

Istanbul Chamber of Industry Turkey PMI® Manufacturing Index

Turkish manufacturing sector continues to grow

March 2018

Key findings:

- Despite some easing over the previous month, PMI posts 51.8, indicating further improvement in the sector
- Output, total new orders and employment all rise
- Output price inflation quickens amid increasing cost burdens

Summary

The latest PMI® survey data from Istanbul Chamber of Industry and IHS Markit signalled a sustained improvement in the health of the Turkish manufacturing sector in March. Despite easing from February, the rate of growth remained above the historical trend. Indeed, continued expansions in total volumes of new orders drove higher output. Consequently, staffing levels expanded for the fourteenth month in succession in March, and firms continued to deplete backlogs as operative capacity rose. On the price front, rising input costs drove up average selling prices in the manufacturing 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.

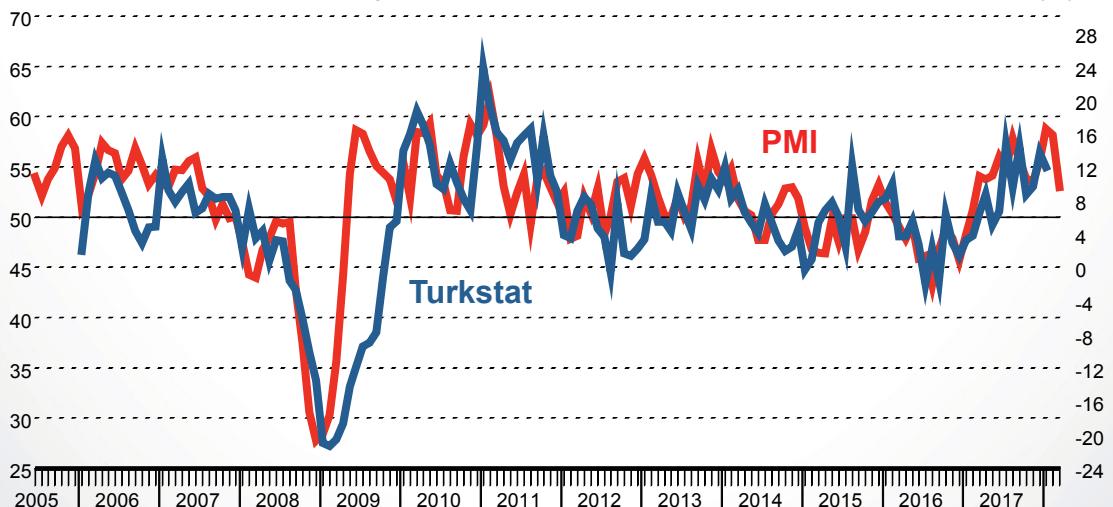
March saw the headline PMI figure fall to 51.8 from 55.6 in February. Latest survey data nonetheless signalled a further improvement in business conditions in Turkey's manufacturing sector. Underpinning overall growth were greater volumes of new orders, higher production and rising payroll numbers.

Output rose for the fourteenth month in a row in March amid stronger underlying demand. Though the rate of increase softened from February, it remained solid and was above the series average. March also saw a further expansion in volumes of new orders from both domestic and foreign channels. Anecdotal evidence linked the rise to product diversification alongside stronger client demand.

Consequently, businesses reacted by increasing

Historical overview

PMI Output Index, 50.0 = no change



Embargoed until: 10:00 (ISTANBUL) / 0700 (UTC) April 2 2018

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their staffing levels again in March as efforts to expand operating capacity continued.

Goods producers also continued to scale up their purchasing activity in March, though at a slower pace compared to February. As was the case in the previous survey period, stocks of pre-production goods remained broadly unchanged.

Meanwhile, cost burdens continued to rise as raw material prices increased amid unfavourable exchange rates. Accordingly, output prices in the Turkish manufacturing sector rose at a faster pace.

Comment

Commenting on the Istanbul Chamber of Industry Turkey Manufacturing PMI survey data, Gabriella Dickens, Economist, IHS Markit, said:

“Business conditions in Turkey’s manufacturing sector continued to improve in March, albeit at a slower pace compared to the previous survey period. Underpinning the sustained expansion were higher volumes of output, new orders and employment.”

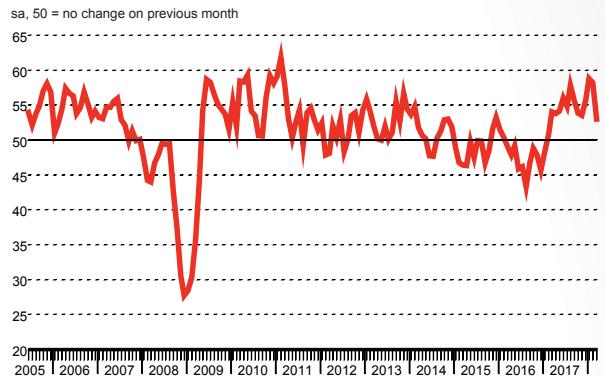
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Output Index

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

Output continued to rise in the Turkish manufacturing sector in March, with the latest survey period marking the fourteenth successive month of growth. A number of respondents linked the expansion in production with higher demand, new investments and planned business expansions. That said, the rate of increase eased in March.



Employment Index

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

Latest survey data indicated that Turkish manufacturers increased their workforce numbers in March, although at a slower pace compared to February. Efforts to accommodate a rise in new orders spurred goods producers to expand staffing levels for the fourteenth month in a row.



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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 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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