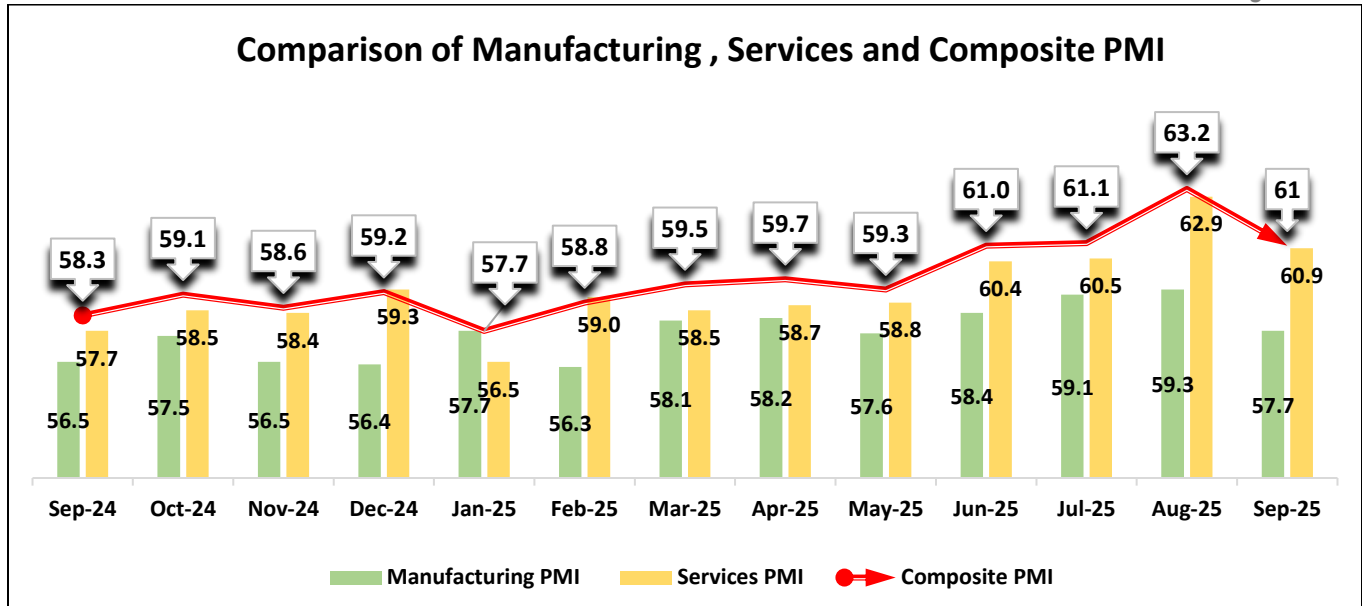


Macro Insights

06th October 2025

Purchasing Managers' Index (PMI) for September 2025

Manufacturing PMI	Services PMI
📌 India's manufacturing sector continued to expand in Sept'25 though at a slower pace, with the HSBC India Manufacturing PMI easing to 57.7 from 59.3 in Aug'25. Despite the fall, the figure remained well above the long-term average, signalling continued strength in the sector. The main observations for the month are: ➤ New orders grew further amid robust demand from outside of the US markets, though the pace of expansion eased to a four-month low. Similarly, production increased at a solid rate but registered the weakest growth since May. ➤ Purchasing activity also rose markedly, albeit at the slowest pace in four months. Meanwhile, job creation retreated to a one-year low. ➤ On the price front, input costs continued to increase in September, driven by higher battery, cotton, electronic component, and steel prices. Selling prices, on the other hand, rose at the fastest pace since October 2013.	📌 India's services sector growth slowed in Sept'25 as Services PMI fell to 60.9 from 62.9 in Aug'25. The slowdown was driven by a softer expansion in new business and overall activity. Despite the decline, the index holding above 60 mark for the 4th consecutive month, indicating robust business expansion & resilient demand conditions. The main observations for the month are: ➤ Output continued to grow, although new orders rose at a slower pace, amid weaker improvements in foreign sales, which increased at the slowest rate since March. Employment rose modestly. ➤ On the price front, input costs increased due to higher labour and material expenses. However, overall input inflation eased and remained below the long-run average. Selling price inflation also slowed, reaching a six-month low.
📌 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 moderated to 61.0 in Sept'25 from 63.2 in Aug'25, indicating the weakest rate of expansion since June. The figure nevertheless remained comfortably above its long-run average and the neutral mark of 50.0.	



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

Outlook:

India's September 2025 PMI data underscore the ongoing momentum in both manufacturing and services, albeit with a slight moderation from the highs seen in past month. However, the cooling of manufacturing PMI is not a cause for concern but rather reflects a beginning of a settling trend after a period of intense growth. The sector is still clearly in expansion mode as domestic demand remains strong, order books are healthy, and output continues to grow, even as export orders soften somewhat.

However, the dip in employment growth and sustained input cost pressures reflects that manufacturers remain cautious and are passing some of these costs onto consumers, as seen in the notable rise in selling prices. Despite this, the increased business confidence (a seven-month high) and favourable GST adjustments should sustain manufacturing through the festive season.

On the services side, while the PMI eased from August's record high, it still reflects remarkable resilience in the face of global headwinds. There are early signs of normalization, driven by seasonality and softer exports, but India's domestic demand is keeping services buoyant especially in sectors like finance, transport, and digital services.

Input cost pressures, especially on wages and raw materials recorded the slowest rate of increase in last three months in the service economy with a persistent business optimism (a six-month high) can be seen as a major positive. Moreover, the Future Activity Index has risen sharply shows that service providers expect demand to remain robust heading into the end of the year.

In both sectors, underlying demand fundamentals, policy stability, favourable GST adjustments and improving sentiment should ensure that India's growth trajectory remains on track in the coming months. The composite PMI's continued strength reinforces our expectation of a sustained and broad-based expansion through the final quarter of 2025.

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