



İSTANBUL  
SANAYİ ODASI

# Developments in the Global Manufacturing PMI®

*December 2023*

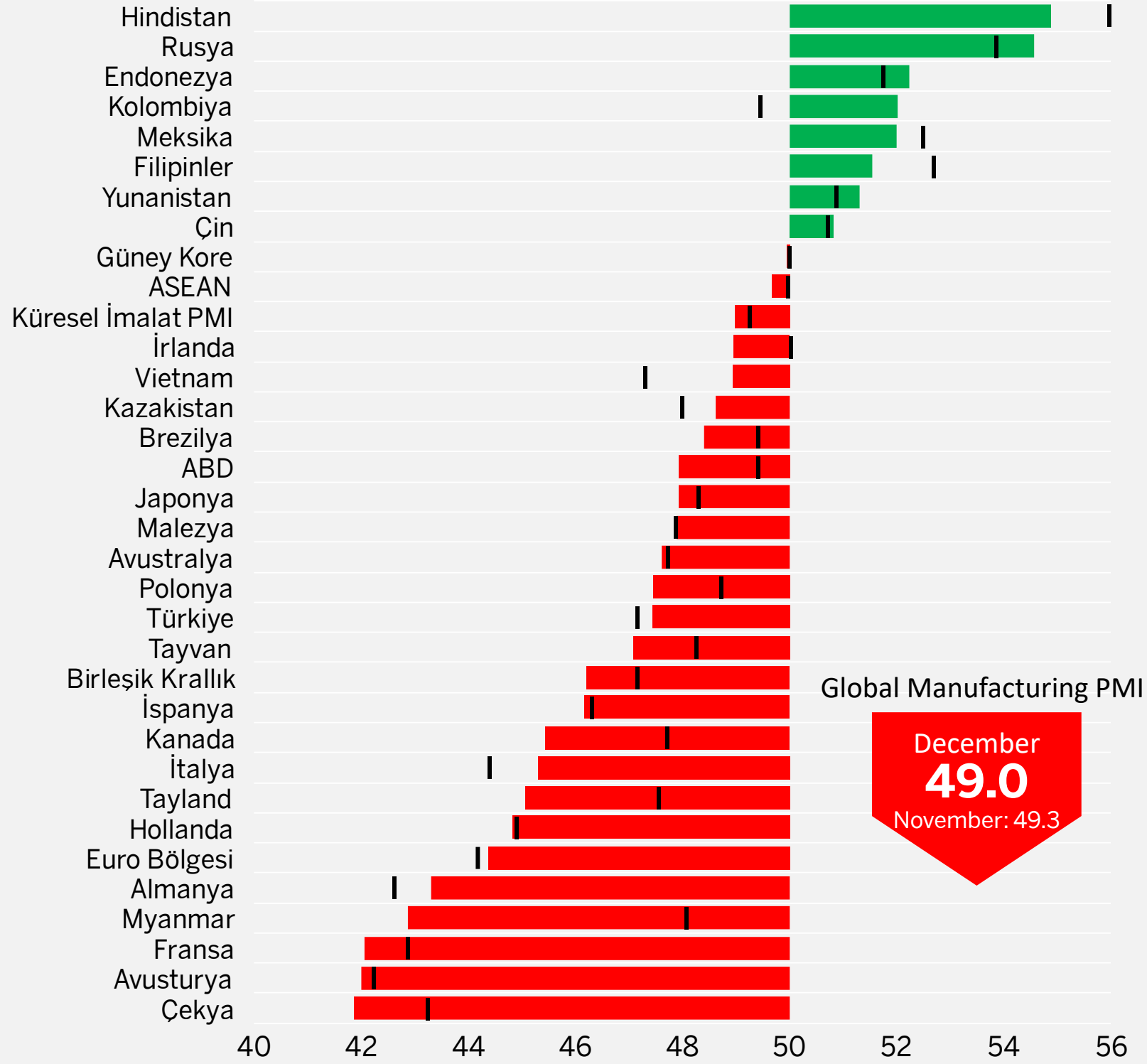




# General Outlook

## İmalat PMI, Aralık 2023

(>50 = Geçen aya göre iyileşme)



