

## Istanbul Chamber of Industry Turkey PMI™ Manufacturing Index

# Turkish PMI registers 48.8 in November

### November 2016

#### Key findings:

- Employment increases for fourth month running
- New export orders rise at strongest rate in 2016 so far
- Inflationary pressures strengthen

### Summary

The latest PMI™ survey data from Istanbul Chamber of Industry and IHS Markit signalled a deterioration of business conditions in the Turkish manufacturing sector in November. Output and new orders declined, although new export business and employment both increased further. The latest survey data also signalled stronger 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 at 48.8 in November, which was broadly in line with the average for 2016 to date (48.9).

The level of the PMI in November was primarily influenced by the seasonally adjusted output and

new orders indices both remaining below 50.0. This was partly offset by positive contributions from the employment and suppliers' delivery times indices.

The volume of new export business rose for the third time in four months in November. Moreover, the rate of expansion accelerated to the strongest since December 2015.

Employment in the goods-producing sector also rose in November. The current sequence of job creation now stretches to four months, although the rate of growth eased in the latest period.

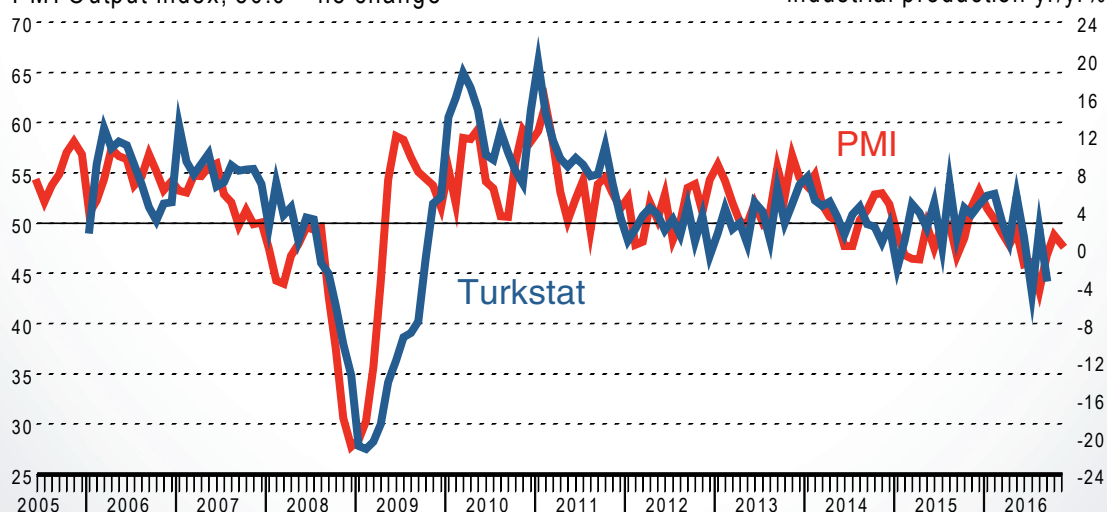
Latest data signalled that the level of purchasing activity undertaken by Turkish goods producers was broadly unchanged in November compared with one month previously. This followed the strongest growth in nearly two years in October.

The depreciation of the lira exerted upward pressure

### Historical overview

PMI Output Index, 50.0 = no change

industrial production yr/yr%



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TURKEY

on manufacturing input prices in November, with inflation accelerating for the second month running. Thus, output prices charged by manufacturers also rose at a higher rate, compared to the previous period.

### Comment

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

*“The Turkish PMI remained below 50.0 in November, mainly reflecting the output and new orders components. More positively, employment and exports grew further during the month, with the latter boosted by the weaker currency. The flip-side of the depreciating lira was an intensification of cost pressures, with input price inflation accelerating after a relatively moderate outlook in the third quarter.”*

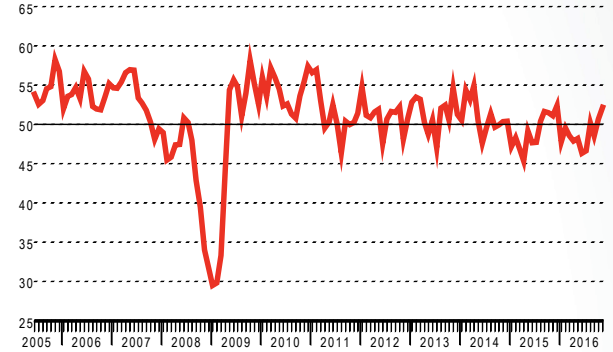
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### New Export Orders Index

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

The volume of new work received by Turkish manufacturers from export markets rose for the third time in four months in November. The rate of expansion was the fastest since December 2015, and stronger than the long-run survey trend (since June 2005). Higher exports were partly linked to the lira exchange rate.

sa, 50.0 = no change on previous month

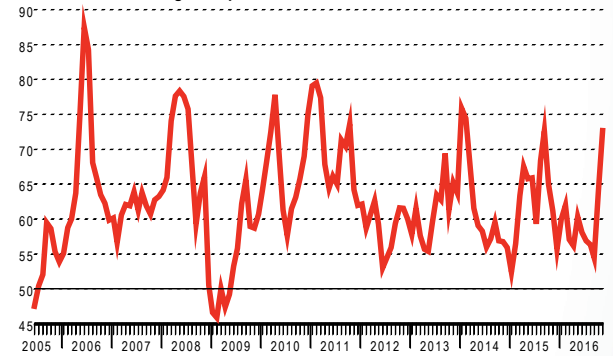


### Input Prices Index

*Q. Please compare the average price of your purchases (volume weighted) this month with the situation one month ago.*

Turkish manufacturers reported higher average input prices in November. The rate of inflation accelerated for the second month running. Firms continued to link cost pressures to the weak lira.

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](http://www.markit.com/product/pmi).

## Notes to Editors:

The Istanbul Chamber Of Industry Turkey Manufacturing PMI (Purchasing Managers' Index) is produced by 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.

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 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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