

Istanbul Chamber of Industry Türkiye PMI® Manufacturing Index

PMI at 44.3 in September

September 2024 Key findings:

- Sharpest slowdown in new orders since May 2020
- Output and employment scaled back to larger degrees
- Input costs rise markedly again

Summary

The moderation of the Turkish manufacturing sector became more pronounced at the end of the third quarter of the year amid widespread reports from firms that demand conditions were challenging. Output, new orders, employment and purchasing all softened to larger degrees than in the previous survey period. Meanwhile, rates of inflation of both input costs and output prices eased marginally, but remained marked.

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 dropped to 44.3 in September from 47.8 in August. The latest reading signalled a marked slowdown in the sector, and one that was the most pronounced since May 2020. Business conditions have now moderated in six successive months.

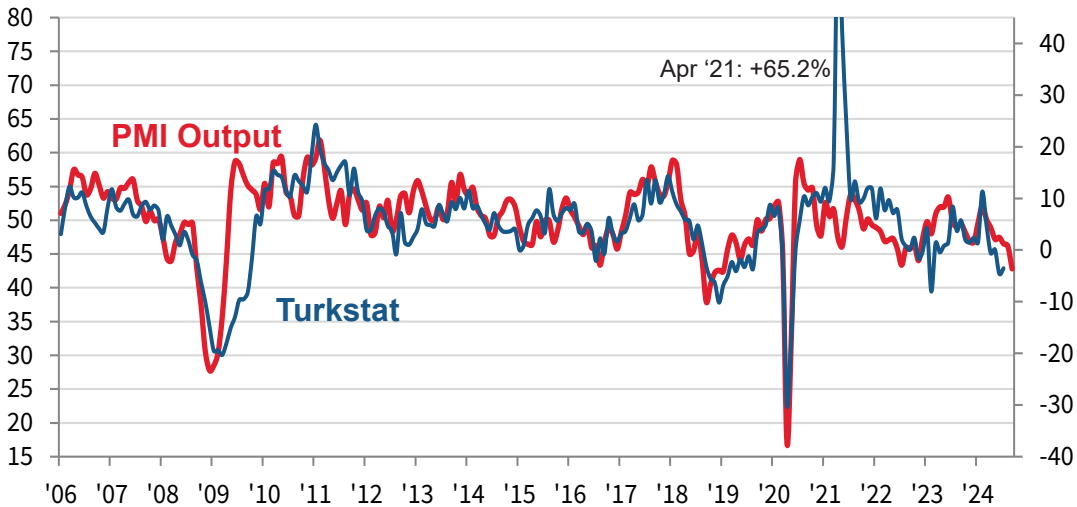
There were widespread reports of demand weakness in September, leading to the sharpest slowdown in new orders in almost four-and-a-half years. Subdued demand in international markets was also signalled by a renewed moderation in new export orders.

Production eased in response to muted new order inflows, extending the current sequence of moderation to six months. Moreover, output was

Historical overview

PMI Output Index, 50.0 = no change

industrial production yr/yr%



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scaled back to the largest extent since May 2020.

Demand weakness and lower output requirements led manufacturers to scale back their employment and purchasing activity to larger degrees in September. Some firms indicated that full-time workers had departed during the month, leading to the most marked easing of staffing levels since April 2020.

Stocks of both inputs and finished goods were reduced, while subdued demand for inputs relieved pressure on supply chains, resulting in the first shortening of lead times in nine months.

Currency weakness and higher raw material prices led to a further increase in input costs during September. The rate of inflation remained marked, despite easing to a three-month low. In turn, output prices also rose, with charges increased at a broadly similar pace to August.

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 latest PMI data paint a worrying picture for Turkish manufacturers as the sector moved deeper into its period of moderation at the end of the third quarter. Many firms reported demand weakness, and the struggles to secure new business led them to scale back output, employment and purchasing again.

"While inflationary pressures aren't currently as severe as they have been in recent years, the still-marked increases in prices won't be helping to improve the demand environment."

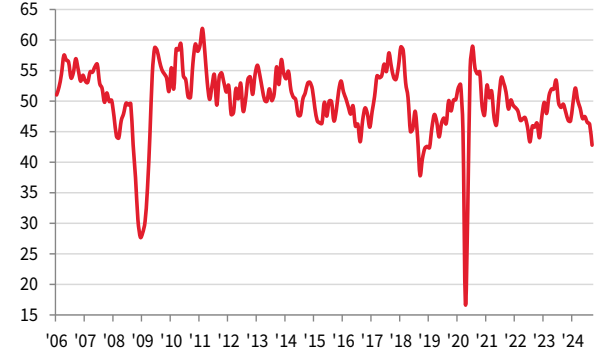
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Output Index

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

Turkish manufacturing production continued to ease during September, thereby extending the current period of moderation to six months. Moreover, the latest slowdown was the most pronounced since May 2020. Respondents mainly linked softer output to a lack of new orders, with price rises also a factor.

sa, 50 = no change on previous month

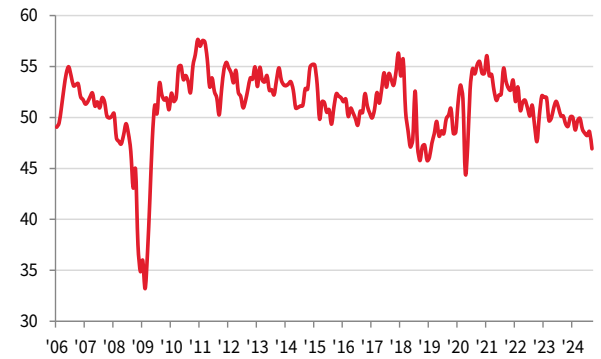


Employment Index

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

A lack of new orders fed through to another reduction in employment in the Turkish manufacturing sector at the end of the third quarter, with some firms indicating that full-time staff members had departed during the month. Employment was scaled back for the eighth month running, and to the largest extent since April 2020.

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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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. 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.

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.

September data were collected 12-23 September 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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