



İSTANBUL
SANAYİ ODASI

Developments in the World Manufacturing PMI®

July 2023

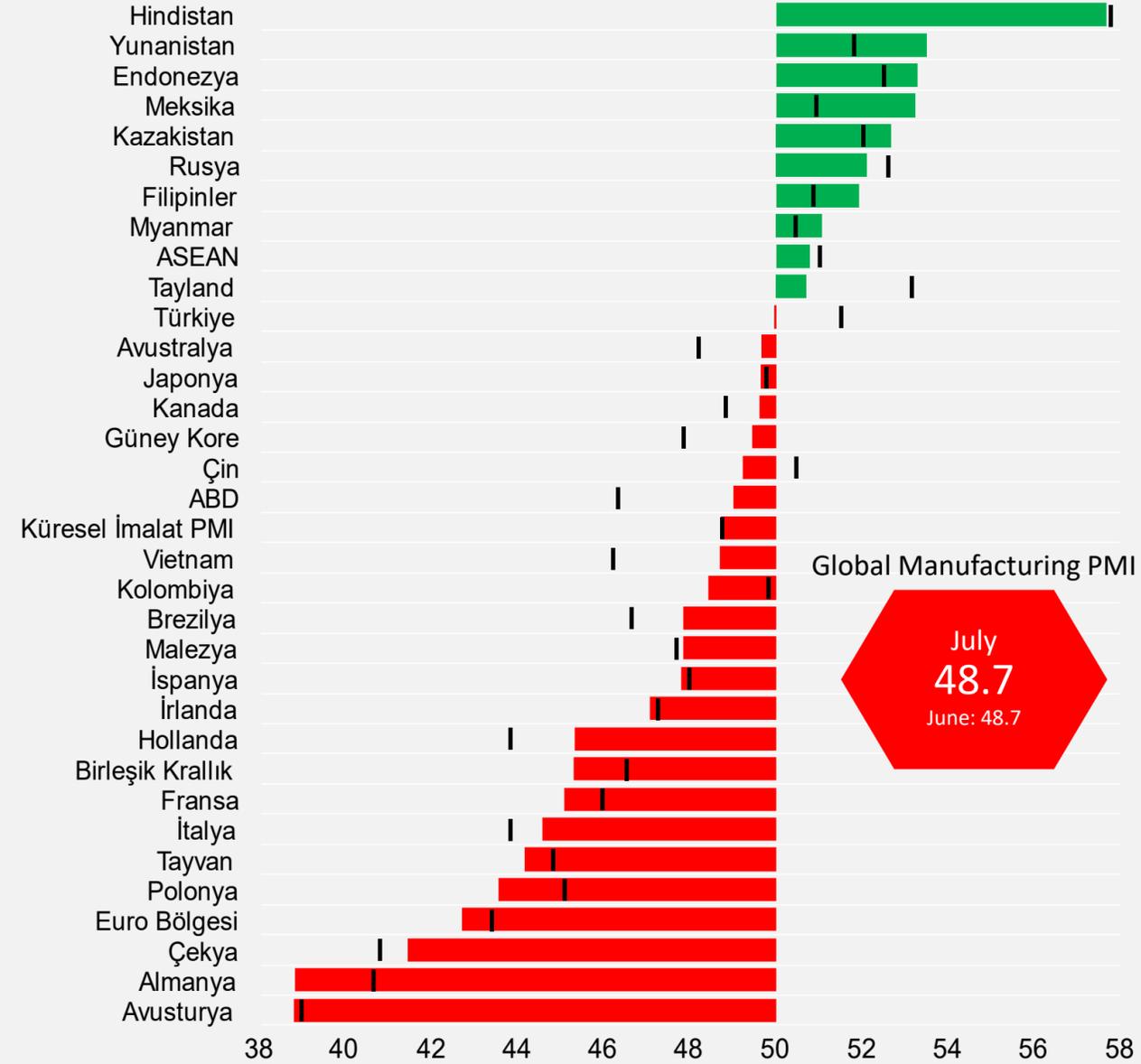




General Outlook

İmalat PMI, Temmuz 2023

(>50 = Geçen aya göre iyileşme)



