

## Istanbul Chamber of Industry Istanbul PMI™ Manufacturing Index

# Istanbul's manufacturing growth at 39-month high

### May 2017 Key findings:

- Sharper growth of new orders drives further strong rise in output
- Fastest rate of job creation since December 2011
- Input price inflation slows for fifth month running

### Summary

The Istanbul Manufacturing PMI™ rose further in May to signal the strongest overall improvement in business conditions in the city's manufacturing sector since February 2014. Growth of output remained close to April's sharp pace as new orders increased at the fastest rate in over three years. Strengthening demand also led firms to raise employment at the strongest pace since December 2011. The latest survey data also signalled an easing in the rate of input price inflation for the fifth successive month, to the slowest since last October.

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.

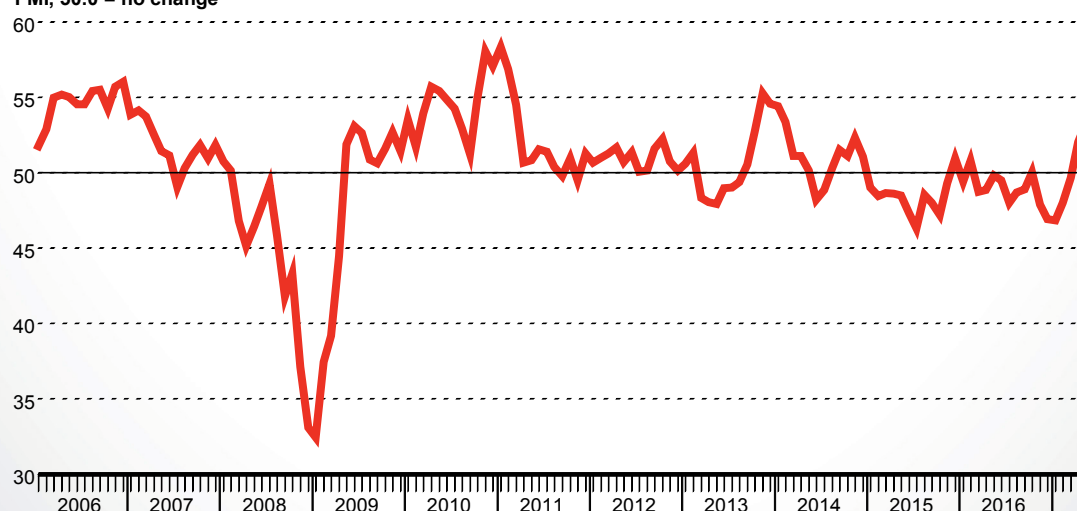
The PMI increased to 53.3, from 52.1 in April. This signalled the strongest overall improvement in business conditions since February 2014. The headline figure was also well above its long-run average (since January 2006) of 50.5.

Four of the five PMI components provided positive contributions to the headline figure in May, the exception being stocks of purchases. The rise in the PMI since April was driven by the new orders and employment components. Total new orders increased at the fastest rate since February 2014, as did the volume of new export business. Meanwhile,

continued...

### Historical overview

PMI, 50.0 = no change



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



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manufacturing employment in Istanbul rose at the sharpest pace since December 2011.

The sharp rise in new work supported another strong gain in output in May. The rate of expansion in production was little-changed from April's 38-month high. Manufacturers continued to deplete their backlogs of work, but at only a marginal rate.

Purchasing operations among manufacturers in Istanbul were stepped up in May, as the volume of inputs ordered increased at the strongest rate since March 2014. This placed pressure on suppliers, whose delivery times lengthened for the fifth consecutive month.

Input prices paid by manufacturers continued to rise in May. That said, the rate of inflation slowed for the fifth consecutive month to the weakest since last October. Similarly, output prices charged by manufacturers increased at the second-slowest rate in the past seven months.

### Comment

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

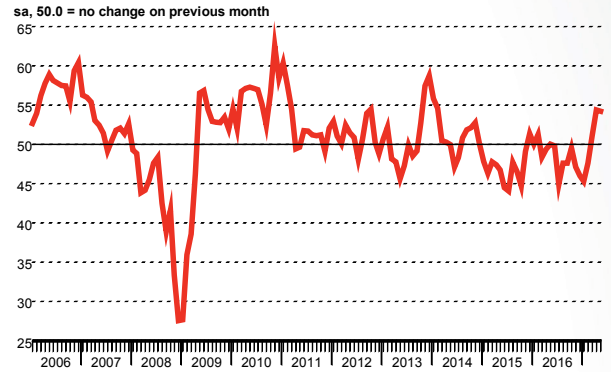
*"The PMI for Istanbul continued its recent ascent in May, indicating the strongest improvement in operating conditions at manufacturers in the city since early-2014. Key indicators for new orders and employment improved further during the month, while cost pressures abated further."*

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## Output Index

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

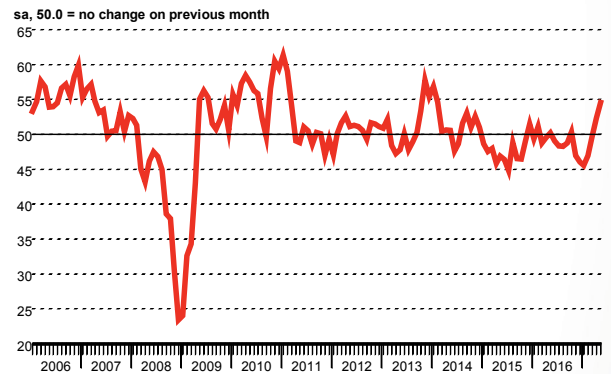
Manufacturing production in Istanbul rose for the third successive month in May. The rate of expansion was little-changed from April's 38-month record. More than one-quarter of surveyed firms reported higher output, mainly linked to new orders.



## New Orders Index

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

The volume of new work received by manufacturers based in Istanbul increased further in May. The rate of expansion accelerated to the fastest since February 2014, and was stronger than the long-run series average. Companies mentioned both improving domestic demand and higher exports.



## 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](mailto:nakcay@iso.org.tr)

### IHS Markit

Trevor Balchin, Senior Economist  
Telephone +44 1491 461 065  
Email: [trevor.balchin@ihsmarkit.com](mailto:trevor.balchin@ihsmarkit.com)

Joanna Vickers, Corporate Communications  
Telephone +44 207 260 2234  
Email: [joanna.vickers@ihsmarkit.com](mailto: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 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/product/pmi](http://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](mailto: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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