

# Istanbul Chamber of Industry Istanbul PMI™ Manufacturing Index

## Manufacturing slump continues in April

**Key findings:**

- PMI little-changed from March as output, new orders and jobs all decline further
- Stocks of purchases continue to contract sharply
- Output prices lowered for second successive month

**Summary:**

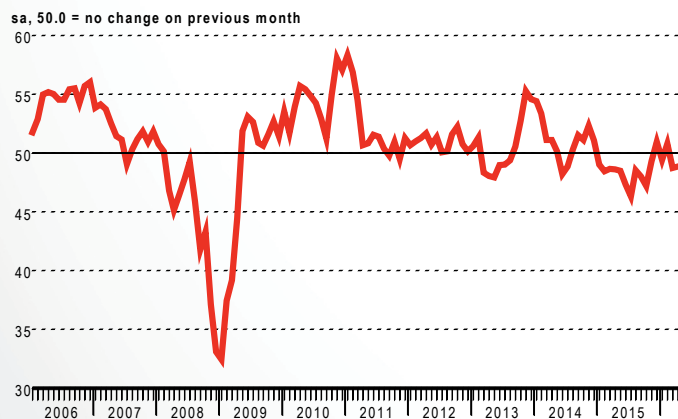
Istanbul's goods-producing sector failed to bounce back from March's downturn, according to April PMI™ survey data from Istanbul Chamber of Industry and Markit. Output and new orders both fell for the second month running, albeit at weaker rates than in March. Backlogs of work continued to fall, while manufacturers continued to cut purchasing activity and jobs. Meanwhile, inflationary pressure on input prices eased to the weakest in 2016 so far, while goods producers cut their own prices at the fastest rate for a year.

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 remained below the no-change mark of 50.0 in April, signalling an overall deterioration in manufacturing business conditions in Istanbul. The index was little-changed from March's 48.8, at 48.9, broadly in line with the trend level shown since the start of 2015. In comparison, the PMI has averaged 50.6 since the series began in January 2006. All five of the headline figure's components registered negative influences in the latest period.

The volume of new orders received by Istanbul-based manufacturers declined in April, the third contraction registered in 2016 so far. That said, the rate of reduction was the slowest over this period. New export business declined at a faster pace than total new orders in the latest period.

**Historical overview**



compiled by markit

Manufacturing output in Istanbul fell for the second month running in April. The rate of decline eased since March, however, and was also slower than those registered throughout most of 2015.

Backlogs of work continued to fall in April. The level of outstanding business held at manufacturers has not risen since March 2014, although the latest contraction was the slowest in five months.

Latest data on purchasing and employment corroborated the underlying weakness of manufacturing business conditions. Purchasing activity declined for the fourth successive month, while workforces were cut on average for the second month running. The rate of reduction in input stocks was little-changed from March's three-year record.

Input prices continued to rise in April. That said, the rate of inflation slowed to a four-month low and was weak in the context of historic survey data. Meanwhile, competitive pressures in the sector resulted in a second successive month-on-month drop in output charges, and at the fastest rate for a year.

**Comment:**

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

*"The PMI for Istanbul failed to climb back above the neutral threshold in April, signalling an ongoing downturn in the manufacturing sector. Although output and new orders fell more slowly than in March, this was offset by a steeper rate of job shedding and evidence that suppliers were less busy, given that their delivery times quickened to the greatest extent for a year-and-a-half. Input stocks continued to contract at a sharp rate, suggesting that firms are not expecting an imminent strengthening in demand."*

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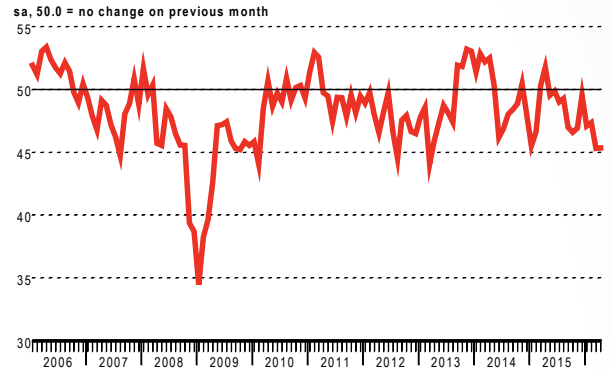


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## Stocks of Purchases Index

*Q. Please compare your stocks of purchases (in units) this month with the situation one month ago.*

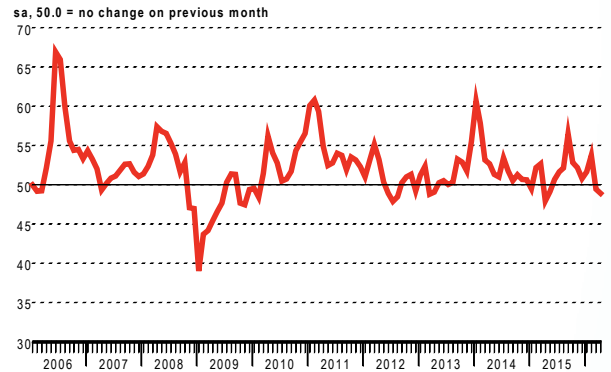
The current phase of destocking in Istanbul's manufacturing sector was extended to 12 months in April. Firms reported using up stocks in production and not replacing them due to a lack of incoming new work. The rate of decline was little-changed from March's three-year record, after adjusting for seasonal factors.



## Output Prices Index

*Q. Please compare the average price that you charge per unit of output (volume weighted) this month with the situation one month ago.*

Manufacturers in Istanbul continued to lower their charges on average in April. Moreover, the rate of reduction quickened slightly to the fastest since April 2015. Anecdotal evidence from survey respondents mainly linked downward pressure on factory gate prices to weak market conditions and requests for discounts from clients.



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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 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](http://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](http://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](mailto: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.

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