Global manufacturing downturn continues in July as output and new order fall at faster rates

- The Global Purchasing Managers' Index® (PMI) remained unchanged at 48.70 points in July from 48.70 points in June of 2023. Also lowest in last 7 months and below the no-change mark 50.0 for the last 11 months.
- Manufacturing production decreased for the second month in a row in July, with the rate of contraction gathering pace. The sector contracted amid the slowdown in global trade flows in new orders.
- Backlogs of work fell again, while the new orders-to-inventory ratio remained at a level signalling contraction. On a positive note, employment increased slightly in July after being unchanged in May and June.
- Of the 31 nations for which Global PMI data are available, 22 reported deteriorating activity conditions. It was 20 last month.
- The Istanbul Chamber of Industry Türkiye PMI® Manufacturing Index posted 49.9 in July, down from 51.5 in June, below the 50.0 no-change mark, ending a six-month sequence of expansion. Strengthening inflationary pressures led to a slowdown in new orders and output. Firms also reported increased supply challenges. Employment continued to increase with a slight pace.

Source: S&P Global.

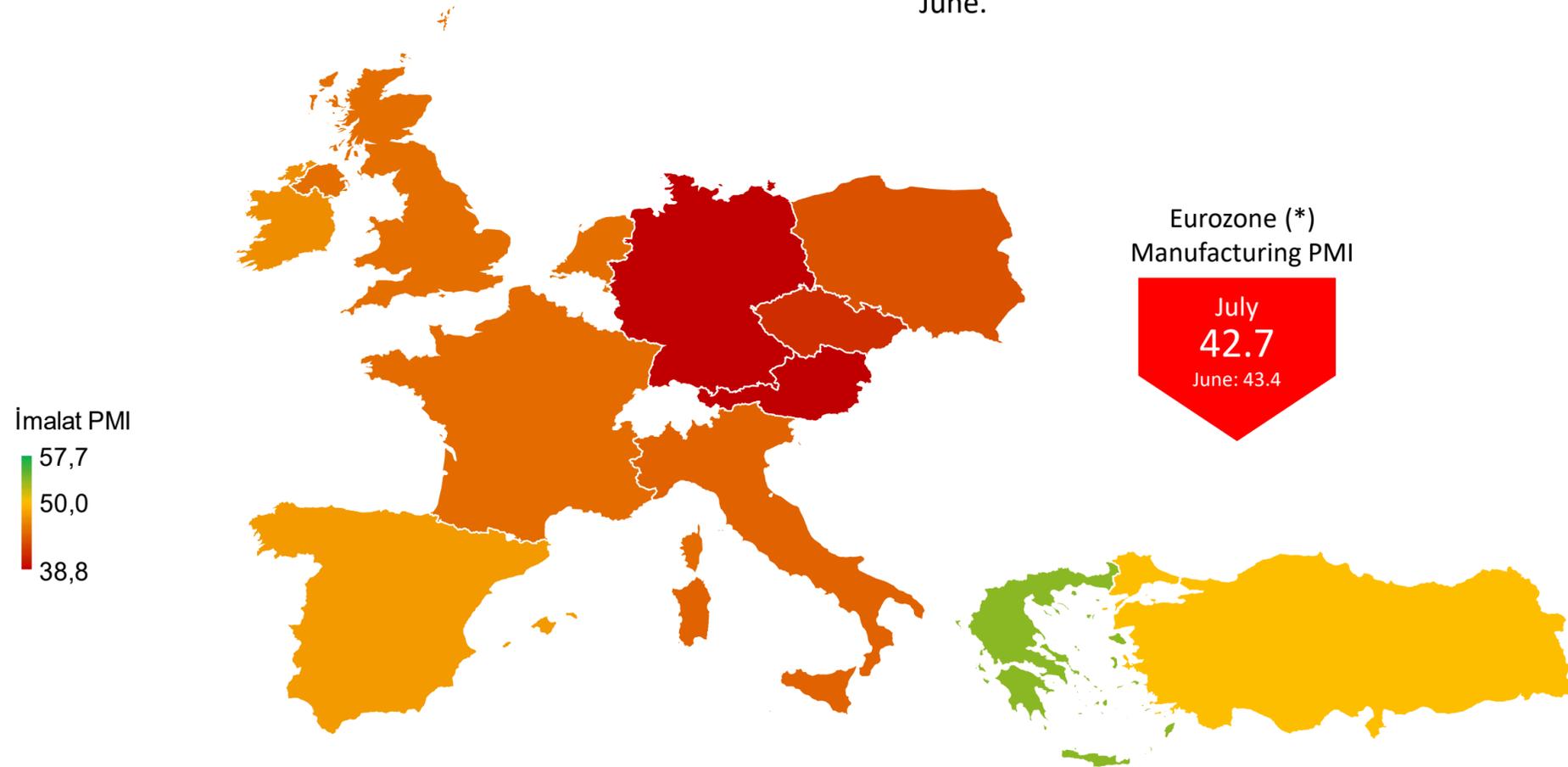
Note: The index values of the previous month are illustrated with vertical black lines to indicate the rises or drops of the index compared to the previous month.



