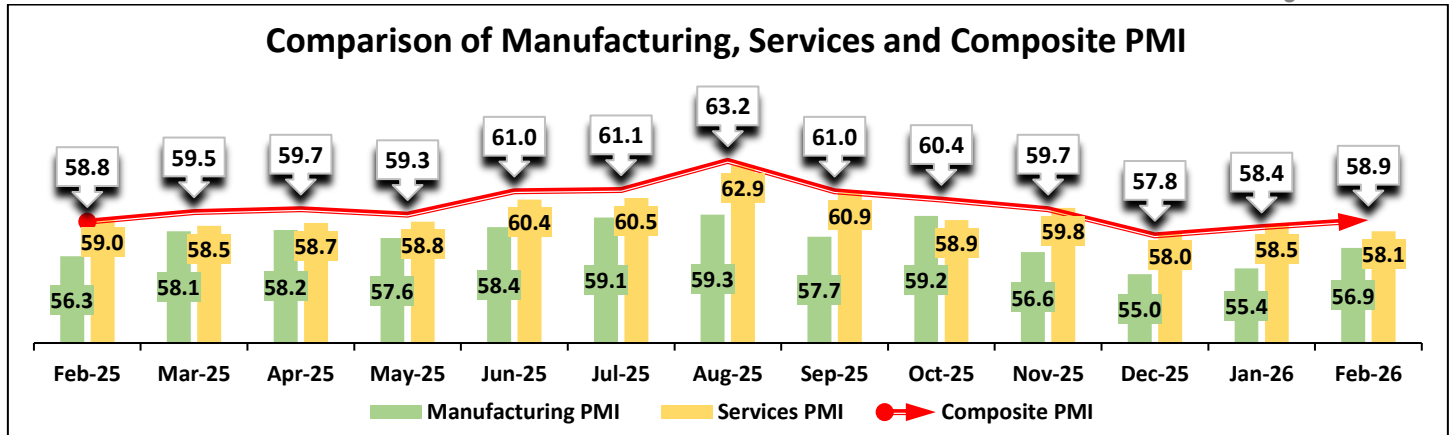


Macro Insights

05th March 2026

Purchasing Managers' Index (PMI) for February 2026

Manufacturing PMI	Services PMI
<p>☞ <i>HSBC India Manufacturing PMI rose further to 56.9 in Feb’26 from 55.4 in Jan’26, marking a 4-month high and signaling a continued strengthening in factory activity.</i></p> <p>☞ <i>The latest reading indicates an improvement in operating conditions across the manufacturing sector, supported primarily by robust domestic demand. Production volumes increased at the fastest pace in 4 months as firms responded to rising order inflows & improved business conditions.</i></p> <p>The main observations for the month are:</p> <ul style="list-style-type: none"> ➤ New orders accelerated, led primarily by strong domestic demand conditions. ➤ Export growth weakened, marking the slowest increase in nearly 1.5 years. ➤ Production expanded owing to healthy demand and improved operational efficiency. ➤ Input cost pressures remained moderate, broadly similar to Jan’26 levels despite higher spending on labor, materials and transportation. ➤ Output prices increased at a faster pace, as firms passed on cost pressures to protect margins. ➤ Employment grew marginally, with hiring reaching a 4-month high amid rising workloads. 	<p>☞ <i>India’s services sector continued to demonstrate strong expansion in Feb’26, with the HSBC Services PMI easing slightly to 58.1 from 58.5 in Jan’26 yet remaining firmly in expansionary territory.</i></p> <p>☞ <i>Business activity growth remained robust, supported by efficiency improvements, rising sales volumes and continued demand for technology-related projects.</i></p> <p>The main observations for the month are:</p> <ul style="list-style-type: none"> ➤ Business activity remained strong, indicating sustained momentum in the services economy. ➤ New orders growth slowed, reaching its weakest pace since early 2025 due to heightened competitive pressures. ➤ Export demand improved notably, recording the fastest growth in around 6 months. ➤ Employment expanded further, as firms increased hiring to manage higher workloads. ➤ Input cost inflation accelerated, reaching the fastest pace in around 2.5 years, mainly due to higher food, labor & energy costs. ➤ Output price inflation strengthened, with firms passing higher costs on to customers. ➤ Business confidence improved, rising to a one-year high amid expectations of stronger demand and expanded market presence.
<p>☞ <i>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.</i></p> <p>☞ <i>India’s Composite PMI rose to 58.9 in Feb’26 from 58.4 in Jan’26, marking the strongest pace of private sector activity growth in 3 months. The improvement was largely driven by stronger momentum in the manufacturing sector, while services activity continued to expand at a robust pace despite some moderation in new business growth.</i></p>	



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

Outlook:

India's private sector activity continues to maintain a strong momentum in Feb'26, with both manufacturing and services sectors remaining firmly in expansionary territory. The improvement in February was primarily supported by stronger manufacturing activity, particularly on the back of resilient domestic demand, rising production levels and improved marketing outreach by firms, while the services sector continued to record robust growth despite some moderation in new order inflows amid intensifying competition.

External demand showed a mixed picture with services exports have shown renewed strength (fastest expansion since Aug'25) with broader geographical demand, manufacturing export orders have continued to expand at a relatively slower pace (slowest expansion in about 17 months) amid persistent global competition and subdued external conditions.

India's domestic demand dynamics continue to cushion the economy from global trade softness, thereby sustaining business activity momentum.

On the price front, cost pressure has started to rise slightly, particularly in the services sector where higher food, labor and energy costs have pushed up input prices, prompting firms to pass on some of the additional costs to customers. However, overall inflationary pressures remain manageable compared with their long-term averages.

Going ahead, the global demand uncertainty amid West-Asia conflict, exchange rate volatility, and rising competitive pressures could influence the pace of expansion and business sentiment in both sectors. Despite this, the firms remain optimistic about future business activity in coming months on back of favorable domestic demand conditions, steady investment activity and supportive macroeconomic fundamentals.

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