News Release

Embargoed until 10:30 (Mumbai) / 05:00 (UTC) May 2nd 2019

# Nikkei India Manufacturing PMI®

## Further slowdown in manufacturing sector growth in India

### Key points:

- Weakest improvement in business conditions since August 2018
- Softer increase in production mirrors slower rise in sales
- Exports remain a source of strength

Data collected April 10-24

A softer increase in new orders created a domino effect in the Indian manufacturing industry, restricting growth of output, employment, input buying and business sentiment. The one bright spot in April was exports, which expanded solidly and at a slightly quicker pace than in March. The overall slowdown in the sector was accompanied by cooling rates of inflation.

Broken down by sector, capital goods was the key source of weakness, recording contractions in new business and output. Growth was meanwhile sustained at both consumer and intermediate goods makers.

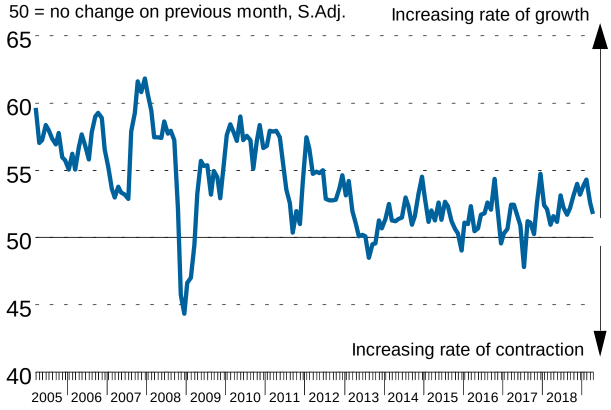
The **Nikkei India Manufacturing Purchasing Managers' Index® (*PMI®*)** declined from 52.6 in March to 51.8 in April. This indicated a slight improvement in the health of the sector that was the slowest in eight months and weaker than the average for the 14-year survey history.

New business growth moderated at the start of fiscal year 2019, reportedly curbed by the elections and a challenging economic environment. The increase in order book volumes was the weakest in eight months. International trade contributed to the rise in total sales, with new export orders expanding at a solid rate that was marginally quicker than in March.

The slowdown in growth of total sales, coupled with cashflow difficulties and competitive pressures, hampered output expansion in April. Although production rose, the increase was the slowest since last September.

As a result, holdings of finished items continued to decline. Furthermore, the pace of depletion was the quickest in seven months.

Nikkei India Manufacturing PMI




*Sources: Nikkei, IHS Markit.*

Amid reports of sufficient workforce numbers to cope with existing workloads, the vast majority of companies withheld hiring in April. Aggregate manufacturing employment rose, but only fractionally and to the weakest extent in the current 13-month sequence of job creation.

Similarly, quantities of purchases expanded marginally and at the slowest pace since the latest stretch of growth started in mid-2018. Anecdotal evidence suggested that low funds at some firms prevented them from buying additional materials in April. In turn, stocks of purchases rose at the joint-weakest pace since last August.

Price pressures subsided in April. Input cost inflation eased to a 43-month low and factories responded by lifting their own fees to a lesser extent. The rate of charge inflation was marginal and below its long-run average.

Meanwhile, there were signs of a lack of pressure on the capacity of both manufacturers and their suppliers. The latter was evidenced by broadly unchanged delivery times. Concurrently, a marginal uptick in outstanding business was noted at factories, one that was the slowest in six months.

Output expectations remained positive in April, with optimism supported by post-election growth predictions. A number of firms plan to expand capacity and invest in advertising in order to boost sales and production in the year ahead.

### Comment:

Commenting on the Indian Manufacturing PMI survey data, **Pollyanna De Lima**, Principal Economist at IHS Markit and author of the report, said**:**

*"April PMI data signalled another slight improvement in the health of the Indian manufacturing economy, helped by ongoing growth of new order intakes. Although remaining inside expansion territory, growth continued to soften and the fact that employment increased at the weakest pace for over a year suggests that producers are hardly gearing up for a rebound.*

*"When looking at reasons provided by surveyed companies for the slowdown, disruptions arising from the elections was a key theme. Also, firms seem to have adopted a wait-and-see approach on their plans until public policies become clearer upon the formation of a government.*

*"With price pressures in the manufacturing economy cooling and growth losing momentum, it's increasingly likely that the RBI may cut its official rate for a third successive time in June."*

-Ends-

# Nikkei India Manufacturing PMI® is sponsored by NIKKEI

Nikkei is a media organization with newspaper publishing at its core. Our flagship daily newspaper, The Nikkei, has approximately two and a half million subscribers. Nikkei's multi-platform media distribution also includes online, broadcast and magazines.

Since our founding in 1876 as the Chugai Bukka Shimpo (Domestic and Foreign Prices News), we have consistently provided high-quality reporting while maintaining fairness and impartiality. The Nikkei brand has become synonymous with trustworthiness at home and abroad.

Nikkei Inc. offers a range of media platforms to satisfy the diverse needs of our readers. At the core of these services is The Nikkei which has a circulation of approximately two and a half million. Adding further depth to our offerings are our premium content and strong digital technology. The number of paying subscribers to the Nikkei Online Edition, which was launched in 2010, has surpassed 500,000. Our fee-based online services have one of the largest readerships in the world among newspaper publishers. Eight years after its creation, the online edition has evolved from a medium for providing news to readers into a tool that helps people advance their careers.

