



İSTANBUL
SANAYİ ODASI



Developments in the World Manufacturing PMI®

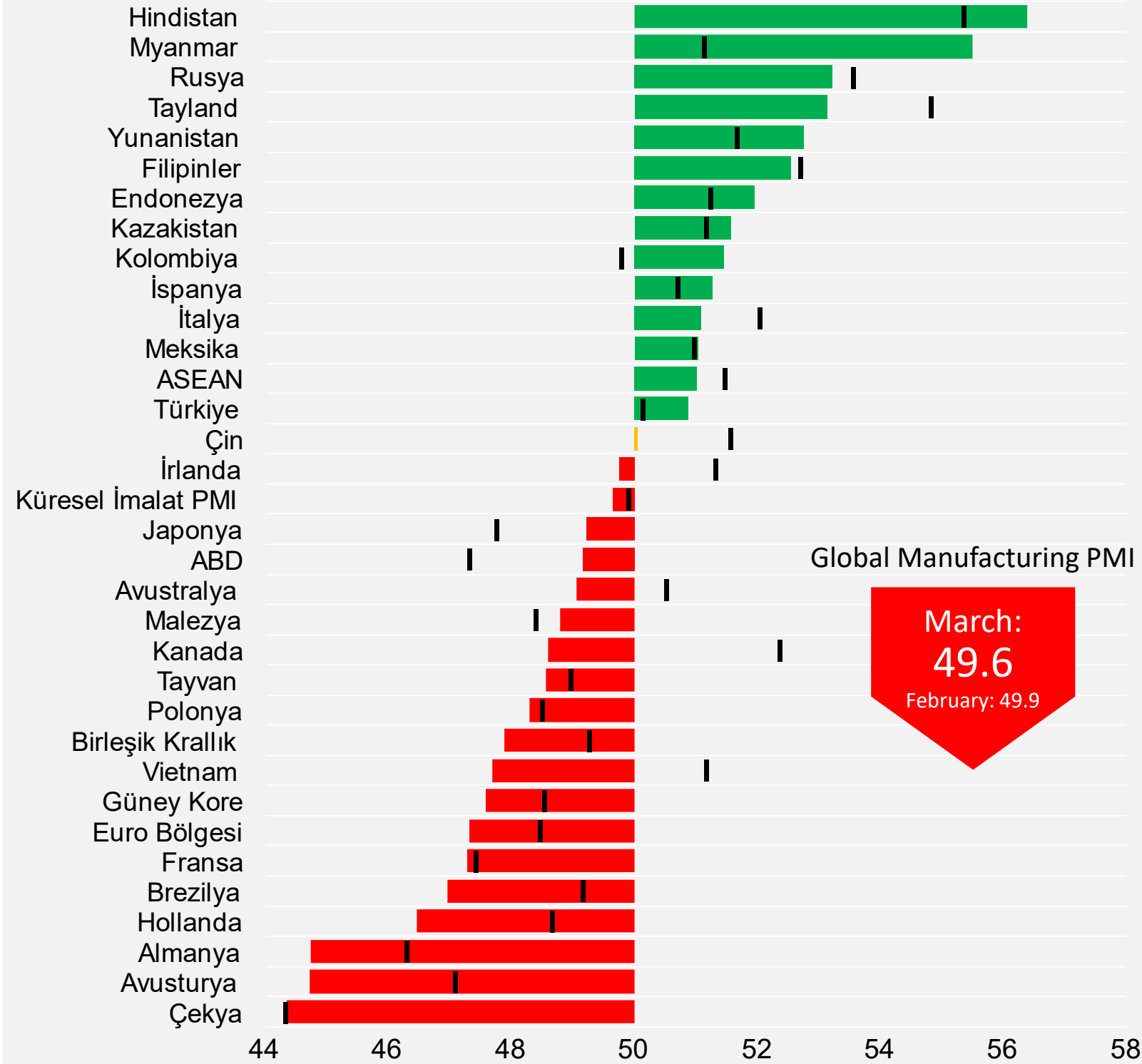
March 2023



General Outlook

İmalat PMI, Mart 2023

(>50 = Geçen aya göre iyileşme)



