

## Istanbul Chamber of Industry Türkiye PMI® Manufacturing Index

# Business conditions broadly stable

### July 2023 Key findings:

- Headline PMI posts 49.9 in July
- Fastest rise in input prices since March 2022
- New orders ease for first time in five months

### Summary

Business conditions were broadly stable in the Turkish manufacturing sector during July as recent sequences of expansion in output and new orders came to an end amid strengthening inflationary pressures. Firms continued to expand their staffing levels, however.

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 dipped fractionally below the 50.0 no-change mark in July. At 49.9, down from 51.5 in

June, the index signalled broadly stable business conditions and ended a six-month sequence of expansion.

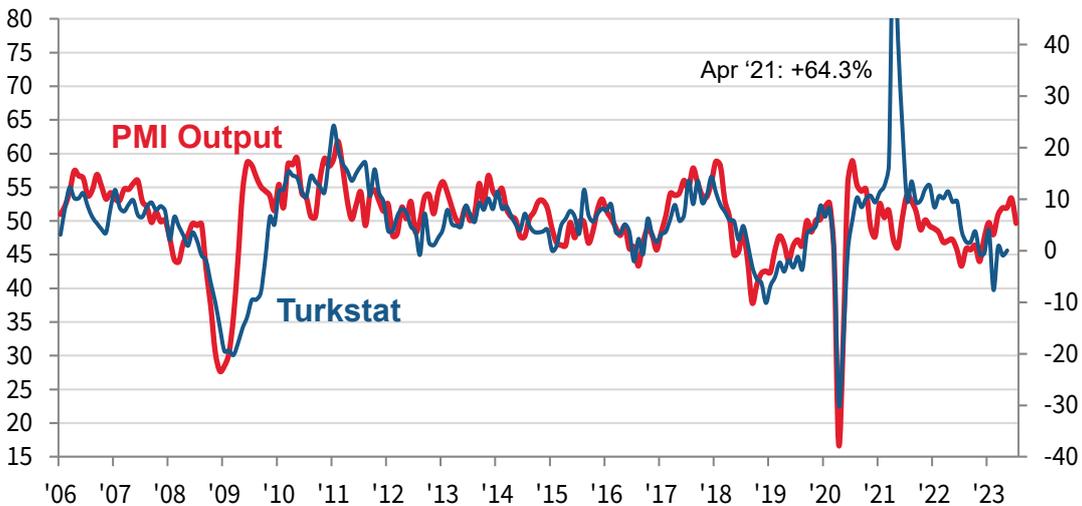
The end of the run of growth in the sector was often attributed by firms to strengthening inflationary pressures. The pace of input cost inflation accelerated sharply for the second month running in July and was the fastest since March 2022. More than half of all respondents (52%) indicated that their input prices had risen over the month, which they often linked to currency weakness. There were also some reports that higher wages had added to overall input costs.

In turn, output prices were also raised, with the pace of inflation at a 16-month high and well above the

### Historical overview

PMI Output Index, 50.0 = no change

industrial production yr/yr%



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series average.

Stronger price pressures weighed on customer demand in July, leading to a first slowdown in new orders in five months. Similarly, new business from abroad also moderated.

The impact of price rises on demand was also felt in terms of production as a four-month sequence of growth came to an end. That said, a continued recovery from the earthquake earlier in the year meant that output was broadly unchanged overall.

Employment increased for the third month running as firms attempted to expand capacity, although the pace of job creation was only slight.

Meanwhile, manufacturers scaled back their input buying in response to softer new order inflows. Reduced demand for inputs, coupled with delays in the delivery of items from suppliers, meant that stocks of purchases were scaled back to the largest extent since May 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:

*"Resurgent price pressures dampened demand for Turkish manufactured goods in July. Both input costs and selling prices rose at much stronger rates at the start of the third quarter, making it harder for firms to secure new business. As a result, a four-month sequence of production growth came to an end. Manufacturers will be hoping that inflation starts to level off again to aid in the pursuit of new business."*

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### Output Index

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

Manufacturing output in Türkiye was broadly stable at the start of the third quarter, thereby ending a four-month sequence of growth. Although some firms reported a continued recovery from the earthquake earlier in the year, others signalled that stronger price pressures had impacted demand.

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 need for additional workers in order to improve capacity supported further job creation in the Turkish manufacturing sector during July. Employment increased for the third month running, albeit at a slight pace that was softer than that seen in June amid reports of resignations and retirements.

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](https://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](mailto: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.

July data were collected 12-24 July 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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