

Istanbul Chamber of Industry Turkey PMI® Manufacturing Index

Second successive rise in manufacturing output

December 2019 Key findings:

- Production increases slightly
- New orders broadly stable
- Output prices rise for first time in four months

Summary

The latest PMI® survey data from Istanbul Chamber of Industry and IHS Markit signalled a second successive improvement in manufacturing production during December, with firms expanding their purchasing activity in response. The picture regarding new orders was broadly stable and firms signalled that staffing levels were sufficient to deal with current workloads.

The headline Istanbul Chamber of Industry Turkey 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 was unchanged at 49.5 in December, signalling a slight moderation in business

conditions. The December reading was above the average for 2019 as a whole.

Production rose for the second month running at the end of 2019. Although marginal, the expansion was stronger than that seen in November. Respondents indicated that signs of improvement in new orders had encouraged them to increase output.

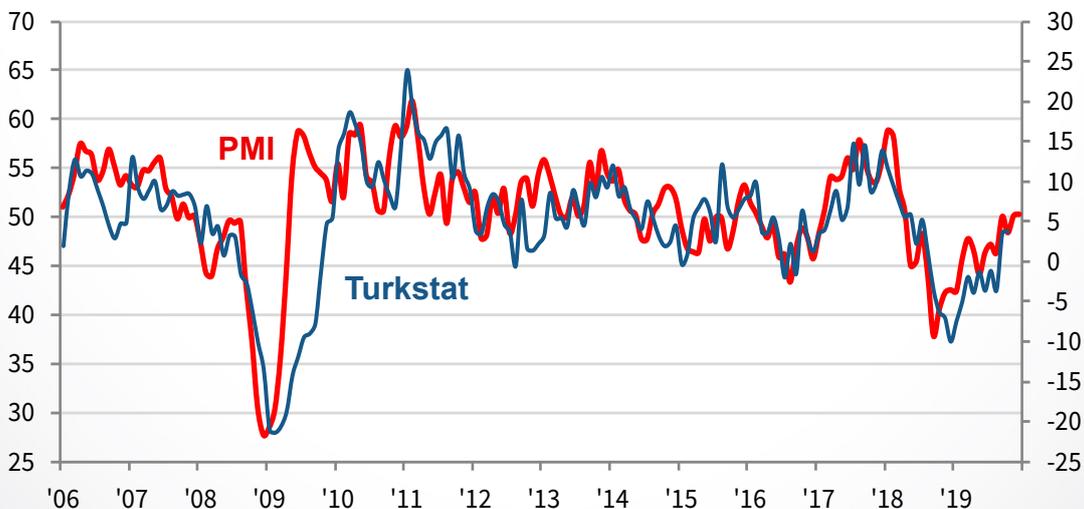
The picture for new business was broadly stable, with a marginal slowdown recorded. New export orders continued to ease, but at the softest pace in five months.

A second consecutive moderation of employment suggested that manufacturers had sufficient workforce numbers to cope with current workloads. This was backed up by a further reduction in outstanding business.

Historical overview

PMI Output Index, 50.0 = no change

industrial production yr/yr%



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Firms did expand their purchasing activity at the end of the year in line with greater production requirements. This helped lead to a stabilisation of stocks of purchases for the first time in almost two years. Stocks of finished goods continued to fall, however, with the rate of production growth insufficient to support a rise in inventories.

Although the rate of input cost inflation quickened from November's near five-year low, it remained much weaker than the series average. Where input prices rose, panellists again linked this to currency weakness.

The increase in cost burdens led firms to raise their selling prices modestly. This ended a three-month sequence of falling charges.

Comment

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

“The Turkish manufacturing sector remained on the road to recovery at the end of 2019, according to the latest PMI data. Recent increases seen in official industrial production data therefore look set to continue. While still facing challenging business conditions and a soft international demand environment, manufacturers will be more confident looking ahead to 2020 than when they were ahead of the move into 2019 this time last year.”

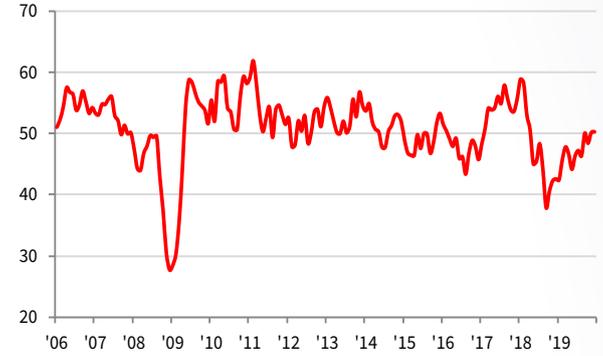
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Output Index

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

Turkish manufacturing firms recorded a marginal increase in output for the second month running in December. Those respondents that saw production rise mentioned signs of improvement in new orders and stronger demand conditions.

sa, 50 = no change on previous month

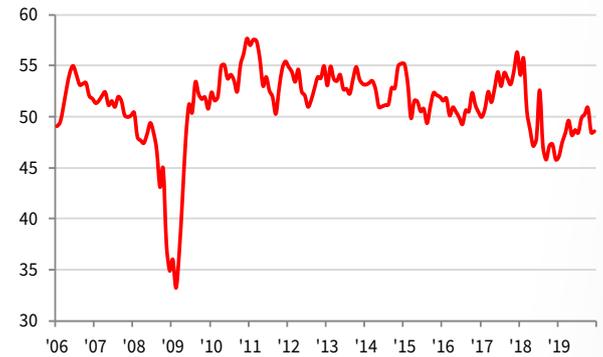


Employment Index

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

Latest data suggested that staffing levels in the Turkish manufacturing sector were broadly sufficient for current workloads, with employment scaled back modestly in December. Around 10% of panellists lowered workforce numbers, twice the proportion that raised them.

sa, 50 = no change on previous month



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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.

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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 www.markit.com/product/pmi.

Notes to Editors:

The Istanbul Chamber Of Industry Turkey Manufacturing PMI® (Purchasing Managers' Index) is produced by IHS Markit. The report features original survey data collected from a representative panel of around 400 companies based in the Turkish 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.

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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