LETTER

CONFEDERATION OF INDIAN TEXTILE INDUSTRY

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News Highlights

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Textiles, cotton emerge as focus of India-Uzbekistan partnership

Textiles and cotton emerged as key areas of collaboration as India and Uzbekistan sought to deepen economic ties, with Minister of Commerce and Industry, Government of India, Piyush Goyal calling for efforts to double bilateral trade over the next three years at the India-Uzbekistan Business Forum in New Delhi.

Goyal highlighted Uzbekistan's strength in cotton production and India's leadership in the textile sector, saying both countries could jointly expand into garment manufacturing, design and global markets. He urged businesses from both sides to co-invest, co-manufacture and co-innovate to unlock the full potential of the partnership.

Bilateral trade between India and Uzbekistan has crossed approximately $1.5 billion, but Goyal said it represents only a fraction of what the two economies can achieve together. He said the strategic partnership, built on mutual trust and shared prosperity, offers significant opportunities to expand trade, investment and economic co-operation.

The minister also identified information technology, digital public infrastructure, fintech, agri-tech, engineering goods, advanced manufacturing and auto components as promising sectors for future collaboration, the Ministry of Commerce & Industry said in a press release.

Referring to the recently concluded Bilateral Investment Treaty, Goyal said it would strengthen investor confidence and encourage long-term investments and business partnerships between the two countries.

He called for eliminating trade barriers, promoting mutual recognition of standards, testing and certification, increasing customs digitalisation and improving trade routes to facilitate commerce. He added that both governments are working towards a structured, time-bound and outcome-oriented economic partnership.

Goyal said the political leadership of Prime Minister Narendra Modi and Uzbekistan President Shavkat Mirziyoyev has given fresh momentum to bilateral relations and urged businesses to deepen engagement to realise the partnership's full economic potential.

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India Poised to Gain as Global Apparel Sourcing Shifts from China: Report

India's textile industry could be on the verge of its biggest opportunity in decades as global apparel sourcing gradually shifts away from China, with tariff parity, improving trade access and supportive government policies positioning Indian manufacturers to capture a larger share of global demand, according to a report by Nuvama Institutional Equities.

The global textile industry, valued at approximately US $1.6 trillion, is a mature market expanding at a modest annual rate of 2.5-3.5%. It said India's growth opportunity is therefore likely to stem not from higher global consumption but from a redistribution of existing sourcing volumes.

China's share of US apparel imports has halved over the past decade, creating an opportunity for competing suppliers including India, Bangladesh, Vietnam, Pakistan and Indonesia to secure a larger share of the market.

India is now entering this competitive landscape without the structural disadvantages that constrained its performance in earlier decades. It observed that all major apparel-producing countries, with the exception of China, now operate under broadly similar tariff conditions, while India's market access is improving through new trade agreements.

The brokerage highlighted the India-UK Comprehensive Economic and Trade Agreement (CETA), which came into force on 15 July, as a key development expected to strengthen

India's access to the UK market. It added that ongoing negotiations for an India-European Union Free Trade Agreement (FTA) could provide another significant boost to exports. India's share of the European Union's apparel import market has remained at around 3% for the past decade, significantly below Bangladesh's 16.7% share, indicating substantial potential for export growth if improved market access is secured.

Nuvama also identified improving demand conditions in the United States as another positive factor. It noted that US retail sales increased from US $5.3 trillion in FY19 to US $7.2 trillion in FY24, reflecting a compound annual growth rate (CAGR) of 6%, while retailers simultaneously reduced inventory levels. With inventory-to-sales ratios now returning to normal, the brokerage said purchasing activity has resumed, which could support textile exporters.

While India remains one of the world's largest cotton producers and spinning hubs, it continues to rely heavily on cotton even as global fibre consumption has increasingly shifted towards man-made fibres (MMF). The report also noted that India's garment industry has historically been constrained by relatively higher labour costs, limited trade advantages and a fragmented manufacturing base.

Government initiatives such as the PM MITRA parks are intended to improve manufacturing integration and economies of scale. It added that continued policy support for garments, MMF and technical textiles could help India move further up the textile value chain.

However, the brokerage cautioned that several risks remain. These include the possibility of changes in US tariff arrangements, delays in concluding the India-EU FTA, volatility in cotton prices, excess Chinese MMF capacity circumventing trade barriers and execution risks associated with large planned capital investments.

