

Week Ahead Economic Preview

FOMC, ECB, BoE meetings and December flash PMIs

9 December 2022

Central bankers around the world meet in the coming week before winding down for the end of 2022 with **monetary policy meetings** scheduled across the **US, UK, eurozone, Taiwan and more**. This is while the last **flash PMI** readings across major developed economies are published for an update on December's business conditions. Several key official economic releases will also keep the market informed including the **US CPI, UK GDP, labour market and inflation data**, in addition to **retail sales and industrial production** numbers from both **US and China**.

There is no pleasing the market right now with stronger-than-expected US economic data being the latest to send investors into a quandary, concerned with interest rates being lifted more than earlier expected. The issue is that, while many official economic data series remain resilient in the face of consecutive rate hikes, survey statistics have been sending early signals of persistent slowdown, with the latest [S&P Global US Composite PMI](#) notably having pointed to the fifth straight month of contraction. Next week's flash figures for December will add further to the debate as to whether the US economy is showing resilience or fading.

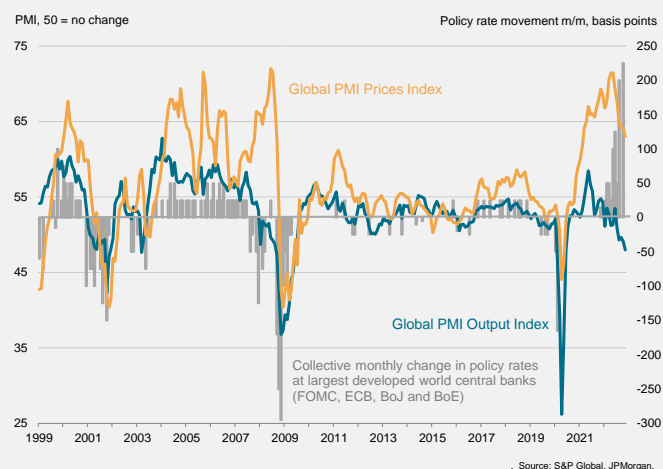
Meanwhile as far as the Fed is concerned, a step down to a 50-basis points hike is widely expected by the market in the upcoming Fed FOMC meeting, a magnitude of move that will likely be matched by both the ECB and BoE. Contributing to the event risks will, however, be indications on the path from hereon in, with potential signals anticipated from both the Fed's projections and comments from the press conference. Inflation data from the US and UK will also be key releases after PMI data earlier revealed easing supply constraints and price pressures on the back of deteriorating conditions. Also watch out for official UK labour market and GDP data, with wage growth particularly pertinent to policymaking.

In APAC, a series of economic releases will be eagerly anticipated in addition to the Taiwan CBC meeting. Mainland China's industrial production and retail sales readings are meanwhile expected to be on the weaker side in November, according to consensus, reflecting COVID-19 restrictions. Finally, Australia's November employment data will be unveiled for the latest developments in the tight Aussie labour market.

Policy pivot?

The coming week closes with the publication of early PMI data for the main developed economies, which will give important updates on recession risks and accompanying inflationary trends. However, ahead of the PMI releases we will see fresh policy decisions from the US FOMC, the ECB and Bank of England. November's PMI data pointed to a slowing of global economic growth to a pace which, barring initial pandemic lockdowns, signalled the strongest global recession risks since 2008. The US, UK and eurozone were all in contraction territory. One positive side effect of the economic slump was a further marked cooling of inflation pressures, both via lower input cost inflation and moderating supply-side constraints.

Developed world monetary policy decisions vs. global PMI input price and output indices



The markets welcomed November's PMI data in boosting the possibility of a potential pivot by the US and European central banks, whereby the pace of policy tightening will need to be wound down as policymakers realise the growing economic risks.

December's policy meetings will be a key test of this scenario, with the major central banks widely expected to dial back the pace of tightening from bumper 75 basis point hikes in prior months. More important will be the rhetoric on the expected pace of hikes going into 2023. Certainly from a PMI perspective, we would anticipate the language to become more dovish, but we are eager to see those December flash PMIs for more information on the economic situation and the impact of prior rate hikes.

Key diary events

Monday 12 December

Thailand Market Holiday

Malaysia Industrial Output (Oct)

United Kingdom monthly GDP, incl. Manufacturing, Services and Construction Output (Oct)

United Kingdom Goods Trade Balance (Oct)

India CPI and Industrial Output(Nov)

China (Mainland) M2, New Yuan Loans, Loan Growth (Nov)

Tuesday 13 December

Germany CPI (Nov, final)

United Kingdom Labour Market Report (Oct)

Norway GDP (Oct)

Hong Kong Industrial Production, PPI (Q3)

Germany ZEW Economic Sentiment (Dec)

United States CPI (Nov)

Wednesday 14 December

Japan Machinery Orders (Oct)

Japan Tankan Survey (Q4)

Thailand BOT Meeting Minutes (Nov)

India WPI (Nov)

United Kingdom Inflation (Nov)

Eurozone Industrial Production (Oct)

United States Fed Funds Target Rate (14 Dec)

Thursday 15 December

New Zealand GDP (Q3)

Japan Trade Balance (Nov)

South Korea Export and Import Growth (Nov)

Australia Employment (Nov)

China (Mainland) Industrial Output, Retail Sales, Urban Investment (Nov)

Indonesia Trade Balance (Nov)