## Global factory output and employment fall at faster rates at close of 2023.

- The Global Manufacturing PMI® posted 49.0 in December, down from 49.3 in November. The fourth quarter average of the index became 49.0, almost no change from the previous quarter (48.9). The annual average of the index was realized as 49.2 in 2023 down from 51.2 in 2022.
- Of the 31 nations for which Global PMI data are available, 20 posted lower PMI values compared to the previous month. The number of nations posting above the neutral 50.0 mark rose to 23 from 22.
- Output, new orders (including exports) and employment all fell at faster rates at close of 2023. Although rates of increase in both input costs and output charges remained relatively mild, they nonetheless accelerated slightly over the month. Still an increase was observed in the manufacturers' optimism for the future.
- Manufacturing production contracted in December with the latest decline centred on the intermediate goods sector. In contrast, producers of consumer goods saw expansions. Capital goods on the other hand gave the signals of recovery.
- Istanbul Chamber of Industry Türkiye Manufacturing PMI posted 47.4 in December, up from 47.2 in November. After remaining below the neutral 50.0 mark for the second half of 2023, it posted the averages of 49.5 and 47.7 in the 3rd and 4th quarter, respectively. The data available for December signalled that both output and new orders slowed down due to domestic demands. Employment remained unchanged.

Source: S&P Global PMI.

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.

