

## Istanbul Chamber of Industry Türkiye PMI® Manufacturing Index

# Production returns to growth

### February 2024 Key findings:

- First rise in output in eight months
- Purchasing activity also up, but employment moderates
- Output price inflation at six-month high

### Summary

Turkish manufacturing production returned to growth in February, rising at a solid pace amid signs of stabilisation of customer demand. Firms also increased their purchasing activity, but shortages of staff and difficulties sourcing raw materials meant that employment and stocks of purchases were scaled back. On the price front, the rate of input cost inflation eased marginally but output prices increased at the fastest pace since August last year.

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 moved back above the 50.0 no-change mark in February, posting 50.2 from 49.2 in January. The reading therefore signalled a first improvement in business conditions for eight months, albeit one that was only fractional.

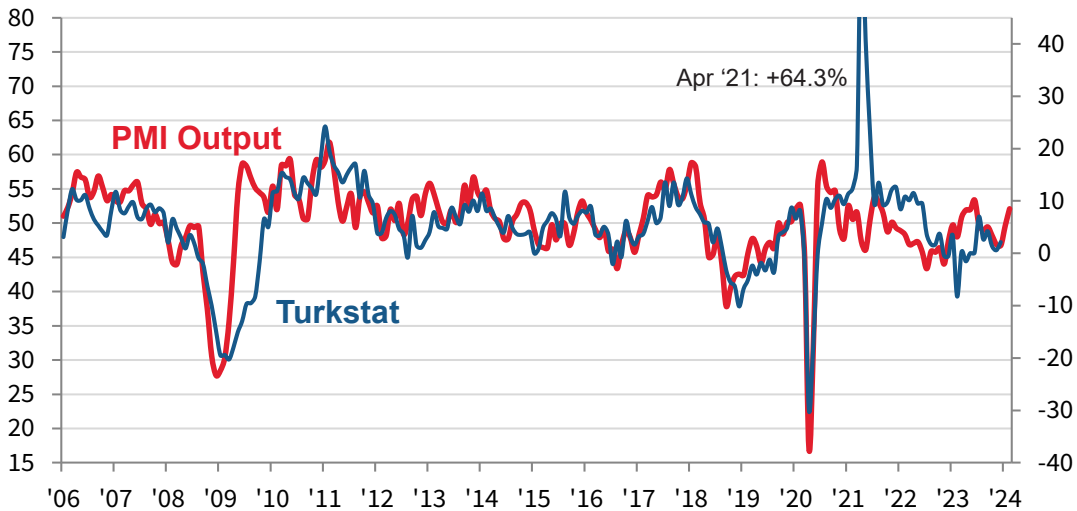
Central to the strengthening of overall operating conditions in February was a renewed expansion of manufacturing output. Production increased for the first time since June last year, and at a solid pace.

Where production increased, panellists reported signs of customer demand improving. Although new orders continued to moderate, the latest slowdown was only marginal and the least marked in the current eight-month sequence of easing new work. Similarly, new export orders slowed to a lesser

### Historical overview

PMI Output Index, 50.0 = no change

industrial production yr/yr%



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extent over the month.

Tentative signs of improvement in new orders and higher production requirements prompted firms to expand their purchasing activity for the first time in eight months. Stocks of inputs continued to moderate, however, in part due to delays receiving inputs from suppliers due to the challenges using the Suez Canal.

While purchasing activity increased, firms signalled a moderation of employment amid voluntary resignations and difficulties sourcing new staff. Still, manufacturers were able to continue working through backlogs of work.

Input costs rose sharply again, linked to higher raw material and transportation prices, currency weakness and the recent minimum wage increase. That said, the pace of inflation ticked lower.

This was not the case with regards to output prices, however, which increased at the fastest pace in six months.

