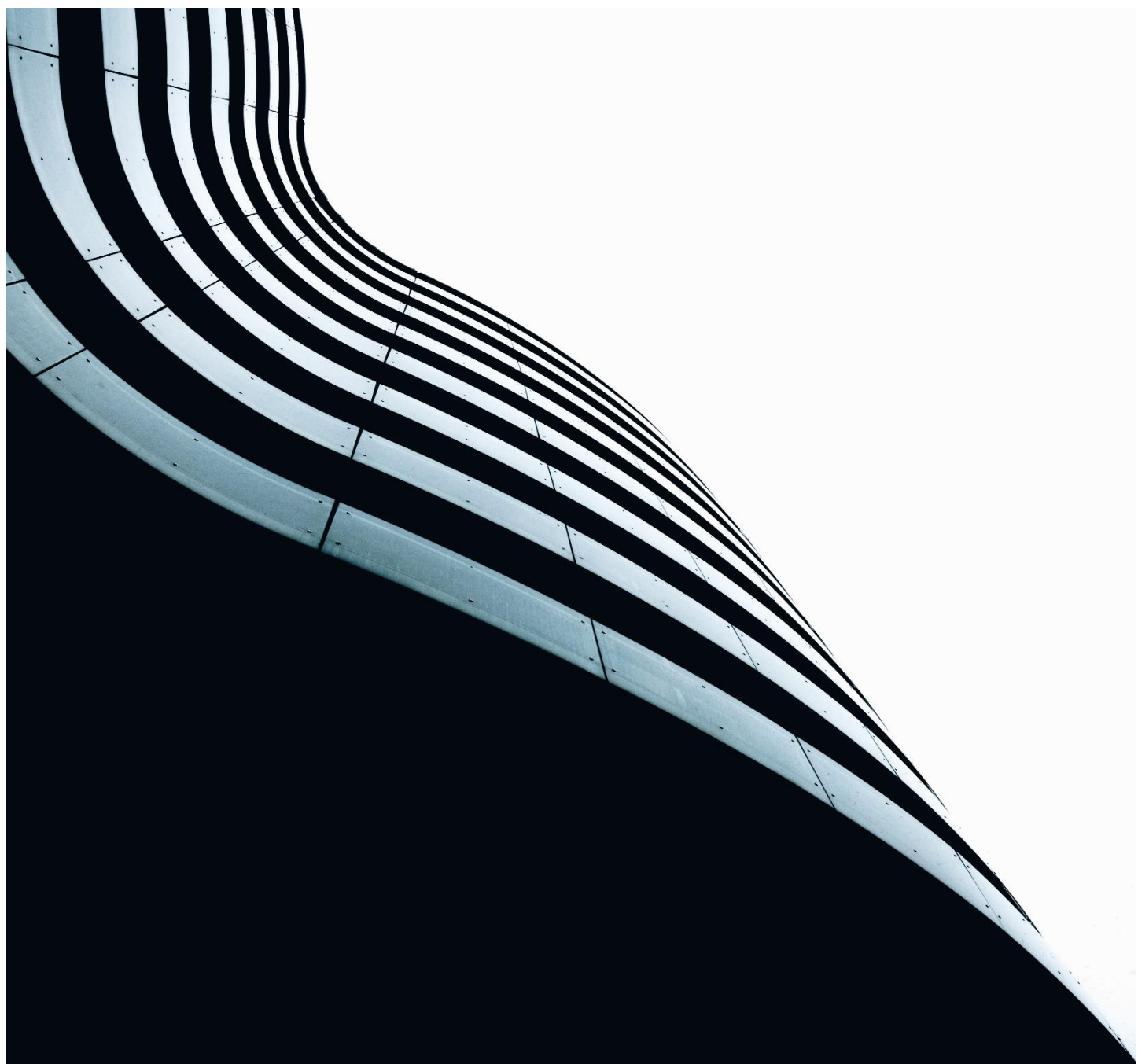


Global Electronics PMI™

Why do I need the Global Electronics PMI?



PMI™

by S&P Global

PMI™ Overview

Purchasing Managers' Index™ (PMI™) surveys have become key benchmark indicators of economic conditions in the world's largest economies and emerging markets. S&P Global conducts monthly surveys of private sector business conditions in over 40 economies worldwide, polling over 27,000 companies. The survey results generate PMI data that track changes in variables such as output, new orders, inventories, employment and prices.

