



İSTANBUL
SANAYİ ODASI

Developments in the World Manufacturing PMI®

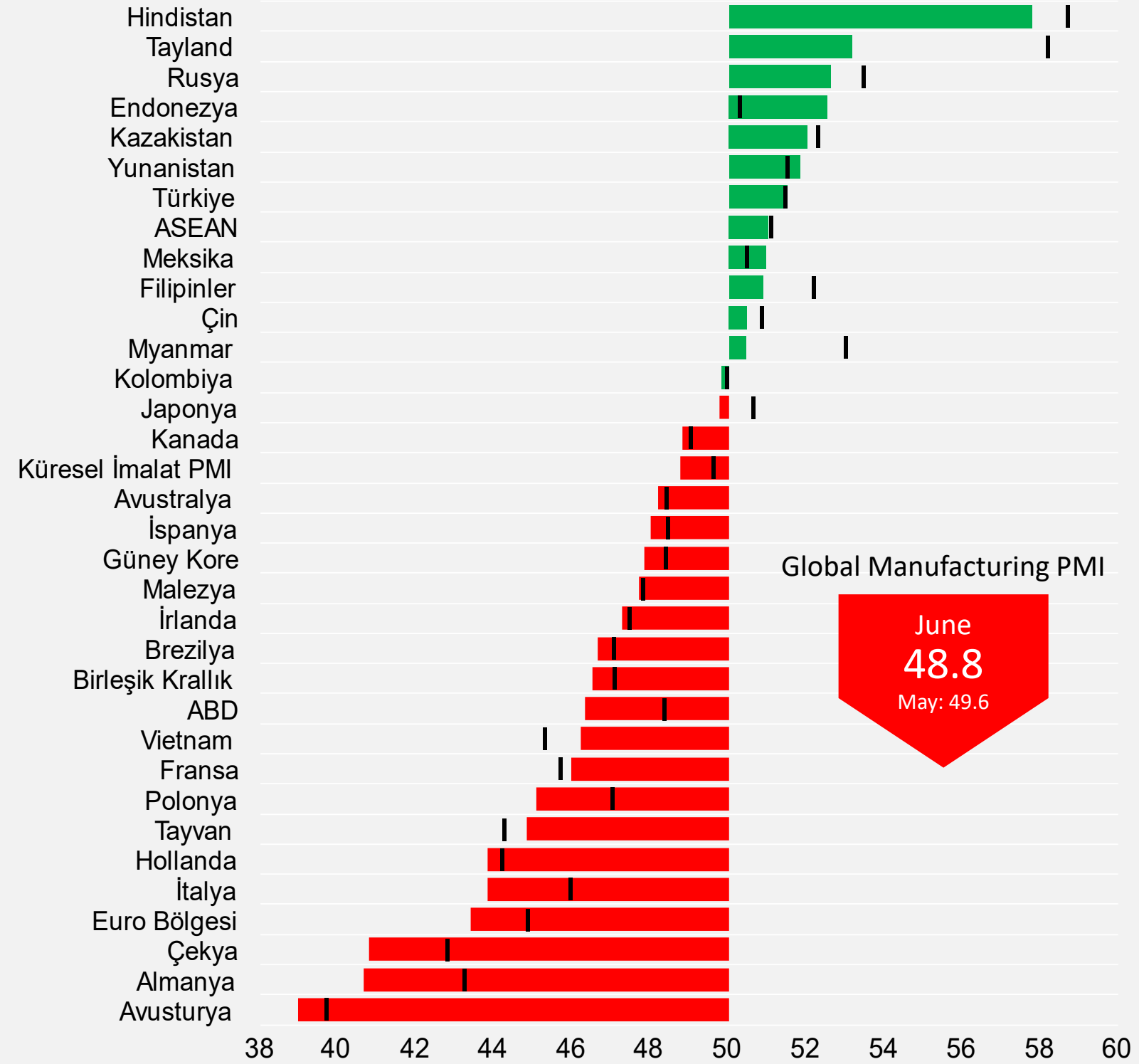
June 2023





General Outlook

İmalat PMI, Haziran 2023 (>50 = Geçen aya göre iyileşme)



New orders fall at fastest rate in five months; Manufacturing output returned to contraction zone