### Comment

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

*"A renewed expansion in output provided a boost to the Turkish manufacturing sector in February and suggests that we should see some solid growth numbers come through in the official data in the months ahead."*

*"Although new orders continued to moderate, the news here was also promising as demand neared stabilisation. Firms will be hoping that new order trends can join those for output in growth mode in the near future."*

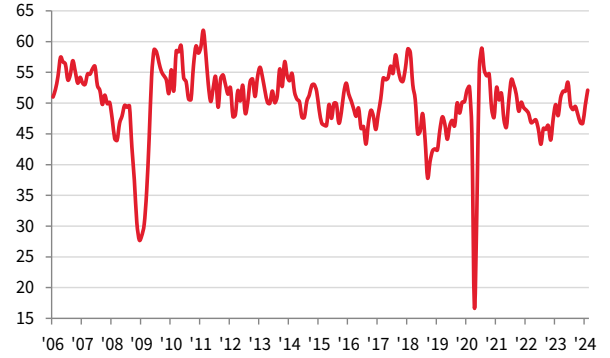
## Istanbul Chamber of Industry Türkiye PMI® Manufacturing Index

### Output Index

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

Turkish manufacturing production returned to growth in February, thereby ending a seven-month sequence of moderation. Output increased at a solid pace, with respondents indicating signs of demand improving midway through the opening quarter of the year. Around 12% of respondents signalled a rise in production, while one-in-ten posted a slowdown.

sa, 50 = no change on previous month

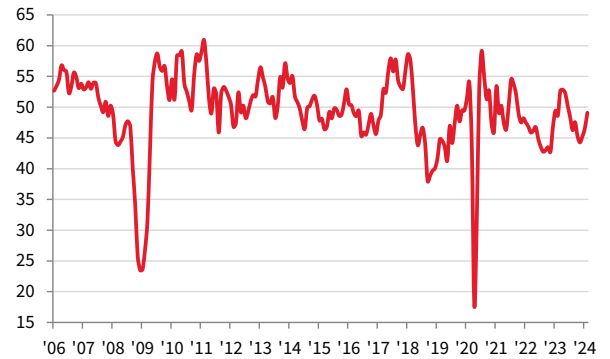


### New Orders Index

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

Although new orders continued to soften in February, the rate of moderation was only marginal and the least marked in the current eight-month sequence of slowing new business. While some panellists indicated that price pressures had limited new order inflows, others pointed to signs of strengthening demand.

sa, 50 = no change on previous month

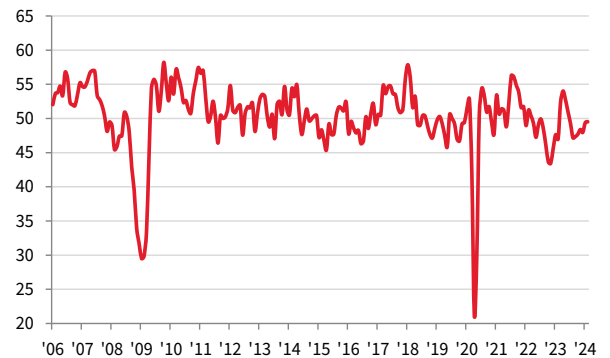


### New Export Orders Index

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

New business from abroad neared stabilisation in the latest survey period, easing only marginally and to the least extent in eight months of moderation. While there were some reports of firms struggling to secure orders from customers in the Middle East, other respondents highlighted improved new orders from European economies.

sa, 50 = no change on previous month



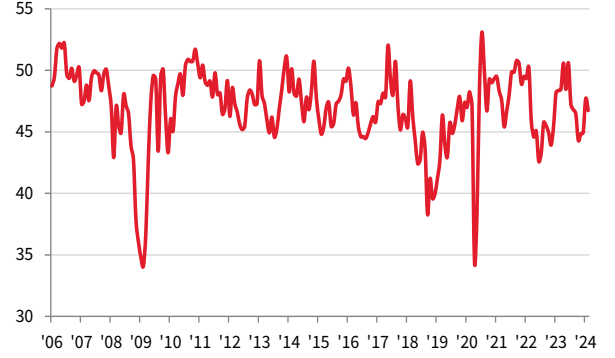
## Istanbul Chamber of Industry Türkiye PMI® Manufacturing Index

### Backlogs of Work Index

*Q. Please compare the level of outstanding business this month with the situation one month ago.*

Spare capacity remained evident in the Turkish manufacturing sector in February as new orders continued to moderate. As a result, firms were again able to deplete backlogs of work, the eighth month running in which this has been the case. The pace of reduction was solid and sharper than that seen in January.