Europe

Eurozone continued to be the weakest chain of the global manufacturing sector.

- The Eurozone Manufacturing PMI dropped to 42.7 in July from 43.4 in June, a 38-month low. Output, new orders, employment and purchasing volume dropped with a higher pace in July in the region. Prices fell amid falling costs and plummeting demand, and by the greatest extent in almost 14 years.
- The index remained below 50.0 in last 4 months in all the Eurozone countries where the Manufacturing PMI is calculated, excluding Greece. Considerable manufacturing industry weakness was seen in Germany and Austria. France and Italy, the second- and third-largest eurozone economies, also recorded marked deteriorations since June.
- In the United Kingdom, manufacturing downturn deepens as PMI sinks to seven-month low, 45.3 in July. With the weak global conditions, output and new orders all accelerated.
- The manufacturing industries of Poland and Czechia entered the third quarter in contraction zone, too.



Manufacturing PMI	June 2023	July 2023
Greece	51.8	53.5
Türkiye	51.5	49.9
Spain	48.0	47.8
Ireland	47.3	47.0
Holland	43.8	45.3
United Kingdom	46.5	45.3
France	46.0	45.1
Italy	43.8	44.5
Poland	45.1	43.5
Czech Republic	40.8	41.4
Germany	40.6	38.8
Austria	39.0	38.8

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. Therefore, an increase in the index negatively affects the headline PMI.