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Russia, India Preparing Logistics Routes To Handle Upcoming Free Trade Agreement Boost

Investment Protection Agreements are being worked on to prepare businesses in India, Russia and the Eurasian Economic Union members – Armenia, Belarus, Kazakhstan and Kyrgyzstan for the upcoming free trade zone between India and the EAEU. This includes new logistics corridors and a financial settlement system independent of Western sanctions, according to Russia's Deputy Foreign Minister Andrey Rudenko.

With India and Russia alone intending to bring their mutual trade volume to US$100 billion by 2030, Moscow and New Delhi need to strengthen their transport connectivity. In particular, this includes enhancing the Vladivostok–Chennai maritime route as well as joint development of the Northern Sea Route (NSR). In June 2026, the Indian Ministry of Transport advised President Putin about the lack of interest among Russian operators in operating a direct Vladivostok–Chennai maritime line due to a shortage of specialized capacities at the departure port. A reaction from the Kremlin is sure to follow.

Also being worked on are mutual payment systems to avoid using Western financial settlements architecture. Russia and India are also preparing two key economic agreements – one to deal with mutual investment protection, while is the Free Trade Agreement itself.

Key sectors within this include machine building, agriculture, military equipment production, and high technology, as well as the digital and space sectors. The latter includes satellite and mobile communications, information security, telecommunications, digitalisation of state administration, and urban infrastructure. Back on earth, this includes submarine cable systems. Energy cooperation and production occupies a special place in bilateral cooperation. Rudenko emphasized that regular supplies of Russian oil strengthen India's energy security and help smooth global market instability.

In the nuclear industry, construction of the Kudankulam Nuclear Power Plant is continuing, while Moscow and New Delhi are also selecting a new site to construct another nuclear power plant.

Coordinating all these activities – and planned future developments such as increased use of the NSR is a complex issue as the tax and trade issues all need to be catered for in multiple sectors within the pending Free Trade Agreement. The other EAEU members will also need to do the same.

India’s 2025 Trade With The Eurasian Economic Union

Country	Bilateral Trade	YoY Growth Rate
Russia	US$68.7 billion	+20%
Kazakhstan	US$923 million	+25%
Armenia	US$317 million	+152%
Belarus	US$106 million	+30%
Kyrgyzstan	US$4.5 million	+28%

In terms of what to expect, the previous Free Trade Agreement the EAEU reached was with Iran in 2024. That resulted in a 30% increase in bilateral trade with Russia and a tripling of Iranian trade with the other EAEU members. The agreement eradicated 95% of all tariffs between Iran and the EAEU. The India-EAEU trade impact is likely to be even more significant.

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Trade Deal With UK May See Around $1 Billion Incremental Exports

The UK-India Free Trade Agreement (FTA) can potentially open up an almost $1 billion incremental export opportunity for Indian textiles. The trade deal offers a strong medium-to-long-term growth opportunity for India's textile industry, potentially opening up almost $1 billion in incremental export opportunities, finds India Ratings and Research. In FY26, India exported USD 2.2 billion in textiles and readymade garments to the UK. This could help Indian exporters gain share from Chinese suppliers over time. However, competing with Bangladesh may prove more challenging due to Bangladesh's scale advantages and lower production costs. Even a 3 per cent increase in India’s share of the UK textile import market from the current level of around 6.9 per cent to around 10 per cent could translate into an incremental export opportunity of around $900 million for Indian players.While the deal that lowers tariffs, will enhance export competitiveness, the extent of the benefits will depend on how effectively textile companies expand capacity, manage costs, meet compliance requirements, and maintain financial discipline. “Large, integrated textile companies are better positioned to capitalise on these opportunities due to their scale, established customer relationships, and stronger financial resources. In contrast, small players may face challenges if expansion is funded through excessive debt, which could pressure leverage and liquidity”, said Rohit Sadaka, Director, Corporate Ratings, Ind-Ra. The UK is India's third-largest textile export destination, accounting for nearly 6.1 per cent of India's total textile exports. India's share of the UK textile import market is only about 6.9 per cent, indicating significant headroom for growth. As a result, the FTA should benefit Indian exporters. Regulatory compliance and sustainability standards will become increasingly important determinants of success. Exporters must adapt to evolving environmental regulations, ESG reporting requirements, traceability expectations, ethical sourcing standards, and product quality norms. Companies already aligned with such requirements, including Carbon Border Adjustment Mechanism (CBAM)-related standards, will have a competitive advantage. Small exporters may face higher compliance costs as these requirements become more stringent.