sa, 50 = no change on previous month

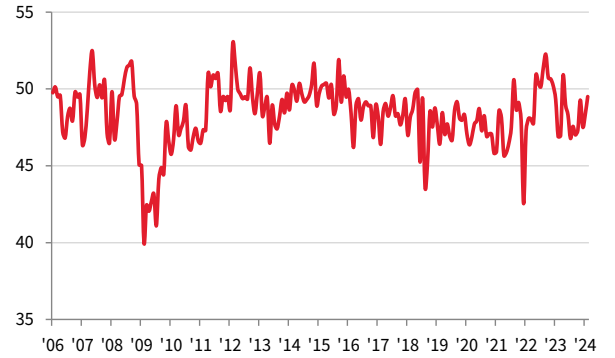


### Stocks of Finished Goods Index

*Q. Please compare your stocks of finished goods (in units) this month with the situation one month ago.*

As has been the case in each month since May 2023, stocks of finished goods decreased in February. Where post-production inventories were lowered, this was generally linked to the use of stocks to help fulfil orders. That said, increasing production volumes helped to limit the pace of depletion to one that was only marginal and the softest in the current sequence of falling inventories.

sa, 50 = no change on previous month

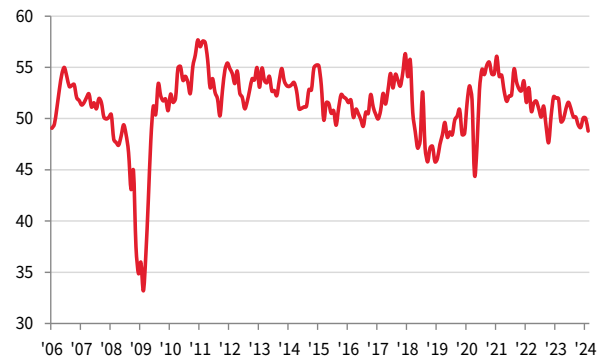


### Employment Index

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

February data pointed to a modest reduction in staffing levels in the Turkish manufacturing sector, the first moderation in three months. Anecdotal evidence suggested that the result reflected voluntary resignations and difficulties sourcing new workers, but there were some reports elsewhere of additional staff having been secured.

sa, 50 = no change on previous month



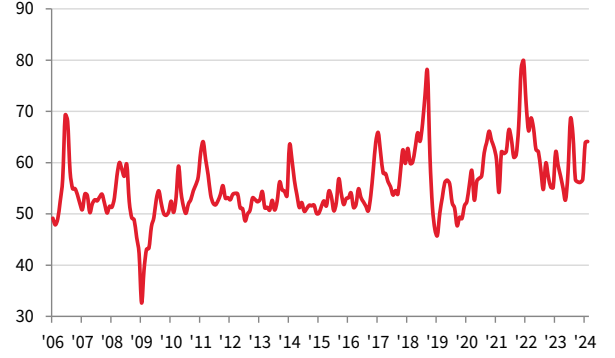
## Istanbul Chamber of Industry Türkiye PMI® Manufacturing Index

### Output Prices Index

*Q. Please compare the average price that you charge per unit of output (volume weighted) this month with the situation one month ago.*

The rate of output price inflation quickened for the third consecutive month to the fastest since August 2023, with the latest rise in charges faster than the series average. Panellists indicated that selling prices had increased in response to rises in raw material costs and wages, plus currency weakness.

sa, 50 = no change on previous month

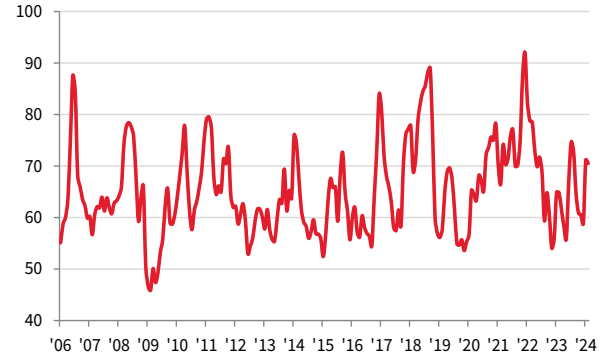


### Input Prices Index

*Q. Please compare the average price of your purchases (volume weighted) this month with the situation one month ago.*