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



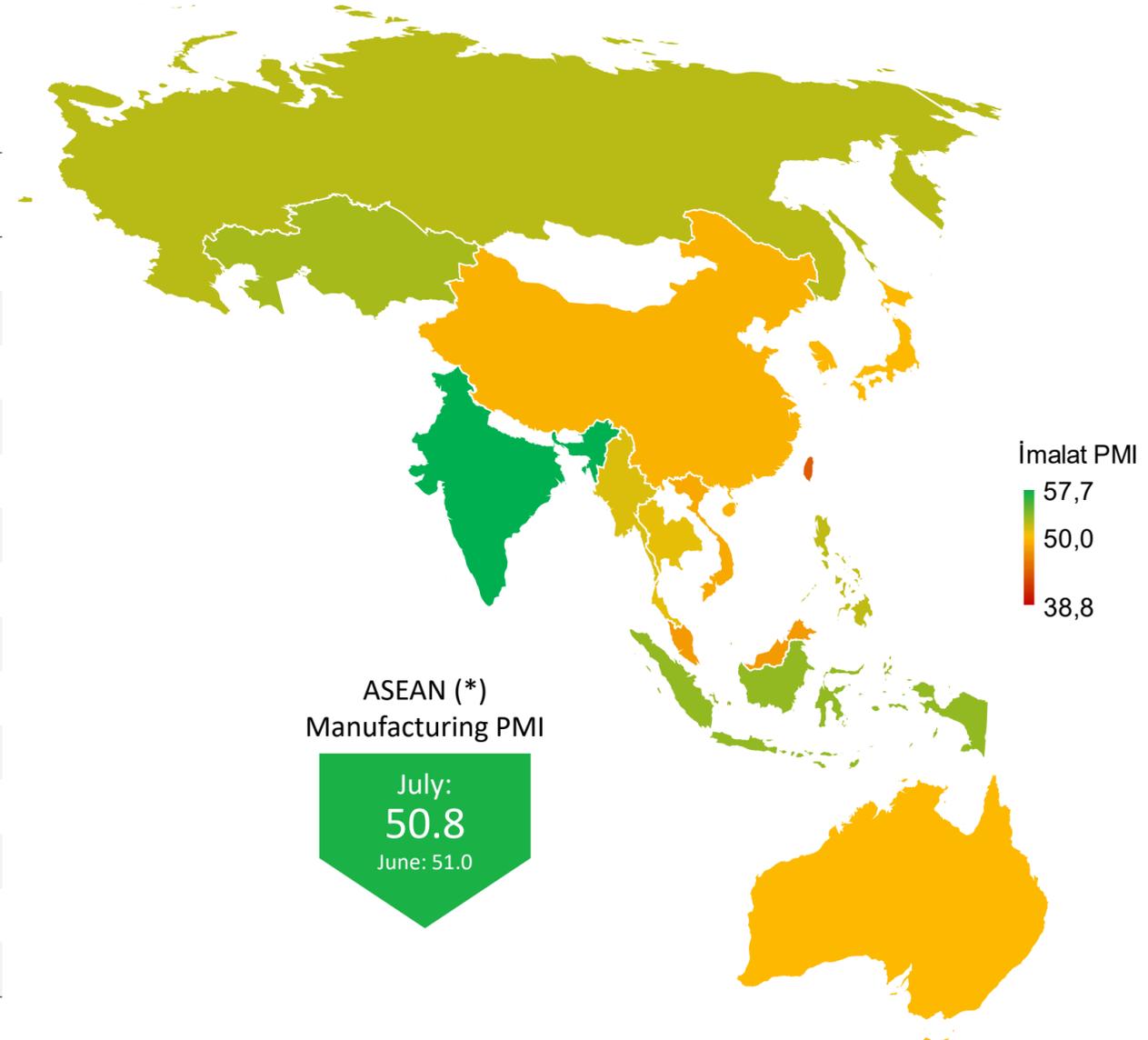
Asia-Pacific

The Indian manufacturing sector maintained strong growth momentum.

- July data pointed to a mixed picture across the Asia-Pacific region, though more positive compared to the world in general.
- China's Manufacturing PMI dropped below no-change mark 50 in July after two months amid weakened demand.
- Overall business conditions in Japan deteriorated for the second successive month in July, but the drop in output was only modest compared to June.
- South Korea's data signalled a softer deterioration. Softer reductions in output and orders amid increased exports.
- India's manufacturing sector kept its strong performance trend at the beginning of third quarter.
- In Russia, manufacturing performance continues to improve, but output and new order growth loses momentum, and inflation increased.
- Deterioration in Taiwan's manufacturing sector continued. Both output and new orders saw the most significant drop of the year.
- The Australia Manufacturing PMI posted below 50 in July, signalling a fifth monthly decline since the start of 2023, but to the softest extent.
- The ASEAN Manufacturing PMI posted 50.8, the lowest record of the year, signalling a deceleration in output. The decrease in the reading was mostly due to the slowdown in Thailand, with sharpest deteriorations seen in Malaysia and Vietnam.

Manufacturing PMI	June 2023	July 2023
India	57.8	57.7
Indonesia	52.5	53.3
Kazakhstan	52.0	52.7
Russia	52.6	52.1
Philippines	50.9	51.9
Myanmar	50.4	51.1
Thailand	53.2	50.7
Australia	48.2	49.6
Japan	49.8	49.6
South Korea	47.8	49.4
China	50.5	49.2
Vietnam	46.2	48.7
Malaysia	47.7	47.8
Taiwan	44.8	44.1

