

# Macro Insights

04<sup>th</sup> July 2024

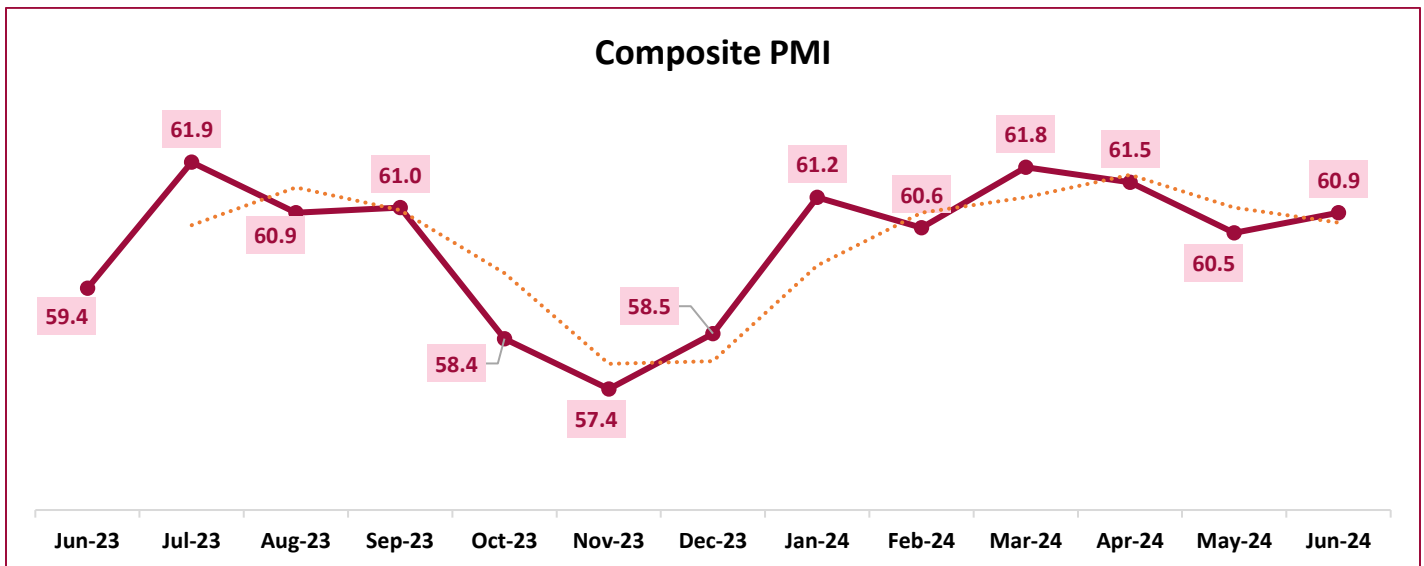
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## Highlights

- ☞ The Manufacturing Purchasing Managers' Index (PMI) rose to 58.3 in Jun'24, up from 57.5 recorded in May'24, and higher than 57.8 recorded in Jun'23.
- ☞ The Services PMI increased slightly to 60.5 in Jun'24 from 60.2 recorded in May'24, higher than 58.5 recorded in Jun'23.
- ☞ Services PMI has been above 50 for the 35th consecutive month. While manufacturing PMI has been above 50 for the 36th consecutive month.
- ☞ Composite PMI, a combination of manufacturing and services indices increased to 60.9 in Jun'24 from 60.5 in May'24, higher than 59.4 recorded in Jun'23.

## Insights

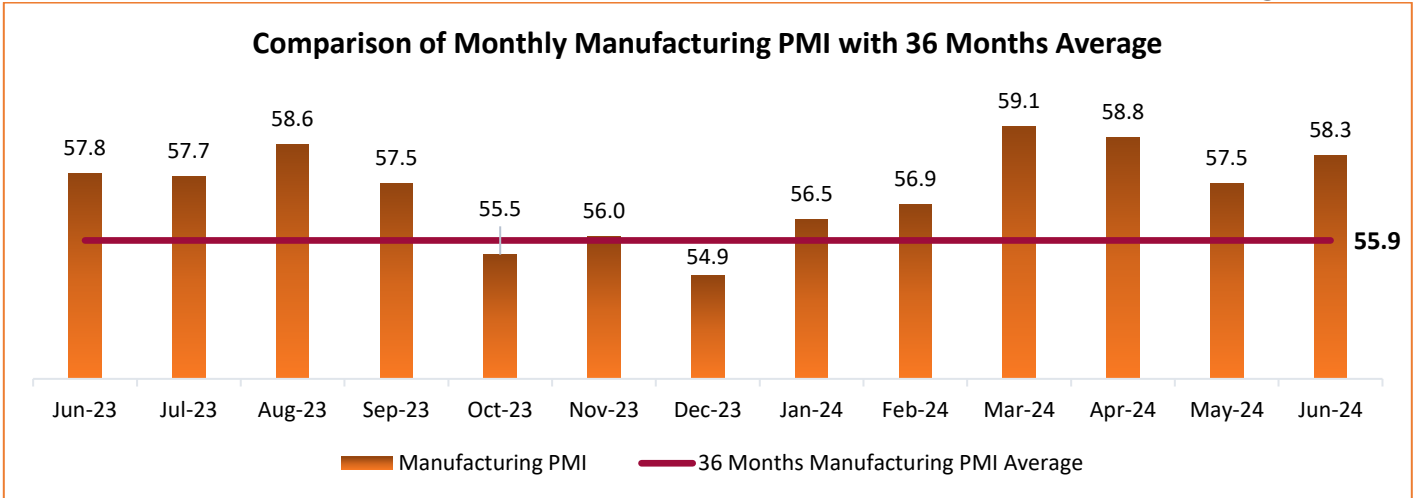
- ☞ Manufacturing PMI recorded a sharp expansion in June buoyed by robust demand leading to increase in hiring at the fastest rate in the past 19 years despite inflationary pressures.
- ☞ Growth in services sector re-accelerated from a five-month low in May on the back of unprecedented increase in international sales.
- ☞ Composite PMI, which eased to a five month low in May'24, recovered in June, highlighting a sharp rate of expansion that was considerably above the long-run series average, led by manufacturing for the 5<sup>th</sup> straight month.
- ☞ A reading above 50 means expansion while one below it shows contraction.



