

Istanbul Chamber of Industry Istanbul PMI® Manufacturing Index

Istanbul manufacturing sector continues to grow

September 2017

Key findings:

- PMI registers at 52.1, signalling sixth consecutive month of growth
- Output and employment continue to expand
- Inflationary pressures ease

Summary

The Istanbul Manufacturing PMI® signalled another solid performance from the city's manufacturing sector in September. The survey showed increases in both output and new export orders, and total new orders also continued to expand. This generated further employment growth, leading to a decline in backlogs of work.

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 52.1 in September, down further

from August's 43-month high of 54.2. This signalled a further improvement in business conditions at Istanbul manufacturers, the sixth in many months. Moreover, the headline figure was well above the long-run average.

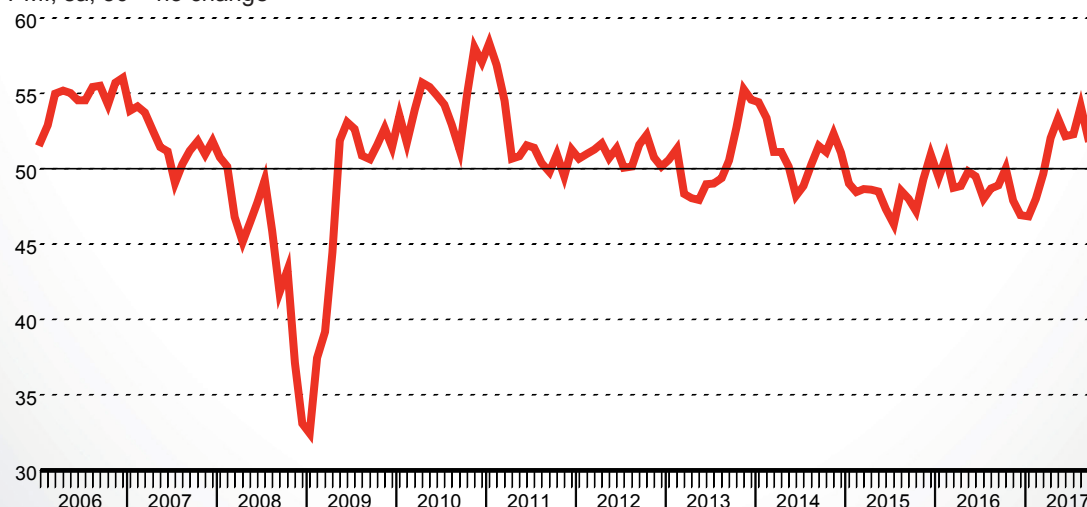
Output growth was sustained in September, with the rate of expansion remaining above its long-run trend. This stretched the current period of increases to seven months, the longest sequence of successive expansion in over three years. The upturn in production was linked to increased demand and the corresponding growth of new business.

New orders and new export sales both showed solid growth. The upturn in total order books outpaced that for new work from abroad, as has been the

continued...

Historical overview

PMI, sa, 50 = no change



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case for five months running. Greater workloads encouraged businesses to hire additional staff again, extending the current trend of recruitment to six months. This marked the longest sequence of workforce expansion since early-2015.

Concurrently, purchasing activity among manufacturers in Istanbul increased for the sixth month running in September. This added further pressure on suppliers, whose delivery times lengthened for the ninth consecutive month. Nonetheless, the rate at which vendor performance worsened was only fractional and the slowest this year.

Input prices paid by manufacturers continued to rise in September. That said, the rate of inflation eased from August and remained below the long-run series average. Output prices also increased, but at the slowest pace since June.

Comment

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

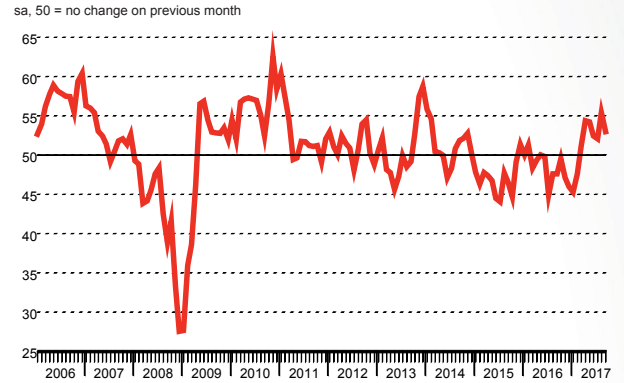
“The PMI for Istanbul indicated an improvement in the health of the city’s manufacturing sector for the sixth consecutive month in September, the longest period of successive growth since 2014. This reflected the continued rise of output, new orders and employment.”

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Output Index

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

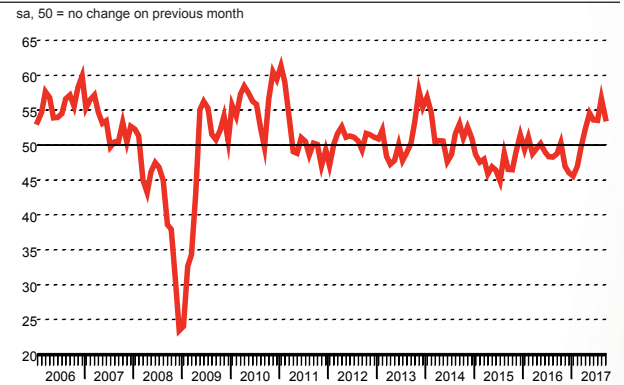
Manufacturing production in Istanbul rose for the seventh successive month in September. Output growth reportedly reflected higher new orders and demand. The rate of expansion remained solid and was well above the long-run series average.



New Orders Index

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

Volumes of new work received by manufacturers based in Istanbul increased for the sixth month running in September. Firms attributed rising orders to the securing of new customers. The rate of expansion was robust and remained among the fastest seen since early-2014.



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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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