Global manufacturing output rises as price and supply chain pressures ease

- The Global Manufacturing Purchasing Manager Index® (PMI™) fell to 49.6 in March, down from 49.9 in February. However, a slight improvement was seen in the index during the first quarter of 2023, as it increased to 49.5 from average 48.9 in the fourth quarter of 2022.
- The global industrial output in March showed a steady, moderate growth trend, with a positive sign as the decline in total new orders continued to slow down.
- The continued weakness in export orders suggests that the recovery is mostly due to the internal demand conditions of the countries. Cost inflation and supply chain pressures ease further.
- In 13 out of the 31 national economies where the Manufacturing PMI was calculated, the index was above the 50 no-change mark in March. Nevertheless, it is important to mention that the headline PMI was negatively impacted by the shorter supply times, and the conditions would be more positive than they appear in some countries.
- Istanbul Chamber of Industry Türkiye Manufacturing PMI increased to a 15-month high of 50.9 in March from 50.1 in February. Despite the continued impact of the earthquake, there has been a recovery in both output and new orders, partly because of the ongoing reconstruction efforts. Employment dipped for the first time in five months, in part due to the earthquake but also as a result of the new early retirement law (EYT). The inflationary pressures have eased.

Source: S&P Global.

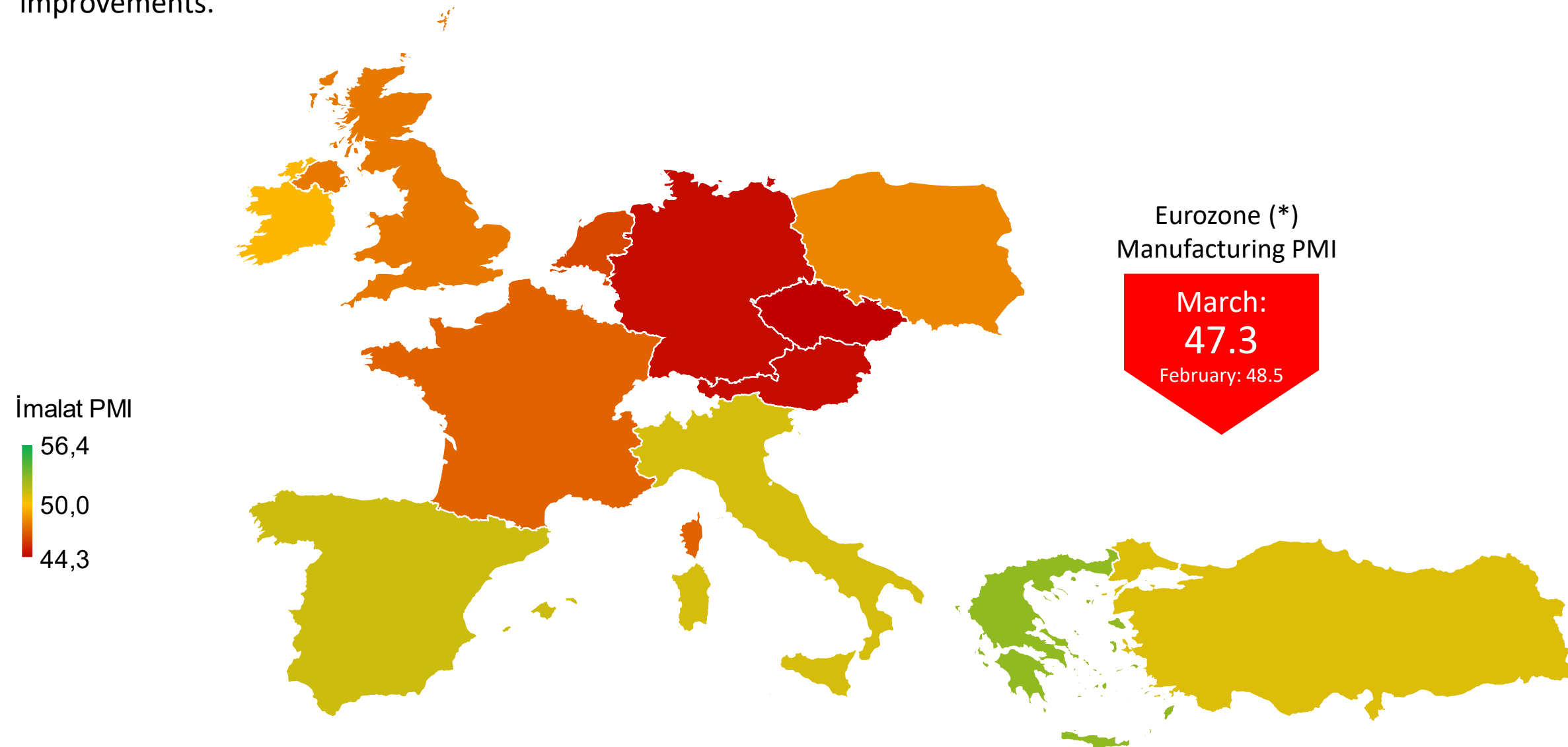
Note: The index values of the previous month are illustrated with vertical black lines to indicate the rises or drops of the index compared to the previous month.



