Purchasing Managers' Index (PMI)

Prelims : Current Events of National and International Importance

Why in News?

According to the Purchasing Managers' Index (PMI), Indian services sector growth touched a 10-month high in June 2025 on a sharp upturn in new business.

Purchasing Managers' Index (PMI)
• **Released by** – S&P Global (usually released every month). • **Key Indicators -** New orders, production, employment, supplier deliveries, and inventory levels. • Each of them was weighted and combined into a single index number. • **Significance** - Helps businesses, investors, and policymakers gauge economic conditions, future demand as an economic indicator. • Provides early signals of forward trends in a broader economy. • Key sectors like manufacturing, services, and construction will be compared and analysed by global economies.

- **Findings** - The HSBC India Services Index indicating a sharp increase in the services sector.
- A PMI score above 50 signifies growth, and June's figure marked a ten-month high in sector expansion.
- **Surge in New Business Orders** - Significant rise in domestic orders and a moderate increase in export orders.
- Growth in exports came primarily from markets in ***Asia, the Middle East, and the U.S..***
- **Increase in Job Growth** - Employment rose for consecutive months, with job creation continuing above its long-run average, though slowing slightly from May's record levels.
- **Margin Improvements** - Input costs rose at a slower pace compared to the output charges, leading to improved margins.
- Consumer services saw the highest cost pressures, while the finance and insurance sectors noted the fastest increase in output charges.
- **Outlook and Confidence** - 18% of service providers remain optimistic about future growth in the next year, though this was the lowest level of confidence since mid-2022.
- Overall, service sector confidence dipped below the long-run average.
- **Composite PMI Index** - The index combines manufacturing and services data, showing a slowdown in both price increases and cost burdens.

Reference

The Hindu | Purchasing Managers' Index (PMI)

