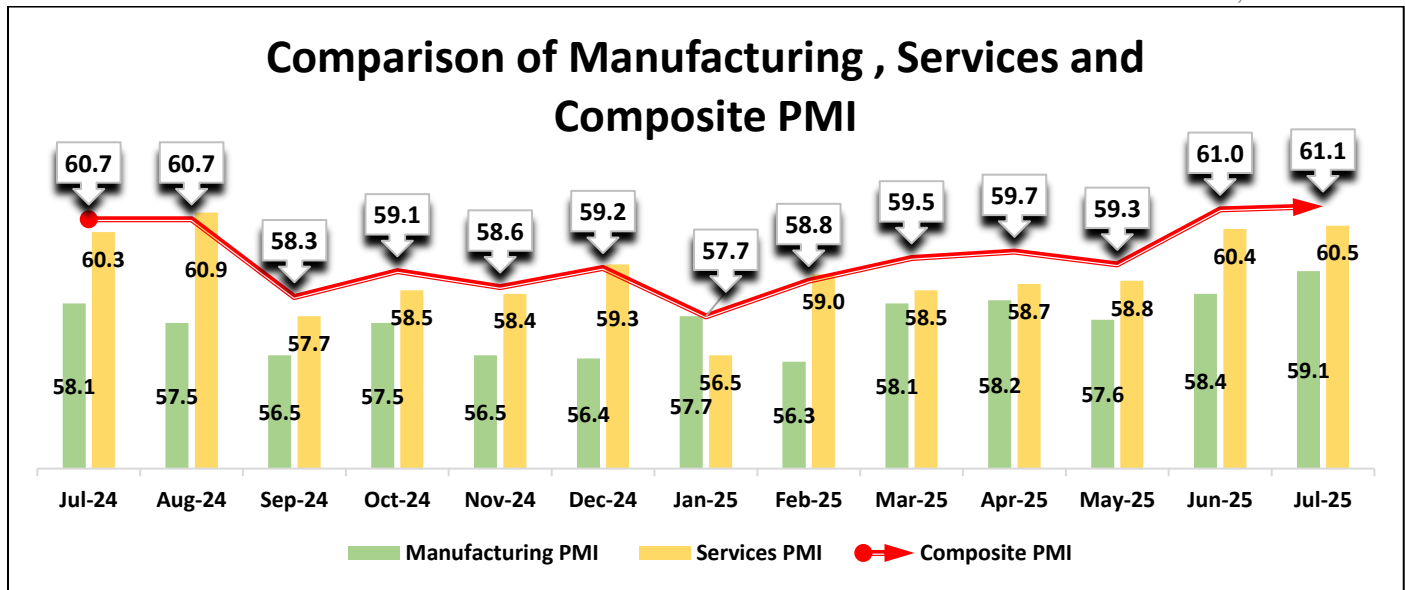


Macro Insights

05th July 2025

Purchasing Managers' Index (PMI) for June 2025

Manufacturing PMI	Services PMI
<p>☞ The manufacturing PMI rose to a 16-month high of 59.1 in July'25, driven by a sharp increase in new orders and output, although business confidence softened.</p> <p>☞ The main observations for the month are:</p> <ul style="list-style-type: none"> ➤ Sales growth reached a five-year high, driven by strong demand and marketing initiatives for Indian goods and services. ➤ Production expanded at the fastest pace in 15 months high, primarily led by intermediate goods segment. New export orders also grew, albeit at a slower rate compared to the previous month. ➤ Employment generation moderated with job creation increasing at its weakest pace since Nov'24. ➤ On the price front, cost pressure intensified with average input cost rising at a higher pace. However, favorable demand allowed upward adjustment by enabling firms to raise output prices. 	<p>☞ India's service sector accelerated to a 11-month high in July'25 to reach 60.5 on account of strong international demand and sustained increase in business activity.</p> <p>☞ The main observations for the month are:</p> <ul style="list-style-type: none"> ➤ Output growth remained robust aided by strong advertising campaigns, new client onboarding and solid demand. ➤ International demand witnessed the second fastest expansion in a year with demand of services from Asia, Canada, Europe, the UAE and the US. ➤ Finance & Insurance emerged as the best performing sector, leading in both new orders and business activity. ➤ Price pressures escalated with both input costs and output charges rising more rapidly than in June due to increases in food, freight and labor costs. Consumer services reported the highest rate of input cost inflation in July.
<p>☞ India's Composite PMI edged up marginally to 61.1 in July 2025 from 61.0 in June 2025, marking the strongest expansion since April 2024. Overall PMI showed mixed signs with acceleration in new orders and output growth, offset by waning business optimism and receding job creation.</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 economic expansion remains on a firm footing, with both manufacturing and services sectors exhibiting resilience. The manufacturing sector recorded one of the strongest performances in the past 14 years, supported by solid domestic and external demand. However, concerns remain regarding weakening business sentiment, rising input costs, and emerging global challenges, including potential U.S. tariff actions.

In the services sector, sustained growth momentum has been driven by continues efficiency improvements, accelerated digital adoption, and enhanced marketing efforts. These factors complemented by strong demand conditions and steady acquisition of new clients have collectively reinforced the sector’s resilience and contributed to its consistent expansion.

While risks such as trade uncertainty, tariff pressures, infrastructure constraints, increasing inflationary pressures, and softening hiring trends may weigh on future performance, the underlying fundamentals remain strong, indicating continued expansion going ahead.

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