



İSTANBUL  
SANAYİ ODASI

# Manufacturing PMI<sup>®</sup> Developments in the World

*January 2023*

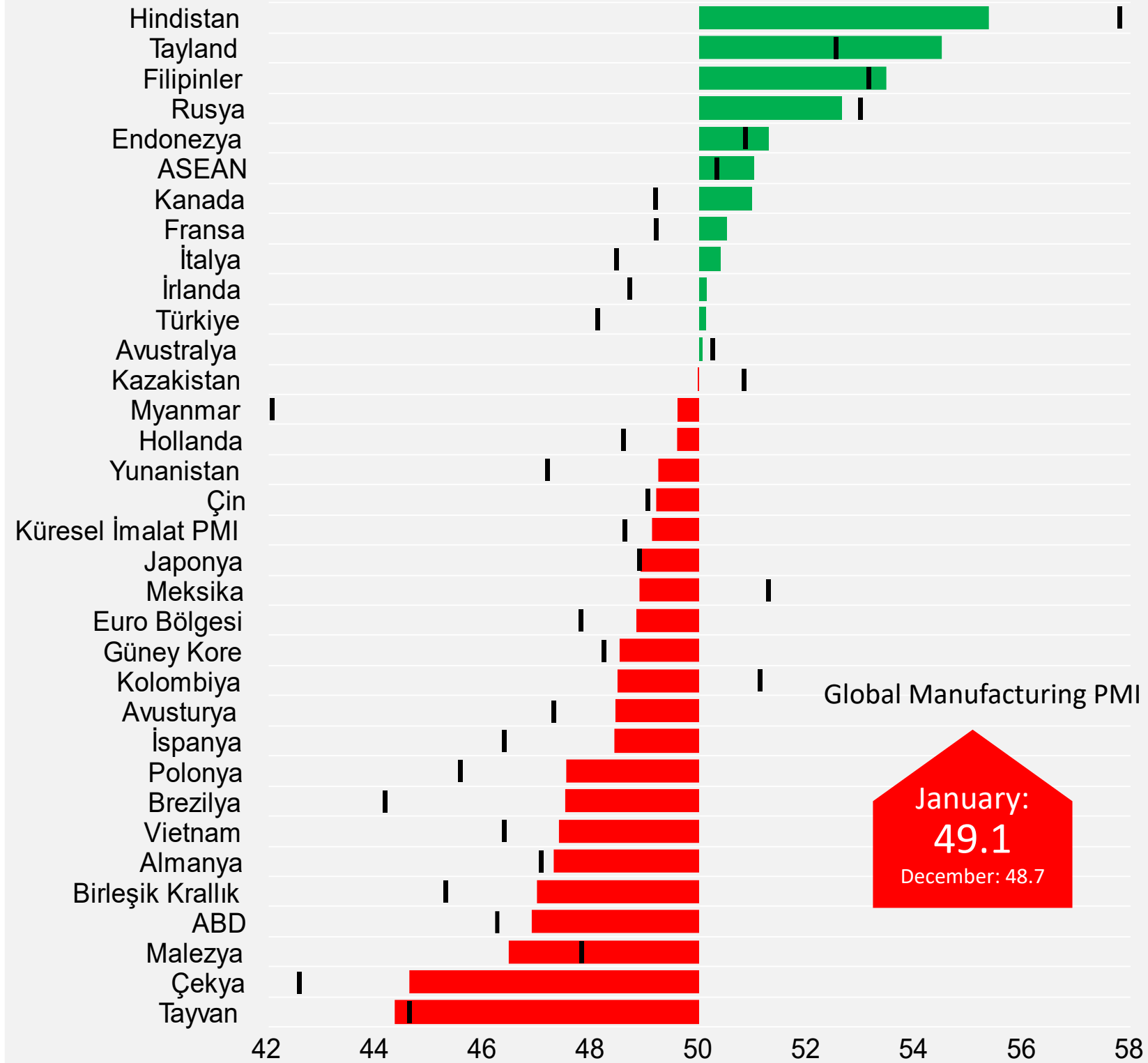




# General Outlook

## İmalat PMI, Ocak 2023

(>50 = Geçen aya göre iyileşme)