Philippines Policy Interest Rate (15 Dec)

Switzerland SNB Policy Rate (Q4)

Norway Key Policy Rate (15 Dec)

United Kingdom BOE Bank Rate (Dec)

Eurozone ECB Deposit and Refinancing Rate (Dec)

United States Initial Jobless Claims

United States Retail Sales and Industrial Production (Nov)

Taiwan Discount Rate (Q4)

Friday 16 December

Australia Judo Bank Flash PMI, Manufacturing & Services*

Japan au Jibun Bank Flash Manufacturing PMI*

UK S&P Global/CIPS Flash PMI, Manufacturing & Services*

Germany S&P Global Flash PMI, Manufacturing & Services*

France S&P Global Flash PMI, Manufacturing & Services*

Eurozone S&P Global Flash PMI, Manufacturing & Services*

US S&P Global Flash PMI, Manufacturing & Services*

United Kingdom GfK Consumer Confidence (Dec)

Singapore Non-Oil Exports (Nov)

United Kingdom Retail Sales (Nov)

Eurozone Total Trade Balance (Oct)

Eurozone HICP (Nov, final)

* Press releases of indices produced by S&P Global and relevant sponsors can be found [here](#).

What to watch

Flash PMI data release for December

The US, eurozone, UK, Japan and Australia will all see flash PMI releases for December to provide closing snapshots of business conditions for 2022. Key themes to watch with the December figures include business output and order book growth, price trends and the employment situation.

[November's data outlined a deepening and broadening of the ongoing global slowdown](#). Specifically, weak demand can be seen at the core of the decline in overall activity, though price pressures also eased as a result of a combination of falling demand and supply chain improvements. The latest developments supported the dialling-down of aggressive monetary tightening by central banks, so whether the abovementioned trends persist into the year-end will be keenly watched with the upcoming flash releases for these major developed economies.

Americas: Fed FOMC meeting, US CPI, retail sales and industrial production

The final Federal Open Market Committee (FOMC) meeting of 2022 will unfold next week with the market widely expecting a step down to a 50 basis points (bps) hike. Indications on subsequent hikes will be closely watched with recent [official economic data staying resilient while business survey statistics have been showing cracks](#), the latter calling for further slowing down of aggressive tightening. November CPI data and flash December PMI data will also be key to assessing the future rate path.

Europe: ECB, BoE, SNB, Norges Bank meetings, UK October output and inflation data

It is a central bank galore in Europe with both the European Central Bank and the Bank of England convening in addition to other central banks in the area. Both the ECB and BoE are expected to lift rates by 50 bps but markets are eager to assess the appetite for further rate hikes and any revisions to the outlooks for economic growth and inflation.

Asia-Pacific: CBC meeting, China retail sales and industrial production data, Japan Tankan survey, Australia employment and New Zealand GDP

In APAC, a packed week ahead contains a central bank meeting in Taiwan and several key data releases out of mainland China, Japan and more. The focus will be on China's latest retail sales and industrial production performance amid COVID-19 disruptions.

Special reports:

Global Sector Data Reveal Broadening Slowdown | Jingyi Pan | [page 4](#)

APAC Exports Slow as Global Growth Weakens | Rajiv Biswas | [page 8](#)

Recent PMI and economic analysis from S&P Global

Global	Monthly PMI Bulletin: December 2022	7-Dec	Jingyi Pan
	Worldwide industrial prices rise at slowest rate in two years as demand cools and supply constraints ease	2-Dec	Chris Williamson
	Global manufacturing PMI signals further steep worldwide trade slump in November	2-Dec	Chris Williamson
	Global manufacturing downturn intensifies as firms cut capacity in line with slumping demand	2-Dec	Chris Williamson
	Flash PMI survey data signal growing impact from rate hikes on economy and inflation	28-Nov	Chris Williamson
Europe	Eurozone manufacturing downturn helps cool inflationary pressures	1-Dec	Chris Williamson
	Flash UK PMI data flash recession signals amid steepening drop in demand	23-Nov	Chris Williamson
	Flash PMI point to rising Eurozone recession risks, but price pressures cool as supply improves	23-Nov	Chris Williamson
	Germany leads steepening eurozone downturn in October	24-Oct	Chris Williamson
Asia-Pacific	Japanese service sector activity picks up following recent roll-out of National Travel Discount Programme	18-Nov	Laura Denman
	Flash PMIs show renewed contraction of the Australian economy in October while Japan's service sector powers growth	24-Oct	Jingyi Pan
Commodities	Weekly Pricing Pulse: Tighter COVID-19 containment measures in mainland China pour cold water on market sentiment	1-Dec	Thomas McCartin

S&P Global Economics & Country Risk highlights

Purchasing Managers Index (PMI) Global Webinar [Replay]



Join our webcast to learn about the latest economic trends from the world's leading survey data. Based on a global survey of more than 28,000 companies, our Purchasing Managers' Index™ (PMI™) provides a unique and comprehensive picture of worldwide economic growth, employment, and inflation across both manufacturing and services in all major economies, with a special focus on supply chains and pricing.

[Click here to watch the replay](#)

Purchasing Managers Index: Stocks of finished goods and a new data set



Tune in for the latest trends seen in our Purchasing Managers Index data. Our economists discuss the strength of Middle East economies and challenges facing economies within Africa. They also look at what's driving the rise in global manufacturing stocks of finished goods and highlight a new data set within the PMI offering that aims to quantify the impact of common themes like demand inflation and delivery times.

