

Istanbul Chamber of Industry Istanbul PMI® Manufacturing Index

Istanbul manufacturing PMI rises to 53.6 in October

October 2019

Key findings:

- Employment grows at the fastest pace since December 2011
- Output and new orders increase at faster rates
- Cost inflation at 57-month low

Summary

The start of the final quarter of the year pointed to improving growth momentum at Istanbul manufacturing firms. The rate of new order growth was sharp, leading to a faster rise in production and one of the strongest rates of job creation recorded by the survey so far. The rate of input cost inflation continued to soften, while selling prices were lowered for the second month running.

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.

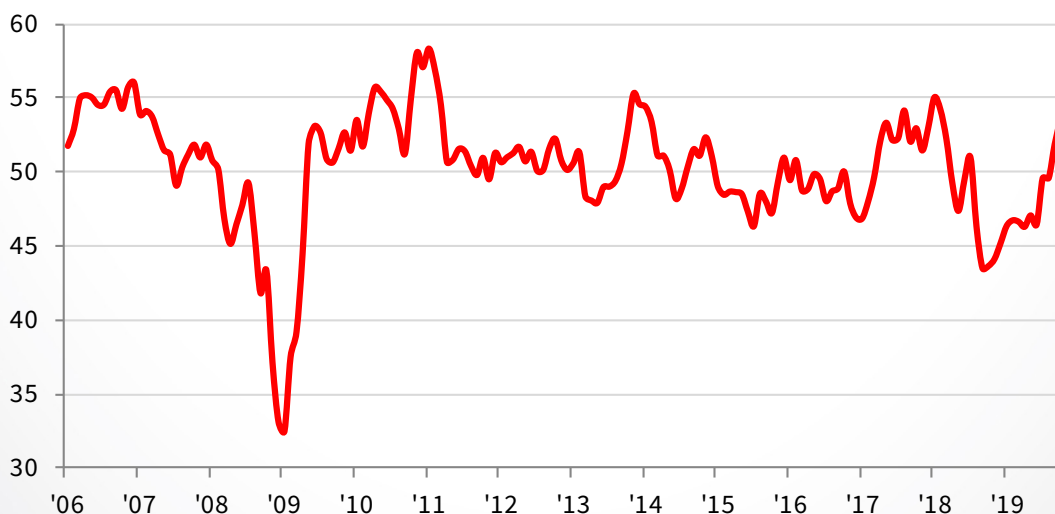
The headline PMI posted above the 50.0 no-change mark for the second month running in October, signalling a further improvement in the health of the sector. Moreover, at 53.6, up from 51.9 in September, the rate of improvement was the most marked since February 2018.

New orders rose for the third month running in October amid reports of strengthening customer demand. Moreover, the marked expansion of new business was the sharpest for 20 months. New export orders also rose, but at a weaker pace than total new business.

Higher new orders encouraged manufacturers to expand staffing levels. Furthermore, the rate of job creation was the fastest since December 2011

Historical overview

PMI, 50.0 = no change



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and one of the strongest since the survey began in January 2006.

Increased capacity helped support a solid rise in production, with output up for the third time in the past four months. Backlogs of work continued to fall, meanwhile, but at the slowest pace in 26 months.

Rising production requirements led manufacturers to expand their purchasing activity for the second month running, and at a solid pace. Stocks of purchases were broadly unchanged, ending a 20-month sequence of depletion.

The rate of input cost inflation softened for the fifth successive month, easing to the lowest overall since January 2015, and falling further below the series average.

The relative lack of cost pressures meant that firms were able to lower their output prices to support efforts to secure sales. Charges decreased for the second month running, albeit only marginally.

Comment

Commenting on the Istanbul Chamber of Industry Istanbul Manufacturing PMI survey data, Andrew Harker, Associate Director at IHS Markit, said:

“The Istanbul manufacturing sector looks to have reached escape velocity as marked new order growth encouraged firms to ramp up production. The most positive aspect from the October PMI survey was the sharpest rise in employment since the end of 2011, and one of the greatest since Istanbul-specific data were available in January 2006.”

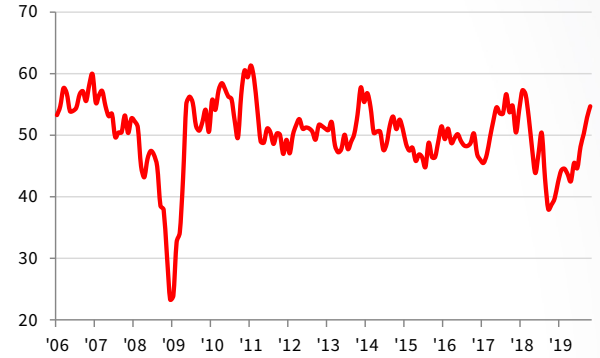
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New Orders Index

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

The rate of new order growth accelerated for the second month running in October and was the strongest for 20 months. Panellists reported strengthening customer demand. More than one-quarter of respondents signalled a rise in new business, against 15% that posted a fall.

sa, 50 = no change on previous month

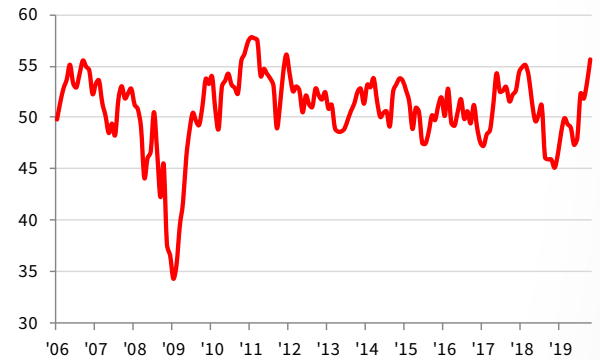


Employment Index

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

October data pointed to a sharp rise in employment at Istanbul manufacturers, extending the current sequence of job creation to four months. Furthermore, the latest rise was the sharpest since December 2011 and one of the fastest since the series began in January 2006.

sa, 50 = no change on previous month



For further information, please contact:

Istanbul Chamber of Industry

Nesrin Akçay, Economic Research and Corporate Finance
Department Mng.
Telephone +90 212 252 29 00 Ext: 180
Email: nakcay@iso.org.tr

IHS Markit

Andrew Harker, Associate Director
Telephone +44 1491 461 016
Email: andrew.harker@ihsmarkit.com

Joanna Vickers, Corporate Communications
Telephone +44 207 260 2234
Email: 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 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 (NYSE: INFO) is a world leader in critical information, analytics and 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 business and government customers, including 80 percent of the Fortune Global 500 and the world's leading financial institutions.

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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