



İSTANBUL
SANAYİ ODASI

Developments in the Global Manufacturing PMI®

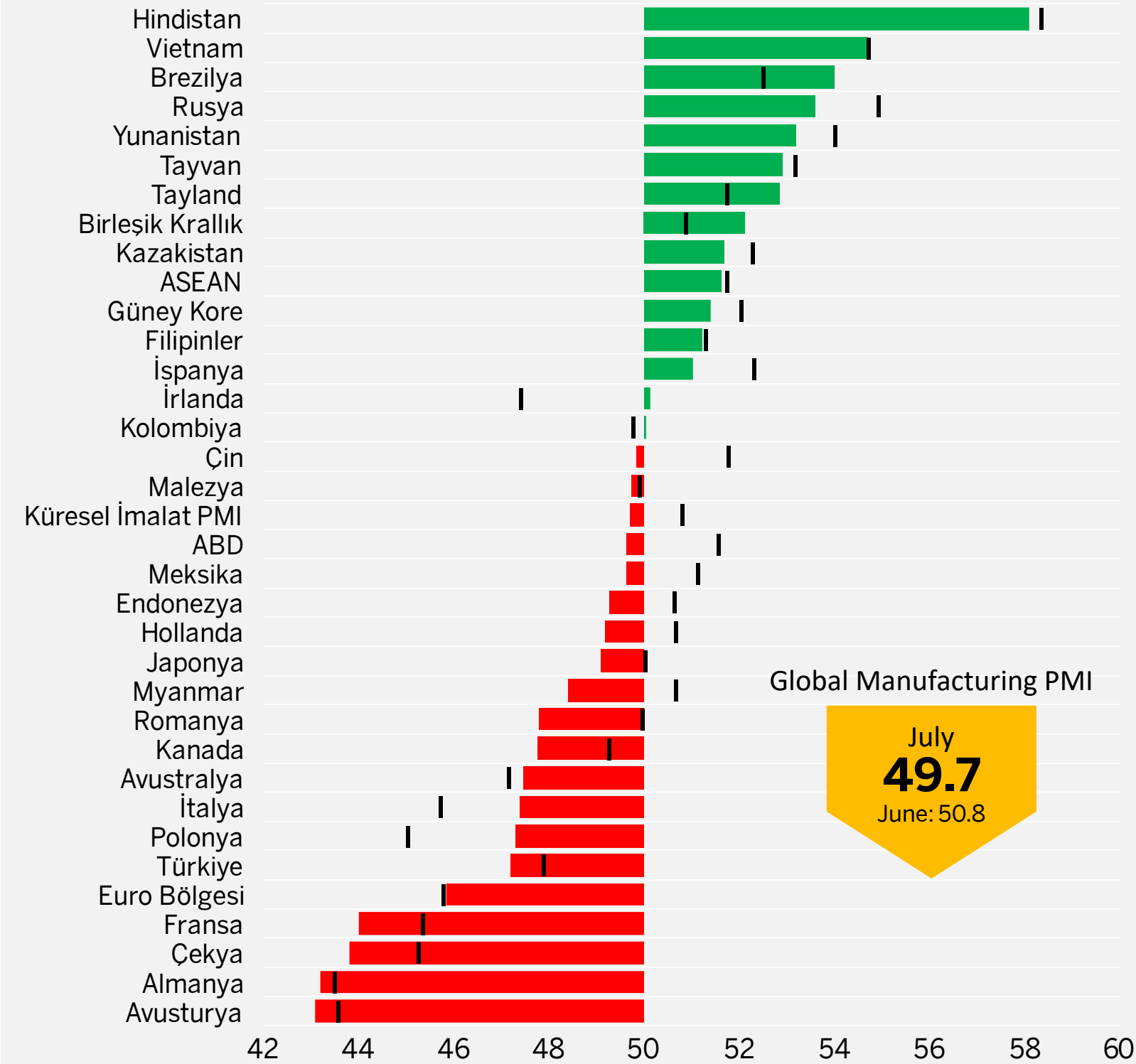
July 2024





General Outlook

İmalat PMI, Temmuz 2024 (>50 = Geçen aya göre iyileşme)



Global manufacturing sector signalled first contraction of 7 months.