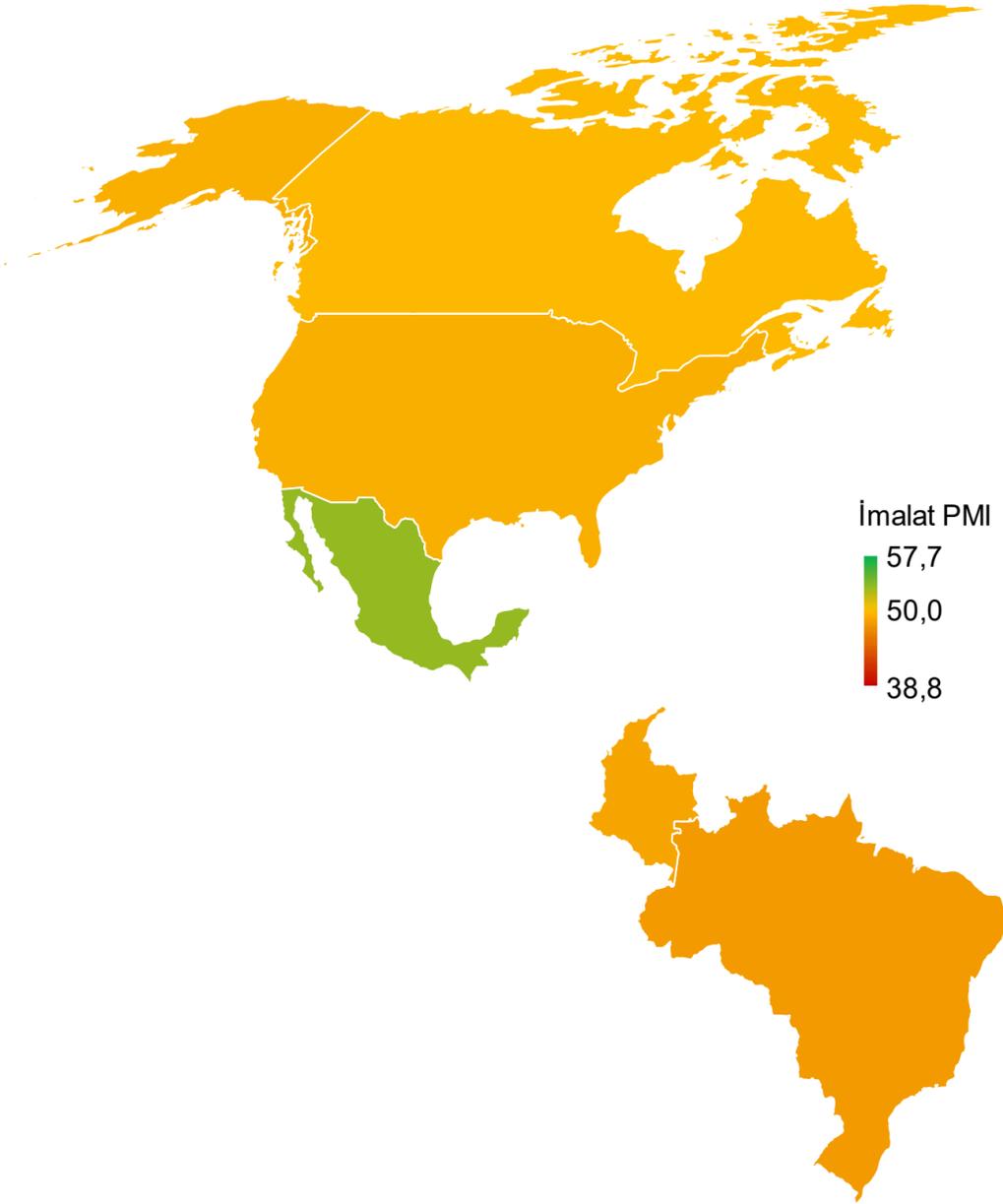
Source: S&P Global.



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



America



Manufacturing PMI	June 2023	July 2023
Mexico	50.9	53.2
Canada	48.8	49.6
USA	46.3	49.0
Colombia	49.8	48.4
Brazil	46.6	47.8

Source: S&P Global.

Contraction softens in the US and Canada, output accelerates in Mexico.

