



İSTANBUL
SANAYİ ODASI

Developments in the World Manufacturing PMI®

May 2023

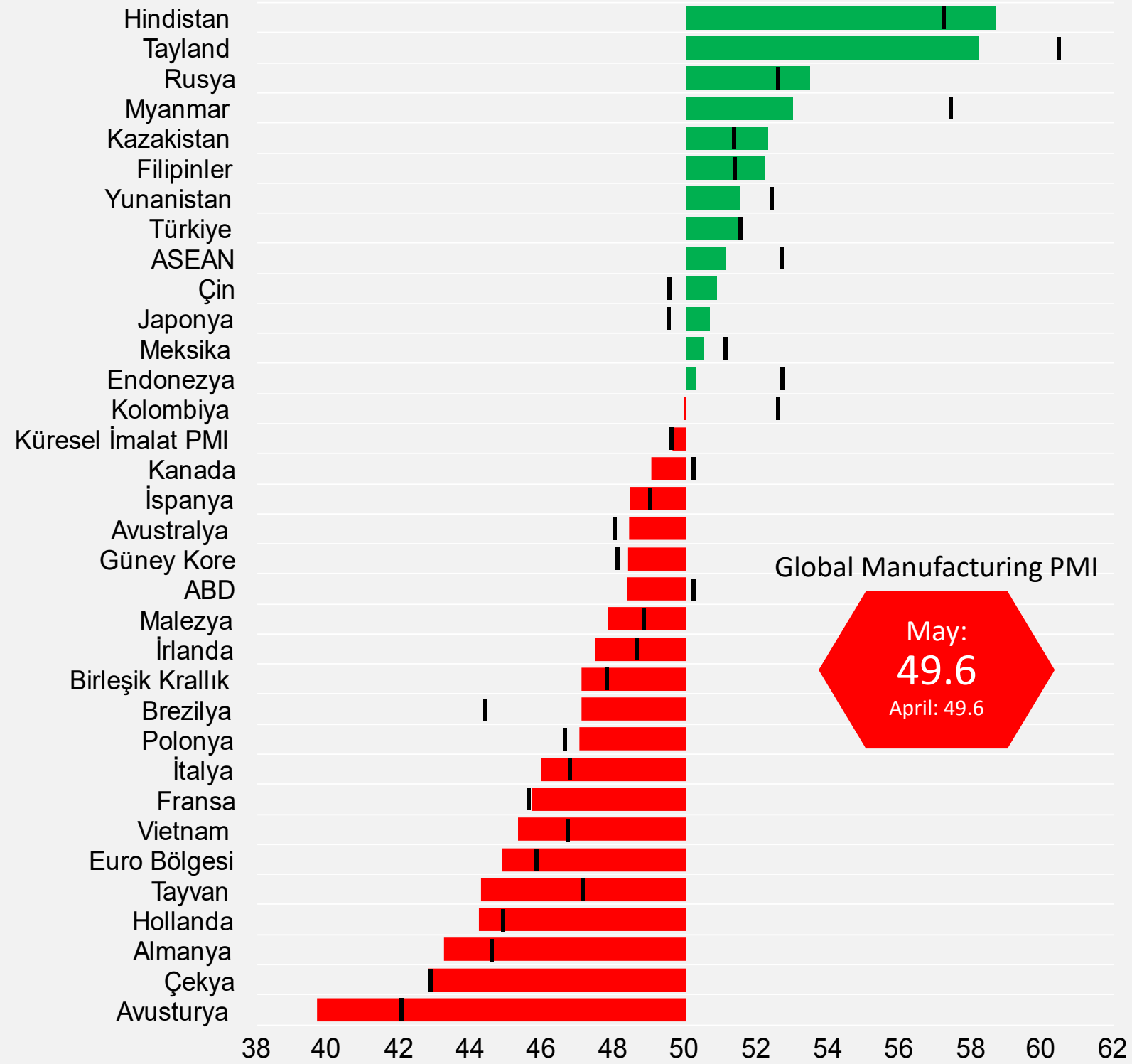




General Outlook

İmalat PMI, Mayıs 2023

(>50 = Geçen aya göre iyileşme)



Production was supported by decreased costs and improvement in supply chains despite the weak demand.