- Global Manufacturing Purchasing Managers' Index (PMI™) posted 48.8 in June, a six-month low and down from 49.6 in May. The PMI remained below the 50.0 no-change mark for ten consecutive months. The 2Q23 average of the index dropped to 49.3 after the 1Q23 average of 49.5.
- 20 out of 31 nations saw worsening in operating conditions in the manufacturing industry, while 17 nations posted lower index rating than May.
- After 4-month growth in output with the opening of China and improvement in supply chains, output growth slowed notably in June with accelerated contraction in new order. Especially the weakness in international trade held down the demand significantly.
- But positive developments continued in supply chain and prices side. Global suppliers' lead times continued to get shortened for the fifth consecutive months; both input costs and product prices dropped in May and June.
- Istanbul Chamber of Industry Türkiye Manufacturing PMI posted 51.5 in June as it did in April and May, so it is also the average of the second quarter, which is 1.1 above the first quarter average. Despite the continued increase in output and employment in June, the inflationary pressures strengthened and new orders slowed down with the devaluation in Turkish Lira.

Source: S&P Global.

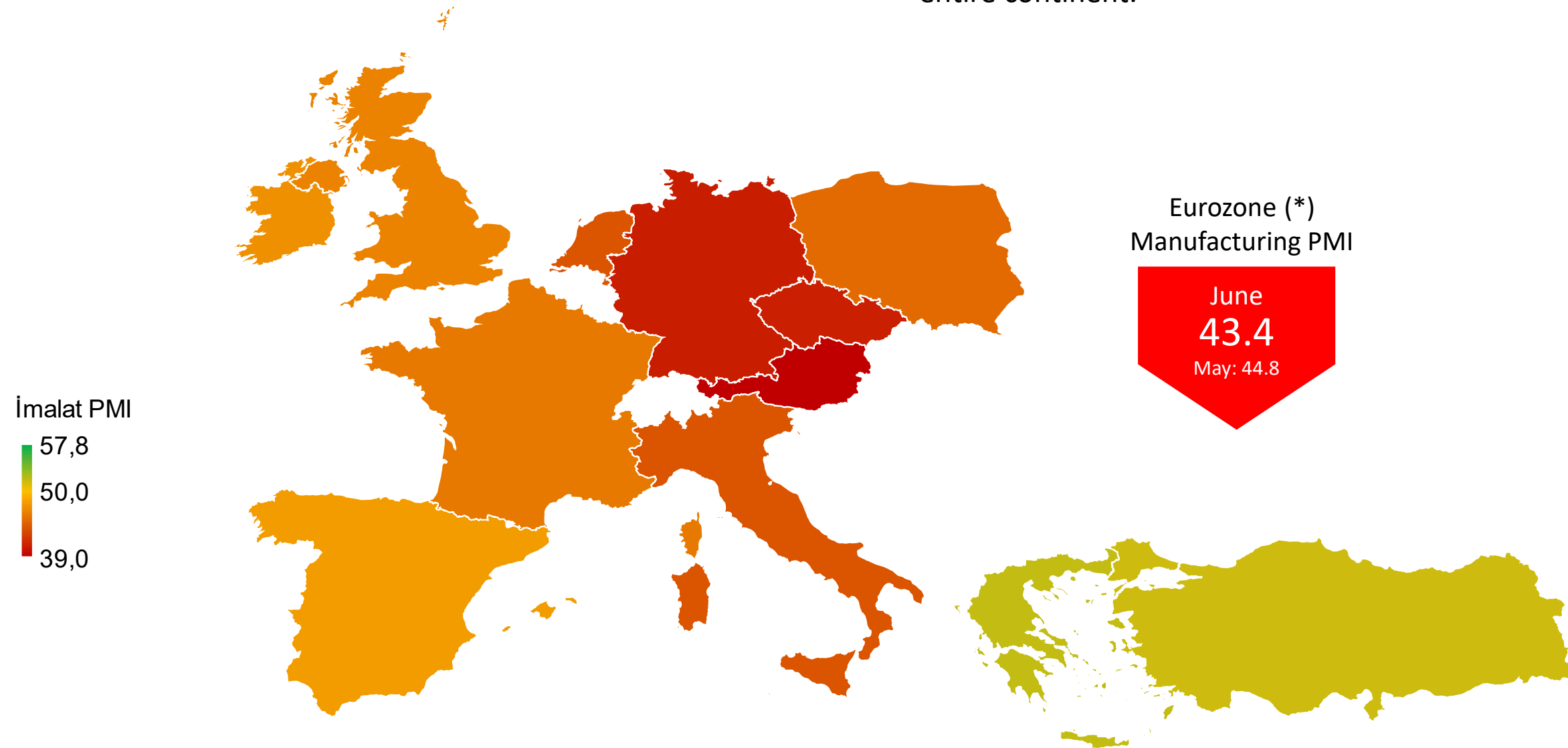
Note: The index values of the previous month are illustrated with vertical black lines to indicate the rises or drops of the index compared to the previous month.



