

Istanbul Chamber of Industry Turkey PMI® Manufacturing Index

Turkey manufacturing PMI registers 48.9 in April

April 2018 Key findings:

- Output increased for the fifteenth month in a row despite a slowdown in new orders
- Export orders rise at accelerated pace
- Inflationary pressures remain strong

Summary

The latest PMI® survey data from Istanbul Chamber of Industry and IHS Markit signalled more challenging business conditions in the Turkish manufacturing sector during April. Underpinning this development were decelerations in total new orders and staff hiring, although output and export orders continued to increase. On the price front, average output charges continued to rise amid growing cost burdens.

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.

At 48.9, following 51.8 in March, the PMI indicated

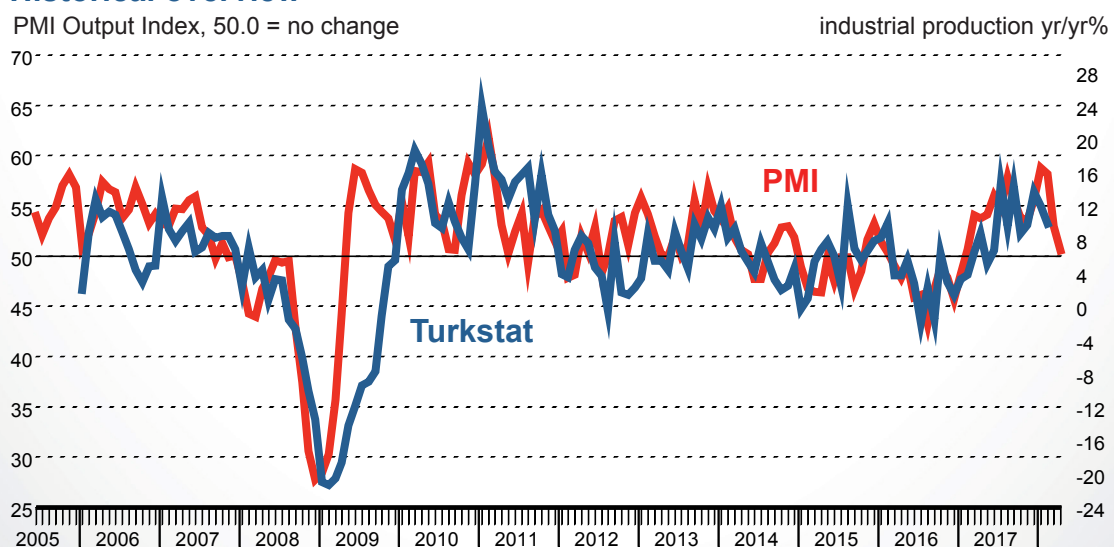
more challenging business conditions in Turkey's manufacturing sector. Panel members generally reported that market fluctuations were a key factor behind the modest slowdown.

Total new orders placed with Turkish manufacturers lost pace at the beginning of the second quarter, with respondents citing market conditions. As a result, firms slowed down their recruitment and purchasing activities.

On a positive note, output continued to increase in the manufacturing sector despite the slowdown in new business. Anecdotal evidence largely pointed to new investments as the driving force behind the rise. A strong global economic environment meanwhile led to a sustained expansion in orders from abroad.

Elsewhere, in parallel with the developments in

Historical overview



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demand conditions, firms were able to reduce their work-in-hand during April.

Meanwhile, inflationary pressures remained strong in the manufacturing sector during April. The depreciation of the lira contributed to a sustained rise in input prices during April. In line with the trend observed in input costs, firms increased their average selling prices further at the beginning of the second quarter.

Comment

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

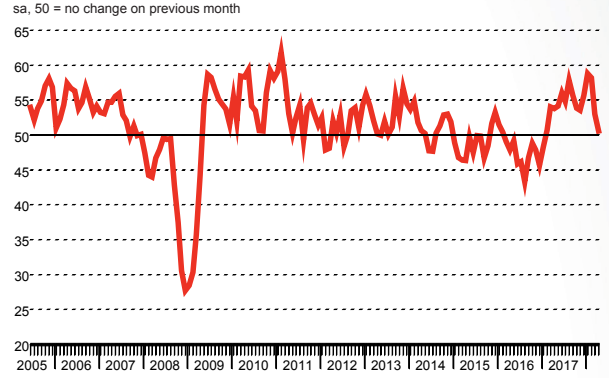
“The Turkish manufacturing PMI signalled that the sector operated under more difficult circumstances in April. Underpinning this was the moderation in new orders and slowdown in staff hiring. On a positive note, output continued to increase in the sector and export orders remained strong.”

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Output Index

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

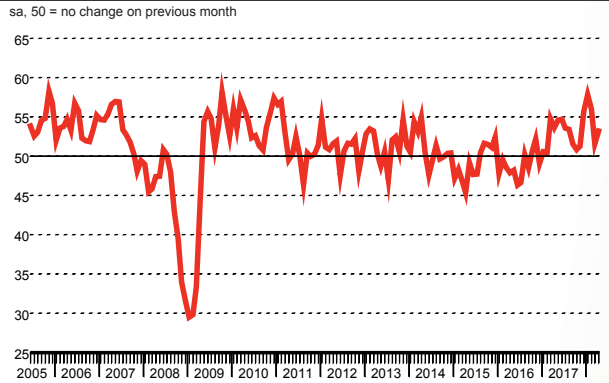
For the fifteenth month in succession, output rose in the Turkish manufacturing sector during April. Anecdotal evidence suggested that new investment and product diversification were behind the sustained increase in production levels. That said, the pace of expansion slowed from the previous month.



New Export Orders Index

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

New orders from abroad continued to expand during April, as has been the case in every month since the start of 2017. Panel members generally linked the rise to stronger foreign demand amid a positive global economic environment. Furthermore, the rate of expansion accelerated from March.



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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 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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