

---

## Macroeconomic indicators - Manufacturing growth slows in October

*Tuesday, 03 Nov, 2009*

According to a survey, India's manufacturing activity expanded for the seventh consecutive month in October 2009, but at a slightly slower pace as growth in new orders and output slowed.

The HSBC Markit Purchasing Managers' Index, based on a survey of 500 companies fell to 54.5 in October from 55 in September. A reading above 50 means activity expanded during the month.

Mr Robert Prior-Wandesforde a senior Asian economist of HSBC said that growth in domestic new orders may be beginning to suffer from the impact of a drought, but stronger foreign demand was helping to cushion the blow.

Mr Robert said that "The PMI which led the upturn in the industrial cycle, has gone essentially nowhere over the last six months. It is however consistent with robust growth in industrial production of around 8% to 10% on an annual basis," He added that "If falls in the output and total new orders indices were a touch disappointing, a rise in the employment index back above 50 and a decent improvement in the new export orders index to its highest level since August last year offered welcome news."

The new orders index fell to 56.7 from September's 58.3. In August, this index had touched a four-month low of 56.2.

Mr Robert said that "Also helpful, from a policy perspective at least, were falls in both input and output prices indices. Although early days, the latter looks to have a decent relationship with wholesale price inflation and might help calm what are clearly extremely frayed nerves at the Reserve Bank of India."

(Sourced from Reuters)

For more news visit at [www.steelguru.com](http://www.steelguru.com)