Europe

Factory output rises slightly and suppliers' delivery times support the headline PMI's.

- The Eurozone Manufacturing PMI fell to 47.3 in March, down from 48.5 in February. This was mostly led by shorter suppliers' delivery times (*). Despite the continued weakness in new orders, there was a slight increase in output. Meanwhile, input prices saw their first decline in nearly three years thanks to the favorable effects of both lower energy costs and supply chain improvements.
- Manufacturing PMI indices for the 8 economies in the Eurozone show that Greece, Spain, and Italy recorded the strongest activity conditions. Headline PMI in Germany and Austria dipped for the first time in 34 months. Again, this was primarily caused by the shortened supply times.
- Manufacturing production in the United Kingdom fell back into contraction zone following a brief increase in February, but there was a record improvement in supplier performance. Poland and the Czech Republic, which have been facing a difficult period since mid-2022 largely due to the impact of the war in Ukraine, closed out the first quarter of this year under challenging conditions.



Manufacturing PMI	February 2023	March 2023
Greece	51.7	52.8
Spain	50.7	51.3
Italy	52.0	51.1
Türkiye	50.1	50.9
Ireland	51.3	49.7
Poland	48.5	48.3
United Kingdom	49.3	47.9
France	47.4	47.3
Holland	48.7	46.4
Germany	46.3	44.7
Austria	47.1	44.7
Czech Republic	44.3	44.3

Source: S&P Global.

(*) According to the PMI methodology, an index of "Suppliers' Delivery Times" that is above 50 indicates that delivery times were shortened. This index is included into the headline PMI calculation by being reversed. For this reason, an increase in the index affects the headline PMI in a downward direction.