- The Global Manufacturing Purchasing Managers Index® (PMI) posted 49.6 in May as it was in March and April. It is the ninth consecutive month it remains below the 50.0 no-change mark.
- The continued expansion in production for four consecutive months reached its highest level of the last 11 months in May. However, there were big differences between the regions. The strong performance of Asia compensated for the slow expansion in the North America and contraction in Europe.
- Easy access to raw materials supported the continued expansion in production. Suppliers' lead times continued to shorten significantly, which led to a drop in both input costs and sales prices for the first time in last three years.
- Meanwhile, weak international demand, drop in new order volumes and deteriorations in manufacturers' expectations for next 12 months were the highlights of May.
- Istanbul Chamber of Industry Türkiye Manufacturing PMI has maintained its position at 51.5 in May 2023, representing the highest since the end of 2021. New orders and production volumes increased. Staffing levels recovered. May pointed to a further easing of inflationary pressures in the sector. Meanwhile, difficulties in raw materials supply have lengthened the suppliers' lead times.

Source: S&P Global.

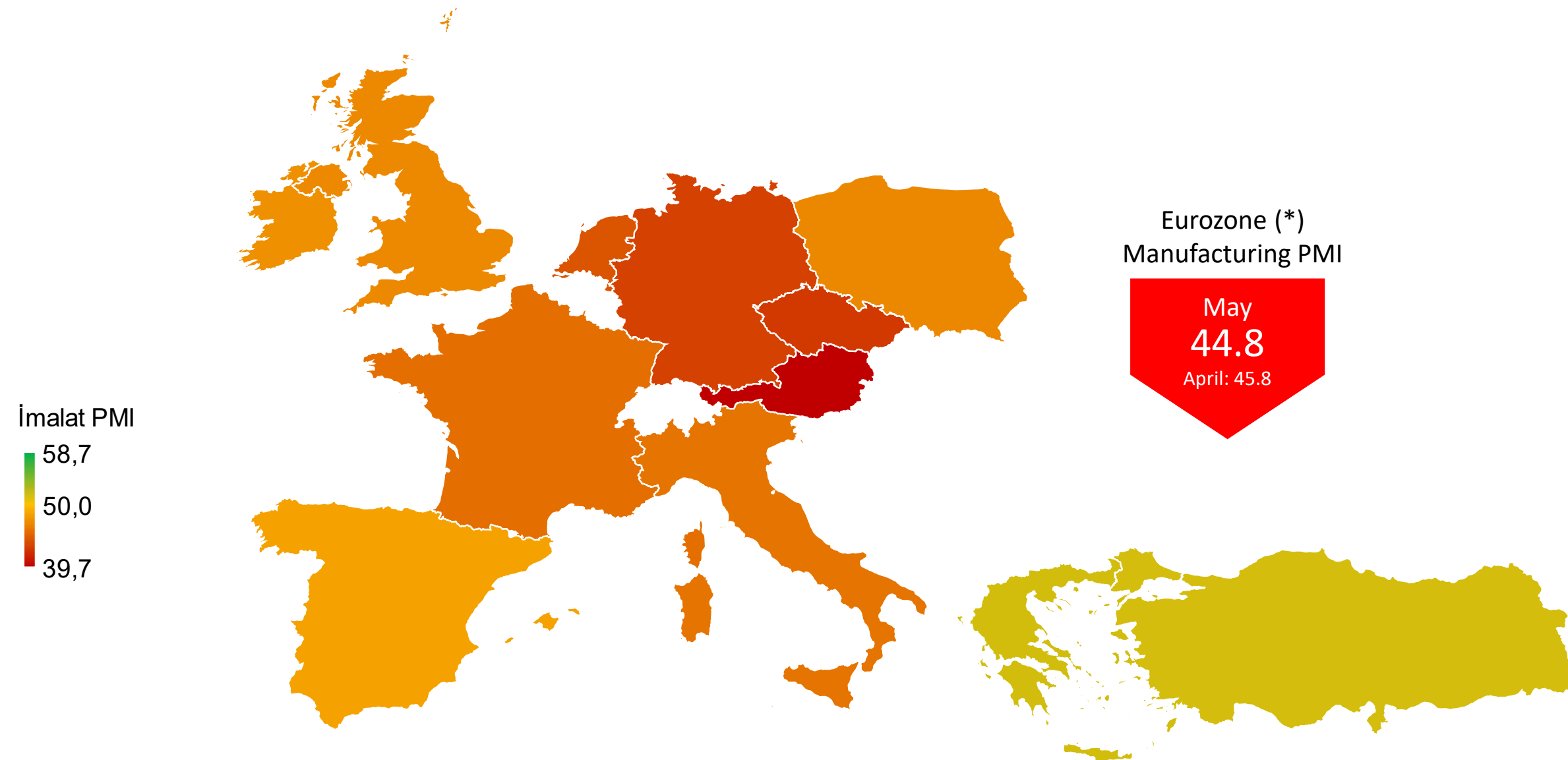
Note: The index values of the previous month are illustrated with vertical black lines to indicate the rises or drops of the index compared to the previous month.



