

ICI TURKEY EXPORT CLIMATE INDEX

Istanbul Chamber of Industry

Second wave of COVID-19 in Europe leads to declining export climate



KEY FINDINGS

Export Climate Index at 48.9 in November

Much of Europe sees output decrease

US growth quickens to fastest since March 2015

TURKEY MANUFACTURING ECI



LAST TWELVE MONTHS

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
Nov-20	48.9

A second wave of the coronavirus disease 2019 (COVID-19) pandemic in Europe harmed prospects for Turkish manufacturing exporters during November, and outweighed the positive impact of improving growth in the US.

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 dropped to 48.9 in November, down from 51.2 in October and signalling a deterioration in demand conditions for exporters for the first time in five months.

The worsening export climate largely reflected a downturn in Europe where a second wave of the COVID-19 pandemic has led to renewed restrictions.

Sharp falls in business activity were

recorded in Italy, France, Spain and Greece, with rates of decline accelerating from those seen in the previous month amid the introduction of lockdown measures.

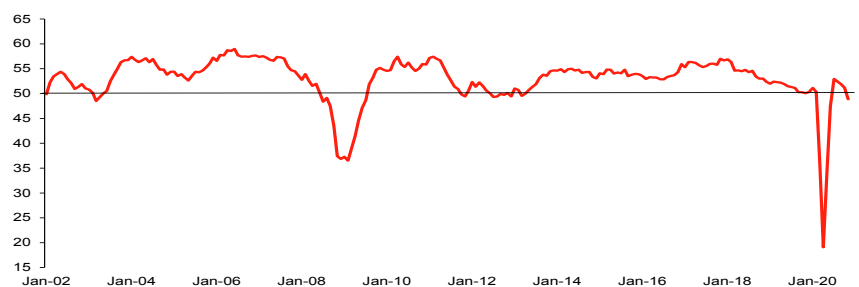
The UK dipped into contraction territory midway through the final quarter, seeing a modest reduction in output which ended a four-month sequence of expansion.

Bucking the wider European trend, Germany continued to see an improvement in demand conditions. Activity rose for the fifth month running, albeit at the slowest pace in this sequence. While Germany accounts for around 9% of Turkish manufacturing exports and is the largest single market for Turkish goods, its contribution is outweighed by the other European markets which saw a worsening demand climate during November.

In contrast to the picture in Europe, the US saw a steep expansion of activity, and one that was the sharpest since

Manufacturing PMI Export Climate Index

sa, %50= improvement since previous month





March 2015. Canada also posted a marked increase, with manufacturing production up at a similar pace to that seen in October.

The Middle East saw mixed fortunes in November. The largest export destination for manufacturers in the region - the UAE - posted a slight fall in activity, the first in six months. Lebanon also continued to face economic difficulties. On the other hand, growth in Saudi Arabia quickened to a ten-month high, while rises in output were also signalled in Egypt and Qatar.

After the US, the strongest increase in output in the latest month was in Taiwan, where growth was the strongest since July 2014.

Comment

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

“There were divergent trends across the main export markets for Turkish manufacturers. The COVID-19 pandemic blighted demand conditions across much of Europe, with a second wave of the virus leading to renewed restrictions. On the other hand, the US powered ahead, posting the fastest expansion of all countries covered by the report. Manufacturers will hope that the authorities in Europe can gain control of the virus quickly, enabling a swift reopening of economies to join the US in growth territory.”

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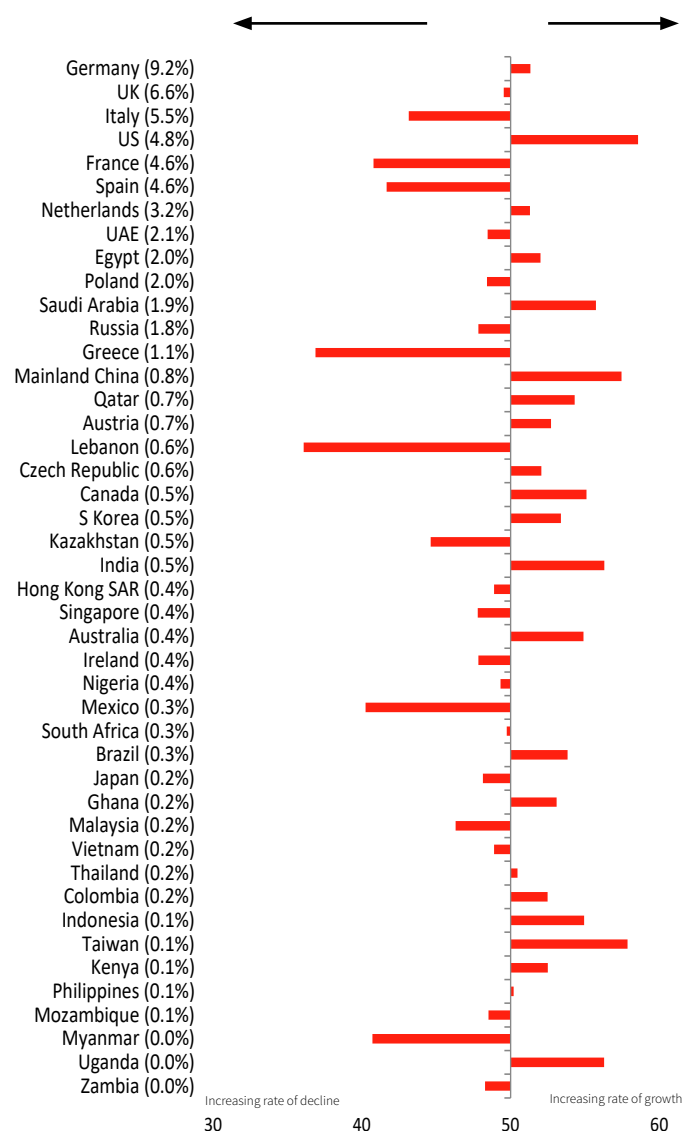
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Country rankings

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

sa, >50= growth since previous month



Sources: ICI, IHS Markit

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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