

Istanbul Chamber of Industry Istanbul PMI® Manufacturing Index

Istanbul PMI rises to 53.0 in October

October 2017 Key findings:

- Business conditions improve in Istanbul's manufacturing sector as PMI ticks up
- Output and new orders grow at a quicker pace
- Firms respond to higher demand by increasing employment

Summary

The Istanbul Manufacturing PMI® signalled another solid performance from the city's goods-producing sector in October. The survey showed that output and total new orders continued to expand, and at an accelerated pace. Firms reacted to the improvement in underlying demand by expanding their capacity. Workforce numbers rose further, as did manufacturers' purchasing activity. As a result, companies were able to work through their outstanding business at the quickest pace observed in 2017 so far.

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.

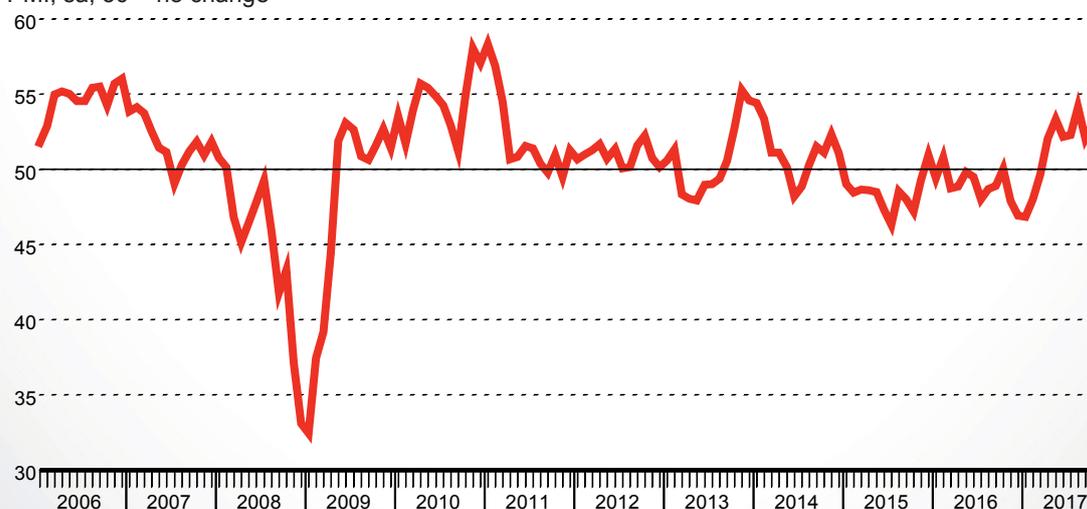
The PMI registered 53.0 in October, up from 52.1 in September. This signalled a further solid improvement in business conditions at Istanbul manufacturers, the seventh in as many months. Moreover, the headline figure was well above the long-run average (50.6).

Output growth was sustained in October, with the rate of expansion accelerating from September. This lengthened the current period of growth to eight months, the longest sequence of successive expansion in over six years. Survey respondents often commented that higher underlying demand

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Historical overview

PMI, sa, 50 = no change



Embargoed until: 10:00 (ISTANBUL) / 0700 (UTC) November 1 2017

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and a growing customer base were responsible for the rise.

Meanwhile, volumes of new business received by Istanbul manufacturers increased in October, and at a faster pace than observed in September. Growth in total new orders outstripped that for new work from abroad, as has been the case for six months running.

In order to accommodate the rise in demand, businesses expanded their capacity in October. Notably, workforce numbers exhibited solid growth and rose at a faster pace than in September. Furthermore, firms raised their purchasing activity, which helped them to work through outstanding business. That said, higher purchasing activity continued to lengthen suppliers' delivery times.

Inflationary pressures rose at Istanbul manufacturers in October, as both input and output prices grew at an accelerated rate compared to September. That said, the survey showed that firms partially absorbed higher purchase costs as input price inflation outpaced growth in prices charged for goods.

Comment

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

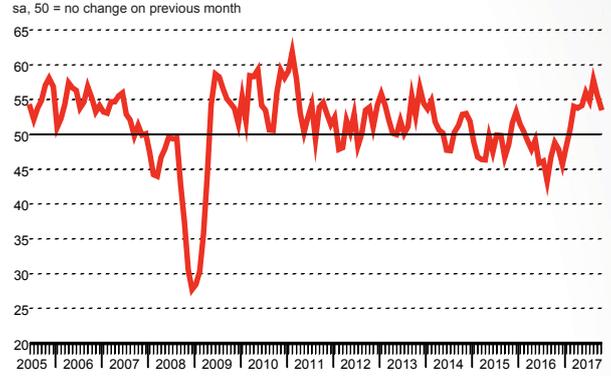
“October’s PMI indicated that the health of Istanbul’s manufacturing sector improved. Higher underlying demand formed the basis for the growth, driving up output and new orders, particularly from domestic channels. Firms reacted accordingly by expanding their employment and purchasing activity.”

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Output Index

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

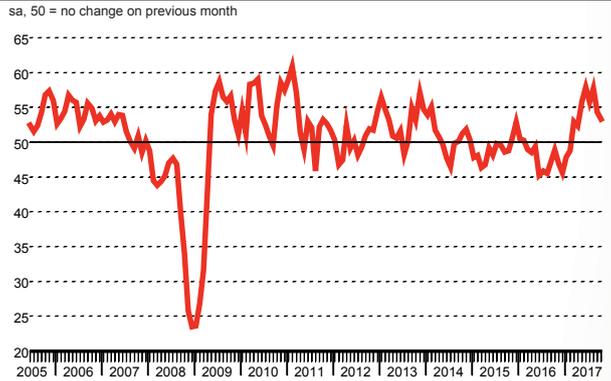
Manufacturing production in Turkey rose for the ninth consecutive month in October. Moreover, the rate of growth remained solid and was above its long-run average since mid-2005. Respondents commonly associated the increase in output with higher underlying demand and favourable economic conditions.



New Orders Index

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

Volumes of new business received by Turkish goods producers expanded further in October. This extended the current growth sequence to eight months. Companies that reported a rise in new orders often commented on an increase in demand from both domestic and foreign customers.



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Istanbul Chamber of Industry Istanbul 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 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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