Europe

The most significant worsening in operating conditions of the manufacturing industry in Eurozone in 3 years.

- The Eurozone Manufacturing PMI dropped to 43.4 in June from 44.8 in May, the lowest in 37 months. Output saw the sharpest contraction since October 2022 when the energy crisis was affective, while new orders continued to get worse. Weak demand plus the eased supply chain pressures led to lower input and product prices.
- The index remained below 50.0 throughout the second quarter in all the Eurozone countries where the Manufacturing PMI is calculated, excluding Greece. Lowest PMI ratings of more than 3 years were posted in Germany, Austria, the Netherlands, Ireland and Italy in June. Especially the deterioration in Germany affects the entire continent.
- The United Kingdom Manufacturing PMI dropped to 46.5, its lowest level in 6 months, with the contractions in output, new orders and job creations. The input costs and product prices also dropped in the country.
- The manufacturing industries of Poland and Czechia closed the second quarter with significant contraction.



Manufacturing PMI	May 2023	June 2023
Greece	51.5	51.8
Türkiye	51.5	51.5
Spain	48.4	48.0
Ireland	47.5	47.3
United Kingdom	47.1	46.5
France	45.7	46.0
Poland	47.0	45.1
Holland	44.2	43.8
Italy	45.9	43.8
Czech Republic	42.8	40.8
Germany	43.2	40.6
Austria	39.7	39.0

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.



