

Istanbul Chamber of Industry Turkey PMI® Manufacturing Index

PMI rises to 47.2 in March

March 2019 Key findings:

- Softest scaling back of production since July 2018
- Weaker moderation of employment
- New orders ease amid challenging demand conditions

Summary

Latest PMI® survey data from Istanbul Chamber of Industry and IHS Markit suggested that the Turkish manufacturing sector moved closer to stabilisation at the end of the first quarter of the year. Output slowed to the least extent for eight months, with staffing levels also scaled back at a slower pace. Demand conditions remained difficult, however, with new orders moderating in both domestic and export markets.

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 posted 47.2 in March, up from

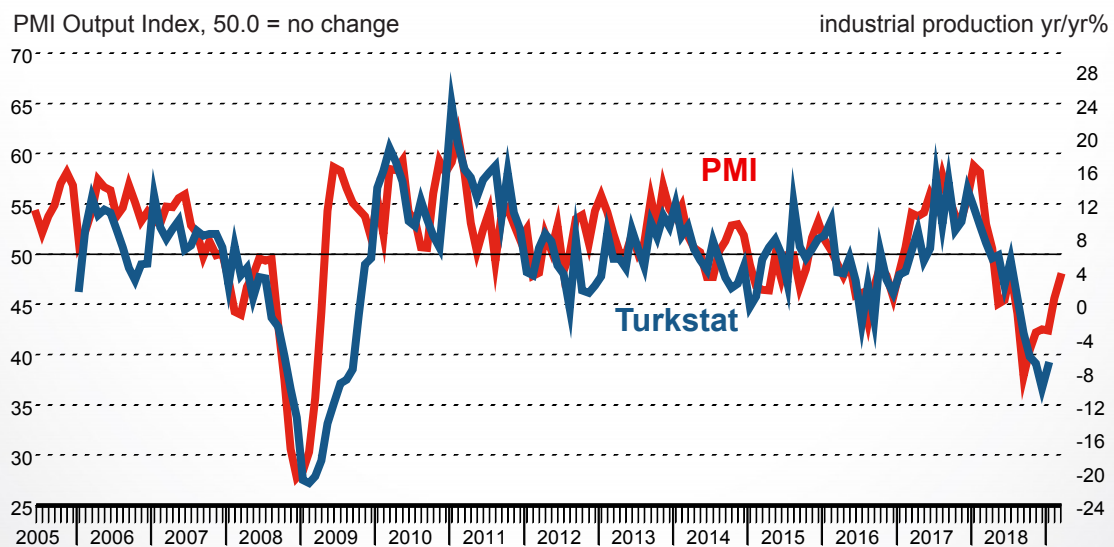
46.4 in February and the highest since July 2018. While operating conditions have now moderated on a monthly basis throughout the past year, the latest slowdown was weaker than the average over this sequence.

Production was scaled back to the least extent in eight months as some panellists saw demand improve. That said, market conditions remained challenging, leading to a slowdown in new orders. New export orders also eased amid reports of weakness in European demand.

Similar to the trend in output, firms scaled back employment to the smallest degree in eight months in March. This came amid some signs of capacity pressures returning as backlogs of work were depleted at the slowest pace since February 2018.

The rate of input cost inflation picked up at the end

Historical overview



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of the first quarter, with respondents mainly linking the latest rise to currency weakness. That said, the increase was still much slower than the 2018 average.

A sharper rise in output prices was also recorded as charges increased for the second month running. As with input costs, however, the pace of inflation remained relatively muted.

Comment

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

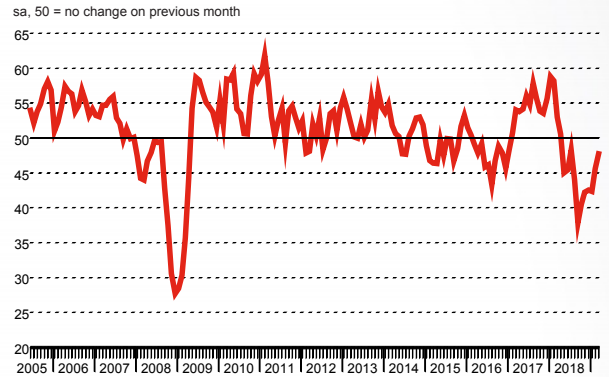
“There appears to be light at the end of the tunnel in the Turkish manufacturing sector, with both output and employment scaled back at the slowest rates since mid-2018. While securing new orders remains a key challenge for firms amid ongoing demand difficulties, the sector in general looks to be moving towards stabilisation.”

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Output Index

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

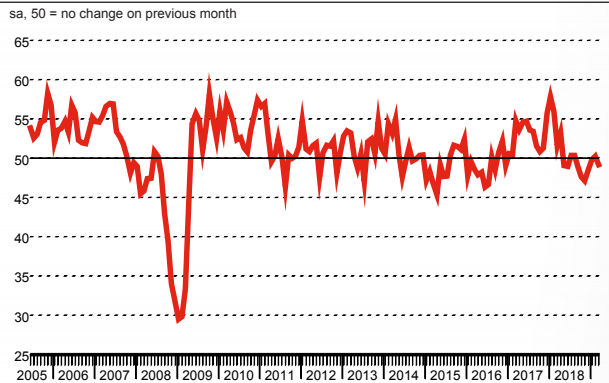
Output in the Turkish manufacturing sector moved closer to stabilisation in March as production was scaled back to the least extent in eight months. While some panellists continued to signal a lack of movement in the market, others reported having seen demand improve. The current period of moderation now extends to 11 months.



New Export Orders Index

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

March data pointed to a slowdown in new export orders in the Turkish manufacturing sector, following a marginal increase in the previous month. That said, the easing of new business from abroad was much weaker than that seen for total new orders. Some panellists reported lower new orders from European customers.



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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 (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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