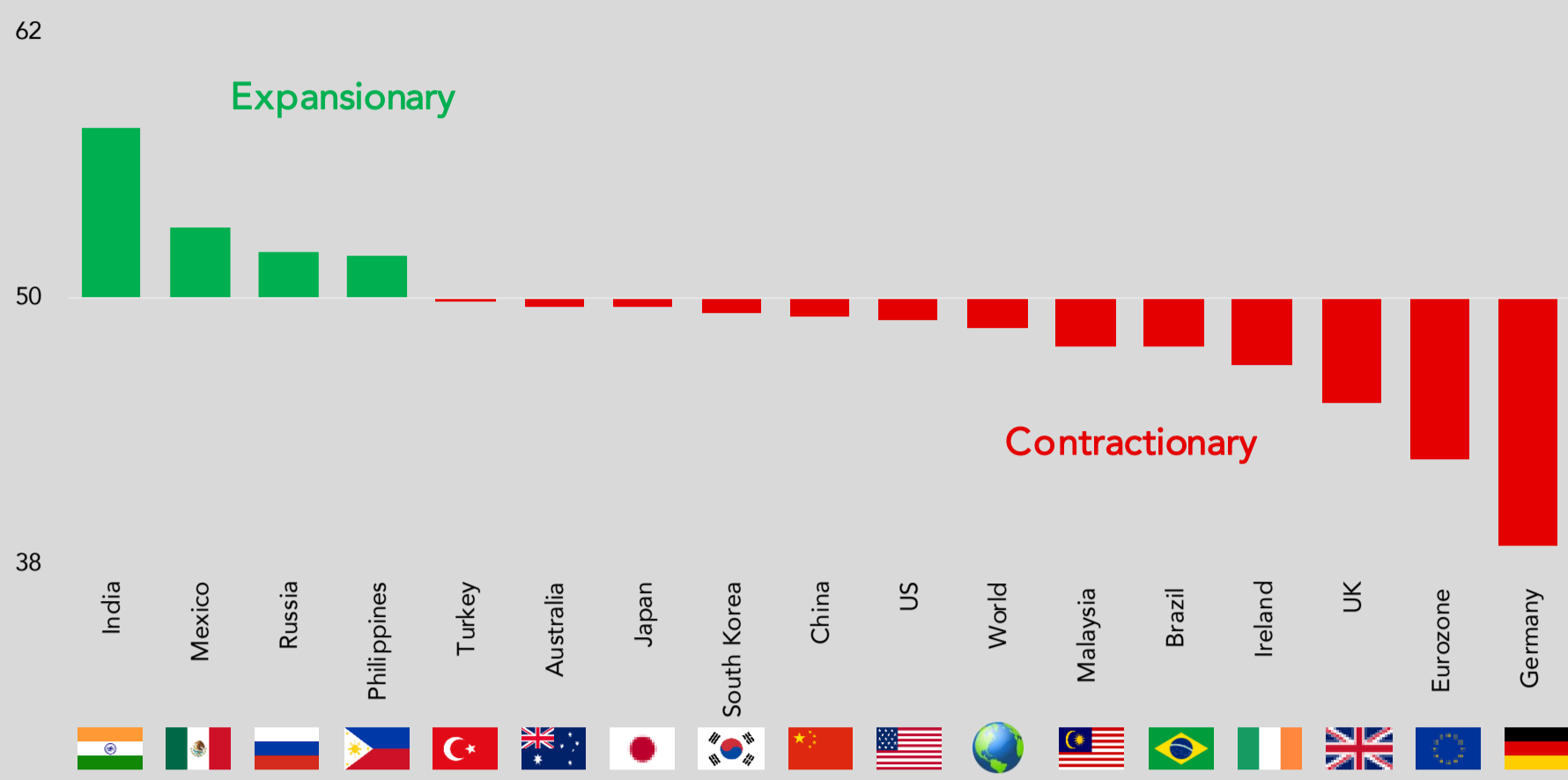


Chart of the Day

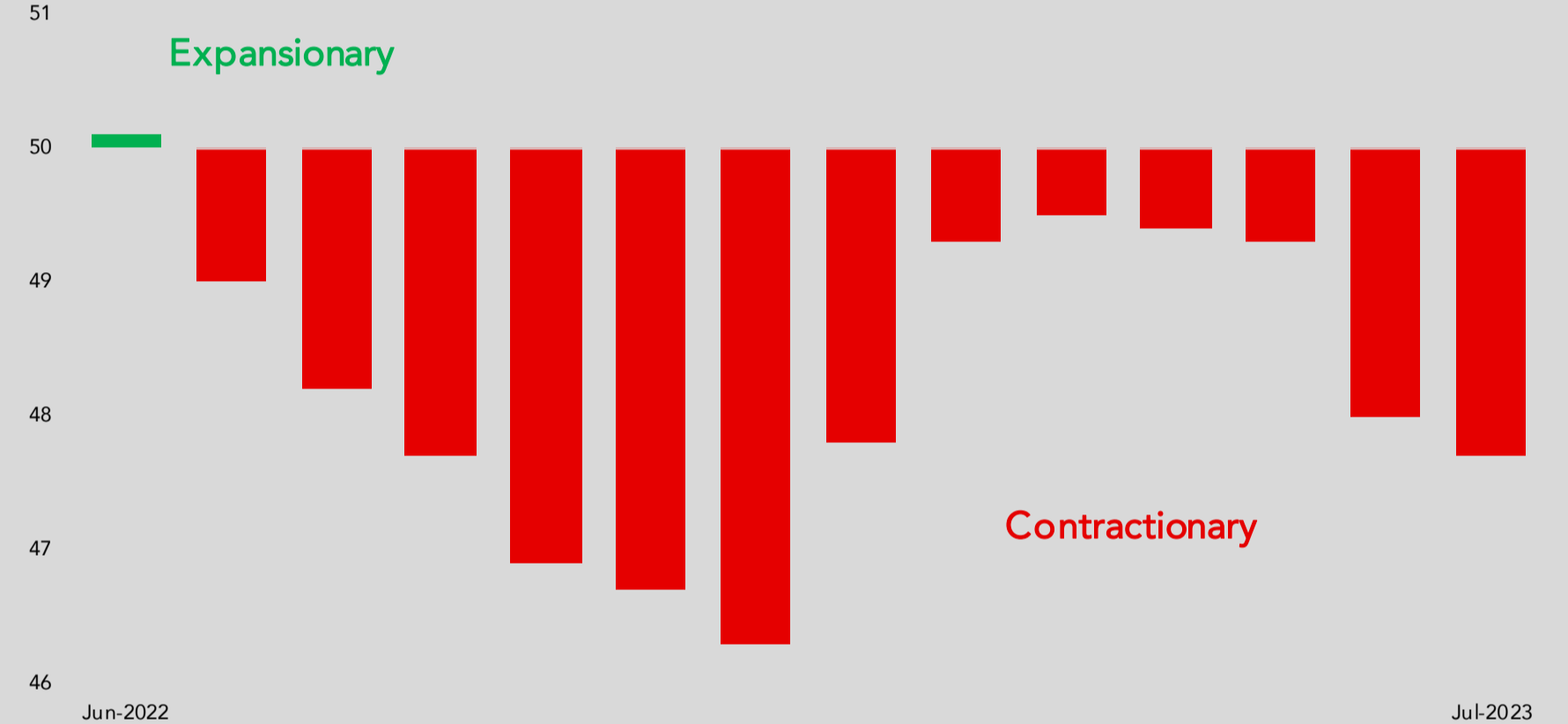
In July, the S&P Global Manufacturing PMI contracted for the 11th month in a row, with only 7 of the 29 measured economies in expansionary territory. Manufacturing production in the Eurozone contracted at the fastest pace since the height of the global pandemic in 2020. China and much of developing Asia also exhibited signs of weakness with China contracting in 8 of the past 12 months. Weak new orders, deteriorating international trade flows and inventory de-stocking all indicate the contraction is likely to persist through the back half of 2023.