- The Global Manufacturing Purchasing Managers' Index® (PMI), which showed a moderate improvement in the sector's business conditions with 50.8 in June, signaled a slight deterioration by falling to 49.7 in July, below the threshold value of 50 for the first time in 7 months.
- Entering the second half of 2024, the extent of growth in the global manufacturing sector also declined significantly. Among the 32 economies for which manufacturing PMIs are available, the number of those showing a monthly improvement (PMI > 50.0) fell to 18 in June and 13 in July from 21 in May. 8 of these 13 countries grew at a slower pace than in June.
- The weakness in July was mostly due to the slowing growth in the US and China, the continued deterioration in the Eurozone and Japan's return to contraction. The first decline in global new orders since January played an important role in the decline in the index.
- Manufacturing staffing numbers remained unchanged, while purchasing and inventory levels declined. Suppliers' lead times extended for the second consecutive month due to transportation problems. Input costs and selling prices continued to rise, albeit at a slower pace than in June.
- The Istanbul Chamber of Industry Türkiye Manufacturing PMI fell to 47.2 in July from 47.9 in June. The decline in new orders, including exports, accelerated, while output and employment decreased. Price increases, which had been slowing down for the last few months, accelerated in July. However, the rise in selling prices was much more moderate than that in input prices.

Source: S&P Global PMI.

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.



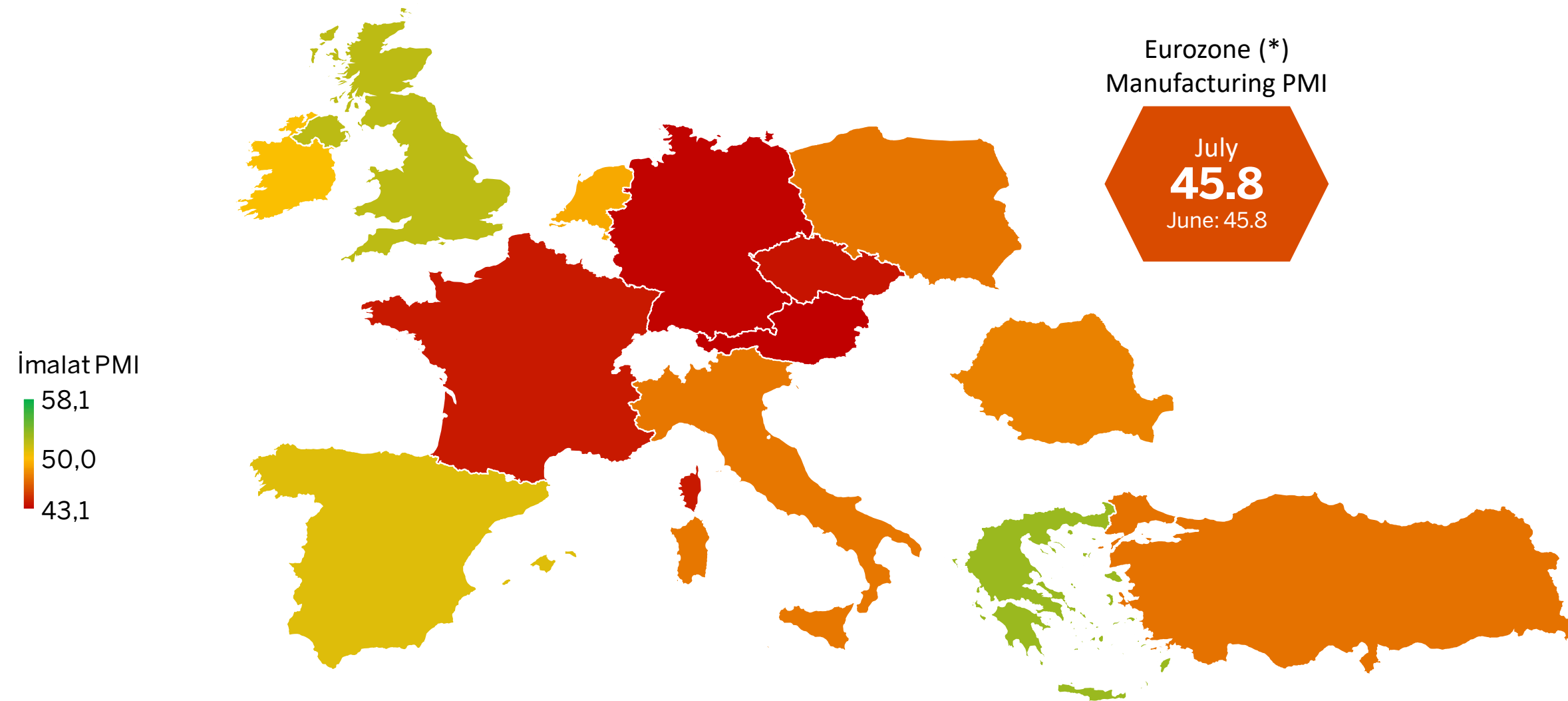
Europe

Manufacturing PMI data lowered recovery expectations in the Eurozone.

