



Istanbul Chamber of Industry Turkey PMI™ Manufacturing Index

Turkish PMI rises to 48.3 in September

September 2016

Key findings:

- Output and new orders decline at slowest rates in four months
- Employment increases for second month running
- Input price inflation slows to 20-month low

Summary

The latest PMI™ survey data from Istanbul Chamber of Industry and IHS Markit signalled an ongoing downturn in the Turkish manufacturing sector in September. That said, the rates of decline in both output and new orders slowed since August, to the weakest since May. Meanwhile, employment in the goods-producing sector rose for the second month running. The latest survey data also signalled the weakest input price inflation since the start of 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 September but rose from 47.0 to a four-month high of 48.3, indicating only a modest deterioration in business conditions.

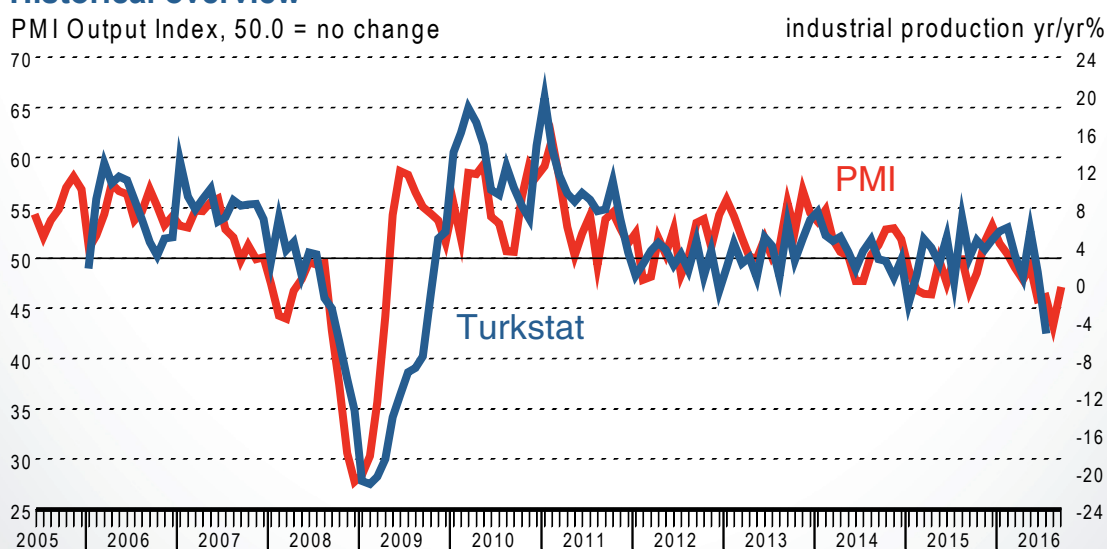
The rise in the headline figure in September was mainly driven by slower contractions in both output and new orders. These both fell at the weakest rates in four months. New export business declined modestly, having risen in August.

Manufacturing employment in Turkey rose for the second month running in September. The rate of job creation was little-changed from August's rate, however.

Manufacturers cut their purchasing activity in September, but at the slowest rate in four months. The volume of inputs held in stock fell at the weakest rate in the current eight-month period of destocking.

The rate of input price inflation in the Turkish manufacturing sector slowed for the fourth successive month in September, to the weakest since January 2015. Similarly, output price inflation also slowed further to a 14-month low.

Historical overview



Embargoed until: 10:00 (ISTANBUL) / 0700 (UTC) October 3 2016





**İSTANBUL
CHAMBER OF INDUSTRY**



Comment

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

“The latest survey data indicated further declines in Turkish manufacturing output and new orders in September. That said, the rates of contraction eased to the weakest since May, and employment in the sector continued to rise. The other key finding from the latest survey was a further receding of inflationary pressures.”



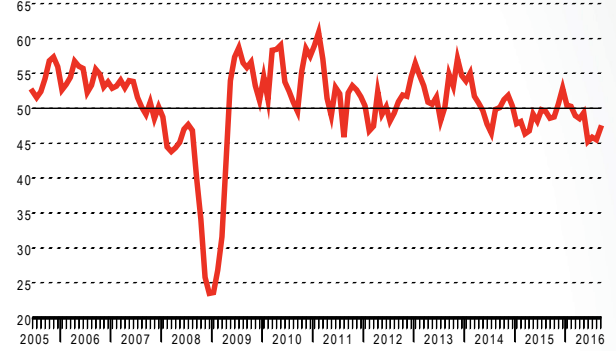
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New Orders Index

Q. Please compare your new orders received (in units) this month with the situation one month ago.

The seasonally adjusted New Orders Index remained below the no-change mark of 50.0 in September but rose from one month previously, indicating a weaker rate of decline in new work at Turkish goods producers. The pace of reduction was the slowest in four months.

sa, 50.0 = no change on previous month

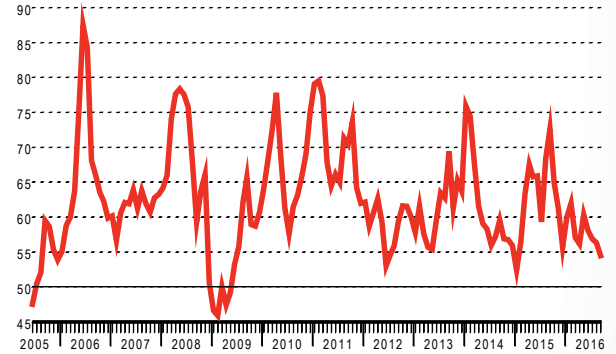


Input Prices Index

Q. Please compare the average price of your purchases (volume weighted) this month with the situation one month ago.

Average input prices continued to rise in September. Firms mainly linked cost pressures to the weak lira exchange rate, and also higher prices for metals and oil-related inputs. The rate of inflation slowed for the fourth month running, however, to the weakest since January 2015. It also remained below the long-run survey trend level.

sa, 50.0 = no change on previous month



Istanbul Chamber of Industry

Nesrin Akçay, Economic Research Department Mng.
Telephone +90 212 252 29 00 Ext: 180
Email: nakcay@iso.org.tr

IHS Markit

Trevor Balchin, Senior Economist
Telephone +44-1491-461-065
Email: trevor.balchin@ihsmarkit.com

Joanna Vickers, Corporate Communications
Telephone +44207-260-2234
Email: joanna.vickers@ihsmarkit.com



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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