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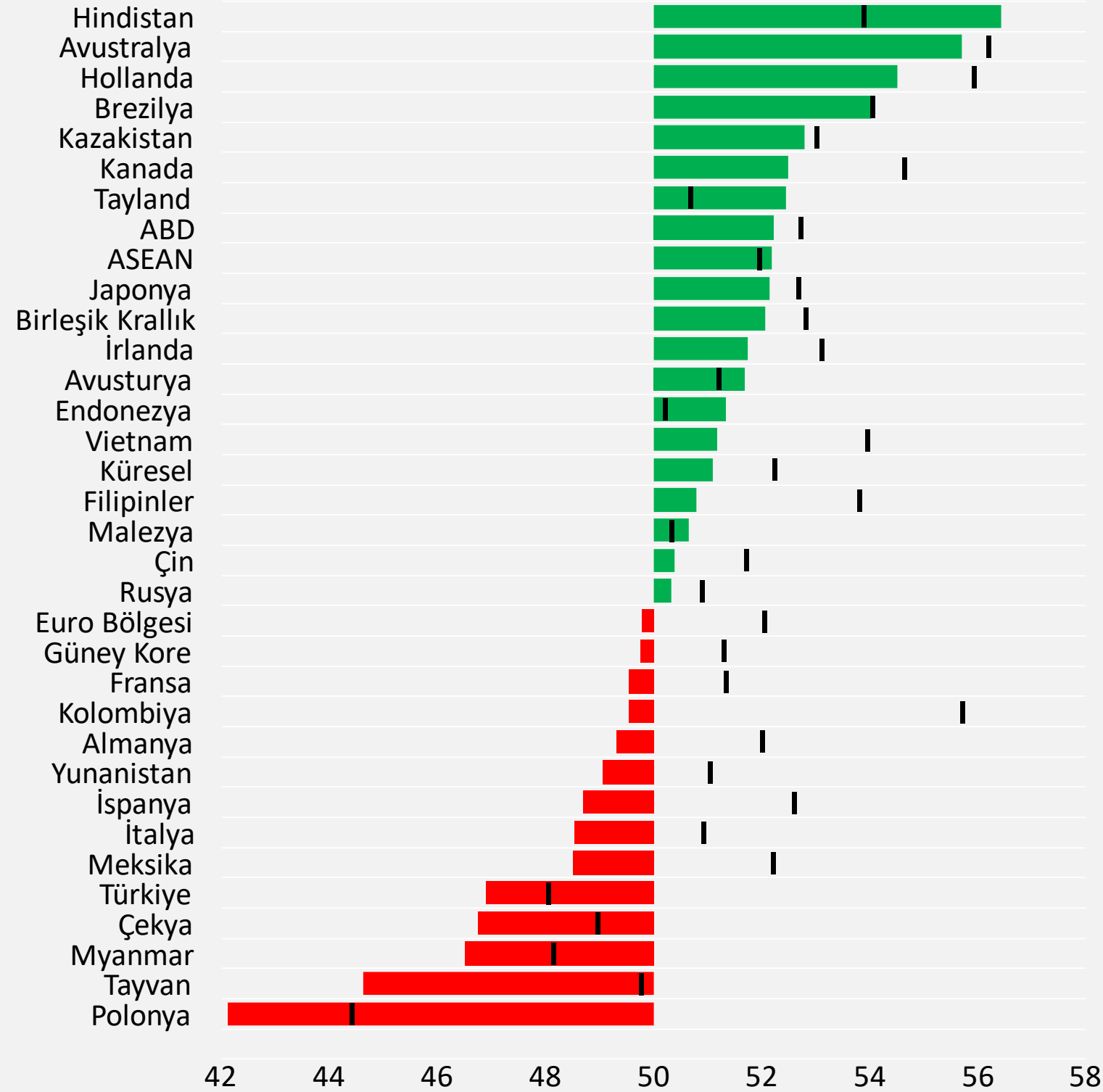
Manufacturing PMI® Developments in the World

July 2022

General Outlook

İmalat PMI, Temmuz 2022

(>50 = Geçen aya göre iyileşme)



A weak start to third quarter by the Global Manufacturing sector.