[Click here to listen to this podcast by S&P Global Market Intelligence](#)

For further information:

For more information on our products, including economic forecasting and industry research, please visit the Solutions section of www.ihsmarket.com. For more information on our PMI business surveys, please visit www.ihsmarket.com/products/PMI

The intellectual property rights to the data provided herein are owned by or licensed to S&P Global and/or its affiliates. Any unauthorised use, including but not limited to copying, distributing, transmitting or otherwise of any data appearing is not permitted without S&P Global's prior consent. S&P Global shall not have any liability, duty or obligation for or relating to the content or information ("data") contained herein, any errors, inaccuracies, omissions or delays in the data, or for any actions taken in reliance thereon. In no event shall S&P Global be liable for any special, incidental, or consequential damages, arising out of the use of the data. Purchasing Managers' Index™ and PMI™ are either registered trade marks of Markit Economics Limited or licensed to Markit Economics Limited and/or its affiliates.

Special Focus

Global Sector Data Reveal Broadening Slowdown with Financial Services Leading the Downturn

Global business conditions worsened in the penultimate month of the year according to the [JPMorgan Global Composite PMI, compiled by S&P Global](#). Drilling down to the details, sector PMI data globally and across regions including the US, Europe and Asia further revealed a broadening of the decline in November.

We review the sectoral performance in the first 11 months of 2022 across the regions and outline the key items to watch going into 2023. Furthermore, we highlight the trends in key sectors such as autos and financials, further examining the trajectory from here with evidence provided by sector PMI data.

Majority of global sectors in contraction

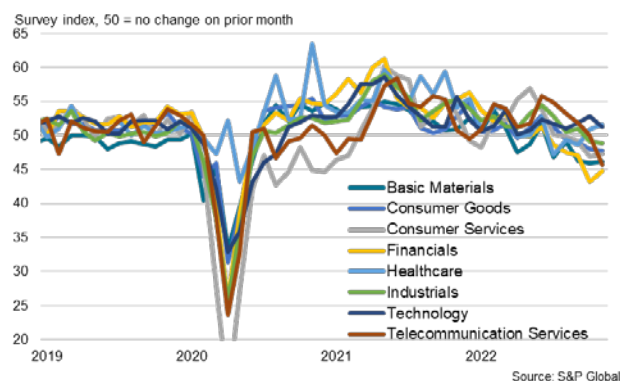
The latest JPMorgan Global Composite PMI, derived from S&P Global's business surveys conducted in over 40 countries, revealed that the global economic downturn accelerated midway into the final quarter of the year. Furthermore, the contraction in output cut through both manufacturing and service sectors, with both manufacturing and services now having failed to register any growth over the past four months.

More conclusions on the extent of the slowdown can be drawn with observations from the detailed sector data. As shown in chart 1, of the eight broad industry sectors tracked, only healthcare and technology retained their footing in expansion territory in November while the six remaining sectors all contracted. Looking 12 months back, all eight sectors were in expansion while a mere two were in contraction six months back (in May), thus outlining the widening of the contraction of output across the eight major sectors tracked by the S&P Global Sector PMI. The broad trend is unsurprisingly similar to the global composite data with growth peaking somewhere in the first half of 2021 before adopting a downtrend through 2022.

What is useful to know is that while sectors like technology had largely held its ground in mild to modest growth territory in the first 11 months of 2022, other sectors like financials took a relatively sharp turn for the worse in the second quarter. Evidently issues including rising prices, tightening of monetary policy conditions, deteriorating confidence and

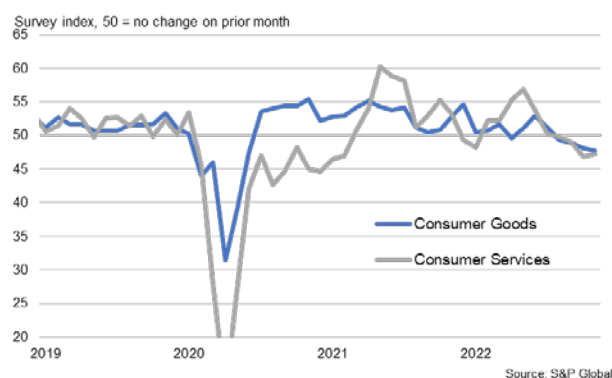
lingering COVID-19 implications affected all the sectors in one way or another. However, the likes of financials were clearly hit harder than the rest, given the exposure to tightening financial conditions. Furthermore, we have yet to observe a clear turnaround in trend for financial sector activity even though the latest November data revealed a shallower contraction of the sector's output.

Chart 1: S&P Global Sector PMI output



Consumer sectors, including both consumer goods and consumer services – keenly watched with their varying trends through the early COVID-19 pandemic months – have also seen a synchronized decline in business conditions of late. Amid the headwinds from rising costs of living and higher interest rates, consumers have clearly pared back their spending. Excluding pandemic lockdown months, consumer-facing businesses are suffering the steepest drop in activity since detailed sector PMI data were first available in late-2009.