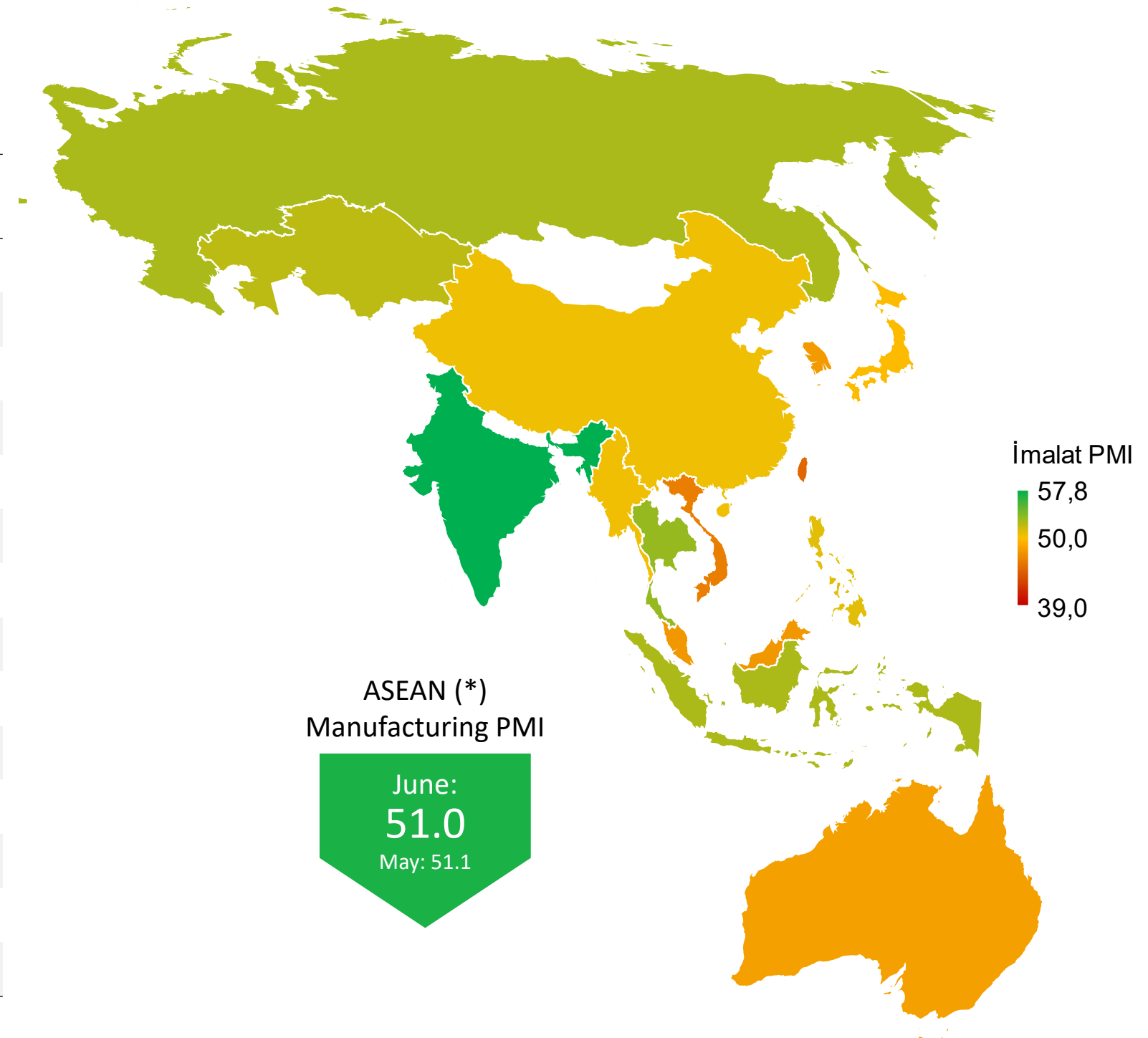
Asia-Pacific

Despite more positive results than the rest of the world, some countries showed signs of deceleration.

- Even though the Asia-Pacific region continued its positive trend in June, some countries showed signs of deceleration.
- After the improvement in last month, the output growth in China slowed down in June with the weakened demand.
- In Japan, the Manufacturing PMI dropped below 50.0 as output and new orders could not continue their recovery in May.
- Drop in demand and output became stronger in South Korea, and the data signals the weakest optimism level in 6 months.
- The strong demand environment that continued in June supported fast growth, but increased the inflation.
- In Russia, growth in output and new orders slowed down as the pressure of input costs got stronger.
- Low demand conditions in export markets in Taiwan led the decline in the manufacturing industry business activity continue.
- Australia was another country in the contraction zone in June due to insufficient demand.
- In ASEAN region, the output growth slowed down and job creation decreased compared to the previous month. Thailand with the highest PMI index of the region lost its momentum, while contraction in Vietnam and Malaysia continued. Only Indonesia saw positive growth.

Manufacturing PMI	May 2023	June 2023
India	58.7	57.8
Thailand	58.2	53.2
Russia	53.5	52.6
Indonesia	50.3	52.5
Kazakhstan	52.3	52.0
Philippines	52.2	50.9
China	50.9	50.5
Myanmar	53.0	50.4
Japan	50.6	49.8
Australia	48.4	48.2
South Korea	48.4	47.8
Malaysia	47.8	47.7
Vietnam	45.3	46.2
Taiwan	44.3	44.8

