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SANAYİ ODASI

Manufacturing PMI® Developments in the World

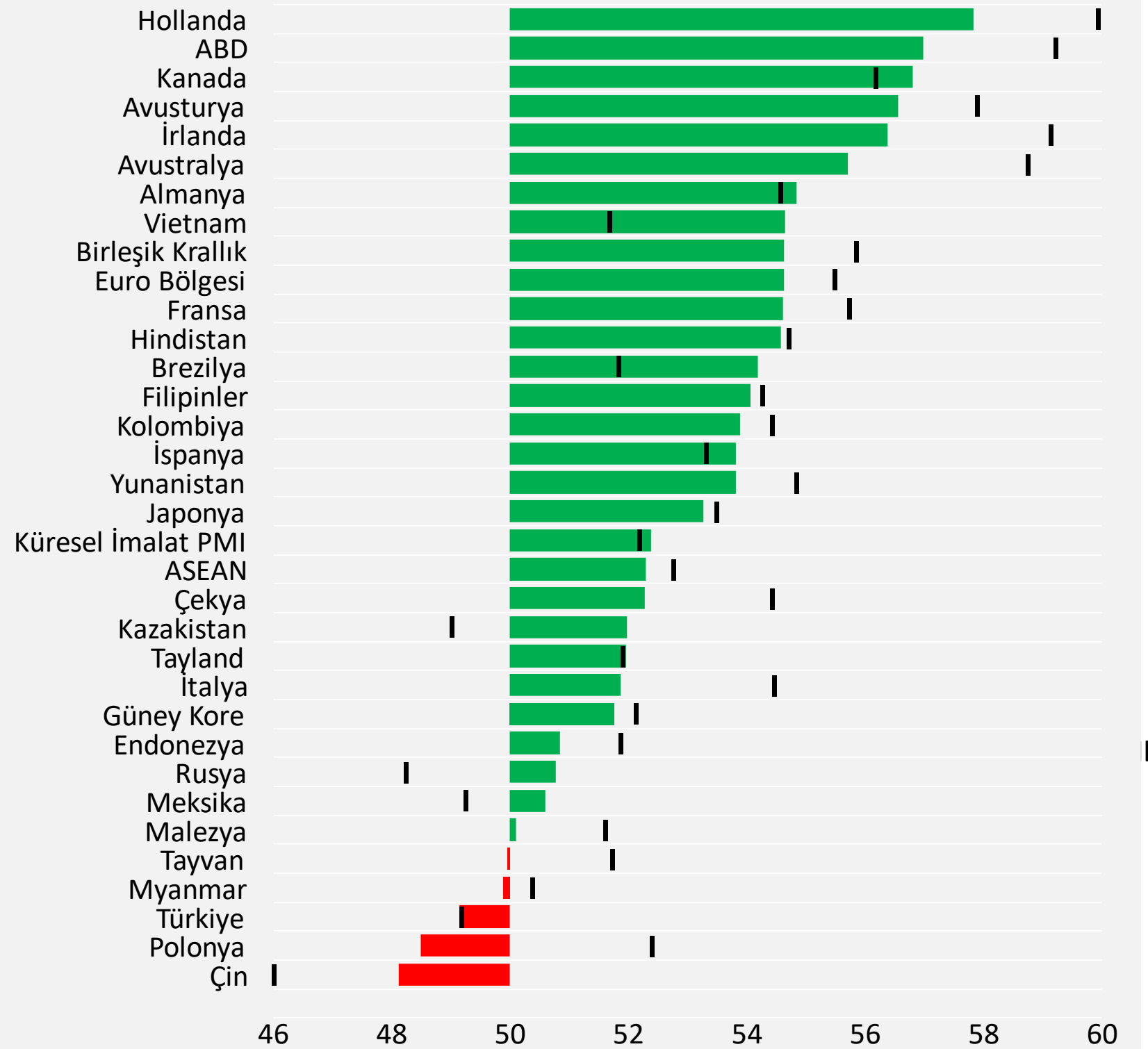
May 2022



General Outlook

İmalat PMI, Mayıs 2022

(>50 = Geçen aya göre iyileşme)



