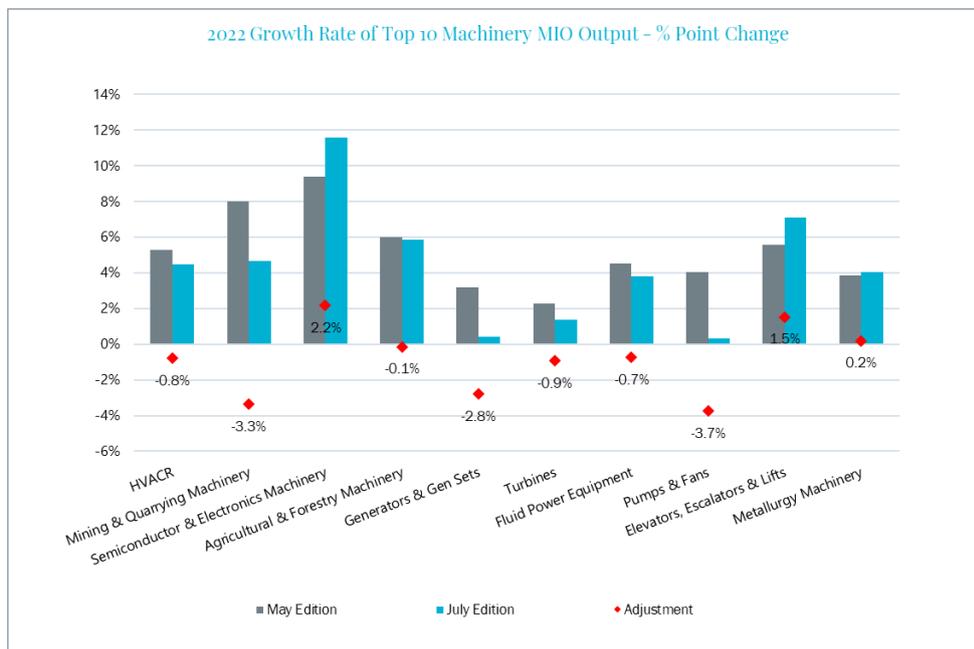


Global manufacturing output growth reaches 3.9% for 2022

- Europe's 2022 manufacturing output growth to be 7% less than 2021
- Semiconductor and electronics machinery growth forecast at 6.2% in 2022
- UK & Italian growth unexpectedly revised down compared to last quarter

London, 23rd September 2022 – New research from Interact Analysis points to a slow year for global manufacturing output, with growth of 3.9% expected in 2022 as a result of an unprecedentedly wide range of pressures on the economy, including inflation and the war in Ukraine. Europe will be particularly slow, with a growth projection for manufacturing of 3.7% which is 7% less than 2021's 11.4% figure.

The manufacturing machinery forecast is far less optimistic than the previous quarter, with eight of the top 10 sectors experiencing a downward revision of their forecast for 2022. Semiconductor and electronics machinery bucked the trend, and it is forecast for 6.2% growth in the year. However, such growth is likely to be unsustainable in the context of the boom-bust market for semiconductors, and so a major downturn is projected for 2023. Japan is the largest single supplier of semiconductor and electronics machinery, accounting for 30% of the total market, with China at 23%, the US at 10%, and The Netherlands at 7%. Another machinery sector with a decent projected performance for 2022 is machine tools. Machine tools is a small niche of the wider machinery market, but it plays an essential role in several of the largest manufacturing sectors such as automotive and metals. Following a very strong 2021, machine tools are projected for 5% growth this year, and solid continued growth is projected out until 2026.



Eight out of the top ten sectors are experiencing a downward forecast revision for 2022.

From a regional perspective, the two most obvious negative occurrences are a revision down of performance for Italy and the UK in this quarter compared to last quarter. Most UK manufacturing sectors are struggling, particularly automotive where registration of new cars was down 15% in April due to parts shortages, according to the Society of Motor Manufacturers and Traders. Overall, in 2022, the UK is expected to show 2% growth in manufacturing output. Meanwhile, Italy will hit 3% growth for 2022 and, despite its poor performance this quarter, is expected to keep growing until

2026. Italian textiles has had a particularly strong second quarter with 10.2% growth overall, and 25% growth in textile machinery.

Tim Dawson, Senior Research Director at Interact Analysis, says: “World events are playing an outsized role in terms of their impact on manufacturing. In particular, inflation has caused severe problems by increasing input costs for energy, raw materials and components. In the US, a strong dollar is damaging the competitiveness of manufacturing exporters. Meanwhile, China is far less badly impacted by inflation, with a rate of just under 3% (compared to 9% in the US). The topic of reshoring or near-shoring of manufacturing is much discussed in the global business press. One clear present-day move in this direction is the US’s CHIPS Act which is investing \$52bn in US semiconductor manufacturing. The Chinese response is not yet clear, but the CHIPS Act is likely to prove effective in its primary goal of reducing US dependence on China since of the top 10 semiconductor companies, six are US and none are Chinese. The likely result is a significant shift of semiconductor manufacturing to the US in the mid to long-term.”

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About the Report:

In a fast-moving sector with complex correlations, it is critical to understand the state of the market now, where it was, and where it will be. This report quantifies the total value of manufacturing production with deep granularity – for over 35 industries, across 44 countries, and presenting 15 years of historical data – for a complete business cycle, pre-recession to the present day.

We’ve carefully organised the country data around a common taxonomy to provide easy-to-interrogate, like-for-like comparisons. Credible five-years forecasts round out the view.

About Interact Analysis

With over 200 years of combined experience, Interact Analysis is the market intelligence authority for global supply chain automation. Our research covers the entire automation value chain – from the technology used to automate factory production, through inventory storage and distribution channels, to the transportation of the finished goods. The world’s leading companies trust us to surface robust insights and opportunities for technology-driven growth. To learn more, visit www.InteractAnalysis.com