



Istanbul Chamber of Industry Turkey PMI™ Manufacturing Index

Turkish PMI rises to 49.8 in October

October 2016 Key findings:

- Turkish PMI signals near-stabilisation of manufacturing business conditions
- New export orders rise for second time in three months
- Strongest growth in purchasing activity for nearly two years

Summary

The latest PMI™ survey data from Istanbul Chamber of Industry and IHS Markit signalled a near-stabilisation of business conditions in the Turkish manufacturing sector in October. The seasonally adjusted Output and New Orders Indices remained below the no-change mark of 50.0 in October but rose to their highest since May. Having improved in August and September, manufacturing employment continued to increase in October. New export orders rose for the second time in three months, and purchasing of inputs by manufacturers grew at the strongest rate in nearly two years. The latest survey also indicated the sharpest rate of input price inflation since October 2015.

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,

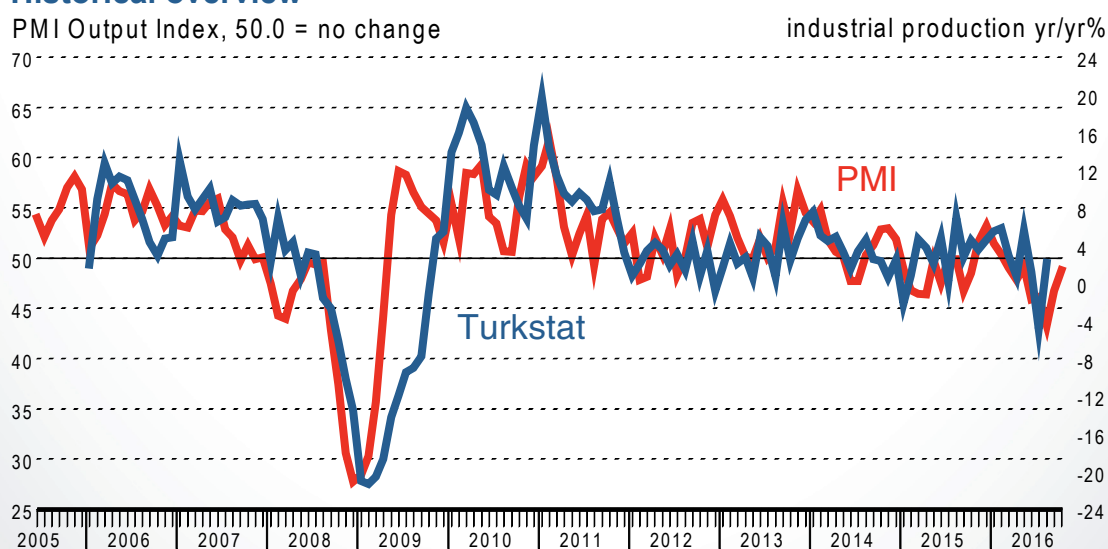
suppliers' delivery times and stocks of purchases. Any figure greater than 50.0 indicates overall improvement of the sector. The PMI registered below 50.0 in October but rose from 48.3 in September to 49.8. It was also greater than the average for 2016 to date (48.9).

The seasonally adjusted New Orders Index remained below the no-change mark of 50.0 in October but rose since September. This partly reflected a rise in new export business, which slightly increased for the second time in three months.

The seasonally adjusted Output Index remained below 50.0 in October but rose since September. As with the seasonally adjusted New Orders Index, the seasonally adjusted Output Index reached the highest since May.

Employment in the goods-producing sector rose in

Historical overview



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October. The current sequence of job creation now stretches to three months, and the rate of growth in the latest period was the fastest since October 2015.

In a sign that output may rise in the coming months, manufacturers stepped up their purchasing activity. The rate of growth was the fastest since November 2014, and stocks of purchases expanded for the first time in nine months.

The weak lira exerted upward pressure on manufacturing input prices in October, with the rate of inflation reaching a 12-month high. Output prices rose at the fastest rate in five months as a result.

Comment

Commenting on the Istanbul Chamber of Industry Turkey Manufacturing PMI survey data, Trevor Balchin, Senior Economist at IHS Markit, said:

“The Turkish PMI moved closer to the neutral mark in October, signalling a near-stabilisation in the manufacturing sector. With contributions from exports, the seasonally adjusted Output and New Orders Indices rose compared to last month but remained below the no-change mark of 50.0 in October. Restocking of inputs and hiring by goods producers suggests that output growth may resume in the coming months.”



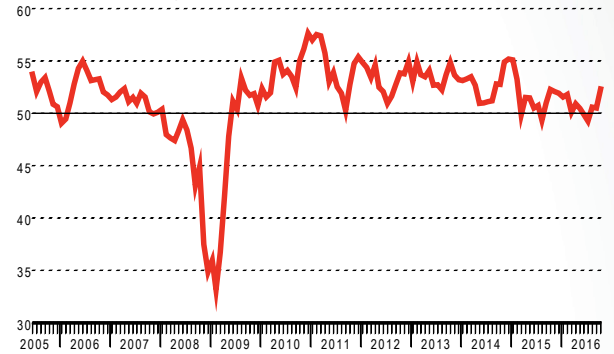
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Employment Index

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

Survey data indicated a third successive month-on-month increase in manufacturing employment in Turkey in October. Moreover, the rate of growth picked up from the weak pace seen in August and September, and was the fastest since October 2015.

sa, 50.0 = no change on previous month

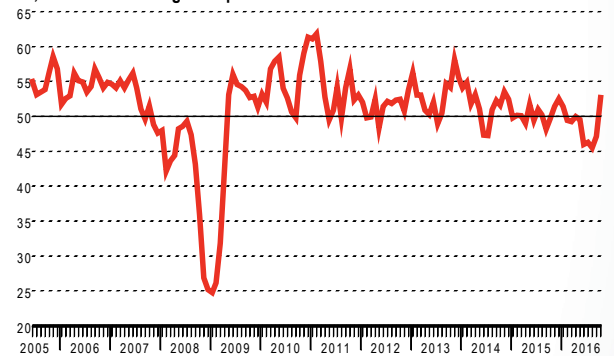


Quantity of Purchases Index

Q. Please compare the quantity of items purchased (in units) this month with the situation one month ago.

The seasonally adjusted Quantity of Purchases Index rose above the no-change mark of 50.0 in October, indicating a rise in input buying by Turkish goods producers. It was the first increase since January, and the rate of growth was the sharpest since November 2014.

sa, 50.0 = 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 about 36% of the total added value propagated by Turkish industry. ICI members actualize approximately 34% of production of Turkish industry. Almost 40% 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 (Nasdaq: INFO) is a world leader in critical information, analytics and expertise to forge 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 key business and government customers, including 85 percent of the Fortune Global 500 and the world's leading financial institutions. Headquartered in London, IHS Markit is committed to sustainable, profitable growth.

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About PMI:

Purchasing Managers' Index™ (PMI™) surveys are now available for over 30 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. To learn more go to www.markit.com/product/pmi.

Notes to Editors:

The Istanbul Chamber Of Industry Turkey Manufacturing PMI (Purchasing Managers' Index) is produced by 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.

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 Markit. Please contact 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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