

Istanbul Chamber of Industry Türkiye PMI® Manufacturing Index

PMI posts 50.1 in February

February 2023 Key findings:

- Manufacturing sector impacted by the earthquake in February
- Production lines and supply chains particularly affected
- Employment continues to rise

Summary

February's earthquake impacted operations in the Turkish manufacturing sector during the month, as outlined by the findings of the latest PMI® survey data from Istanbul Chamber of Industry and S&P Global. Output was scaled back as some firms paused production due to the earthquake, while new orders were also affected. Supply-chain disruption was also evident.

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 50.1 in February, pointing to broadly stable business conditions across the manufacturing sector during the month. That said, the headline index was held above the 50.0 no-change mark by a marked lengthening of suppliers' delivery times, the index for which is inverted when calculating the overall PMI.

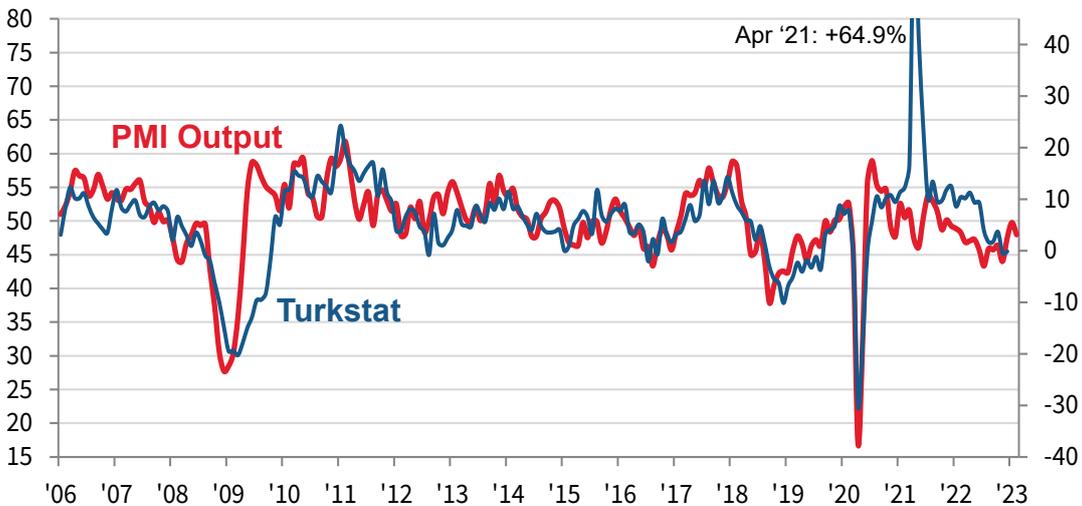
In fact, supplier lead times lengthened to the greatest extent in ten months as the earthquake caused difficulties in the sourcing and delivery of inputs.

As well as impacting supply chains, the earthquake also caused a moderation in output in the sector as some firms paused production. Output eased modestly, albeit at the second-slowest pace in a

Historical overview

PMI Output Index, 50.0 = no change

industrial production yr/yr%



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year.

New orders also moderated to a greater extent due to the earthquake, albeit one that was the second-weakest in 16 months. Both total new orders and new export business eased during February.

Paused production lines and difficulties sourcing items led manufacturers to scale back their purchasing activity, with stocks of inputs also lower.

Issues with supply and production meant that some firms turned to existing inventories to help meet order requirements. As a result, stocks of finished goods were depleted to the greatest extent since December 2021.

Rises in raw material costs and wages, plus currency weakness, led to a further marked increase in input prices during February. The rate of inflation was little-changed from January and broadly in line with the series average.

In turn, output prices also rose sharply, albeit at a pace that was below the average seen across 2022.

Comment

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

"The terrible earthquake in February impacted the Turkish manufacturing sector during the month, with supply chains and production lines affected in particular. Hopefully we will see signs of recovery in the affected areas and across the sector as a whole in the months ahead."

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Output Index

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

February saw a number of Turkish manufacturers impacted by the earthquake, in some cases resulting in production being paused. As a result, overall output across the sector slowed during the month. That said, the pace of moderation was the second-weakest over the past year amid some reports of demand conditions improving.

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.

February data pointed to a fourth successive monthly increase in employment in the Turkish manufacturing sector, with firms reporting the need for more workers to support production. The rise in staffing levels was modest and broadly in line with that recorded in the previous survey period.

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.

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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.

February data were collected 10-21 February 2023.

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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