Europe

Weakened demand and decreased supply pressures in Euro Zone led to product price decreases.

- Euro Zone Manufacturing PMI dropped to 44.8 in May from 45.8 in April, the lowest in last 3 years. Weak demand led to sharpest decreases of the last 6 months in new orders and output. Final product prices increased for the first time since September 2020 while supply chain pressures eased down significantly.
- Like in April, the headline PMI index remained below 50 in May in all Euro Zone countries, except for Greece. The PMI Austria posted its lowest reading since April 2020. Output contracted in 4 major countries of the region: Germany, France, Italy, Spain.
- The UK Manufacturing PMI reading was the lowest in four months, indicating a decrease in output, new orders and employment. But the pressures on supply chain and input costs have eased down in the country.
- In Poland and Czech Republic, the manufacturing sectors remained in the contraction zone in May as well.



Manufacturing PMI	April 2023	May 2023
Greece	52.4	51.5
Türkiye	51.5	51.5
Spain	49.0	48.4
Ireland	48.6	47.5
United Kingdom	47.8	47.1
Poland	46.6	47.0
Italy	46.8	45.9
France	45.6	45.7
Holland	44.9	44.2
Germany	44.5	43.2
Czech Republic	42.8	42.8
Austria	42.0	39.7

Source: S&P Global.

(*) According to the PMI methodology, an index of "Suppliers' Delivery Times" that is above 50 indicates that delivery times were shortened. This index is included into the headline PMI calculation by being reversed. Therefore, an increase in the index negatively affects the headline PMI.

(**) The countries included in the Eurozone index: Germany, Austria, France, Italy, Ireland, Spain, the Netherlands and Greece.



