

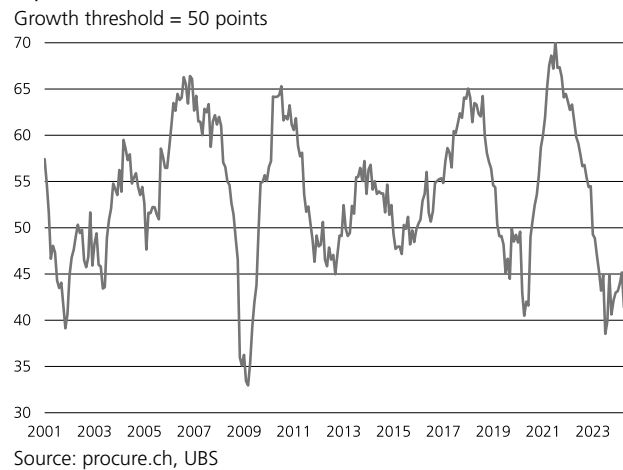
PMI Switzerland: No spring awakening for manufacturing

Swiss economy

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- The procure.ch Purchasing Managers' Index (PMI) fell from 45.2 to 41.4 points in April, marking its lowest level since October 2023. The PMI has now sat below the growth threshold of 50 points for more than five quarters.
- The Services PMI, on the other hand, has recovered significantly, climbing from 47.6 points in the previous month to 55.6 points currently. The pronounced decline in March below the growth threshold appears to have been an outlier.
- Last year and at the beginning of this year, the PMI pointed to a bifurcation of the Swiss economy: robust services but weak manufacturing. While the March PMI survey pointed to a convergence in sentiment in both sectors, April's data clearly points again to a bifurcation in economic activity.

Figure 1: Setback for the manufacturing PMI in April



PMI (manufacturing)

Index level in April: 41.4 points (March: 45.2)

- Month-on-month change: -3.8 index points
- Year-on-year change: -3.9 index points

The procure.ch Purchasing Managers' Index (PMI) stands at 41.4 points in April, having lost 3.8 points compared to March. The manufacturing PMI fell below the growth threshold of 50 points in January 2023 and has remained below this mark for 16 months.

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



During the Great Financial Crisis (GFC) in 2008, the PMI fell more sharply than in the current downturn, while during the dot-com recession, it remained below the 50-point mark for longer. However, given that the index has sat in the 40–45 range for a year or more suggests a strong and prolonged strain on manufacturing.

The significant decline in the PMI was broadly supported. The output Index contributed most to the deterioration, with a decline of 8 points. Backlog of orders, suppliers' delivery times, and employment were also significantly weaker. Only stocks of purchases contributed positively to the change in the PMI. The index for purchase prices rose significantly in April, which is not surprising given higher oil prices.

The marked correction in the PMI has dashed hopes that the contraction in manufacturing will end soon. Other indicators also point to a slow recovery—Europe's manufacturing PMIs have fallen for several months, while Swiss companies still believe that finished goods inventories are too high and want to reduce them. For a sustainable recovery in manufacturing, however, finished goods inventories will need to be cleared.

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 UBS. 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 UBS evaluates and publishes the results.

PMI (manufacturing) subindices

| | higher | same | lower | Index | +/- | Index | +/- |
|---------------------------|--------|------|-------|-------|------|-------|------|
| | (%) | (%) | (%) | | | (s) | (s) |
| Output | 18 | 48 | 34 | 42.0 | -7.4 | 39.1 | -8.0 |
| Backlog of orders | 24 | 35 | 40 | 42.0 | -4.6 | 40.3 | -4.3 |
| Quantity of purchases | 19 | 39 | 42 | 38.6 | -5.9 | 36.5 | -4.2 |
| Purchase prices | 17 | 69 | 13 | 52.1 | 7.2 | 49.2 | 7.6 |
| Suppliers' delivery times | 5 | 77 | 18 | 43.3 | -2.6 | 40.2 | -2.4 |
| Stocks of purchases | 20 | 50 | 30 | 45.2 | 3.6 | 43.1 | 3.6 |
| Stocks of finished goods | 24 | 50 | 26 | 48.9 | 2.0 | 47.7 | 2.9 |
| Employment | 8 | 74 | 18 | 45.4 | -3.9 | 45.9 | -2.6 |

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, UBS
s: seasonally adjusted

Evolution of the PMI (manufacturing)

| | | PMI | PMI (s) |
|------|-------|------|---------|
| 2022 | Nov. | 53.7 | 54.4 |
| | Dec. | 51.5 | 54.5 |
| 2023 | Jan. | 48.3 | 49.3 |
| | Feb. | 51.0 | 48.9 |
| | Mar. | 49.1 | 47.0 |
| | April | 47.2 | 45.3 |
| | May | 43.1 | 43.2 |
| | June | 46.0 | 44.9 |
| | July | 38.7 | 38.5 |
| | Aug. | 38.5 | 39.9 |
| | Sep. | 44.3 | 44.9 |
| | Oct. | 39.6 | 40.6 |
| | Nov. | 41.7 | 42.1 |
| | Dec. | 40.6 | 43.0 |
| 2024 | Jan. | 42.3 | 43.1 |
| | Feb. | 45.8 | 44.0 |
| | Mar. | 47.2 | 45.2 |
| | April | 43.2 | 41.4 |