Global factory output impacted by China's strict lockdowns

- The **Global Manufacturing Purchasing Managers' Index® (PMI)** inched up from 52.3 in April to 52.4 in May, though remained at the second-lowest level recorded over the past 20 months.
- Even though the Output Index rose by 1.1, it still remained below the 50.0 no change level to thereby register a second successive monthly fall.
- The drop in output was mainly due to slowing of demand, supply chain delays, high inflationary pressures, war in Ukraine and sharp downturn in factory production in China. The global-excluding-China PMI Output Index posted 52.7.
- New Export Orders Index dropped 0.4 point to 47.9, signalling an acceleration of contraction in the global trade.
- 27 out of 31 national economies monitored under the manufacturing PMI remained in the growth zone in May. But the index dropped in 19 of them compared to previous month, signalling a slowdown.
- **Istanbul Chamber of Industry Türkiye Manufacturing PMI** was unchanged from the previous month at 49.2 in May. Both output and new orders were seen lower in May, and also the export orders slowed at the sharpest pace in two years. There was the easing of price and supply pressures.

Source: S&P Global.

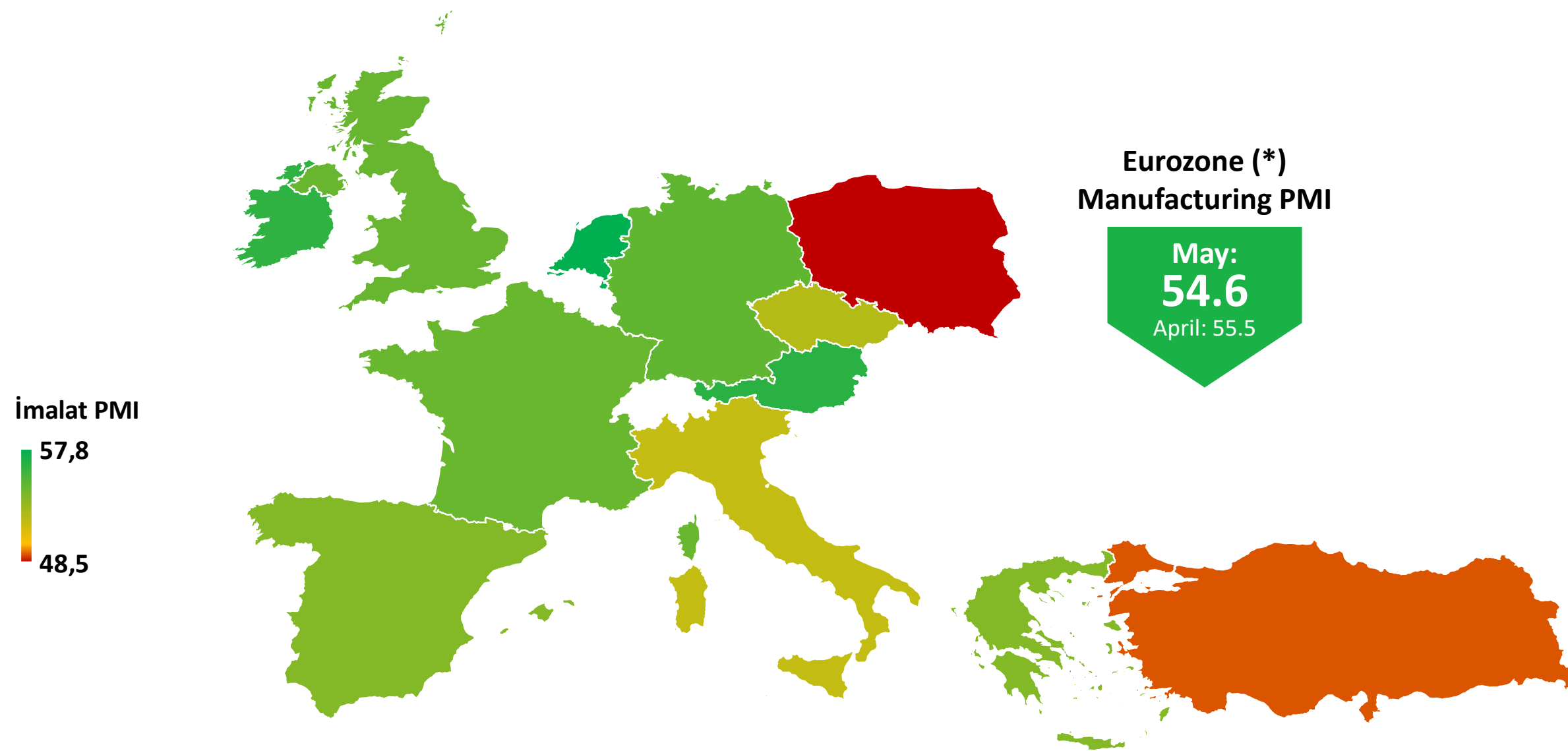
Note: The index values of the previous month are illustrated with vertical black lines to indicate the rises or drops of the index compared to the previous month.