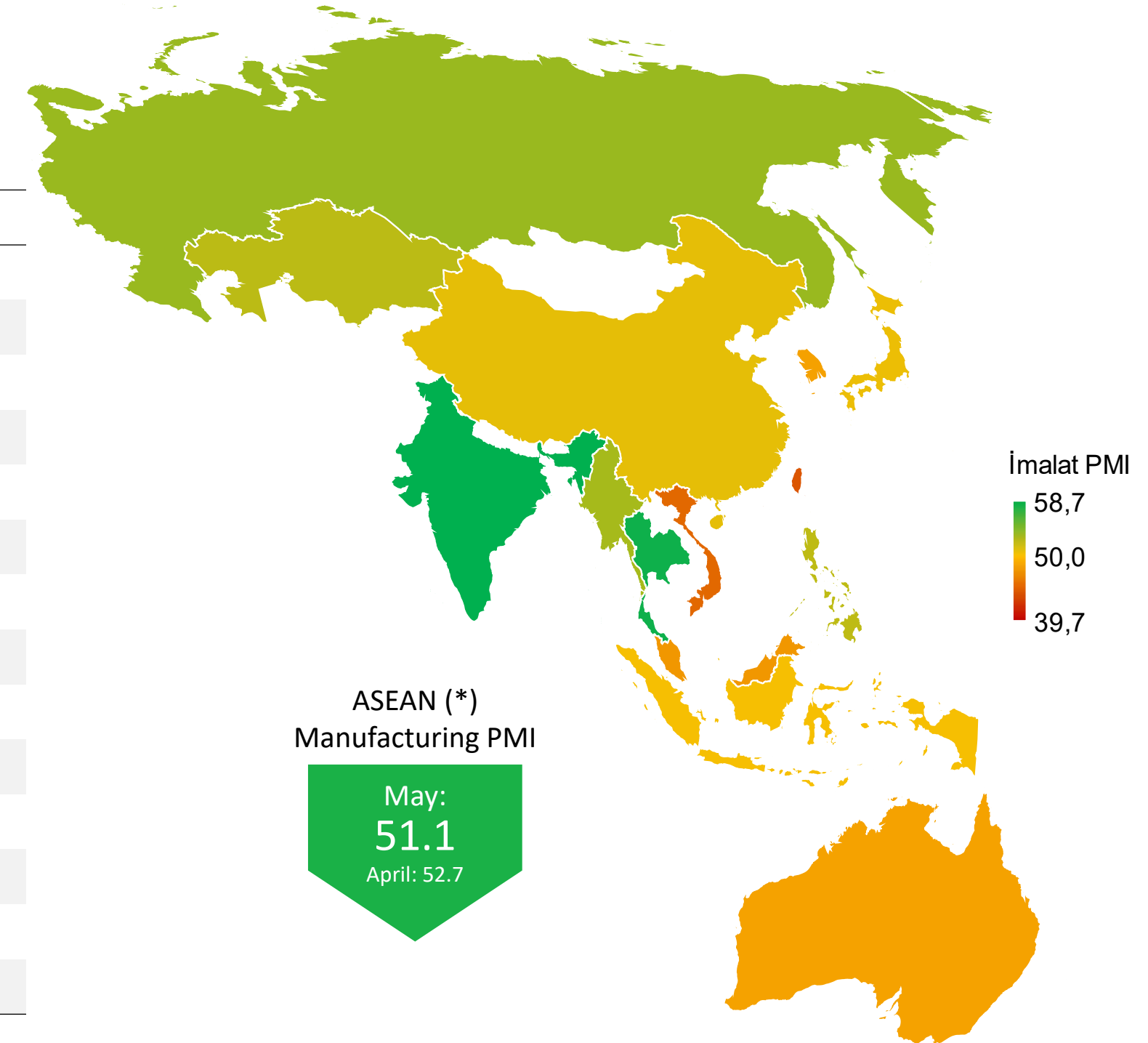
Asia-Pacific

The Asian continent continued to positively differentiate from the rest of the world; Output recovered in China and Japan.

- Despite some negative demand conditions in some countries, the Asia-Pacific continues to have a strong outlook.
- The Chinese Manufacturing PMI was above the no-change 50.0 mark for the first time since February. It saw the strongest increase in nearly one year in output.
- Output and new orders also recovered in Japan and the optimism of the sector is at its peak since the beginning of 2022.
- South Korea increased its job creation despite the accelerated contraction in manufacturing industry production and the supply chain and price pressures eased down.
- The strong demand in India supported the improvement in operating conditions and the fast increase trend in production.
- Russia recorded the highest grown of last 6 months in manufacturing industry production and a strong increase in job creation.
- In Taiwan, slowed production was deepened depending on weak demand in its export markets such as China, Europe and the US.
- Another country with a deterioration trend due to negative demand conditions in May was Australia.
- In ASEAN zone, the manufacturing sector's growth trend continued though slower. Operating conditions in Vietnam and Malaysia deteriorated while the strongest improvement was seen in Thailand

