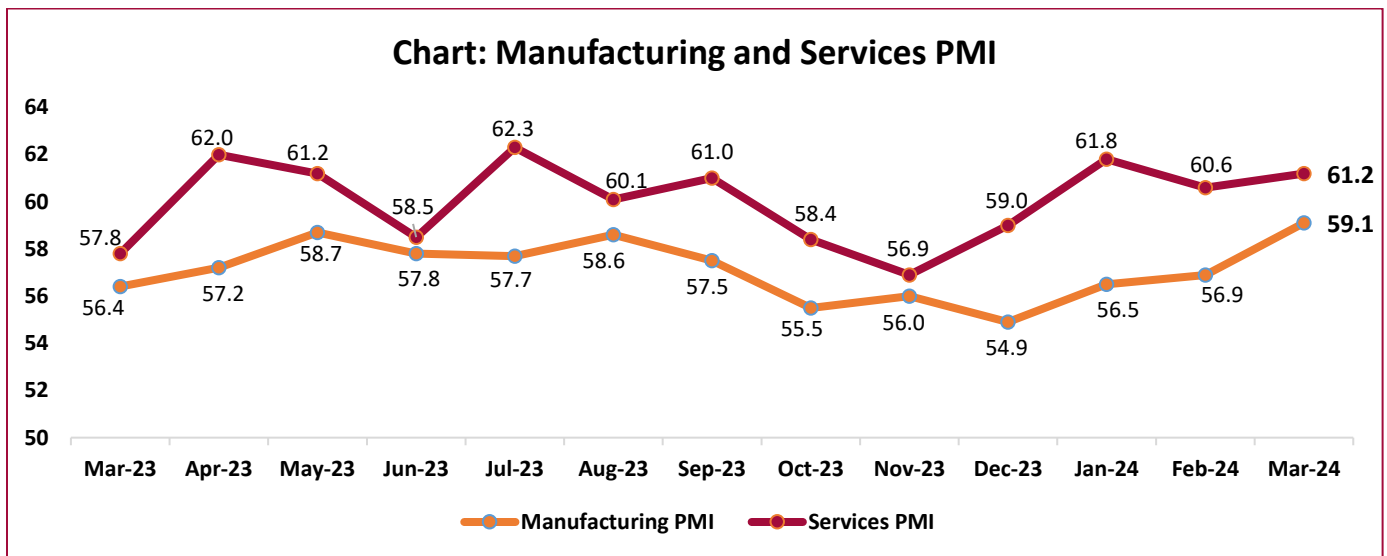
08<sup>th</sup> April 2024

## Highlights:

- ☞ The Manufacturing Purchasing Managers' Index (PMI) hit a 16 year high of 59.1 in March'24 from 56.9 recorded in February'24 and stands higher than 56.4 recorded in March'23.
- ☞ The Services PMI rose to 61.2 in March'24 from 60.6 recorded in February'24 and stood higher than 57.8 recorded in March'23.
- ☞ Services PMI has been above 50 for the 32nd consecutive month. While manufacturing PMI has been above 50 for the 33rd consecutive month.
- ☞ Therefore, the composite PMI, a combination of manufacturing and services indices rose to 61.8 in March'24 from 60.6 in February'24 and stands higher than 58.4 recorded in March'23