- Global Manufacturing Purchasing Managers' Index® (PMI) fell from 52.2 in June to a two-year low of 51.1 in July.
- Making a weak start to the third quarter, the global manufacturing sector showed stagnating production and employment and drop in new orders, particularly in export.
- The inflationary pressures and the supply chain disruptions on the other hand eased mildly.
- In manufacturing PMI, operating conditions of the sector was improved in 18 out of 31 monitored national economies. However, growth decelerated in 13 of these economies compared to June.
- Istanbul Chamber of Industry Türkiye Manufacturing PMI** fell from 48.1 in June to 46.9 in July, the lowest since May 2020. Outputs and new orders slowed down with the weakened orders, while the inflationary pressures were mildly eased.

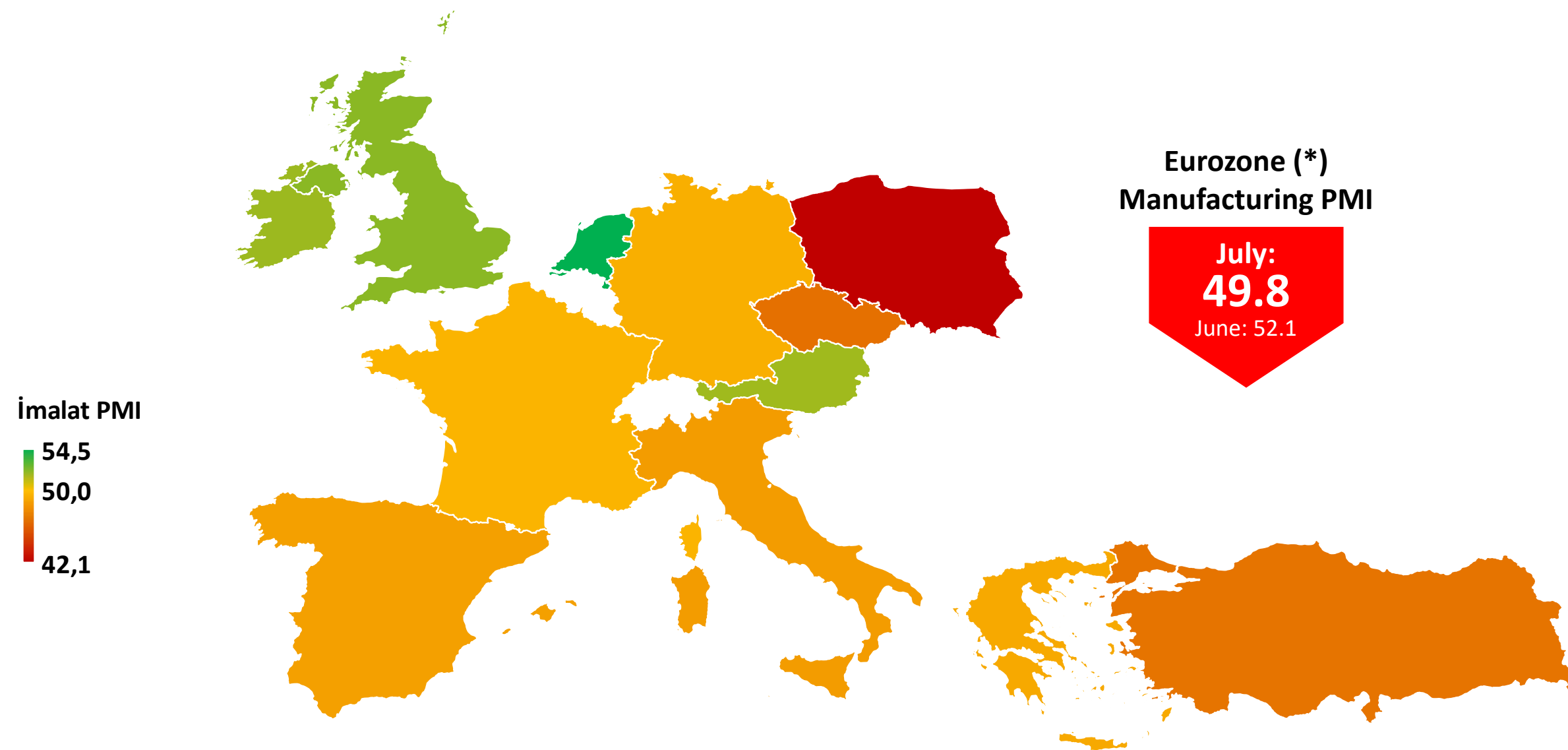
Source: S&P Global.