Manufacturing PMI	April 2023	May 2023
India	57.2	58.7
Thailand	60.4	58.2
Russia	52.6	53.5
Myanmar	57.4	53.0
Kazakhstan	51.3	52.3
Philippines	51.4	52.2
China	49.5	50.9
Japan	49.5	50.6
Indonesia	52.7	50.3
Australia	48.0	48.4
South Korea	48.1	48.4
Malaysia	48.8	47.8
Vietnam	46.7	45.3
Taiwan	47.1	44.3

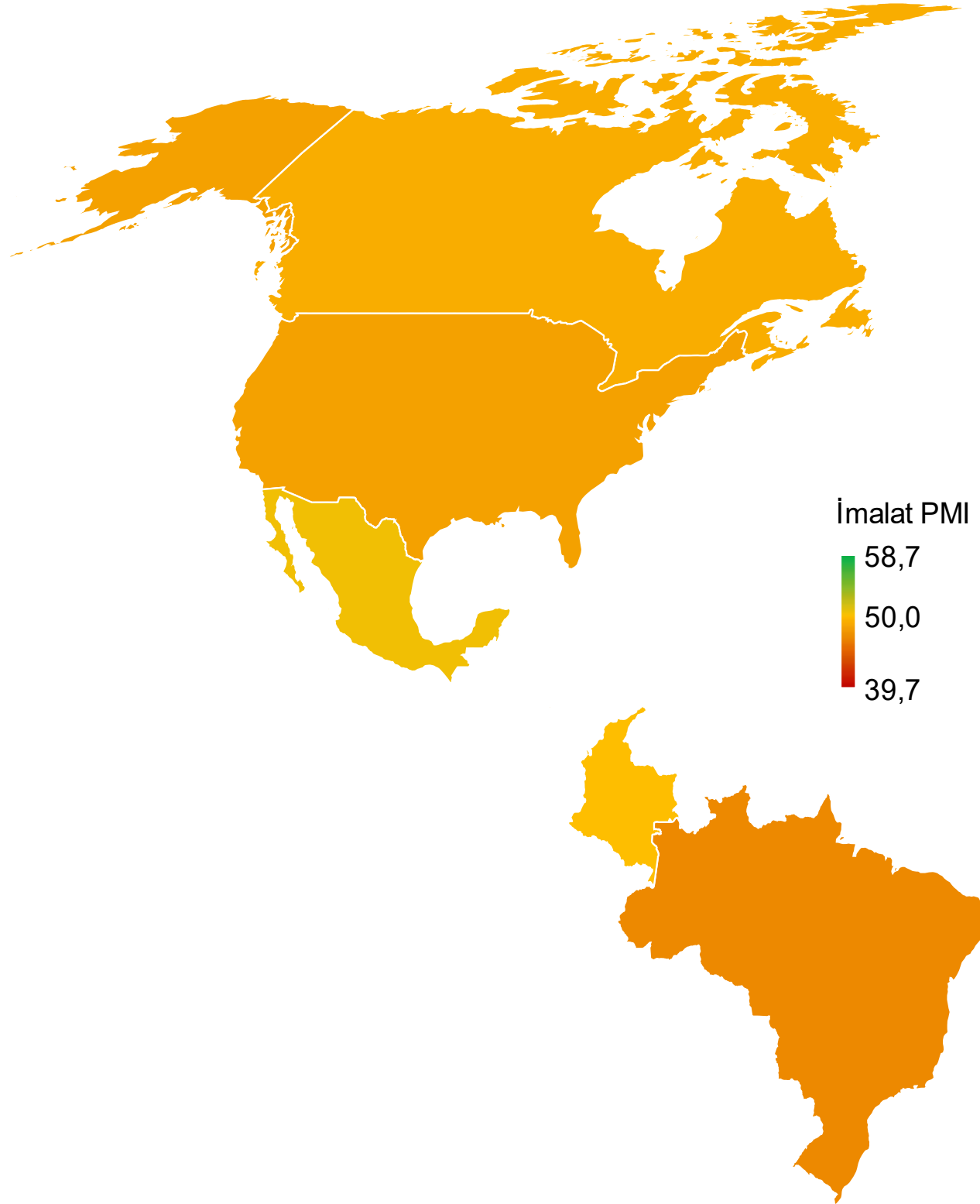
Source: S&P Global.



