

ICI TURKEY EXPORT CLIMATE INDEX

Istanbul Chamber of Industry

Demand conditions remain challenging for Turkish exporters



KEY FINDINGS

Export Climate Index posts 34.1

Rates of decline soften among most economies

China sees output return to growth

TURKEY MANUFACTURING ECI



LAST TWELVE MONTHS

Jun-19	51.5
Jul-19	51.3
Aug-19	51.1
Sep-19	50.3
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

The coronavirus disease 2019 (COVID-19) pandemic continued to hamper operations across the global economy, resulting in a continued challenging environment for Turkish manufacturing exporters. That said, rates of decline generally softened from the unprecedented rates seen in April amid a gradual easing of public health measures put in place to prevent the spread of the virus.

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 continued to signal a marked deterioration in demand conditions in export markets for Turkish manufacturers during May. The index rose to 34.1, up markedly from the

previous month's record low of 19.1, but still the second-weakest since the series began in January 2002.

The steep deterioration in the export climate was reflective of the ongoing negative impact of the COVID-19 pandemic on much of the global economy. In fact, of the 44 countries included in the calculation of the index, only China posted a rise in output during May.

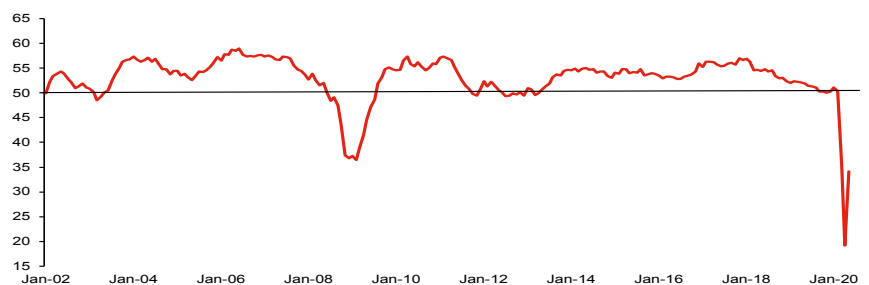
The expansion in China was the first in four months as the economy continued to recover from the COVID-19 outbreak seen earlier in the year. That said, China only accounts for 1% of Turkish manufacturing exports.

Larger trading partners in Europe remained firmly in contraction mode during May, albeit seeing rates of decline ease from the unprecedented falls seen in April.

A similar picture was evident in the US, where output slowed to a lesser extent than in April, albeit one that was the

Manufacturing PMI Export Climate Index

sa, %50= improvement since previous month



second-sharpest since the global financial crisis.

Middle East economies generally approached stabilisation midway through the second quarter of the year. Saudi Arabia posted the least marked easing of business activity in the current three-month sequence, while the UAE also posted a marked softening in the pace of moderation. Egypt's pace of decline also slowed sharply, after having been particularly severe in the previous month.

Several countries remained deep in contraction during May, particularly those where strict lockdowns to prevent the spread of COVID-19 were still in place. The most marked reductions were seen in Singapore, India and Indonesia.

Comment

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

“There was some light at the end of the tunnel for Turkish manufacturing exporters in May, with many economies around the world seeing rates of decline soften, albeit remain substantial. A return to growth of output in China provides hope that the same can occur in larger trading partners later in the year. In the near-term, however, conditions are set to be challenging for exporters amid ongoing restrictions and subdued demand.”

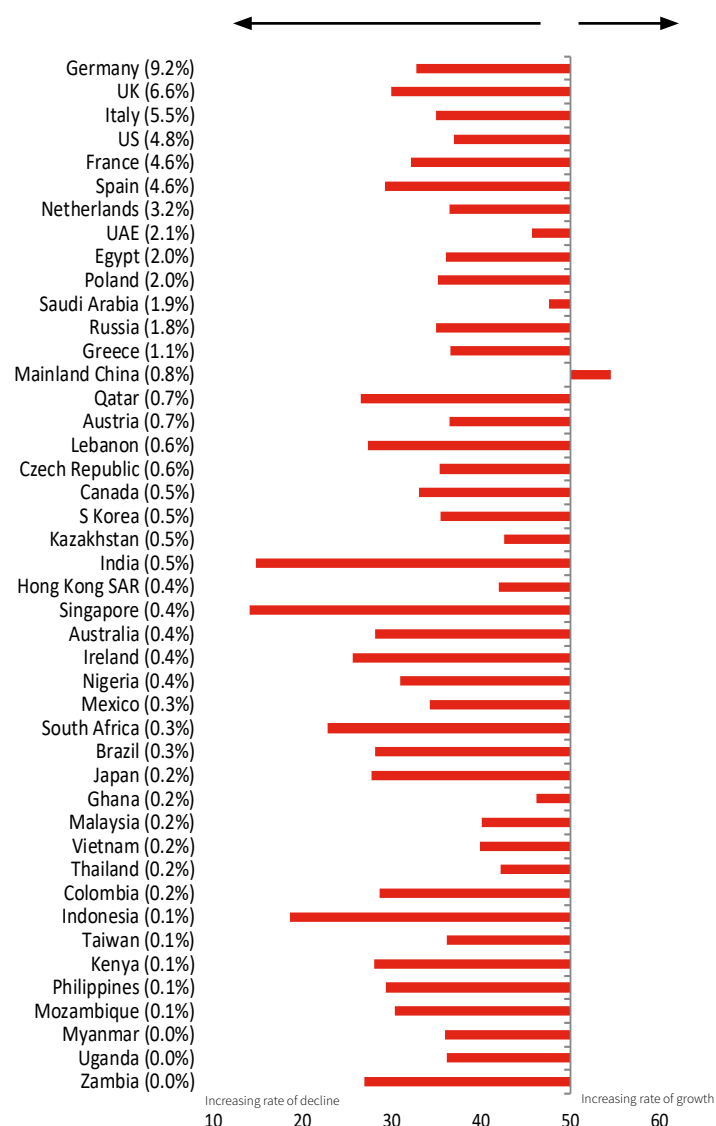
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Country rankings

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

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