- Eurozone Manufacturing PMI dropped by 1.5 points to 45.8 in June and remained at the same level in July, indicating that the weakness in the region continued. Due to the accelerating decline in new orders, output and employment numbers contracted at the sharpest pace since early 2024. Despite the accelerating rise in input costs, selling prices remained flat.

- Only three of the eight Eurozone countries for which manufacturing PMI data are calculated were in the growth zone in July. The contraction was deepened in the biggest two economies of the region, Germany and France. Greece and Spain, on the other hand, lost momentum compared to June but maintained their positive development.

- The UK started the second half of the year strongly. Output and orders saw the most significant increase in nearly 2.5 years, while employment rose for the first time in 22 months.
- Manufacturing sector in Eastern Europe remained weak in July. Romania experienced the first deterioration in 4 months, while Poland and Czechia



Manufacturing PMI	June 2024	July 2024
Greece	54.0	53.2
United Kingdom	50.9	52.1
Spain	52.3	51.0
Ireland	47.4	50.1
The Netherlands	50.7	49.2
Romania	50.0	47.8
Italy	45.7	47.4
Poland	45.0	47.3
Türkiye	47.9	47.2
France	45.4	44.0
Czech Republic	45.3	43.8
Germany	43.5	43.2
Austria	43.6	43.1

Source: S&P Global PMI.