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



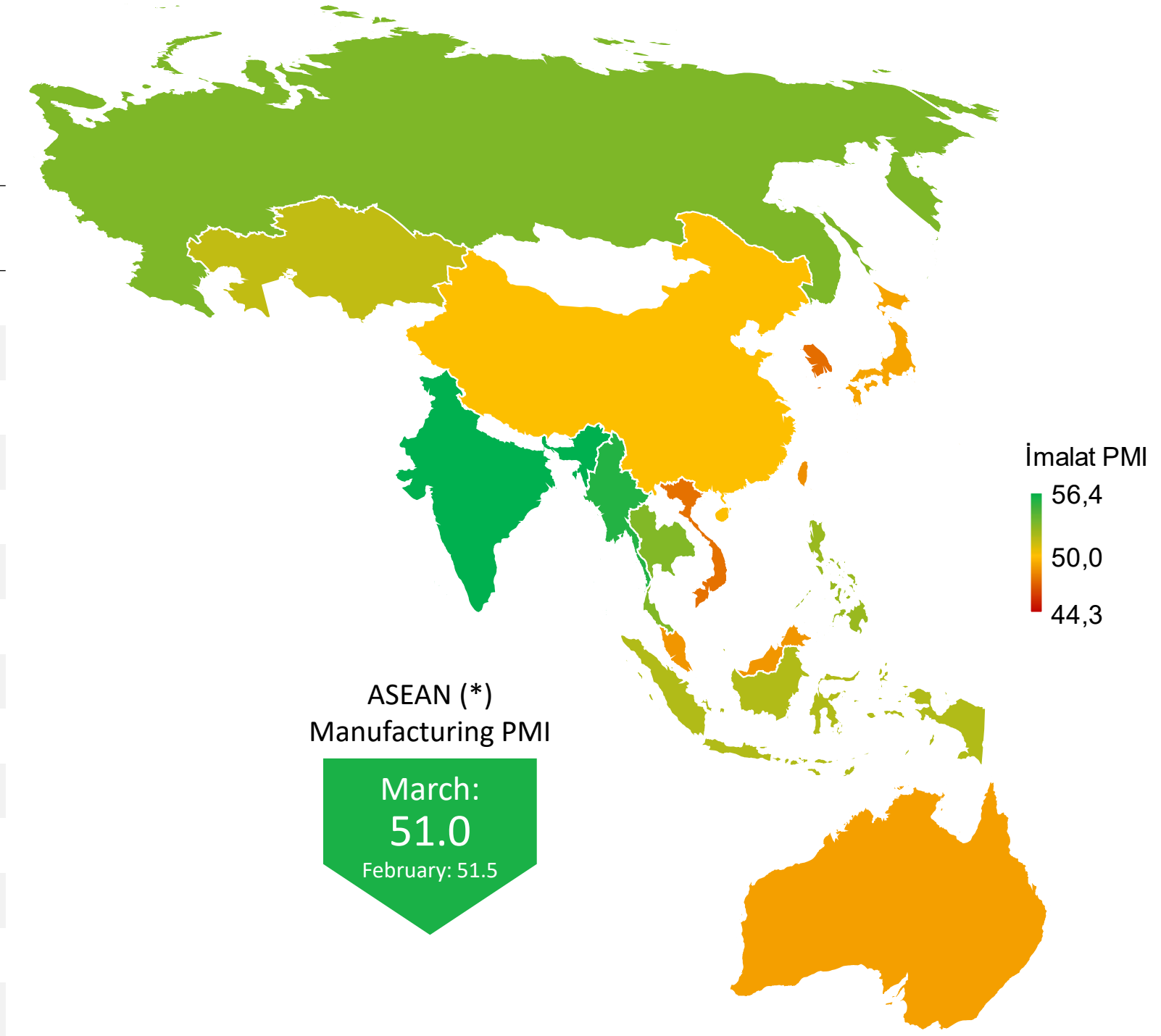
Asia-Pacific

China's manufacturing sector slowed down, while India saw the fastest growth rate once again.

- In March, the manufacturing PMI indices in the Asia-Pacific region continued to be positively differentiated from the other regions.
- The Chinese manufacturing sector had a loss of momentum in the first quarter after a period of strong increase in output and order in February.
- India, the only country with the highest Manufacturing PMI in the last six months, continued to grow at a faster pace in March.
- In Japan there was a positive sign for the future as the decline in output and orders was the smallest since November.
- The manufacturing sector in South Korea saw the steepest contraction in six months due to weak domestic and global demand conditions.
- In Taiwan, despite the improvement in supply chains, there were slight declines in output, new orders, and job creation.
- In Russia, despite the ongoing contraction in export and the rise in input prices, both demand and output continued to be steady.
- And despite some easing in supply and price pressures in Australia, there was a slight contraction in output, causing the Manufacturing PMI to fall below 50.
- In the ASEAN region, output decelerated, but still kept being steady. Vietnam dropped to contraction area, while Myanmar achieved a record growth.