Source: Procure.ch, UBS
s: seasonally adjusted

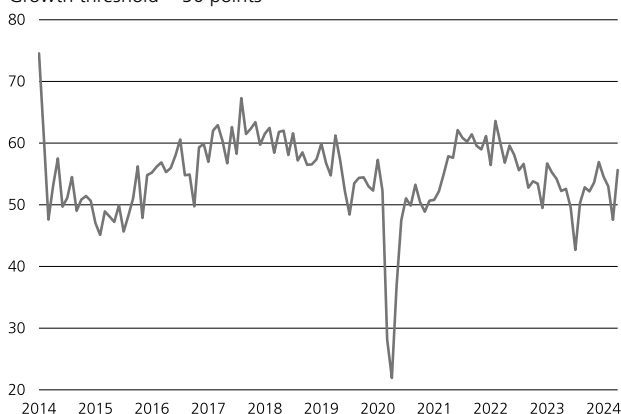
PMI (services)

Index level in April: 55.6 points (March: 47.6)

- Month-on-month change: +8.0 index points
- Year-on-year change: +3.4 index points

Figure 2: The Services PMI back above the 50-points mark

Growth threshold = 50 points



Source: procure.ch, UBS

Standing at 55.6 points, the Services PMI crossed the growth threshold once again in April, up from 47.6 in the previous month, an improvement of 8 points.

All components contributed to the recovery, but the improvement in orders was decisive. The new-orders component improved by about 10 points, and the backlog of orders by 12.6 points. Business activity and employment also increased significantly.

The strong decline in the Services PMI in March raised concerns that the weakness seen in manufacturing was spreading to the services sector. However, April's recovery suggests that the March data was an outlier, as was the case December 2022 and July 2023 when the Services PMI retreated sharply. However, weakness following these two disappointing prints did not materialize in the following months and was not reflected in the real economy.

Data for 2023 and at the beginning of this year suggested a bifurcation of the Swiss economy: solid consumer demand and a robust services sector, but a picture of deteriorating foreign trade and a weakening manufacturing sector. The March PMI cast doubt on this picture, partly due to an improvement in manufacturing, but mainly because of the collapse in the services sector. The April data, however, suggests the Swiss economy continues to bifurcate.

PMI (services) subindices

| | higher | same | lower | Index | +/- | Index | +/- |
|-------------------|--------|------|-------|-------|------|-------|------|
| | (%) | (%) | (%) | | | (s) | (s) |
| Business activity | 29 | 54 | 17 | 56.0 | 1.4 | 55.1 | 4.9 |
| New orders | 32 | 50 | 18 | 57.1 | 7.7 | 55.5 | 9.9 |
| Backlog of orders | 29 | 57 | 13 | 57.9 | 10.9 | 56.7 | 12.6 |
| Purchase prices | 21 | 77 | 2 | 59.3 | 6.8 | 56.9 | 5.0 |
| Sale prices | 7 | 85 | 7 | 50.0 | -2.4 | 49.3 | -2.3 |
| Employment | 14 | 79 | 7 | 53.6 | 3.6 | 54.9 | 3.0 |

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.

procure.ch, UBS

s: seasonally adjusted

Evolution of the PMI (services)

| | | PMI | PMI (s) |
|------|-------|------|---------|
| 2022 | Nov. | 56.6 | 53.4 |
| | Dec. | 46.6 | 49.5 |
| 2023 | Jan. | 52.9 | 56.7 |
| | Feb. | 55.5 | 55.3 |
| | Mar. | 57.2 | 54.2 |
| | April | 52.9 | 52.2 |
| | May | 53.4 | 52.6 |
| | June | 50.7 | 49.6 |
| | July | 39.2 | 42.7 |
| | Aug. | 48.6 | 50.3 |
| 2023 | Sep. | 55.3 | 52.8 |
| | Oct. | 53.6 | 52.2 |
| | Nov. | 56.8 | 53.6 |
| | Dec. | 53.4 | 56.9 |
| 2024 | Jan. | 50.9 | 54.6 |
| | Feb. | 53.2 | 53.0 |
| | Mar. | 50.1 | 47.6 |
| | April | 56.4 | 55.6 |