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

Manufacturing sectors of the biggest four economies of the Eurozone dropped to the contraction zone.

- The Eurozone Manufacturing PMI fell to 49.8 in July from 52.1 in June, pointing to the first contraction in factory activity of the last two years. New orders saw the sharpest drop since the debt crisis in 2012, except of the pandemic period. The data confirmed the increase in the risk of recession in the area.
- The biggest four economies of the Eurozone (Germany, France, Italy, Spain) dropped below the Manufacturing PMI 50.0 threshold. The high index value was seen in the Netherlands. PMI in all the economies of the area, except for Austria, fell compared to June.
- In the United Kingdom, the PMI was positive with 52.1, but its output and new orders dropped for the first time since May 2020. The biggest drops in Europe were seen in Poland and Czech Republic which were negatively affected by the war in Ukraine.



Manufacturing PMI	June 2022	July 2022
The Netherlands	55.9	54.5
United Kingdom	52.8	52.1
Ireland	53.1	51.8
Austria	51.2	51.7
France	51.4	49.5
Germany	52.0	49.3
Greece	51.1	49.1
Spain	52.6	48.7
Italy	50.9	48.5
Türkiye	48.1	46.9
Czech Republic	49.0	46.8
Poland	44.4	42.1

Source: IHS Markit

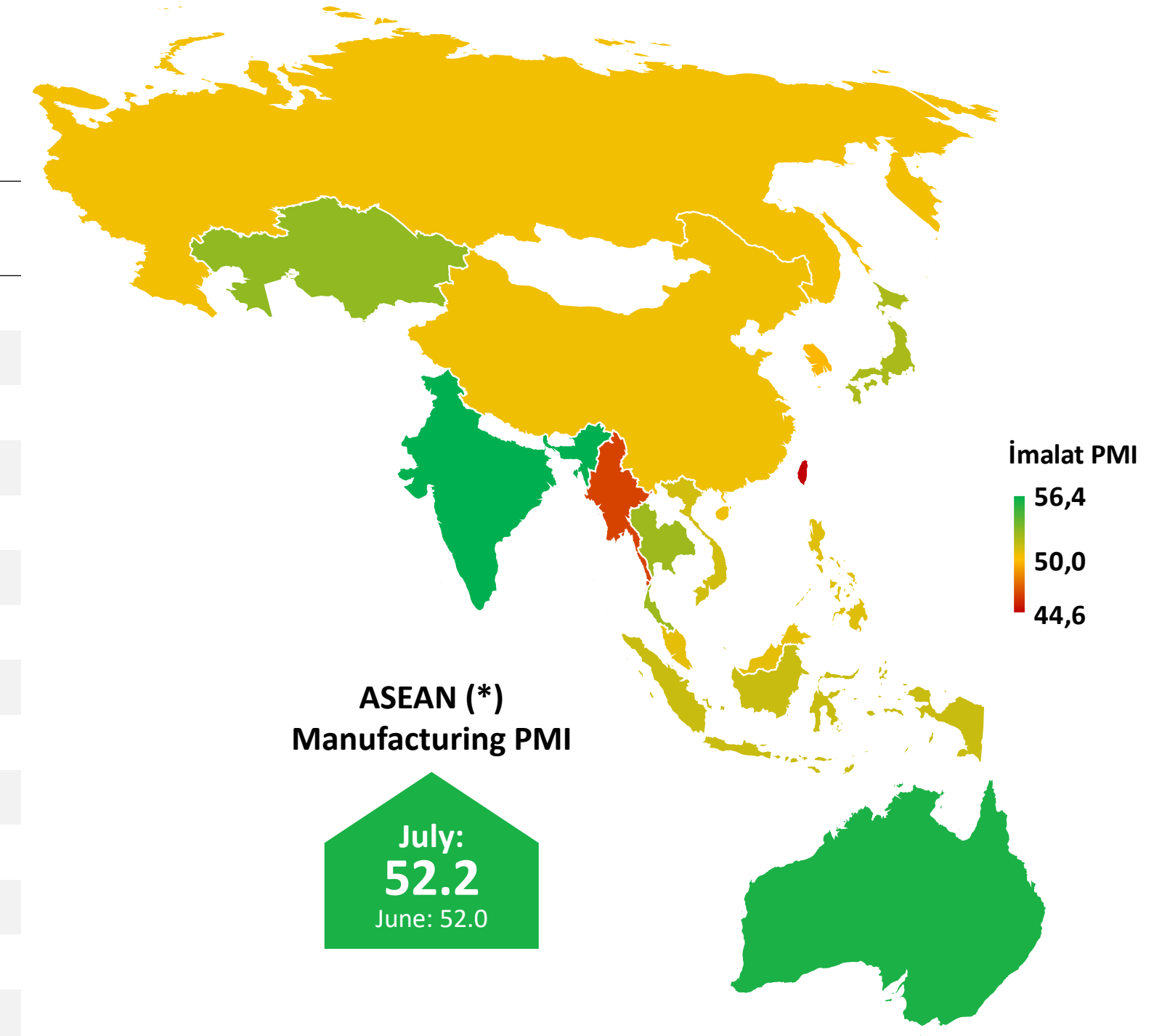
(*) The countries included in the Euro Zone PMI index: Germany, Austria, France, Italy, Ireland, Spain, the Netherlands and Greece.