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



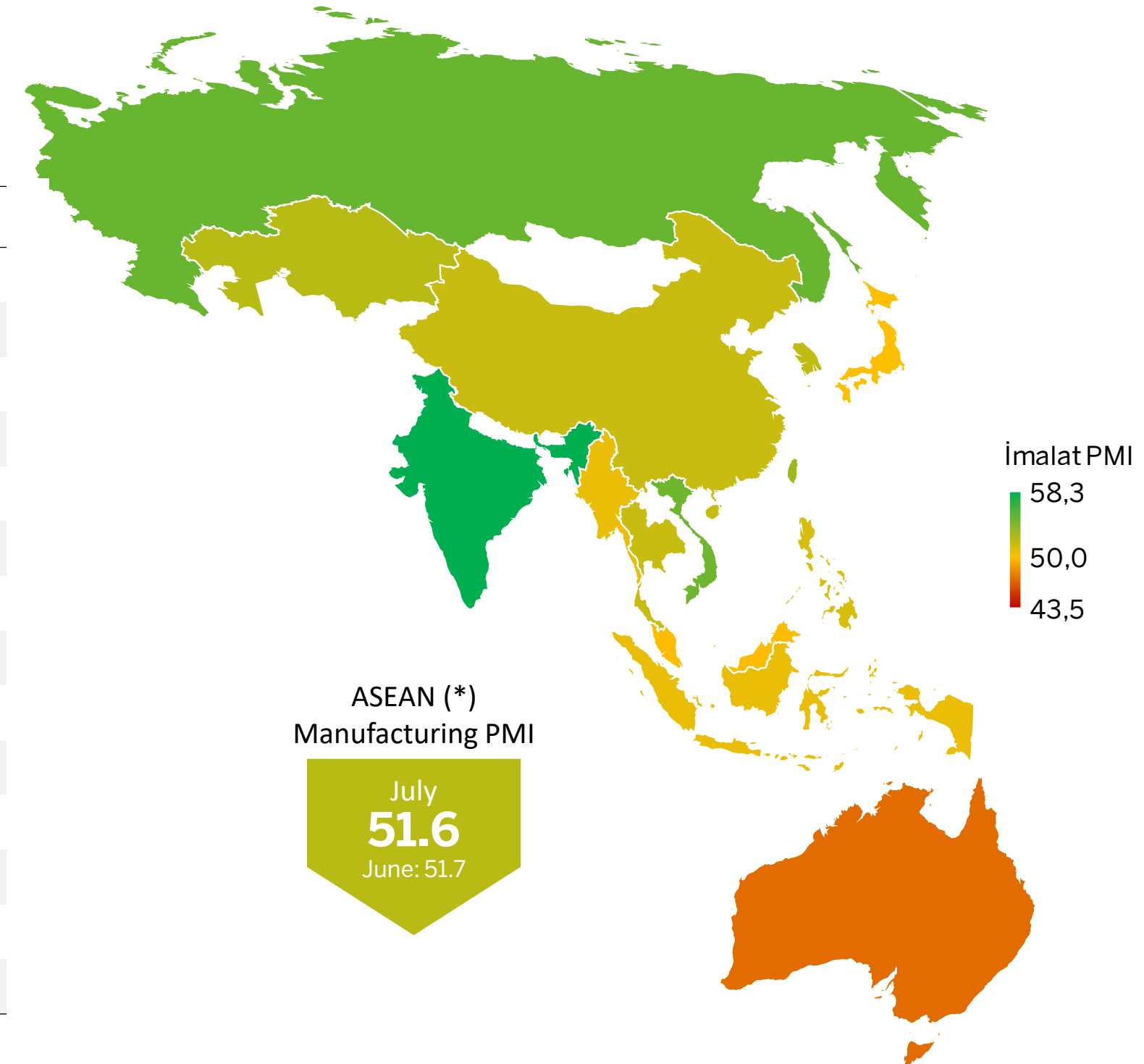
Asia-Pacific

China and Japan made a relatively weak start to the second half of the year.

- The Asia-Pacific region continued to diverge positively from the rest of the world despite signs of slowing growth and rising inflation.
- In China, manufacturing PMI fell below 50 for the first time in eight months, new orders declined for the first time in a year, and output fell for the first time since November 2022.
- In Japan, which had a weak start to the second half of 2024, the increase in output was replaced by a decline due to the weakening demand.
- India maintained its position as the fastest growing country among the 32 economies covered by the Manufacturing PMI in July.
- In South Korea, business conditions continued to improve despite the slowdown in output and new orders.
- In Taiwan, the manufacturing sector largely maintained its growth pace, while inflationary pressures intensified.
- In Russia, despite the slowdown in demand and output growth, the sector remained in the growth zone. Weaker supplier performance accelerated cost increases.
- In Australia, where the weakness in the manufacturing sector continued, new orders, output and employment declined in July.
- ASEAN (*) Manufacturing PMI fell by 0.1 points to 51.6 in July. Demand and output were strong, employment increased slightly, and cost inflation strengthened. Malaysia

Manufacturing PMI	June 2024	July 2024
India	58.3	58.1
Vietnam	54.7	54.7
Russia	54.9	53.6
Taiwan	53.2	52.9
Thailand	51.7	52.8
Kazakhstan	52.3	51.7
South Korea	52.0	51.4
Philippines	51.3	51.2
China	51.8	49.8
Malaysia	49.9	49.7
Indonesia	50.7	49.3
Japan	50.0	49.1
Myanmar	50.7	48.4
Australia	47.2	47.5