Europe

Inflationary pressures continue, new orders slowed down for the first time in 2 years.

- The Eurozone Manufacturing PMI dropped by 0.9 to 54.6 in May, marking the lowest level in the last 1.5 months. New orders dropped for the first time since June 2020, while output saw a limited rise. Price and demand pressures, as well as supply problems limited the business confidence.
- The Eurozone Manufacturing PMI signalled a slowdown in factory output in 6 of the monitored countries (except for Germany and Spain). Holland, Austria and Ireland were the best performing countries, though with a slight slowdown.
- The UK posted the lowest output rise of the last 7 months with high inflation rates and slowing demand. The Manufacturing PMI in Poland dropped to the contraction zone, while in Check Republic declined to the lowest level of the last 19 months.



Manufacturing PMI	April 2022	May 2022
The Netherlands	59.9	57.8
Austria	57.9	56.6
Ireland	59.1	56.4
Germany	54.6	54.8
United Kingdom	55.8	54.6
France	55.7	54.6
Spain	53.3	53.8
Greece	54.8	53.8
Czech Republic	54.4	52.3
Italy	54.5	51.9
Turkey	49.2	49.2
Poland	52.4	48.5

Source: S&P Global.

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

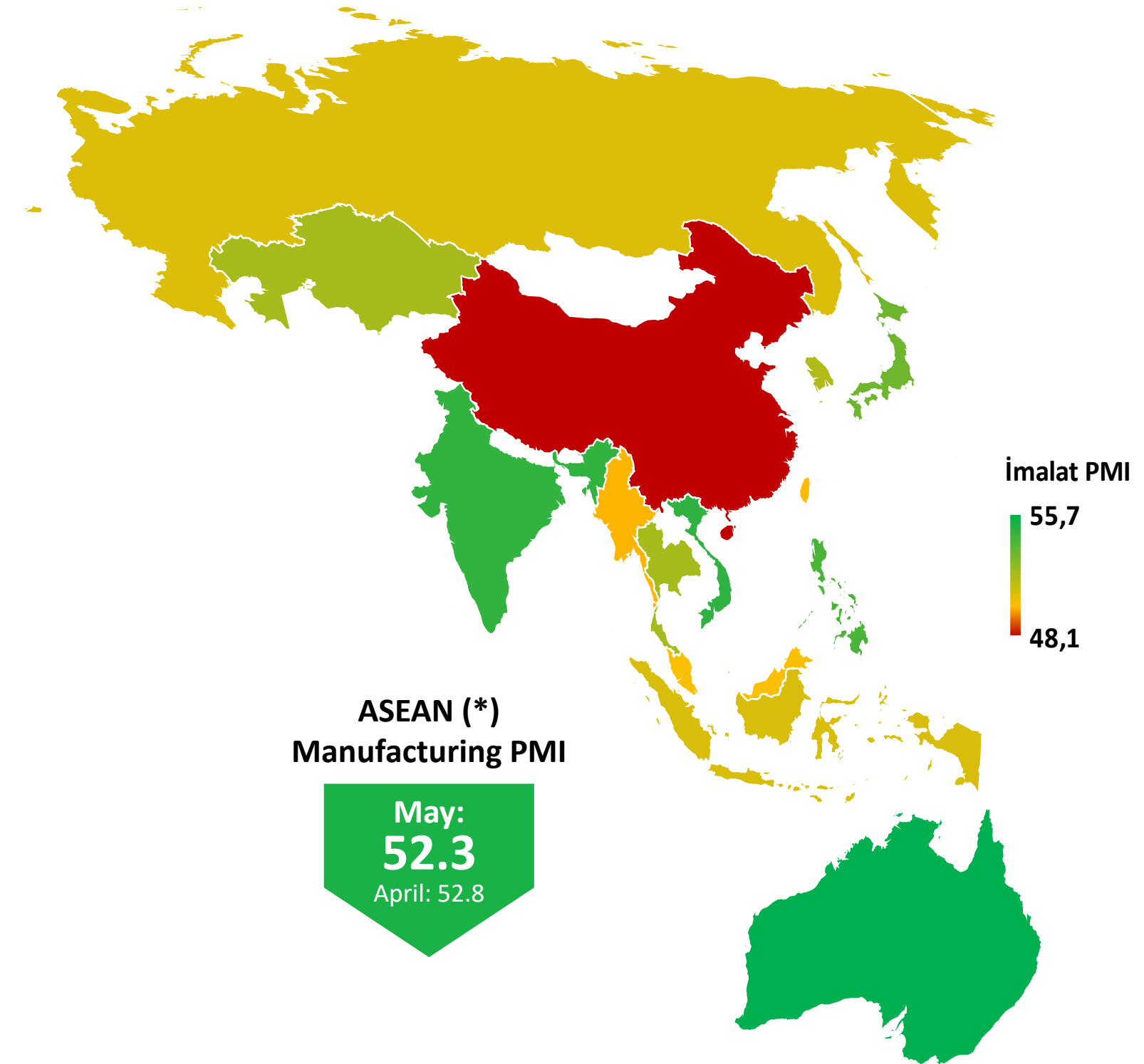


Asia-Pacific

Manufacturing industry activity slowed down in majority of countries, while China saw a lower contraction.

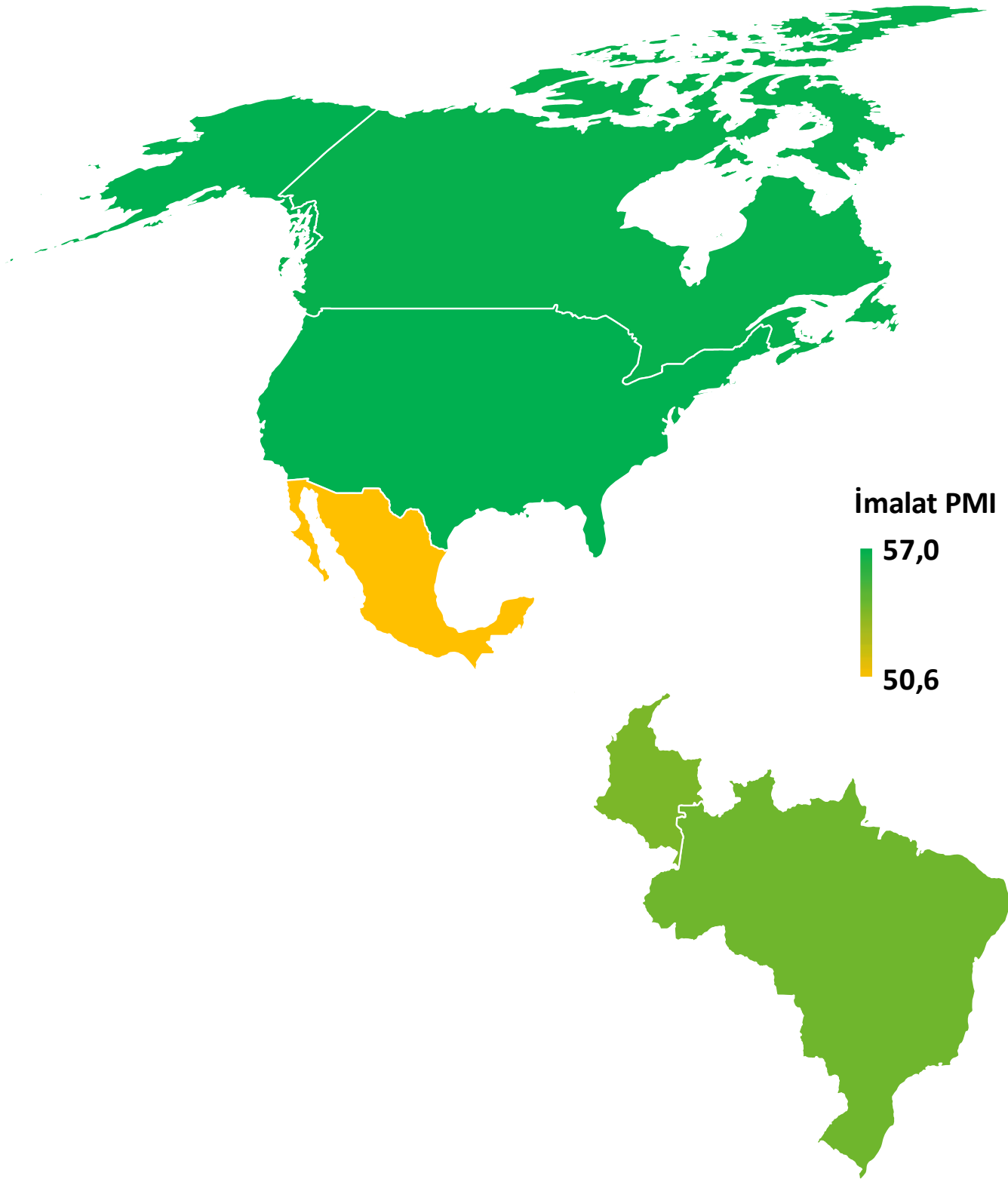
- Although the manufacturing sector remained in growth zone in most of the Asia-Pacific zone, its rate slowed down. Even Australia that saw the highest PMI eased down.
- Both output and new orders declined in China, though slower than the previous month.
- Economic activity of Taiwan slowed down and saw the 2-year low output, mainly because of raw material supply problems and China's aggressive epidemic measures.
- South Korea also had a similar picture with a decline in output for two consecutive months.
- In Japan, supply chain disruptions and inflationary pressures weakened the demand. This also led to a slowdown in output and new orders.
- Despite the harsh contraction in Russia's export, the decline in output and total new orders slowed down, and inflationary pressures eased down.
- In ASEAN countries, output and new orders slightly slowed down in May compared to April. The only ASEAN country with a stronger growth was Vietnam.