## Contraction in global manufacturing output shows signs of easing.

- At 49.1 in January, the Global Manufacturing Purchasing Managers' Index™ (PMI) signalled a deterioration in activity conditions for the fifth times in a row on monthly basis. The index rose by 0.4 points to 49.1 in January, showing signs of easing.
- Rates of contraction in output, new orders and export in January were the modest since August 2022. And the employment showed a slight increase in January, after drops in November and December. Still, the sharp decrease in backlogs showed the continued idle capacity in the sector.
- Only twelve out of the 31 nations for which the Manufacturing PMI were available remained above the 50.0 mark. This number was 9 last month. Another positive development is that PMI in most of the economies that were below the 50.0 mark increased compare to December.
- The inflationary pressures that eased down in previous months showed a slight increase at start of 2023. However, this increase might be temporary as the supply chain pressures continued to ease.
- Istanbul Chamber of Industry Türkiye Manufacturing PMI rose by 2 points to 50.1 in January from 48.1 in December. The drop in output and new orders slowed down significantly despite the difficulties in foreign markets, while the employment showed an increase for third consecutive months. On the other hand, the manufacturers reported an increase in cost inflation following the minimum wage rise.

Source: S&P Global.

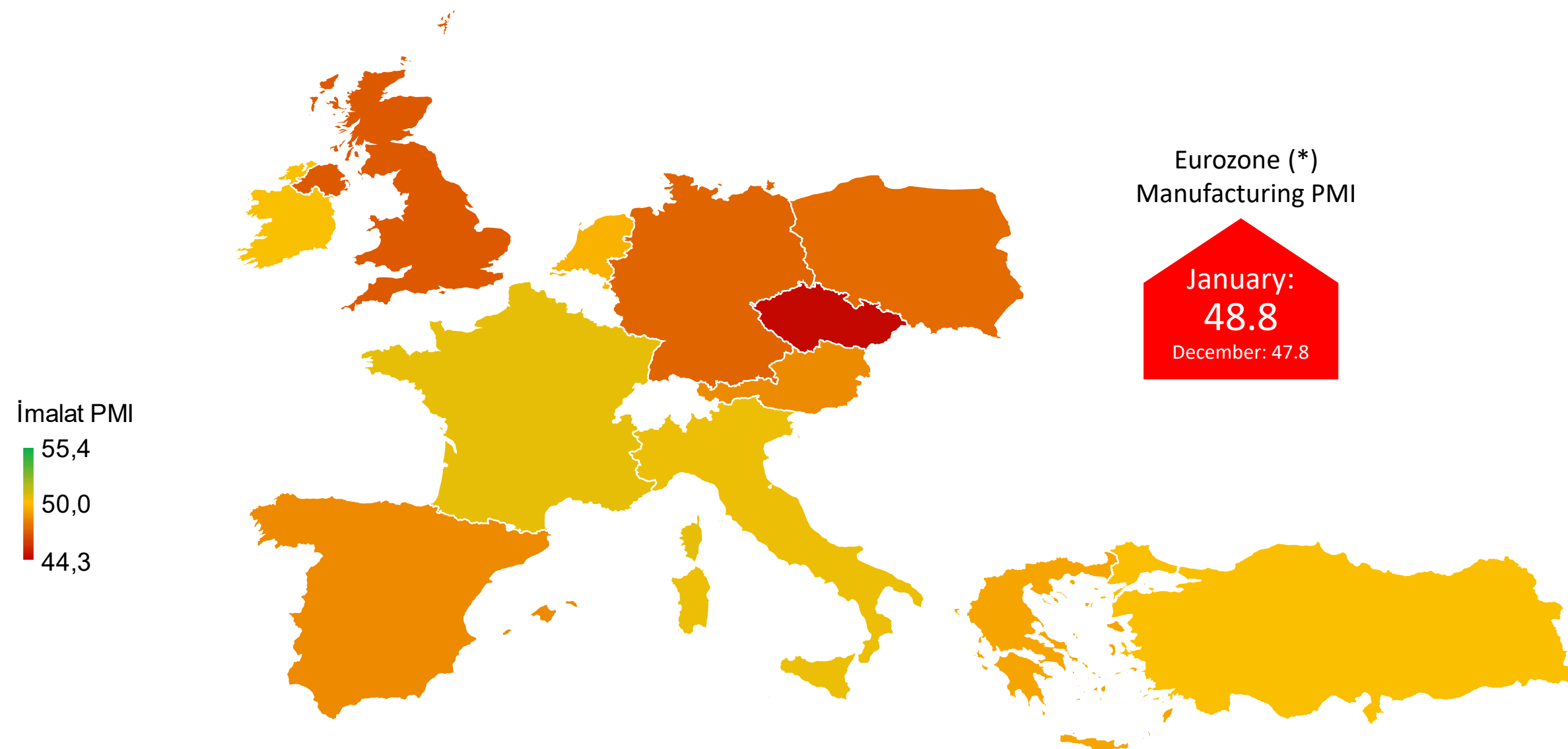
Note: The index values of the previous month are illustrated with vertical black lines to indicate the rises or drops of the index compared to the previous month.



