

## Istanbul Chamber of Industry Turkey PMI® Manufacturing Index

# Strongest PMI reading for two years

### February 2020 Key findings:

- Business conditions improve at quickest rate since February 2018
- Solid rises in output and new business
- Employment increases for second month running

### Summary

The latest PMI® survey data from Istanbul Chamber of Industry and IHS Markit pointed to a strong performance by Turkish manufacturers in February. Firms registered the quickest improvement in business conditions for two years, driven by solid rises in both output and new orders.

The headline Istanbul Chamber of Industry Turkey Manufacturing PMI is a composite single-figure indicator of manufacturing performance. It is derived from indicators for new orders, output, employment, suppliers' delivery times and stocks of purchases. Any figure greater than 50.0 indicates overall improvement of the sector.

The headline PMI posted above the 50.0 no-change mark for the second time in as many months during February, rising to 52.4 from 51.3 in January. The latest reading indicated the fastest improvement

in operating conditions across the Turkish manufacturing sector since February 2018.

The improvement was underpinned by a marked expansion in new business, as firms cited stronger demand from their clients. In fact, the latest increase in new work was the quickest for two years.

Amid improved demand conditions, goods producers increased output in February, with the pace of growth accelerating to the fastest for almost two years. The solid rise extended the current run to four months.

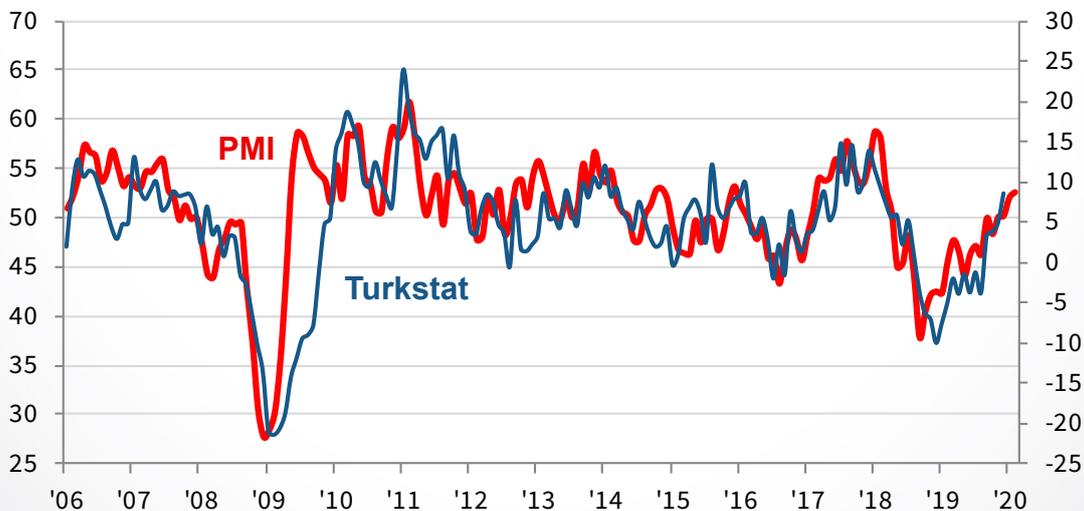
Employment grew at the strongest rate since February 2018 in the latest survey period. Panellists commonly attributed the solid rise in staff numbers to increased production requirements.

On the cost front, input prices faced by Turkish manufacturers continued to rise. In fact, the rate

### Historical overview

PMI Output Index, 50.0 = no change

industrial production yr/yr%



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of inflation was the sharpest for eight months. When explaining increased cost burdens, survey respondents often mentioned weakness of the Turkish lira against the US dollar.

Finally, firms opted to pass on some of the higher costs to their clients, with an increase in average output prices during February. The latest rise was the quickest since last June and marked overall.

### Comment

Commenting on the Istanbul Chamber of Industry Turkey Manufacturing PMI survey data, Eliot Kerr, Economist at IHS Markit, said:

*“Turkish manufacturers enjoyed a fruitful month in February, as a surge in demand led to accelerated production growth and the quickest improvement in business conditions for two years. The increase in output required faster hiring and resulted in a solid rise in staff numbers. These positive results suggest that the sector could be starting a sustained period of growth.”*

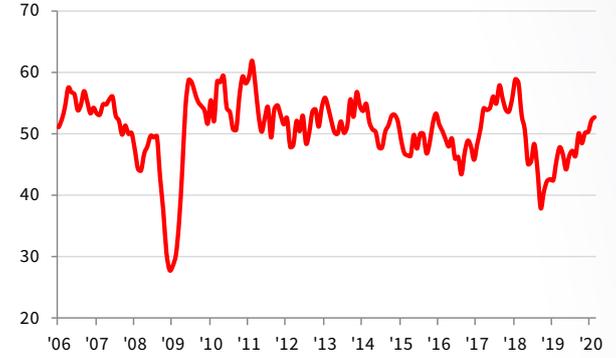
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### Output Index