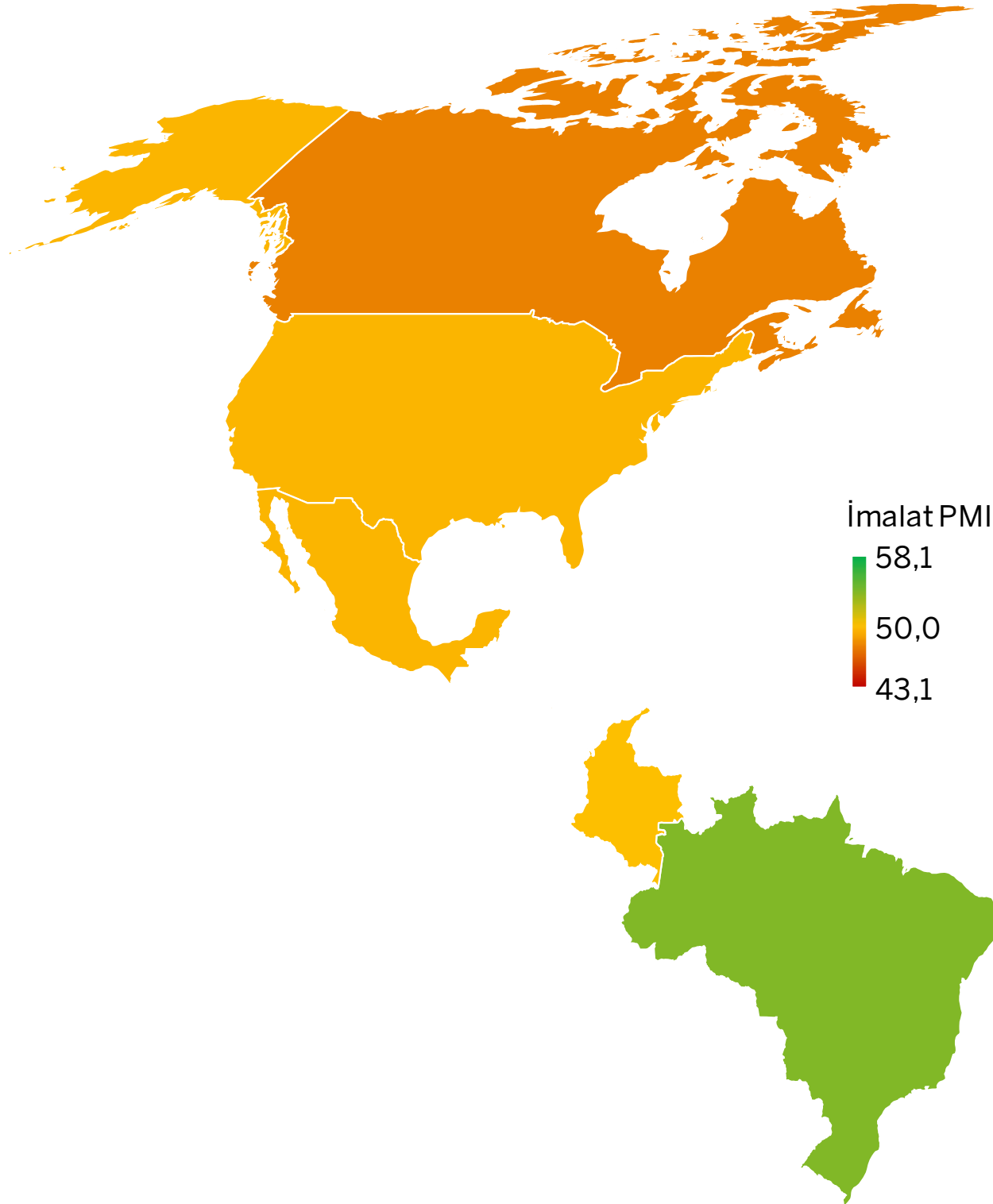
Source: S&P Global PMI.



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



America



Manufacturing PMI	June 2024	July 2024
Brazil	52.5	54.0
Colombia	49.8	50.0
USA	51.6	49.6
Mexico	51.1	49.6
Canada	49.3	47.8

Source: S&P Global PMI.

Business conditions deteriorated in the US, Canada and Mexico due to lack of demand.

- The US manufacturing sector started the third quarter of 2024 with deteriorating business conditions. New orders fell for the first time in three months, while output and employment growth eased. Despite strengthening cost pressures, selling price inflation fell to its lowest level in a year.
- Canada's Manufacturing PMI hit its lowest level so far in 2024. The contraction in new orders and output accelerated amid challenging market conditions.
- In Mexico, weakening demand conditions as well as intense competitive pressure from China led to a decline in new orders, which also had a negative impact on output and employment data for July.
- In Brazil, demand and output in the manufacturing sector posted the strongest increase in three months. On the other hand, input and selling prices increased at the fastest pace in the last two years.
- Manufacturing PMI data in Colombia signalled that business conditions remained unchanged in July compared to the previous month. Despite a slight recovery in new orders, output and employment contracted.



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.

How is the manufacturing PMI calculated?