(*) The countries included in the ASEAN PMI index: Indonesia, Philippines, Malaysia, Myanmar, Singapore, Thailand, Vietnam.



The United States



Manufacturing PMI	April 2023	May 2023
Mexico	51.1	50.5
Columbia	52.6	49.9
Canada	50.2	49.0
USA	50.2	48.4
Brazil	44.3	47.1

Source: S&P Global.

Output in US and Canada slowed down amid weakened demand conditions

- After a slight improvement in April, the US Manufacturing PMI dropped sharply to 48.4 in May, signalling a deterioration in operating conditions. Despite the continued increase in output and employment, sharp drop in new orders gave a negative signal for future months.
- In Canada, both output and orders decreased slightly and a decrease was seen in job creation for the first time after 7 months. Positive highlights of May include eased supply pressures and decrease in input costs.
- The Brazil Manufacturing PMI increased compared to April, but still remained below no-change mark 50.0 amid weak demand and operating conditions.
- Mexico posted a PMI reading above 50.0, reflecting the improvement in job creation and input stocks. Decreased new orders also affected production negatively and the PMI index dropped in May compared to April.
- In Columbia, the manufacturing industry operating conditions remained relatively the same in May after two-month growth. There were demand pressures in the country, while input costs inc in the sector.



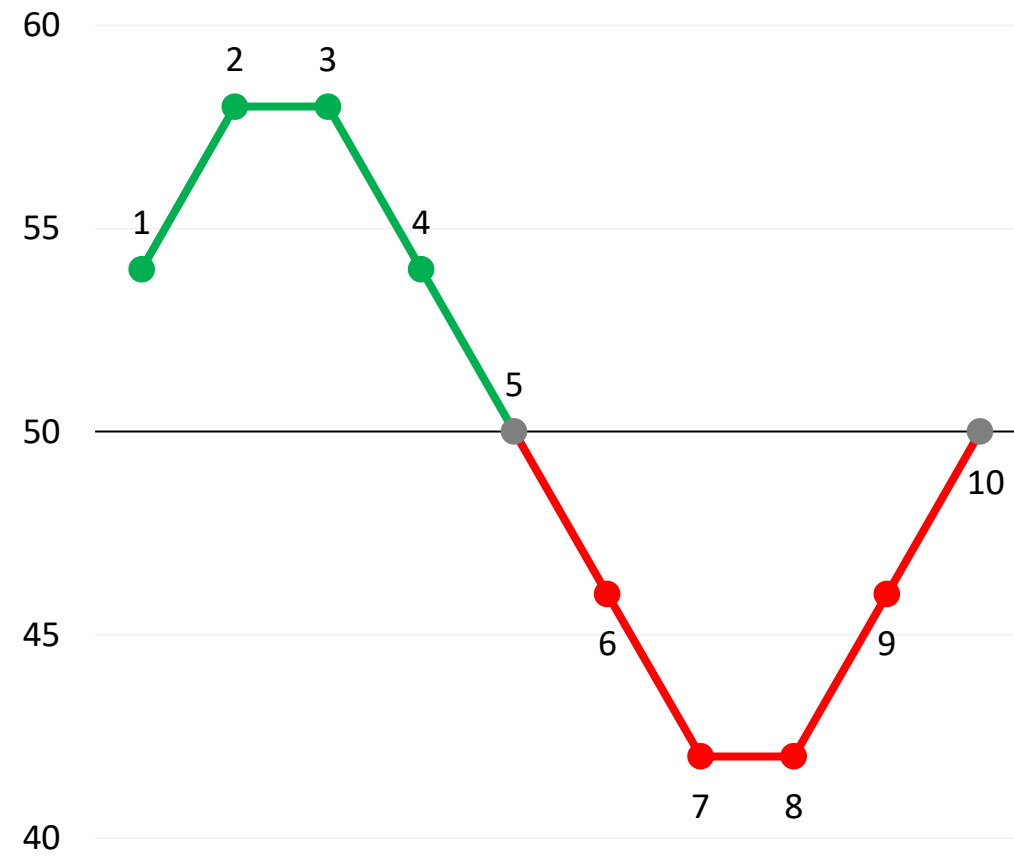
Methodology

What is PMI, how to interpret it?

