

Istanbul Chamber of Industry Istanbul PMI™ Manufacturing Index

Istanbul PMI signals manufacturing downturn in June

June 2016

Key findings:

- Output and new orders fall slightly following stable trends in May
- Employment rises for second month running
- Inflationary pressures ease

Summary:

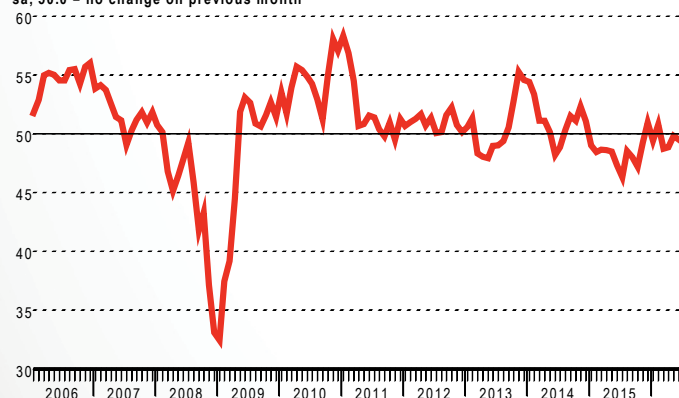
Istanbul's goods-producing sector suffered a slight deterioration in business conditions in June, according to PMI™ survey data from Istanbul Chamber of Industry and Markit. Production and new orders both fell for the third time in four months, having been broadly stable in May. That said, the rates of decline were only marginal. Exports and purchasing activity also fell slightly, although manufacturing employment continued to expand. The latest survey results signalled further inflation of both input and output prices, albeit at weaker rates than in May.

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 49.5 in June, below the no-change mark of 50.0 and signalling a slight deterioration in manufacturing business conditions in Istanbul. The latest figure was down from 49.9 in May and in line with the average over the first six months of 2016 as a whole. That compared with a trend level of 48.2 during the downturn that stretched from January to November 2015. The PMI was negatively influenced by four of its five components in June, the exception being employment.

Historical overview

sa, 50.0 = no change on previous month



The volume of incoming new work in the goods-producing sector of Istanbul declined in June, marking the third contraction in the past four months. The rate of decline was stronger than the average over the first half of 2016, but weaker than the trend shown during 2015. New export orders fell for the fourth month in a row.

Manufacturing output followed a similar trend to new order inflows, declining for the third time in four months. The rate of decline was only fractional, however, and weaker than that seen for new work. This partly reflected work on existing orders, which declined for the tenth consecutive month.

Purchasing activity also declined in June, falling for the sixth successive month. This reduced pressure on suppliers, whose delivery times improved slightly. Stocks of inputs contracted for the fourteenth successive month.

The main positive from the latest survey was a further round of job creation in the goods-producing sector. Manufacturing employment in Istanbul rose for the second month running in June, and at a faster rate than in May.

Input prices continued to rise in June, linked to exchange rate factors. This led to further inflation of manufacturing output prices. That said, the rates of increased eased in both cases, and were below their respective long-run series averages.

Comment:

Commenting on the Istanbul Chamber of Industry Istanbul Manufacturing PMI survey data, Trevor Balchin, Senior Economist at Markit, said:

"Istanbul's goods producers reported a modest deterioration in business conditions in June, driven by slight declines in both output and new orders. This was partly offset by a further increase in manufacturing employment. The ratio of the new orders and finished goods stocks indices fell to an eight-month low, signalling that output is likely to continue to decline in the coming months."

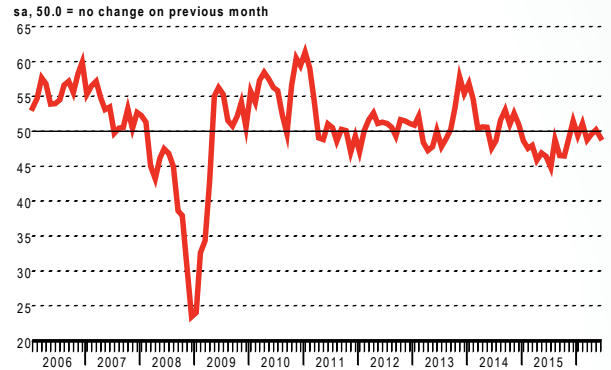
Embargoed until: 10:00 (ISTANBUL) / 0700 (UTC) July 1 2016

Istanbul Chamber of Industry Istanbul PMI™ Manufacturing Index

New Orders Index

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

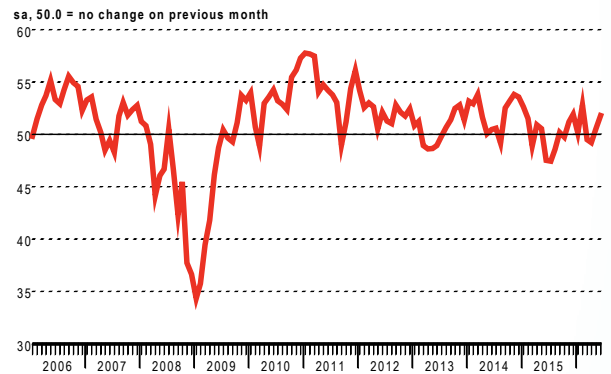
The seasonally adjusted New Orders Index dipped back below the no-change mark of 50.0 in June, signalling a decline in the volume of incoming new work at manufacturers based in Istanbul. New business has declined four times in the past six months, although the latest contraction was only marginal.



Employment Index

Q. Please compare the level of employment at your unit this month with the situation one month ago.

Manufacturing employment in Istanbul rose for the second month running in June, following declines in both March and April. Moreover, the rate of job creation accelerated from May's fractional pace, as 12% of firms reported hiring additional workers. The seasonally adjusted Employment Index was above its long-run average of 50.9 in the latest period.



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

Markit

Trevor Balchin, Senior Economist
Telephone +44 1491 461 065
Email: trevor.balchin@markit.com

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

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 Markit:

Markit is a leading global diversified provider of financial information services. We provide products that enhance transparency, reduce risk and improve operational efficiency. Our customers include banks, hedge funds, asset managers, central banks, regulators, auditors, fund administrators and insurance companies. Founded in 2003, we employ approximately 4,000 people in 11 countries. Markit shares are listed on Nasdaq under the symbol MRKT. For more information, please see www.markit.com.

About PMI:

Purchasing Managers' Index® (PMI®) surveys are now available for over 30 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/economics.

Notes to Editors:

The Istanbul Chamber Of Industry Istanbul Manufacturing PMI® (Purchasing Managers' Index®) is produced by 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 GDP and company workforce size, 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.

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 Markit. Please contact economics@markit.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.

The intellectual property rights to the Istanbul Chamber Of Industry Istanbul Manufacturing PMI® provided herein are owned by or licensed to Markit. Any unauthorised use, including but not limited to copying, distributing, transmitting or otherwise of any data appearing is not permitted without Markit's prior consent. Markit shall not have any liability, duty or obligation for or relating to the content or information ("data") contained herein, any errors, inaccuracies, omissions or delays in the data, or for any actions taken in reliance thereon. In no event shall Markit be liable for any special, incidental, or consequential damages, arising out of the use of the data. Purchasing Managers' Index® and PMI® are either registered trade marks of Markit Economics Limited or licensed to Markit Economics Limited. Istanbul Chamber Of Industry uses the above marks under licence. Markit is a registered trade mark of Markit Group Limited.