

Istanbul Chamber of Industry Turkey PMI® Manufacturing Index

Turkish manufacturing growth fastest in over six years

August 2017 Key findings:

- Turkey PMI rises to 77-month high of 55.3
- Marked increases in output and new orders
- Inflationary pressures pick up since July

Summary

The latest PMI® survey data from Istanbul Chamber of Industry and IHS Markit signalled the strongest improvement in manufacturing operating conditions in Turkey in over six years in August. The overall improvement in business conditions in the goods-producing sector was the best seen since March 2011. Growth rates for output, new orders, purchasing and employment all accelerated since July, with output also expanding at the sharpest rate since March 2011. There were signs of growing pressure on capacity as backlogs rose during the month. The latest survey data also revealed a slight strengthening of inflationary pressures in the sector.

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.

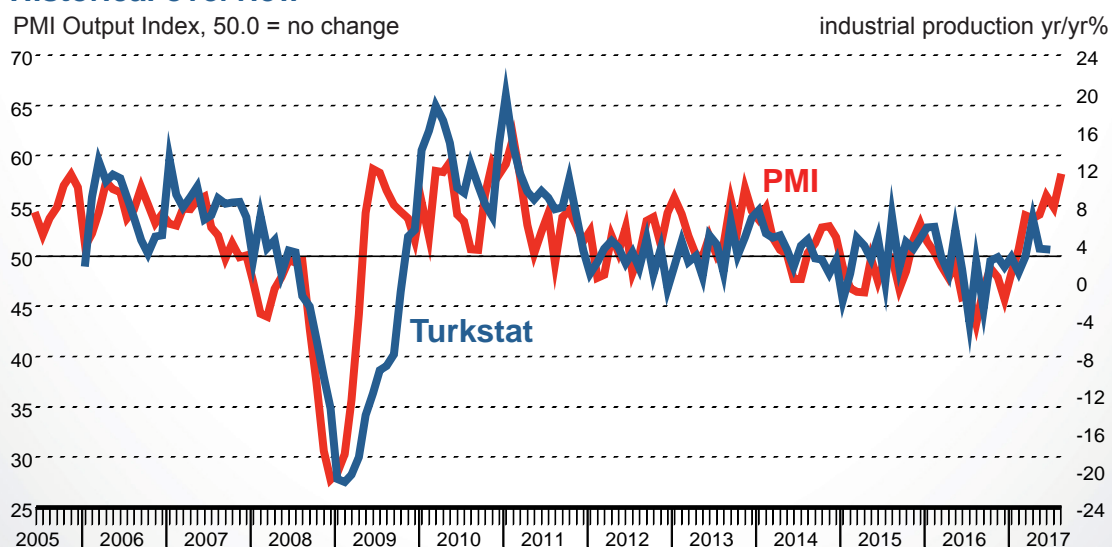
Any figure greater than 50.0 indicates overall improvement of the sector.

The PMI registered 55.3 in August, up from 53.6 in July, indicating a strong overall improvement in business conditions in the Turkish manufacturing sector. The latest figure was the highest since March 2011, and well above its long-run trend level of 50.8.

Manufacturing new orders in Turkey rose for the sixth successive month in August. Moreover, the rate of expansion quickened since July and almost matched June's 76-month record high. Survey data continued to signal that domestic new business increased more sharply than new export orders.

Turkish manufacturing output rose for the seventh consecutive month in August. Furthermore, the rate of growth strengthened for the third time in four months, and was the sharpest since March 2011.

Historical overview



Embargoed until: 10:00 (ISTANBUL) / 0700 (UTC) September 5 2017

TURKEY

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Firms expanded capacity to meet output requirements. Employment growth accelerated since July, and purchasing activity increased at the fastest rate since November 2013. Despite the increased pace of hiring, backlogs of work increased during the month.

Input price inflation accelerated for the first time since December 2016 in August, reaching its highest since May. Similarly, output price inflation quickened for the first time in seven months.

Comment

Commenting on the Istanbul Chamber of Industry Turkey Manufacturing PMI survey data, Trevor Balchin, Director, Economics at IHS Markit, said:

“The Turkish manufacturing sector moved up a gear in August with the strongest overall improvement in business conditions in nearly six-and-a-half years. This was reflected in faster growth of output, new orders and jobs in the sector.”

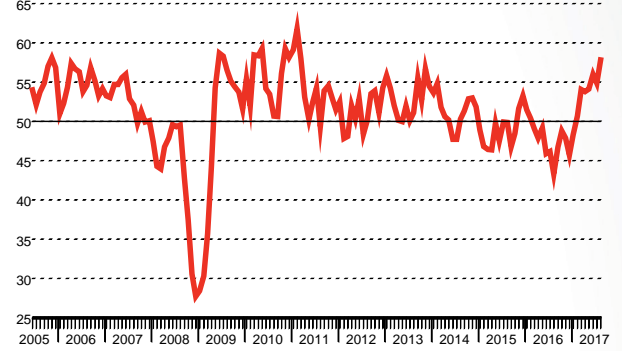
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Output Index

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

Manufacturing production in Turkey rose for the seventh successive month in August. Firms mainly attributed higher output to improving new orders and market conditions. Moreover, the rate of growth was the strongest since March 2011.

sa, 50.0 = no change on previous month

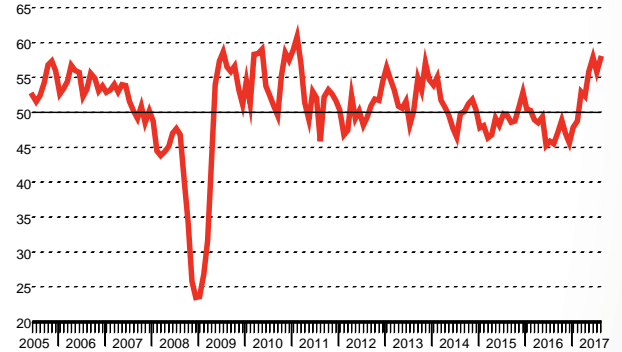


New Orders Index

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

The volume of new orders received by Turkish goods producers expanded further in August, extending the current growth sequence to six months. The rate of expansion accelerated since July and almost matched June's 76-month record high.

sa, 50.0 = 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 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.

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About PMI:

Purchasing Managers' Index™ (PMI®) surveys are now available for over 30 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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