PMI surveys are based on fact, not opinion, and are the first indicators of economic conditions published each month. The data are collected using identical methods in all countries, so that international comparisons can be made between, for example, manufacturing in Brazil and Russia by using the monthly data.

The indexes achieve considerable press coverage on a regular basis and are widely used by economists and analysts in financial institutions, industry and commerce. Notably, central banks in the European Union, United States and Asia use PMI data to help guide monetary policy.

PMI surveys have established highly-regarded track records for accurately anticipating changes in economic conditions in key economies, including the US, the United Kingdom, Germany, France, Italy, Japan, Hong Kong SAR and the eurozone.

Key benefits

PMI surveys have been developed in order to provide analysts with an accurate and timely dataset which helps them to better understand economic conditions. In many cases, the advantages offered by PMI data overcome deficiencies in official economic data. These advantages include:

Frequent publication

PMI surveys are published monthly. National accounts data, from which the most comprehensive and important measure of economic activity – gross domestic product – is derived, are generally published only quarterly.

Timely publication

PMI surveys are published on a timely basis just after the reference period. In contrast, a significant period of time often elapses before official data are published. For GDP, the delay may be several months. PMI data provide figures several weeks in advance of comparable official monthly output data, and several months ahead of quarterly national accounts data.

Not subject to revision after first publication

Unadjusted PMI data are not revised after first publication. In comparison, official data are frequently subject to revision, and phrases such as ‘the economy grew faster than first thought’ remain commonplace in press articles and analysts’ briefing notes.

International comparability

PMI surveys are conducted internationally using a consistent methodology. By comparison, a further problem associated with official data is that not all statistical bodies compile data using identical methodologies. For example, a great deal of effort in terms of harmonization of methodologies was required among the national European statistics offices in order to obtain a consistent measure of eurozone GDP.

Global Electronics PMI™

The S&P Global Electronics PMI™ is produced by S&P Global Economics using original survey data collected from a world-wide panel of over 600 manufacturing companies. Companies include OEMs, contract manufacturers and semiconductor manufacturers.

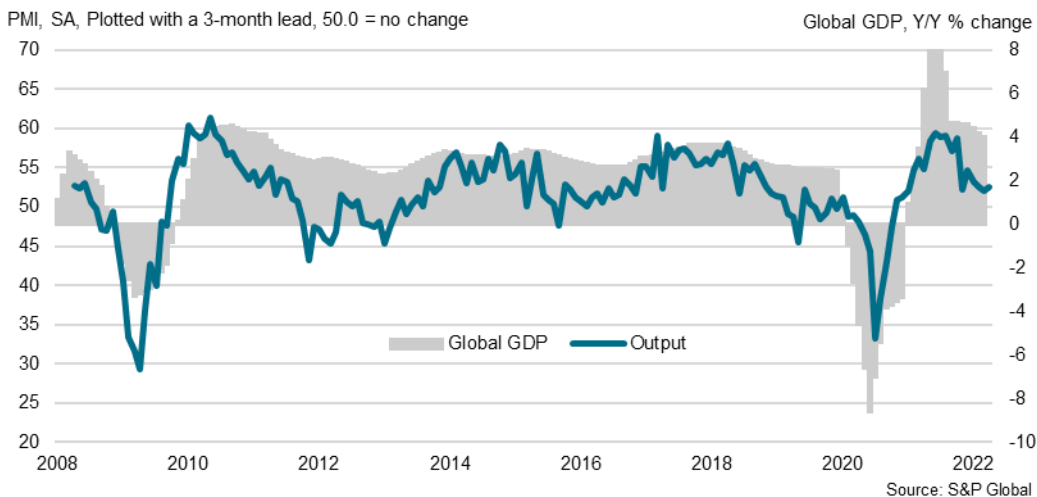
Key benefits:

- The Global Electronics PMI and Output Index are both leading indicators of global GDP
- Report gives in-depth analysis of business conditions faced by global electronics manufacturers
- Can provide leading signals of shortages or surpluses of semiconductors
- Gives insights into global commodity supply shortages