India fixes cotton MSPs; Suvin gets highest support at $103/quintal

The Government of India has notified the minimum support price (MSP) for all Fair Average Quality (FAQ) cotton varieties for the 2026-27 cotton season, with premium extra-long staple (ELS) variety Suvin receiving the highest MSP of ₹9,867 ($103.6) per quintal. The Cotton Corporation of India (CCI) will begin procurement from October 1, 2026, whenever market prices fall below the notified MSP.

The notification follows the government's earlier announcement of benchmark MSPs for medium staple cotton at ₹8,267 per quintal and long staple cotton at ₹8,667 per quintal. Based on staple length, micronaire values and quality differentials, the Ministry of Textiles has now fixed MSPs for all recognised cotton varieties grown across India's cotton-producing states.

Suvin is an extra-long staple (ELS) cotton variety grown mainly in Tamil Nadu, in the Coimbatore region. Developed by crossing India's Sujata with Egyptian St Vincent cotton, it is valued for its superior fibre quality and is used to produce premium fine-count yarns and high-end textiles. Suvin cotton will be purchased by the government’s company at ₹9,867 per quintal.

Suvin was followed by DCH-32 at ₹9,067 and MCU-5/Surabhi at ₹8,867, reflecting the premium attached to extra-long staple cotton. In the long staple category, Bunny/Brahma has been fixed at ₹8,667, Shankar-6/10 at ₹8,617, while H-4/H-6/MECH/RCH-2 and F-414/H-777/J-34 Hybrid are priced at ₹8,567 per quintal.

For medium-long staple cotton, MSPs range from ₹8,267 for J-34 (Rajasthan) to ₹8,417 for F-414/H-777/J-34 Hybrid. Medium staple varieties such as Jayadhar, V-797/G Cot 13/G Cot 21, and AK-7Y-1/MCU-7/VSVPR-2 are priced between ₹8,017 and ₹8,117 per quintal. The lowest MSP of ₹7,767 per quintal has been fixed for short staple varieties Assam Comilla and Bengal Deshi.

The MSP schedule reflects India's diverse cotton production landscape, covering short staple, medium staple, medium-long staple, long staple, and extra-long staple cotton. The indicative varieties listed in the notification are widely cultivated across major cotton-producing states, including Punjab, Haryana, Rajasthan, Gujarat, Maharashtra, Madhya Pradesh, Telangana, Andhra Pradesh, Karnataka, and Tamil Nadu. While the benchmark MSP is fixed for two principal kapas grades, the final support prices vary according to fibre length and quality parameters to ensure equitable returns across different cotton-growing regions.

The order also prescribes quality-linked premiums and deductions based on micronaire values. Medium-long staple cotton qualifying within the specified micronaire range will receive a premium of ₹30 per quintal, while deviations attract deductions. For long and extra-long staple cotton, MSP is reduced by ₹25 per quintal for every 0.2 variation in micronaire outside the prescribed range. The minimum acceptable micronaire has been fixed at 3.0 for most cotton classes and 2.8 for extra-long staple cotton.

The government has retained the baseline moisture content at 8 per cent for procurement. Cotton with moisture above 8 per cent and up to 12 per cent will receive proportionately lower prices, while produce with moisture below 8 per cent will qualify for incentives. Cotton with moisture exceeding 12 per cent will not be accepted under MSP procurement. Procurement agencies have also been directed to scientifically assess micronaire and other fibre quality parameters at purchase centres to ensure transparent and uniform procurement operations.

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CCI marks 56th Foundation Day, reinforces commitment to cotton farmers and sustainable growth

The Cotton Corporation of India Ltd. (CCI), a Public Sector Undertaking under the Ministry of Textiles, Government of India, celebrated its 56th Foundation Day today at Chhatrapati Sambhajinagar, Maharashtra, in the presence of Union Minister of Textiles Giriraj Singh.

The programme was attended by Sanjay Shirsat, Minister of Social Justice, Government of Maharashtra; Sanjay Savkare, Minister of Textiles, Government of Maharashtra; Shri Atul Save, Minister of Other Backward Bahujan Welfare, Dairy Development, Renewable Energy and Divyang Welfare, Government of Maharashtra; Joint Secretary (Fibre), Textile Commissioner and other senior officials of the Government of India and the Government of Maharashtra, Executive Director – ICAC, Researcher, Scientists, representatives of the textile industry, Farmer Producer Organizations (FPOs), and the cotton farmers.