# Europe

The outlook is more promising compared to previous months despite the continuing challenges.

- The S&P Global Eurozone Manufacturing PMI was confirmed at 48.8 in January 2023 and pointing to the weakest pace of contraction in the sector since last August. Output and new orders continued to fall, but decrease in inflation and increase in employment gives hope that the worst in the region might be over.
- 8 Euro Areas where the Manufacturing PMI was available posted an increased PMI this month. Looking at four big economies of the region, France and Italy signalled a slight recovery, while Germany and Spain continued with deterioration, though at a slower pace.
- The United Kingdom Manufacturing PMI increased from last month, but it the general outlook remained negative with deterioration in new orders and employment. In the Czech Republic and Poland, there was a significant improvement despite the continued problems due to the war in Ukraine.



Manufacturing PMI	December 2022	January 2023
France	49.2	50.5
Italy	48.5	50.4
Ireland	48.7	50.1
Türkiye	48.1	50.1
Holland	48.6	49.6
Greece	47.2	49.2
Austria	47.3	48.4
Spain	46.4	48.4
Poland	45.6	47.5
Germany	47.1	47.3
United Kingdom	45.3	47.0
Czech Republic	42.6	44.6

Source: S&P Global.

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



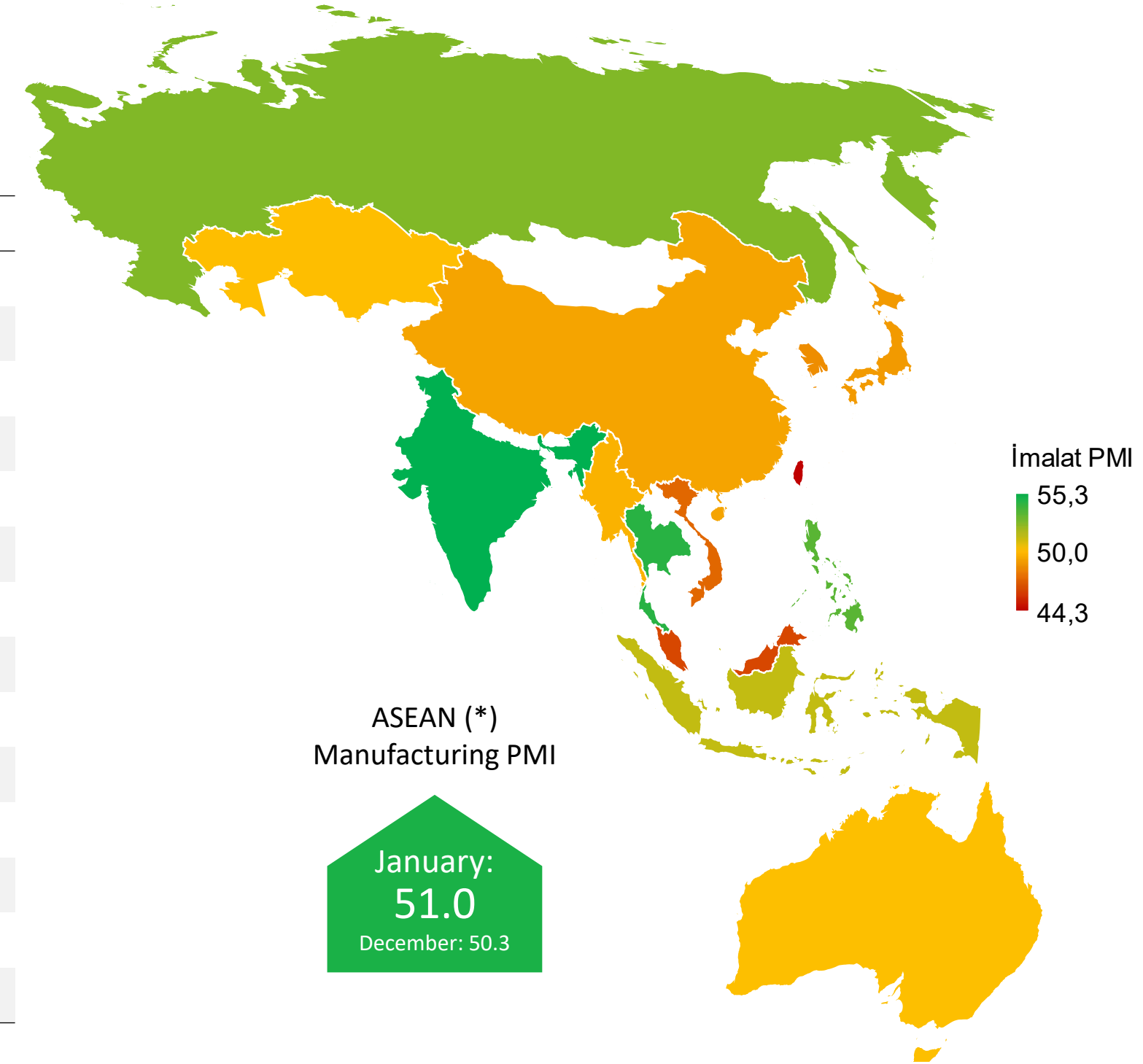
# Asia-Pacific

The restrictions eased in China decreased the pressure on the manufacturing sector, while India posted the highest growth.