Manufacturing PMI	February 2023	March 2023
India	55.3	56.4
Myanmar	51.1	55.5
Russia	53.6	53.2
Thailand	54.8	53.1
Philippines	52.7	52.5
Indonesia	51.2	51.9
Kazakhstan	51.2	51.6
China	51.6	50.0
Japan	47.7	49.2
Australia	50.5	49.1
Malaysia	48.4	48.8
Taiwan	49.0	48.6
Vietnam	51.2	47.7
South Korea	48.5	47.6

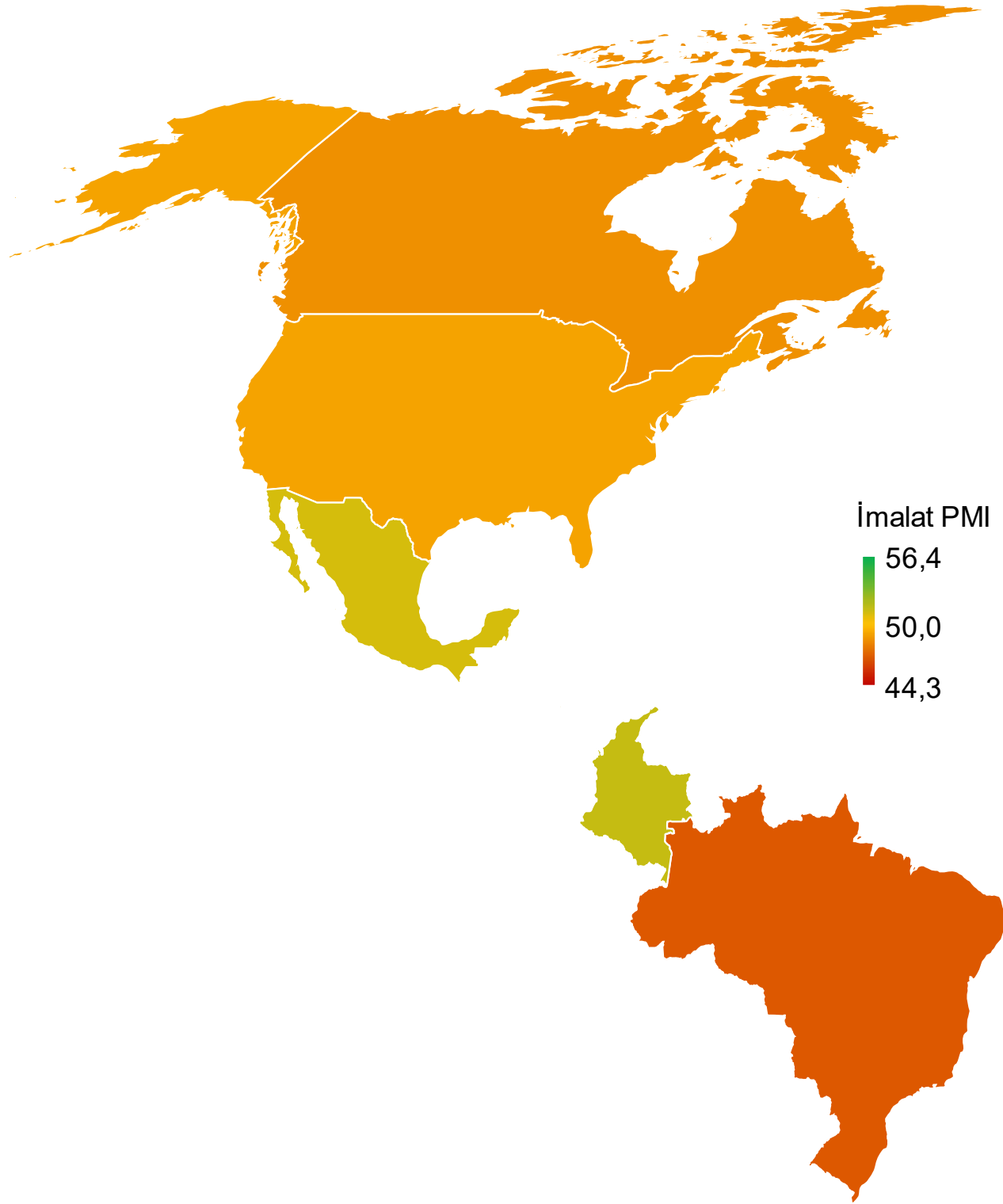
Source: S&P Global



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



The United States



Manufacturing PMI	February 2023	March 2023
Colombia	49.8	51.5
Mexico	51.0	51.0
USA	47.3	49.2
Canada	52.4	48.6
Brazil	49.2	47.0

Source: S&P Global.

The contraction in the US manufacturing sector slows down, while Mexico maintains its improvement trend.

- The US Manufacturing PMI rose to 49.2 in March 2023 from 47.3 in February. Even though the decline in new orders slowed down, the increase in output was quite limited. Thanks to the unprecedented improvement in supply chains, the most modest increase was seen in input costs since July 2020.
- The manufacturing sector of Canada saw a contraction once again in March as a result of the impact of growing economic uncertainty and slowing demand. Despite this, the increase in job creation gave a promising sign for the future.
- Brazil entered the contraction zone in the first quarter of 2023, as evidenced by the weak data for March. Output dropped in general in the country where demand was suppressed by economic and political instability.
- In Mexico, PMI remained above 50 due to the positive effects of increased orders and employment. The improving demand conditions and the slight easing of input inflation could potentially offer more support to output in the upcoming months.
- After experiencing weakness in the first two months of the year, the Manufacturing PMI in Colombia resumed growth in March with the recovery in demand.