Macroeconomic guidance

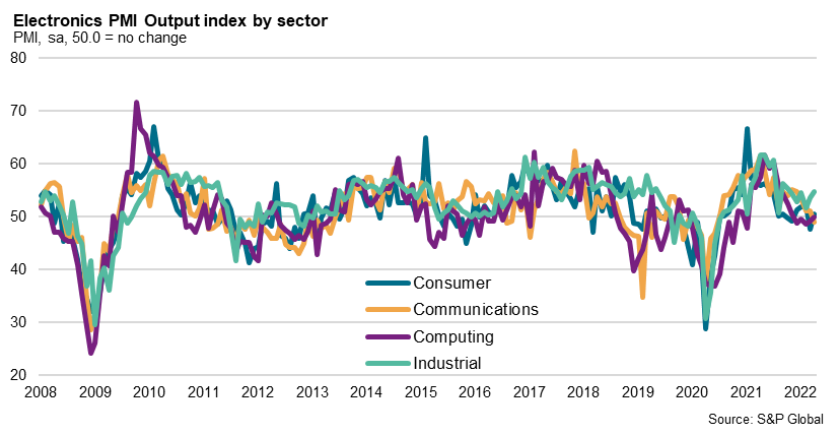
The S&P Global Electronics PMI survey provides subscribers with an overview of key trends in the global electronics manufacturing industry. Due to the industry's importance in the world economy, both operating conditions (measured by the headline PMI) and output in global electronics act as strong forward indicators for economic growth. That is, both indices offer a reliable projection of global GDP growth 3–6 months ahead of official data releases. Understanding the health of the world economy as early as possible helps subscribers when making key investment and business decisions.

Using global Electronics Output Index data as a forward indicator for GDP



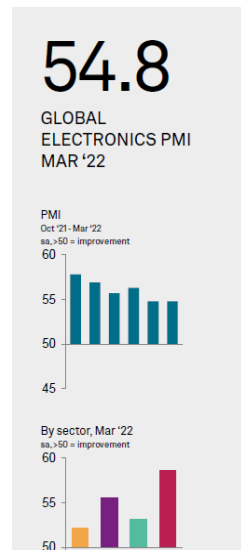
Underlying trends in electronic manufacturing

As well as an overall indicator for the health of the global economy, the global electronics survey reports specific indicators, such as new orders, that can aid any business interactions within that industry.



These metrics are summarised on the front page of the PMI report and explained in further detail on the inside pages. Also included are the references to sectors (computing, communications, consumer and industrial), allowing subscribers to gain an understanding of which market groups are driving trends.

Summary sample



Fractional drop in production as capacity constraints bite
Supply shortages compounded by staff availability issues
Inflationary pressures remain steep

The S&P Global Electronics PMI™ is compiled from survey responses from purchasing managers in electronics manufacturers worldwide. The headline figure is the Purchasing Managers' Index™ (PMI), a weighted average of indices tracking new orders, output, employment, suppliers' delivery times and stocks of purchases. The PMI provides a single-figure snapshot of the underlying health of the electronics sector.

The headline seasonally adjusted PMI was unchanged from February's 15-month low in March, recording 54.8 for a second month in a row. For the first time since July 2020, global electronics producers recorded a decline in output as raw material and component shortages were compounded by staff absences due to COVID-19. That said, the war in Ukraine and tighter virus containment measures in China weighed on demand, according to some companies. Although new orders increased in March, the rate of growth was the weakest for 18 months.

Commenting on the PMI data, Joe Hayes, Senior Economist at S&P Global, said:

"The latest survey data on the global electronics sector was underwhelming as output fell into contraction territory and demand pressures continued to fade.

"On top of the substantial supply bottlenecks we've seen since last year, inflationary pressures have intensified, COVID-19 disruption is once again appearing – most notably in China – and the war in Ukraine presents further uncertainty.

"Output levels fell fractionally in March, while new order growth slowed to an 18-month low as different COVID-19 trajectories and policy responses around the globe are leading to disjointed economic recoveries. It's looking increasingly unlikely that the Global Electronics PMI is going to be able to break out of its downward trajectory any time soon as the sector continues to face multiple challenges simultaneously."

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Global supply shortages

Subscribers of the global electronics survey can also access further insight into commodity shortages, with S&P Global Commodity Price & Supply Indices featured in the Global Electronics PMI report. These Indices track the development of shortages as reported by PMI panellists and provide subscribers with additional information regarding supply delays at the commodity level.