



İSTANBUL  
SANAYİ ODASI

# Developments in the Global Manufacturing PMI®

*October 2023*

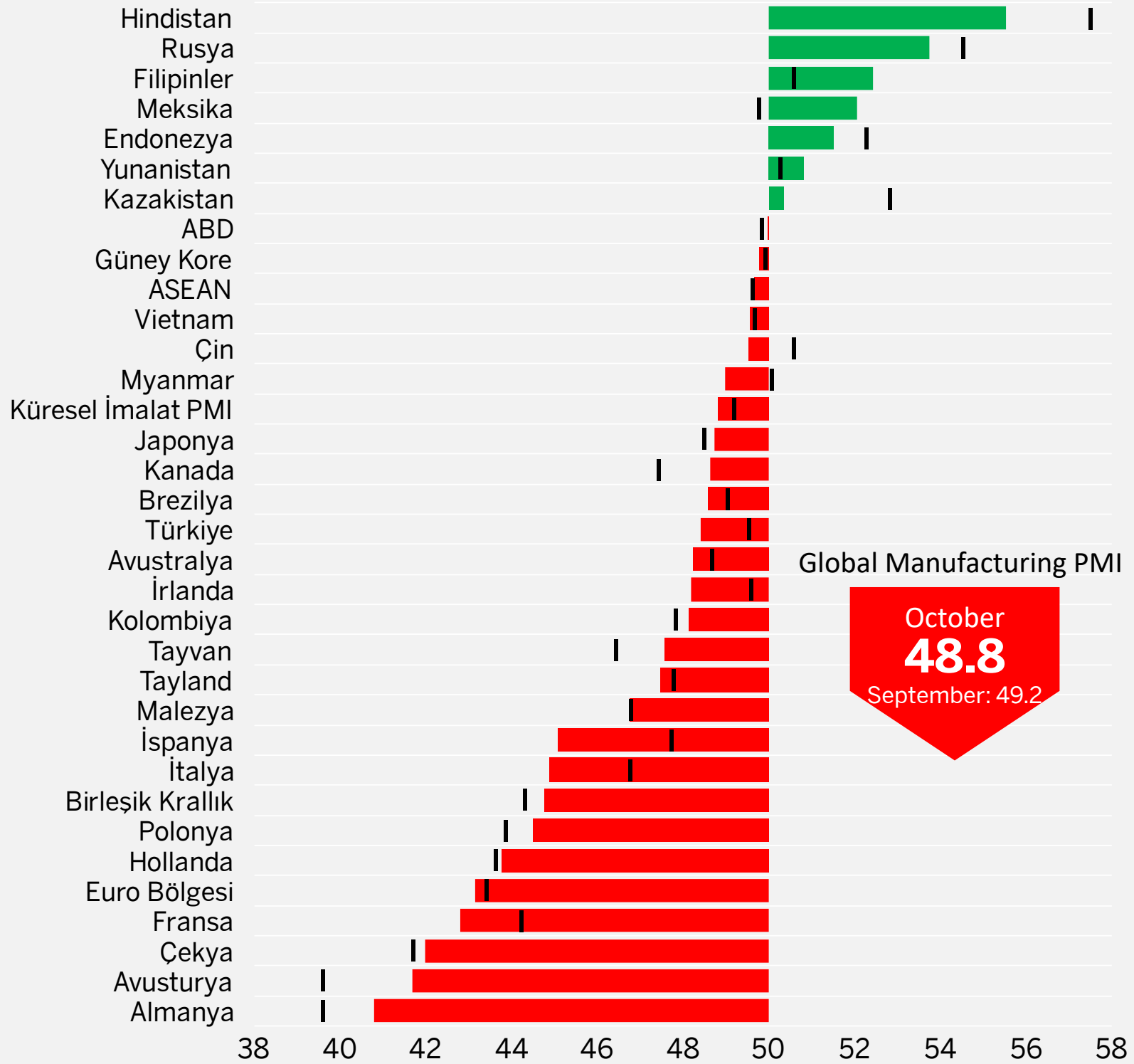




# General Outlook

## İmalat PMI, Ekim 2023

(>50 = Geçen aya göre iyileşme)



