

ICI TURKEY EXPORT CLIMATE INDEX

Istanbul Chamber of Industry

Third successive improvement in export conditions



KEY FINDINGS

Export Climate Index posts 51.9 in September

Solid growth in Germany, the UK and US

Signs of weakness in markets such as France and Spain

TURKEY MANUFACTURING ECI



LAST TWELVE MONTHS

Oct-19	50.3
Nov-19	50.1
Dec-19	50.3
Jan-20	51.1
Feb-20	50.4
Mar-20	35.7
Apr-20	19.1
May-20	34.1
Jun-20	47.5
Jul-20	53.0
Aug-20	52.4
Sep-20	51.9

Turkish manufacturing firms continued to see improvements in demand conditions in export markets in September, with the four largest destinations for exports seeing output increase. That said, there were signs of renewed reductions in activity elsewhere.

The Turkey Manufacturing Export Climate Index is calculated by weighting together national PMI data on output trends from PMI surveys. Weights are derived from statistics on the relative importance of individual trading partners' contributions to the exports of Turkish manufacturers.

The Istanbul Chamber of Industry Turkey Manufacturing Export Climate Index posted 51.9 in September, down from 52.4 in August but still signalling an improvement in demand conditions in export markets. The export climate for manufacturers has now strengthened in three successive months, following the period of deterioration caused by the coronavirus disease 2019 (COVID-19) pandemic.

Despite a number of key export markets continuing to recover from pandemic-related downturns, there were signs of renewed weakness in other areas.

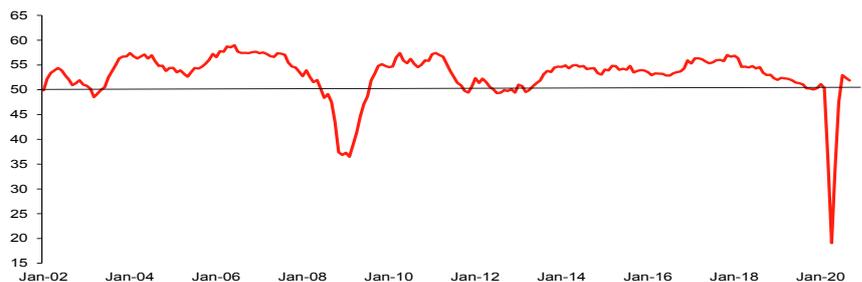
The US was one of the markets that remained in recovery mode at the end of the third quarter of the year. Business activity rose solidly, and at a broadly similar pace to the previous month. Elsewhere in North America, Canada recorded a marked increase in manufacturing production, and one that was the fastest since August 2018. In contrast, manufacturing output continued to fall in Mexico.

In Europe the picture was mixed. The two largest export markets for Turkish manufacturers - Germany and the UK - continued to record solid expansions in activity in September. Meanwhile, demand picked up marginally in Italy.

On the other hand, worsening demand conditions were signalled in France and Spain. Business activity in France decreased for the first time in four

Manufacturing PMI Export Climate Index

sa, %50= improvement since previous month





months, while Spanish output contracted for the second month running and to the greatest extent since May.

Trends in activity were generally positive in the Middle East. Rises in output were seen in the UAE, Egypt, Saudi Arabia and Qatar. On the other hand, Lebanon continued to suffer from falling activity.

Turning to the BRIC economies, India posted the sharpest increase in September as output returned to growth for the first time in six months. Solid expansions were also recorded in Brazil and Russia, as well as in China's manufacturing sector (September data for the China Services sector are released on October 9th). That said, the BRIC economies account for just 3% of Turkish manufacturing exports.

Comment

Commenting on the Istanbul Chamber of Industry Turkey Manufacturing Export Climate Index, Andrew Harker, Economics Director, IHS Markit, said:

“Recoveries remained on track in the main export destinations for Turkish manufacturers, which will therefore help firms expand their sales in foreign markets. That said, there were signs of renewed declines in some areas, with concerns around a re-emergence of the COVID-19 pandemic meaning that the trajectory of export demand over the rest of 2020 remains highly uncertain.”

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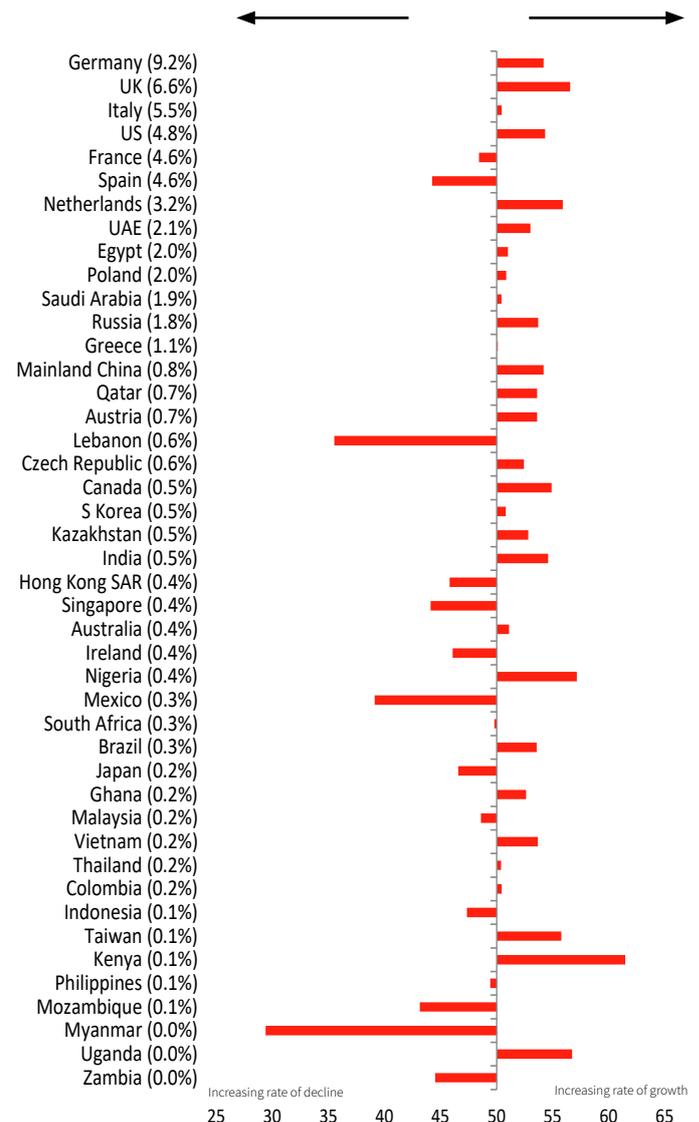
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Country rankings

PMI Output Index (ordered by export weight in full-year 2019)

sa, >50= growth since previous month



Sources: ICI, IHS Markit

IHS Markit

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About Export Climate Index

The Export Climate PMI indices are calculated by weighting together national PMI survey data on output trends. Weights are derived from official statistics relating to the relative importance of individual trading partners' contributions to the external trade of a specific country. By weighting together the output trends from national PMI surveys according to their importance to the external trade of Turkish manufacturers, an advance indicator for the economic health of their export markets is obtained. All data are seasonally adjusted.

Any reading above the 50.0 no-change mark indicates an improvement in the health of the export climate, with any reading below 50.0 signalling a deterioration. The further away from 50.0 the index reading is, the greater the change in the export climate.

About 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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