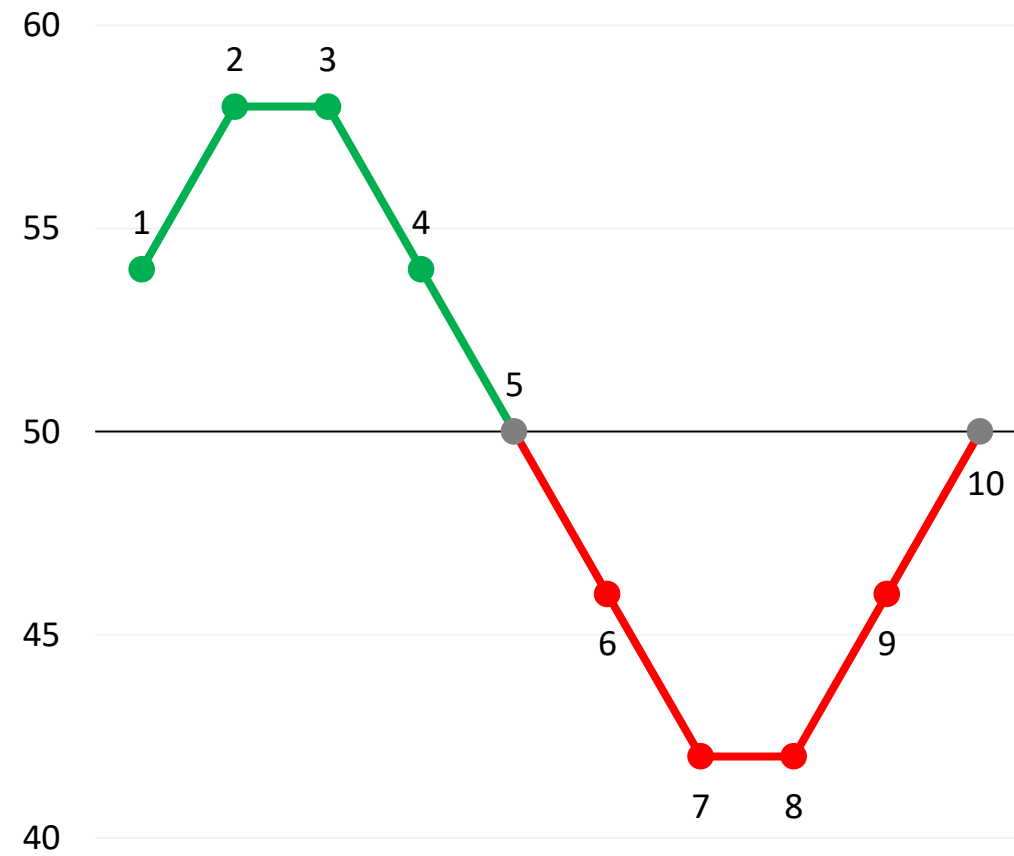
Methodology

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?

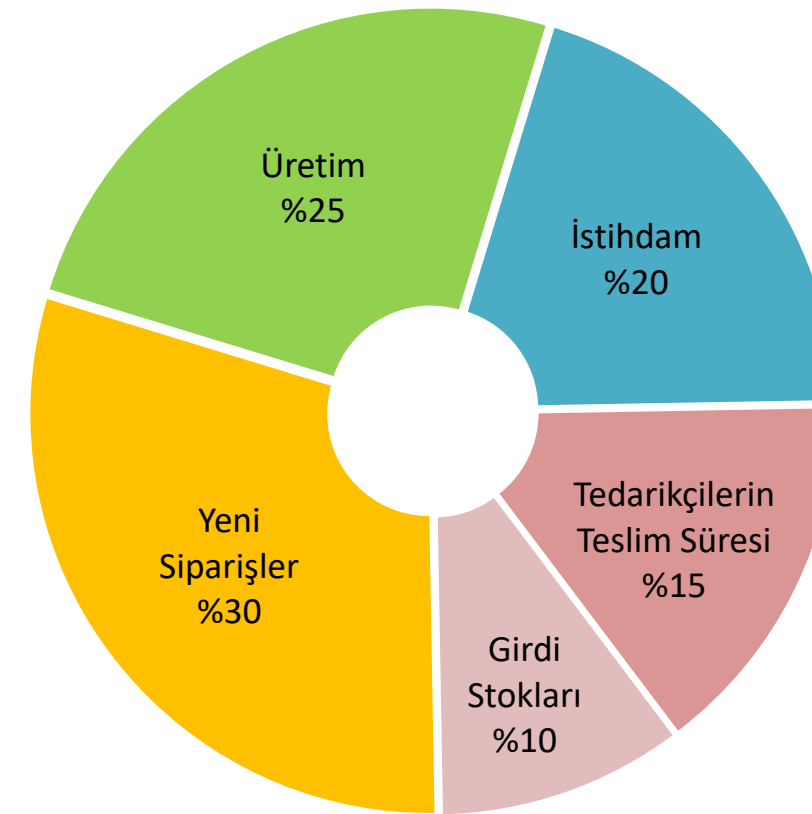
- The index is based on 5 sub-indexes: New Orders, Output, Employment, Suppliers' Delivery Times, Stock of Items Purchased.
- The report features survey data collected from a panel of around 400 companies based in the Turkish manufacturing sector.
- All indexes are seasonally adjusted.

Why is PMI critical?

- Calculated by a set of methods in more than 40 countries^(*), 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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