- The Asia-Pacific region showed a similar outlook with the previous months, though with significant differences in the region.
- China took one more step towards the exit from the contraction zone in the manufacturing sector with the eased restrictions.
- India posted the highest PMI at start of 2023, maintaining its strong growth trend, though at a softer pace.
- The weak demand conditions in Japan continued in January, but the drop in output was modest since last October.
- The PMI index increased slightly in South Korea, but still posted the sharpest decrease in output of the last 3 months.
- The slowing global demand led a significant contraction in Taiwan's manufacturing sector.
- In Russia, the manufacturing sector conditions improved with the stronger demand, but the cost pressures increased.
- The increased demand in the Asian area supported the growth. The activity accelerated in Thailand, Philippines and Indonesia, while weak conditions continued in Vietnam and Malaysia. Myanmar remained below the 50.0 mark despite a 7.5 increase in monthly PMI.

Manufacturing PMI	December 2022	January 2023
India	57.8	55.4
Thailand	52.5	54.5
Philippines	53.1	53.5
Russia	53.0	52.6
Indonesia	50.9	51.3
Australia	50.2	50.0
Kazakhstan	50.8	50.0
Myanmar	42.1	49.6
China	49.0	49.2
Japan	48.9	48.9
South Korea	48.2	48.5
Vietnam	46.4	47.4
Malaysia	47.8	46.5
Taiwan	44.6	44.3