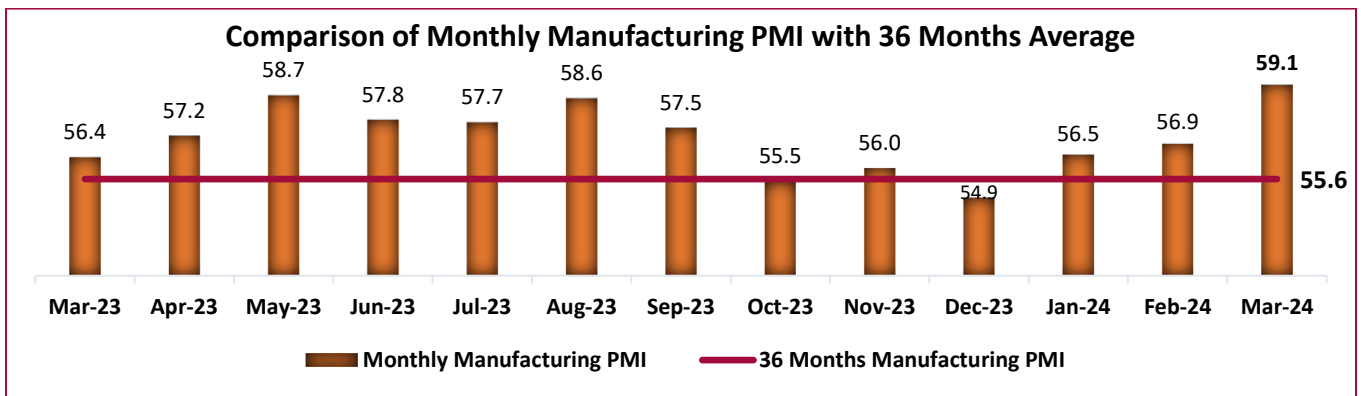
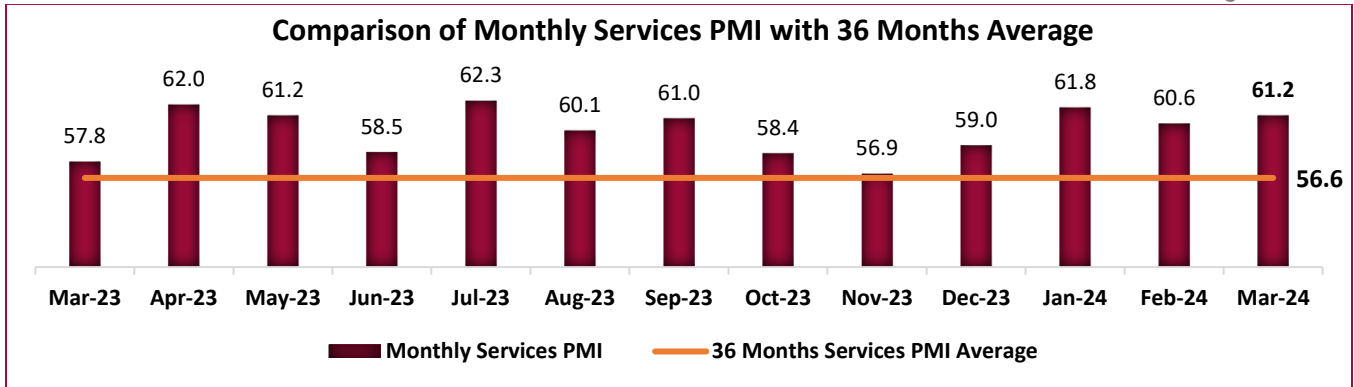
## Insights:

- ☞ A reading above 50 means expansion while a reading below it shows contraction.
- ☞ Manufacturing PMI has been on an increasing trend since the last 3 months. India's manufacturing PMI witnessed a rise and was highest since February'08, owing to strongest increase in output and new orders since October'20 in addition to inventory build-up and new hiring.
- ☞ Services PMI in March'24 expanded due to growth in sales and business activity particularly new export orders which were highest since September'14 along with growth in employment, highest since November'22.



## Views:

Services PMI have remained above their 36 months average (since April'21) of 56.6 in the last one year. Manufacturing PMI was above its 36 months average of 55.6 for third consecutive month after falling below it in December'23.



PMI manufacturing increased due to improvement in operating conditions reflected in stronger growth of new orders, output and input stocks as well as renewed job creation. Growth was seen across the consumer, intermediate and investment goods sectors. Steepest expansion in production was seen at investment goods makers. New orders strengthened from both domestic and export markets wherein new export orders increased at the fastest pace since May'22.

Services PMI remained above 60 for the 3<sup>rd</sup> consecutive month as there was expansion in business activity and total sales aided by an upturn in new export orders, highest since September'14. New export orders mainly came from Africa, Asia, Australia, Europe, the Americas and the Middle East. Finance & Insurance services saw the highest increase in output and sales. The combination of rising cost pressures and demand strength encouraged companies to lift their selling prices. The increase in selling prices was highest since July'17.

With interest rate cut expected this year and both Manufacturing & Services PMI being above 59, and on an increasing trend, the current growth momentum in the Indian economy is expected to continue.

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