

Istanbul Chamber of Industry Istanbul PMI® Manufacturing Index

Growth quickens in Istanbul manufacturing sector

January 2018 Key findings:

- PMI posts 55.1, indicating accelerated improvement in the health of the manufacturing sector
- Output growth quickens to 49-month high
- Total new orders sharpen bolstered by strong demand

Summary

The Istanbul Manufacturing PMI® indicated a continued improvement in business conditions in the city's manufacturing sector at the beginning of 2018. Bolstered by higher demand, output growth accelerated to the fastest pace observed in just over four years. Furthermore, manufacturers won new business at a quicker pace. In response, goods producers expanded their productive capacity by continuing to increase workforce numbers as well as their purchasing activity, which enabled further progress on work-in-hand. On the price front, cost pressures remained strong, leading firms to increase their 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.

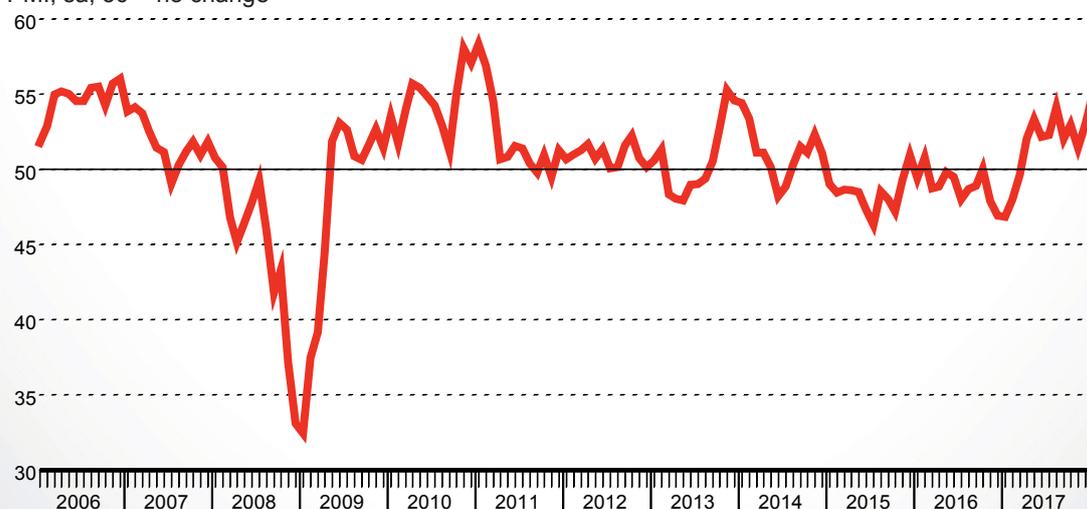
The PMI registered 55.1 in January, up from 53.0 in December, signalling a marked improvement in the health of Istanbul's manufacturing sector. Furthermore, business conditions strengthened at the fastest pace observed in over four years.

The rise in the headline figure was supported by marked increases in both output and new orders amid strong client demand. Manufacturing output growth accelerated to a 49-month high, while volumes of new orders also accumulated at the

continued...

Historical overview

PMI, sa, 50 = no change



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fastest rate observed in just over four years.

Businesses responded to the growth in new orders by increasing employment at the beginning of the year. Indeed, job creation accelerated from December to the highest for over six years. Purchasing activity also rose solidly, though to a lesser extent than that registered in the prior survey period.

The expansion in productive capacity enabled manufacturers in the city to tackle their backlogs in January. That said, holdings of finished goods declined at a strong rate as orders climbed.

Meanwhile, inflationary pressures continued in January. Input prices rose reflecting higher raw materials costs and unfavourable exchange rates. However, input price inflation eased, which was also the case for the rate of increase in average selling prices.

Comment

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

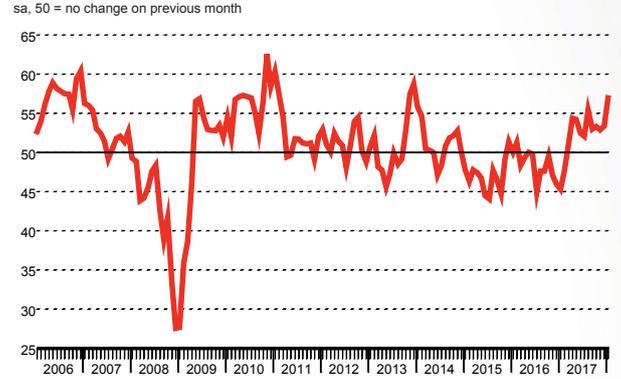
“Istanbul’s manufacturing sector enjoyed an uptick in business conditions at the beginning of 2018. Amid stronger domestic and foreign demand, new order growth accelerated to a 50-month high. Consequently, output showed the fastest pace of expansion seen in over four years.”

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Output Index

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

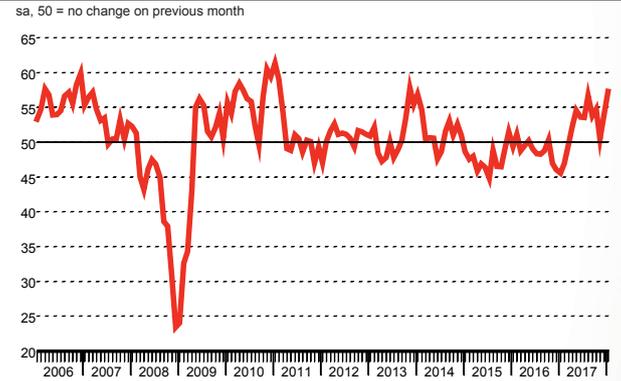
Manufacturing output in Istanbul increased at the start of the year. Furthermore, the rate of growth was marked, accelerating to the fastest pace observed in just over four years. Businesses in the manufacturing sector mentioned that an expanding workforce coupled with higher volumes of new orders were the main factors driving the expansion.



New Orders Index

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

Goods producers based in Istanbul continued to win new business in January, as new orders rose for the tenth consecutive month. The rate of growth was substantial, climbing to a 50-month high. Panel members often linked new orders to higher client demand, both domestically and globally.



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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 <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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