Manufacturing PMI	April 2022	May 2022
Australia	58.8	55.7
Vietnam	51.7	54.7
India	54.7	54.6
Philippines	54.3	54.1
Japan	53.5	53.3
Kazakhstan	49.0	52.0
Thailand	51.9	51.9
South Korea	52.1	51.8
Indonesia	51.9	50.8
Russia	48.2	50.8
Malaysia	51.6	50.1
Taiwan	51.7	50.0
Myanmar	50.4	49.9
China	46.0	48.1



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

America



Manufacturing PMI	April 2022	May 2022
USA	59.2	57.0
Canada	56.2	56.8
Brazil	51.8	54.2
Columbia	54.4	53.9
Mexico	49.3	50.6

Demand slowed down in the US, while activity conditions strengthened in Canada and Brazil.

- Euro Zone Manufacturing PMI dropped 2.2 points in March to 57, the lowest level in the last 4 months. Growth slowed down in output and new orders, while cost inflation accelerated. However, the employment still maintained its strong pace.
- In Canada, the manufacturing PMI was posted 56.8, very close to the US, with stronger rise in output and easing inflationary pressures.
- The manufacturing PMI in Mexico was again above 50, first time since October 2019. This rise was driven mainly by stronger employment figures and supply chain disruptions. Despite improvement signals in export, the weakness in total demand continued.
- In Brazil, output and orders increased and the PMI rose to its last 8-month high. High cost pressures continued due to supply chain problems, war in Ukraine and strict measures in China.
- In Columbia, another South American country monitored under the Manufacturing PMI, the sector continues to grow for the last 11 months as of May, though slightly slower than April.



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?

