

# Macro Insights

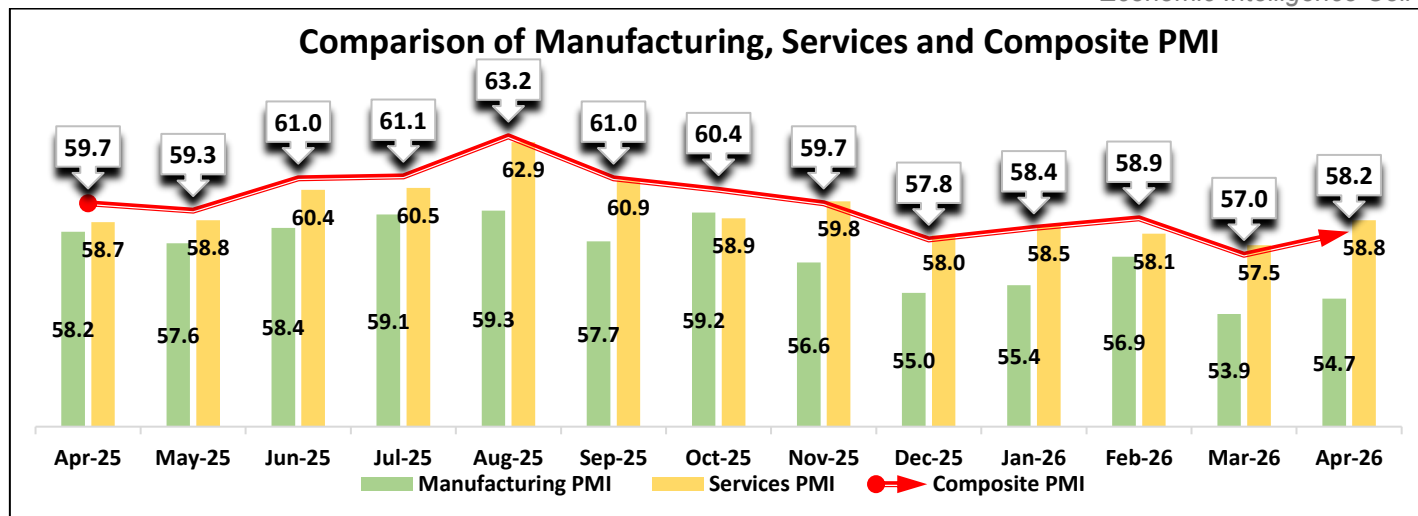
06<sup>th</sup> May 2026

## Purchasing Managers' Index (PMI) for April 2026

Manufacturing PMI	Services PMI
<p>☞ <i>HSBC India Manufacturing PMI improved to <b>54.7 in Apr'26 from 53.9 in Mar'26</b>, while this indicates a strengthening in operating conditions, it represents one of the slowest improvements since 2022.</i></p> <p>☞ <i>After declining to a four-year low in March 2026, the latest reading signals a mild recovery in growth momentum, despite continued spillovers from geopolitical tensions in West Asia and elevated cost pressures.</i></p> <p>The main observations for the month are:</p> <ul style="list-style-type: none"> <li>➤ Growth in new orders and output showed moderate recovery amid global uncertainties and challenging market conditions, although competitive pressures continued to weigh on expansion.</li> <li>➤ Export demand strengthened sharply, with pace of growth reaching a seven-month high, supported by broad-based demand from major trading partners.</li> <li>➤ Production growth moderated while input cost inflation surged to its fastest pace in 44 months, driven by higher prices of aluminum, chemicals, electrical components, fuel, leather, petroleum products and rubber.</li> <li>➤ Output expanded moderately, with output price inflation rising to a six-month high as firms passed on higher costs.</li> <li>➤ Employment growth strengthened, with job creation reaching a ten-month high, indicating improved business confidence.</li> </ul>	<p>☞ <i>India's services sector gained momentum in Apr'26, with the HSBC Services PMI rising to <b>58.8 from 57.5 in Mar'26</b>, marking the strongest expansion since November 2025.</i></p> <p>☞ <i>The sector witnessed an improvement in output and domestic demand, with consumption patterns shifting from international to domestic markets amid geopolitical disruptions.</i></p> <p>The main observations for the month are:</p> <ul style="list-style-type: none"> <li>➤ New orders and output growth rose to a five-month high, led by consumer services, followed by transport and information &amp; communication.</li> <li>➤ Export demand weakened due to the impact of the Middle East conflict and subdued inbound tourism.</li> <li>➤ Employment growth accelerated to a ten-month high, supported by increased new business volumes.</li> <li>➤ Input cost inflation moderated compared to March, although firms continued to report higher costs for food, gas, and labour.</li> <li>➤ Output price inflation rose moderately, with firms absorbing part of the cost pressures.</li> <li>➤ Business confidence weakened relative to March, reflecting concerns over geopolitical tensions and rising costs.</li> </ul>

☞ *Composite PMI indices are weighted averages of comparable manufacturing and services PMI indices. Weights reflect the relative size of the manufacturing and service sectors according to official GDP data.*

☞ *India's Composite PMI rose to **58.2 in April 2026 from 57.0 in March 2026**, indicating a strong expansion in overall private sector activity. However, the pace of expansion remains among the slowest observed in the past 2.5 years. The improvement was broad-based, with both manufacturing and services sectors showing a recovery in momentum.*



Source: HSBC India, S&P Global

## Views / Outlook:

- India’s private sector activity recovered in April 2026 after losing momentum in March. However, the pace of expansion remained relatively moderate and among the slowest observed in the past 2.5 years, indicating a measured improvement in operating conditions.
- Sustained growth in key indicators such as output, new orders and employment reflects the manufacturing sector resilience, despite persistent external headwinds. In the services sector, growth was supported by strengthening domestic demand and an acceleration in hiring activity.
- On the pricing front, elevated input costs and persistent inflationary pressures continued to weigh on margins and influence pricing strategies. Services firms reported a notable increase in operating expenses, while manufacturing input costs rose at the fastest pace in 44 months. Pricing dynamics diverged across sectors: manufacturing firms were able to pass on higher costs, resulting in stronger output price inflation, whereas services firms largely absorbed cost pressures, leading to a more moderate increase in output prices amid competitive conditions.
- The near-term outlook remains cautiously optimistic but increasingly contingent on external developments. While business sentiment remained positive, confidence moderated compared to March across both manufacturing and services sectors, reflecting concerns related to geopolitical tensions in the Middle East and elevated input costs.
- Nonetheless, strong domestic fundamentals, steady investment activity and improving external demand are expected to continue supporting business activity in the period ahead.

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