

Istanbul Chamber of Industry Turkey PMI® Manufacturing Index

PMI registers 46.4 during August

August 2018 Key findings:

- Data signal slowdowns in output and new orders
- New export orders expand
- Record rises in input costs and output prices

Summary

Latest PMI® survey data from Istanbul Chamber of Industry and IHS Markit signalled an easing in business conditions in the Turkish manufacturing sector. Output and new orders slowed on the back of exchange rate weakness, which also contributed to record rises in both input costs and output prices.

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.

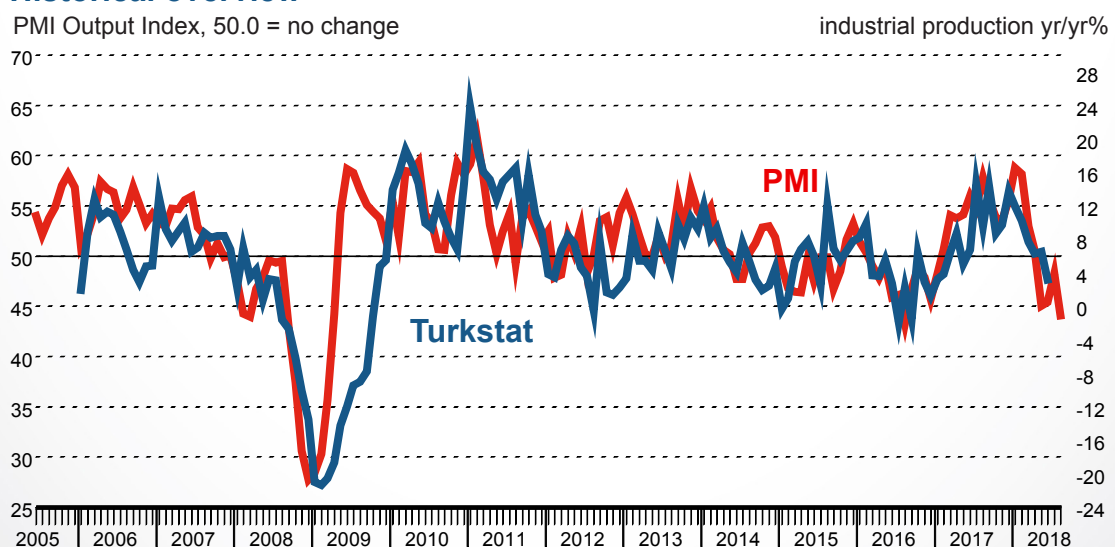
The PMI posted 46.4 in August, down from 49.0 in July and signalling an easing in the health of the manufacturing sector for the fifth successive month.

Central to the August results were further slowdowns in both output and new orders. In fact, both eased at more marked rates than in July amid challenging demand conditions. That said, new export orders increased for the second successive month.

Meanwhile, staffing levels dipped during August amid easing workloads. This balanced out the expansion in employment recorded in the previous month.

Anecdotal evidence suggested that lira weakness was central to challenging business conditions, and contributed to strengthening inflationary pressures. In fact, both input costs and output prices increased to the greatest extents since the survey began in June 2005.

Historical overview



Embargoed until: 10:00 (ISTANBUL) / 0700 (UTC) September 3 2018

TURKEY

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Latest data also showed a record lengthening of suppliers' delivery times, again reflecting the challenging nature of business in the sector during the month.

Comment

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

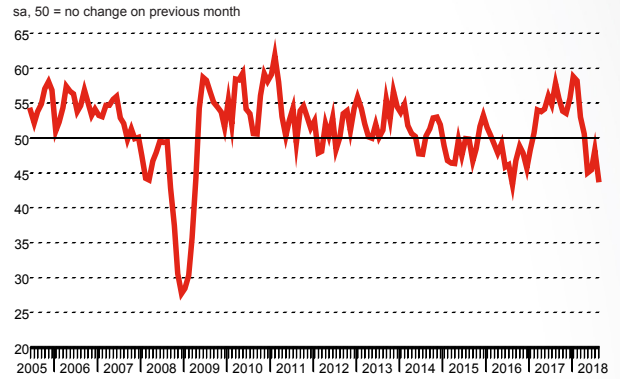
“Events in currency markets impacted heavily on the Turkish manufacturing sector during August, causing a pick-up in inflationary pressures and a challenging demand environment. Meanwhile, new export orders rose for the second successive month in August, which is the key positive development revealed by the survey results.”

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Output Index

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

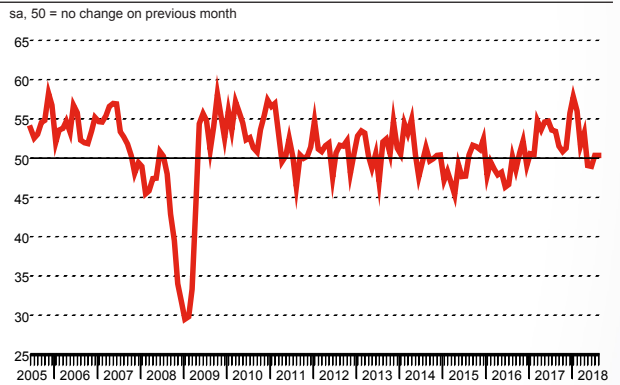
The Turkish manufacturing sector recorded a further easing of production during August, with the latest slowdown the most marked in two years. Decelerating production has now been seen in four successive months, with panellists generally attributing the latest slowdown to exchange rate fluctuations.



New Export Orders Index

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

In contrast to the trend in total new business, new export orders increased for the second successive month in August. The rate of growth was the same as that seen in July. According to panellists, the weakness of the lira helped to support demand from international customers.



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Istanbul Chamber of Industry Turkey PMI® Manufacturing Index

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 (Nasdaq: 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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