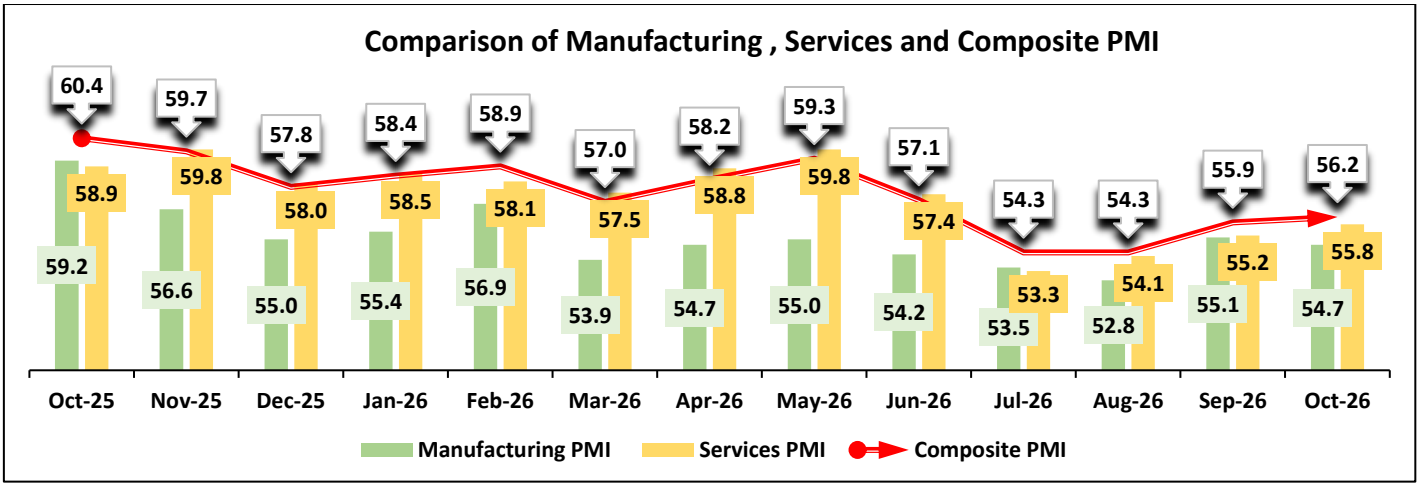
Economic Intelligence Cell

Macro Insights

4th November 2026

Purchasing Managers' Index (PMI) for October 2026

Manufacturing PMI	Services PMI
☞ *HSBC India Manufacturing PMI eased to **54.7 in Oct'26 from 55.1 in Sep'26**, indicating a moderation in the pace of manufacturing expansion. It was due to softer growth in output and new orders, while stronger export demand provided support.*	☞ *India's services sector continued to expand in Oct'26, with the HSBC Services **PMI rising to 55.8 from 55.2 in Sep'26,** marking the strongest expansion in four months.*
☞ *Nevertheless, the index remained comfortably above the neutral mark of 50 and its long-run average, signalling continued resilience.*	☞ *It was driven by stronger domestic demand, new orders and successful advertising campaigns. Services activity remained above both the neutral threshold of 50 and its long-run average.*
The main observations for the month are:	The main observations for the month are:
➢ New business continued to rise sharply on favorable demand conditions, new orders and marketing campaigns, although growth eased marginally from last month.	➢ New business rose to its fastest growth rate since Jun'26, on back of favorable demand conditions, new client acquisitions & successful advertising campaigns.
➢ Export order growth accelerated to a 6-month high, supported by demand from a broad range of markets incl. Bangladesh, Canada, Indonesia, Nepal, Oman, Saudi Arabia, Sri Lanka, the UK, the US & the UAE.	➢ Export demand increased as well, but growth was marginal and the weakest since Feb'23. Thereby, domestic market remained the principal source of sales growth rather than a broad based growth in external demand.
➢ Output growth continued to expand at a sharp pace although moderated from last month. The slowdown was primarily concentrated among intermediate goods, which nevertheless remained the strongest-performing category.	➢ Services employment grew in absolute terms, but growth slowed to its weakest pace since Jun'26. This suggests that some firms had sufficient capacity to meet current staffing requirements.
➢ Input-cost inflation moderated to its lowest level since Feb'26, despite reports of higher prices for certain materials and energy. The easing was broad-based across the three broad manufacturing groups monitored by the survey.	➢ Input cost inflation eased to its lowest level since Aug'20. Some firms continued to report higher expenditure on electricity, labor, raw materials and transportation.
➢ Manufacturers raised selling prices only slightly to protect margins. Services-price inflation eased to its weakest level in just under 4 years, indicating limited pricing pressure despite continued demand growth.	➢ Output price inflation moderated to its weakest level since Jun'26. Less than 3% of service providers raised their charges, indicating limited pass-through of cost pressures to customers.
➢ Employment increased for the second consecutive month, reflecting higher production requirements and workloads. Capital goods producers reduced staffing, while other segments recorded growth.	➢ Service providers remained optimistic about output growth over the next 12 months. However, sentiment weakened from last month and remained below its long-run average, reflecting a cautious outlook.
☞ India's **Composite PMI** rose to a **four-month high of 56.2 in Oct'26**. The improvement was driven by stronger services, which offset slower manufacturing output growth. Aggregate new business also expanded at its fastest pace in 4 months, while cost pressures eased across both sectors.	



Source: HSBC India, S&P Global

Outlook:

India's private-sector growth momentum strengthened further in Oct'26, supported by resilient domestic demand and a recovery in services-sector. Stronger new business orders across manufacturing and services reinforce considerable resilience in the economy.

However, the softer manufacturing growth, subdued services exports, slower employment creation and weaker business confidence suggest that the recovery remains uneven. Also, it was supported more by domestic demand than external demand.

The broader macroeconomic outlook remains robust, with the Ministry of Finance raising its FY27 GDP growth projection to 7.3%, up from the earlier projected range of 6.8%–7.2%. Domestic consumption and investment are likely to remain the principal growth drivers. While the performance of Indian exports, private-capex and rural demand will be important in sustaining the growth in H2 FY27.

The RBI's shift to a calibrated tightening stance also signals that the policy environment is likely to remain cautious, with the future trajectory of interest rates dependent on the persistence and broadening of inflationary pressures.

The easing of PMI input-cost and output-price inflation is supportive for business margins and may provide some support to demand. However, elevated crude oil prices, supply-chain disruptions, stronger El Niño conditions and the possibility of imported inflation continue to remain key risks. Though any easing of Middle East tensions after the US mid-term results could soften crude oil prices, benefiting India's inflation and current account deficit.

Overall, the outlook remains moderately positive, as the growth is expected to remain resilient, while inflation, external-sector vulnerabilities and tighter financial conditions warrant close monitoring. The composite PMI is expected to remain in expansion zone in coming months, though at a more measured pace.

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