

Istanbul Chamber of Industry Türkiye PMI® Manufacturing Index

PMI holds steady in May

May 2022 Key findings:

- Demand conditions remain subdued
- Supply-chain disruption and inflationary pressures ease
- Further rise in staffing levels

Summary

The latest PMI® survey data from Istanbul Chamber of Industry and S&P Global signalled that business conditions in the Turkish manufacturing sector remained subdued in May amid muted customer demand and ongoing price pressures. That said, supply-chain disruption and rates of inflation eased over the month and firms continued to expand their workforce numbers.

The headline Istanbul Chamber of Industry Türkiye 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 was unchanged at 49.2 in May. The reading signalled a third successive moderation in the health of the manufacturing sector, albeit one that remained only marginal.

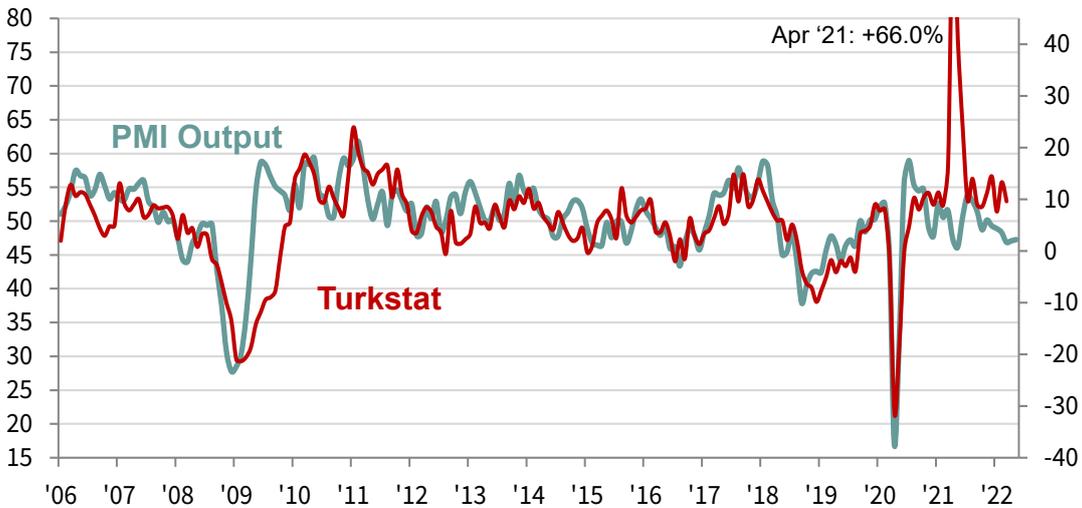
Both output and new orders slowed during May, extending the current periods of easing to six and eight months respectively as customer demand remained subdued. In both cases, however, there were tentative signs of improvement as rates of moderation softened. Meanwhile, new export orders eased to the greatest extent in two years, with some firms highlighting an economic slowdown in Europe.

Manufacturers continued to raise employment as part of efforts to expand capacity. Staffing levels were up for the twenty-fourth month running, albeit

Historical overview

PMI Output Index, 50.0 = no change

industrial production yr/yr%



Embargoed until: 10:00 (ISTANBUL) / 0700 (UTC) June 1 2022

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modestly.

With new orders slowing and employment continuing to rise, firms were able to reduce backlogs of work again in May. Meanwhile, subdued new order inflows contributed to stockbuilding. Stocks of purchases increased for the first time in six months, while a rise in stocks of finished goods ended an eight-month period of depletion. In fact, the accumulation of post-production inventories was the most marked since September 2015.

There were further signs of inflationary pressures easing midway through the second quarter. While input costs increased sharply amid rising raw material prices and exchange rate fluctuations, the rate of inflation eased for the fifth month in a row to the softest since February 2021. A slower rise in output prices was also signalled.

Supply-chain disruption also eased, with the latest deterioration in vendor performance much less pronounced than that seen in April and the least marked overall since September 2020.

Comment

Commenting on the Istanbul Chamber of Industry Türkiye Manufacturing PMI survey data, Andrew Harker, Economics Director at S&P Global Market Intelligence, said:

"Demand in the Turkish manufacturing sector remained subdued in May amid the familiar headwinds we've seen in recent months, with firms also struggling to secure export business amid an economic slowdown in Europe.

"That said, there were some signs that doing business might start to get easier soon. In particular, supply-chain constraints were the least pronounced since September 2020, while cost inflation eased for the fifth month running. A sustained period of job creation means that firms will be ready should these tentative improvements result in renewed order growth."

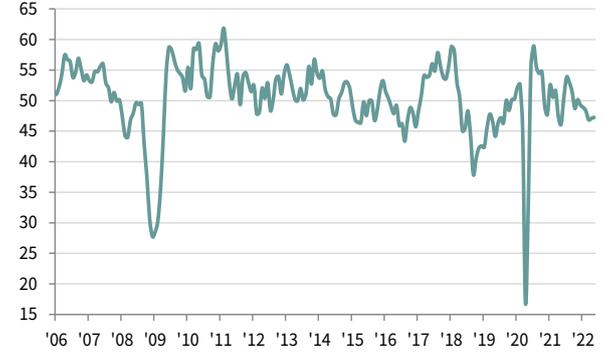
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Output Index

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

Manufacturing production remained subdued midway through the second quarter of the year, with output softening for the sixth month running. That said, there were some signs of improvement as the rate of moderation eased for the second successive survey period. Where production slowed, panellists generally linked this to muted new order inflows.

sa, 50 = no change on previous month

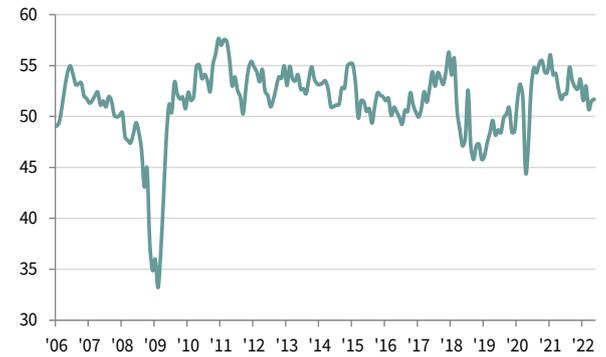


Employment Index

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

Employment continued to increase in May, extending the current sequence of monthly rises in staffing levels to two years. The rate of job creation was modest, but ticked up from the previous month. Panellists indicated that higher employment often reflected efforts to expand capacity.

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 Türkiye'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 Türkiye'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 S&P Global:

S&P Global provides essential intelligence. We enable governments, businesses and individuals with the right data, expertise and connected technology so that they can make decisions with conviction. From helping our customers assess new investments to guiding them through ESG and energy transition across supply chains, we unlock new opportunities, solve challenges and accelerate progress for the world.

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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 Türkiye Manufacturing PMI® (Purchasing Managers' Index) is produced by S&P Global. 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.

S&P Global 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 S&P Global. 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.

May data were collected 12-24 May 2022.

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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