

Schweizer Wirtschaft

Solid growth in the service and manufacturing sectors

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The procure.ch Purchasing Managers' Index (PMI) maintained its downtrend in May. That said, the latest manufacturing PMI continues to point to robust momentum in the industrial sector. The problems facing the supply chain are slowly starting to ease, while the record highs in purchase prices are no longer being hit. Meanwhile, the brisk pace of job additions suggests that capacity is being expanded.

The service sector, which is more focused on domestic consumption, actually picked up some momentum again in May. The service PMI has almost made good its dip in the prior month and is now close to its levels of early spring, when the removal of measures to curb the pandemic buoyed the sector.

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A joint project with the Professional Association for Procurement and Supply Management:



PMI (manufacturing)

Figure 1: Manufacturing PMI continuing its downtrend
Growth threshold = 50



Source: procure.ch, Credit Suisse

Index level in May: 60.0 points (April: 62.5)

- Month-on-month change: -2.4 index points
- Year-on-year change: -8.5 index points

May 2022 saw the procure.ch Purchasing Managers' Index (PMI) shed 2.4 points from its prior-month level. However, at 60.0 points, it remains well above the growth threshold and only marginally below its level before the war in Ukraine broke out in mid-February. As a result, growth is still solid. While the slowdown since last summer's boom is striking,

given the record highs set back then it would be more accurate to describe current levels as a normalisation rather than a worrying downturn.

Broad-based job creation

The growing slowdown in momentum is also evident in the subindices, with the output indicator now well below the boom-like levels recorded in the corresponding period last year, though still within growth territory. Although the backlog of orders is growing at a considerably slower pace than in April, the current level continues to guarantee brisk output over the coming months. The employment subindex also reflects an optimistic outlook, as 31% of the survey participants are currently adding staff.

Tentative signs of easing

The fact that the supply chain issue appears to be easing further is also boosting sentiment about the future. Since reaching a peak in September last year, the suppliers' delivery times subindex has generally fallen and continued to head lower this month. Only half of the respondents are now reporting longer waiting times. At the same time, purchase prices are easing at a tentative pace. While the corresponding subindex is not as high as it has been recently, the decline is far less significant than the fall in delivery times would suggest. Three-quarters of the participating industrial companies are still faced with rising purchase prices. Meanwhile, one in five companies are reporting additions to their inventories of finished goods. This will enable goods to be dispatched rapidly if demand remains strong.

Evolution of the PMI (manufacturing)

		PMI	PMI (s)
2020	Dec.	56.0	58.6
2021	Jan.	58.9	60.1
	Feb.	64.9	62.0
	Mar.	68.0	65.6
	April	70.5	68.3
	May	68.4	68.6
	June	68.7	67.1
	July	70.3	70.0
	Aug.	64.8	67.0
	Sep.	65.9	67.6
	Oct.	64.6	65.7
	Nov.	63.4	63.8
	Dec.	61.1	64.2
2022	Jan.	62.4	63.8
	Feb.	65.3	62.6
	Mar.	66.3	64.0
	April	64.4	62.5
	May	59.9	60.0

Source: Credit Suisse, procure.ch

Purchasing managers' index (PMI) survey

The procure.ch Purchasing Managers' Index (PMI) is a collaborative undertaking of the Swiss Trade Association for Purchasing and Supply Management procure.ch and Credit Suisse. It is based on a monthly

survey of procure.ch members. The survey and its evaluation are undertaken in accordance with the guidelines of the International Federation of Purchasing and Supply Management, which have been tried and tested in the United States for decades. The association procure.ch carries out the survey while Credit Suisse evaluates and publishes the results.