## Weak demand leads to further cuts to output, employment and inventories in October

- The Global Manufacturing PMI® fell to 48.8 in October from 49.2 in September, pointing to a more significant deterioration in business conditions. Output contracted for the fifth month running in October, reflecting a further deterioration in new orders which continues for 16 months. The optimism dipped to an 11-month low – leading to cut backs in employment, purchasing and inventories.
- In October, the Manufacturing PMI index was below the neutral 50.0 mark in 24 out of the 30 nations for which data were available. It was 23 in September. And out of the 7 nations posting above 50.0, 4 nations had a loss of momentum compared to the previous month.
- Data broken down by sector signalled that the deterioration was confined to the intermediate and investment goods industries, as both saw output contract during October. In contrast, consumer goods production rose at the quickest pace in five months.
- The sector saw the steepest level in input costs inflation in October, though its reflection on selling prices was relatively limited. Inflationary pressures were higher in emerging economies compared to developed countries.
- The Istanbul Chamber of Industry Türkiye Manufacturing PMI fell to 48.4 in October from 49.6 in September. There was the sharpest decline in new orders in the last 11 months, but a slight decrease in job creation after a 5-month increase. The positive development on the other hand was the most moderate increases in input costs and final selling prices since May.

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 epicenter of weakness in the manufacturing sector once again Europe.

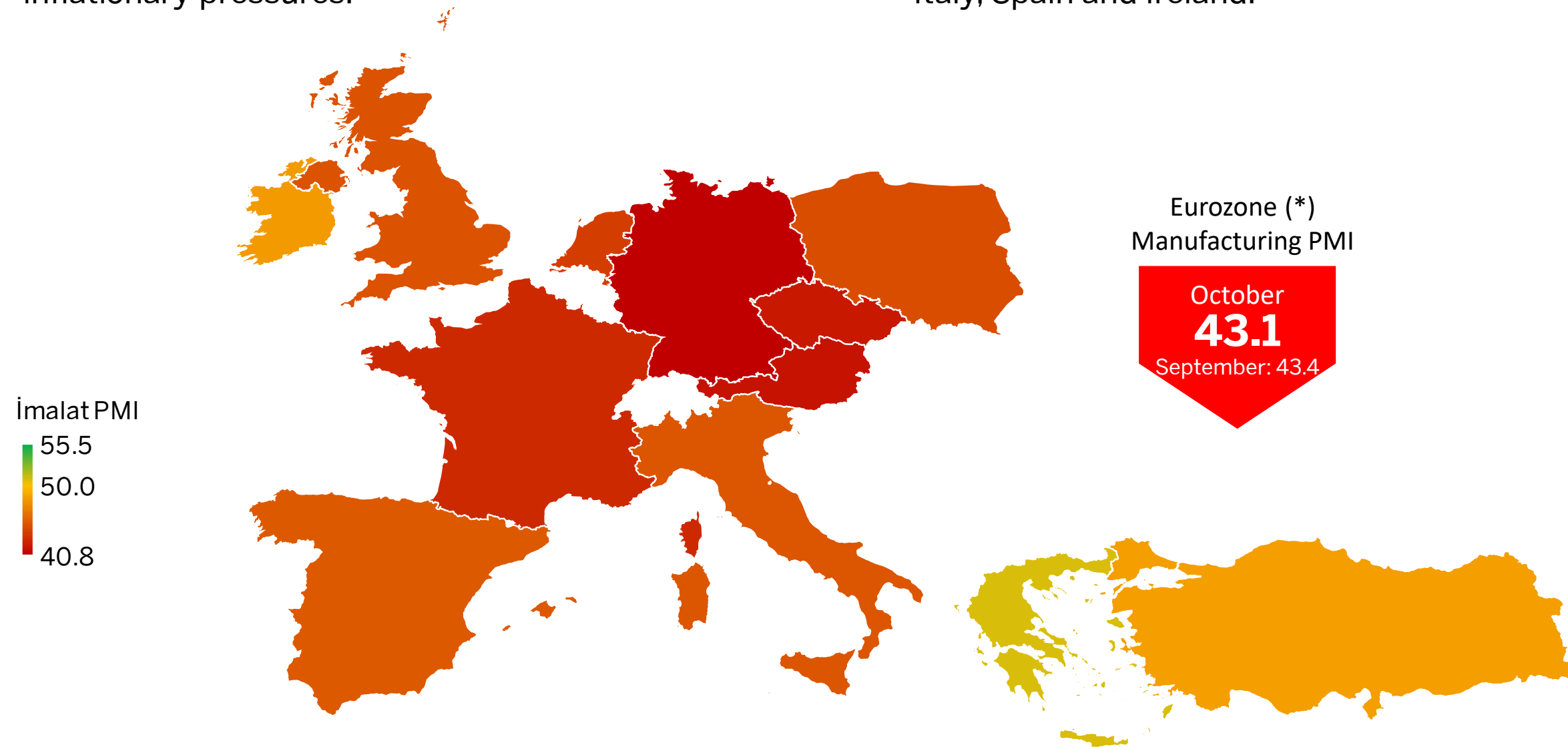
- Eurozone Manufacturing PMI decreased by 0.3 points to 43.1 in October, pointing out the deepening deterioration in the region's business conditions. New orders, purchases and backlogs decreased close to record levels in the survey history. On the other hand, the ongoing decline in input costs helped ease inflationary pressures.