Input costs continued to rise sharply in February, but the rate of inflation ticked down slightly from the previous survey period. Higher raw material costs, the recent minimum wage rise, currency weakness and increased transportation costs were all mentioned by respondents as having contributed to the overall uptick in input prices.

sa, 50 = no change on previous month

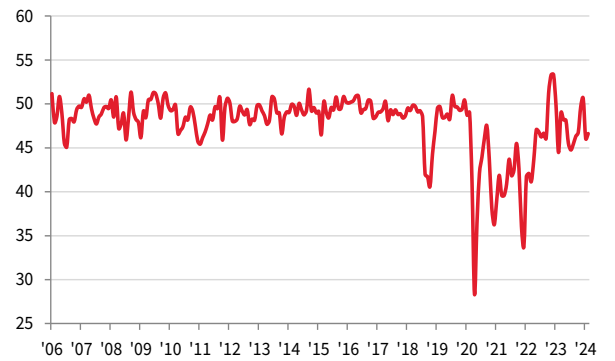


### Suppliers' Delivery Times Index

*Q. Please compare your suppliers' delivery times (volume weighted) this month with the situation one month ago.*

The difficulties using the Suez Canal shipping route caused a lengthening of suppliers' delivery times for the second month running during February. The rate of deterioration in vendor performance remained solid, but was slightly less marked than seen in January.

sa, 50 = no change on previous month



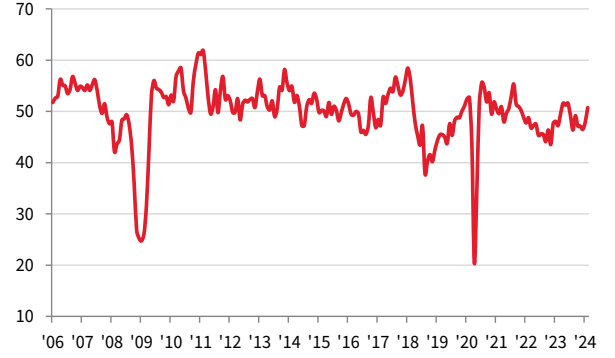
## Istanbul Chamber of Industry Türkiye PMI® Manufacturing Index

### Quantity of Purchases Index

Q. Please compare the quantity of items purchased (in units) this month with the situation one month ago.

February data pointed to a renewed expansion in purchasing activity midway through the first quarter of the year, thereby ending a seven-month sequence of moderation. That said, the rate of growth was marginal. Where input buying rose, panellists linked this to signs of improvement in new orders and higher production requirements.

sa, 50 = no change on previous month

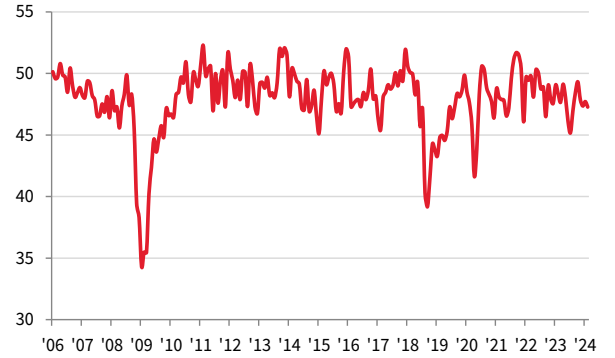


### Stocks of Purchases Index

Q. Please compare your stocks of purchases (in units) this month with the situation one month ago.

Although manufacturers increased their purchasing activity, stocks of inputs decreased amid difficulties sourcing raw materials. Pre-production inventories have now been scaled back in 20 successive months, with the latest moderation the most marked since August last year.

sa, 50 = no change on previous month



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# Istanbul Chamber of Industry Türkiye PMI® Manufacturing Index

## 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.

We are widely sought after by many of the world's leading organizations to provide credit ratings, benchmarks, analytics and workflow solutions in the global capital, commodity and automotive markets. With every one of our offerings, we help the world's leading organizations plan for tomorrow, today. [www.spglobal.com](http://www.spglobal.com)

## 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. [www.spglobal.com/marketintelligence/en/mi/products/pmi](http://www.spglobal.com/marketintelligence/en/mi/products/pmi)

## 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@spglobal.com](mailto:economics@spglobal.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 12-22 February 2024.

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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