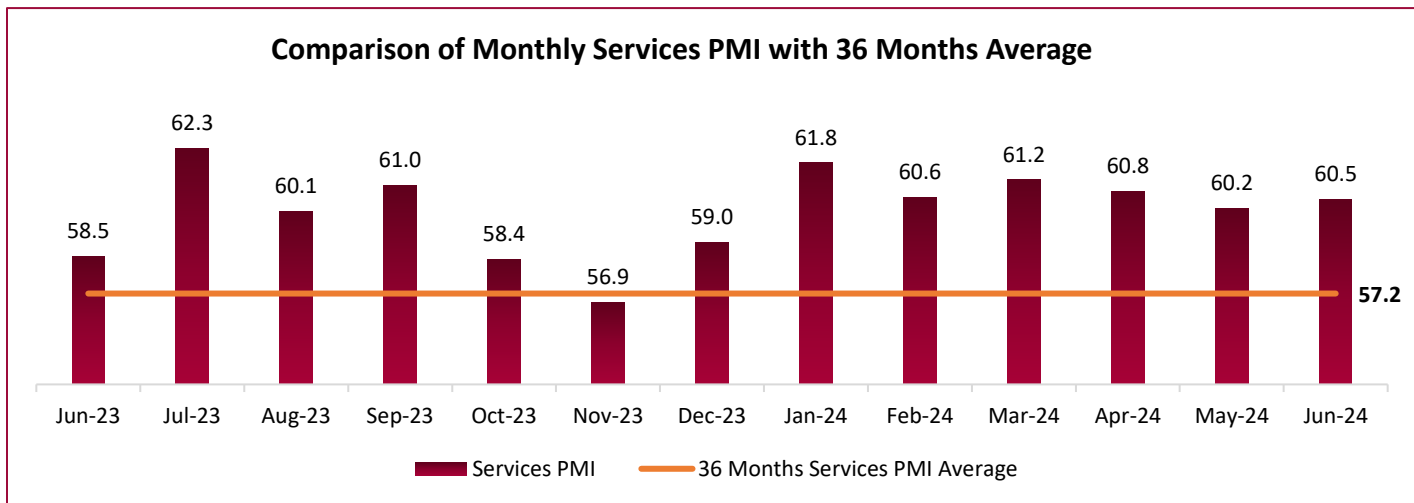
Source: HSBC India, S&P Global, EIC PNB

## Views:

Headline PMI for the manufacturing sector led the growth, ending the June quarter on a strong footing. Services PMI also rebounded from a 5 month low in May'24, driven by sharp rise in new orders and increase in exports at series-record pace.



PMI Manufacturing grew sharply as Manufacturing output and new orders expanded at faster rates compared to May. The consumer goods industry showed particularly strong performance, with notable increases also seen in intermediate and investment goods categories. Employment in the sector witnessed the fastest rise in more than 19 years. Although cost pressures eased from May, they remained among the highest over the past two years. Companies raised selling prices to the greatest extent since May 2022 to pass on higher costs to customers. The outlook remains positive, with nearly 29% of panelists expecting output growth over the coming year. However, the overall level of confidence receded to a three-month low.



PMI reveals a strong upturn in the Indian service sector, driven by strong demand and a rise in new business. New orders continued to increase, extending a nearly three-year growth streak. There was a record expansion in international orders, with significant contributions from Asia, Australia, Europe, Latin America, the Middle East, and the US. Staffing levels increased at the fastest pace since August 2022. While service providers remained optimistic about future business activity, overall sentiment dipped to an 11-month low due to market uncertainty and competition.

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