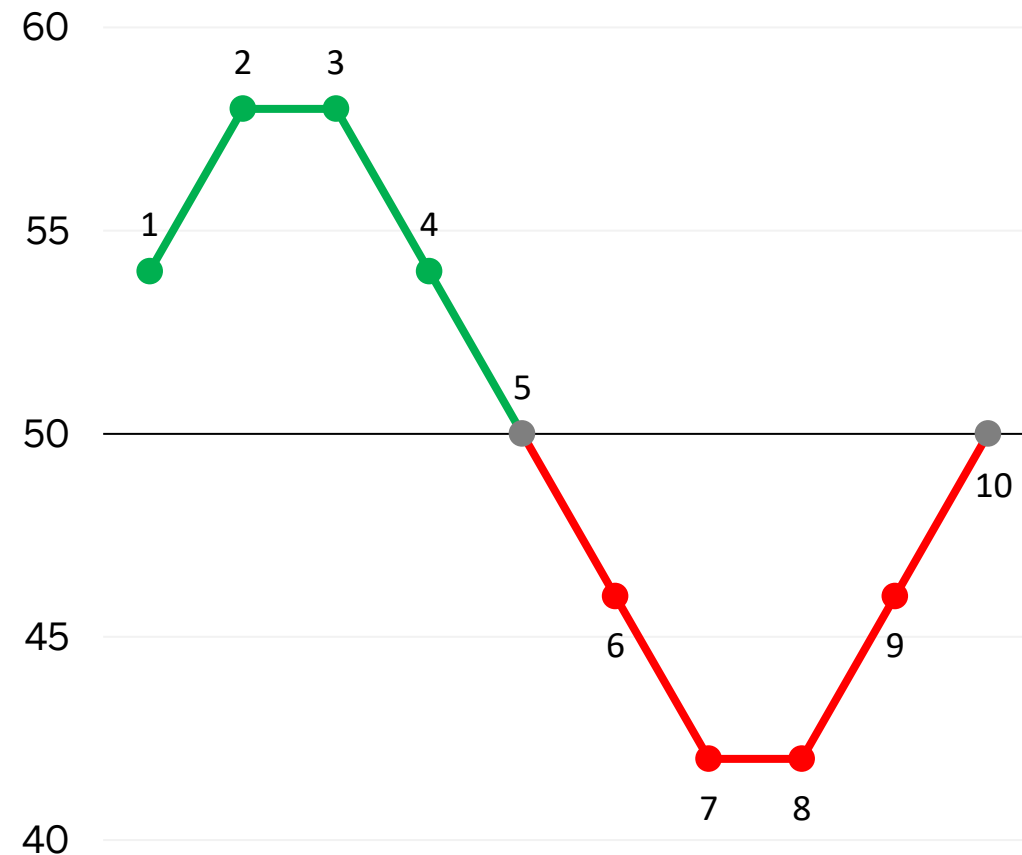
- The index is based on 5 sub-indexes: New Orders, Output, Employment, Suppliers' Delivery Times, Stock of Items Purchased.
- The report features survey data collected from a panel of around 400 companies based in the Turkish manufacturing sector.
- All indexes are seasonally adjusted.

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.

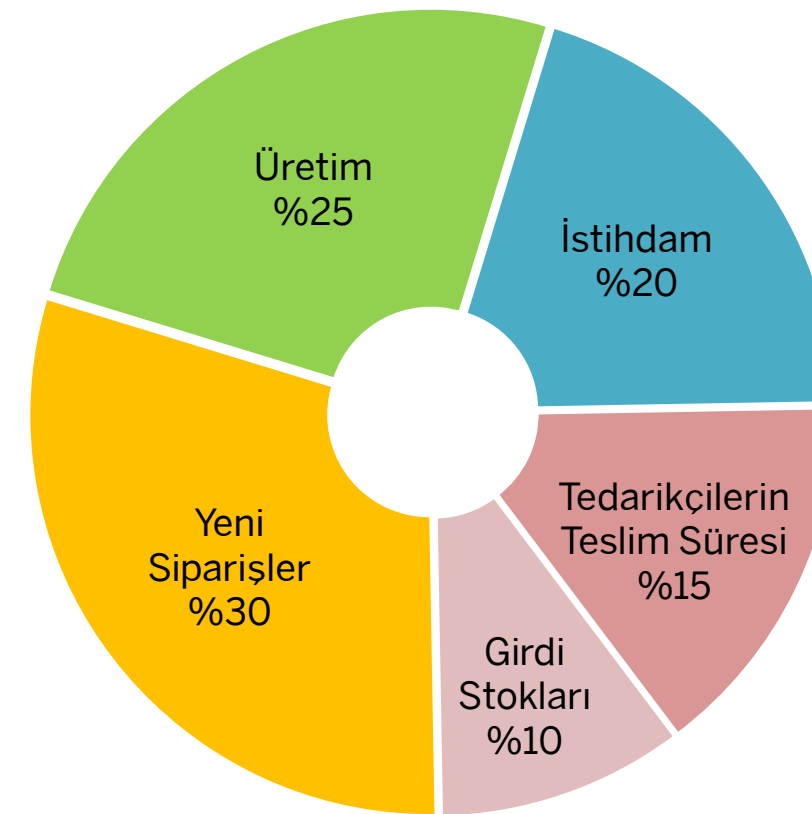
Index Interpretation

50= no change on previous month



- 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 32 countries, including Turkey. PMI indexes in other countries are composite indexes that also cover some non-manufacturing sectors. Therefore, for a smooth comparison by country, the scope of the presentation was limited to 32 countries and 3 regions (World, Eurozone, ASEAN) where the manufacturing industry-specific PMI indexes were produced.



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