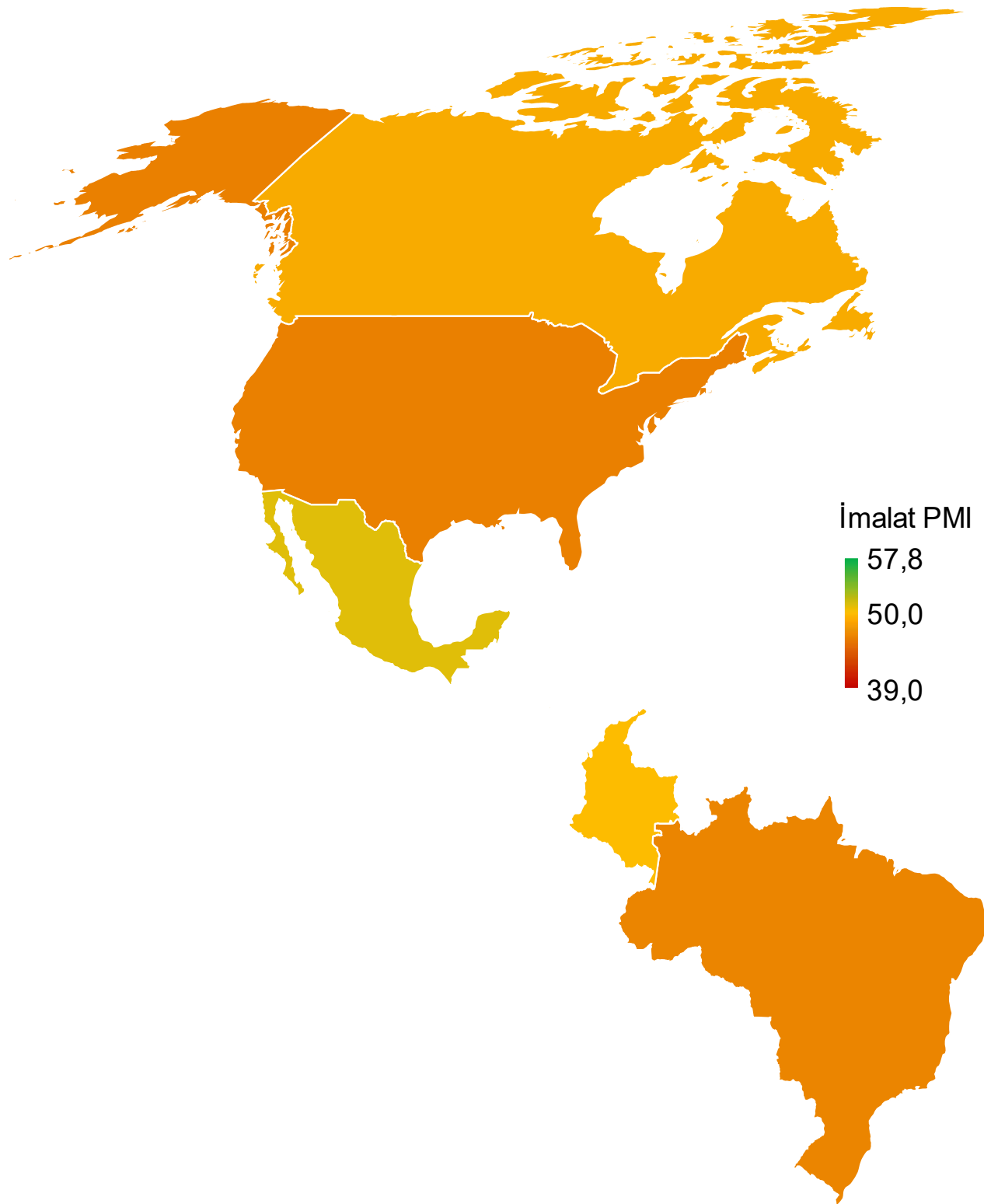
Source: S&P Global.



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



Americas



Manufacturing PMI	May 2023	June 2023
Mexico	50.5	50.9
Colombia	49.9	49.8
Canada	49.0	48.8
Brazil	47.1	46.6
USA	48.4	46.3

Source: S&P Global.

The Manufacturing PMI data showed weaker demand in 5 countries

- The US Manufacturing PMI dropped to 46.3 in June, a further 2.1 point drop after a 1.8 point drop in May, signalling the most significant deterioration in operating conditions since the beginning of the year. The accelerated decrease in new orders also affected the output negatively.
- In Canada, where weak demand conditions continued, the Manufacturing PMI remained in the contraction zone, around the same level with the previous month. Output, new orders and employment indexes were measured below the 50.0 no-change mark.
- In Brazil, factory orders and output saw significant contraction in June, while input costs and product prices experienced the sharpest decreases in 14 years. Staffing levels also continued to drop.
- Mexico's Manufacturing PMI managed to post above 50.0, but signalled a complex outlook with drop in new orders but recovery in output. Product prices decreased despite the increase in cost inflation.
- In Columbia, the stagnation in output and new orders was milder compared to the previous month. Both input costs and product prices dropped for the first time in more than 10 years.