- All countries in the Eurozone where the Manufacturing PMI data is available, except Greece, remained in the contraction zone. Germany and Austria were again the fastest shrinking countries. France saw the sharpest deterioration in the last 3.5 years, while the contraction became evident in Italy, Spain and Ireland.

- The manufacturing sector in the UK started the fourth quarter in weak conditions. Output, new orders and job creation decreased in the country and the sector's optimism fell to its lowest level in the last 10 months.
- Poland and the Czech Republic, on the other hand, remained in the contraction zone despite the slight increases in PMIs.

Manufacturing PMI	September 2023	October 2023
Greece	50.3	50.8
Türkiye	49.6	48.4
Ireland	49.6	48.2
Spain	47.7	45.1
Italy	46.8	44.9
United Kingdom	44.3	44.8
Poland	43.9	44.5
The Netherlands	43.6	43.8
France	44.2	42.8
Czech Republic	41.7	42.0
Austria	39.6	41.7
Germany	39.6	40.8

Source: S&P Global.



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





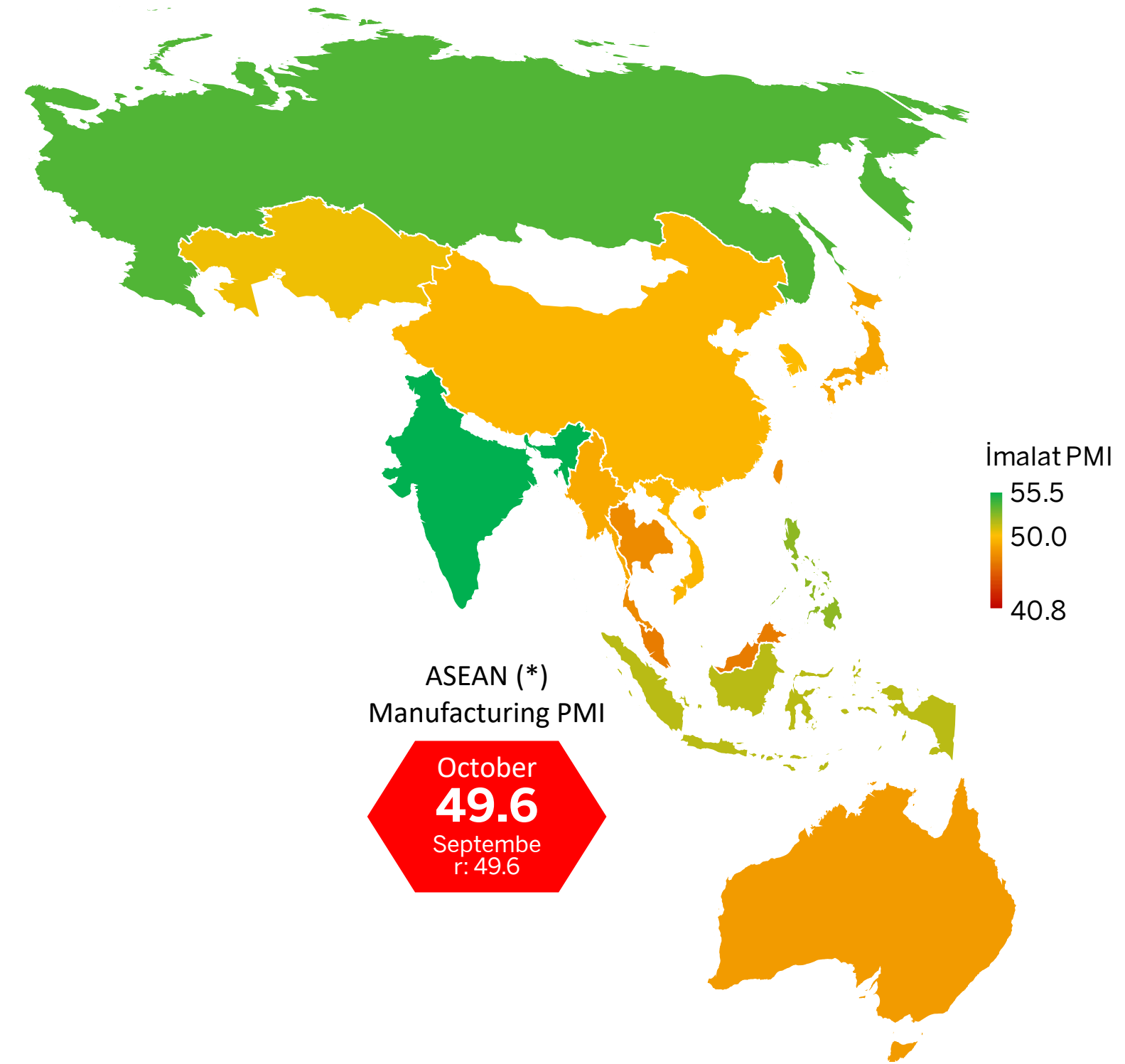
# Asia-Pacific

Weak outlook continues in China, Japan and Taiwan,  
Loss of momentum in the fastest growing country, India.

- Asia-Pacific was once again stronger than the rest of the world, but weaker than September. The PMI fell below 50.0 in 2 countries, and there was a loss of momentum in 4 of 5 countries that continued to grow.
- China Manufacturing PMI fell to 49.5 in October. A slight contraction was recorded in the sector due to the decrease in output and demand.
- Japan's manufacturing sector experienced a contraction similar to September. Staffing levels dropped for the first time since the beginning of 2021.
- While the PMI in South Korea remained very close to the 50.0 threshold value, a slight improvement was observed in manufacturers' expectations.
- The world's high Manufacturing PMI was recorded in India. Although growth is still strong, it decelerated compared to September.
- The faster increase in domestic demand in Russia also supported the growth in output. Inflationary pressures remained strong.
- In Taiwan, the decline in output and new orders continued to ease. Manufacturing PMI reached its highest value in the last 7 months.
- New orders in Australia recorded the sharpest drop after the pandemic, leading to a continued contraction in the sector.
- In the ASEAN region, Manufacturing PMI remained in the slight contraction zone for the second month in a row. The Philippines and Indonesia remained in the growth zone and diverged positively, while deterioration was recorded in other countries.

