



# Istanbul Chamber of Industry Turkey PMI™ Manufacturing Index

## Turkish manufacturing business conditions continue to deteriorate

**Key findings:**

- Manufacturing PMI falls to seven-month low of 48.9 in April
- Output, new orders and exports all decline at faster rates
- Employment growth recovers slightly

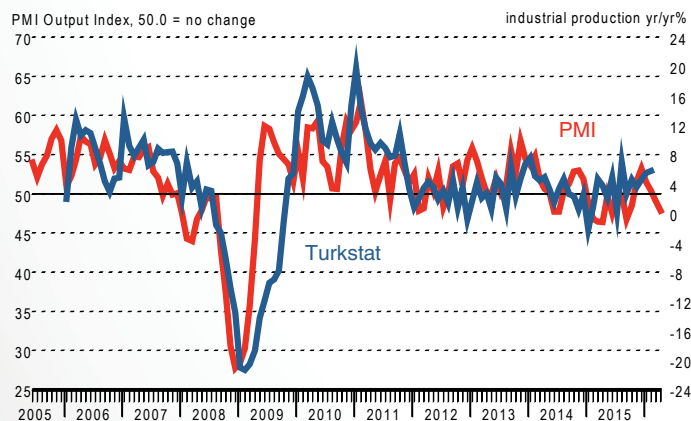
**Summary:**

April's PMI™ survey data from Istanbul Chamber of Industry and Markit pointed to another deterioration in prevailing business conditions in the Turkish goods-producing sector. Central to the latest downturn was a fall in new orders received, which resulted in another drop in output. Purchasing activity was unchanged from March as manufacturers allowed their input stocks to shrink further, and backlogs of work continued to be depleted. More positively, manufacturing employment rose, having registered almost no change one month previously. Input price inflation slowed to the weakest in 2016 so far, and was well below the long-run survey average. Output price inflation also remained relatively muted.

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 remained below the no-change mark of 50.0 for the second month running in April, signalling an ongoing deterioration in manufacturing business conditions at the start of the second quarter of 2016. Moreover, the headline figure fell from 49.2 to 48.9, signalling the strongest rate of decline since last September. The PMI was negatively influenced by four of its five components in April, the exception being employment.

**Historical overview**



Turkish manufacturing new orders declined for the second month running in April, following a four-month sequence of growth. The rate of decline in the latest period was broadly in line the trend shown over the previous downturn which lasted from January to October last year. Weak international demand contributed to the overall decline, with new export business falling for the fourth consecutive month.

Production also contracted for the second month in a row, and at the fastest rate since last September. Despite the lower level of output, backlogs of work continued to decline, signalling a lack of pressure on manufacturing capacity. Reflecting this, purchasing activity was unchanged since March as firms allowed inventories of inputs to decline.

Employment rose slightly in April, having been almost unchanged in March. Recruitment was linked by a number of firms to new projects.

Survey data indicated a further dwindling of inflationary pressure in April with average input prices rising at the slowest rate in 2016 so far, and one that was well below the long-run survey trend. Similarly, prices charged for manufactured goods rose at a modest pace.

**Comment:**

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

*“Turkish manufacturing started Q2 on a weak footing, with the PMI showing steeper falls in both output and new orders amid worsening export demand. The latest PMI data provide a further warning sign that the official growth rate of industrial production – currently updated only to February – will begin to slow in the coming months. More positively, the PMI price indices suggest that inflationary pressures are subsiding.”*

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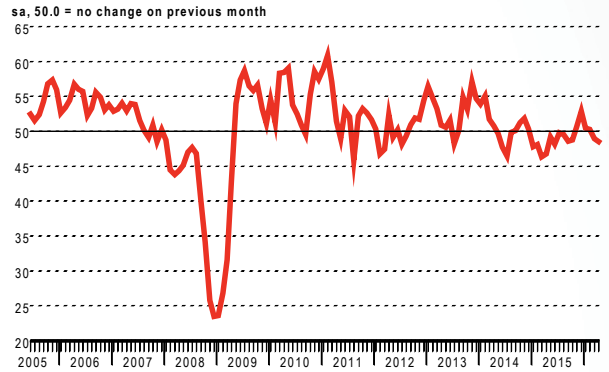


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### New Orders Index

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

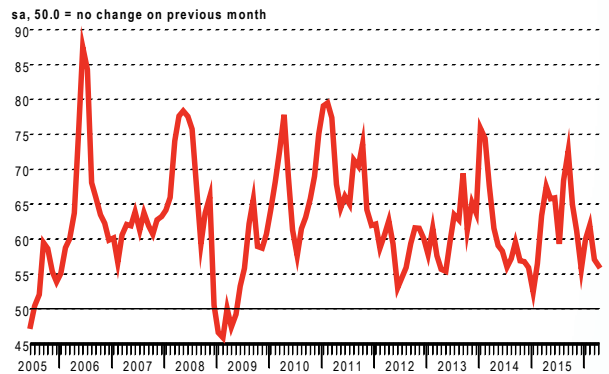
The seasonally adjusted New Orders Index remained on a downward trajectory in April, falling for the fourth successive month from December's 22-month peak. The latest figure signalled a second consecutive decline in new business received by manufacturers, and a faster contraction than in March. Companies generally reported subdued market conditions.



### Input Prices Index

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

Average input prices paid by Turkish manufacturers rose further in April, with 20% of survey respondents reporting greater cost pressures than one month previously. Firms continued to link higher input prices to exchange rate factors. That said, the rate of inflation slowed to a four-month low, and remained weaker than the long-run survey average.



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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 Markit:

Markit is a leading global diversified provider of financial information services. We provide products that enhance transparency, reduce risk and improve operational efficiency. Our customers include banks, hedge funds, asset managers, central banks, regulators, auditors, fund administrators and insurance companies. Founded in 2003, we employ approximately 4,000 people in 11 countries. Markit shares are listed on Nasdaq under the symbol MRKT. For more information, please see [www.markit.com](http://www.markit.com).

## 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/economics](http://www.markit.com/economics).

## 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@markit.com](mailto:economics@markit.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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