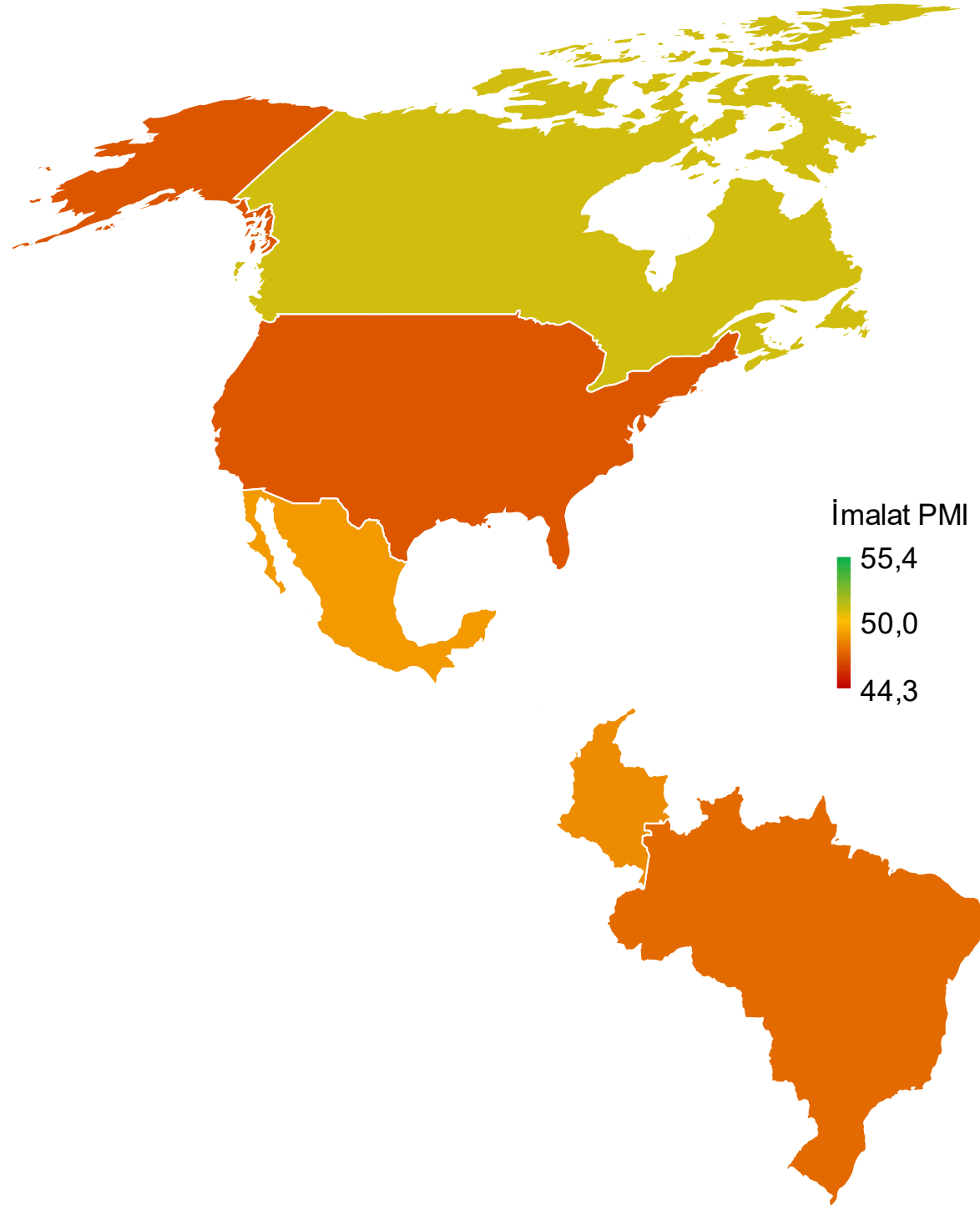
Source: S&P Global.



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



# The United States



Manufacturing PMI	December 2022	January 2023
Canada	49.2	51.0
Mexico	51.3	48.9
Colombia	51.1	48.5
Brazil	44.2	47.5
USA	46.2	46.9

Source: S&P Global.

## The activity conditions in the US continued to deteriorate for the last 3 months.

- The US Manufacturing PMI rose to 46.9 with a 0.7 increase, but remained below the 50.0 mark for three consecutive months. Drop in output and orders continued, while employment showed a slight increase. The cost inflation increased after a 7-month decrease with the affect of the increase in raw materials and transportation.
- The Canadian manufacturing sector started 2023 with a moderate recovery in order and output. Still, there are concerns of recession due to weak global growth.
- In Mexico, the improvement trend that has been continuing for five months reversed. There was a slight decline in demand and output, while the input cost inflation rose at the slowest rate of the last 14 months.
- Brazil posted the highest Manufacturing PMI level of the last 3 months, but remained in contraction zone. The domestic demand decelerated, but weak global conditions increased the pressure on the sector.
- In Columbia, another South American country where the Manufacturing PMI is available, the recovery seen at the end of 2022 lasted a short time and dropped significantly below the PMI 50.0 mark with the weakened demand.