Asia-Pacific

Growth slowed down in China, Japan and Russia; stagnated in South Korea and Taiwan.

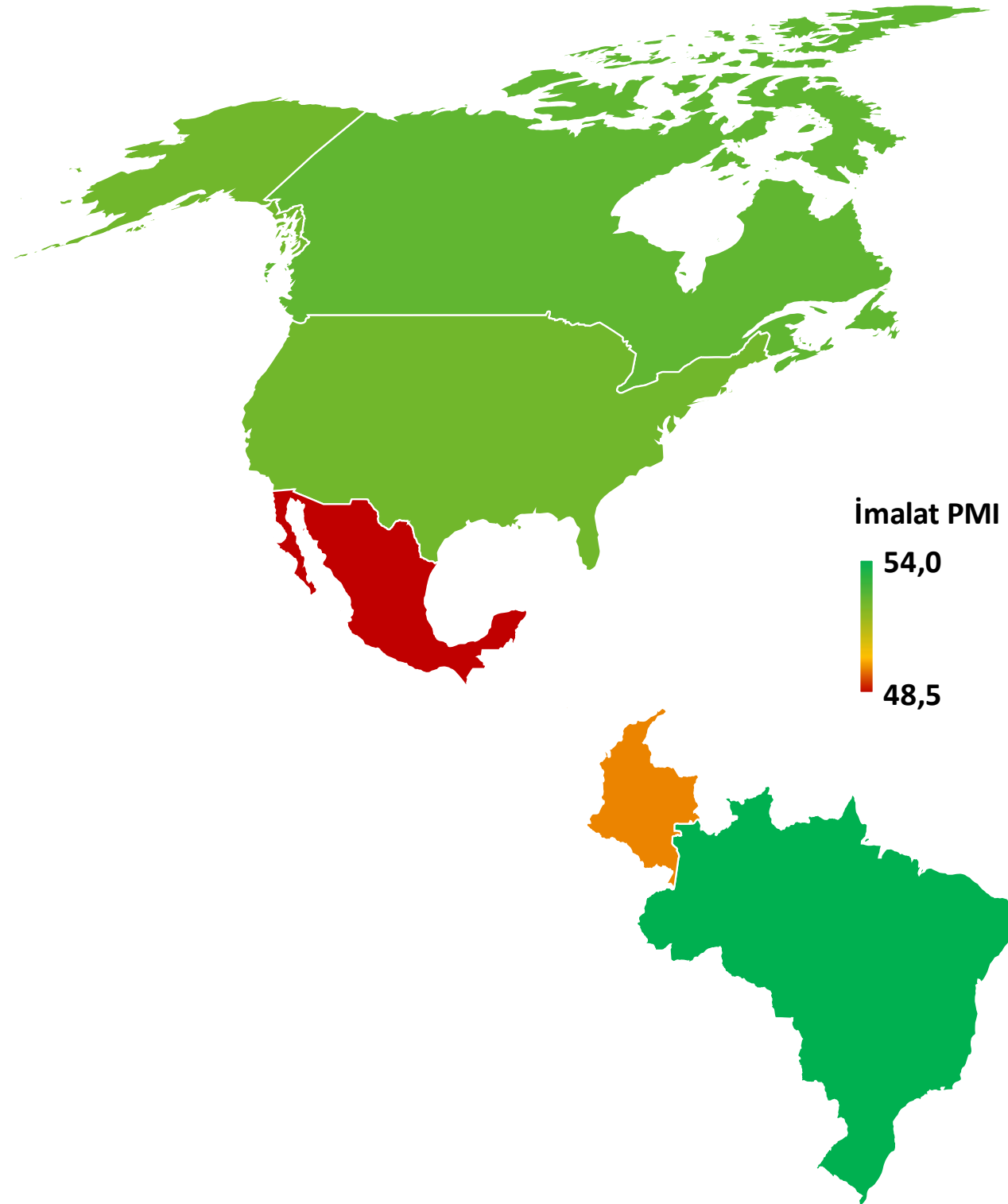
- The Manufacturing PMI started above 50 in the second half of the year in most of the region. But the growth slowed down in most of the countries, except for India.
- Starting to get recovered with the eased Covid-19 restrictions, China slowed down in July as well. Output and new orders decelerated and employment dropped.
- In South Korea where the Manufacturing PMI dropped to the contraction zone, the demand and output was weakened.
- The index in Japan dropped to 52.1, the lowest value since October 2021. The output contracted for the first time in the last five months.
- The weakening global economic conditions caused the most significant contraction in Taiwan since May 2020.
- In Russia, the output and employment dropped down, but the Manufacturing PMI stayed above 50 with the improvement in orders.
- The Manufacturing PMI in ASEAN region increased to 52.2 with 0.2 points of rise. In the region, where the third quarter started to recover mildly, Thailand, Indonesia and Malaysia saw stronger growth while Myanmar accelerated contraction.