PMI (manufacturing) subindices

	higher (%)	same (%)	lower (%)	Index	+/-	Index (s)	+/- (s)
Output	26	54	20	52.6	-6.4	53.4	-2.2
Backlog of orders	32	50	18	56.6	-9.0	58.6	-6.7
Quantity of purchases	33	55	12	60.2	-3.6	60.5	-0.8
Purchase prices	75	23	3	86.0	-8.2	81.6	-8.5
Suppliers' delivery times	51	48	1	74.8	-2.9	70.2	-2.8
Stocks of purchases	37	52	12	62.4	-0.1	60.2	1.5
Stocks of finished goods	22	61	17	52.7	-1.4	51.3	-1.0
Employment	31	61	8	61.6	1.3	62.8	2.1

The table summarises the results of the latest survey. For each subindex, the table shows the percentage of each response which is "higher than", the "same as" or "lower than" the previous month. The current level of the index is also indicated. The level of each subindex is the sum of the percentage of "higher" responses plus half of the percentage of "same" responses. The PMI is the weighted average (weights in brackets) of the following subindices: "output" (0.25), "backlog of orders" (0.30), "suppliers' delivery times" (0.15), "stocks of purchases" (0.10) and "employment" (0.20). If the PMI or a subindex is above the 50 mark this indicates growth, while an index below 50 indicates contraction.

Source: procure.ch, Credit Suisse

PMI (services)

Figure 2: Service PMI moving sideways at a high level

Growth threshold = 50



Source: procure.ch, Credit Suisse

Index level in May: 60.2 points (April: 56.2)

- Month-on-month change: +3.9 index points
- Year-on-year change: + 2.1 index points

Robust momentum in the service sector

Unlike its counterpart in the manufacturing sector, the service PMI has headed upwards in May. Business activity in particular – the equivalent of “output” in the service sector – and the “new orders” subindex moved higher. As both subindices had fallen from previously high levels a month earlier, this movement is more likely to constitute a return to normal. The dip in April was probably partly attributable to the timing of the survey (22 to 26 April) after the Easter break and during the spring holidays in numerous cantons. Overall, momentum in the service sector seems highly robust in the face of deteriorating consumer sentiment and the loss of purchasing power due to surging energy prices.

40% are raising their sales prices

Another encouraging factor is that employment has picked up in the service sector since the beginning of the year. Practically none of the businesses participating in the survey are considering job cuts. Purchase prices, which are also climbing on a broad scale in the service sector, represent the only headwind. The corresponding subindex remains close to its all-time high. Sales prices are rising less widely, which points to limited pricing power in the domestic market. However, this subindex is also hovering close to record levels, with 40% of participating companies at least partially passing on higher costs to their customers.

Evolution of the PMI (services)

		PMI	PMI (s)
2020	Dec.	48.1	50.0
2021	Jan.	47.5	50.8
	Feb.	52.4	52.7
	Mar.	58.0	55.6
	April	58.8	57.3

	PMI	PMI (s)	
	May	58.4	58.1
	June	63.2	62.7
	July	55.5	60.4
	Aug.	57.9	60.2
	Sep.	64.3	60.9
	Oct.	61.2	59.3
	Nov.	62.8	59.2
	Dec.	57.5	59.9
2022	Jan.	52.7	56.4
	Feb.	63.9	64.3
	Mar.	63.6	61.1
	April	57.6	56.2
	May	60.5	60.2

Source: Credit Suisse, procure.ch

PMI (services) subindices

	higher (%)	same (%)	lower (%)	Index	+/-	Index (s)	+/- (s)
Business activity	38	51	11	63.2	5.7	64.0	8.6
New orders	39	43	18	60.2	1.3	60.3	3.3
Backlog of orders	38	46	16	60.9	2.0	59.8	3.2
Purchase prices	77	22	1	87.9	0.4	86.2	1.5
Sale prices	41	56	2	69.4	-2.7	69.4	-2.2
Employment	18	77	5	56.8	2.8	55.8	0.0

The table summarises the results of the latest survey. For each subindex, the table shows the percentage of each response which is “higher than”, the “same as” or “lower than” the previous month. The current level of the index is also indicated. The level of each subindex is the sum of the percentage of “higher” responses plus half of the percentage of “same” responses. The PMI is the weighted average (weights in brackets) of the following subindices: “business activity” (0.25), “new orders” (0.25), “backlog of orders” (0.30) and “employment” (0.20). If the PMI or a subindex is above the 50 mark this indicates growth, while an index below 50 indicates contraction.