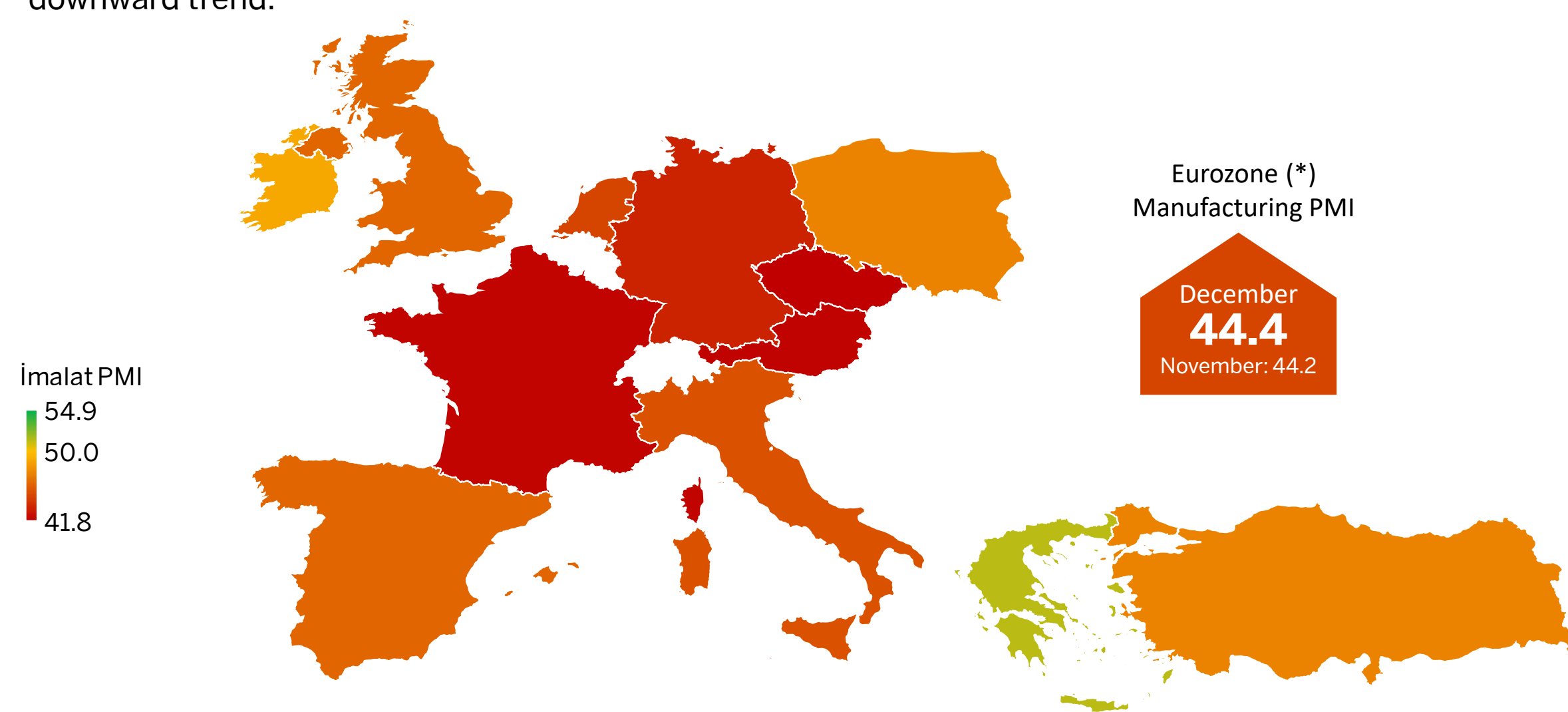


# Europe

## The Eurozone manufacturing sector closes 2023 with a significant contraction.

- Eurozone Manufacturing PMI rose slightly to 44.4 in December from 44.2 in November. Although it reached the highest value in the last 7 months, the significant deterioration in operating conditions continued. While the decline in output and employment continued, the contraction in demand eased compared to the previous month. Input and product prices maintained their downward trend.
- 7 of the 8 Eurozone economies (with the addition of Ireland) where Manufacturing PMI data are available remained below the threshold value of 50.0 in December. Greece was the only country remaining in the growth zone, while the sharpest contractions were experienced in Austria, France, Germany and the Netherlands.

- PMI in the United Kingdom decreased by 1 point to 46.2, pointing out the contraction in output and demand as well as the deterioration in forward-looking expectations.
- Among the countries where Manufacturing PMI was posted, the lowest index was measured in the Czech Republic with 41.8. Although Poland continued to



Manufacturing PMI	November 2023	December 2023 <sup>a</sup>
Greece	50.9	51.3
Ireland	50.0	48.9
Poland	48.7	47.4
Türkiye	47.2	47.4
United Kingdom	47.2	46.2
Spain	46.3	46.2
Italy	44.4	45.3
The Netherlands	44.9	44.8
Germany	42.6	43.3
France	42.9	42.1
Austria	42.2	42.0
Czech Republic	43.2	41.8

Source: S&P Global PMI.