Manufacturing PMI	June 2022	July 2022
India	53.9	56.4
Australia	56.2	55.7
Kazakhstan	53.0	52.8
Thailand	50.7	52.4
Japan	52.7	52.1
Indonesia	50.2	51.3
Vietnam	54.0	51.2
Philippines	53.8	50.8
Malaysia	50.4	50.6
China	51.7	50.4
Russia	50.9	50.3
South Korea	51.3	49.8
Myanmar	48.2	46.5
Taiwan	49.8	44.6



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

America



Manufacturing PMI	June 2022	July 2022
Brazil	54.1	54.0
Canada	54.6	52.5
USA	52.7	52.2
Columbia	55.7	49.5
Mexico	52.2	48.5

Weaker global demand conditions negatively affected the manufacturers.

- The US Manufacturing PMI was 52.2 in July of 2022, pointing to the lowest factory growth since July of 2020. Output dropped amid weaker demand conditions and challenges finding suitable candidates for vacancies and raw material shortages. Meanwhile, inflationary pressures softened.
- In Canada, the manufacturing sector remained in the growth zone, but showed significant decline in July. PMI fell to its lowest since the last 25 months, amid declines in manufacturing output and new orders.
- In Brazil, the Manufacturing PMI managed to keep its strong levels in the last month. Production rose at the weakest paces but remained historically elevated, while the rate of job creation rose.
- In Mexico, high price pressures, increased inflation rates, input challenges and drought led to renewed contraction in the manufacturing sector; Both new orders and output declined.
- Colombia moved to the contraction zone for the first time since mid 2021. The increased inflation rate, the uncertainties caused by the change in government and the raw material shortages led to drop in output.



