

ICI TURKEY EXPORT CLIMATE INDEX

Istanbul Chamber of Industry

Export climate improves, but signs of demand weakness in Europe



KEY FINDINGS

Export Climate Index at 51.2 in October

Sharpest rise in US output since May 2018

Rising COVID-19 cases leads to slowdown in Europe

TURKEY MANUFACTURING ECI



LAST TWELVE MONTHS

Nov-19	50.1
Dec-19	50.3
Jan-20	51.1
Feb-20	50.4
Mar-20	35.7
Apr-20	19.1
May-20	34.1
Jun-20	47.5
Jul-20	53.0
Aug-20	52.4
Sep-20	51.9
Oct-20	51.2

The export climate for Turkish manufacturers continued to improve in October. That said, there were signs of demand softening, with parts of Europe experiencing a second wave of the coronavirus disease 2019 (COVID-19) pandemic.

The Turkey Manufacturing Export Climate Index is calculated by weighting together national PMI data on output trends from PMI surveys. Weights are derived from statistics on the relative importance of individual trading partners' contributions to the exports of Turkish manufacturers.

The Istanbul Chamber of Industry Turkey Manufacturing Export Climate Index registered above the 50.0 no-change mark for the fourth month running in October to signal a further improvement in demand conditions in export markets. The reading of 51.2 pointed to a modest strengthening of the export climate, and one that was softer than seen in September (51.9).

One of the key areas of strength in October was the US, which accounts for around 5% of Turkish manufacturing exports. Output in the world's largest economy increased at a sharp pace that was the fastest since May 2018.

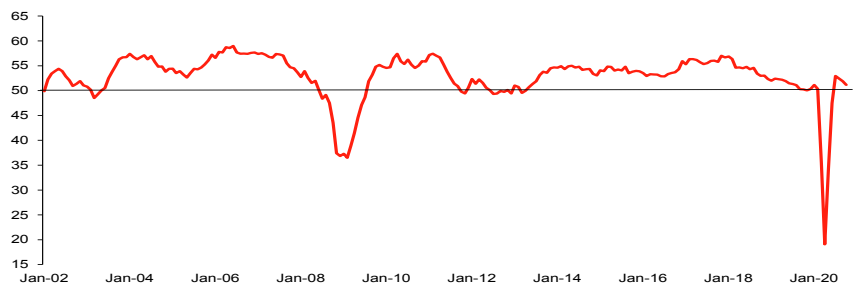
In contrast to the picture in the US, there were signs of weakness in Europe where rising COVID-19 case numbers led to falling demand in a number of countries. France, Italy, Spain, Ireland and Greece each posted reductions in output during October, while the rate of growth slowed sharply in the UK.

The main island of strength in Europe was Germany, where growth remained marked and even picked up slightly from that seen in September.

The Middle Eastern countries covered by PMI surveys are the destination for more than 7% of Turkish manufacturing exports, and trends in the region were generally positive at the start of the fourth quarter. The UAE, Saudi Arabia, Egypt and Qatar all recorded growth of

Manufacturing PMI Export Climate Index

sa, %50= improvement since previous month



activity, with only Lebanon recording a contraction.

A number of other economies remained in recovery mode during October, including a number of the largest emerging economies. Brazil, China and India all recorded sharp and accelerated increases in output.

Sub-Saharan African countries posted encouraging performances. South Africa posted an increase in output for the first time in a year-and-a-half, while Ghana, Kenya, Nigeria and Uganda all saw growth accelerate. Even where activity decreased - in Mozambique and Zambia - rates of decline softened. That said, these seven economies combined make up just 1% of Turkish manufacturing exports.

Comment

Commenting on the Istanbul Chamber of Industry Turkey Manufacturing Export Climate Index, Andrew Harker, Economics Director, IHS Markit, said:

“Pockets of strength, most notably in the US but also in key emerging markets, led to another improvement in the export climate for Turkish manufacturers. That said, clouds appear to be darkening as the winter approaches, particularly in Europe where a second wave of COVID-19 is underway. Slowing demand in such a key market for Turkish manufacturers suggests that securing export sales over the rest of 2020 may be a struggle.”

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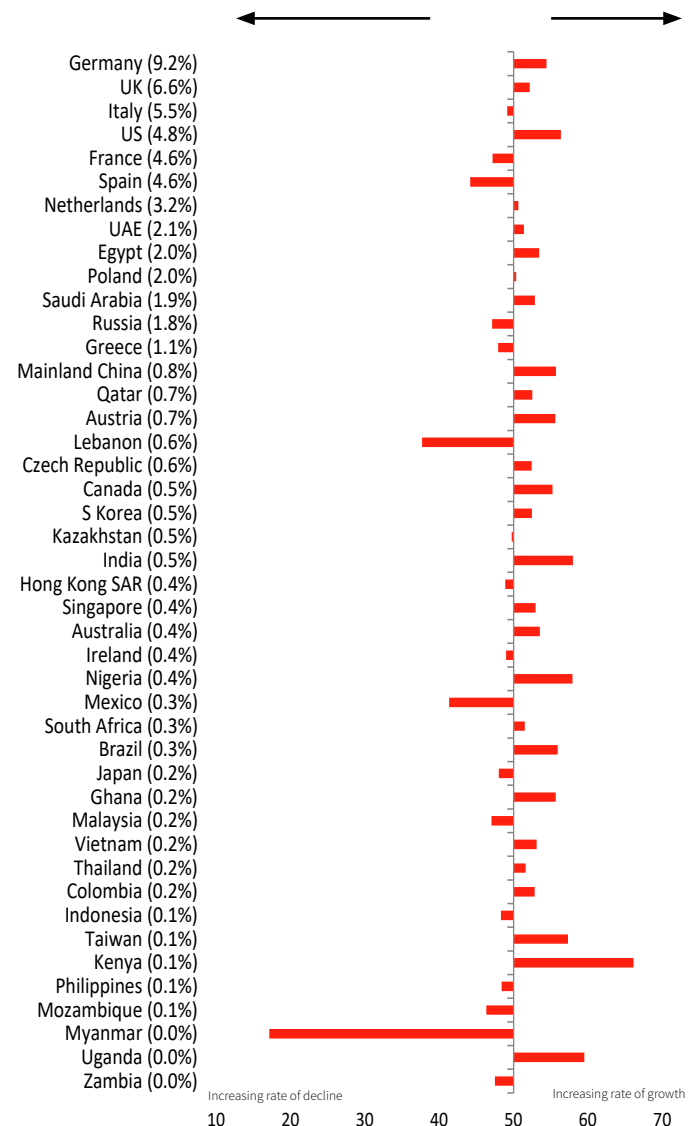
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Country rankings

PMI Output Index (ordered by export weight in full-year 2019)

sa, >50= growth since previous month



Sources: ICI, IHS Markit

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About Export Climate Index

The Export Climate PMI indices are calculated by weighting together national PMI survey data on output trends. Weights are derived from official statistics relating to the relative importance of individual trading partners' contributions to the external trade of a specific country. By weighting together the output trends from national PMI surveys according to their importance to the external trade of Turkish manufacturers, an advance indicator for the economic health of their export markets is obtained. All data are seasonally adjusted.

Any reading above the 50.0 no-change mark indicates an improvement in the health of the export climate, with any reading below 50.0 signalling a deterioration. The further away from 50.0 the index reading is, the greater the change in the export climate.

About 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 Turkey'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 Turkey'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 IHS Markit

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