Source: procure.ch, Credit Suisse

(25/05/2022)

PMI (manufacturing) and subindices (seasonally adjusted)

		PMI	Output	Backlog of orders	Quantity of purchases	Purchase prices	Suppliers' delivery times	Stocks of purchases	Stocks of finished goods	Employment
2020	Dec.	58.6	60.8	58.5	59.1	61.6	69.7	50.1	49.9	51.8
2021	Jan.	60.1	61.5	60.2	60.3	67.5	76.0	48.4	46.0	51.9
	Feb.	62.0	63.0	64.4	62.2	73.4	76.4	48.7	43.2	52.9
	Mar.	65.6	65.7	69.4	68.9	82.4	83.5	49.4	45.3	54.5
	April	68.3	69.1	74.5	70.9	83.4	84.7	50.0	42.8	55.1
	May	68.6	65.1	75.7	70.3	89.4	87.2	52.3	46.0	56.4
	June	67.1	64.3	70.4	69.1	92.5	86.2	53.8	42.3	57.9
	July	70.0	71.7	70.7	72.7	91.0	87.7	56.2	45.3	60.4
	Aug.	67.0	63.0	68.2	69.5	87.1	86.8	54.4	46.6	61.8
	Sep.	67.6	64.0	67.0	71.3	91.1	88.9	58.5	45.5	61.5
	Oct.	65.7	60.5	66.9	65.6	92.5	85.2	56.4	51.9	60.5
	Nov.	63.8	54.1	63.0	61.3	90.4	84.0	67.2	52.1	60.1
	Dec.	64.2	58.7	64.8	59.5	91.2	79.1	60.6	53.4	60.9
2022	Jan.	63.8	58.6	63.0	58.9	85.9	78.0	60.7	49.6	62.4
	Feb.	62.6	57.9	61.7	56.8	86.6	74.9	57.5	51.3	63.1
	Mar.	64.0	59.3	64.0	61.9	90.7	76.8	60.2	51.5	62.4
	April	62.5	55.6	65.3	61.4	90.1	73.1	58.7	52.3	60.7
	May	60.0	53.4	58.6	60.5	81.6	70.2	60.2	51.3	62.8

Source: procure.ch, Credit Suisse

PMI (services) and subindices (seasonally adjusted)

		PMI	Business activity	New orders	Backlog of orders	Purchase prices	Sale prices	Employment
2020	Dec.	50.0	54.3	50.3	47.4	61.9	52.7	48.0
2021	Jan.	50.8	53.0	54.2	49.6	63.1	54.7	45.7
	Feb.	52.7	54.8	55.1	53.4	65.3	53.5	46.1
	Mar.	55.6	58.4	59.5	56.0	73.1	64.8	46.5
	April	57.3	61.4	60.6	55.5	75.2	65.0	51.0
	May	58.1	62.3	59.0	57.5	83.0	67.5	52.5
	June	62.7	65.1	62.3	65.7	84.8	70.7	55.9
	July	60.4	63.3	61.0	61.6	84.3	70.5	54.0
	Aug.	60.2	65.4	58.9	60.6	82.9	68.3	54.9
	Sep.	60.9	61.9	61.1	62.7	82.8	66.4	56.4
	Oct.	59.3	62.2	59.4	60.2	85.5	70.4	54.1
	Nov.	59.2	64.6	60.0	60.6	84.8	70.1	49.5
	Dec.	59.9	62.3	60.5	63.6	79.8	61.9	50.8
2022	Jan.	56.4	52.7	56.4	61.4	78.2	65.7	53.9
	Feb.	64.3	68.3	66.7	64.5	87.3	67.9	56.0
	Mar.	61.1	61.8	65.1	59.7	90.6	71.9	57.4
	April	56.2	55.4	57.0	56.6	84.7	71.7	55.7
	May	60.2	64.0	60.3	59.8	86.2	69.4	55.8

Source: procure.ch, Credit Suisse

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