Chart 2: Consumer sectors output



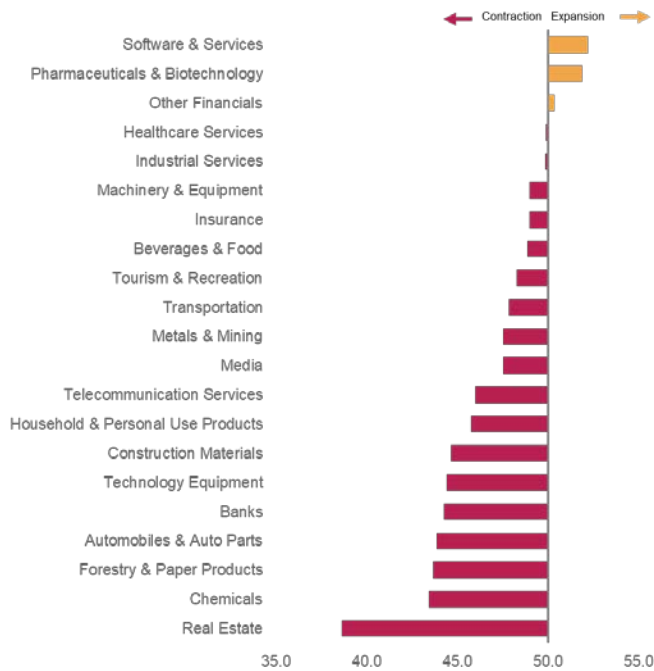
Broadening decline in demand outline further slowdown across global sectors

Diving further into the sector PMI and analysing the sub-indices beyond the output data, PMI new orders figures for the Global Sector PMI is a key gauge to observe for the

trend going forward, given that demand acts as a leading indicator of broader business conditions.

New orders expansions were seen in merely three of the 21 sectors tracked by the global PMI - software & services, pharmaceuticals & biotechnology and 'other' financials. The latter notably saw only a marginal gain. On the other hand, steep downturns in demand can be tracked across various other sectors, led by the real estate sector.

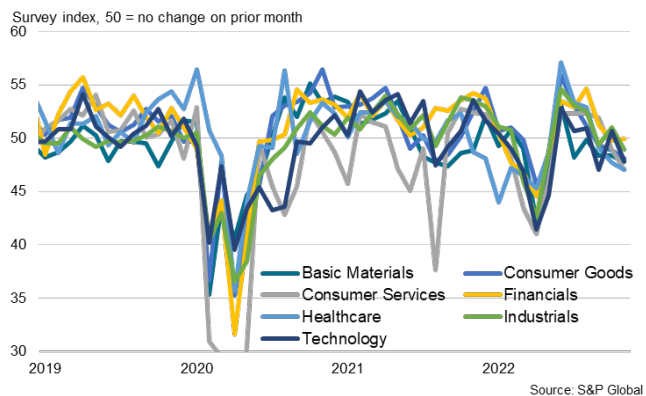
Chart 3: Global sub-sector new orders, Nov. '22



Source: S&P Global.

Asia sectors register deepening decline

Chart 4: S&P Asia Sector PMI output



Source: S&P Global

Of the regions, Asia can be seen exhibiting a more synchronised slowdown in activity. All seven sector groups

contracted according to the latest November data, led by consumer services (linked in part to ongoing COVID-19 restrictions in mainland China).

Conversely, the financial sector was the least underperforming in Asia at an almost unchanged rate of activity, which ran contrary to the global trend. Banks notably performed the best amongst the sub-sectors, supporting the broader financial sector in November. Demand for banking services was also one of the few areas that remained in growth in the penultimate month of the year.

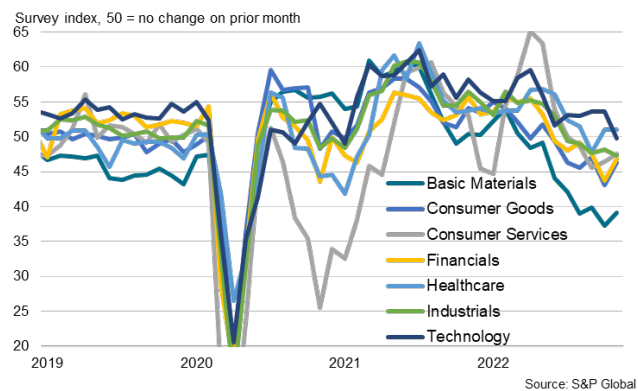
Europe sectors see slower levels of contraction

Meanwhile in Europe, almost all sector groups were found to have recorded lower activity in November. This is with exception of healthcare, which chalked up a modest expansion.

With that said, the rates of decline generally eased in November, offering a glimmer of light for further improvements. While prices remained steep by historical standards across the sectors, they have also come down from their respective heights in 2022 to signal an easing of inflationary pressures for private sector firms.

The technology sector was the best performing sector on average in Europe over the first 11 months of 2022, though giving up its top position in the latest month. Basic material companies meanwhile consistently saw the lowest output as a whole through most of 2022.