S&P Global manufacturing PMI, by country

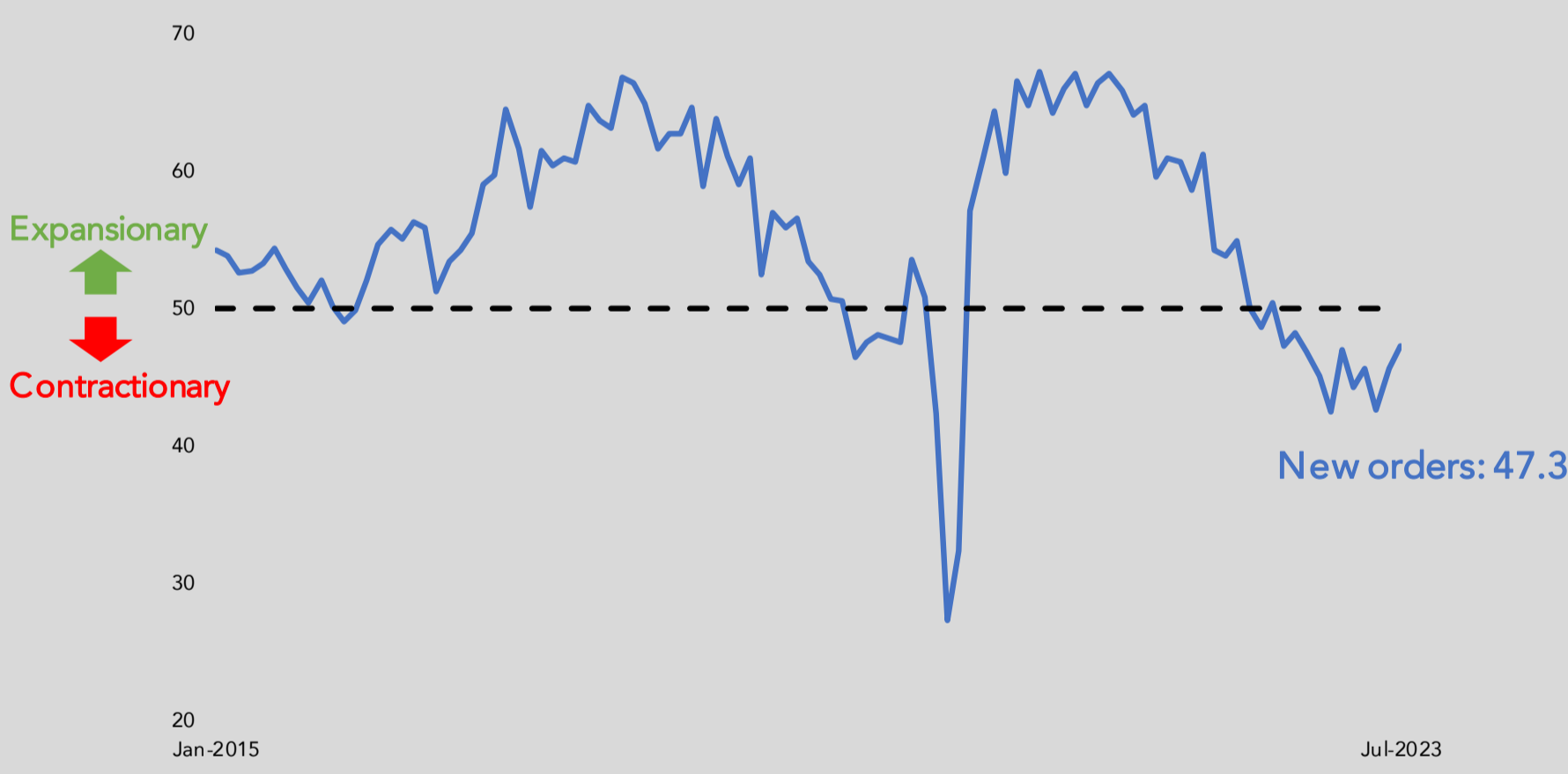


Global total orders and export orders have fallen for the past 13 and 17 months, respectively, indicating persistent demand weakness for manufactured goods. In July, a sharp decline in export orders from China contributed to the fastest contraction in new export orders of the year. With pent-up demand from the pandemic largely met and tepid demand trends, manufacturing PMIs are expected to remain in contraction territory going forward.

