

## Istanbul Chamber of Industry Turkey PMI® Manufacturing Index

# PMI at 49.0 in October

### October 2019 Key findings:

- Slight slowdown in production
- Staffing levels continue to rise
- Output prices lowered for the second month running

### Summary

The latest PMI® survey data from Istanbul Chamber of Industry and IHS Markit signalled a slight slowdown in the Turkish manufacturing sector during October, with new orders softening after an expansion in September. On a positive note, employment increased for the second month running. Meanwhile, the rate of input cost inflation remained relatively muted and firms lowered their output prices again.

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.

After posting at 50.0 in September, the headline

PMI ticked down to 49.0 in October. This signalled a slight moderation in the health of the Turkish manufacturing sector.

New orders softened in October, reversing the growth seen in September. Panellists cited demand weakness in both domestic and export markets. Firms responded to challenging demand conditions by scaling back production slightly. Backlogs of work continued to moderate, meanwhile, albeit to the least extent for 20 months.

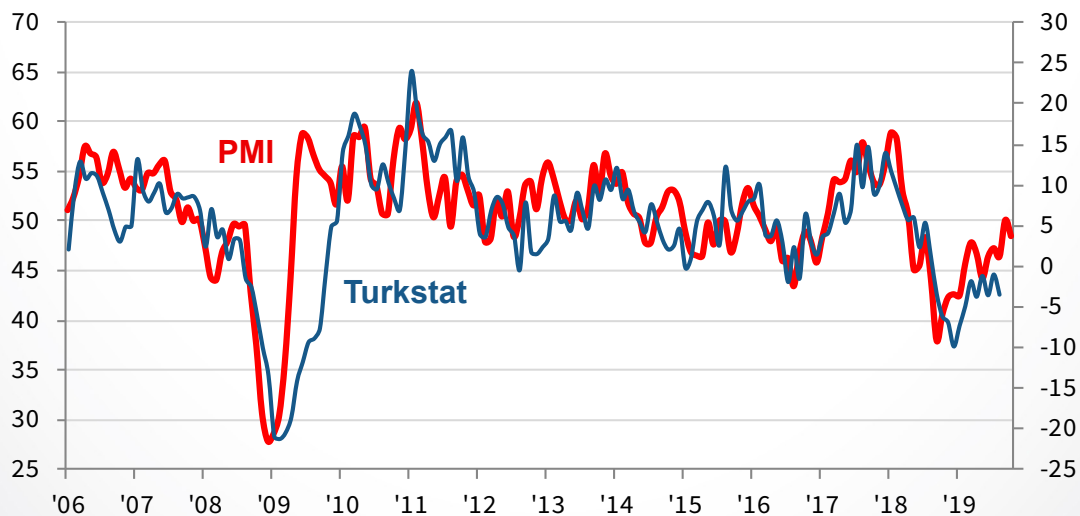
Despite some signs of weakness in October, firms continued to expand their staffing levels. Employment was up for the second month running, the first time that back-to-back increases in workforce numbers have been recorded since early-2018.

Although input costs continued to rise on the back of currency weakness and higher electricity prices,

### Historical overview

PMI Output Index, 50.0 = no change

industrial production yr/yr%



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the rate of inflation remained relatively muted at the start of the final quarter of the year.

This provided some room for firms to lower their output prices for the second consecutive month as part of efforts to stimulate sales. That said, the pace of reduction softened from that seen in September and was only slight.

A muted easing of purchasing activity was recorded in October, while stocks of both purchases and finished goods were scaled back.

### Comment

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

*“The recent upward trend in the PMI figures took a pause in October, highlighting that market conditions in the Turkish manufacturing sector remain challenging. The situation is clearly improved since this time last year, however, and firms were confident enough in the outlook to continue expanding their workforce numbers.”*

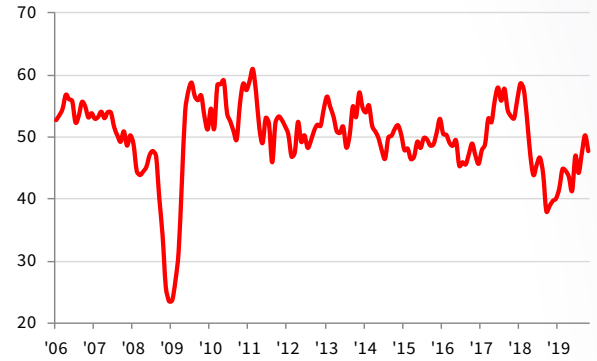
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### New Orders Index

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

A slowdown in new orders was seen at Turkish manufacturing firms during October, reversing the expansion seen in September. According to respondents, weakness in demand was evident in both domestic and export markets.

sa, 50 = no change on previous month

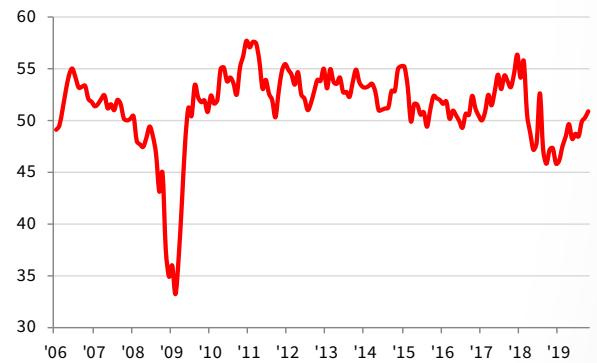


### Employment Index

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

The Turkish manufacturing sector posted a second successive monthly rise in employment during October, the first back-to-back increases in staffing levels since early-2018. The rate of job creation was modest, but quickened from the previous month. Anecdotal evidence suggested that recent signs of improvement in customer demand had encouraged firms to take on extra staff.

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](http://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](mailto: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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