- The US Manufacturing PMI posted 49.0 in July, up from 46.3 in June, to signal a further but slower downturn in operating conditions, decreasing the recession fears. New orders decreased with a slower pace while output levels were broadly unchanged in July. Inflationary pressures continued to ease.
- Canada's manufacturing sector remained in contraction zone, but only just as a marginal rise in output amid weak demand and decrease in employment. Inflation indicators signalled a slight rise.
- In Brazil, the sector's order and output volume continued to decrease. Sales prices also fell with record low input costs.
- The Mexico Manufacturing PMI rose to 53.2 with a strong recovery in demand, including exports. This reading signalled the strongest improvement in business conditions in 7 years.
- In Columbia, decrease in demand accelerated, but output contracts only fractionally. Sharpest falls in input prices and selling charges on record since data collection started in 2011.



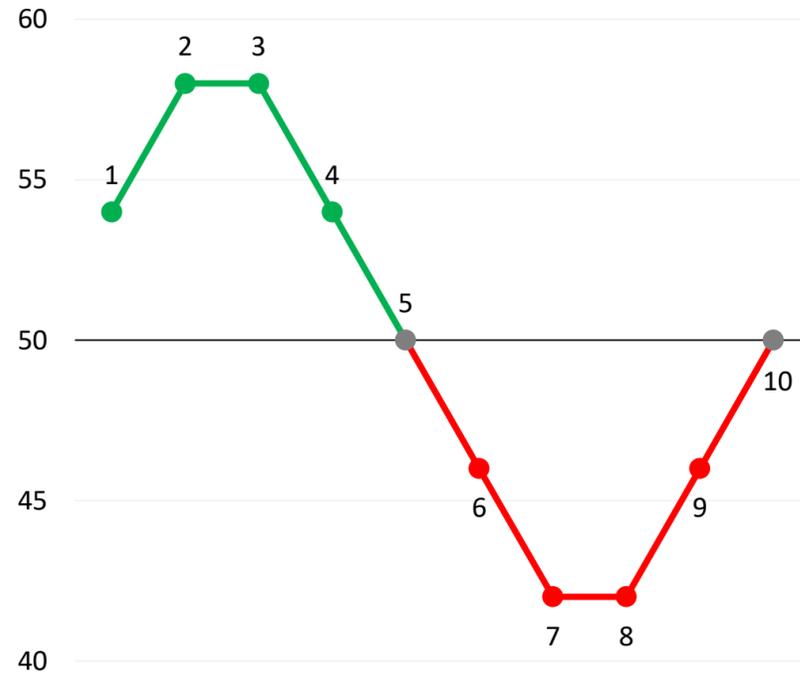
Methodology

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?

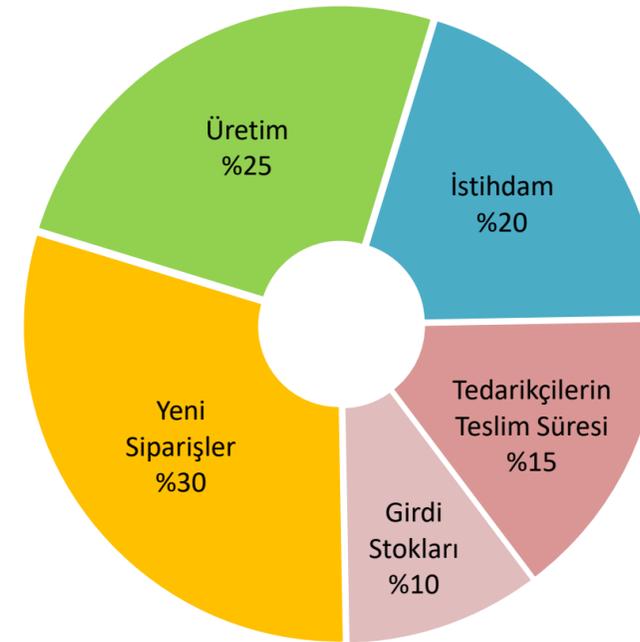
- The index is based on 5 sub-indexes: New Orders, Output, Employment, Suppliers' Delivery Times, Stock of Items Purchased.
- The report features survey data collected from a panel of around 400 companies based in the Turkish manufacturing sector.
- All indexes are seasonally adjusted.

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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