Addressing the gathering, Union Minister of Textiles Giriraj Singh described cotton as a cornerstone of India's rural economy, self-reliance and agricultural prosperity, and reiterated the Government's unwavering commitment to the welfare of cotton farmers. Highlighting the achievements of CCI during Cotton Season 2025–26, the Union Minister stated that CCI undertook one of the largest MSP procurement operations in its history by procuring over 522 lakh quintals of seed cotton (kapas) through nearly 24 lakh farmer transactions, while directly transferring ₹41,530 crore into farmers' Aadhaar-linked bank accounts.

The Minister highlighted that the Minimum Support Price (MSP) for seed cotton (kapas) has been increased by about 7 per cent for Cotton Season 2026–27, ensuring remunerative prices and strengthening the income security of cotton-growing farmers across the country.Referring to the recently approved Cotton Productivity Mission – Kapas Kanti, Shri Giriraj Singh stated that the Mission, with an outlay of ₹5,659 crore over five years, represents a transformational initiative aimed at enhancing cotton productivity and quality, modernising cotton processing infrastructure, promoting branding and traceability through Kasturi Cotton Bharat, and encouraging sustainable and climate-resilient cotton cultivation practices.The Minister observed that Kasturi Cotton Bharat reflects India's vision of taking premium Indian cotton from "Farm to Fashion to Global Market" through internationally accepted standards of certification, traceability and sustainability.

Congratulating The Cotton Corporation of India Ltd. on completing 56 years of dedicated service to the nation, Giriraj Singh expressed confidence that the collective efforts of the Government, farmers, industry and research institutions would accelerate the growth of India's cotton sector and significantly contribute towards the realization of the vision of Viksit Bharat @2047, while reinforcing India's position as a global leader in sustainable and high-quality cotton.

On the occasion, the 'Kapas Darshan' Bulletin was launched to provide cotton farmers with timely advisories on weather, markets, scientific cultivation practices, quality management and various Government initiatives. Informative audio-visual presentations on contamination control, the Kapas Kisan Mobile App and the Cotton Productivity Mission – Kapas Kanti were also screened.To promote scientific, sustainable and contamination-free cotton cultivation, modern agricultural equipment, including Kapas Plucker Machines, Cotton Stalk Shredder Machines and Contamination Control Kits, were distributed to cotton farmers and Farmer Producer Organizations (FPOs).

A major highlight of the programme was the signing of four Memorandum of Understanding (MoUs) aimed at strengthening India's cotton ecosystem:

- CCI and ICAR-CIRCOT signed an MoU for capacity building and quality improvement in the ginning and pressing sector.
- CCI and GIZ entered into a partnership to enhance market access for cotton farmers through Kasturi Cotton Bharat by promoting sustainability, quality assurance and traceability.
- CITI, ICAC and MERAGO/GEOCLARA signed an MoU to promote carbon credit generation through climate-smart and sustainable cotton cultivation practices.
- TEXPROCIL and Manjeet Cotton Pvt. Ltd. signed an MoU to collaborate under the Kasturi Cotton Bharat programme for production and certification of 30,000 cotton bales (20,000 Long Staple and 10,000 Extra Long Staple), ensuring traceability, compliance with quality standards, and the development of a premium, traceable cotton supply chain.

The celebrations commenced with a Farmer Orientation Programme, featuring demonstration of films on use of Cotton Stalk Shredder Machines, Kapas Plucker Machines, contamination control practices and awareness sessions on the Cotton Productivity Mission – Kapas Kanti. A musical presentation on Pink Bollworm Management was also organised to promote scientific crop management practices among cotton farmers.

Addressing the gathering, Padmini Singla, IAS, Joint Secretary (Fibre), Ministry of Textiles, stated that India's cotton sector is entering a transformative phase driven by innovation, sustainability and productivity enhancement. She observed that the Cotton Productivity Mission – Kapas Kanti would accelerate productivity, strengthen global competitiveness through Kasturi Cotton Bharat, and promote sustainable natural fibres across the cotton value chain.She further stated that the Ministry of Textiles remains committed to strengthening the entire cotton value chain—from Farm to Fibre, Fibre to Fabric and Fabric to Fashion. She highlighted that farmer-friendly MSP operations and digital initiatives have significantly enhanced transparency, accessibility and efficiency in cotton procurement, while productivity enhancement, quality assurance and global branding will remain central to India's cotton growth strategy.