Chart 5: S&P Europe Sector PMI output



Source: S&P Global

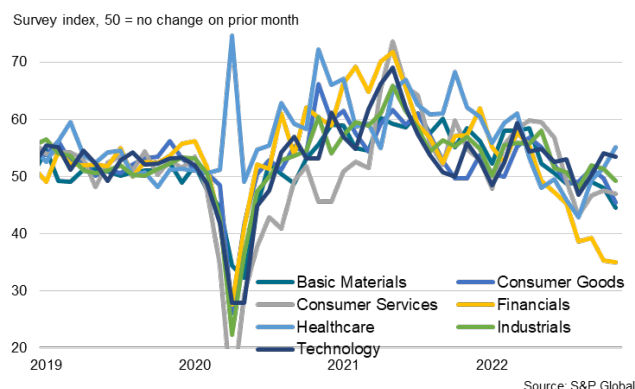
US sector register divergence into end 2022

While relatively synchronized movements across sectors can be seen across Asia and Europe sectors, the same may not be said about US sectors which showed signs of divergence into the second half of 2022.

Most of the seven sectors tracked began trading water somewhere around July while healthcare and technology activity improved at the start of the fourth quarter. On the

other hand, financials strayed further from the group to extend its downturn in activity to the sharpest rate since the pandemic. This coincided with a persistent and faster contraction of the US private sector according to the [S&P Global US Composite PMI](#). The deterioration in broader conditions coupled with the tightening of monetary policy conditions can be seen broadly squeezing financial firms according to the latest survey responses. Whether there will be a convergence to mean between the sectors, especially with signals of smaller interest rate hikes coming through from the Federal Reserve, will be closely watched with upcoming PMI releases.

Chart 6: S&P US Sector PMI output



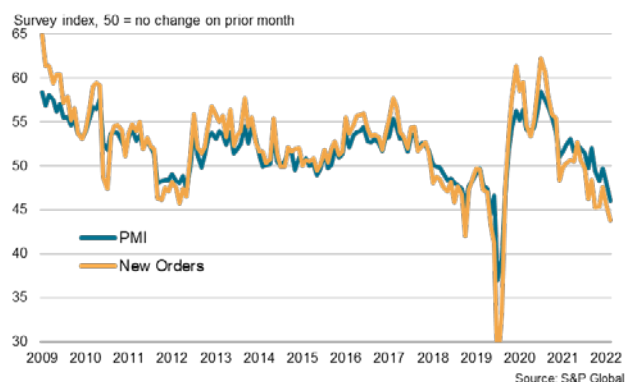
Auto sector slowdown sharpens

One sub-sector capturing the attention in November had been the automobile and auto parts sector, which saw production shrink at the fastest pace in two-and-a-half years according to the latest survey. This is also a prevalent trend in both Asia and Europe, with automobiles & auto parts output falling at the fastest rate in all 18 monitored sub-sectors in Asia.

While supply bottlenecks had been key issues limiting auto output earlier, the situation has vastly improved with global delays easing to pre-pandemic extents in November for the automobile & auto parts sector.

Central to the deterioration in conditions has been the fall in demand, a phenomenon cutting through most consumer goods as mentioned above. New orders continued to fall at a severe rate in November, which led manufacturers to rely on backlog orders to sustain operating capacity. Furthermore, pricing power can be seen shifting towards auto buyers as selling price inflation strayed from peaks seen earlier in the year. Firms in the sector were also hesitant in retaining inventory according to latest survey data. Overall sentiment remained positive in November, but the level of business confidence was amongst the lowest in the series to indicate a subdued outlook for the autos sector.

Chart 7: Global auto sector PMI and new orders

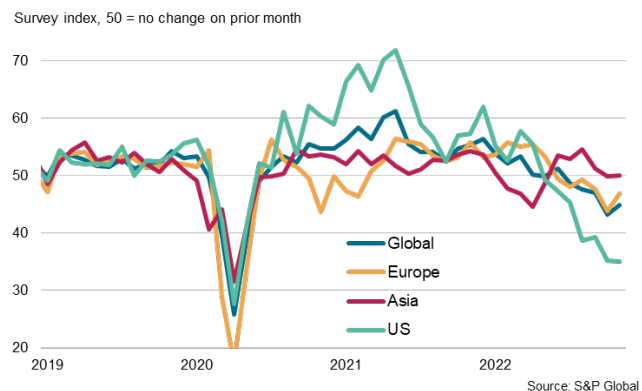


Financial activity contract across regions but most pronounced in the US

In addition to the auto sector, financial services activity shrank at an alarming pace across most of the regions tracked by our sector PMI data. Globally and in the US, financial activity contracted at the fastest pace since the pandemic. While Asia's financial sector registered almost no-change in activity from October, Europe saw only a slight cooling in the rate of contraction.

A combination of weaker confidence, a tightening of monetary policy conditions and greater market volatility appear to have been at the core of the wider financials downturn. That said, not only had the Fed been one to signal the slowing down of aggressive interest rate hikes, other central banks around the world have also indicated similar intentions, or have already done so. It will be of interest to examine if things take a turn for the better globally going into 2023, especially with recession risks yet to be dismissed.

Chart 8: Financial sector activity



Outlook

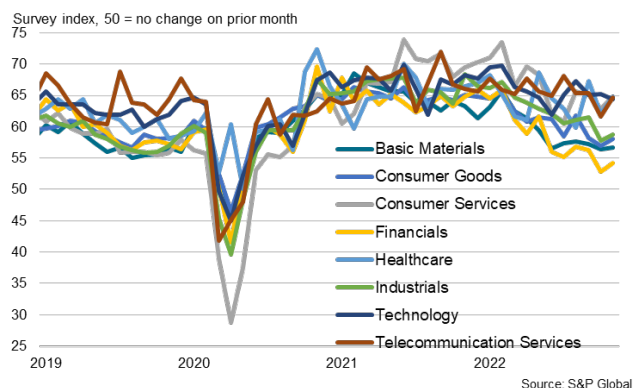
With sector PMI data, including national sector PMI data, that we compile coming in useful to provide [indications on equity movements](#) and even [corporate earnings](#), the signals that

are derived here will be eagerly watched in the coming months.

