

Istanbul Chamber of Industry Turkey PMI® Manufacturing Index

Manufacturing PMI at 51.4 in November

November 2020 Key findings:

- Second wave of the COVID-19 pandemic leads to slowdowns in output and new orders
- Solid job creation sustained
- Severe disruption to supply chains

Summary

The latest PMI® survey data from Istanbul Chamber of Industry and IHS Markit signalled an easing in the pace of recovery in the Turkish manufacturing sector during November amid a second wave of the coronavirus disease 2019 (COVID-19) pandemic. Output and new orders eased, but firms continued to expand their staffing levels in response to the strong rebound in workloads seen in recent months.

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 51.4 in November, down from 53.9 in October but still signalling an

improvement in business conditions during the month. That said, the reading was the lowest since the sector began its recovery from the COVID-19 related downturn in June.

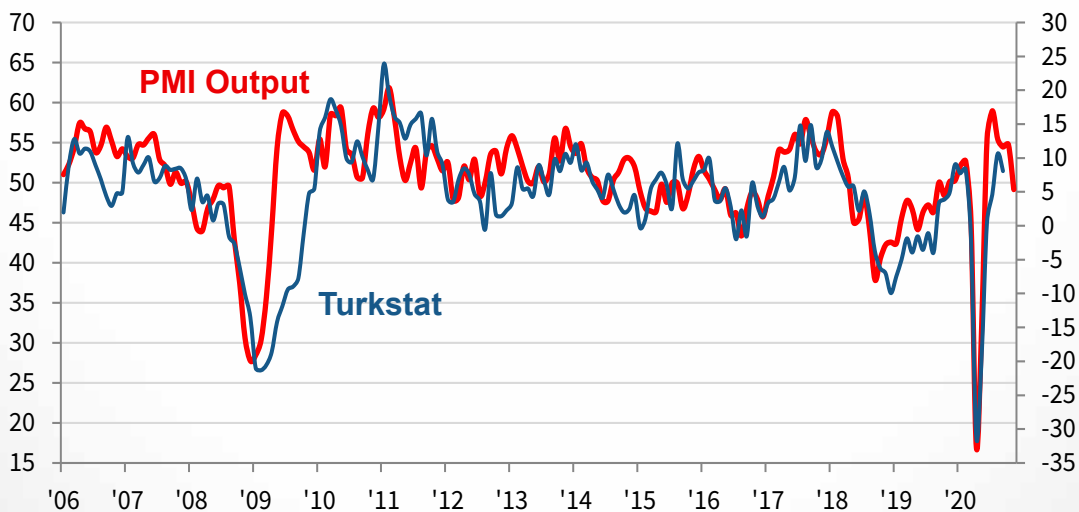
The main challenge for firms in November revolved around increasing COVID-19 case numbers in Turkey, which impacted negatively on customer demand and production processes. As a result, both new orders and output eased. New export orders also slowed. In all cases, however, the rates of moderation were much weaker than those seen during the worst of the first wave of the pandemic earlier in 2020.

On a more positive note, firms continued to expand their staffing levels in response to the strong rebound in workloads seen in recent months. Employment increased for the sixth consecutive month, and

Historical overview

PMI Output Index, 50.0 = no change

industrial production yr/yr%



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at a solid pace. Higher workforce numbers and a moderation of new orders meant that firms were able to deplete backlogs of work again.

The COVID-19 pandemic had an increasingly severe effect on supply chains in November, with lead times lengthening to the third-largest extent in the survey's history. This contributed to a drop in stocks of purchases, as did a slight scaling back of purchasing activity in response to reduced output requirements.

The recent weakness of the Turkish lira against the US dollar was the main factor behind further sharp increases in both input costs and output prices. That said, in both cases the rates of inflation were down slightly on those seen in October.

Comment

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

“A resurgence of the COVID-19 pandemic acted to take the wind out of the Turkish manufacturing sector’s sails in November, with demand suffering. That said, the sector has shown before that it can rebound quickly from disruption caused by the pandemic, and firms were confident enough in the outlook to maintain job creation during the month.

“There were also some positive signs on the inflation front, with rates of increase in input costs and output prices down slightly on those seen in October. With the Turkish lira gaining some ground recently, we could see a further moderation of inflation in the months to come.”

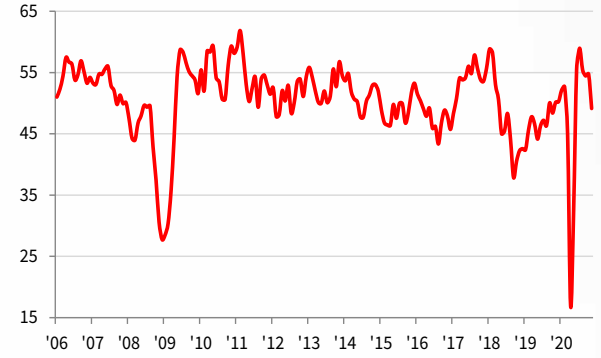
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Output Index

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

Turkish manufacturing output took a step back in November, after having rebounded strongly following the first wave of the COVID-19 pandemic earlier in the year. Panellists widely linked a moderation in production to the effects of a rise in virus cases, with new orders slowing.

sa, 50 = no change on previous month

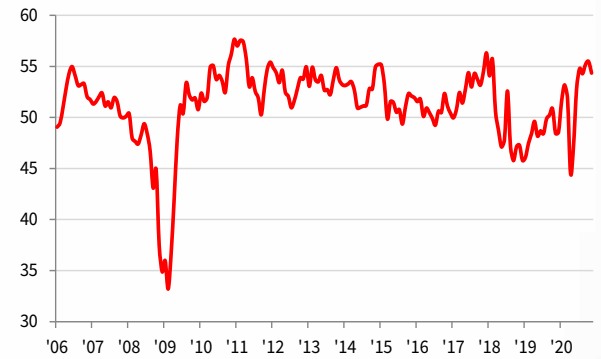


Employment Index

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

The strong rebound in new orders seen in recent months meant that manufacturers continued to expand their staffing levels during November. Employment increased for the sixth month running, and at a solid pace that was faster than the series average.

sa, 50 = 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 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 (NYSE: 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.

ihsmarkit.com/products/pmi.html

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.

November data were collected 12-23 November 2020.

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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