In 2013, we kicked off the Nikkei Asian Review, an English-language news service provided both online and as a weekly print magazine. The following year, we established an Editorial Headquarters for Asia in Bangkok to deepen our coverage of Asian economic news. In addition, we doubled the number of reporters stationed in Asia outside Japan. 2014 also saw the launch of Nikkei Group Asia Pte., a new company in Singapore tasked with spreading the Nikkei brand in the region. Our goal is to make Nikkei the leading media voice in Asia.

http://www.nikkei.co.jp/nikkeiinfo/en/

**http://asia.nikkei.com/**

NIKKEI ASIAN REVIEW **INTRODUCING THE ONLY BUSINESS PUBLICATION THAT BRINGS YOU INSIGHTS ABOUT ASIA, FROM THE INSIDE OUT**

With more reporters and contributors across the region than any other business publication, only Nikkei Asian Review can give you a view of business in Asia from the inside.

Stay abreast of the latest news, analysis and insights with a subscription to Nikkei Asian Review – available in print, online, and on your mobile and tablet device.


**Asia300:**
Providing extensive coverage of over 300 leading companies in 11 countries and regions in Asia. Nikkei Asian Review aims to build the largest hub for Asian corporate news through enhanced reporting backed by large database of business and financial information on companies in the region.

**JAPAN UPDATE:**
Keeping you up-to-date with business and news from Japan.

**VIEWPOINTS:**
Bringing views of leading minds on Asia from around the world, including our column "Tea Leaves" written by some of our best writers.

**POLITICS & ECONOMY:**
Looking at fiscal and monetary policy, international affairs and more.

**MARKETS:**
Deep analysis if the markets, with detailed industry news to keep you abreast of some of the fastest growing sectors in the region.

**Video:**

Watch analysts explain our articles, catch interviews with top executives.

**Print Edition:**

Weekly delivery of the best content from Nikkei Asian Review to your home or office.

## For further information, please contact:


**IHS Markit (About PMI and its comment)**
Pollyanna De Lima, Principal Economist
Telephone 44 1491 461 075
Email pollyanna.delima@ihsmarkit.com

Joanna Vickers, Corporate Communications
Telephone 44 207 260 2234
E-mail joanna.vickers@ihsmarkit.com

Bernard Aw, Principal Economist
Telephone 65 6922 4226
E-mail bernard.aw@ihsmarkit.com

**Nikkei inc. (About Nikkei)**
Ken Chiba, Deputy General Manager, Public Relations Office
Atsushi Kubota, Manager, Public Relations Office
Telephone 81-3-6256-7115
Email koho@nex.nikkei.co.jp


## Notes to Editors:

The Nikkei India Manufacturing *PMI*® is based on data compiled from monthly replies to questionnaires sent to purchasing executives in over 400 industrial companies. The panel is stratified by GDP and company workforce size. The manufacturing sector is divided into the following 8 broad categories: Basic Metals, Chemicals & Plastics, Electrical & Optical, Food & Drink, Mechanical Engineering, Textiles & Clothing, Timber & Paper and Transport.

Survey responses reflect the change, if any, in the current month compared to the previous month based on data collected mid-month. For each of the indicators the 'Report' shows the percentage reporting each response, the net difference between the number of higher/better responses and lower/worse responses, and the 'diffusion' index. This index is the sum of the positive responses plus a half of those responding 'the same'. Diffusion indexes have the properties of leading indicators and are convenient summary measures showing the prevailing direction of change. An index reading above 50 indicates an overall increase in that variable, below 50 an overall decrease.

The Nikkei India Manufacturing *PMI*® is a composite index based on five of the individual indexes with the following weights: New Orders - 0.3, Output - 0.25, Employment - 0.2, Suppliers' Delivery Times - 0.15, Stock of Items Purchased - 0.1, with the Delivery Times Index inverted so that it moves in a comparable direction.
IHS Markit do not revise underlying survey data after first publication, but seasonal adjustment factors may be revised from time to time as appropriate which will affect the seasonally adjusted data series. Historical data relating to the underlying (unadjusted) numbers, first published seasonally adjusted series and subsequently revised data are available to subscribers from IHS Markit. Please contact economics@ihsmarkit.com.

**About IHS Markit (www.ihsmarkit.com)**
IHS Markit (Nasdaq: INFO) is a world leader in critical information, analytics and solutions for the major industries and markets that drive economies worldwide. The company delivers next-generation information, analytics and solutions to customers in business, finance and government, improving their operational efficiency and providing deep insights that lead to well-informed, confident decisions. IHS Markit has more than 50,000 business and government customers, including 80 percent of the Fortune Global 500 and the world's leading financial institutions.



**About PMI**
*Purchasing Managers' Index*® *(PMI*®*)* surveys are now available for over 40 countries and also for key regions including the Eurozone. They are the most closely-watched business surveys in the world, favoured by central banks, financial markets and business decision makers for their ability to provide up-to-date, accurate and often unique monthly indicators of economic trends. To learn more go to www.markit.com/product/pmi.