In addition to the new orders sub-index, the future output index is also helpful in understanding companies' own views on output in the year ahead. The latest picture provided by the S&P Global Sector PMI reflected sustained optimism cutting across all eight major sector groups.

With the above said, the level of confidence varied extensively by sector. Heading the sentiment rankings in November were consumer services, healthcare and telecommunication services, all improving from the previous month. Financials meanwhile saw a slight improvement in confidence but, in line with overall output, have yet to demonstrate a convincing trend to indicate better confidence for the month ahead.

Chart 9: S&P Global Sector PMI future output



[Read the accompanying press release here.](#)

Jingyi Pan

Economics Associate Director
S&P Global Market Intelligence
Singapore

jingyi.pan@spglobal.com

Special Focus

APAC Exports Slow as Global Growth Weakens

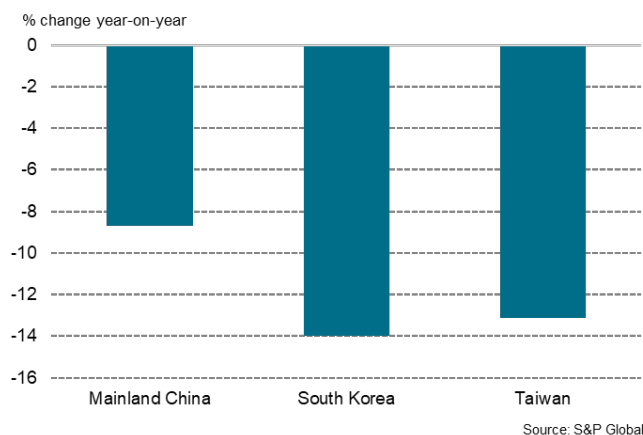
APAC exports showed strong expansion during the first half of 2022 but have slowed significantly in recent months, with mainland China, South Korea and Taiwan recording substantial contraction in exports on a year-on-year (y/y) basis in November. Latest evidence from S&P Global Purchasing Managers surveys for November also signals that new export orders remain weak across many APAC economies, indicating continuing headwinds in early 2023 for APAC merchandise exports.

However, the gradual recovery of international tourism in the APAC region is already resulting in improving service sector exports for economies, such as Thailand, Malaysia and Singapore. Commodity exporting nations, notably Australia, Malaysia and Indonesia, have also continued to benefit from high global commodity prices, particularly for their exports of energy products.

APAC exports are facing increasing headwinds

After rapid growth in APAC exports during the first half of 2022, export growth momentum has weakened in the second half of the year. This reflects slowing growth in the US and EU, and for APAC excluding mainland China, weak domestic demand in mainland China due to the impact of ongoing COVID-19 restrictions.

Northeast Asian exports, November 2022



The downturn in global electronics orders has been a significant factor that has hit APAC exports. Electronics manufacturing is a significant part of manufacturing exports for many APAC industrial economies, including Japan,

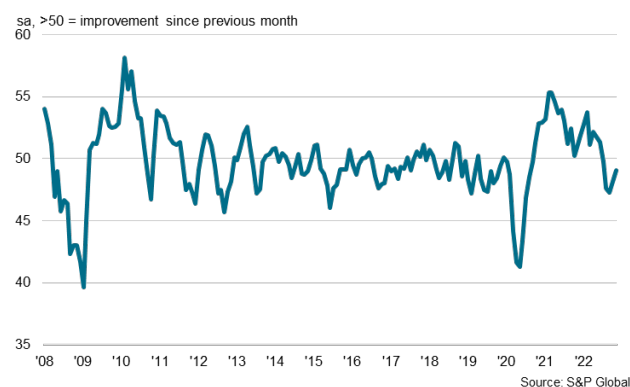
mainland China, South Korea, Malaysia, Singapore, Taiwan, Vietnam, Thailand and the Philippines.

According to latest trade data from South Korea's Ministry of Trade, Industry and Energy, the country's merchandise exports showed a sharp contraction of 14% y/y in November, with the export sector downturn deepening further compared with the 5.7% y/y decline recorded in October. For the first 11 months of 2022, South Korean exports still showed positive growth of 7.8% y/y. Exports of semiconductors fell by 29.8% y/y in November, reflecting weakening global demand for consumer electronics as well as falling NAND and DRAM prices, while exports of displays were down by 15.6% y/y. Petrochemicals exports also declined significantly, contracting by 26.5% y/y. However, auto exports were buoyant, rising by 31% y/y in November.

With protracted COVID-19 restrictions having continued to constrain domestic demand in mainland China, total South Korean merchandise exports to that key market fell by 25.5% y/y in November. Exports to Japan also showed a large decline of 17.8% y/y, while exports to ASEAN fell by 13.9% y/y.

The seasonally adjusted South Korea Manufacturing Purchasing Managers' Index (PMI) reading of 49.0 in November continued to signal contractionary conditions in the manufacturing sector for output and new orders.