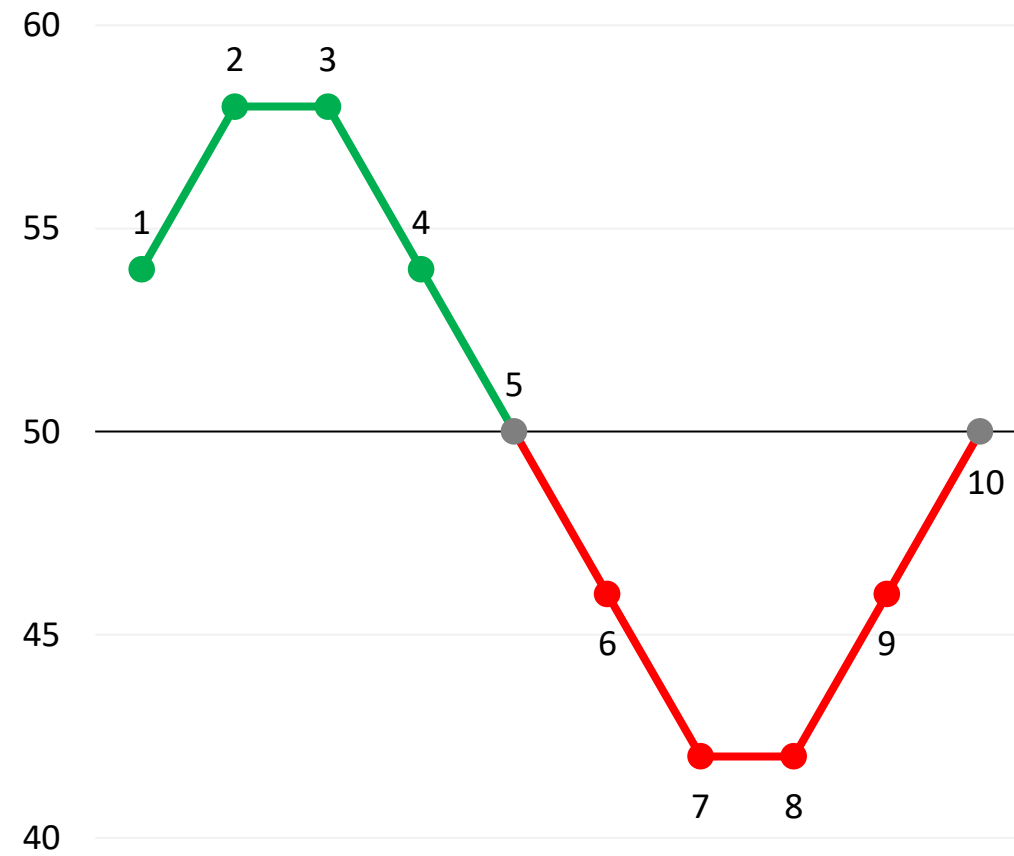
# Methodology

## 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?

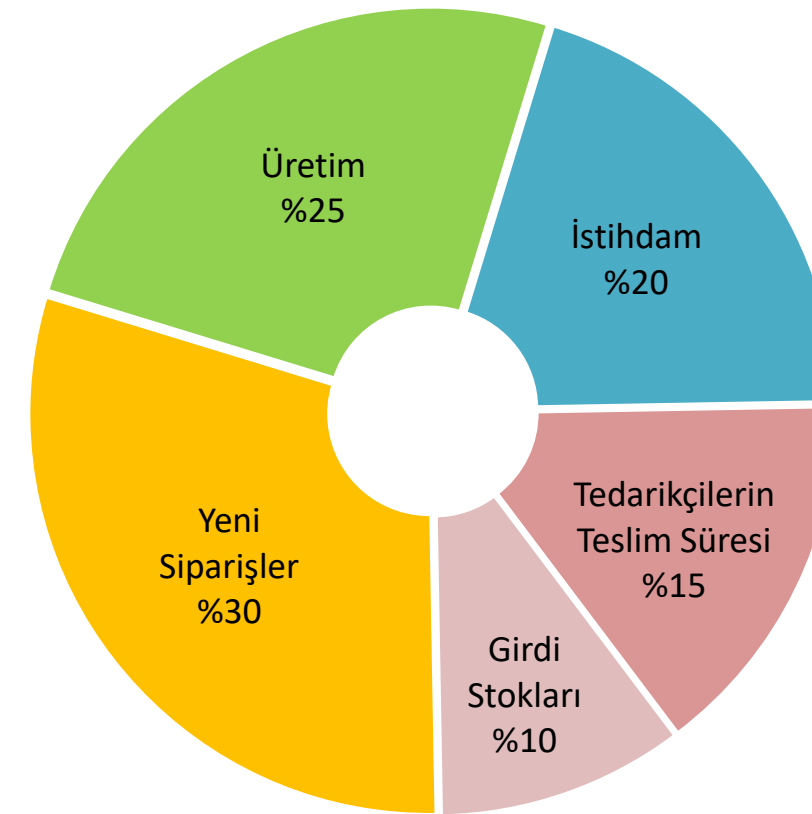
- The index is based on 5 sub-indexes: New Orders, Output, Employment, Suppliers' Delivery Times, Stock of Items Purchased.
- The report features survey data collected from a panel of around 400 companies based in the Turkish manufacturing sector.
- All indexes are seasonally adjusted.

## 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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