procure.ch, UBS

s: seasonally adjusted

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 |
|------|-------|------|--------|-------------------|-----------------------|-----------------|---------------------------|---------------------|--------------------------|------------|
| 2022 | Nov. | 54.4 | 53.5 | 48.4 | 46.4 | 69.9 | 52.4 | 63.3 | 56.7 | 61.6 |
| | Dec. | 54.5 | 53.0 | 50.6 | 49.5 | 69.5 | 50.3 | 62.9 | 56.3 | 61.1 |
| 2023 | Jan. | 49.3 | 49.1 | 43.3 | 43.6 | 62.2 | 44.9 | 55.0 | 52.8 | 59.0 |
| | Feb. | 48.9 | 49.4 | 46.4 | 36.6 | 56.3 | 42.8 | 54.3 | 58.6 | 53.9 |
| | Mar. | 47.0 | 50.2 | 40.8 | 38.5 | 43.9 | 37.1 | 52.4 | 51.9 | 57.0 |
| | April | 45.3 | 44.3 | 39.9 | 34.0 | 43.1 | 39.7 | 47.4 | 54.7 | 57.8 |
| | May | 43.2 | 41.4 | 39.0 | 33.0 | 44.3 | 35.1 | 54.8 | 53.6 | 52.0 |
| | June | 44.9 | 49.1 | 41.3 | 39.3 | 42.9 | 35.3 | 48.5 | 53.8 | 50.4 |
| | July | 38.5 | 37.0 | 31.4 | 24.7 | 38.4 | 33.9 | 50.1 | 48.1 | 48.8 |
| | Aug. | 39.9 | 39.1 | 33.5 | 31.6 | 39.7 | 37.5 | 48.0 | 50.1 | 48.3 |
| | Sep. | 44.9 | 48.5 | 42.3 | 33.9 | 43.4 | 37.2 | 43.5 | 51.9 | 50.6 |
| | Oct. | 40.6 | 40.4 | 35.2 | 33.3 | 46.2 | 37.9 | 44.2 | 50.2 | 49.3 |
| | Nov. | 42.1 | 46.6 | 38.1 | 33.2 | 48.5 | 37.6 | 42.3 | 49.0 | 46.0 |
| | Dec. | 43.0 | 43.6 | 39.8 | 35.9 | 42.0 | 37.7 | 46.7 | 45.5 | 49.2 |
| 2024 | Jan. | 43.1 | 39.1 | 40.8 | 38.9 | 47.0 | 45.9 | 45.9 | 51.0 | 48.2 |
| | Feb. | 44.0 | 44.9 | 41.1 | 40.6 | 46.1 | 45.0 | 44.9 | 51.3 | 45.8 |
| | Mar. | 45.2 | 47.1 | 44.6 | 40.7 | 41.5 | 42.5 | 39.5 | 44.8 | 48.5 |
| | April | 41.4 | 39.1 | 40.3 | 36.5 | 49.2 | 40.2 | 43.1 | 47.7 | 45.9 |

Source: procure.ch, UBS

PMI (services) and subindices (seasonally adjusted)

| | | PMI | Business activity | New orders | Backlog of orders | Purchase prices | Sale prices | Employment |
|------|-------|------|-------------------|------------|-------------------|-----------------|-------------|------------|
| 2022 | Nov. | 53.4 | 56.0 | 50.9 | 52.9 | 75.7 | 61.1 | 54.2 |
| | Dec. | 49.5 | 54.5 | 46.1 | 45.9 | 71.8 | 60.1 | 52.8 |
| 2023 | Jan. | 56.7 | 62.8 | 56.9 | 52.8 | 73.9 | 55.5 | 54.6 |
| | Feb. | 55.3 | 57.4 | 54.0 | 53.5 | 72.0 | 57.3 | 56.7 |
| | Mar. | 54.2 | 58.0 | 52.1 | 52.5 | 61.8 | 51.9 | 54.6 |
| | April | 52.2 | 54.7 | 51.0 | 51.5 | 51.1 | 53.7 | 51.8 |
| | May | 52.6 | 52.4 | 50.6 | 52.5 | 50.5 | 48.5 | 55.5 |
| | June | 49.6 | 50.5 | 48.1 | 48.1 | 51.4 | 54.0 | 52.4 |
| | July | 42.7 | 46.4 | 40.1 | 36.9 | 48.1 | 43.5 | 49.9 |
| | Aug. | 50.3 | 51.7 | 49.0 | 49.9 | 53.8 | 48.8 | 50.7 |
| | Sep. | 52.8 | 57.2 | 53.2 | 48.3 | 61.0 | 53.4 | 53.7 |
| | Oct. | 52.2 | 55.8 | 52.5 | 51.0 | 57.7 | 50.4 | 49.1 |
| | Nov. | 53.6 | 55.0 | 56.4 | 52.4 | 54.8 | 51.1 | 50.3 |
| | Dec. | 56.9 | 57.2 | 61.6 | 55.2 | 60.0 | 50.5 | 53.3 |
| 2024 | Jan. | 54.6 | 60.2 | 53.8 | 52.2 | 59.7 | 49.5 | 52.1 |
| | Feb. | 53.0 | 56.0 | 53.9 | 50.2 | 55.4 | 48.2 | 52.2 |
| | Mar. | 47.6 | 50.2 | 45.5 | 44.1 | 51.9 | 51.6 | 51.9 |
| | April | 55.6 | 55.1 | 55.5 | 56.7 | 56.9 | 49.3 | 54.9 |

Source: procure.ch, UBS

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