

Istanbul Chamber of Industry Türkiye PMI® Manufacturing Index

PMI rises to 49.2 at start of 2024

January 2024 Key findings:

- Softest slowdown in output for six months
- Input cost inflation accelerates sharply
- Supplier lead times lengthen

Summary

Although business conditions in the Turkish manufacturing sector remained challenging at the start of 2024, rates of moderation in output, new orders and purchasing activity all eased since December. Meanwhile, staffing levels were unchanged.

A large increase in the minimum wage led to a spike in the rate of input cost inflation in January, with output prices rising at a faster pace in response. Meanwhile, issues with shipping in the Red Sea contributed to a solid lengthening of suppliers' delivery times.

The headline Istanbul Chamber of Industry Türkiye 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.

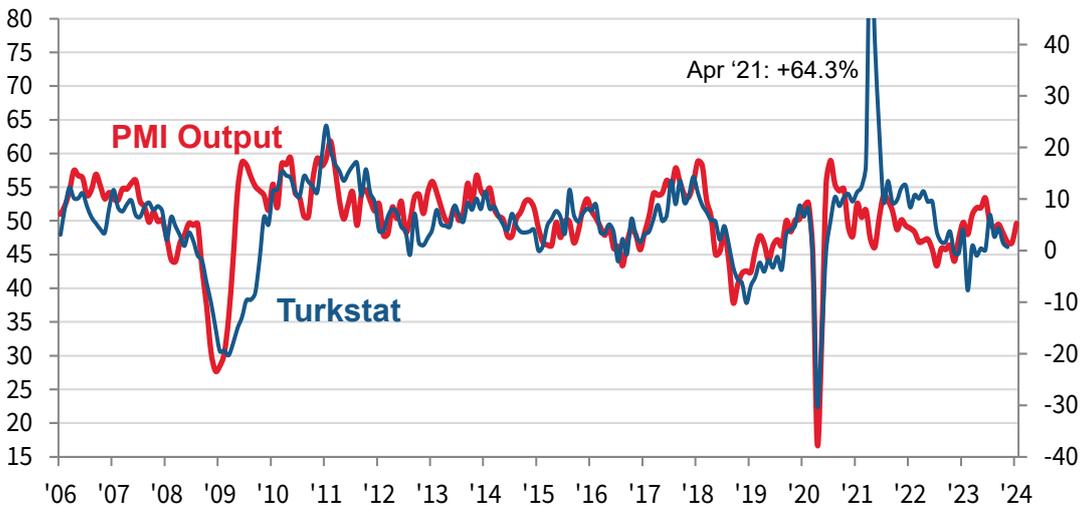
The headline PMI increased to 49.2 in January from 47.4 in December, the highest reading in four months and signalling only a slight moderation in business conditions at the start of the year. That said, the health of the sector has now eased in seven consecutive months.

The softer moderation of operating conditions matched the picture for output, which slowed to the least extent in six months. According to respondents, demand remained fragile but showed some signs of improvement in January.

Historical overview

PMI Output Index, 50.0 = no change

industrial production yr/yr%



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The ongoing fragility of demand was highlighted by a further easing of new business, extending the current sequence of moderation to seven months. New export orders also softened, albeit only slightly.

Firms scaled back purchasing activity and inventory holdings in response to weaker new orders, but they kept staffing levels unchanged following a fractional increase in December.

The rate of input cost inflation accelerated sharply in January and was the fastest since last August. An increase in the minimum wage was widely mentioned by panellists, while higher raw material costs and currency weakness also reportedly added to price pressures.

In turn, manufacturers raised their own selling prices at a marked pace, with the rate of inflation quickening to a five-month high.

Suppliers' delivery times lengthened in January, following a slight shortening in December. Longer lead times in some cases reflected delays with shipping caused by issues in the Red Sea.

Comment

Commenting on the Istanbul Chamber of Industry Türkiye Manufacturing PMI survey data, Andrew Harker, Economics Director at S&P Global Market Intelligence, said:

"There were some positive signs in the latest PMI figures for Türkiye, with rates of moderation generally easing. The historical relationship between the PMI data and official industrial production data suggests a solid start to the year.

"Manufacturers did face some headwinds, however. A rapid acceleration in cost inflation fed through to much higher output prices, acting to limit demand. Meanwhile, the shipping issues in the Red Sea caused disruption to supply chains, which had shown an improvement at the end of 2023."

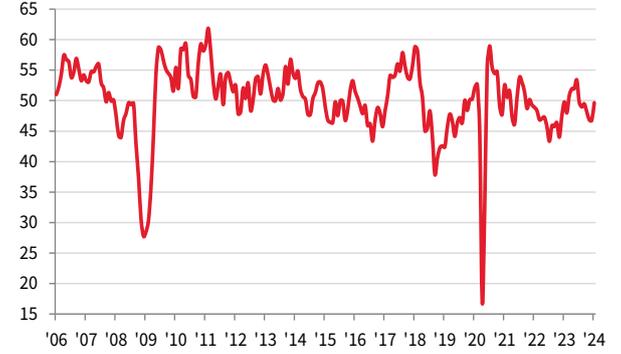
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Output Index

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

Although manufacturing production continued to ease in the opening month of 2024, the latest moderation was only marginal and the least pronounced in six months. Where output slowed, panellists reported ongoing demand fragility, but there were some signs of improvement during January. Production has now eased in seven consecutive months.

sa, 50 = no change on previous month

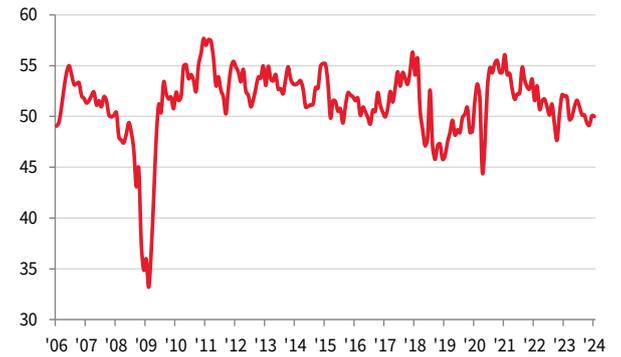


Employment Index

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

Staffing levels were unchanged in the Turkish manufacturing sector in January, after having risen fractionally in December. Some respondents indicated that they had expanded workforce numbers, but others lowered their staffing levels in response to softer new orders.

sa, 50 = no change on previous month



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Istanbul Chamber of Industry Türkiye PMI® Manufacturing Index

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 Türkiye'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 Türkiye'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 S&P Global:

S&P Global provides essential intelligence. We enable governments, businesses and individuals with the right data, expertise and connected technology so that they can make decisions with conviction. From helping our customers assess new investments to guiding them through ESG and energy transition across supply chains, we unlock new opportunities, solve challenges and accelerate progress for the world.

We are widely sought after by many of the world's leading organizations to provide credit ratings, benchmarks, analytics and workflow solutions in the global capital, commodity and automotive markets. With every one of our offerings, we help the world's leading organizations plan for tomorrow, today. www.spglobal.com

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. www.spglobal.com/marketintelligence/en/mi/products/pmi

Notes to Editors:

The Istanbul Chamber Of Industry Türkiye Manufacturing PMI® (Purchasing Managers' Index) is produced by S&P Global. 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.

S&P Global 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 S&P Global. Please contact economics@spglobal.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.

January data were collected 11-24 January 2024.

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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