

Istanbul Chamber of Industry Istanbul PMI® Manufacturing Index

Istanbul manufacturing sector grows further

December 2017 Key findings:

- At 53.0, PMI signals further improvement in business conditions in Istanbul
- Employment increases at fastest pace observed in six years
- Output and new orders continue to increase

Summary

The Istanbul Manufacturing PMI® signalled a further improvement in business conditions in the city's goods-producing sector in December. Both output and total new orders increased at an accelerated pace compared to November. This led firms to expand their capacity in order to accommodate increased client demand. Consequently, purchasing activity increased at a faster pace and the rate of job creation accelerated to the quickest observed for six years. As a result, businesses were able to continue working through their backlogs of work, although at a slightly slower pace than compared to November.

The headline Istanbul Chamber of Industry Istanbul 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 53.0 in December, up from 51.5 in November. This signalled an improvement in the health of Istanbul's manufacturing sector, the ninth in as many months. The headline figure was well above the long-run average (50.6).

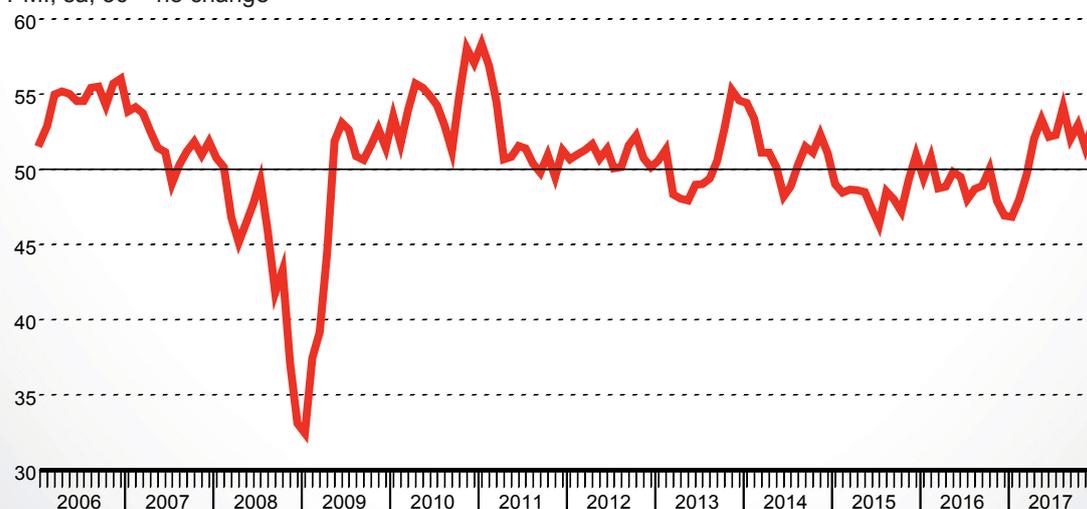
Volumes of new business received at Istanbul goods producers rose in December, marking the ninth successive month of growth. Survey respondents associated the increase with higher underlying demand from both domestic and foreign channels.

New business wins formed the basis for further

continued...

Historical overview

PMI, sa, 50 = no change



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output growth in December. In fact, the rate of expansion was solid, having accelerated from the previous month. December's data also lengthened the current period of growth to ten months, the longest sequence of continued expansion in almost seven years.

Companies reacted to higher underlying demand by expanding their capacity in December. Notably, growth in workforce numbers was marked, accelerating from November to the fastest pace observed in six years. Furthermore, companies increased their purchasing activity further, which enabled them to work through their backlogs. However, higher purchasing activity contributed to longer suppliers' delivery times.

On the price front, cost burdens increased at Istanbul manufacturers in December, leading to an uptick in output prices. That said, data suggested that firms partially absorbed higher input costs as output prices increased at a comparatively slower pace.

Comment

Commenting on the Istanbul Chamber of Industry Istanbul Manufacturing PMI survey data, Gabriella Dickens, Economist at IHS Markit, said:

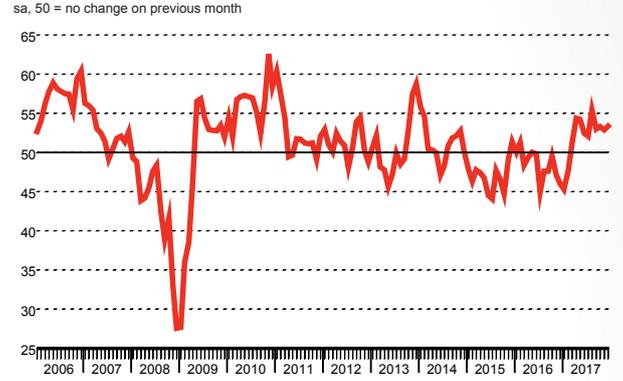
"December's PMI indicated a further improvement in the overall health of Istanbul's manufacturing sector. Buoyed by higher client demand, firms increased employment at the fastest pace observed in six years. As a result, output rose at an accelerated pace and businesses were able to work through their backlogs."

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Output Index

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

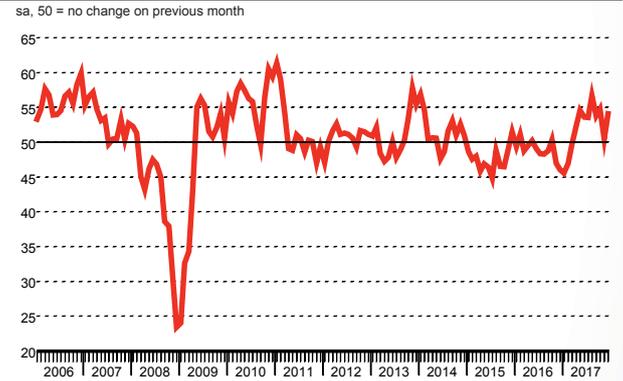
Manufacturing output in Istanbul rose for the tenth consecutive month in December. Output growth was frequently linked by panellists to a higher volume of new orders as well as expanding capacity. Moreover, the rate of growth was solid, having accelerated from November to a four-month high.



New Orders Index

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

New orders received by goods producers based in Istanbul rose for the ninth month in a row in December. Notably, the rate of growth was strong as volumes of new orders increased at a much faster pace than that seen in the previous month. Anecdotal evidence suggested that higher underlying demand was the main influence over the rise.



For further information, please contact:

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

Gabriella Dickens, Economist
Telephone +44 1491 461 008
Email: gabriella.dickens@ihsmarkit.com

Joanna Vickers, Corporate Communications
Telephone +44 207 260 2234
Email: joanna.vickers@ihsmarkit.com

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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.

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. To learn more go to www.markit.com/product/pmi.

Notes to Editors:

The Istanbul Chamber Of Industry Istanbul Manufacturing PMI® (Purchasing Managers' Index™) is produced by IHS Markit. The report features original survey data collected from a representative panel of around 300 companies based in Istanbul's manufacturing sector. The panel is stratified by Standard Industrial Classification (SIC) group, 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.

IHS 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 IHS 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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