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





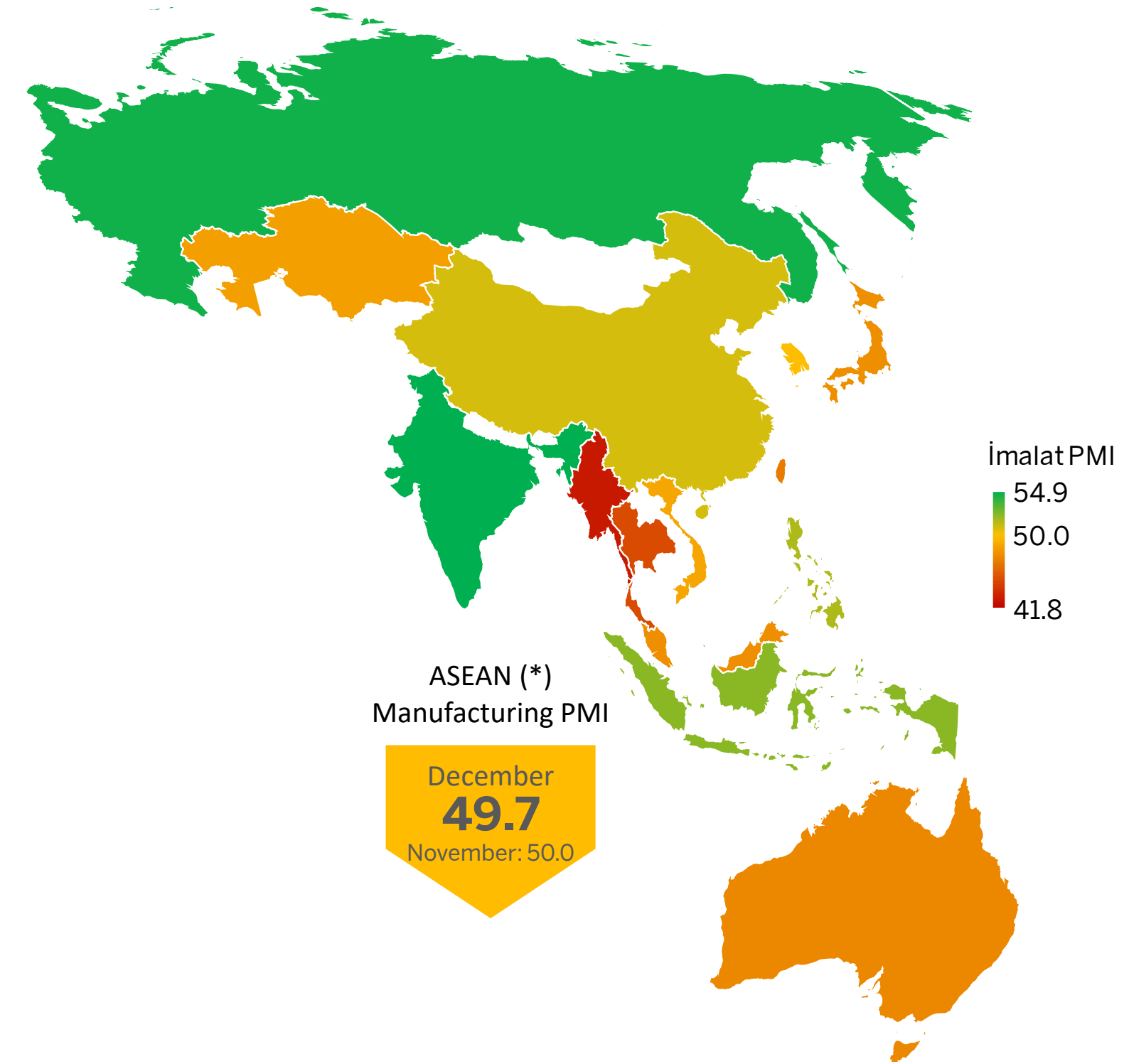
# Asia-Pacific

## Moderate growth continues in China; PMI in Russia reaches a 7-year peak.

- The region that made the strongest contribution to growth in the global manufacturing sector was again Asia-Pacific. However, in most of the regional economies, the manufacturing sector closed 2023 in the contraction zone.
- China's Manufacturing PMI remained above 50.0 for the 4th time in the last 5 months. Despite a moderate increase in demand and output, job creation fell.
- The contraction trend of the sector in Japan has reached 7 months. The decrease in output and orders and the increase in input costs accelerated.
- Manufacturing sector business conditions in South Korea remained the same in December as in November.
- India's manufacturing sector completed 2023 with a strong increase in output, despite the limited loss of momentum observed in December.
- The deterioration in business conditions became more evident in December due to the weak demand in Taiwan.
- Manufacturing PMI in Russia rose to 54.6 in December, indicating the strongest growth performance in the last 7 years.
- While the sharpest output loss occurred in Australia since May 2020, the trend of deterioration in the sector reached 10 months.
- The ASEAN region fell into the contraction zone again in December. The sharpest decline in 28 months was observed in new orders, while output slowed down. Growth continued in Indonesia and the Philippines. Sharp shrinkage was recorded in Malaysia, Thailand and Myanmar.

Manufacturing PMI	November 2023	December 2023
India	56.0	54.9
Russia	53.8	54.6
Indonesia	51.7	52.2
Philippines	52.7	51.5
China	50.7	50.8
South Korea	50.0	49.9
Vietnam	47.3	48.9
Kazakhstan	48.0	48.6
Japan	48.3	47.9
Malaysia	47.9	47.9
Australia	47.7	47.6
Taiwan	48.3	47.1
Thailand	47.6	45.1
Myanmar	48.1	42.9