Manufacturing PMI	September 2023	October 2023
India	57.5	55.5
Russia	54.5	53.8
Philippines	50.6	52.4
Indonesia	52.3	51.5
Kazakhstan	52.8	50.3
South Korea	49.9	49.8
Vietnam	49.7	49.6
China	50.6	49.5
Myanmar	50.1	49.0
Japan	48.5	48.7
Australia	48.7	48.2
Taiwan	46.4	47.6
Thailand	47.8	47.5
Malaysia	46.8	46.8

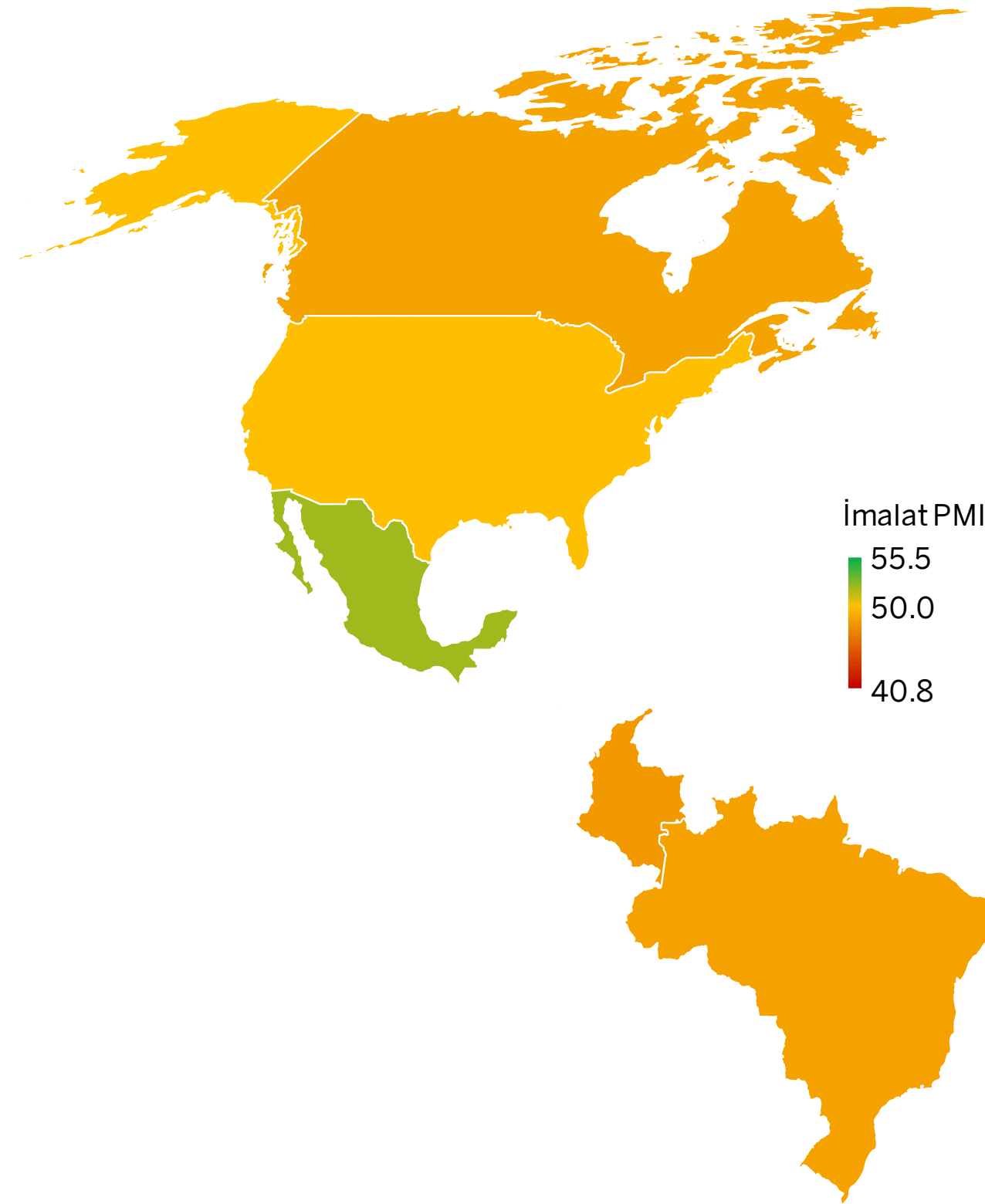
Source: S&P Global.



