

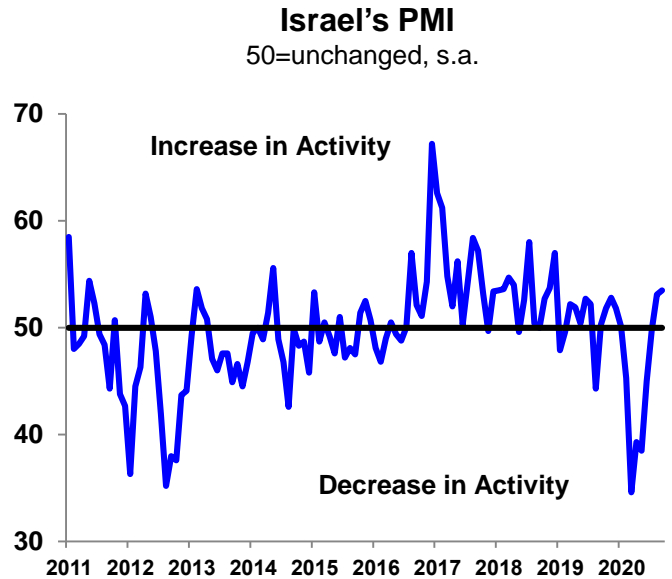
October 20, 2020

## The PMI increases slightly in September 2020

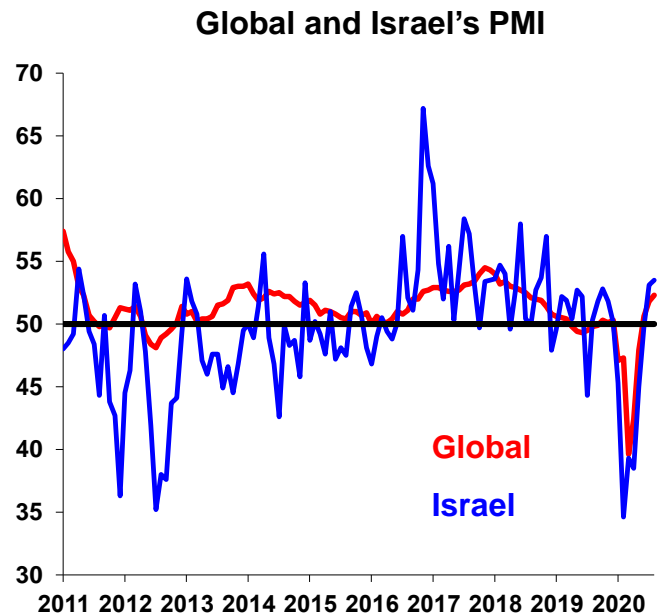
The Purchasing Managers 'Index of Bank Hapoalim and the Purchasing Managers' Organization rose by 0.4 points in September to a level of 53.5 points. This is the second month in a row that the index is indicating an expansion in industrial activity and the level is the highest since December 2018. The main components of the index have improved to indicate an expansion in activity.

The Global Purchasing Managers' Index, published by JPMorgan Bank, increased by 0.5 points to 52.3 points in September. This is the third consecutive month in which the index indicates an expansion in industrial activity, and its level is the highest since August 2018. It should be noted that the level of the index reflects the change in activity, and the increase in recent months is relative to the low production level during the quarantine months. The PMI in the Eurozone rose to 53.7 points from 51.7 points. In the US the Markit index remained stable at 53.2 points and the ISM index fell to 55.4 points from 56.0 points. In China the index remained stable at 53.0 points.

**Bank Hapoalim economists: The manufacturing industry has been much less affected from the crisis compared to other sectors, and the most of the PMI in the world now mostly point to expansion.** The lockdown does affect production, but in some factories it is possible to compensate for this by increasing production when factories do open up. The domestic orders component moved this month to indicate an expansion in activity following seven months of contraction. Some industries such as food enjoyed a seasonal increase in orders before the Jewish holidays. Some industries, such as construction, are dependent on other industries, and activity in these industries is still low compared to the pre-crisis period.



Source: Bank Hapoalim & IPLMA



Source: Bank Hapoalim & IPLMA

## September Data (seasonally adjusted)

Index	September 2020	August 2020	Percent Point Change	Trend	Trend (Months)
PMI	53.5	53.1	0.4	Growing	2
Trend	51.7	49.6	2.1	Growing	1
New Orders - Domestic	51.4	48.3	3.1	Growing	1
New Orders-Exports	51.1	53.4	-2.3	Growing	2
Production	60.8	59.5	1.3	Growing	4
Employment	52.6	52.2	0.4	Growing	2
Raw-Materials Prices	57.0	55.3	1.7	Increasing	2
Inventory – Finished Goods	59.9	61.9	-2.0	Increasing	6
Inventory - Raw-Materials	48.6	62.7	-14.1	Decreasing	1
Inventory Accrual Purchases	54.8	56.4	-1.6	Increasing	2
Supplier Delivery Time - Imports	40.1	37.6	2.5	Decreasing	15
Supplier Delivery Time - Domestic	46.6	47.4	-0.8	Decreasing	9

### 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.