Welcoming the dignitaries, Lalit Kumar Gupta, Chairman-cum-Managing Director, CCI, highlighted the Corporation's remarkable journey over the past 56 years in safeguarding the interests of cotton farmers through transparent, technology-driven and farmer-centric initiatives. He reaffirmed CCI's commitment to ensuring remunerative prices to farmers, promoting quality cotton production and contributing towards the vision of Viksit Bharat @2047.

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Textile and Apparel Exports Register Robust Growth; Government Initiatives Boost Sector Competitiveness

The textile and apparel sector of India, including handicrafts, has witnessed significant growth over the past few years. The exports increased from ₹2,33,304 crore in 2020–21 to ₹3,19,573 crore in 2024–25, registering a Compound Annual Growth Rate (CAGR) of 8.2 percent despite prevailing global economic challenges.

The Government of India has undertaken several key initiatives to strengthen the textile sector and enhance its global competitiveness. Major schemes include the PM Mega Integrated Textile Regions and Apparel (PM MITRA) Parks Scheme aimed at developing world-class infrastructure, and the Production Linked Incentive (PLI) Scheme focusing on man-made fibre (MMF) fabrics, apparel, and technical textiles to boost large-scale manufacturing. Additionally, the National Technical Textiles Mission promotes research, innovation, and market development, while SAMARTH ensures demand-driven skill development in the sector.

Further, schemes such as Silk Samagra-2 and the National Handloom Development Programme provide comprehensive support to the sericulture and handloom sectors. The Government also promotes handicrafts through the National Handicrafts Development Programme (NHDP) and the Comprehensive Handicrafts Cluster Development Scheme (CHCDS), offering end-to-end assistance including skill development, marketing, infrastructure, digitization, and branding support to artisans across the country.

To enhance export competitiveness, the Government implements the Rebate of State and Central Taxes and Levies (RoSCTL) scheme for garments and made-ups, while other textile products are covered under the Remission of Duties and Taxes on Exported Products (RoDTEP) scheme. These measures ensure zero-rated exports and reduce cost burdens on exporters.

Under NHDP and CHCDS, financial assistance during FY 2025–26 (up to February 2026) has been sanctioned to various states, including ₹7.24 crore to Telangana, ₹24.69 crore to North Eastern states, and ₹7.25 crore to Gujarat, supporting the development of handicrafts clusters and artisan welfare.

The Government has also extended substantial support to the handloom sector through schemes such as the National Handloom Development Programme and the Raw Material Supply Scheme. These initiatives provide assistance for raw materials, upgraded looms, solar lighting, skill development, design innovation, infrastructure, marketing, and social security. As per data (page 2 of the document), thousands of weavers have benefited from skill upgradation programmes, marketing events, and financial inclusion schemes like PMJJBY and PMSBY across Telangana, North Eastern states, and Gujarat.

State-wise export performance indicates that Tamil Nadu, Gujarat, Maharashtra, and Uttar Pradesh continue to be leading contributors to textile exports, while several other states have also shown consistent participation. Detailed export data (pages 3–4) highlights the widespread contribution of states and union territories in strengthening India's textile export ecosystem.

This information was provided by the Minister of Textiles, Shri Giriraj Singh, in a written reply to a question in the Lok Sabha on March 24, 2026.

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India RBI Seen Holding Rates as Inflation Risks Stay in Focus

The RBI targets inflation at the 4% midpoint of the tolerance band, and Malhotra has said policymakers would respond only if price pressures become more broad-based rather than driven by temporary supply shocks.

"We think the best thing to do amid this volatility is nothing," Barclays Plc economist Aastha Gudwani wrote in a note. Policymakers face an environment that is "no less challenging" than in June, supporting the case for the MPC to remain on pause, she said.

India's retail inflation rate breached the RBI's target for the first time in 17 months, accelerating to 4.38% in June. Signs are emerging that price pressures may prove more persistent. The country's largest consumer companies are preparing a second straight quarter of price increases on products ranging from toothpaste to tires and paint, adding to signs that higher input costs are being passed on to consumers.

The finance ministry last week issued its first official warning that inflation was broadening beyond food, saying higher fuel costs and unfavorable weather were feeding through to a wider range of consumer prices.

Financial markets are fully pricing in a hold this week after the governor sought to temper expectations of any policy tightening in the near-term. Interest-rate swaps imply about 75 to 100 basis points of future rate hikes, although markets have pushed expectations for most of those increases into next year, according to Tata Asset Management.

With a hold all but priced in, investors will look to Malhotra for signals on what could prompt future rate hikes and how the RBI plans to manage the rupee after easing rules to attract foreign-currency inflows. Many economists, including Santanu Sengupta of Goldman Sachs Group Inc. continue to expect the RBI to begin raising rates in October.

