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PMI weakens

Hold the phone. November’s Performance of Manufacturing Index (PMI) dipped further into negative territory, overall, and twisted more the wrong way around, in its key componentry. The PMI eased to a seasonally adjusted 47.4 in November, from 49.1 in October, the first contractionary, below-50, reading since the Delta lockdowns of August last year. This is a far cry from just three months ago when everything appeared positive.

Forward orders going backwards

Of course, the PMI can dive down to the 40-zone when things get recessionary. And November’s result wasn’t that awful. That said, it also had componentry showing a negative dynamic at play. Notably, new orders sank to 41.8, from 44.4. It doesn’t get much worse than this. In fact, it raises the prospect of production – which, at 49.6 in November was about flat for the second month running – soon falling the red. In view of this, the build-up in stocks of finished products during November, up at 56.1, wore a negative interpretation. A souring undercurrent was also evident in the PMI’s employment index, which fell further to 46.7, from 48.7.

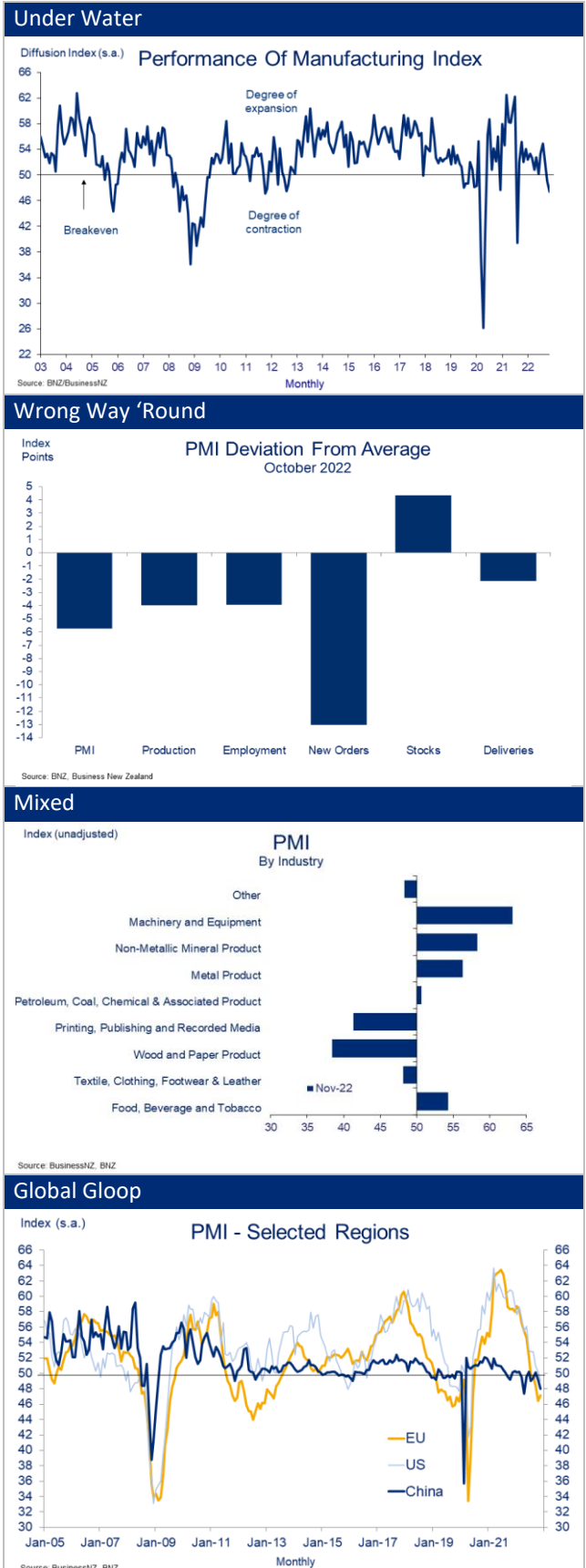
Not all bad

Five of the nine industry classifications registered a positive index in November (in unadjusted terms), with machinery & equipment leading the way with a whopping 63.1. Representing the negative side of the ledger were wood & paper products, at a miserable 38.4, while printing, publishing & recorded media registered 41.3. A lot of the feedback still lamented supply/staffing/COVID issues. However, reservations were also surfacing re demand and orders, including via global channels.

Global struggles intensify

The manufacturing industry is clearly slowing down internationally. Indeed, the global PMI shrank to 48.8 in November, from 49.4 in October. This involved contractionary readings across the US (49.0), Eurozone (47.1), UK (45.5), Japan (49.0) and China (48.0), and included a production index slipping to 47.8, new orders at 46.8 and new export orders languishing at 46.2.

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