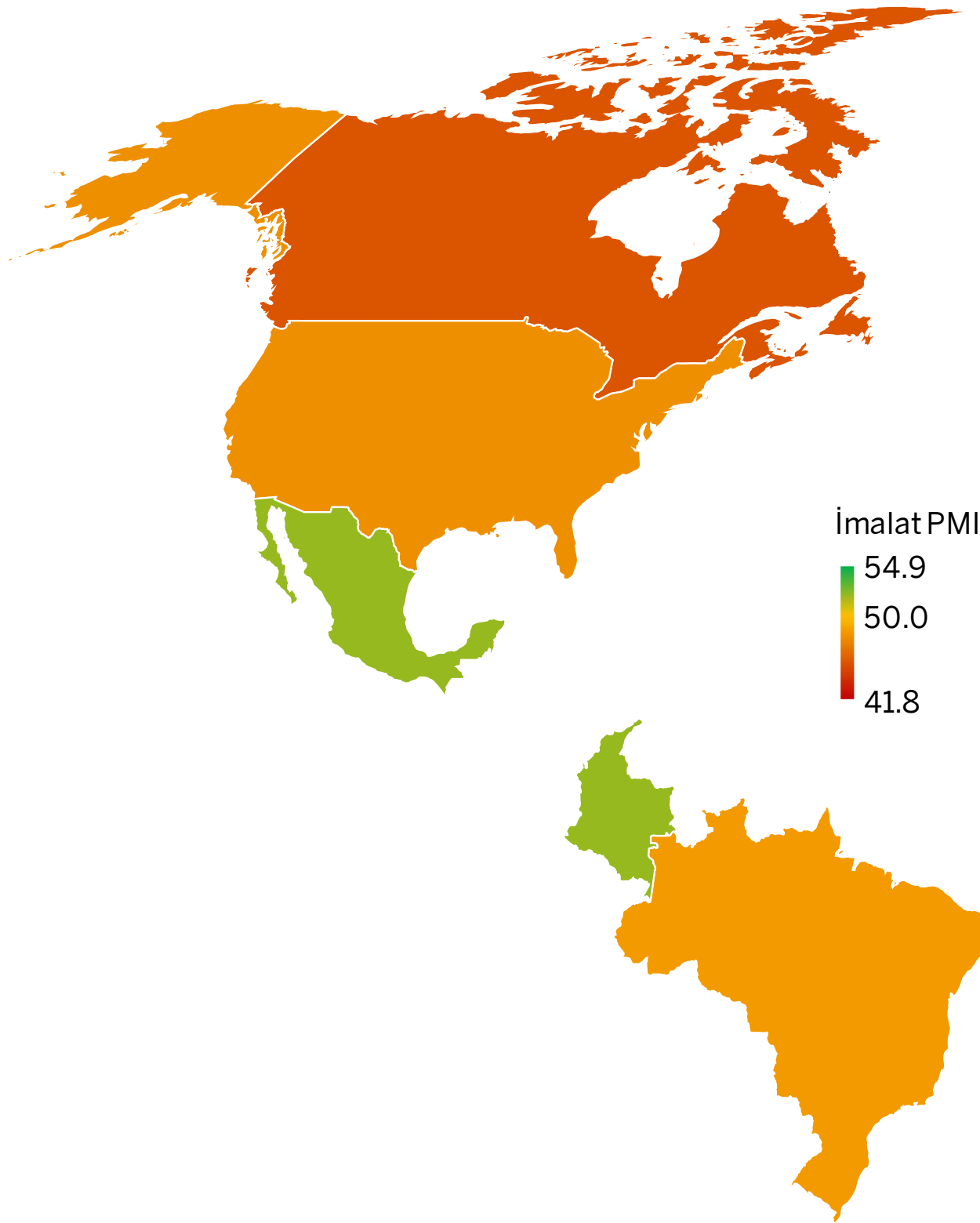
Source: S&P Global PMI.



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



# America



Manufacturing PMI	November 2023	December 2023
Colombia	49.4	52.0
Mexico	52.5	52.0
Brazil	49.4	48.4
USA	49.4	47.9
Canada	47.7	45.4

Source: S&P Global PMI.

## The contraction deepens in the US and Canada while the recovery continues in Mexico.

- Output and employment decreased due to the rapid decline in new orders in the US, while the inflation increased due to the effect of input costs. Manufacturing PMI remained below the 50.0 threshold value for all of 2023, except April and October.
- The deterioration in Canada's manufacturing sector became evident in December. The Manufacturing PMI fell to 45.4, the lowest level since May 2020, due to further weakening of demand.
- The manufacturing sector in Brazil finished 2023 with a sharper contraction in sales and rising cost pressures. It was noteworthy that the downward trend in the sector's exports approached 2 years.
- In Mexico, the sector spent the last quarter of the year in the growth zone. The increase in output and new orders continued in December.
- In Colombia, Manufacturing PMI rose above the 50.0 threshold value again, signalling an improvement in business conditions for the first time since 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?