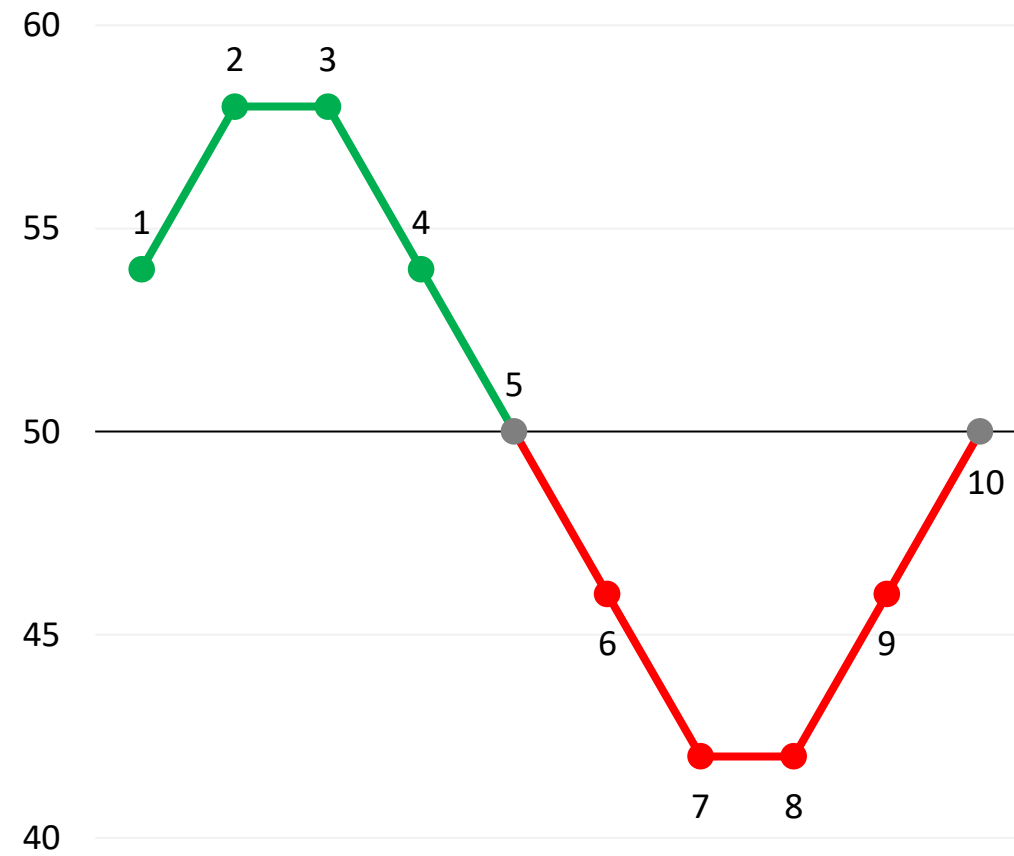
Methodology

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?

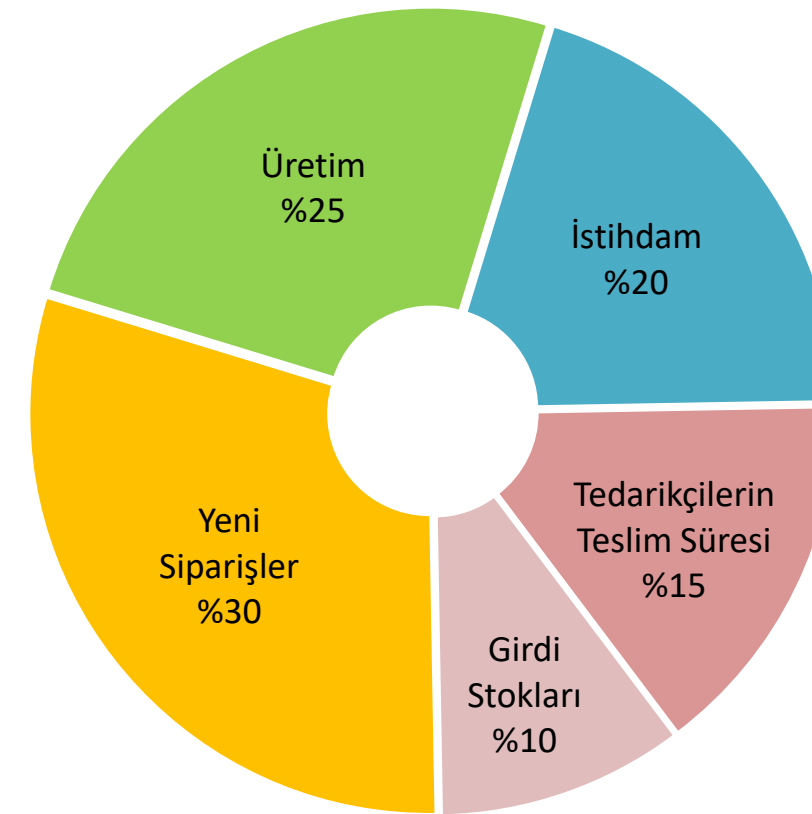
- The index is based on 5 sub-indexes: New Orders, Output, Employment, Suppliers' Delivery Times, Stock of Items Purchased.
- The report features survey data collected from a panel of around 400 companies based in the Turkish manufacturing sector.
- All indexes are seasonally adjusted.

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

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.

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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