

Istanbul Chamber of Industry Turkey PMI™ Manufacturing Index

Turkish manufacturing growth accelerates

May 2017

Key findings:

- PMI signals strongest improvement in business conditions since December 2013
- New order growth hits 42-month high
- Input price inflation weakest since September 2016

Summary

The latest PMI™ survey data from Istanbul Chamber of Industry and IHS Markit signalled that Turkey's manufacturing upturn gained momentum in May. The overall improvement in business conditions in the goods-producing sector was the strongest since December 2013, driven by sharper gains in output, new orders and employment. Pressure on capacity was evident as suppliers' delivery times lengthened and backlogs rose at the fastest rate since June 2006. Meanwhile, price pressures eased further during the month.

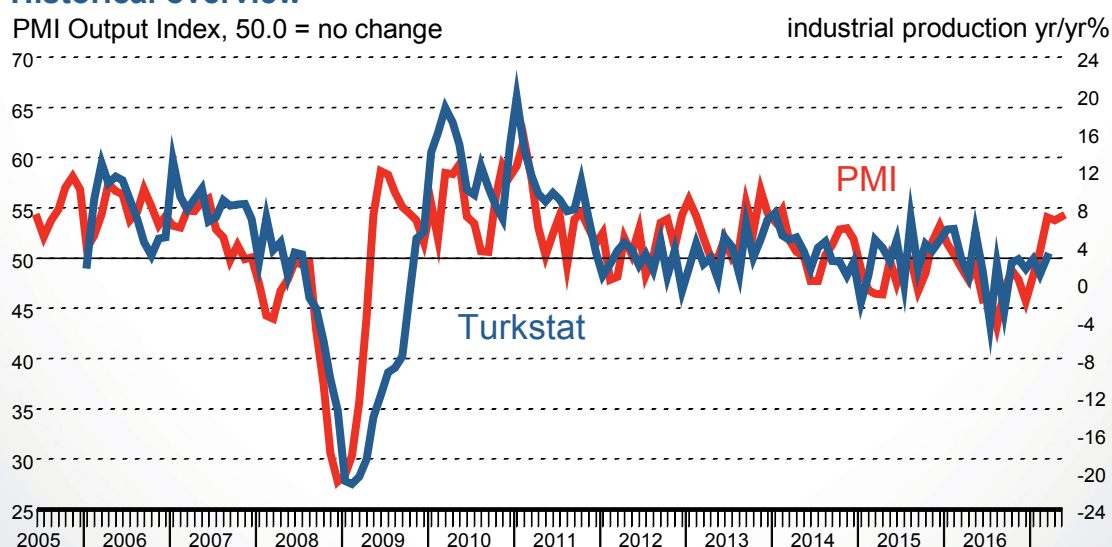
The headline Istanbul Chamber of Industry Turkey Manufacturing PMI is a composite single-figure indicator of manufacturing performance. It is derived from indicators for new orders, output, employment, suppliers' delivery times and stocks of purchases. Any figure greater than 50.0 indicates overall improvement of the sector.

The PMI rose from 51.7 in April to 53.5 in May, indicating the strongest overall improvement in business conditions in the Turkish manufacturing sector since December 2013. Moreover, the headline figure has now registered above its long-run trend level of 50.7 for the past three months. The rise in the PMI reflected stronger growth of output, new orders and employment, as well as longer suppliers' delivery times.

Output increased at the fastest rate since February 2014, while growth of new work hit a 42-month record. Data signalled that domestic demand had strengthened, while new export orders increased at the second-fastest rate in over three years.

Manufacturing employment increased at the fastest rate since February 2015. Despite this, capacity was under pressure from demand as backlogs of work

Historical overview



Embargoed until: 10:00 (ISTANBUL) / 0700 (UTC) June 1 2017

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grew at the strongest pace since June 2006. Firms partly fulfilled orders by selling directly from stock.

Manufacturers supported workloads by increasing their purchasing activity at the fastest rate since November 2014. This led to longer suppliers' delivery times.

Inflationary pressures eased further in May. Input prices rose at the slowest rate in eight months, while output price inflation hit a seven-month low.

Comment

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

"The Turkish manufacturing sector stepped up a gear in May, registering the strongest overall improvement in operating conditions since December 2013. Growth rates for output, new orders, exports and jobs all strengthened, and the backlogs index highlighted strains on capacity. Meanwhile, inflationary pressures continued to ease."

TURKEY

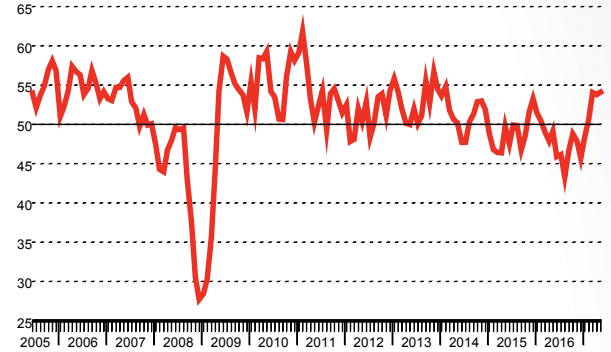
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Output Index

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

Manufacturing production in Turkey rose for the fourth successive month in May. Moreover, the rate of growth accelerated since April and was the fastest since February 2014. Firms widely linked higher output to strengthening demand and new orders. The rate of expansion was sharper than the long-run survey average.

sa, 50.0 = no change on previous month

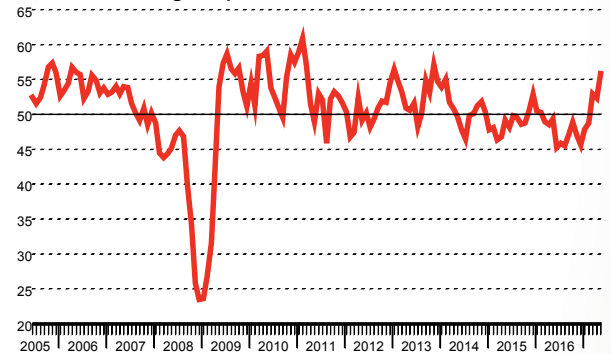


New Orders Index

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

The volume of new orders received by Turkish goods producers expanded further in May, extending the current growth sequence to three months. Furthermore, the pace of expansion quickened to the fastest since November 2013.

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 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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