

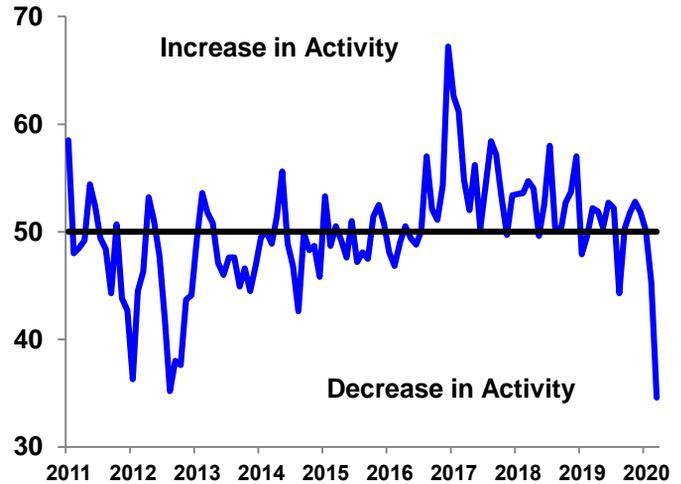
The PMI declines sharply in March 2020

The Bank Hapoalim and the Israeli Purchasing and Logistics Managers Association's Purchasing Managers Index (PMI) declined 10.7 points in March to 34.6 points, the lowest level since February 2009. This month, all items were down, except for price components and raw material inventory that indicated expansion.

The Global Purchasing Managers Index, published by JP Morgan Bank, rose 0.5 points in March to 47.6 points, a level that still indicates contraction in industrial activity. The increase was largely due to an improvement in China's PMI, which rose to 50.1 points from 40.3 points in February. The global PMI excluding China reached 46.6 points in March, the lowest since May 2009.

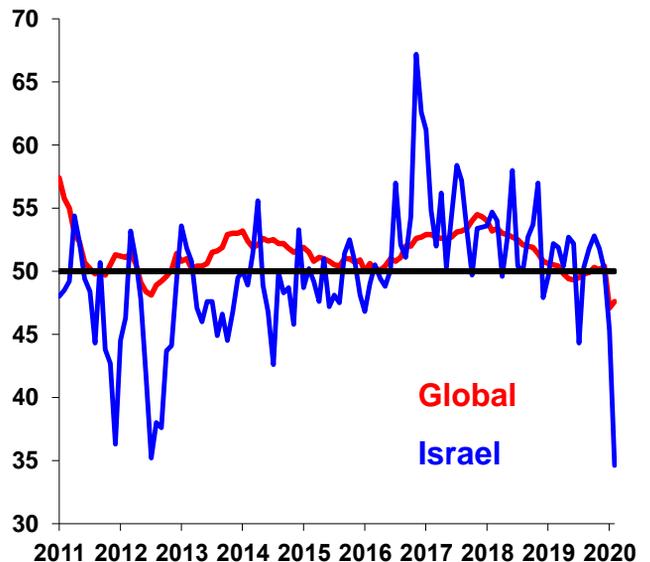
Bank Hapoalim economists: The damage to manufacturing industries is less than that of services, but is still large. The option of working from home is less relevant for industry, except for high-tech, and the proportion of those who worked in manufacturing is higher than in other sectors of the economy. There is considerable variation among factories: those engaged in the production of food and medicines for example, their activities have been hardly affected. On the other hand, companies whose products are intended for export are now facing great uncertainty.

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



Source: Bank Hapoalim & IPLMA

Global and Israel's PMI



Source: Bank Hapoalim & IPLMA

March Data (seasonally adjusted)

Index	March 2020	February 2020	Percent Point Change	Trend	Trend (Months)
PMI	34.6	45.3	-10.7	Contracting	2
Trend	44.3	49.0	-4.7	Contracting	2
New Orders - Domestic	31.5	47.8	-16.3	Contracting	2
New Orders-Exports	38.8	46.5	-7.7	Contracting	4
Production	34.4	45.2	-10.8	Contracting	2
Employment	34.4	39.2	-4.8	Contracting	2
Raw-Materials Prices	52.5	49.3	3.2	Growing	1
Inventory – Finished Goods	47.1	41.1	6.0	Decreasing	3
Inventory - Raw-Materials	55.4	48.8	6.6	Increasing	1
Inventory Accrual Purchases	42.4	45.1	-2.7	Decreasing	4
Supplier Delivery Time - Imports	20.7	34.8	-14.1	Decreasing	9
Supplier Delivery Time - Domestic	22.2	45.9	23.7	Decreasing	3

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.