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



# America



Manufacturing PMI	September 2023	October 2023
Mexico	49.8	52.1
USA	49.8	50.0
Canada	47.5	48.6
Brazil	49.0	48.6
Colombia	47.8	48.1

Source: S&P Global.

## Demand partially recovers in the US; The weak trend continues in Canada and Brazil.

- Business conditions of manufacturers in the US remained flat in October, following a 5-month deterioration trend. While orders recovered relatively, the increase in output accelerated. On the other hand, staffing levels decreased for the first time since June 2020, while inflationary pressures strengthened.
- Canada's Manufacturing PMI remained below 50.0 despite a slight increase, while output and new orders continued to decline. The sharp increase in input prices and concerns that this would create longer-term inflationary pressure weakened the confidence of the sector.
- Orders and output in Brazil decreased for 2 months in a row, with the downward trend in prices continued. In particular, weakening exports and the difficult economic climate negatively affected the demand environment of the sector.
- The most positive business conditions in the region were observed in Mexico, where PMI increased by 2.3 points to 52.1. It experienced the fastest increase in orders in more than 4.5 years, leading to a growth in output.
- In Colombia, the sector's output contracted for the 6th month in a row due to the impact of policies aimed at reducing demand, while employment losses continued. On the other hand, the downward trend in inflation reached 5 months.