Q. Please compare your production/output this month with the situation one month ago.

Output in the Turkish manufacturing sector rose for the fourth month in succession during February. Moreover, the latest rise was the quickest for almost two years and solid overall. When explaining production growth, panellists often mentioned improving demand conditions.

sa, 50 = no change on previous month

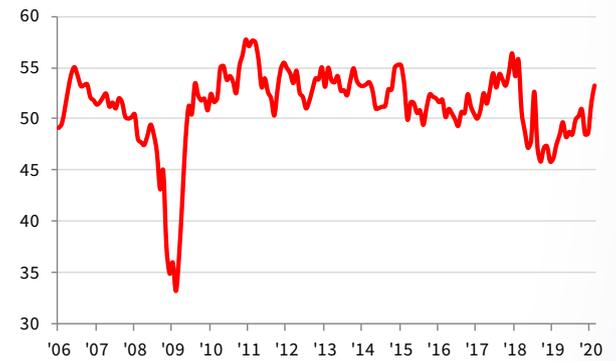


### Employment Index

Q. Please compare the level of employment at your unit this month with the situation one month ago.

In line with rising production demands, Turkish manufacturers hired additional staff in February. The result extended the current run of workforce expansion to two months. Moreover, the rate of job creation accelerated from January and was the fastest for two years.

sa, 50 = no change on previous month



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## Istanbul Chamber of Industry

Driving strength from her members' contributions to Turkish economy and since her foundation in 1952, Istanbul Chamber of Industry (ICI) stands out as Turkey's largest chamber of industry and one of the most powerful representatives of Turkish industry. The added value generated by ICI members represents more than 40% of the total added value propagated by Turkish industry. ICI members actualize approximately 35% of production of Turkish industry. 36% of Turkey's Top 500 Industrial Enterprises consists of ICI members.

ICI promotes the sustainable development of Turkish industry and contributes the improvement of her competitiveness via offering innovative services to her members. For this purpose, she develops new projects and services to the use of industrialists in crucial fields such as; innovation, technology development, university-industry cooperation, vocational training, international relations, environment and energy with local and international partnerships.

Generating and conducting economic researches together with gathering data, ICI holds the widest knowledge on Istanbul industry whilst giving direction to Turkish industrialists and providing intense contribution for shaping economic and industrial policies.

## About IHS Markit:

IHS Markit (NYSE: INFO) is a world leader in critical information, analytics and solutions for the major industries and markets that drive economies worldwide. The company delivers next-generation information, analytics and solutions to customers in business, finance and government, improving their operational efficiency and providing deep insights that lead to well-informed, confident decisions. IHS Markit has more than 50,000 business and government customers, including 80 percent of the Fortune Global 500 and the world's leading financial institutions.

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## About PMI:

Purchasing Managers' Index™ (PMI®) surveys are now available for over 40 countries and also for key regions including the eurozone. They are the most closely-watched business surveys in the world, favoured by central banks, financial markets and business decision makers for their ability to provide up-to-date, accurate and often unique monthly indicators of economic trends.

[ihsmarkit.com/products/pmi.html](https://ihsmarkit.com/products/pmi.html)

## Notes to Editors:

The Istanbul Chamber Of Industry Turkey Manufacturing PMI® (Purchasing Managers' Index) is produced by IHS Markit. The report features original survey data collected from a representative panel of around 400 companies based in the Turkish manufacturing sector. The panel is stratified by GDP and company workforce size, based on the industry contribution to GDP.

Survey responses reflect the change, if any, in the current month compared to the previous month based on data collected mid-month. For each of the indicators the 'Report' shows the percentage reporting each response, the net difference between the number of higher/better responses and lower/worse responses, and the 'diffusion' index. This index is the sum of the positive responses plus a half of those responding 'the same'.

Diffusion indexes have the properties of leading indicators and are convenient summary measures showing the prevailing direction of change. An index reading above 50 indicates an overall increase in that variable, below 50 an overall decrease.

IHS Markit do not revise underlying survey data after first publication, but seasonal adjustment factors may be revised from time to time as appropriate which will affect the seasonally adjusted data series. Historical data relating to the underlying (unadjusted) numbers, first published seasonally adjusted series and subsequently revised data are available to subscribers from IHS Markit. Please contact [economics@ihsmarkit.com](mailto:economics@ihsmarkit.com).

The Manufacturing Purchasing Managers' Index (PMI) is a composite index based on five of the individual indexes with the following weights: New Orders - 0.3, Output - 0.25, Employment - 0.2, Suppliers' Delivery Times - 0.15, Stock of Items Purchased - 0.1, with the Delivery Times Index inverted so that it moves in a comparable direction.

The Purchasing Managers' Index (PMI) survey methodology has developed an outstanding reputation for providing the most up-to-date possible indication of what is really happening in the private sector economy by tracking variables such as sales, employment, inventories and prices. The indices are widely used by businesses, governments and economic analysts in financial institutions to help better understand business conditions and guide corporate and investment strategy. In particular, central banks in many countries (including the European Central Bank) use the data to help make interest rate decisions. PMI surveys are the first indicators of economic conditions published each month and are therefore available well ahead of comparable data produced by government bodies.

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