



Istanbul Chamber of Industry Turkey PMI™ Manufacturing Index

Turkey PMI rises sharply to 52.3 in March

March 2017 Key findings:

- PMI signals strongest improvement in manufacturing conditions since February 2014
- Output grows at fastest rate in over three years
- Strongest job creation in over two years

Summary

The latest PMI™ survey data from Istanbul Chamber of Industry and IHS Markit signalled a notable improvement in business conditions in the Turkish manufacturing sector in March. Production increased at the fastest rate in over three years, as new orders rose at the strongest pace since December 2015. This led to a sharper increase in manufacturing employment – the fastest since February 2015 – and higher purchasing activity. The latest survey data also signalled slower inflationary pressures in the goods-producing sector at the end of the first quarter.

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

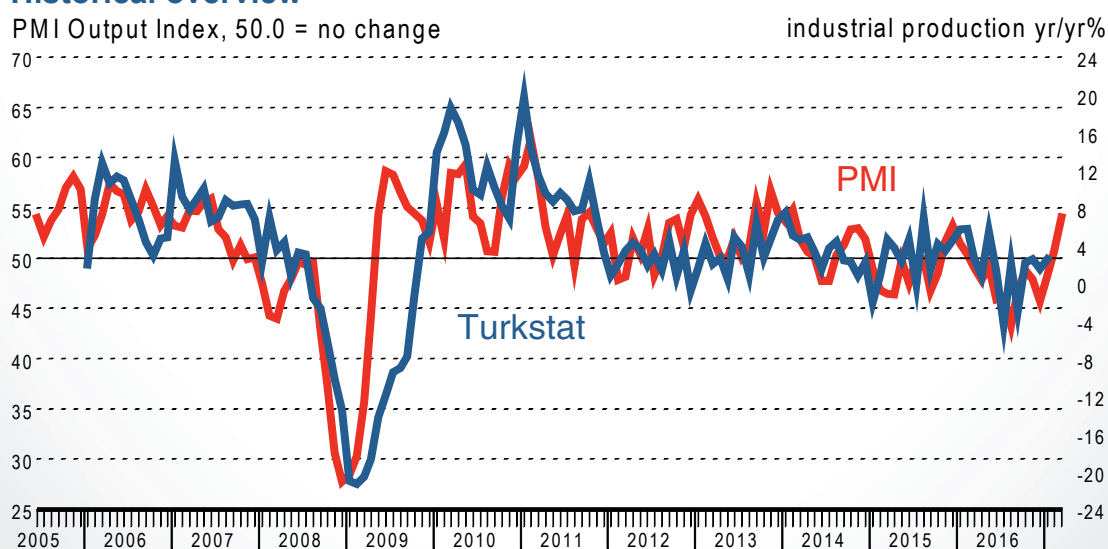
improvement of the sector.

The PMI rose sharply to 52.3 in March, from 49.7 in February. This was one of the largest month-on-month increases in the headline figure in the 12-year history of the survey, and signalled the strongest overall improvement in operating conditions since February 2014. The PMI was above its long-run trend level of 50.7. Driving the PMI higher in March were sharper increases in both output and employment, as well as a rise in new orders.

The volume of new business received by Turkish manufacturers rose at the fastest rate since December 2015 in March. Growth was also strong in the context of historic survey data. Moreover, new export orders increased at the fastest pace since April 2014.

New business resulted in a faster increase in output,

Historical overview



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which rose at the sharpest rate since February 2014. Firms were also able to continue to deplete their backlogs of work during the month, albeit at the slowest rate for over a year.

Manufacturers supported output by raising employment at the fastest rate since February 2015 and expanding their purchases of inputs. Employment has increased seven times in the past eight months.

The rate of input price inflation remained sharp overall, but eased for the third month running to a five-month low. Subsequently, output prices also rose at the weakest rate since last October.

Comment

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

“The Turkish PMI rose sharply in March to signal the strongest overall improvement of the Turkish manufacturing sector in over three years. Output and jobs increased at stronger rates as new business growth resumed. Price pressures also showed signs of easing during the month.”



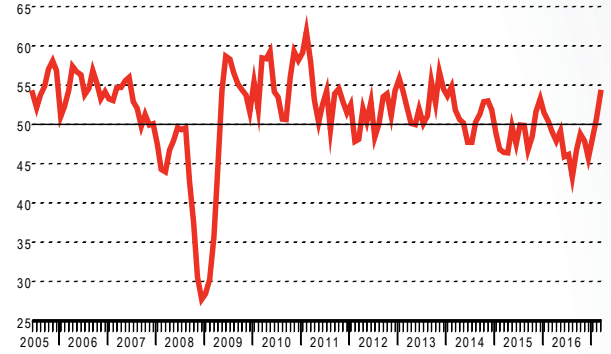
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Output Index

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

Manufacturing output in Turkey rose for the second month running in March. Moreover, the rate of expansion accelerated to the fastest since February 2014. The seasonally adjusted Output Index was above its long-run trend level of 51.2.

sa, 50.0 = no change on previous month

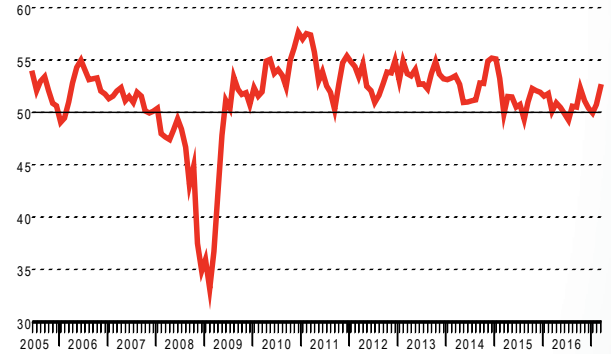


Employment Index

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

Manufacturing employment in Turkey rose for the seventh time in eight months in March. The rate of workforce growth quickened to the strongest since February 2015. It was also stronger than the long-run trend for the survey since mid-2005.

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 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.

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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