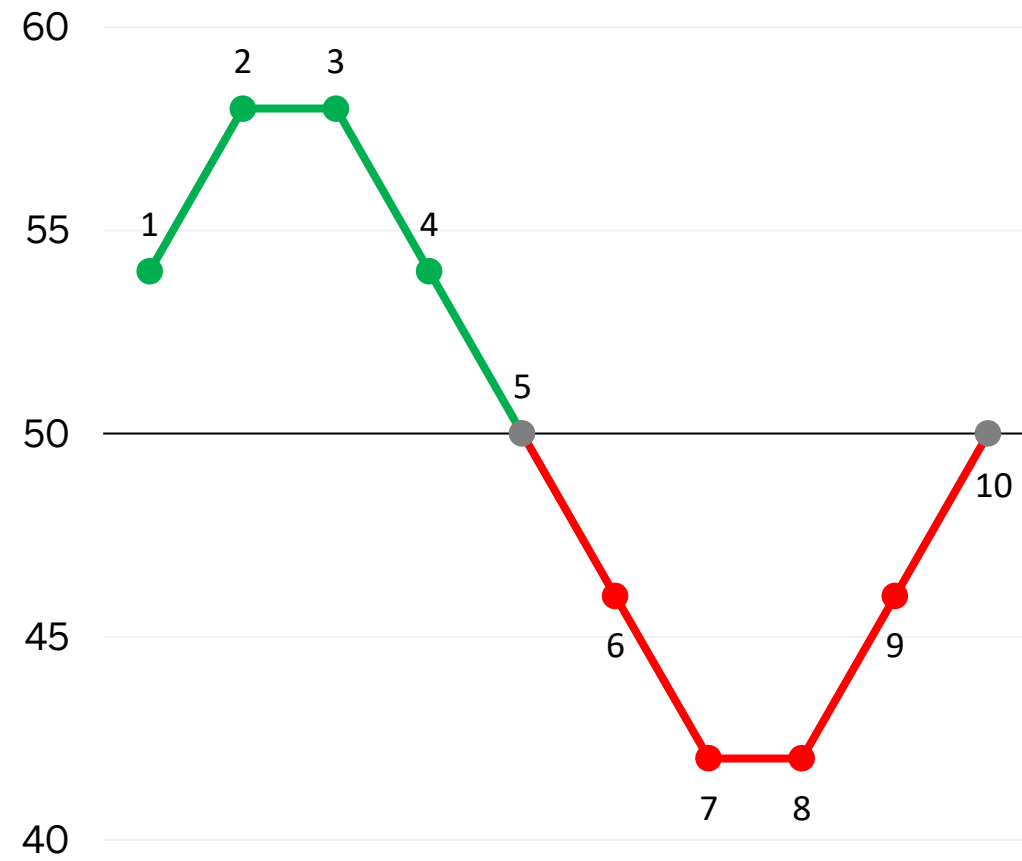
# Methodology

## 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?

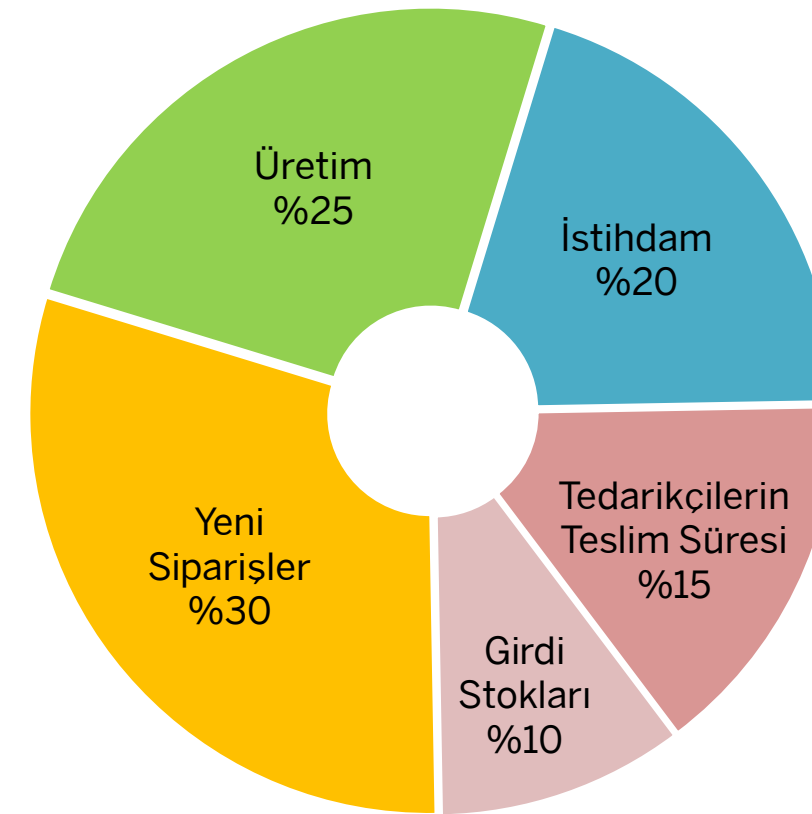
- The index is based on 5 sub-indexes: New Orders, Output, Employment, Suppliers' Delivery Times, Stock of Items Purchased.
- The report features survey data collected from a panel of around 400 companies based in the Turkish manufacturing sector.
- All indexes are seasonally adjusted.

## Why is PMI critical?

- Calculated by a set of methods in more than 40 countries<sup>(\*)</sup>, 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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