S&P Global South Korea Manufacturing PMI



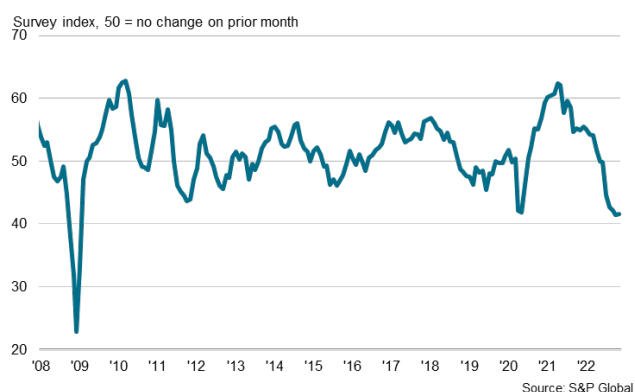
In Singapore, non-oil domestic exports fell by 5.6% y/y in October, with electronics exports declining by 9.3% y/y in October 2022, following a 10.6% contraction in September. Pharmaceutical exports fell by 34.7% y/y, while petrochemicals exports contracted by 18.4% y/y.

Strong exports have been a key driver of Taiwan's rapid economic growth during 2021 and the first half of 2022. However, in September 2022, the value of Taiwan's exports fell by 5.3% y/y, with a further 0.5% y/y contraction in October. Exports deteriorated even further in November, declining by 13.1% y/y. Taiwan's exports to mainland China and Hong Kong SAR fell by 20.9% y/y in November due to weak economic growth in mainland China as a result of

ongoing COVID-19 restrictions. Mainland China is Taiwan's largest export market, accounting for 28% of Taiwan's total exports, while Hong Kong SAR accounts for a further 14% of Taiwan's total exports.

Taiwan's manufacturing sector continued to record significant contraction in overall operating conditions during November, according to latest PMI survey data from S&P Global. Companies registered further substantial falls in both output and new business, with firms frequently linking this to weaker demand conditions at home and abroad. At 41.6 in November, the S&P Global Taiwan Manufacturing Purchasing Managers' Index was similar to the reading of 41.5 in October and indicated contractionary manufacturing conditions for the sixth successive month.

S&P Global Taiwan Manufacturing PMI



Mainland China's merchandise exports also fell sharply in November, declining by 8.7% y/y, reflecting weakness in the key US and EU markets as well as manufacturing supply chain disruptions in mainland China due to COVID-19 restrictions and lockdowns. Mainland China's exports to the US fell by 25.4% y/y in November measured in USD terms, while exports to the EU fell by 10.6% y/y. This followed a modest decline of 0.3% y/y in October, measured in US dollar terms, with exports to the US down by 12.6% y/y and exports to the EU falling by 9% y/y.

Japan's exports in yen value terms have been more resilient, rising by 19.2% y/y according to provisional data for the first 20 days of November 2022. Japanese exports in yen value terms have been helped by the sharp depreciation of the Japanese yen against the USD during 2022. The yen has declined from JPY 115 per USD on 1st January 2022 to JPY 137 per USD on 8th December 2022. However, recent Japan manufacturing survey data showed further contraction in order books. The decline was the fastest since August 2020 amid reports of cooling market demand and ongoing price pressures. Foreign export orders declined at a pace that was the sharpest since July 2020.

au Jibun Bank Japan Manufacturing New Export Orders



APAC commodity exporting nations have also shown a more resilient export performance, supported by strong global commodity prices, notably for energy exports. Malaysian merchandise exports rose by 15% y/y in October, according to latest available government trade data, with exports buoyed by an 86% y/y rise in exports of mining goods, notably LNG and petroleum. LNG exports rose by 128% y/y in October, while petroleum product exports rose by 81% y/y.

Indonesian exports also have continued to show strong growth, rising by 12.3% y/y in October 2022, helped by rising export values for oil and gas as well as coal.

Australian exports of goods and services have also been buoyant during 2022, rising by 37.6% y/y in October 2022 measured in Australian dollar terms, helped by strong exports of coal, LNG and iron ore. Coal exports were up 52% y/y in October, while exports of metal ores were up 23.5% y/y. The Reserve Bank of Australia's Index of Commodity Prices based on Australian commodity exports showed that the index had risen by 28.9% y/y in the year to October 2022, led by higher LNG, coking coal and thermal coal prices.

Electronics sector downturn

The downturn in global electronics demand during 2022 has increasingly been impacting on APAC electronics exports.

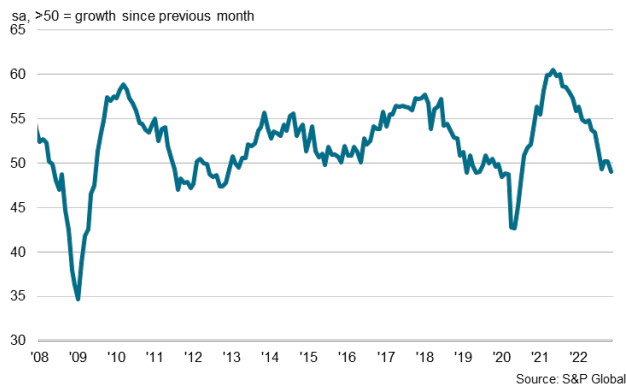
The headline seasonally adjusted S&P Global Electronics PMI fell from 50.5 in October to 49.0 in November, to signal a renewed deterioration in operating conditions across the global electronics manufacturing sector. A marked reduction in order book volumes drove the latest downturn and led to the fastest fall in output since June 2020.

