

Istanbul Chamber of Industry Turkey PMI® Manufacturing Index

PMI rises to 13-month high in August

August 2019 Key findings:

- At 48.0, PMI registers its highest since July 2018
- Employment broadly stable
- Cost inflation slows sharply

Summary

The latest PMI® survey data from Istanbul Chamber of Industry and IHS Markit provided further evidence that the Turkish manufacturing sector is moving towards stabilisation midway through the third quarter of the year. The pace of moderation in new orders was the weakest for almost a year-and-a-half, while employment levels were broadly stable. On the price front, both input costs and output prices rose at weaker rates in August.

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 up to 48.0 in August from

46.7 in July. Although still signalling an easing in the health of the sector, the latest reading was the highest since July 2018.

New orders softened to the weakest extent in the current 17-month sequence of moderation, amid some panel reports of improving customer demand. That said, market conditions remained challenging both in Turkey and internationally, leading to modest slowdowns in total new orders and new export business. Production also moderated during the month.

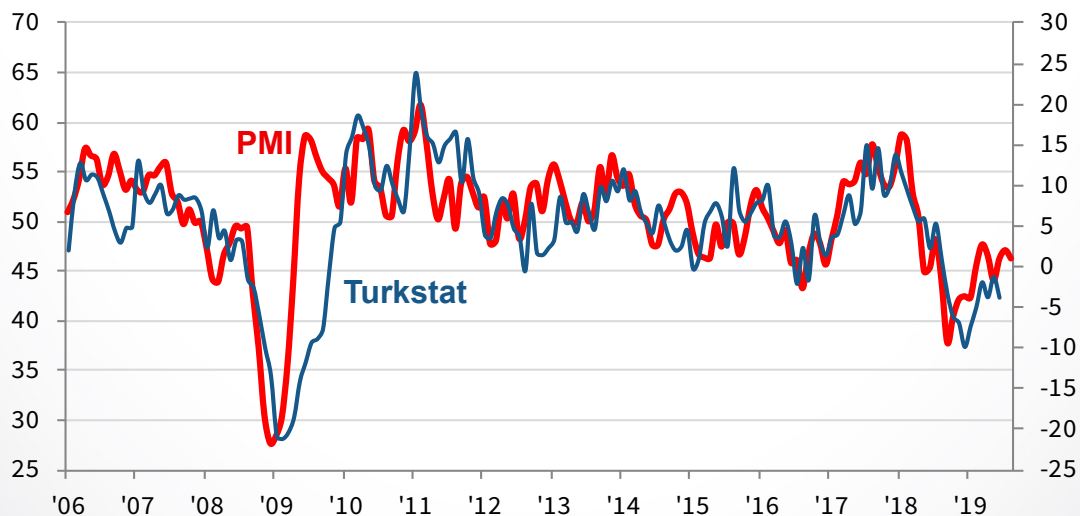
The potential for increases in output in coming months led some firms to raise employment in August. Overall, staffing levels were broadly unchanged, following 12 months of softening.

Firms recorded a sharp slowdown in the rate of input cost inflation, with the latest rise the weakest

Historical overview

PMI Output Index, 50.0 = no change

industrial production yr/yr%



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Istanbul Chamber of Industry Turkey PMI® Manufacturing Index

since September 2016. Softer cost pressures led to selling price reductions in some cases. Overall, the rate of output price inflation was only slight, having eased for the third successive month.

In line with the picture for new orders, purchasing activity and inventories of both pre- and post-production items were scaled back, but to lesser extents than in July.

Comment

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

“The softest moderation in new orders for almost a year-and-a-half will provide optimism for Turkish firms that a return to growth is imminent. This has impacted hiring plans, with manufacturers maintaining staffing levels ahead of expected rises in production requirements in coming months. With the manufacturing sector struggling globally, however, new work is still likely to be hard to come by.”

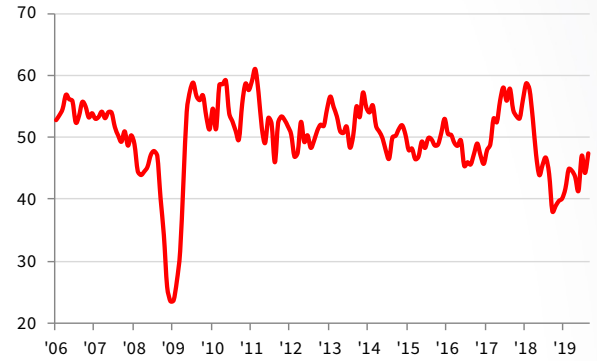
Istanbul Chamber of Industry Turkey PMI® Manufacturing Index

New Orders Index

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

The pace of moderation in new orders eased markedly during August and was the weakest in 17 months. A number of panellists reported improving customer demand, but generally challenging economic conditions continued to restrict new order inflows.

sa, 50 = no change on previous month

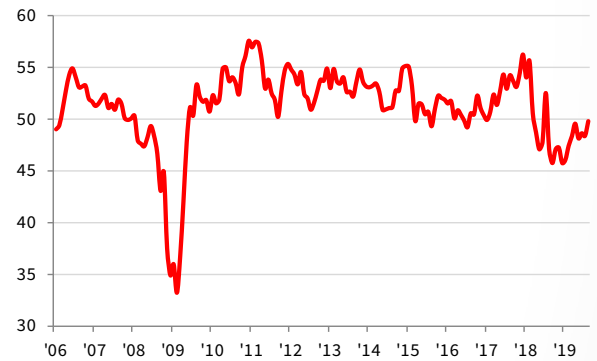


Employment Index

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

August data pointed to broadly stable employment in the Turkish manufacturing sector, following a one-year sequence of moderating staffing levels. While softer production requirements led some panellists to lower their workforce numbers, others took on additional staff in anticipation of increases in output in coming months.

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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