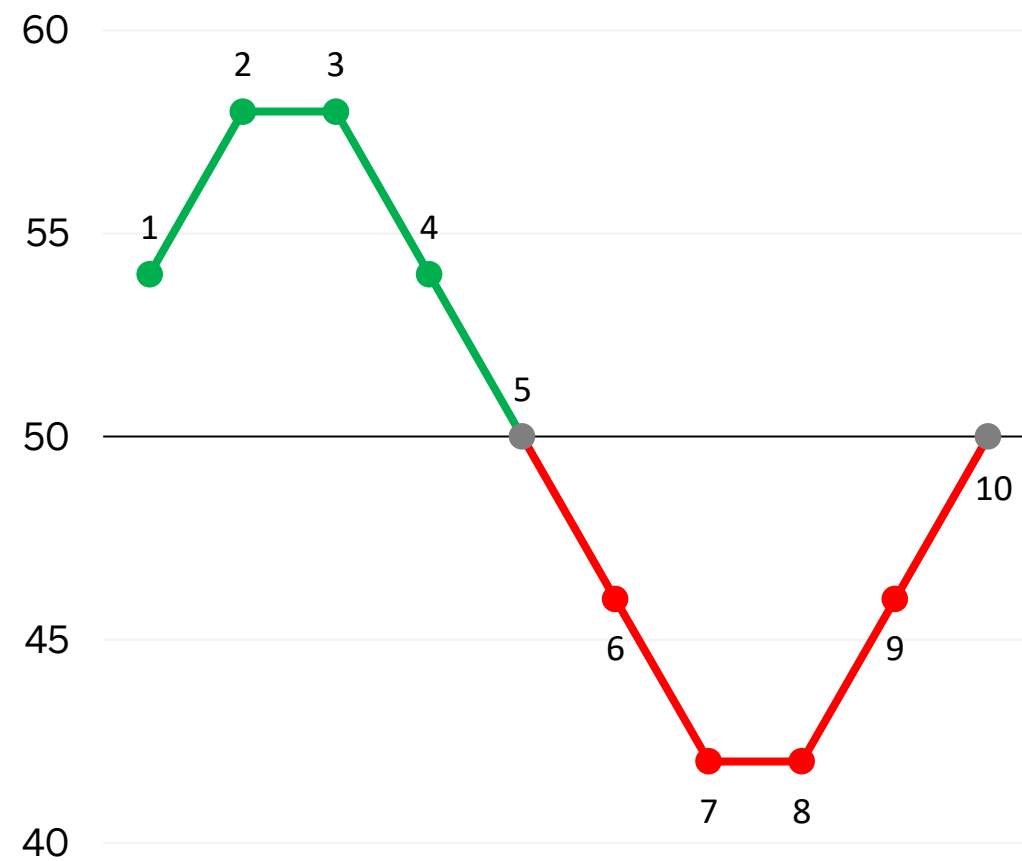
- The index is based on 5 sub-indexes: New Orders, Output, Employment, Suppliers' Delivery Times, Stock of Items Purchased.
- The report features survey data collected from a panel of around 400 companies based in the Turkish manufacturing sector.
- All indexes are seasonally adjusted.

## Why is PMI critical?

- Calculated by a set of methods in more than 40 countries<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.

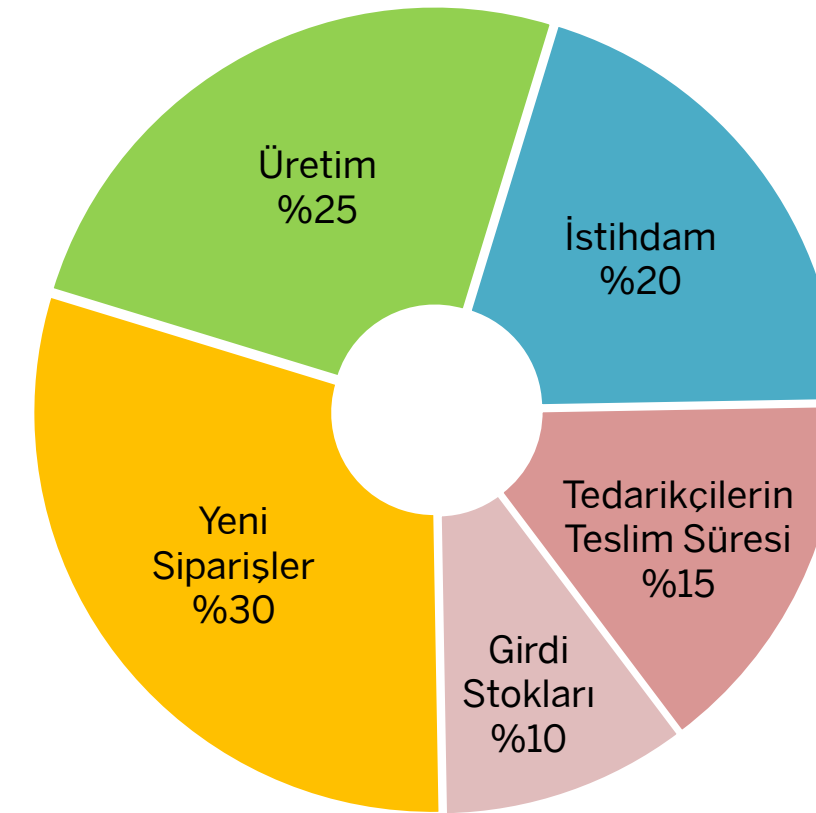
### Index Interpretation

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



<sup>(\*)</sup> 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 some 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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