S&P Global manufacturing new orders

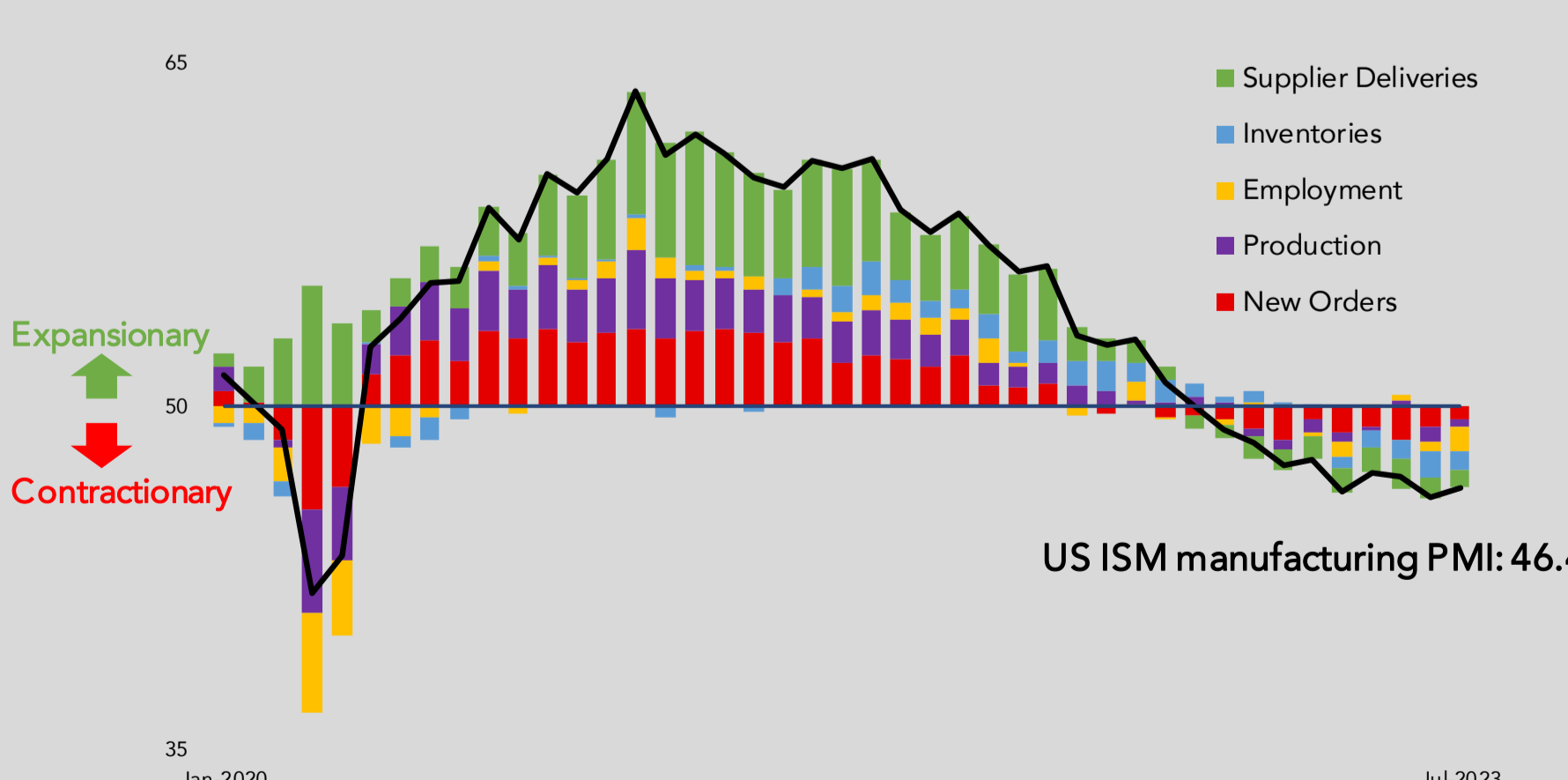


US ISM manufacturing new orders



US ISM Manufacturing PMI has contracted for 9 consecutive months, the longest stretch since the GFC. Weakness has been broad based with every contributing category in contraction in both the June and July survey readings.

Contribution to headline US ISM manufacturing PMI index



Source: (1-4) Bloomberg. Data as of August 2, 2023. Capital Economics. Oxford Economics. S&P Global.

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“Macro stability isn’t everything, but without it, you have nothing.”