- Purchasing Managers Index (PMI®) is a pioneer indicator produced by S&P Global and used for measuring the activity conditions of the respective economy/industry.
- Any figure greater than 50.0 indicates overall improvement, while the figures below 50.0 indicate deterioration.

Index Interpretation

50= no change on previous month



How is the manufacturing PMI calculated?

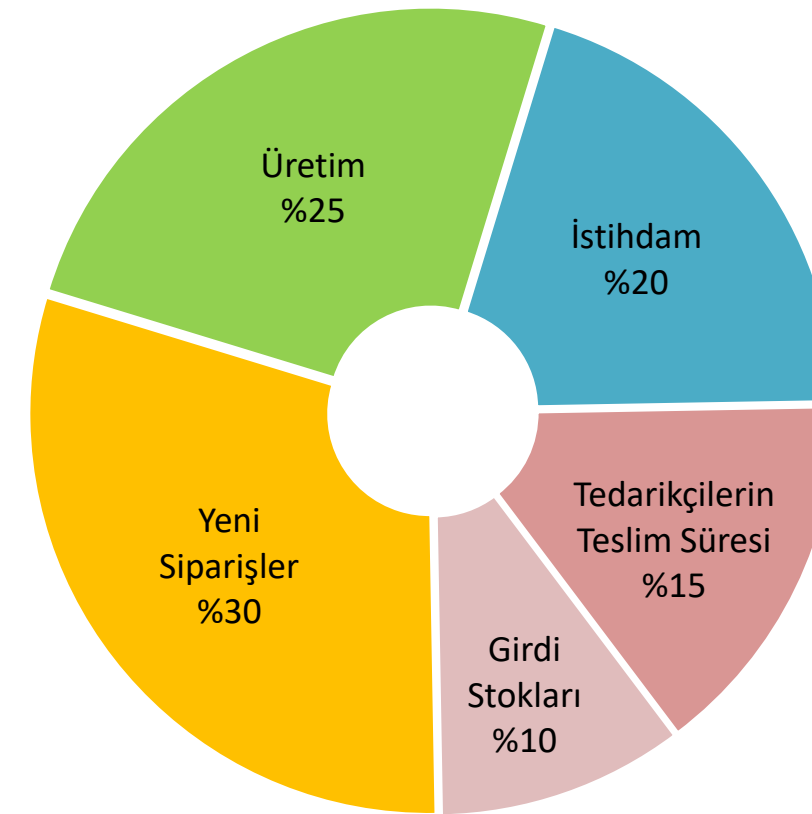
- The index is based on 5 sub-indexes: New Orders, Output, Employment, Suppliers' Delivery Times, Stock of Items Purchased.
- The report features survey data collected from a panel of around 400 companies based in the Turkish manufacturing sector.
- All indexes are seasonally adjusted.

Why is PMI critical?

- Calculated by a set of methods in more than 40 countries^(*), PMI provides a fast, reliable, and comparable data set for the current activity conditions of the industries and economies.
- They are the most closely-watched business surveys in the world, favoured by central banks, financial markets and business decision makers.

1 Grew
2 Grew at a higher rate
3 Grew at the same rate
4 Grew at a lower rate
5 No change after a growth in the previous month
6 Growth dropped after the previous month with no change
7 Dropped at a higher rate
8 Dropped at the same rate
9 Dropped at a lower rate
10 No change after a drop in the previous month

Manufacturing PMI Individual Index Weights



(*) S&P Global produces PMI indexes for the manufacturing industry in a total of 31 countries, including Turkey. PMI indexes in other countries are composite indexes that also cover non-manufacturing sectors. Therefore, for a smooth comparison by country, the scope of the presentation was limited to 31 countries and 3 regions (World, Eurozone, ASEAN) where the manufacturing industry-specific PMI indexes were produced.



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