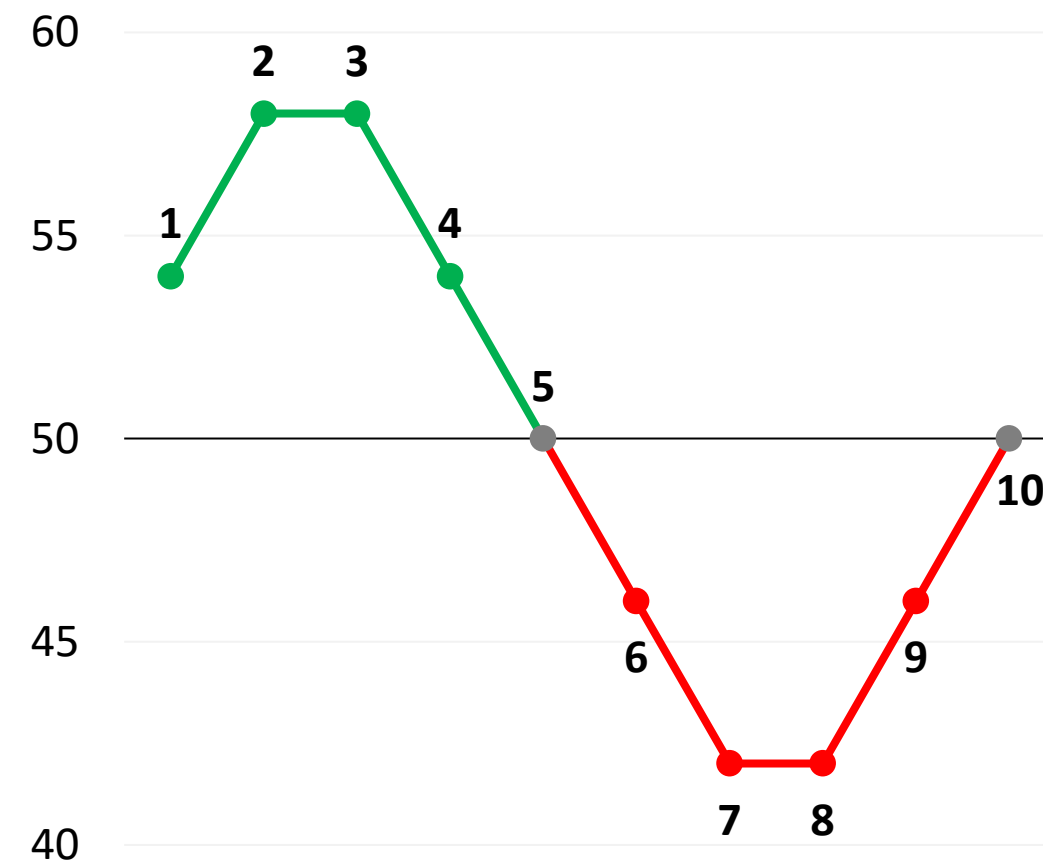
- The index is based on 5 sub-indexes: New Orders, Output, Employment, Suppliers' Delivery Times, Stock of Items Purchased.
- The report features survey data collected from a panel of around 400 companies based in the Turkish manufacturing sector.
- All indexes are seasonally adjusted.

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.

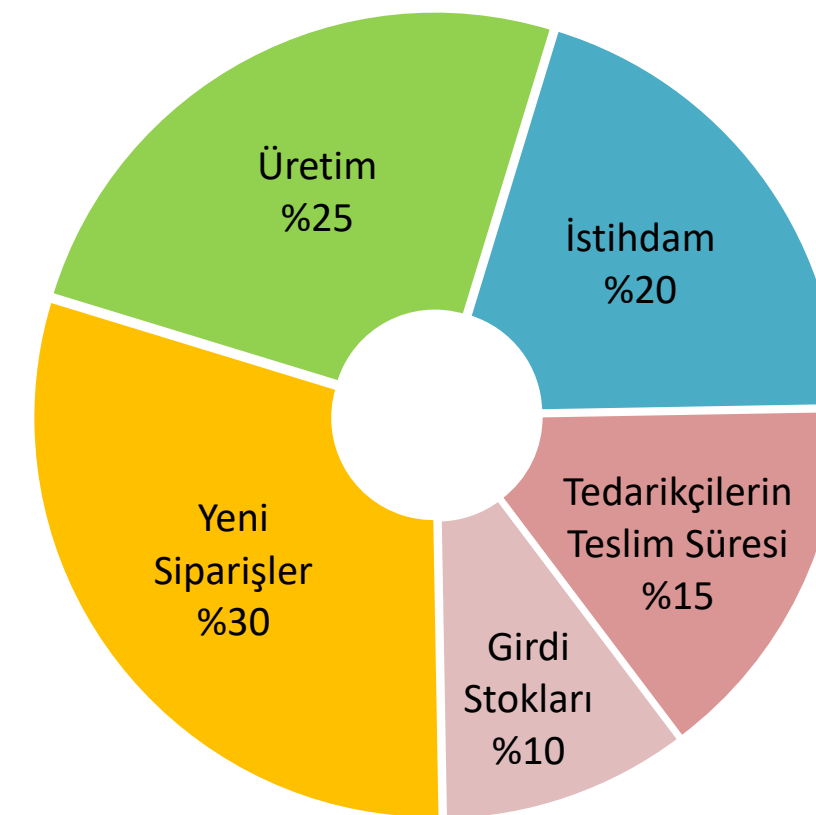
Index Interpretation

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 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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