Malhotra is scheduled to announce the policy decision in a televised address at 10 a.m. in Mumbai. Here’s what analysts will be watching:

Most economists expect the RBI to leave its inflation forecast unchanged at 5.1% for the fiscal year ending March 2027. Growth is also expected to remain at 6.6%. Those projections, published in June, were based on an assumption that crude oil would average about $95 a barrel.

While Brent crude briefly touched $100 a barrel amid renewed Middle East tensions, it has traded below the RBI’s assumption for much of the period. As a result, some economists, including those at Citigroup Inc. and Goldman Sachs Group Inc., see scope for the central bank to lower its inflation forecast.

The rupee has rebounded as much as 3% from its record low in May after the RBI and the government introduced measures to attract foreign capital. Over $40 billion has flowed into India since the central bank eased rules on foreign-currency deposits and overseas borrowing.

State Bank of India estimates the measures could attract $80 billion to $85 billion by December this year. Most analysts expect the RBI to absorb much of those inflows into its foreign-exchange reserves, limiting further appreciation of the rupee while supporting domestic liquidity.

Yields on Indian government bonds have edged higher since June as renewed geopolitical tensions revived inflation worries, although shorter-term bonds have continued to outperform on expectations the banking system will remain flush with cash.

“The market remains cautious about geopolitical developments in the Middle East and is therefore likely to favor the shorter end of the curve over longer-dated bonds,” said Sameer Karyatt, executive director and head of trading at DBS Bank India. The bank expects the benchmark 10-year government bond yield to remain above 6.70%. It closed at 6.83% on Monday.

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UK reaffirms $2.7-bn trade finance support to Bangladesh

The United Kingdom recently reaffirmed its commitment to provide up to £2 billion (~$2.7 billion) in financing support through UK Export Finance (UKEF).
The UKEF finding will help mobilise financing for projects involving UK goods and services, encourage British companies to expand their business in Bangladesh and create new opportunities for exporters in the country.

The support also aims at strengthening Bangladesh's overall market competitiveness, a Bangladesh media outlet reported.

Though the credit facility was offered earlier, its strategic importance was reaffirmed in a formal letter from British High Commissioner to Bangladesh Sarah Cooke to the country's commerce secretary Mohammad Ataur Rahman Khan.

Bilateral trade between the two countries reached £4.5 billion (~$6.05 billion) in 2025—a 13-per cent year-on-year (YoY) growth.

Cooke said Bangladesh remains the single largest beneficiary of the UK Developing Countries Trading Scheme (DCTS), under which the country will continue to receive the United Kingdom's most generous duty-free preferences during a three-year transition period after graduation from the least developed country status.

Thereafter, the country will move to the DCTS Enhanced Preferences tier, under which 92 per cent of UK tariff lines, including readymade garments, will continue to enjoy duty-free market access.

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ASEAN manufacturing PMI rises in July on stronger demand: S&P

The ASEAN manufacturing sector registered its strongest improvement in five months in July, with faster gains in new orders and output pointing to firmer factory momentum at the start of the third quarter, according to a survey by the S&P Global.
The seasonally adjusted S&P Global ASEAN Manufacturing Purchasing Managers' Index (PMI) rose to 52.8 in July from an 11-month low of 50.5 in June.

The survey showed new orders increased markedly and at the fastest rate since February, while production expanded solidly and at the quickest pace for five months. Manufacturers raised purchasing activity more sharply, and despite moderate lengthening in suppliers' delivery times, stocks of purchases increased for the first time in four months. Employment also rose for the first time since March, although not enough to meet output requirements, leaving backlogs of work to rise solidly and at their fastest pace since last October.

Business confidence also strengthened, with manufacturers at their most optimistic about output growth since April 2023 and expecting production to rise over the coming year.

Maryam Baluch, economist at S&P Global Market Intelligence, said the sector appeared to have moved past the softer patch seen between March and June, when activity was still heavily affected by the ongoing conflict in the Middle East. She said performance was on par with that seen at the turn of the year but softer than the record level seen in February, while stronger demand encouraged firms to increase purchasing and raise employment for the first time in four months.

The data for the July survey were collected from July 9-27, 2026. Country-level readings across the seven monitored economies—Indonesia, Malaysia, Myanmar, the Philippines, Singapore, Thailand and Vietnam—showed nearly all, except Myanmar, recorded improved operating conditions following a relatively weak second quarter.

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