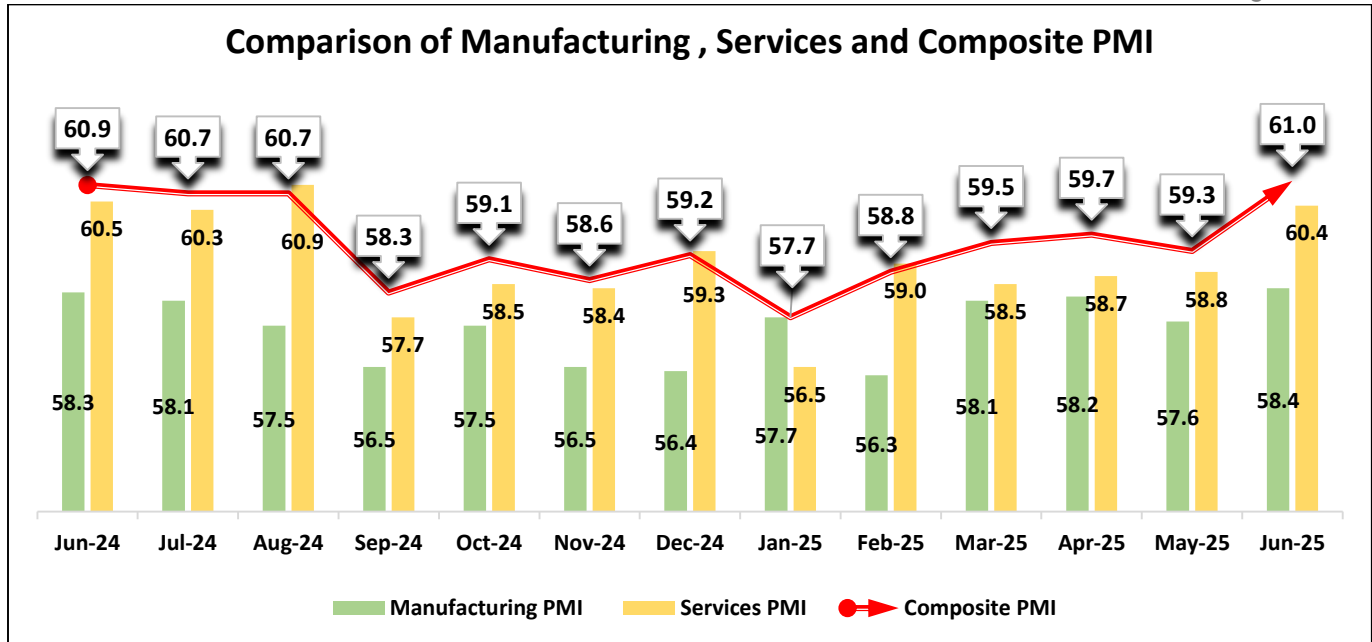


Macro Insights

04th July 2025

Purchasing Managers' Index (PMI) for June 2025

Manufacturing PMI	Services PMI
<p>☞ The manufacturing PMI rose to a 14-month high of 58.4 in Jun'25, marked by improved trends in output and new orders, alongside a record upturn in employment.</p> <p>☞ The main observations for the month are:</p> <ul style="list-style-type: none"> ➤ Production rose at the fastest rate since Apr'24, driven by efficiency gains, strong demand, and higher sales. This growth was led solely by intermediate goods producers, while consumer and capital goods saw slowdowns. New orders also increased at the quickest pace in nearly a year. ➤ Companies also welcomed one of the fastest increases in external orders in the over 20 years of survey history. ➤ On the price front, cost inflation eased to its lowest mark since Feb'25 and was relatively negligible. ➤ Input prices rose markedly, however, demand buoyancy allowed firms to pass on higher freight, labour and metal costs to clients. 	<p>☞ India's service sector showed its strongest growth in 10-month in Jun'25 to reach 60.4 from 58.8 in May'25. This was primarily supported by robust demand and cooling price pressures.</p> <p>☞ The main observations for the month are:</p> <ul style="list-style-type: none"> ➤ Output and new order intakes rose at the fastest rates since Aug'24, aided by another robust expansion in international sales and job creation. ➤ Despite slowing to the weakest in three months, the increase in export orders was among the strongest in the series history. ➤ Ongoing expansion had a positive impact on recruitment as employment rose for the 37th consecutive month in Jun'25, with the rate of job growth outpacing its long-run average despite slowing from May's record. ➤ Price pressures eased in Jun'25, with both input cost and output charge inflation softening since May'25.
<p>☞ India's Composite PMI rose to 61.0 from 59.3 in May 2025, marking the fastest expansion in 14 months supported by an uptick in both services and manufacturing output and receding inflation rates.</p> <p>(Composite PMI is a weighted average of comparable manufacturing and services PMI indices. Weights reflect the relative size of the manufacturing and service sectors according to official GDP data.)</p>	



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

Outlook:

India's manufacturing and services sectors are exhibiting robust growth, with both the Manufacturing and Services PMIs' showing record expansion in Jun'25, indicating a positive economic outlook and a robust demand.

In manufacturing, the robust international orders and ramped-up production have triggered rapid hiring. However, caution is being voiced as business outlook dipped slightly amid concerns over global competitiveness, rising input prices (iron and steel), and looming U.S. tariffs. With India negotiating trade terms with the U.S. by July 2025 and ahead of the monsoon, we expect manufacturing PMI to remain elevated.

In services as well, assuming a stable monsoon, policy support, and healthy domestic consumption, services PMI should stay comfortably in expansion zone.

However, factors such as trade uncertainty, infrastructure bottlenecks for SMEs, input cost pressure, and slightly waning sentiment may pose downside risks, but the overall foundation is solid for sustained expansion into the next quarter.

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