

September 16, 2020

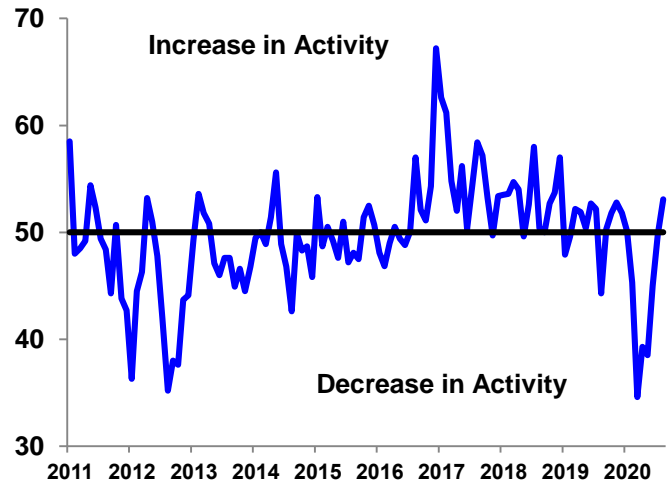
The PMI has shifted to reflect expansion

The Bank Hapoalim and Organization of Procurement Managers PMI increased in August by 3.3 points to a level of 53.1 points. The PMI shifted to reflect expansion in activity for the first time since January of this year. Most components reflected expansion, except for the domestic orders component.

The Global PMI, published by JPMorgan, increased by 1.2 points in August to 51.8 points. This is the second straight month that the PMI is reflecting expansion in manufacturing, and this is the highest level since November 2018. It is important to note that the PMI reflects the expected change in activity, and the improvement in the past two months is in comparison to the previous months of weak activity during the Covid-19 closure. The PMI in the EU remained stable at a level of 51.7 points. In the US the Markit index increased to 53.7 points from 50.9 in the previous months while the ISM increased to 56.0 points from 54.2. In China the PMI increased to 53.1.

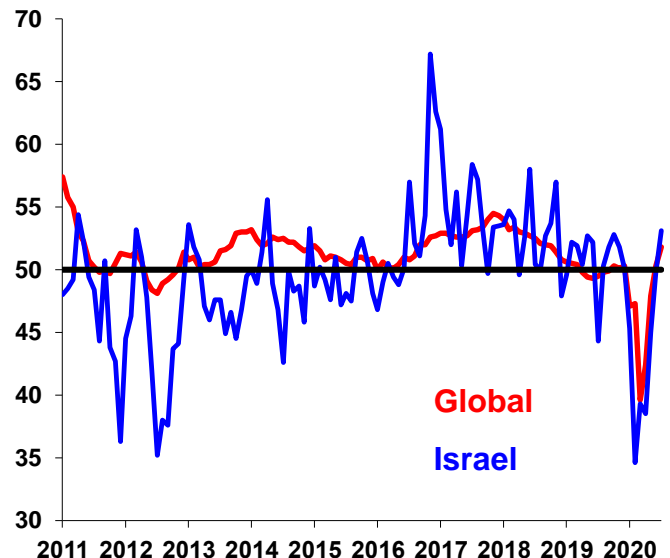
Bank Hapoalim Economists: In August economic activity was higher than that in previous months for almost all sectors, including manufacturing. Manufacturing was not directly impacted by Covid-19, and some of the industries enjoyed stronger domestic demand such as food and fashion. The domestic orders component remains weak (below the 50-point threshold), possibly due to expectations of a renewed closure during the holidays.

Israel's PMI
50=unchanged, s.a.



Source: Bank Hapoalim & IPLMA

Global and Israel's PMI



Source: Bank Hapoalim & IPLMA

August Data (seasonally adjusted)

Index	August 2020	July 2020	Percent Point Change	Trend	Trend (Months)
PMI	53.1	49.8	3.3	Growing	1
Trend	49.6			Contracting	
New Orders - Domestic	48.3	48.0	0.3	Contracting	7
New Orders-Exports	53.4	48.6	4.8	Growing	1
Production	59.5	59.9	-0.4	Growing	3
Employment	52.2	41.7	10.5	Growing	1
Raw-Materials Prices	55.3	49.7	5.6	Increasing	1
Inventory – Finished Goods	61.9	55.2	6.7	Increasing	5
Inventory - Raw-Materials	62.7	42.5	20.2	Increasing	1
Inventory Accrual Purchases	56.4	47.1	9.3	Increasing	1
Supplier Delivery Time - Imports	37.6	35.8	1.8	Decreasing	14
Supplier Delivery Time - Domestic	47.4	42.8	4.6	Decreasing	8

Notes to the review and the PMI in Israel

The indices presented in this report are calculated by processing the replies obtained from a large number of purchasing managers of industrial companies in Israel. The questions refer to changes in ten areas compared with the previous month. The replies are qualitative, as follows: 1. High/Better; 2. Low/Worse; 3. Unchanged. A diffusion index, which measures the ratio of respondents expecting an improvement or no change, is calculated for six of the questions. The index calculation methodology matches the methodology used in calculating the PMI worldwide. The Israeli PMI is included in both the European and global PMI.

Great effort was made to avoid errors when gathering the information, processing it and preparing it for publication. Bank Hapoalim B.M. and the Israeli Purchasing and Logistics Managers Association are not responsible for mistakes that could occur, and any causative damage that could result from the use of erroneous data.