

Istanbul Chamber of Industry Istanbul PMI® Manufacturing Index

PMI registers 49.2 in April

April 2018 Key findings:

- PMI signals slightly more challenging business conditions
- Workforce numbers continue to increase
- Inflationary pressures strengthen

Summary

The Istanbul Manufacturing PMI® indicated slightly more challenging business conditions in the city's manufacturing sector during April. A deceleration in new orders formed the basis for that development, driving a subsequent slowdown in production. Purchasing activity also eased at the beginning of the second quarter. That said, the city's manufacturers continued to increase payroll numbers amid planned business expansions. Meanwhile, a weaker lira caused input costs to rise, which consequently led to an increase in average selling prices.

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.

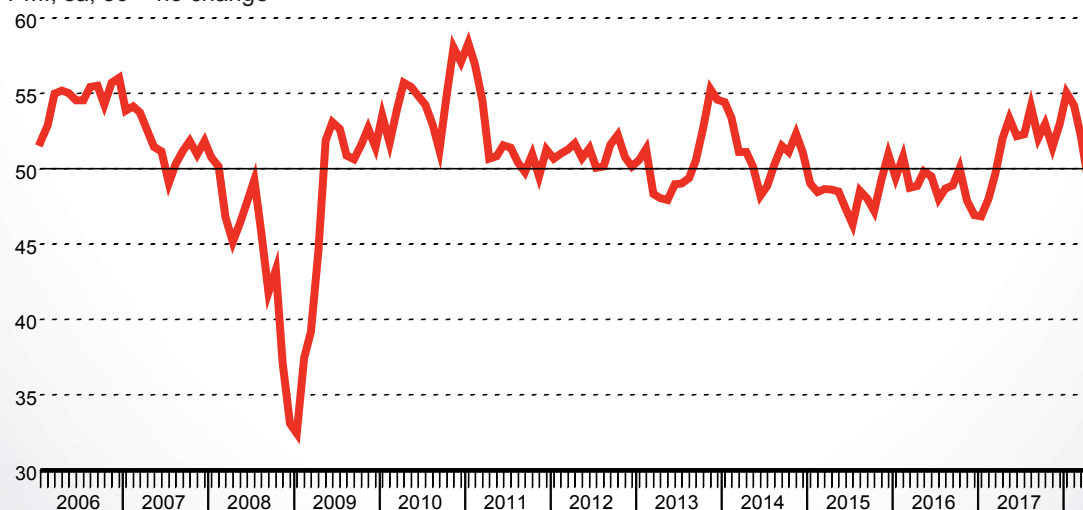
The PMI registered 49.2 in April, following 52.2 in March, signalling that the business conditions in the city's manufacturing sector became slightly more challenging during the month. Panel members largely attributed that to weak market conditions.

Latest survey data indicated that new orders decelerated in April, following the increase during the previous twelve months. Reflecting this, production also showed a modest slowdown.

Meanwhile, foreign demand remained resilient, with the latest survey data signalling a sustained increase in exports during April amid a strong global

Historical overview

PMI, sa, 50 = no change



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environment.

A further positive development in regard to the city's manufacturing was staffing levels, which continued to expand during April. In fact, workforce numbers have now risen in each of the past 13 months. According to panel members, planned business expansions were behind the sustained increase.

Elsewhere, inflationary pressures continued to build in the manufacturing sector as the lira weakened. Firms reported a marked increase in overall input costs, with unfavourable exchange rates and product shortages being blamed. Accordingly, businesses increased their average selling prices at an accelerated pace at the beginning of the second quarter.

Comment

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

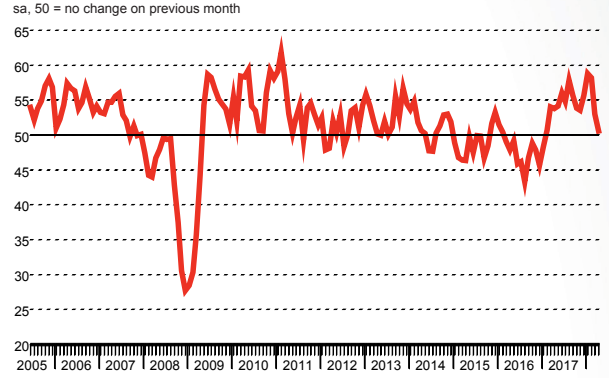
“According to the latest survey data, Istanbul’s manufacturing sector slowed down at the beginning of the second quarter. A deceleration in production and new orders underpinned business conditions becoming more challenging, although staffing levels continued to increase. Meanwhile, inflationary pressures strengthened reflecting unfavourable exchange rates.”

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Output Index

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

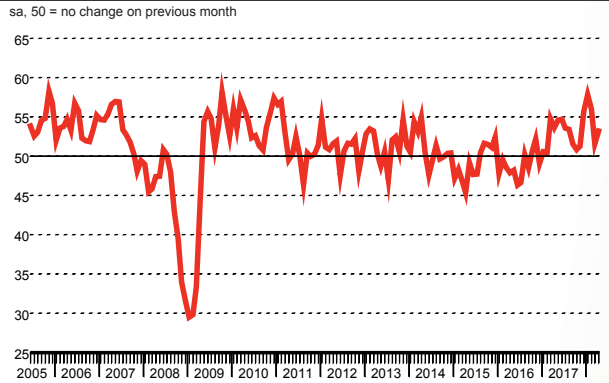
For the fifteenth month in succession, output rose in the Turkish manufacturing sector during April. Anecdotal evidence suggested that new investment and product diversification were behind the sustained increase in production levels. That said, the pace of expansion slowed from the previous month.



New Export Orders Index

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

New orders from abroad continued to expand during April, as has been the case in every month since the start of 2017. Panel members generally linked the rise to stronger foreign demand amid a positive global economic environment. Furthermore, the rate of expansion accelerated from March.



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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 more than 40% of the total added value propagated by Turkish industry. ICI members actualize approximately 35% of production of Turkish industry. 36% 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 <https://ihsmarkit.com/products/pmi.html>.

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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