New business placed with global electronics producers ticked down for the sixth consecutive month in November. Notably, the reduction was sharp overall and the quickest in three months. Weak underlying demand conditions, particularly in the US, Europe and China, were reportedly behind the drop in new orders. On a sector level, the

contraction was broad-based with all four monitored industries registering demand weakness.

Supply chain disruptions have also impacted on supply, with mainland China's exports of smartphones declining by 25% y/y in November. Production of iPhone 14 products have fallen significantly during November due to the impact of COVID-19 disruptions on iPhone 14 assembly in Zhengzhou.

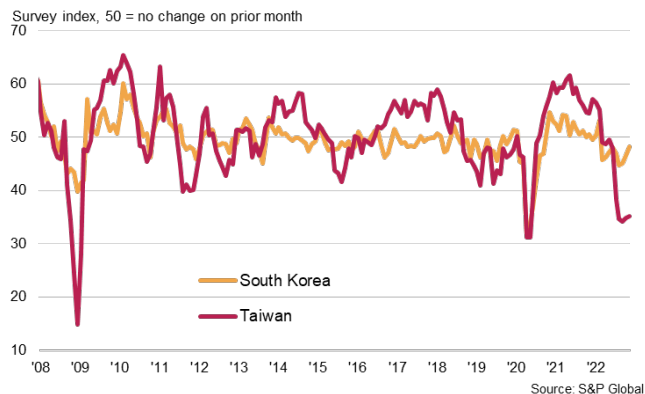
S&P Global Electronics PMI



APAC export outlook

Latest PMI surveys for APAC economies in November indicate weak manufacturing orders, signalling continued headwinds for manufacturing exports in the near-term. In Taiwan, manufacturing export orders fell sharply in November according to the latest PMI survey, with firms citing weak demand conditions across the globe, but particularly from mainland China, the US and EU. In South Korea, export orders have also been soft in recent months, particularly due to weak demand conditions in mainland China.

South Korea and Taiwan Manufacturing PMI Export Orders



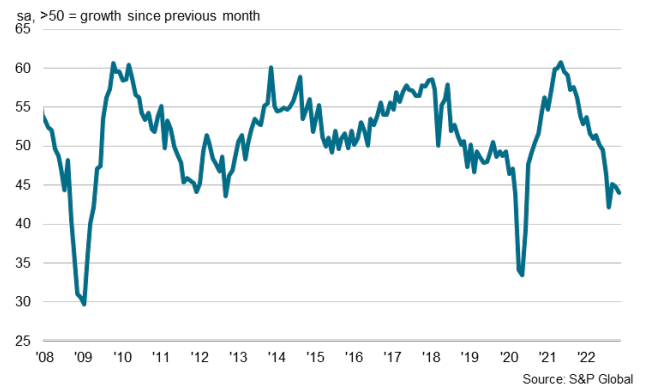
The Caixin China Manufacturing PMI for October also showed continued contraction in new export orders for the fourth consecutive month, reflecting weak demand in the key US and EU markets.

Caixin China Manufacturing PMI New Export Orders Index



The seasonally adjusted S&P Global Electronics PMI New Orders Index posted below the 50.0 no-change mark in November, to mark a sixth consecutive month whereby new orders at global electronics manufacturers declined. Survey respondents primarily linked the downturn to weakness in underlying demand, specifically across Europe, the US and mainland China. Weakening demand for electronics products has already been reflected in latest electronics exports data for mainland China, Singapore, South Korea and Taiwan.

S&P Global Electronics New Orders Index



However, a mitigating factor to the downturn in merchandise exports is that service sector exports will improve during 2023 in some APAC economies that have traditionally had large international tourism revenue prior to the COVID-19 pandemic. The reopening of international borders in many APAC countries during 2022 has already allowed a gradual restart of international tourism, but momentum is expected to build significantly during 2023.

Furthermore, an upside scenario is that if mainland China significantly eases its COVID-19 restrictions during 2023, this could help to boost domestic demand, which could lift exports from other APAC economies to mainland China. If mainland China eases its own border restrictions for international travel during 2023, this also could provide a

further large boost to APAC tourism exports. Chinese tourist visitors had become a key part of the international tourism market for many APAC economies, including South Korea, Japan, Thailand, Philippines, Malaysia and Singapore.

Rajiv Biswas

Asia-Pacific Chief Economist
S&P Global Market Intelligence
Singapore

rajiv.biswas@spglobal.com

Links to more resources

- [Sign up to receive updated commentary in your inbox here.](#)
- [Calendar of upcoming PMI releases](#)
- [Running commentary on the PMI survey findings](#)
- [PMI Frequently Asked Questions](#)
- [Background to the PMIs \(video\)](#)
- [Understanding the headline PMI and its various subindices](#)
- [PMI data use-case illustrations](#), from nowcasting to investment strategy
- [PMI podcasts](#)
- [How to subscribe](#) to PMI data

CONTACT US

Chris Williamson

Chief Business Economist
S&P Global Market Intelligence
London

T: +44 779 5555 061
chris.williamson@spglobal.com

The Americas

+1-877-863-1306

EMEA

+44-20-7176-1234

Asia-Pacific

+852-2533-3565

spglobal.com/marketintelligence/en/mi/products/pmi.html