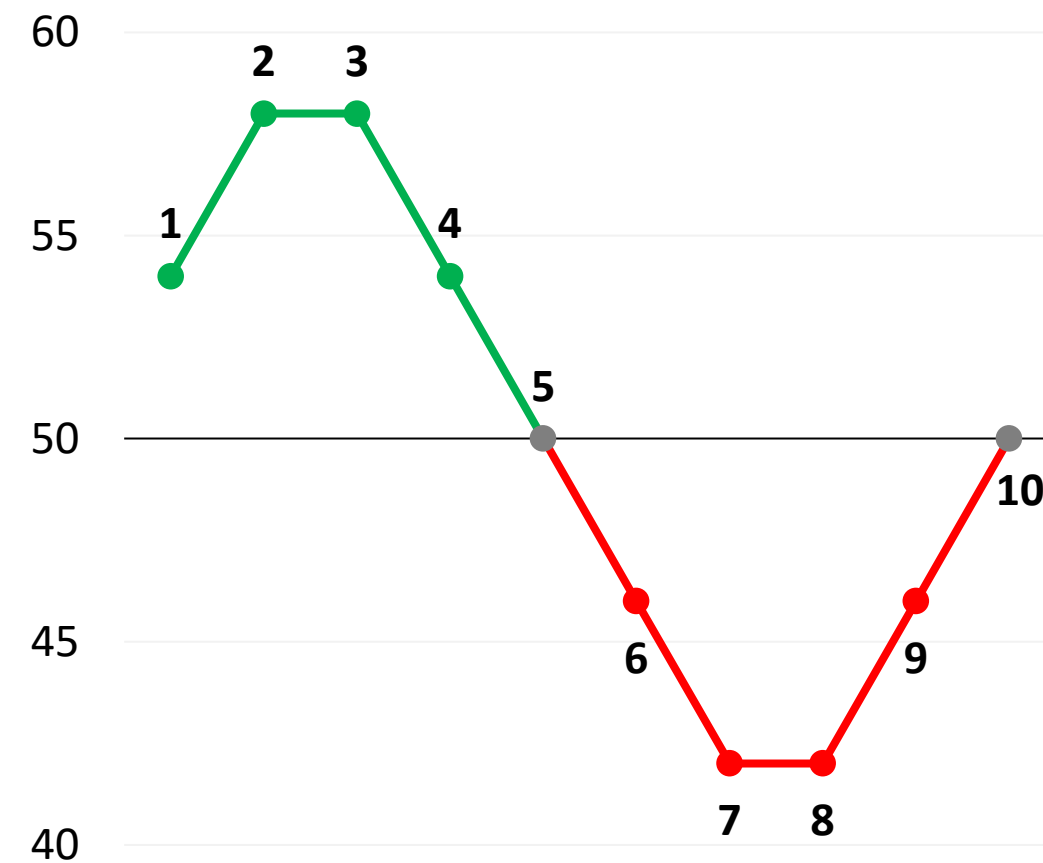
Methodology

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



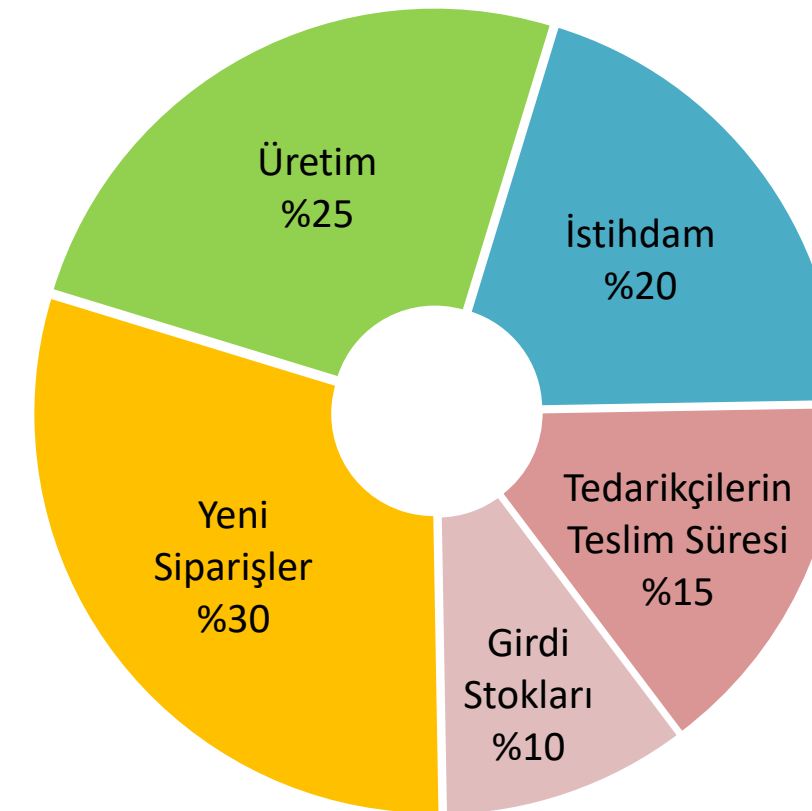
How is the manufacturing PMI calculated?

- 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.

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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