

# ICI TURKEY EXPORT CLIMATE INDEX

Istanbul Chamber of Industry

## Strong rises in Middle East business activity help to buoy export conditions for Turkish firms

### KEY FINDINGS

Solid improvement in export climate

Growth in UAE and Saudi Arabia strengthens

European demand conditions remain soft

### TURKEY MANUFACTURING ECI



#### LAST TWELVE MONTHS

Apr-18	54.7
May-18	54.5
Jun-18	54.8
Jul-18	54.3
Aug-18	54.6
Sep-18	53.4
Oct-18	53.0
Nov-18	53.0
Dec-18	52.4
Jan-19	52.0
Feb-19	52.4
Mar-19	52.3

Export conditions for Turkish manufacturers improved at a solid pace in March as strengthening demand in Middle Eastern markets compensated for signs of weakness in Europe. There was also an improved growth picture in China at the end of the first quarter of the year.

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 ticked down to 52.3 in March from 52.4 in February. The reading signalled a solid improvement in demand in manufacturers' export markets, and one that was broadly in line with the recent trend.

The two countries posting the steepest rises in business activity in March were the UAE and Saudi Arabia. In both cases,

rates of expansion quickened from the previous month. Combined, these two economies account for around 3.5% of Turkish manufacturing exports, thereby helping to drive the overall improvement in the export climate.

In contrast, there were further signs of demand softening in manufacturers' single largest export market – Germany. Business activity continued to rise, but at the slowest pace in almost six years amid a drop in manufacturing production. Weakness was also registered in other parts of Europe. The UK saw no change in output during March, while French activity decreased for the third time in the past four months.

Elsewhere, there were signs of growth re-emerging. Activity in Italy rose for the first time in three months, while both Spain and the Netherlands saw output increase more quickly than in February.

Business activity in the US continued to rise at a solid pace, despite the rate of growth softening from the previous

### Manufacturing PMI Export Climate Index

sa, >50= improvement since previous month



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month.

Chinese demand showed signs of picking up in March as the world's second-largest economy posted the fastest rise in activity since June 2018. Recent weakness in Chinese demand has been partly responsible for slowdowns across much of Asia, and so any reacceleration of growth would bode well for global trade flows. That said, China itself only accounts for around 1% of Turkish manufacturing exports.

The other BRIC economies – comprising Brazil, Russia and India – all posted increases in activity as emerging markets generally outperformed developed markets at the end of the first quarter of 2019.

## Comment

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

“The geographical diversity of trade partners for Turkish manufacturers was shown to be important as the first quarter of 2019 drew to a close. While European demand remained soft in March, the Middle East took up the slack as both the UAE and Saudi Arabia saw growth of activity accelerate.

“Should tentative signs of improving demand in China solidify and help to revitalise global trade flows, Turkish exporters could begin to see a more positive demand picture from western economies to go along with strength in the Middle East.”

## For further information, please contact:

### Istanbul Chamber of Industry

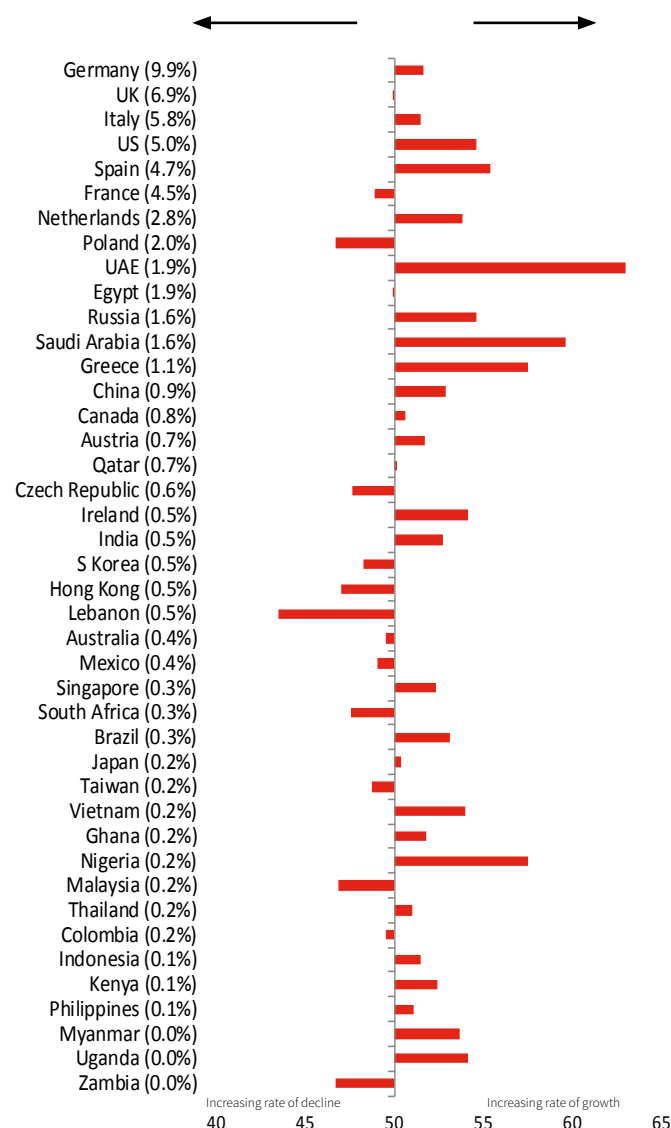
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## Country rankings

PMI Output Index (ordered by export weight in full-year 2018)  
sa, >50= growth since previous month



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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

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