

Istanbul Chamber of Industry Turkey PMI™ Manufacturing Index

Turkish PMI rises to 48.7 in January

January 2017

Key findings:

- New export orders grow since December
- Employment showed stable trend following 5 months of growth
- Inflationary pressures remained strong

Summary

The first batch of PMI™ survey data from Istanbul Chamber of Industry and IHS Markit for 2017 pointed to an increase in new export orders in the Turkish manufacturing sector, whereas the output and new orders indicators remained below the neutral threshold of 50.0. The latest survey data also signalled a stable trend in manufacturing employment and strong inflationary pressures in the 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. The PMI registered at 48.7 in January, up from 47.7 in December. The latest figure was broadly in line with the 2016 average of 48.8.

The level of the PMI in January was primarily

influenced by the seasonally adjusted output and new orders indices both remaining below 50.0. This was partly offset by a positive contribution from the suppliers' delivery times index and a neutral employment index.

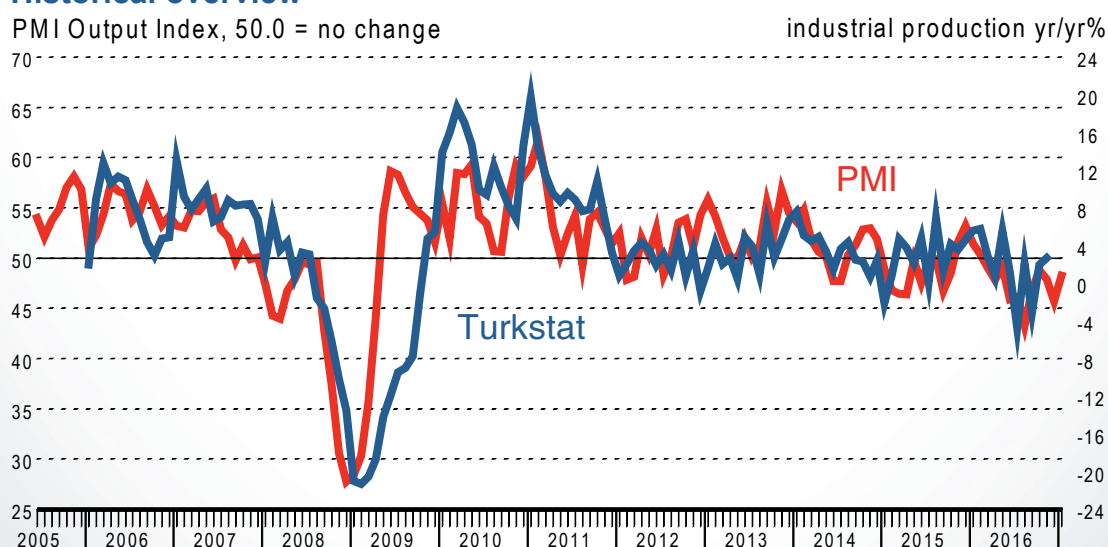
The volume of new export business rose for the fourth time in six months in January.

Employment in the goods-producing sector remained stable in January, at an unchanged level from December. This followed a five-month sequence of continuous job creation at manufacturers.

Latest data signalled that the purchasing activity undertaken by Turkish goods producers eased in January; however, the slowdown was more moderate compared to December.

The depreciation of the lira continued to exert upward pressure on manufacturing input prices in January.

Historical overview



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

TURKEY

The rate of input price inflation, still remaining sharp, eased slightly since December. On the other hand, output prices charged by manufacturers rose at a higher pace compared to one month ago.

Comment

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

“The Turkish PMI remained below 50.0 at the start of 2017, mainly reflecting the output and new orders components. More positively, employment was stable during the month and exports rose. Cost pressures remained intense, linked again to the weak currency.”

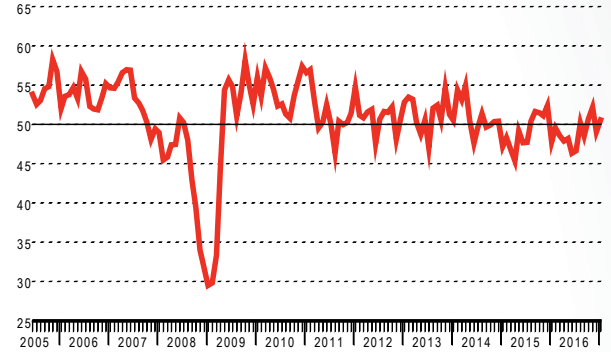
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New Export Orders Index

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

The seasonally adjusted New Export Orders Index rose above the neutral threshold of 50.0 in January, indicating an increase in the volume of new work received by Turkish manufacturers from export markets. New export orders have risen four times in the past six months.

sa, 50.0 = no change on previous month

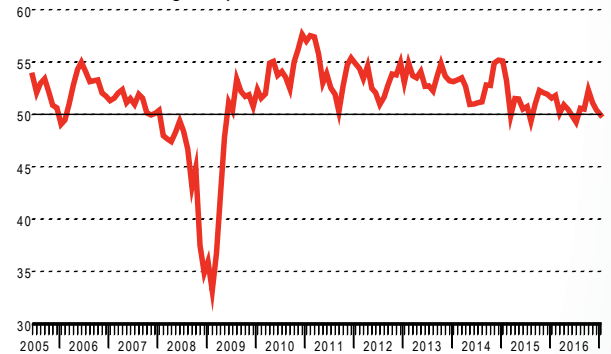


Employment Index

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

Survey data indicated a stable trend in manufacturing employment in Turkey at the start of 2017. That followed a five-month sequence of uninterrupted job creation in the sector.

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 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@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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